

STATE OF FLORIDA AUDITOR GENERAL

Operational Audit

Report No. 2024-134
February 2024

DEPARTMENT OF MILITARY AFFAIRS

Selected Administrative Activities



Sherrill F. Norman, CPA
Auditor General

Adjutant General of the Department of Military Affairs

The Department of Military Affairs is established by Section 250.05, Florida Statutes. The head of the Department is the Adjutant General who is appointed by the Governor and subject to confirmation by the Senate. Major General James O. Eifert served as Adjutant General during the period of our audit.

The team leader was Nick Druash, CPA, and the audit was supervised by Ivo N. Njabe, CPA.

Please address inquiries regarding this report to Karen Van Amburg, CPA, Audit Manager, by e-mail at karevanamburg@aud.state.fl.us or by telephone at (850) 412-2766.

This report and other reports prepared by the Auditor General are available at:

FLAuditor.gov

Printed copies of our reports may be requested by contacting us at:

State of Florida Auditor General

Claude Pepper Building, Suite G74 · 111 West Madison Street · Tallahassee, FL 32399-1450 · (850) 412-2722

DEPARTMENT OF MILITARY AFFAIRS

Selected Administrative Activities

SUMMARY

This operational audit of the Department of Military Affairs (Department) focused on selected administrative activities. The audit also included a follow-up on Findings 5 through 10 noted in our report No. 2022-198. Our audit disclosed the following:

Finding 1: The Department's designation of the Chief Information Officer as the Department's Information Security Manager (ISM) did not promote an appropriate separation of duties between daily information technology operations and the assessment and oversight of cybersecurity program controls.

Finding 2: Department controls did not promote the retention of text messages in accordance with State public records laws. A similar finding was noted in our report No. 2022-198.

Finding 3: As similarly noted in our report No. 2022-198, the Department did not comply with certain requirements of State law regarding public deposits.

Finding 4: Department controls for promptly canceling purchasing cards upon a cardholder's separation from Department employment continue to need improvement.

Finding 5: Department policies and procedures did not adequately promote the retention of records evidencing the appropriate sanitization and disposition of all surplus hard drives.

Finding 6: The Department did not always document the return of State-owned property from employees separating from Department employment.

Finding 7: Contrary to State law, Department personnel taking part in the evaluation and selection of noncompetitively procured contracts did not attest in writing that they were independent of, and had no conflict of interest in, the entities evaluated and selected.

BACKGROUND

The Department of Military Affairs (Department) provides management oversight and administrative support to the Florida National Guard (Guard).¹ The Guard, as a part of the organized militia of the State, is a reserve component force of the United States Department of Defense, National Guard Bureau, and is to operate within the policy guidance and fiscal framework of both Federal and State authorities. While the Adjutant General serves as Department head, the Governor is the Commander-in-Chief of the Guard.² The Department's mission is to provide Guard units and personnel to support national security objectives, to protect the public safety of citizens, and to support programs and initiatives that add value to the United States of America and to the State.

¹ Effective July 1, 2023, Section 251.001, Florida Statutes, created the Florida State Guard and established the Division of the State Guard within the Department. The Florida State Guard is to protect and defend Floridians from all threats to public safety and to augment all existing State and local agencies.

² Section 250.06, Florida Statutes.

According to Department records, as of January 2023, approximately 2,300 Federal personnel and more than 450 State employees were assigned to Army and Air National Guard units throughout the State in support of approximately 12,000 Guard soldiers and airmen. According to the *Adjutant General's Annual Report* for the 2022 fiscal year, State and Federal funding of the Department and Guard totaled approximately \$501.8 million for 2022. For the 2022-23 and 2023-24 fiscal years, the Department was authorized 459 and 469 State employee positions, respectively, and approximately 68 percent of these positions were partially or fully funded by the Federal Government.

Headquartered in St. Augustine, the Department maintained 63 armories in 39 Florida counties as of May 2023. The Department also maintains and operates the Camp Blanding Joint Training Center (CBJTC) located in Clay County. The CBJTC is a 73,000-acre post that supports numerous large training activities and other services for the Guard and numerous Federal, State, and local government entities. According to the *Adjutant General's Annual Report* for the 2022 fiscal year, the CBJTC supported training on 294 days for 282,112 personnel from 234 military units and 46 non-military agencies.

