

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

October 01, 2014

Major General Emmett R. Titshaw, Jr.
The Adjutant General
Department of Military Affairs
St. Francis Barracks, P.O. Box 1008
St. Augustine, Florida 32085-1008

Dear General Titshaw:

In accordance with Florida Statutes, attached, herewith, is the Annual Report, dated September 30, 2014, on the activities of the Office of the State Inspector General, Florida Department of Military Affairs, for the twelve month period ending June 30, 2014.

We appreciate your support of our organization. If you have any questions, or require additional information, regarding the above matter, please contact me at (904) 823-0220.

Sincerely,

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

Distribution:

Melinda Miguel
Chief Inspector General of Florida
Randy R. Arend, CPA
Office of the Florida Auditor General

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SIG

September 30, 2014

TO: Major General Emmett R. Titshaw, Jr., the Adjutant General of Florida

From: Edward C. Mosca, CPA, State Inspector General

Subject: Annual Report for Fiscal Year 2013-2014

Pursuant to section 20.055(7), Florida Statutes (F.S.), the following constitutes the annual report of the Office of the State Inspector General (SIG) relating to major work, and activities for the State of Florida during the fiscal year ended June 30, 2014.

The Office of the State Inspector General provides a central point for coordination of and responsibility for activities that promote accountability, integrity, and efficiency in government. Specific responsibilities include, but are not limited to:

- As deemed necessary, provide advice on the development of performance measures, standards, and procedures for evaluation of the Department of Military Affairs (DMA).
- As deemed appropriate, access the reliability and validity of information provided by the DMA on performance measures and standards, and, if necessary, make recommendations for improvement thereon.
- Review the actions taken by the DMA to improve program performance, and meet program standards and, if necessary, make recommendations for improvement thereon.
- Provide direction for, supervise, and coordinate audits, investigations, and management reviews relating to programs and operations of the DMA.
- Conduct, supervise, or coordinate other activities carried out or financed by the DMA for the purpose of promoting economy and efficiency in the administration of or preventing and detecting fraud and abuse in its programs and operations.

- Keep the Adjutant General informed concerning fraud, abuses, and deficiencies relating to programs and operations administered or financed by the DMA, and report on the progress made, if any, in implementing corrective action.
- Ensure effective coordination and cooperation between the Auditor General, Federal Auditors, and other governmental bodies with a view toward avoiding duplication.
- Review, as appropriate, rules relating to the programs and operations of the DMA and make recommendations concerning their impact.
- As needed, provide fiscal and technical business advice for DMA operations.

MISSION

Our mission is to assist the DMA in the accomplishment of its objectives by performing the above responsibilities and other accountability activities in order to enhance public trust in government. During the past fiscal year the Office of the State Inspector General has worked diligently to meet statutory mandates and to ensure standards of excellence are applied by the DMA.

INDEPENDENCE

According to Section 20.055(3), F.S., the State Inspector General reports directly to the Adjutant General (agency head) to ensure audits, investigations and other activities are independent and that results are communicated in accordance with professional standards. Additionally, by Florida Statute, the agency head or staff shall not prevent or prohibit the State Inspector General from initiating, carrying out or completing any audit or investigation.

PROFESSIONAL STANDARDS AND CODE OF ETHICS

Pursuant to Section 20.055(2)(j), F.S., the Office of the State Inspector General complies with the Principles and Standards for Offices of Inspector General published by the Association of Inspectors General. Staff abides by the Florida Code of Ethics for Public Officers and Employees as codified in Sections 112.311-112.326, F.S., and the Governor's Executive Order Number 2011-03.

STAFFING

The Office of the State Inspector General is staffed by two individuals: the State Inspector General, a CPA licensed in accordance with Florida Statutes, who performs specific statutory mandated duties, and the Internal Auditor who performs audits and

assists the Inspector General in administrative activities. (Note: see “Subsequent Events” section below.)

RISK ASSESSMENT/AUDIT PLAN

In accordance with Section 20.055(5)(i), F.S., an audit plan, dated August 27, 2013, was prepared for work to be performed for the period July 1, 2013 through June 30, 2014. The plan was developed based upon the findings of a periodic risk assessment of the DMA’s activities/functions. Environmental and other changes that affected the audit plan were considered throughout the plan period and changes, as considered necessary under the circumstances, were implemented.

WORK COMPLETED

Audits and reviews – audit standards referenced

Florida National Guard Officer’s Club

Pursuant to a request by the DMA Chief of Staff, we conducted a Review of the Florida National Guard Officer’s Club (Club) to determine that the Club’s accounting policies and procedures were in accordance with good business practices. The review resulted in several findings upon which recommendations were discussed with management representatives in January 2014 and April 2014. A final report based upon the results of the review will be issued in October 2014.

