

**STATE OF ILLINOIS  
DEPARTMENT OF MILITARY AFFAIRS  
COMPLIANCE EXAMINATION**

For the Two Years Ended June 30, 2008

STATE OF ILLINOIS  
DEPARTMENT OF MILITARY AFFAIRS  
COMPLIANCE EXAMINATION  
For the Two Years Ended June 30, 2008

TABLE OF CONTENTS

	<u>Page</u>
Agency Officials	1
Management Assertion Letter	2
Compliance Report	
Summary	4
Accountants' Report	
Independent Accountants' Report on State Compliance, on Internal Control Over Compliance, and on Supplementary Information for State Compliance Purposes	6
Schedule of Findings	
Current Findings – State Compliance	9
Prior Findings Not Repeated – State Compliance	17
Supplementary Information for State Compliance Purposes	
Summary	19
Fiscal Schedules and Analysis	
Schedule of Expenditures of Federal Awards	20
Notes to the Schedule of Expenditures of Federal Awards	22
Schedule of Appropriations, Expenditures and Lapsed Balances	24
Comparative Schedule of Net Appropriations, Expenditures and Lapsed Balances	28
Schedule of Receipts, Disbursements and Fund Balance (Cash Basis) - Locally-Held Funds	31
Schedule of Changes in State Property	32
Comparative Schedule of Cash Receipts	33
Reconciliation Schedule of Cash Receipts to Deposits Remitted to the State Comptroller	35
Analysis of Significant Variations in Expenditures	36
Analysis of Significant Variations in Receipts	41
Analysis of Significant Lapse Period Spending	45
Analysis of Accounts Receivable	49
Analysis of Operations	
Department Functions and Planning Program	51
Average Number of Employees	53
Emergency Purchases	54
Service Efforts and Accomplishments (Not Examined)	55

STATE OF ILLINOIS  
DEPARTMENT OF MILITARY AFFAIRS  
COMPLIANCE EXAMINATION  
For the Two Years Ended June 30, 2008

**AGENCY OFFICIALS**

Adjutant General (September 2007 to Present)	Major General William Enyart
Adjutant General (Through August 2007)	Major General Randal E. Thomas
Assistant Adjutant General-Army	Major General Dennis Celletti
Assistant Adjutant General-Air (April 2007 to Present)	Brigadier General John G. Sheedy
Assistant Adjutant General-Air (Through March 2007)	Brigadier General Harold E. Keistler
Chief Management Officer	Mr. Fletcher Crews
Chief Fiscal Officer	Ms. Connie Sabo
Staff Judge Advocate	Lieutenant Colonel Wayne S. Carlson

Agency offices are located at:

Camp Lincoln  
1301 N. MacArthur Boulevard  
Springfield, Illinois 62702



June 4, 2009

Honorable William G. Holland  
Auditor General  
State of Illinois  
Iles Park Plaza  
740 East Ash  
Springfield, IL 62703-3154

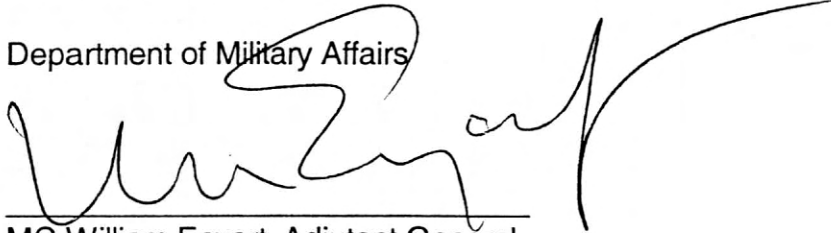
We are responsible for the identification of, and compliance with, all aspects of laws, regulations, contracts, or grant agreements that could have a material effect on the operations of the Department of Military Affairs (Department). We are responsible for and we have established and maintained an effective system of, internal controls over compliance requirements. We have performed an evaluation of the Department's compliance with the following assertions during the two-year period ended June 30, 2008. Based on this evaluation, we assert that during the years ended June 30, 2008 and June 30, 2007, the Department has materially complied with the assertions below.

- A. The Department has obligated, expended, received and used public funds of the State in accordance with the purpose for which such funds have been appropriated or otherwise authorized by law.
- B. The Department has obligated, expended, received and used public funds of the State in accordance with any limitations, restrictions, conditions or mandatory directions imposed by law upon such obligation, expenditure, receipt or use.
- C. The Department has complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.
- D. State revenues and receipts collected by the Department are in accordance with applicable laws and regulations and the accounting and recordkeeping of such revenues and receipts is fair, accurate and in accordance with law.

