

STATE OF FLORIDA
DEPARTMENT OF MILITARY AFFAIRS
Office of the Adjutant General
St. Francis Barracks, P.O. Box 1008
St. Augustine, Florida 32085-1008

August 31, 2010

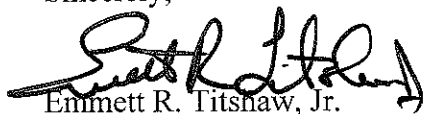
Ms. Kathy DuBose
Staff Director
Joint Legislative Auditing Committee
Claude Pepper Building
111 West Madison Street, Room # 876
Tallahassee, Florida 32399-1400

Dear Ms. DuBose:

Pursuant to Section 20.055(5)(g), Florida Statutes, enclosed, herewith, is the report, dated August 31, 2010, of the Inspector General, Florida Department of Military Affairs, on the status of corrective actions taken in connection with the Auditor General's Report No.'s 2010-106 and 2010-165, dated February 26, 2010 and March 26, 2010, respectively.

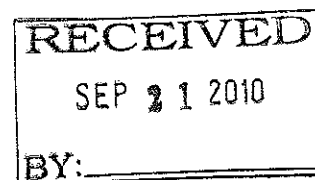
If you have any questions, or require additional information, please contact Edward C. Mosca, CPA, State Inspector General, at (904) 823-0220.

Sincerely,



Emmett R. Titshaw, Jr.
Major General
Florida National Guard
The Adjutant General

Distribution:
Melinda Miguel
Chief Inspector General of Florida
David W. Martin, CPA
Auditor General of Florida
John Duffy, CPA
Office of the Florida Auditor General



STATE OF FLORIDA
DEPARTMENT OF MILITARY AFFAIRS
Office of the Adjutant General
St. Francis Barracks, P.O. Box 1008
St. Augustine, Florida 32085-1008

SIG

August 31, 2010

MEMORANDUM FOR Major General Emmett R. Titshaw, Jr., the Adjutant General of Florida

SUBJECT: Status of Recommendations Included in the Auditor General's Report No.'s 2010-106 and 2010-165

Section 20.055(5)(g), Florida Statutes, requires the State Inspector General (SIG) for the Department of Military Affairs (DMA) to monitor the implementation of the DMA's response to the Auditor General's Report No. 2010-106, entitled "Department of Military Affairs, Administration of Selected Programs and Activities and Follow-Up on Prior Audit Findings – Operational Audit, for the Period July 2007 through February 2009, and Selected Actions Through November 2009", dated February 26, 2010, and Report No. 2010-165, entitled "State of Florida – Compliance and Internal Controls Over Financial Reporting and Federal Awards, for the Period July 01, 2008 through June 30, 2009", dated March 26, 2010. Additionally, the above noted statute section requires that no later than six (6) months after the report is published, the SIG is to provide a written response to the Adjutant General (TAG) on the status of the corrective actions taken.

With the above being brought forth, this report regarding the status of corrective actions taken by the DMA is based upon the August 26, 2010 memorandums prepared by Mr. Jesse D. Kinghorn, Director of Financial Management, and appropriate inquiries/discussions with key DMA officials, as considered necessary under the circumstances. The nature of the work performed is further discussed below.

The scope of the work performed surrounding my response was intended solely for the determination of the status of corrective actions taken by the DMA in connection with the above noted Auditor General's Reports. This work did not, nor was intended to, include all work necessary to be in accordance with generally accepted auditing standards (as promulgated by the Institute of Internal Auditors, the Comptroller General of the United States ("Yellow-Book"), and the American Institute of Certified Public Accountants) and, consequently, no opinion is herewith rendered regarding those areas of work performed by the Auditor General or responses by the DMA other than the status of the recommendations as represented by the Director of Financial Management and other noted key officials of the DMA. Further to this regard, no representations of any kind are herewith rendered upon the merit of the status of the recommendations or any supporting documentation, opinions, and/or representations included therein.

Based upon the foregoing, the following constitutes the status of DMA corrective actions relating to recommendations included in the Auditor General's Report No.'s 2010-106 and 2010-165.

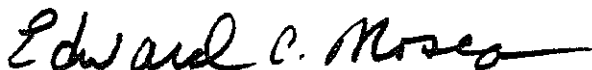
Recommendations in Report No. 2010-106

See Exhibit A, attached hereto.

Recommendations in Report No. 2010-165

See Exhibit B, attached hereto.

If you have any questions, or require additional information, please do not hesitate to contact me at extension # 0220.



Edward C. Mosca, CPA
State Inspector General
Department of Military Affairs

Distribution:

Kathy DuBose
Staff Director, Joint Legislative Auditing Committee
Melinda Miguel
Chief Inspector General of Florida
David W. Martin, CPA
Auditor General of Florida
John Duffy, CPA
Office of the Florida Auditor General
Jesse D. Kinghorn, Jr.
DMA Director of Financial Management
LTC Mark Widener
DMA CFMO

**STATE OF FLORIDA
DEPARTMENT OF MILITARY AFFAIRS
Office of the Adjutant General
St. Francis Barracks, P.O. Box 1008
St. Augustine, Florida 32085-1008**

SQM-DIR

26 August 2010

MEMORANDUM FOR RECORD

SUBJECT: State Agency, Department of Military Affairs, Response per Florida Statutes 20.055(5) (h) to the Auditor General regarding report No. 2010-106:

Recommendation No. 1: Contrary to the requirements of Section 255.05(1)(a) payment and performance bonds for several projects were less than the contracted amounts, after change orders, and the bonds were not always recorded in the public records of the applicable county.