FINDINGS AND RECOMMENDATIONS

Finding 1: Information Security Manager

State law³ requires each State agency head to designate an Information Security Manager (ISM) to administer the agency's cybersecurity program. State agencies are to provide ISM designations to the Department of Management Services (DMS) annually in writing by January 1. State law specifies that, for information security duty purposes, the ISM is to report directly to the agency head. Organizational placement of the ISM outside the line of authority of those responsible for the Department's daily IT operations is essential to ensuring an appropriate separation of duties between daily IT operations and the assessment and oversight of cybersecurity program controls.

In our report No. 2022-198 (Finding 5), we noted that the Department did not designate an ISM to the DMS and that the Department's ISM did not report directly to the Adjutant General for information security duty purposes. As part of our follow-up audit procedures, we evaluated Department controls over the appointment and organizational placement of the Department's ISM and found that, although the Department had designated an ISM to the DMS and the ISM was to report directly to the Adjutant General for information security duty purposes, the Department had designated the Chief Information Officer (CIO) as the ISM. As the CIO was responsible for the Department's daily IT operations, the designation of the CIO as ISM did not ensure an appropriate separation of duties between daily IT operations and the assessment and oversight of Department cybersecurity program controls. In response to our audit inquiry, Department management indicated that they believed that the CIO serving as the ISM was appropriate.

Recommendation: To promote the independent assessment and oversight of cybersecurity program controls, we recommend that Department management ensure that the Department's designated ISM is organizationally separated from the Department's daily IT operations.

³ Section 282.318(4)(a), Florida Statutes.

Finding 2: Retention of Text Messages

State law⁴ requires the Department to maintain public records in accordance with the records retention schedule⁵ established by the Department of State, Division of Library and Information Services. The schedule specifies that the retention periods for electronic communications, including text messages, are based on the content, nature, and purpose of the messages. Some of the purposes include administrative correspondence (3 fiscal years), program and policy development correspondence (5 fiscal years), and transitory messages (until obsolete, superseded, or administrative value is lost).

In our report No. 2022-198 (Finding 6), we noted that the Department had not established procedures for archiving text messages sent or received by Department-owned mobile devices nor had the capability to recover text messages when necessary. As part of our follow-up audit procedures, we inquired of Department management and examined Department mobile device invoices for the period January 2023 through March 2023 and found that the Department still had not established procedures for archiving text messages sent or received by Department-owned mobile devices or a method to recover text messages when necessary. According to Department mobile device records, during the period January 2023 through March 2023, the Department sent or received 5,295 text messages using the 64 active Department-owned mobile devices.

Effective August 19, 2022, the Department issued a memorandum prohibiting staff from deleting data, including text messages, on Department-owned mobile devices. According to Department management, the Department could not implement any programs to archive text messages on Department-owned mobile devices until further instruction was received by the United States Department of Defense. Notwithstanding, absent a method to adequately retain text messages, such messages may be sent or received and not be retained in accordance with State law, diminishing the Department's ability to provide access to public records.

Recommendation: We recommend that Department management work with the United States Department of Defense to establish procedures for retaining all text messages sent or received by Department-owned mobile devices in accordance with State law.

Finding 3: Public Deposits

State law⁶ requires all public deposits to be made in a qualified public depository (QPD)⁷ unless exempted by law. State law⁸ specifies that all public deposits are considered secured and protected from loss when public depositors (e.g., the Department) comply with the requirements of Chapter 280, Florida Statutes.

Among other requirements, State law⁹ requires public depositors to:

⁴ Section 119.021(2)(b), Florida Statutes.

⁵ State of Florida *General Records Schedule GS1-SL for State and Local Government Agencies*.

⁶ Section 280.03(1)(b), Florida Statutes.

⁷ A QPD means any bank, savings bank, or savings association that meets the requirements of Chapter 280, Florida Statutes, and has been designated by the State's Chief Financial Officer as a QPD.

⁸ Sections 280.03(1)(a) and 280.18(1), Florida Statutes.

⁹ Section 280.17, Florida Statutes.

