

Status of Resolution of Audit Findings

December 2010

Military Department (MIL)

Agency: 245

Audit Report: 1003620

Finding Number: 001

Finding: The Military Department has an incorrect interpretation of state regulations regarding counting, reconciliation and certification of its asset inventory.

Resolution: The Department completed the inventory counts of all assets on hand as of June 30, 2009, and reconciled all differences. Assets that had been previously surplusd were recorded as such in the Capital Asset Management System (CAMS). Items that were not located were reported to the State Auditor's Office and the Office of Financial Management (OFM), as required, and the asset records were updated in CAMS. Completion of the inventory was certified.

A draft of the updated policy and procedure was submitted to OFM for review to ensure compliance with the *State Administrative and Accounting Manual*. Based on comments and concerns provided by OFM, the draft policy and procedure were revised. The revised policy and procedure were signed by the Department's director and became effective November 1, 2010.

Training on the policy and procedure requirements will be provided by the Finance Division to all appropriate staff prior to January 31, 2011.

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Status of Resolution of Audit Findings

December 2010

Military Department (MIL)

Agency: 245

Audit Report: 1003620

Finding Number: 002

Finding: Washington Military Department's monitoring of Youth Academy purchase card use is not sufficient to prevent or detect misuse.

Resolution: Just as the audit was getting started late in Fiscal Year 2009, the Department became aware of potential problems in the Youth Academy and began developing a more stringent approach to management of purchase card transactions. Implementation of the changes was postponed until the audit was complete in the event other problems were discovered that required additional attention.

Once the audit was complete, the Department took the following actions:

- The purchase card policy and procedures were revised, approved, and signed effective November 1, 2010.
- Every step of the process is clearly articulated, and roles and responsibilities are clarified in the policy revision. The Youth Academy business manager was on the work team charged with rewriting the policy and procedures.
- Training will be provided by the Finance Division to all purchase card holders and users prior to January 31, 2011. As part of the training, all purchase card holders and users will be required to sign an updated user agreement.
- The Department uses an online system for purchase order approval and, with the signing of the new policy, began using this system for pre-approval of purchase card transactions for all purchases over \$500.
- In addition to various review and approval steps in the purchase card process, the Finance Division staff handling purchase card payments will immediately report any noncompliance with agency policy to Finance Division management.

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