



STATE OF MISSISSIPPI
MILITARY DEPARTMENT



THE ADJUTANT GENERAL'S OFFICE
POST OFFICE BOX 5027
JACKSON, MISSISSIPPI 39296-5027

COMPLIANCE REVIEW FINDINGS

Phil Bryant, State Auditor
Office of the State Auditor
Post Office Box 956
Jackson, Mississippi 39205-0956

March 15, 2005

Dear Mr. Bryant

All audit findings and related recommendations disclosed in the COMPLIANCE REVIEW FINDINGS management letter dated March 15, 2005 have been reviewed and evaluated by the Mississippi Military Department. As a result the Mississippi Military Department has prepared a formal response and corrective action plan for each audit finding.

AUDIT FINDINGS:

Specific action taken or in process:

Internal Controls over State Property Should be Strengthened

The State Property Officer will insure that all property is entered into the State Property Data Base and properly accounted for in a timely manner. In this situation the attempt to accommodate the handoff to the user resulted in the equipment being delivered and hand receipted prior to the equipment being recorded in the State Property records. The fact that the property was being fielded to a volunteer organization with no permanent facility to support operations resulted in the equipment being taken off of Military Department property for storage.

The State Property Officer, John Barrett, will personally install the State Property Decals/Stickers to any acquired property or supervise the installation.

A letter of instruction has been delivered through the chain of command to the Medical Battalion Commander to have the trailers and supplies re-located to Camp McCain or to contact this office to coordinate some other location for storage sites. This will be accomplished not later than April 15, 2005.

Travel Reimbursement Claims Should be Made in Accordance with State Travel Policy Rules and Regulations

This situation arose from the fact that we had not established procedures for the payment of travel expenses for volunteers using State procedures. Since the individuals are not State

Employees the SPAHRS Travel system could not be used. To accommodate the group an individual was appointed to coordinate the payment of the Hotel expenses and to provide an accounting for the other reimbursable expenses. Upon return a claim was assembled that would allow for the payment to the coordinator who later reimbursed the individuals as appropriate. His cancelled checks provided an audit trail to reflect the amount reimbursed.

Coordination will be made with the Department of Finance and Administration not later than April 15, 2005 to develop a method of reimbursement for travel expenses for volunteer personnel. In any case each individual will submit a claim under their signature for record. Dot Moore will assist individuals with procedures for travel authorization and reimbursement.

Federal Draws Should be made in Accordance with DHHS Payment Management System's Rules and Regulations

The grant period was set to expire on September 30, 2004. Because of a lack of communication with the Project Director (A Volunteer that was not readily available and that did not want to communicate with this office) a plan was developed to obligate the remaining funds to purchase the only items not yet purchased and that were authorized in the grant program. These items were the Crash Carts and the supplies that are part of the Crash Carts. An obligation document was recorded in the SAAS for the remainder of the funds prior to the grant expiration on September 30, 2004. At the same time communication was sent to the Project Director and those working with her to move faster with the procurement of the two Crash Carts and supplies so that the grant funds could be expended within the grant period. While this was being accomplished the Project Director was communicating directly to the grant office without any authority from this Headquarters to obtain an approval to extend the grant period beyond September 30, 2005 and to modify the grant to eliminate the two crash carts and change the purpose of the grant. This lack of coordination resulted in the grant funds being requested for immediate expenditure as approved in the original grant period. This resulted in a cash balance of \$14,792 for several months as the situation was sorted out with the grant office.

Because of the obvious inability of the Project Director to work within the Military Department and to follow normal chain of command procedures it was decided by the Adjutant General that the grant would no longer be supported within the Military Department.

A final accounting of funds and reimbursement for radios and a desktop computer system resulted in a check for \$18,407.74 which has been prepared for return to the grant office to close out the program. Records are available for audit to reflect how this amount was determined. Colonel (Retired) Woodrow G. Lyon will coordinate all procedures regarding accounting of funds and reimbursements not later than March 15, 2005.

Equipment Purchased with Grant Funds Should be Utilized in Accordance with the Approved Program Budget

This issue is the result of the Project Director not having an understanding of the type radios authorized for use by the Medical Battalion. The type specified in the grant and authorized for fielding for the type missions expected for the unit were ordered and received. Controversy still

persists over the fact that the specifications for the type radios the Project Director claims to want have not been delivered to the Purchasing Office as of the date of this letter. **This is no longer an issue as the radios have been transferred to a Camp Shelby office that uses this type radio for operational communications and the grant funds have been credited back to the program.** The radios were purchased based upon the description provided by the Program Director and she later changed her mind and wanted a different kind. Based upon conversations within the State Guard staff it is apparent that the Project Director has the false assumption that she can obtain radios that will allow her to modify the frequencies so that she can talk to police and emergency responders on various frequencies. If the Project Director had made any effort to communicate with the appropriate staff at this Headquarters this confusion could have been avoided. The Project Director wanted to have complete and absolute freedom to modify the grant and change her mind on a daily basis concerning the use of the grant funds. This office was and is determined to insure that the grant funds are used in support of the approved and authorized items within the program budget.

Colonel (Retired) Woodrow Lyon completed the transfer of equipment mentioned above on March 15, 2005.

Receipt of Goods Should be Properly Documented

The receipt of goods and services will be properly documented to include the date of receipt and the signature of the individual receiving the goods and/or services. Colonel (Retired) Woodrow Lyon will coordinate procedures for receipt of goods and services not later than March 15, 2005.

Sincerely,



Harold A. Cross
Major General, Mississippi National Guard
The Adjutant General of Mississippi