- Identify each public deposit account at the time an account is opened by executing a *Public Deposit Identification and Acknowledgement Form* (Form) prescribed by the State's Chief Financial Officer (CFO). The Form is to be signed by the Department and applicable QPD, retained by the public depositor, and replaced with an updated Form upon any event that would change the account name, number, or name of the QPD. A properly executed Form identifies each public deposit account and documents the QPD's acknowledgement that the account is a public deposit account and that collateralization of the account must be provided.
- Confirm annually that public deposit information as of September 30 has been provided by each QPD and agrees with public depositor records.
- Submit an annual report to the CFO by November 30th that includes verification that the required September 30 confirmations were completed, and confirmation that a current Form was completed and is available for each public deposit account.

As part of our audit, we requested Department public deposit records for the 67 public deposit accounts that were active during the period October 2021 through September 2022 and our examination of available records found that the Department:

- Was unable to provide for audit the Forms for 7 of the 67 accounts. Additionally, of the 60 Forms provided for audit:
 - 4 Forms included account numbers that did not agree with Department records.
 - 15 Forms were signed by the applicable QPD subsequent to our audit request.
 - 16 Forms were not signed by the Department.
- Did not confirm with the applicable QPDs that the information in Department records and included in the 2022 annual report to the CFO agreed with QPD records. In addition, the Department did not submit the annual report until contacted by the CFO on June 8, 2023, 190 days past the statutory deadline.

In response to our audit inquiry, Department management indicated that the Department had not established procedures to ensure that complete and accurate Forms were obtained from all QPDs nor to confirm required information with QPDs, but that the Department would continue to work with the QPDs to obtain properly completed Forms. Department management also indicated that the 2022 annual report was not submitted timely due to the resignation of the previous Chief of Financial Operations.

Absent compliance with the requirements of State law regarding each public deposit account, the protection from loss provided in State law to the Department may not be effective as to each public deposit account. A similar finding was noted in our report No. 2022-198 (Finding 8).

Recommendation: We again recommend that Department management establish public deposit procedures to ensure that:

- **Complete and accurate Forms are obtained for all public deposit accounts.**
- **QPD information is confirmed in accordance with State law.**
- **Annual reports are timely submitted to the CFO.**

Finding 4: Purchasing Card Controls

The Department participates in the State's purchasing card program, which allows authorized personnel to charge Department expenses on purchasing cards. As of March 31, 2023, the Department had

94 active purchasing cards and purchasing card charges totaled approximately \$6.2 million during the period July 2021 through March 2023.

As a participant in the State's purchasing card program, the Department is responsible for implementing key controls, including procedures for timely canceling purchasing cards upon a cardholder's separation from Department employment. Department policies and procedures¹⁰ specified that the Purchasing Card Program Administrator (PCPA) was responsible for canceling purchasing cards after the PCPA was notified of all cards requiring cancellation. In previous audit reports, most recently in our report No. 2022-098 (Finding 9), we noted that Department purchasing card controls needed improvement to ensure that purchasing cards were timely canceled upon a cardholder's separation from Department employment. As part of our follow-up audit procedures, we evaluated the adequacy of Department purchasing card controls and found that the purchasing cards assigned to 5 of the 16 cardholders who separated from Department employment during the period June 2022 through March 2023 were not promptly canceled. Specifically, due to Department oversight, the employees' purchasing cards were canceled 12 to 298 days (an average of 121 days) after the employees' separation dates.

Although our audit did not disclose any charges incurred subsequent to the five cardholders' separation from Department employment, prompt cancellation of purchasing cards upon a cardholder's separation from Department employment reduces the risk that unauthorized purchases will be made.

Recommendation: We again recommend that Department management strengthen procedures to ensure that purchasing cards are promptly canceled upon a cardholder's separation from Department employment.

Finding 5: Surplus Hard Drive Disposition and Documentation

To promote the appropriate disposal of surplus information technology (IT) devices such as computers and copy machines, it is important for State agencies to follow an orderly and controlled disposal process. Most importantly, when surplus IT devices are to be destroyed, repurposed, or made available to other entities, appropriate procedures need to be followed when sanitizing or physically destroying any related surplus hard drives to ensure that confidential and sensitive information is removed and cannot be inadvertently or inappropriately disclosed. Effective IT security controls include maintaining complete and accurate disposal records to document the surplus hard drives sanitized or physically destroyed, when and how the hard drives were sanitized or destroyed, and the final disposition.