Reports to comply with Florida Statutes

Family Readiness Program

Pursuant to Section 250.5206, F. S., the DMA established a Family Readiness Program Assistance Fund, which is based upon the United States Department of Defense National Guard and Reserve Family Readiness Strategic 2004-2005 initiative. Accordingly, the program provides funding to support need based assistance for residents of Florida that are dependents of Florida National Guard and United States Reserve Forces, on active duty serving in the Global War on Terrorism and who are federally deployed or participating in state operations for homeland defense.

Program funds may be used in emergency situations to purchase critically needed services, including, but not limited to, reasonable living expenses, housing, vehicles, equipment or renovations necessary to meet disability needs and health care.

For the reporting period of July 01, 2013 through June 30, 2014, the State of Florida Legislature did not approve funding for the program; therefore the program had no transactions for purposes of the statutory required audit or semi-annual review. However, Section 250.5206(6), Florida Statutes, requires the Inspector General of the

DMA to conduct a semi-annual review and an annual audit of the program and issue reports thereon. Consequently, an annual audit report for the twelve month period ending June 30, 2013 was issued on July 31, 2013 and a semi-annual review report for the six month period ending December 31, 2013 was issued on January 31, 2014. Because no transactions were conducted by the Family Readiness Program for the aforementioned periods, no opinion or conclusion regarding the said program were expressed in the issued reports.

Because it is unknown as to whether the State of Florida Legislature will provide funding in the future, the program is considered dormant until such time when funding is provided. However, because Florida Statute requires the annual audit/semi-annual review to be conducted, the work will be performed until such time as the statutory requirement is removed.

Performance Measures

We discussed the development of performance measures, standards, and procedures for the evaluation of DMA programs with the DMA's Office of Strategic Plans and Policies. Based upon our discussions, we determined that such items were reliable and valid and no recommendations for improvement were deemed necessary.

Complaints/Inquiries/Projects

During the current reporting period, we performed assistance/consulting services for various activities of the DMA. The most significant of these matters, included, but were not limited to, the following (not in any order of importance):

- Provided management guidance to officials of Camp Blanding Joint Training Center (CBJTC).
- Review and evaluation of procedures surrounding the accounting for various CBJTC enterprise transactions.
- Based upon numerous complaints received by the Office of the Chief Inspector General of Florida and by the DMA's Inspector General (none of which were determined to be of whistle-blower status), provided direction for the establishment of a committee to review current DMA salary/rate increase policies and procedures. The committee developed and recommended a revised DMA Pay Plan which was approved by The Adjutant General for implementation during fiscal 2014-2015.
- Observed the performance of a physical inventory of merchandise held for sale at the Post Exchange located at Camp Blanding. The result of our observation was that the physical inventory (performed by an independent outside contracted company) was conducted in accordance with established policies and procedures and resulted in an accurate physical count, in all material respects. The physical inventory count and appropriate valuation thereon, resulted in a reduction to the inventory records of the Post Exchange in the aggregate amount of,

approximately, \$217,000. This was the first recorded adjustment to the Post Exchange inventory, of any material value, based upon a physical inventory with the results being reconciled to the recorded general ledger since inception of the entity (approximately December 1999).

- Based upon the results of a Climate Assessment conducted upon employees stationed at CBJTC, provided assistance for the development of periodic “Employee Town Hall Meetings” to mitigate adverse employer/employee relationships that may exist or develop.
- Entertained in excess of twelve (12) complaints (some requiring whistle-blower determination, which were denied) received in writing or by telephone, that were considered minor or was resolved in a timely manner with no formal investigation deemed necessary.
- Received various complaints which, based upon preliminary survey, were determined to be of a federal nature and, consequently, not within the jurisdiction of the Office of the State Inspector General. These matters were referred to the Florida National Guard’s Federal Inspector General.

Assistance/Coordination with Other Auditors

- Provided assistance to the Auditor General for their Operational Audit of the SQM.
- Provided assistance for the preparation of the Adjutant General’s response to the Chief Inspector General of Florida’s Risk Assessment Questionnaire.
- Provided assistance/information to the Office of the Chief Inspector General of Florida as required/requested.

Significant Subsequent Events

In July 2014, Mr. Gus Prinz, DMA’s Internal Auditor, died of natural causes. At the time of his death Mr. Prinz was in the process of completing work on several audit engagements. The uncompleted audit related work will be completed by the Office of the State Inspector General during the fiscal year ending June 30, 2015. A search for a competent individual to engage as the DMA internal auditor is currently being made.

If you have any questions, or require any additional information, relating to this annual report, or any other matter that we can be of assistance to you and the DMA, please contact me at extension #0220.

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