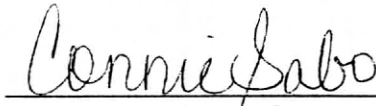
- E. Money or negotiable securities or similar assets handled by the Department on behalf of the State or held in trust by the Department have been properly and legally administered, and the accounting and recordkeeping relating thereto is proper, accurate and in accordance with law.

Yours very truly,

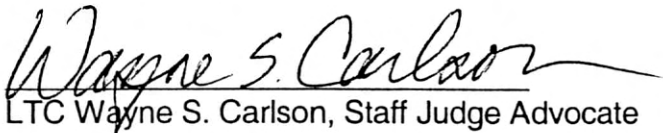
Department of Military Affairs

A large, stylized handwritten signature in black ink, appearing to read 'W. Enyart', written over a horizontal line.

MG William Enyart, Adjutant General

A handwritten signature in black ink, appearing to read 'Connie Sabo', written over a horizontal line.

Ms. Connie Sabo, Comptroller

A handwritten signature in black ink, appearing to read 'Wayne S. Carlson', written over a horizontal line.

LTC Wayne S. Carlson, Staff Judge Advocate

STATE OF ILLINOIS  
DEPARTMENT OF MILITARY AFFAIRS  
COMPLIANCE EXAMINATION  
For the Two Years Ended June 30, 2008

**COMPLIANCE REPORT**

**SUMMARY**

The compliance testing performed during this examination was conducted in accordance with *Government Auditing Standards* and in accordance with the Illinois State Auditing Act.

**ACCOUNTANTS' REPORTS**

The Independent Accountants' Report on State Compliance, on Internal Control Over Compliance and on Supplementary Information for State Compliance Purposes does not contain scope limitations, disclaimers, or other significant non-standard language.

**SUMMARY OF FINDINGS**

<u>Number of</u>	<u>Current</u>	<u>Prior</u>
Findings	Report	Report(s)
Repeated findings	4	10
Prior recommendations implemented	2	6
or not repeated	8	5

Details of findings are presented in a separately tabbed report section of this report.

**SCHEDULE OF FINDINGS**

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
FINDINGS (STATE COMPLIANCE)			
08-1	9	Inadequate reconciliation and reporting of property	Material Weakness and Material Noncompliance
08-2	12	Property control weaknesses	Material Weakness and Material Non-Compliance
08-3	14	Non-Compliance with the Master Youth Programs Cooperative Agreement at Lincoln's Challenge Academy	Significant Deficiency and Noncompliance

08-4      16      Non-Compliance with the National Guard Veterans  
Exposure to Hazardous Materials Act      Significant Deficiency and  
Noncompliance

**PRIOR FINDINGS NOT REPEATED**

- A.      17      Inadequate segregation of duties over receipt processing
- B.      17      Lack of documentation for an interagency agreement
- C.      17      Inadequate controls over grant monitoring
- D.      17      Inadequate segregation of duties over historical artifacts
- E.      18      Non-Compliance with provisions of the Illinois Procurement Code
- F.      18      Failure to file the Report of Loaned Historical Artifacts
- G.      18      Failure to file Grant/Contract Analysis Form SCO-563
- H.      18      Non-Compliance with Military Code of Illinois

**EXIT CONFERENCE**

The findings and recommendations appearing in this report were discussed with Department personnel at an exit conference on May 18, 2009. Attending were:

**Department of Military Affairs**

James Smith              Adjutant General's Office  
Col. William Cobetto      Lincoln's Challenge Federal Project Mgr.  
Connie Sabo              Chief Fiscal Officer  
Cathy Riley              Public Service Administrator – Fiscal

**Office of the Auditor General**

Candice Long              Audit Manager  
Alison Schertz              Audit Manager  
Patrick Meridith              Audit Supervisor  
Daniel Nugent              State Auditor

Responses to the recommendations were provided by Connie Sabo, Chief Fiscal Officer, in a letter dated June 4, 2009.