Department policies and procedures¹¹ for the disposition of hard drives required certification of hard drive disposition and the maintenance of destruction logs (forms) to capture certain details of the hard drive removal and destruction process, including, for example, authorization of disposition, method of disposition, witness to the disposition, and the serial numbers of the disposed equipment.

To determine whether the Department had established effective controls for removing confidential and sensitive data from surplus IT devices and for maintaining accurate and complete disposal records, we inquired of Department management, evaluated Department policies and procedures, and requested disposition records for 17 IT devices (2 copy machines, 2 servers, 4 computers, and 9 laptop computers)

¹⁰ Department *Purchasing Card Guidelines*, effective September 2014.

¹¹ Florida National Guard Pamphlet 210-6, *State Property Management*, dated May 1, 2022.

disposed of by the Department during the period July 2021 through March 2023. Our audit procedures found that:

- Although Department management indicated that it was the Department's practice to remove the hard drive from each IT device before disposal, Department policies and procedures neither addressed the hard drive removal process nor the sanitization of confidential and sensitive data from IT device hard drives prior to disposal. The absence of such policies and procedures contributed to the issues noted on audit.
- Although requested, the Department was unable to provide documentation evidencing that the hard drives for the 17 IT devices had been sanitized prior to disposal. Additionally, although Department management provided a receipt from a contractor for the shredding of 1,845 hard drives, the receipt did not include an itemization of serial numbers or other identifying information evidencing the specific hard drives that were destroyed, and Department records did not evidence which hard drives were provided to the contractor. Further, Department records indicated that 7 of the 17 IT devices had disposal dates that were after the date indicated on the contractor's receipt.

Effective policies and procedures for managing the hard drive sanitization and disposition process help promote accountability and reduce the risk that Department information may be compromised. Without records documenting that each hard drive was sanitized or physically destroyed before disposal, management has reduced assurance that confidential or sensitive Department information was appropriately removed from the hard drive.

Recommendation: We recommend that Department management enhance policies and procedures to address processes for removing and sanitizing or physically destroying IT device hard drives prior to disposal, including requiring that Department records appropriately account for and evidence the sanitization or destruction of all surplus IT device hard drives.

Finding 6: Return of State-Owned Property

The Department required supervisors to complete a *State Employee Exit Checklist* (Checklist) when an employee separated from Department employment and provide the completed Checklist to the Human Resources (HR) office for inclusion in the employee's personnel record. Supervisors were responsible for documenting on the Checklist the return of all State-owned property issued to an employee (e.g., building access card, State purchasing card, computer, mobile device). The Checklist was to be signed by the employee and supervisor acknowledging that the property items listed were returned.

As part of our audit, we evaluated Department controls over the return of State-owned property and requested Checklists for 30 employees who separated from Department employment during the period July 2021 through March 2023 and found that, while Department management indicated that the Checklist was to be used to document the return of all State-owned property, the Department had not established policies and procedures requiring supervisors to use the Checklist. Additionally, the Department could not provide Checklists for 16 of the 30 employees, 1 Checklist was not signed by the departing employee, and another Checklist had not been signed by either the employee or their supervisor. According to Department management, the issues noted on audit were due to inadequate employee training and management error.

Enhancing employee training and management oversight, as well as establishing policies and procedures for the completion and retention of Checklists, would enhance Department efforts to demonstrate accountability for State-owned property, including property that may include confidential and sensitive data.

Recommendation: We recommend that Department management establish policies and procedures requiring the completion of Checklists documenting the return of State-owned property by all employees separating from Department employment. In addition, Department management should enhance employee training for and management oversight over the completion and retention of Checklists.

Finding 7: Conflicts of Interest Attestations

State law¹² requires that, for any procurement in excess of \$35,000 and accomplished without competition, the individuals taking part in the contract evaluation and selection processes attest in writing that they are independent of, and have no conflict of interest in, the entities evaluated and selected.

