

DEPARTMENT OF MILITARY AFFAIRS
EXECUTIVE DEPARTMENT
STATE OF LOUISIANA



FINANCIAL AUDIT SERVICES
MANAGEMENT LETTER
ISSUED MARCH 25, 2015

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LOUISIANA LEGISLATIVE AUDITOR
DARYL G. PURPERA, CPA, CFE

March 25, 2015

The Honorable John A. Alario, Jr,
President of the Senate
The Honorable Charles E. "Chuck" Kleckley,
Speaker of the House of Representatives
Major General Glenn H. Curtis,
Louisiana National Guard Adjutant General

Dear Senator Alario, Representative Kleckley, and Major General Curtis:

This report includes the results of procedures we performed at the Louisiana Department of Military Affairs (Department) for the period from July 1, 2013, through March 18, 2015. Our objective was to evaluate certain controls that the Department uses to ensure accurate financial reporting and transparency, compliance with applicable laws and regulations, and to provide overall accountability for public funds. The procedures were a part of the Single Audit of the State of Louisiana for the year ended June 30, 2014. I hope the information in this report will assist you in your legislative and operational decision-making processes.

We would like to express our appreciation to management and staff of the Department for their assistance during our work.

Sincerely,

A handwritten signature in blue ink that reads "Daryl G. Purpera". The signature is fluid and cursive.

Daryl G. Purpera, CPA, CFE
Legislative Auditor

EE:JPT:WDG:EFS:aa
SMD 2015

Louisiana Legislative Auditor

Daryl G. Purpera, CPA, CFE



Department of Military Affairs

March 2015

Audit Control # 80150014

Introduction

As a part of the Single Audit of the State of Louisiana (Single Audit) for the fiscal year ended June 30, 2014, we performed procedures at the Department of Military Affairs (Department) to evaluate the effectiveness of the Department's internal controls over the federal National Guard Operations and Maintenance Projects Program (CFDA 12.401) and to determine whether the Department complied with applicable laws and regulations. In addition, we performed procedures to evaluate certain internal controls to ensure accurate financial reporting and transparency and to provide overall accountability for public funds.

The Department is a component of the State of Louisiana created within the Executive Branch of state government. It was created in 1950 by Louisiana Revised Statute 29:1. The Department's mission is to provide emergency response, support, and at-risk education that protect and serve the needs of Louisiana citizens.

Results of Our Procedures

Federal Compliance - Single Audit of the State of Louisiana

As a part of the Single Audit for the year ended June 30, 2014, we performed internal control and compliance testing as required by the Office of Management and Budget Circular A-133 on the Department's National Guard Military Operations and Maintenance Projects Program. Those tests included evaluating the effectiveness of the Department's internal controls designed to prevent or detect material noncompliance with program requirements and tests to determine whether the Department complied with applicable program requirements.

Based on the results of these Single Audit procedures, we did not report any internal control deficiencies or noncompliance with program requirements.

Movable Property

Based on identified risks relating to movable property, we performed procedures to determine that controls over movable property were adequate for the Department's multiple locations. The

Department had controls in place to ensure assets were properly safeguarded and recorded, and that the Department complied with state property regulations.

LaCarte Expenses

The Department participates in the state of Louisiana's LaCarte Purchasing Card program and utilizes LaCarte cards to make small-dollar purchases. The Department had adequate controls in place to ensure that purchases were properly approved and made for proper business purposes; card users did not exceed purchasing limits; sufficient documentation was maintained to support purchases; and purchases were properly reconciled to invoices, receipts, logs, and bank statements.

Contract Expenses

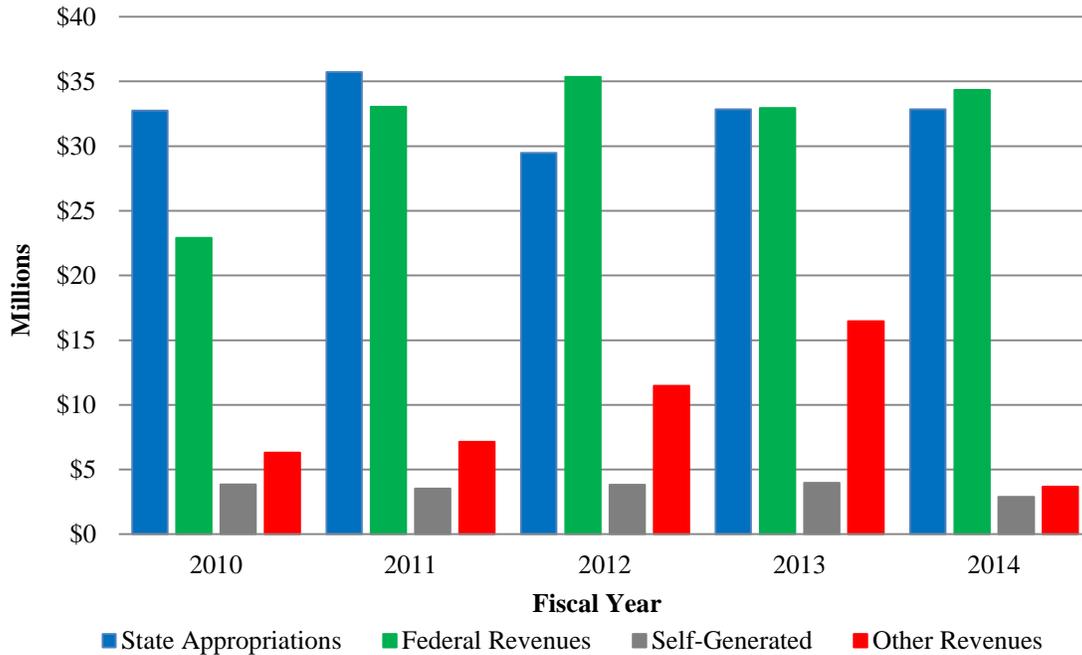
We conducted procedures on the Department's contract administration based on the results of our risk assessment. The purpose of these procedures was to identify contracts maintained by the Department and determine if the contracts were let in accordance with state laws and regulations. Based on the results of these procedures, we did not report any internal control deficiencies or noncompliance with laws or regulations.