SPRINGFIELD OFFICE:

ILES PARK PLAZA  
740 EAST ASH • 62703-3154  
PHONE: 217/782-6046

FAX: 217/785-8222 • TTY: 888/261-2887



CHICAGO OFFICE:

MICHAEL A. BILANDIC BLDG. • SUITE 5-900  
160 NORTH LASALLE • 60601-3103  
PHONE: 312/814-4000  
FAX: 312/814-4006

OFFICE OF THE AUDITOR GENERAL  
WILLIAM G. HOLLAND

INDEPENDENT ACCOUNTANTS' REPORT ON STATE COMPLIANCE,  
ON INTERNAL CONTROL OVER COMPLIANCE, AND ON  
SUPPLEMENTARY INFORMATION FOR STATE COMPLIANCE PURPOSES

Honorable William G. Holland  
Auditor General  
State of Illinois

**Compliance**

We have examined the State of Illinois, Department of Military Affairs' (Department) compliance with the requirements listed below, as more fully described in the Audit Guide for Financial Audits and Compliance Attestation Engagements of Illinois State Agencies (Audit Guide) as adopted by the Auditor General, during the two years ended June 30, 2008. The management of the State of Illinois, Department of Military Affairs is responsible for compliance with these requirements. Our responsibility is to express an opinion on the State of Illinois, Department of Military Affairs' compliance based on our examination.

- A. The State of Illinois, Department of Military Affairs has obligated, expended, received, and used public funds of the State in accordance with the purpose for which such funds have been appropriated or otherwise authorized by law.
- B. The State of Illinois, Department of Military Affairs has obligated, expended, received, and used public funds of the State in accordance with any limitations, restrictions, conditions or mandatory directions imposed by law upon such obligation, expenditure, receipt or use.
- C. The State of Illinois, Department of Military Affairs has complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.
- D. State revenues and receipts collected by the State of Illinois, Department of Military Affairs are in accordance with applicable laws and regulations and the accounting and recordkeeping of such revenues and receipts is fair, accurate and in accordance with law.
- E. Money or negotiable securities or similar assets handled by the State of Illinois, Department of Military Affairs on behalf of the State or held in trust by the State of Illinois, Department of Military Affairs have been properly and legally administered and the accounting and recordkeeping relating thereto is proper, accurate, and in accordance with law.



We conducted our examination in accordance with attestation standards established by the American Institute of Certified Public Accountants; the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States; the Illinois State Auditing Act (Act); and the Audit Guide as adopted by the Auditor General pursuant to the Act; and, accordingly, included examining, on a test basis, evidence about the State of Illinois, Department of Military Affairs compliance with those requirements listed in the first paragraph of this report and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the State of Illinois, Department of Military Affairs compliance with specified requirements.

As described in findings 08-1 and 08-2 in the accompanying schedule of findings, the State of Illinois, Department of Military Affairs did not comply with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations. Compliance with such requirements is necessary, in our opinion, for the State of Illinois, Department of Military Affairs to comply with the requirements listed in the first paragraph of this report.

In our opinion, except for the noncompliance described in the preceding paragraph, the State of Illinois, Department of Military Affairs complied, in all material respects, with the requirements listed in the first paragraph of this report during the two years ended June 30, 2008. However, the results of our procedures disclosed other instances of noncompliance, which are required to be reported in accordance with criteria established by the Audit Guide, issued by the Illinois Office of the Auditor General and which are described in the accompanying schedule of findings as findings 08-3 and 08-4.

### **Internal Control**

The management of the State of Illinois, Department of Military Affairs is responsible for establishing and maintaining effective internal control over compliance with the requirements listed in the first paragraph of this report. In planning and performing our examination, we considered the State of Illinois, Department of Military Affairs internal control over compliance with the requirements listed in the first paragraph of this report in order to determine our examination procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the Audit Guide issued by the Illinois Office of the Auditor General, but not for the purpose of expressing an opinion on the effectiveness of the State of Illinois, Department of Military Affairs internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the State of Illinois, Department of Military Affairs internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies and other deficiencies that we consider to be material weaknesses.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with the requirements listed in the first paragraph of this report on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to comply with the requirements listed in the first paragraph of this report such that there is more than a remote likelihood that noncompliance with a requirement that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies in internal control over compliance as described in the accompanying schedule of findings as findings 08-1, 08-2, 08-3, and 08-4 to be significant deficiencies.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a requirement listed in the first paragraph of this report will not be prevented or detected by the entity's internal control. Of the significant deficiencies in internal control over compliance described in the accompanying schedule of findings, we consider items 08-1 and 08-2 to be material weaknesses.

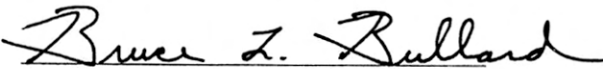
As required by the Audit Guide, immaterial findings excluded from this report have been reported in a separate letter.

The State of Illinois, Department of Military Affairs response to the findings identified in our examination are described in the accompanying schedule of findings. We did not examine the State of Illinois, Department of Military Affairs response and, accordingly, we express no opinion on it.