As part of our audit, we reviewed Department policies and procedures and examined Department contract and purchase order records and found that Department policies and procedures did not address, and consequently the Department did not obtain, conflict of interest attestations by personnel involved in the evaluation and selection processes for noncompetitively procured contracts and purchase orders in accordance with State law. Specifically, according to the Florida Accountability Contract Tracking System (FACTS) and Department records, the Department executed 37 noncompetitively procured contracts or purchase orders, totaling \$5,282,488, during the period July 2021 through March 2023, including, for example, a \$575,000 contract for educational services, a \$1.8 million contract for the purchase of land, and purchase orders totaling \$439,496 for tactical training equipment. However, contrary to State law, no personnel involved in the evaluation and selection of the entities for the 37 contracts and purchase orders attested in writing that they were independent of, and had no conflict of interest in, the entities evaluated and selected. According to Department management, conflict of interest attestations were not obtained due to management oversight.

Completed conflict of interest attestations by all Department personnel involved in the evaluation and selection process for noncompetitively procured contracts reduces the appearance of and opportunity for favoritism, provides Department management greater assurance that contracts are impartially awarded, and demonstrates compliance with State law.

Recommendation: We recommend that Department management enhance policies and procedures to require, in accordance with State law, the completion of conflict of interest attestations by all Department personnel taking part in the evaluation and selection process for noncompetitively procured contracts and purchase orders and that such attestations be maintained in Department records.

¹² Section 287.057(21), Florida Statutes.

PRIOR AUDIT FOLLOW-UP

Except as discussed in the preceding paragraphs, the Department had taken corrective actions for the applicable findings included in our report No. 2022-198.

OBJECTIVES, SCOPE, AND METHODOLOGY

The Auditor General conducts operational audits of governmental entities to provide the Legislature, Florida's citizens, public entity management, and other stakeholders unbiased, timely, and relevant information for use in promoting government accountability and stewardship and improving government operations.

We conducted this operational audit from March 2023 through November 2023 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

This operational audit of the Department of Military Affairs (Department) focused on selected administrative activities. For those areas, the objectives of the audit were to:

- Evaluate management's performance in establishing and maintaining internal controls, including controls designed to prevent and detect fraud, waste, and abuse, and in administering responsibilities in accordance with applicable laws, administrative rules, contracts, grant agreements, and other guidelines.
- Examine internal controls designed and placed into operation to promote and encourage the achievement of management's control objectives in the categories of compliance, economic and efficient operations, the reliability of records and reports, and the safeguarding of assets, and identify weaknesses in those internal controls.
- Determine whether management had corrected, or was in the process of correcting, Findings 5 through 10 disclosed in our report No. 2022-198.
- Identify statutory and fiscal changes that may be recommended to the Legislature pursuant to Section 11.45(7)(h), Florida Statutes.

This audit was designed to identify, for those programs, activities, or functions included within the scope of the audit, deficiencies in internal controls significant to our audit objectives; instances of noncompliance with applicable governing laws, rules, or contracts; and instances of inefficient or ineffective operational policies, procedures, or practices. The focus of this audit was to identify problems so that they may be corrected in such a way as to improve government accountability and efficiency and the stewardship of management. Professional judgment has been used in determining significance and audit risk and in selecting the particular transactions, legal compliance matters, records, and controls considered.

As described in more detail below, for those programs, activities, and functions included within the scope of our audit, our audit work included, but was not limited to, communicating to management and those charged with governance the scope, objectives, timing, overall methodology, and reporting of our audit; obtaining an understanding of the program, activity, or function; identifying and evaluating internal controls significant to our audit objectives; exercising professional judgment in considering significance

and audit risk in the design and execution of the research, interviews, tests, analyses, and other procedures included in the audit methodology; obtaining reasonable assurance of the overall sufficiency and appropriateness of the evidence gathered in support of our audit's findings and conclusions; and reporting on the results of the audit as required by governing laws and auditing standards.

Our audit included the selection and examination of transactions and records. Unless otherwise indicated in this report, these transactions and records were not selected with the intent of statistically projecting the results, although we have presented for perspective, where practicable, information concerning relevant population value or size and quantifications relative to the items selected for examination.

An audit by its nature does not include a review of all records and actions of agency management, staff, and vendors, and as a consequence, cannot be relied upon to identify all instances of noncompliance, fraud, abuse, or inefficiency.

