

Ms Kathy DuBose

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

February 22, 2013

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.2013-010

Section 20.055(5)(h), 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. 2013-010, entitled "Operational Audit, Department of Military Affairs, Administration of Selected Programs and Activities and Follow-Up on Prior Audit Findings", dated August 2012. 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. Also required is that a copy of the foregoing response be filed with the Legislative Auditing Committee.


With the above being brought forth, this report regarding the status of corrective actions taken by the DMA is based upon the February 19, 2013 memorandum, attached hereto, prepared by Colonel Joseph M. Duren, State Quartermaster (SQM), 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 Report. 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 State Quartermaster and other 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.

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Based upon the foregoing, the attached memorandum constitutes the status of DMA corrective actions relating to recommendations included in the Auditor General's Report No. 2013-010.

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

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19 February 2013

MEMORANDUM FOR: Edward C. Mosca, CPA, State Inspector General

SUBJECT: Status of Operational Audit Recommendations

The following represents the status of those recommendations included in the Auditor General Report 2013-010, dated August 2012, entitled "Operational Audit, Department of Military Affairs (DMA), Administration of Selected Programs and Activities and Follow-Up on Prior Audit Findings."

Recommendation No. 1: To better ensure economic and efficient Camp Blanding Joint Training Center (CBJTC) operations; compliance with applicable laws, rules and other guidelines; and that the activities are administered in accordance with legislative intent, we recommend that the Department continue to enhance its procedures and oversight of CBJTC activities. Such enhancements should include the proper accounting of CBJTC activities in the subsidiary accounting records and Florida Accounting Information Resource (FLAIR), requiring any profits generated by the activities be deposited in the Camp Blanding Management Trust Fund (TF), reconciling the membership records and related proceeds for the Recreation activity, ensuring that required business plans are timely executed, and competitively procuring goods and services in accordance with State procurement laws. In addition, to better reflect the variety and current operations of the CBJTC activities, the Department should consider proposing revisions to Section 250.10, Florida Statutes.

Actual or Proposed Corrective Action: We concur. The DMA has implemented procedures and has increased oversight of CBJTC activities regarding the Non Appropriated Fund (NAF) accounts which include Billeting, the Consolidated Dining Facility (CDF), the Post Exchange, and the Recreation Department. Additionally, we are in process of developing, with ensuing execution of, business plans and operating budgets for all enterprise activities. We believe that implementation of the foregoing will accomplish the matters noted in the recommendation set forth above.

Status: The DMA continues to enhance its procedures and oversight of CBJTC activities. The Quartermaster has enacted a stringent hands-on approach and State Quartermaster (SQM) will be more involved in the operations of the NAF activities. SQM would like to note the National Guard Bureau (NGB) has directed the United States Property and Fiscal Office (USPFO) to oversee transitioning the CDF from a Cooperative Agreement managed to a

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federally contracted facility. A steering committee has been formed and tasked to accomplish this transition by 1 October 2013.

Recommendation No.2: To ensure compliance with State law and rules and the Fair Labor Standards Act (FLSA) overtime pay provisions, the Department should reevaluate its employee work schedule policies and methods for maintaining attendance and leave records. To promote economy and efficiency in Department payroll activities, we recommend department management consider expanding Department use of People First to include tracking employee time and attendance. In the meanwhile, Department time sheet keepers and time sheet administrators should take more care when adjusting and reviewing employee time and attendance in Time Accounting System (TAS).

Actual or Proposed Corrective Action: We concur. The Department has implemented procedures to audit each employee's time record on a monthly basis. Additionally, State Human Resource (HR) personnel proficient in time sheet controls will perform secondary audits to ensure accuracy. Also, State HR personnel will conduct quarterly timesheet keeper training to ensure full understanding of the TAS, personnel rules and regulations pertaining to time keeping procedures, therefore precluding the possibility of errors and oversights.