### **Supplementary Information for State Compliance Purposes**

Our examination was conducted for the purpose of forming an opinion on compliance with the requirements listed in the first paragraph of this report. The accompanying supplementary information as listed in the table of contents as Supplementary Information for State Compliance Purposes is presented for purposes of additional analysis. We have applied certain limited procedures as prescribed by the Audit Guide as adopted by the Auditor General to the 2007 and the 2008 Supplementary Information for State Compliance Purposes, except for Service Efforts and Accomplishments, on which we did not perform any procedures. However, we do not express an opinion on the supplementary information.

This report is intended solely for the information and use of the Auditor General, the General Assembly, the Legislative Audit Commission, the Governor, and Department management, and is not intended to be and should not be used by anyone other than these specified parties.

  
BRUCE L. BULLARD  
Director of Financial and Compliance Audits

June 4, 2009

STATE OF ILLINOIS  
DEPARTMENT OF MILITARY AFFAIRS  
**CURRENT FINDINGS – STATE COMPLIANCE**  
For the Two Years Ended June 30, 2008

08-1. **FINDING** (Inadequate reconciliation and reporting of property)

The Department of Military Affairs (Department) did not maintain sufficient controls over the accuracy and reporting of its property. We noted the following:

- Eight of 8 (100%) Agency Reports of State Property (C-15) tested contained inaccuracies and did not agree to the Central Inventory System (CIS) summary reports. The following differences were noted:

	FY07	
	Additions	Deletions
Per CIS	3,237,426	125,334
Per Department's C-15s	1,882,195	117,143
<b>Difference:</b>	1,355,231	8,191

	FY08	
	Additions	Deletions
Per CIS	37,054,014	433,730
Building erroneously deleted and added back	10,013,587	-
Per Department's C-15s	11,298,745	235,216
<b>Difference:</b>	15,741,682	198,514

Department personnel stated that they were aware that the CIS summary reports were inaccurate and did not use those reports when preparing the C-15's. However, they could not provide the auditors with adequate support for the amounts that they did record on the C-15's.

Statewide Accounting Management System (SAMS) Procedure 29.10.10 states that an objective of the State Property Reporting System is to ensure that agencies update property records to reflect the current balance of State property and maintain detailed property records. SAMS Procedure 29.10.30 states that the C-15 presents "the total cost of State property, by category, reflected on the agency's records as of the reporting date." Further, the State Records Act (5 ILCS 160/8) requires that agencies create and preserve records containing adequate and proper documentation of the essential transactions of the agency.

- The Department's SAMS to GAAP Reconciliation – Capital Assets (SCO-537) reported approximate differences of \$6.5 Million and \$1.4 Million in FY07 and FY08, respectively, between the C-15's and the Capital Assets Summary (SCO-538) submitted to the Office of the State Comptroller. While the Department was unable to identify the

STATE OF ILLINOIS  
DEPARTMENT OF MILITARY AFFAIRS  
**CURRENT FINDINGS – STATE COMPLIANCE**  
For the Two Years Ended June 30, 2008

underlying cause behind the unreconciled differences and errors, the Department was able to identify the dollar amounts of the errors by property asset category.

Unreconciled Differences and Errors  
From the C-15s to the SCO-538

	FY07	FY08
Land	1,177,629	6,206
Site Improvements	751,876	(418,358)
Buildings and Improvements	(8,426,936)	(227,883)
Equipment	(38,509)	(797,980)
	(6,535,940)	(1,438,015)

SAMS Procedure 27.20.37 states that all differences between the C-15 and the SCO-538 should be reported and described in detail on the SCO-537.

- Auditors were unable to reconcile Department property and equipment expenditures processed by the Office of the Comptroller (IOC) to either the additions reported on the property listing or the quarterly C-15 reports. We noted the following differences:

	FY07	FY08
	Additions	Additions
Per CIS	3,237,426	37,054,014
Building erroneously deleted and added back	-	(10,013,587)
Per IOC	431,583	1,024,756
<b>Difference:</b>	2,805,843	26,015,671

	FY07	FY08
	Additions	Additions
Per IOC	431,583	1,024,756
Building erroneously deleted and added back	-	(10,013,587)
Per Department's C-15s	1,882,195	11,298,745
<b>Difference:</b>	1,450,612	260,402

Most of the differences noted between the IOC and the C-15's are adjustments made by the Department on the C-15's to correct past errors. However, the Department did not segregate the adjustments from the additions on the C-15's and did not maintain adequate supporting documentation for the amounts recorded on the C-15's.

