

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

September 29, 2015

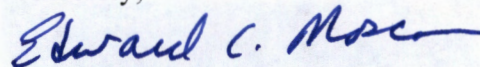
Major General Michael A. Calhoun  
The Adjutant General of Florida  
Department of Military Affairs  
P.O. Box 1008  
St. Augustine, Florida 32085-1008

Dear MG Calhoun:

Pursuant to Section 20.055, Florida Statutes, enclosed is the Department of Military Affairs' State Inspector General's Annual Report which summarizes our activities for the fiscal year ended June 30, 2015.

We appreciate the support your office has provided in our promotion of accountability and integrity for the activities of the Florida Department of Military Affairs.

Sincerely,



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

Distribution:

Melinda M. Miguel  
The Chief Inspector General of Florida  
Randy R. Arend, 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  
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SIG

September 29, 2015

TO: MG Michael A. Calhoun, the Adjutant General of Florida

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

Subject: Annual Report for Fiscal Year 2014-2015

Pursuant to section 20.055(8), 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, 2015.

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 and the Chief Inspector General informed concerning fraud, abuses, and deficiencies relating to programs and operations administered or financed by the DMA, recommend corrective action concerning fraud, abuses, and deficiencies, 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
- Ensure that an appropriate balance is maintained between audit, investigative, and other accountability activities.
- Comply with the General Principles and Standards for Offices of Inspector General as published and revised by the Association of Inspectors General.
- 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

To ensure audits, investigations, and other activities are independent, that results are communicated in accordance with professional standards and in conformity with Section 20.055(3), F.S., the SIG reports to the Chief Inspector General. For administrative purposes, the SIG is under the general supervision of the Adjutant General (agency head) and is not subject to supervision by any other employee of the DMA. The Adjutant General or DMA staff shall not prevent or prohibit the SIG from initiating, carrying out, or completing any audit or investigation. The SIG may hire and remove staff within the Office of the SIG in consultation with the Chief Inspector General but independently of the DMA.

## PROFESSIONAL STANDARDS AND CODE OF ETHICS

Pursuant to Section 20.055(2)(j), F.S., the Office of the SIG complies with the Principles and Standards for Offices of Inspector General as published and revised 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. Audits are conducted in accordance with the current International Standards for the Professional Practice of Internal Auditing as published by the Institute of Internal Auditors, Inc., or, where appropriate, in accordance with generally accepted governmental auditing standards. All audit reports issued shall include a statement that the audit was conducted pursuant to the appropriate standards.

## STAFFING

The Office of the SIG is staffed by two individuals: the State Inspector General, who performs specific statutory mandated duties, and the Internal Auditor, who performs audits and assists the Inspector General in administrative activities. The SIG is a Certified Public Accountant (CPA), licensed in accordance with Florida Statutes, with in excess of forty-five (45) years' experience in public, industry/commercial, and governmental segments and is a member of the Florida Institute of CPAs. Additionally, in July 2015 the SIG obtained the Certified Inspector General designation and is affiliated with the National Association of Inspectors General. The Internal Auditor joined the DMA in December 2014 and has in excess of seventeen (17) years of governmental audit experience being previously engaged with the Office of the Auditor General of Florida. Additionally, in July 2015, the Internal Auditor obtained the Certified Inspector General Auditor designation and is affiliated with the National Association of Inspectors General.

## RISK ASSESSMENT/AUDIT PLAN

In accordance with Section 20.055(6)(i), F.S., an audit plan, dated July 31 2014, was prepared for work to be performed for the period July 1, 2014 through June 30, 2015. The plan was developed based upon the findings of a periodic risk assessment of the DMA's activities and functions. Additionally, the plan was developed based upon the institutional knowledge of the DMA by the former Internal Auditor. Upon that internal auditor's death, by natural causes, as previously discussed, the July 1, 2014 through June 30, 2015 noted plan was abandoned, prior to its approval by the Adjutant General. Upon re-staffing of the Internal Auditor position, a revised audit plan was developed based upon a "fresh" risk assessment, to accommodate the remaining fiscal year of January 1, 2015 through June 30, 2015.

## WORK COMPLETED

### Audits and reviews – audit standards referenced

#### State Quartermaster's Property and Accountability Function

In accordance with the revised audit plan dated February 12, 2015, we conducted this audit to determine the efficiency and effectiveness of the internal controls surrounding the procedures of the State Quartermasters' Property and Accountability Function (PAF).

Our objective was to evaluate managements' policies, procedures and processes, and conclude, in all material respects, whether they ensure PAF management can effectively manage their activity. The audit was conducted in compliance with the current International Professional Practices Framework, published by the Institute of Internal Auditors, Inc. (IIA Standards).

The audit resulted in several findings upon which recommendations were discussed with management representatives throughout the audit process. A final report based upon the results of the audit was issued August 21, 2015.

### 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, 2014 through June 30, 2015, 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, 2014 was issued on July 31, 2014 and a semi-annual review report for the six month period ending December 31, 2014 was issued on February 17, 2015. 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. Additionally, we received numerous complaints regarding allegations received by telephone, letter, fax, or e-mail. All received complaints are evaluated to determine if whistle-blower status in accordance with Sections 112.3187-112.31895, F.S., the Whistle-blowers Act, is warranted. No complaints received during the report period of July 1, 2014 through June 30, 2015 were designated as whistle-blower status. The most significant assistance/consulting services performed and complaints received in a non-whistle-blower status, 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 complaints received from the Office of the Chief Inspector General of Florida (Case #210405020002 and CILS 9937), for which whistle-blower status was denied, we conducted a review upon certain operations of the contractor who provides services surrounding the About Face and Forward March programs of the DMA. Regarding the "Case" matter, our preliminary survey results were that none of the allegations were substantiated and that further investigation was not necessary. Regarding the CILS, a complaint by a DMA employee, after their further self-review of the matter, the complaint was withdrawn by the employee.
- Provided guidance to DMA employee committees for Pay Plan, Dress Code, and Housing Policy.
- Participated in periodic "Employee Town Hall Meetings" to mitigate adverse employer/employee relationships that may exist or develop.
- Entertained in excess of nine (9) 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.

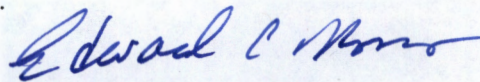
#### Assistance/Coordination with Other Auditors

- Provided assistance to the Auditor General for their Operational Audit of the SQM.
- Provided assistance/information surrounding the Quality Assurance Review of the Office of the DMA SIG's Internal Audit Function by the Auditor General of Florida. Recommendations included in the Auditor General's report were implemented to preclude future deficiencies in the performance of internal audits of the DMA.
- Provided assistance/information to the Office of the Chief Inspector General of Florida as required/requested.

#### Other Matters – Vacant Position and Lack of Computer Access

In July 2014, the individual engaged as the internal auditor died of natural causes. A search for a competent individual to engage in the position was conducted and concluded with the selected professional beginning their employment with DMA on December 1, 2014. At that time application for obtaining computer access to DMA systems was made through the federal government computer access card (CAC) process. (All DMA state and federal systems are accessible only through the use of the federal CAC system.) The CAC for the newly engaged internal auditor was not received until early April 2015 (approximately 4½ months). The two aforementioned items resulted in eight months, or approximately 1,400 hours, of lost auditable time for the current fiscal reporting period.

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, CIG  
State Inspector General  
Department of Military Affairs