Status: An effort was made to move to the People First system for tracking employee time and attendance to promote efficiency and economy. However, due to the Alternate Work Schedule (AWS) which affects the entire agency (both State and Federal), it was decided not to create different work schedules between State and Federal employees in the best interest of the DMA. HR has realigned position duties, in relation to Time and Attendance (T&A). Instead of one HR position being fully responsible for agency-wide timekeeping, three positions now are responsible for like duties; thereby, distributing the workload, knowledge, and proficiency to audit each other's work. HR will continue to perform secondary audits on a monthly basis. Supervisor training was conducted which included T&A. Continuous communications to Timekeepers in the field are ongoing, which provide for constant feedback and interactive discussion. Future training on Military Leave, Federal Medical Leave Act, FLSA and other related Time and Attendance issues are scheduled on a quarterly basis. The Integrated Emergency Operations Management System (IEOMS) (TAS as referred above), is the only internal system in place to assist with the annual Leave Liability reporting requirements. However, many aspects within the system have to be done separately and manually using Excel spreadsheets to capture required employee information and leave usage. Feedback to employees on their leave balances is not immediate and business will continue as usual.

Recommendation No. 3: We recommend the Department enhance procedures governing the authorization, verification and payment of overtime worked. Such enhanced procedures should address supervisory consideration of workload and the fiscal impact of the overtime payments and should also require verification, prior to payment, that the overtime hours were

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sufficiently documented and approved. In addition, the Department should perform periodic reviews of overtime payments and, if overpayments are identified, seek reimbursement from the applicable employees.

Actual or Proposed Corrective Action: We agree. The Department has implemented procedures to ensure the authorizations, verifications and payments of overtime are accurate. Additionally, overtime payments will require verification of documentation and justification prior to payment.

Status: Continuous reminders are provided to supervisors to minimize the overtime issues and to better manage workloads by reviewing work schedules to allow for the offsetting of time during the FLSA workweek, i.e. if an employee is needed to work during the weekend, supervisors are allowed to offset the employee's time during the same workweek by allowing the employee to be off two workdays (ex. Tuesday and Wednesday). Understanding emergencies occur and overtime may be necessary, HR will review the timesheets submitted for overtime pay or comp purposes. Supervisors are aware that scheduled overtime, due to optempo, must be requested by submitting an overtime request form. However, sometimes the forms are not submitted until HR receives the Time Sheets the following month for the end of the previous month; thereby, creating a payout at the end of the following month for overtime worked the previous month. For overtime payouts, HR staff still provides secondary and third reviews to verify and validate for accuracy on the payouts. Any overpayment identified by HR initiates an immediate collection process.

Recommendation No. 4: We recommend that the Department demonstrate compliance with State laws and Department of Management Services (DMS) rules by ensuring Department employees are properly credited with holiday and applicable Special Compensatory Leave (SPC). The Department should also ensure the total hours reflected in TAS are correct and supported by records that accurately reflect employee time worked, holidays and leave.

Actual or Proposed Corrective Action: We concur and have implemented a requirement that a review will be performed on all timesheets which have manual SPC accruals. The review will include, but not be limited to; examining the employee's leave log to ensure the total hours worked, holiday hours and leave are accurately reflected in TAS.

Status: Continuous reviews to ensure compliance and proper leave credits for holiday and SPC are ongoing. This is a time-consuming transactional process that must occur for all employees in order to ensure the reliability and effectiveness of the current IEOMS system. Due to the changes in the law, SPC is manually captured using an Excel spreadsheet since the IEOMS is not configured to do this without additional funding.

Recommendation No. 5: We recommend that the Department develop and implement procedures that provide for the consistent interpretation of orders and ensure that military leave

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granted to employees is correctly classified, recorded and accrued in accordance with applicable laws and rules.

Actual or Proposed Corrective Action: We concur and have implemented procedures which include, but are not limited to, audits of military leave to ensure proper accrual prior to being validated and paid. This will ensure military leave granted to employees is correctly recorded and accrued in accordance with Florida laws.

Status: Military Orders continue to receive a second and third review to ensure proper and consistent interpretation on the class of payment or status IAW the laws and rules.

