
Department of Military Affairs

Fiscal Year Ended June 30, 1998

February 1999

**Financial Audit Division
Office of the Legislative Auditor
State of Minnesota**

99-11

SUMMARY

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Department of Military Affairs

Statewide Audit – Selected Audit Areas For the Fiscal Year Ended June 30, 1998

Public Release Date: February 25, 1999

No. 99-11

Background Information

The Department of Military Affairs consists of the military forces of the State of Minnesota, the Office of the Adjutant General, civilians employed for administrative and maintenance services, and state-owned military installations. The Adjutant General, as commander of the Minnesota National Guard, heads the Department of Military Affairs. The Adjutant General accepts federal monies on behalf of the state for military forces and executes related agreements and contracts for armory construction, improvements, and maintenance programs. Major General Eugene R. Andreotti is the Adjutant General.

Selected Audit Areas and Conclusions

Our audit scope within the Department of Military Affairs was limited to the Master Cooperative Agreement CFDA # 12.000, and included: federal and state match expenditures of payroll, supplies, expenses, and federal reimbursements.

The Department of Military Affairs complied, in all material respects, with applicable federal requirements for its military operations under the cooperative agreement (CFDA # 12.000) for the fiscal year ending June 30, 1998. At a later date, we will issue our report on compliance with requirements applicable to each major federal program and internal control over compliance in accordance with OMB Circular A-133.

Department of Military Affairs

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Audit Participation

The following members of the Office of the Legislative Auditor prepared this report:

Claudia Gudvangen, CPA	Deputy Legislative Auditor
Tom Donahue, CPA	Audit Manager
Fubara Dapper, CPA, CISA	Auditor-in-Charge
Terry Hanson	Staff Auditor

Exit Conference

The conclusions in this report were discussed with the following staff of the Department of Military Affairs on February 16, 1999:

Gary LeBlanc	Assistant Adjutant General
Terrence Palmer	Comptroller



STATE OF MINNESOTA
OFFICE OF THE LEGISLATIVE AUDITOR
JAMES R. NOBLES, LEGISLATIVE AUDITOR

Senator Deanna Wiener, Chair
Legislative Audit Commission

Members of the Legislative Audit Commission

Major General Eugene R. Andreotti, Adjutant General
Department of Military Affairs

We have audited the master cooperative agreement administered by the Department of Military Affairs as part of our audit of the state's compliance with the requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* for the year ended June 30, 1998. We emphasize that this has not been a comprehensive audit of the Department of Military Affairs.

Table 1-1 identifies the State of Minnesota's major federal program administered by the Department of Military Affairs. We performed certain audit procedures on the Department of Military Affairs program as part of our objective to obtain reasonable assurance about whether the state of Minnesota complied with the types of compliance requirements that are applicable to each of its major federal programs.

Table 1-1
Major Federal Program Administered by the Department of Military Affairs
Fiscal Year 1998

<u>Program Name</u>	<u>Federal</u>	<u>State</u>	<u>Total</u>
Master Cooperative Agreement CFDA # 12.000	\$14,081,695	\$1,077,072	\$15,158,767

Source: Minnesota Accounting and Procurement System (MAPS) for fiscal year 1998.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Conclusions

The Department of Military Affairs complied, in all material respects, with applicable federal requirements for its military operations under the cooperative agreement (CFDA # 12.000) for the fiscal year ending June 30, 1998. At a later date, we will issue our report on compliance with requirements applicable to each major federal program and internal control over compliance in accordance with OMB Circular A-133.

Department of Military Affairs

This report is intended for the information of the Legislative Audit Commission and the management of the Department of Military Affairs. This restriction is not intended to limit the distribution of this report, which was released as a public document on February 25, 1999.

James R. Nobles
Legislative Auditor

Claudia J. Gudvangen
Deputy Legislative Auditor

End of Fieldwork: December 31, 1998

Report Signed On: February 19, 1999

Department of Military Affairs

Status of Prior Audit Issues As of December 31, 1998

March 21, 1997, Legislative Audit Report 97-15 examined the department's activities and programs material to the Single Audit for the year ended June 30, 1996. The scope included a review of the department's payroll, federal and state match expenditures, and federal reimbursements to determine compliance with the Master Cooperative Agreement under CFDA #12.000. We did not identify any audit issues.

State of Minnesota Audit Follow-Up Process

The Department of Finance, on behalf of the Governor, maintains a quarterly process for following up on issues cited in financial audit reports issued by the Legislative Auditor. The process consists of an exchange of written correspondence that documents the status of audit findings. The follow-up process continues until Finance is satisfied that the issues have been resolved. It covers entities headed by gubernatorial appointees, including most state agencies, boards, commissions, and Minnesota state colleges and universities. It is not applied to audits of the University of Minnesota, any quasi-state organizations, such as metropolitan agencies or the State Agricultural Society, the state constitutional officers, or the judicial branch.