In conducting our audit, we:

- Reviewed applicable laws, rules, Department policies and procedures, and other guidelines, and interviewed Department personnel to obtain an understanding of selected Department administrative activities processes and responsibilities.
- From the population of 36 expenditure transactions, totaling \$64,326, made by the Department under the authority granted by an applicable state of emergency declaration during the period July 2021 through March 2023, examined Department records for 3 selected expenditure transactions, totaling \$56,550, to determine whether the expenditures appeared reasonable and necessary given the nature of the declared emergency and the statutory responsibilities of the Department.
- From the population of 93 contracts, totaling \$44,307,383, executed by the Department during the period July 2021 through March 2023, examined Department records for 10 selected contracts, totaling \$18,530,489, to determine whether the contracts included the terms required by Section 287.058, Florida Statutes; were procured in accordance with applicable laws, rules, and other guidelines; and whether Department records evidenced the completion of conflict of interest attestations. Additionally, inquired of Department management regarding whether the Department completed conflict of interest attestations for all non-competitively procured contracts and purchase orders executed during the period July 2021 through March 2023 in accordance with Section 287.057(21), Florida Statutes.
- From the population of 554 contract payments, totaling \$27,664,782, made by the Department during the period May 2021 through March 2023, examined Department records for 18 selected contract payments, totaling \$1,100,433, to determine whether the payments were properly authorized, supported, reviewed, made only after receipt of contract deliverables, and accurately recorded in Department accounting records.
- From the population of 74 contracts with original contract amounts totaling \$29,765,632, executed during the period July 2020 through March 2023, examined Department records for 10 selected contracts, with original contract amounts totaling \$13,242,413, to determine whether the Department monitored the contracts in accordance with Department of Financial Services (DFS) guidelines, contract monitors documented that they were independent of the contractors they were assigned to monitor, monitoring reports were supported and subject to supervisory review and approval, and monitoring results were timely communicated to contractors.
- From the population of 240 property expenditure transactions totaling \$2,483,219, made during the period July 2021 through March 2023, examined 30 selected property expenditure transactions, totaling \$1,344,265, to determine whether the Department accurately and timely

recorded the property items in Department property records in accordance with Department guidelines and DFS rules.

- From the population of 3,349 property items in 149 locations and listed as active in Department property records as of March 31, 2023, examined Department records for 571 selected active property items in 5 locations to determine whether the Department had performed a physical inventory for the 2022-23 fiscal year in accordance with DFS rules.
- Evaluated Department property records to determine whether the records evidenced that the Department conducted an inventory during the 2021-22 fiscal year of the 3,296 property items listed as active as of June 30, 2022.
- From the population of 362 property items, with acquisition costs totaling \$900,359, disposed of during the period July 2022 through March 2023, examined Department records for 30 selected property items (including 17 information technology (IT) devices), with acquisition costs totaling \$225,873, to determine whether the Department timely disposed of the items and updated Department property records in accordance with applicable Department guidelines and DFS rules. Additionally, for the selected 17 IT devices, inquired of Department management and reviewed applicable Department records to determine whether the devices' hard drives were properly sanitized of sensitive and confidential information before disposal.
- Examined Department records for 30 expenditure transactions, totaling \$8,059,611, selected from the population of 877 expenditure transactions of \$10,000 or more and totaling \$45,259,272, made during the period July 2021 through March 2023, to determine whether the expenditures were appropriately supported and approved, coded, and supporting documents were properly canceled.
- From the population of 177 employees who separated from Department employment during the period July 2021 through March 2023, examined Department records for 30 selected employees to determine whether the Department appropriately documented the return of State-owned property.
- Evaluated Department actions to correct Findings 5 through 10 noted in our report No. 2022-198. Specifically, we:
 - Inquired of Department personnel and reviewed Department organization charts and policies and procedures to determine whether the Department designated an Information Security Manager (ISM) to the Department of Management Services (DMS) by January 1, 2023, and whether the ISM reported directly to the Adjutant General for information security duty purposes, in accordance with Section 282.318(4)(a), Florida Statutes. Additionally, evaluated whether the appointment promoted an appropriate separation of duties between daily IT operations and the assessment and oversight of Department cybersecurity program controls.
 - Inquired of Department management and examined Department mobile device invoices for the period January 2023 through March 2023 to determine whether Department procedures for retaining text messages promoted compliance with State public records laws.
 - Examined Department records for the three Department employees with Florida Accounting Information Resource Subsystem (FLAIR) update capabilities who separated from Department employment during the period June 2022 through March 2023 to determine whether FLAIR user access privileges were timely deactivated upon employment separation.
 - Examined Department records for the 67 public deposit accounts that were active during the period October 2021 through September 2022 to determine whether the Department complied with the public deposit requirements established in Chapter 280, Florida Statutes, and reported qualified public depository information to the DFS in accordance with Section 280.17, Florida Statutes.