Response: The Department of Military Affairs (DMA) implemented the Insurance and Bonds Standing Operating Procedure that includes, but is not limited to, project insurance and bonds review checklists. The DMA implemented procedures for administering construction projects to ensure that when construction costs exceed \$200,000.00, contractor payment and performance bonds are timely executed in the appropriate amounts.

Recommendation No. 2: The DMA oversight of construction contracts did not ensure that proper insurance coverage was obtained and maintained by contractors and architects.

Response: The DMA has implemented procedures to ensure that construction contracts and architects provide certificates of insurance demonstrating that appropriate types and amounts of insurance are obtained and maintained.

Recommendation No. 3: The DMA, in regards to the Administration of Department Programs, states that the Education Dollars for Duty (EDD) did not identify participants who failed to complete course or achieve satisfactory academic process. As a result, participants were not invoiced to recoup the tuition costs paid the from the EDD program for souses dropped, failed or repeated.

Response: The DMA administration of the EDD has implemented new control measures to improve tracking and recording of all students' grades to prevent discrepancies. No Additional registrations will be approved until grades are received from prior classes.

Recommendation No. 4: Policies must be developed for the management of Florida Accounting Information Resource Subsystems (FLAIR) access privileges.

SQM-DIR

SUBJECT: State Agency, Department of Military Affairs, Response per Florida Statutes 20.055(5) (h) to the Auditor General regarding report No. 2010-106:

Response: The DMA has implemented written policies and procedures for the management of FLAIR access privileges. These procedures provide controls for access to FLAIR information to minimize inadvertent employee error and negligence, and reduce opportunities for computer related crime. Supervisors will be responsible for determining FLAIR access requirements for employees. Supervisors will complete the FLAIR Access Request Form. The FLAIR Security Coordinator will verify and update Access Control in FLAIR. The FLAIR Security Coordinator will review quarterly each FLAIR Access Request Form.


JESSE D. KINGHORN, JR.
Director of Financial Management

**STATE OF FLORIDA
DEPARTMENT OF MILITARY AFFAIRS
Office of the Adjutant General
St. Francis Barracks, P.O. Box 1008
St. Augustine, Florida 32085-1008**

SQM-DIR

26 August 2010

MEMORANDUM FOR RECORD

SUBJECT: Six Month Follow-up Review on the Status of the Office of the Auditor General's Audit Report No. 2010-165

Finding FA 09-004, National Guard Military Operations and Maintenance Projects
CFDA No. 12.401

Description of finding:

FDMA did not obtain periodic certifications for employees whose salaries and benefits were paid solely from a single cooperative agreement or obtain personnel activity reports for employees whose salaries were paid from two or more cooperative agreements

Status:

Fully corrected

Comments:

DMA has implemented a certification statement and percentage of time charged to cooperative agreements to FLNG Form 718 (DMA Time Log). This form is completed monthly by all employees. It is used as the time and attendance report/ certification process. personnel activity report and signed by employee and supervisor. These documents were audited in March 2010 as part of the semi-annual.

Finding FA 09-006, National Guard Military Operations and Maintenance Projects
CFDA No. 12.401

Description of finding:

FDMA did not have procedures in place to determine whether vendors were debarred or suspended prior to entering into agreements equal to or greater than \$25,000 (covered transactions).

Status:

Fully corrected

Finding FA 09-005, National Guard Military Operations and Maintenance Projects
CFDA No. 12.401

Description of finding:

FDMA did not have procedures in place to ensure that the provisions of the Davis-Bacon Act were incorporated into environmental remediation construction contracts over \$2,000, or to obtain the required weekly certified payrolls from contractors and subcontractors for contracts or subcontracts covered by the Davis-Bacon Act.

Status:

DMA is working with the United State Property and Fiscal Office (USPFO) and the National Guard Bureau of the United States to determine if the Davis –Bacon Act applies to state funding. Further details are forthcoming as the study progresses.

Comments:

It is DMA's understanding that the Davis-Bacon Act requirements applicable to environmental remediation construction projects were recently rescinded. We received the new National Guard Regulation (NGR) 5-1 National Guard Grants and Cooperative Agreements (Interim) dated January 15, 2010. The implementing instructions for the new regulation state that Chapters 13 through 61 of the previous NGR 5-1 have been rescinded and have been incorporated into the Master Cooperative Agreement (MCA) and Appendices. Additionally, our current MCA and appendices, dated August 2009, do not contain provisions requiring Davis-Bacon Act compliance. Should we subsequently determine that the Davis-Bacon Act is applicable to our environmental remediation construction projects, we will ensure that the provisions are incorporated into contracts and that weekly certified payrolls from contractors and subcontractors are obtained evidencing compliance with the wage rate requirements.


JESSE D. KING, JR.,
Director of Financial Management