Recommendation No. 6: To promote effective management of Department contracts, we recommend that the Department develop procedures to ensure all contract managers timely receive the statutorily required training. To provide a means for early detection of performance problems and ensure the proper expenditure of State funds and Federal awards, we also recommend that the Department enhance its procedures to address contract monitoring and contract payment approval processes. In addition, the Department should document its determination of whether a contractor is a sub recipient or a vendor prior to entering into a contract funded, at least in part, with Federal or State financial assistance program awards.

Actual or Proposed Corrective Action: We concur. To ensure that Departmental staff members meet all requirements, the DMA is coordinating with the Department of Financial Services (DFS) and/or the Department of Management Services (DMS) to schedule statutory training. Also, to ensure proper contract monitoring and payment processes, DMA has implemented procedures for early detection of problems and clarification of whether a contractor is a sub recipient or a vendor prior to entering into a contract funded, at least in part, with federal or state financial assistance.

Status: DMA has trained staff on statutory required training through DMS and DFS. DMA will continue to train staff based on the availability of courses offered from DFS and DMS for required statutory training. Some Accounting and Purchasing staff attended a course at DFS on the Single Audit Act Training. The knowledge gained at the training will assist in determining whether a contractor is a sub recipient or a vendor. DMA's legal staff will assist in determining whether a contractor is a sub recipient or vendor prior to entering into a contract funded with federal or state financial assistance.

Recommendation No. 7: We recommend that the Department further enhance its purchasing card controls by addressing the delegation of authority for approving single transaction limits, monitoring the reasonableness of card assignments and transaction limits, ensuring the timely identification of terminated cardholders, and promptly canceling purchasing cards upon a cardholder's separation from Department employment.

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Actual or Proposed Corrective Action: We agree. The Department has developed a revised Purchasing Card Guidelines and Agency Plan awaiting approval by the DMS. In addition, a review of all issued Purchasing Cards has begun and will determine the reasonableness of card assignments and limits, as well as the identification of cards recalled after an employee is terminated.

Status: SQM is working thru changes on the Purchasing Card Guidelines and Agency Plan. We are continuing to monitor the issuance of Purchasing Cards. SQM continues working with personnel on timely identification of terminated card holders in order to cancel Purchasing Cards upon separation.

Recommendation No. 8: The Department should continue its efforts to properly document its organizational structure and establish procedures to clearly define the lines of authority. In addition, the Department should take steps to ensure its compliance with State law establishing the duties of the State Quartermaster.

Actual or Proposed Corrective Action: We agree. The responsibilities of the State Quartermaster have been re-established to be in compliance with Florida Statutes. The Department is developing a new organizational chart which will include all Directorates and their reporting responsibilities. This chart will be made available to the Executive Office of the Governor.

Status: The Department continues the efforts to properly document the organizational structure and define the lines of authority. The SQM has reorganized to be in compliance with Florida Statutes. The State Quartermaster has authority over the Directorate. The Chief Financial Officer's duties include working with Finance & Accounting and Legislative Affairs regarding the state budget.

Recommendation No. 9: To ensure compliance with State law and provide the extra care necessary when collecting and maintaining individuals' Social Security Numbers (SSN), we recommend that the Department make the required written statements available to applicable individuals at the time of SSN collections.


Actual or Proposed Corrective Action: We concur. A written statement of notification and instructions for collecting and maintaining individuals' SSN will be distributed to all Directorates/ work sections and also be available to all employees on the DMA's Intranet Share Point site under the State Quartermaster/ HR section.

Status: A notification was sent to all state employees with instructions for the collection and security of required SSNs. Access to the written statement/ request is available to all employees through the DMA's Intranet SQM Share Point site, under the HR section.

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SUBJECT: Status of Operational Audit Recommendations

We understand you may perform certain validity tests, as you consider necessary, upon the above provided information, prior to the issuance of your report to Maj Gen Titshaw, the Adjutant General of Florida. If you have any questions, or require any additional information, regarding the aforementioned items, please do not hesitate to call either the undersigned at extension # 0200, or Mr. Kinghorn at extension # 0230.


JOSEPH M. DUREN
COL, LG, FLARNG
State Quartermaster