- Examined Department records for the 16 Department purchasing cardholders who separated from Department employment during the period June 2022 through March 2023 to determine whether the employees' purchasing cards were promptly deactivated upon employment separation and whether any charges were incurred on the employees' purchasing cards subsequent to employment separation.
- Reviewed Department policies and procedures and contract templates to determine whether Department insurance requirements for non-construction and construction contracts were appropriate and complied with DMS Rules, Chapter 60D-5, Florida Administrative Code. Additionally, examined records for the six non-construction contracts, totaling \$4,293,342, executed by the Department during the period January 2023 through March 2023 to determine whether Department records evidenced that insurance was timely obtained and maintained in accordance with applicable rules and Department guidelines.
- Reviewed applicable laws, rules, and other State guidelines to obtain an understanding of the legal framework governing Department operations.
- Interviewed Department management and observed, documented, and evaluated the effectiveness of Department purchasing processes and procedures.
- Communicated on an interim basis with applicable officials to ensure the timely resolution of issues involving controls and noncompliance.
- Performed various other auditing procedures, including analytical procedures, as necessary, to accomplish the objectives of the audit.
- Prepared and submitted for management response the findings and recommendations that are included in this report and which describe the matters requiring corrective actions. Management's response is included in this report under the heading **MANAGEMENT'S RESPONSE**.

AUTHORITY

Section 11.45, Florida Statutes, requires that the Auditor General conduct an operational audit of each State agency on a periodic basis. Pursuant to the provisions of Section 11.45, Florida Statutes, I have directed that this report be prepared to present the results of our operational audit.



Sherrill F. Norman, CPA
Auditor General

MANAGEMENT'S RESPONSE



STATE OF FLORIDA
Department of Military Affairs
Office of the Adjutant General

St. Francis Barracks, P.O. Box 1008
St. Augustine, Florida 32085-1008

DMA-SQM

15 February 2024

MEMORANDUM FOR Auditor General, State of Florida

SUBJECT: Department of Military Affairs (DMA) response to Operational Audit 2023

1. **General:** Enclosed is a list of responses to the audit findings and recommendations included in the operational audit report of the DMA, Selected Administrative Activities.

2. **Finding 1:** The Department's designation of the Chief Information Officer as the Department's Information Security Manager (ISM) did not promote an appropriate separation of duties between daily information technology operations and the assessment and oversight of cybersecurity program controls.

Recommendation: To promote the independent assessment and oversight of cybersecurity program controls, we recommend that Department management ensure that the Department's designated ISM is organizationally separated from the Department's daily IT operations.

Response: Concur. The agency head for the Florida National Guard/DMA (The Adjutant General) will appoint the G6/Information Systems Security Manager (ISSM) as the agency ISSM. The ISSM will serve as a direct report to the Florida National Guard G6/CIO for all issues, apart from non-compliance and incident response. The ISSM will report all issues of non-compliance or incident response directly to The Adjutant General and the G6/CIO.

3. **Finding 2:** Department controls did not promote the retention of text messages in accordance with State public records laws. A similar finding was noted in our report No. 2022-198.

Recommendation: We recommend that Department management work with the United States Department of Defense to establish procedures for retaining all text messages sent or received by Department-owned mobile devices in accordance with State law.

Response: Concur. The Florida National Guard G6/CIO issued a policy on 19 August 2022, forbidding the sanitization of Department of Defense and Department of Military

Affairs (DMA) mobile devices, until such time the department could identify and procure an approved data retention solution. The published memo was meant to serve as a stop gap to the existing problem. The Florida National Guard, DMA G6/CIO continues to search for an approved enterprise solution that meets state and federal regulatory retention requirements.