Trend Analysis

We compared the most current- and prior-year financial activity using the Department's annual fiscal reports and/or system-generated reports to identify trends and obtained explanations from management for any significant variances that could potentially indicate areas of risk. Department management provided reasonable explanations for all significant variances. We also prepared an analysis of the Department's revenues and expenditures over the last five years. (See Exhibit 1 and Exhibit 2).

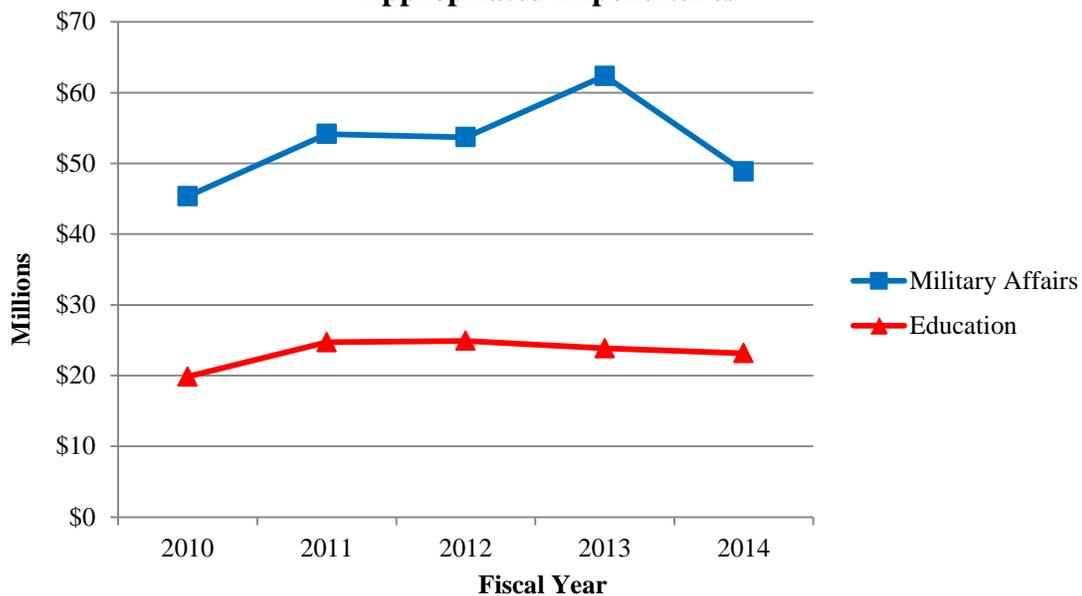
In analyzing financial trends over the past five years, Department revenues and expenditures have remained relatively stable. The fiscal year 2013 increase in other revenues and expenditures was the result of damages caused by Hurricane Isaac, as the Department obtained funding from the Federal Emergency Management Agency.

**Exhibit 1
Five-Year Revenue Trend**



Source: Fiscal Year 2010-2014 Annual Fiscal Reports, as adjusted

**Exhibit 2
Appropriated Expenditures**



Source: Fiscal Year 2010-2014 Annual Fiscal Reports, as adjusted

Under Louisiana Revised Statute 24:513, this letter is a public document, and it has been distributed to appropriate public officials.

APPENDIX A: SCOPE AND METHODOLOGY

We performed procedures at the Department of Military Affairs (Department) for the period from July 1, 2013, through June 30, 2014, to provide assurances on information significant to the federal National Guard Operations and Maintenance Projects Program and to evaluate relevant systems of internal control in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States. The procedures included inquiry, observation, and review of policies and procedures, and a review of relevant laws and regulations. Our procedures were a part of the Single Audit of the state of Louisiana for the year ended June 30, 2014.

In addition, we conducted certain procedures at the Department for the period from July 1, 2013, through March 18, 2015. Our objective was to evaluate certain internal controls the Department uses to ensure accurate financial reporting and transparency, compliance with applicable laws and regulations, and to provide overall accountability for public funds. The scope of these procedures, which are summarized below, was significantly less than an audit conducted in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States.

- We evaluated the Department's operations and system of internal controls through inquiry, observation, and review of its policies and procedures, including a review of applicable laws and regulations.
- Based on the documentation of the Department's controls and our understanding of related laws and regulations, we performed procedures on selected controls and transactions relating to movable property, LaCarte expenses, and contract expenses.
- We compared the most current- and prior-year financial activity using the Department's annual fiscal reports and/or system-generated reports to identify trends and obtained explanations from Department management for significant variances.

We did not audit or review the Department's Annual Fiscal Reports and, accordingly, we do not express opinions on those reports. The Department's accounts are an integral part of the state of Louisiana's financial statements, upon which the Louisiana Legislative Auditor expresses opinions.