4. **Finding 3:** As similarly noted in our report No. 2022-198, the Department did not comply with certain requirements of State law regarding public deposits.

Recommendation: We again recommend that Department management establish public deposit procedures to ensure that:

- Complete and accurate Forms are obtained for all public deposit accounts.
- QPD information is confirmed in accordance with State law.
- Annual reports are timely submitted to the CFO.

Response: Concur. The State Quartermaster (SQM) Resource and Accountability Management (RAM) office will update Florida National Guard (FNG) Pamphlet 210-4, which provides policy guidance for all Armory Operational Account (AOA) bank accounts and Annual reviews. The FNG 210-4 will require all banking forms be reviewed annually for accuracy and completion during AOA Annual Reviews by the SQM RAM AOA audit reviewer. All discrepancies will be addressed and corrected by SQM Personnel on site during the review. All new accounts will have the required QPD paperwork completed at the bank and reviewed by the SQM Regional Reviewer having oversight of the facility at the time of opening any new accounts to ensure compliance with state regulations.

5. **Finding 4:** Department controls for promptly canceling purchasing cards upon a cardholder's separation from Department employment continue to need improvement.

Recommendation: We again recommend that Department management strengthen procedures to ensure that purchasing cards are promptly canceled upon a cardholder's separation from Department employment.

Response: Concur. Notification of out-processing requirements is currently being captured through DMA's Human Resource section and the employee exit interview and checklist upon departure. This check and balance will ensure purchasing cards are promptly canceled upon a cardholder's separation from DMA employment. This requirement will also be identified in the new HR Employee Handbook and is already identified in the supervisor training and HR desk reference for out-processing employees.

6. **Finding 5:** Department policies and procedures did not adequately promote the retention of records evidencing the appropriate sanitization and disposition of all surplus hard drives.

Recommendation: We recommend that Department management enhance policies and procedures to address processes for removing and sanitizing or physically destroying IT device hard drives prior to disposal, including requiring that Department records appropriately account for and evidence the sanitization or destruction of all surplus IT device hard drives.

Response: Concur. The Florida National Guard, DMA G6/CIO follows the appropriate state and federal guidelines for the sanitization and disposal of hard drives. However, we recognize that the lack of formal written policies outlining these procedures may result in risk. The Florida National Guard, DMA G6/CIO will codify all hard drive disposal processes in written policy, alleviating any associated risk of employees not knowing or understanding proper procedures and/or the unintentional loss or exposure of sensitive data.

7. **Finding 6:** The Department did not always document the return of State-owned property from employees separating from Department employment.

Recommendation: We recommend that Department management establish policies and procedures requiring the completion of Checklists documenting the return of State-owned property by all employees separating from Department employment. In addition, Department management should enhance employee training for and management oversight over the completion and retention of Checklists.

Response: Concur. Notification of out-processing requirements is currently being captured through DMA's Human Resource section and the employee exit interview and checklist upon departure. This will also be identified in the new HR Employee Handbook and is already identified in the supervisor training and HR desk reference for out-processing employees. Property Custodians will be assigned for each sub-department, as they verify the property through inventory as it is assigned to and from employees upon employment and separation.

8. **Finding 7:** Contrary to State law, Department personnel taking part in the evaluation and selection of noncompetitively procured contracts did not attest in writing that they were independent of, and had no conflict of interest in, the entities evaluated and selected.

Recommendation: We recommend that Department management enhance policies and procedures to require, in accordance with State law, the completion of conflict-of-interest attestations by all Department personnel taking part in the evaluation and selection process for noncompetitively procured contracts and purchase orders and that such attestations be maintained in Department records.

Response: Concur. DMA Contracting office will add an attestation form to the Contract Administrator's checklist. The Contract Administrator will ensure that any evaluator involved in the purchase over \$35K will complete the attestation form. This

signed form will become part of the documents in the file for that purchase and loaded into respective databases for record.

9. DMA recognizes the significance of the audit findings and will continue to look to improve and enhance policies and procedures in accordance with State of Florida law.

SMITH.TIMO THY.JAMES.1041678824
Digitally signed by
SMITH.TIMOTHY.JAM
ES.1041678824
Date: 2024.02.15
14:59:28 -05'00'

ADAM M. CURRY
COL, AD
Department of Military Affairs
State Quartermaster