STATE OF ILLINOIS  
DEPARTMENT OF MILITARY AFFAIRS  
**CURRENT FINDINGS – STATE COMPLIANCE**  
For the Two Years Ended June 30, 2008

Good internal control requires that detailed property records be maintained and reconciled to support various reporting requirements.

Department personnel stated that for the past several years, the Department was without a designated employee to handle property accountability and reporting. The Department filled that position in FY07. The State Purchasing Officer (SPO) attempted to correct and update older pending actions in the Central Inventory System based on paperwork provided. In addition, Department personnel stated they discovered the Central Inventory System had not properly run a computer operation to reset during successive quarters. Over time, the differences between the C-15's and the Common Inventory System compounded.

Failure to accurately maintain property listings and report State property reduces the reliability of Statewide capital asset information. (Finding Code No. 08-1, 06-1, 04-2, 02-1)

**RECOMMENDATION**

We recommend that the Department establish a corrective action plan to address controls to ensure an accurate property listing and reporting for the Department. The Department should reconcile its property reports and records to the C-15's on a quarterly basis to ensure the completeness and accuracy of its property records. Further, we recommend that the Department maintain adequate documentation supporting their property reports.

**DEPARTMENT RESPONSE**

We agree. The Department will establish a work group to develop and implement a corrective action plan to address the deficiencies noted.

STATE OF ILLINOIS  
DEPARTMENT OF MILITARY AFFAIRS  
**CURRENT FINDINGS – STATE COMPLIANCE**  
For the Two Years Ended June 30, 2008

08-2. **FINDING** (Property control weaknesses)

The Department of Military Affairs (Department) did not adequately update its property records in a timely manner. We noted the following:

- During a walk-through of Camp Lincoln, auditors noted:
  - Fourteen structures that currently exist that were not included in the Property Listing. Eight of these structures are trailers that were transferred to the Department by the Federal Emergency Management Agency. The Department believes that the remainder of the buildings were built by the federal government at Camp Lincoln and transferred to the Department.
  - Three structures, totaling \$17,380, that were on the Property Listing, but could not be located. The Department believes that these buildings were either demolished or moved to another location.

The State Property Control Act (30 ILCS 605) describes an agency's reporting responsibilities to the Department of Central Management Services (CMS). CMS is required to keep a master record of real property (e.g., land, buildings, etc.). The State Property Control Act (30 ILCS 605/6.01) requires each agency to report to CMS any changes, additions, deletions, or other transactions affecting real property on a monthly basis.

- Twenty of 25 (80%) equipment additions tested, totaling \$136,064, were not recorded on the Property Listing in a timely manner. The equipment was added to the Property Listing between 2 and 200 days late. In addition, 51 drills and saws, totaling \$14,036, were not added to the Property Listing.
- Sixteen of 25 (64%) equipment deletions tested, totaling \$5,704, were not recorded on the Property Listing in a timely manner. The equipment was deleted from the Property Listing between 5 and 255 days late. The Department entered all property deletions for the two-year examination period during a two and one-half month period in FY08 in order to catch up on past transactions.

The Administrative Code (44 Illinois Administrative Code 5010.400) requires agencies to adjust property records within 30 days of acquisition, change, or deletion of equipment items.

- Four of 75 (5%) equipment items tested, totaling \$6,718, were included on the Property Listing, but could not be physically located.

The State Property Control Act (30 ILCS 605/4) requires that the Department be accountable for the supervision, control, and inventory of all property under its jurisdiction and control.

STATE OF ILLINOIS  
DEPARTMENT OF MILITARY AFFAIRS  
**CURRENT FINDINGS – STATE COMPLIANCE**  
For the Two Years Ended June 30, 2008

- During our site visit testing and walk-through, we noted:
  - 4 of 150 (3%) equipment items tested, totaling \$15,811, were obsolete.
  - 8 of 150 (5%) equipment items tested, totaling \$9,109, were not at the location specified on the Property Listing.

The Statewide Accounting Management System (SAMS) Procedure 29.10.10 requires assets that are obsolete, damaged, or no longer used to be identified and, if necessary, removed from the agency's asset records. Further, SAMS Procedure 29.10.10 requires agencies to maintain current property information at a summary level, including the location of the asset.

- During our testing of capital leases, we noted 1 of 1 (100%) capital lease items tested, totaling \$5,206, was not added to the Property Listing.

SAMS Procedure 29.10.30 requires agencies to capitalize the lease and record it as an asset of the leasing agency.

Department personnel stated that for the past several years, the Department was without a designated employee to handle property accountability and reporting. The Department filled that position in FY07. The State Purchasing Officer (SPO) attempted to correct and update older pending actions in the Central Inventory System, including deletion requests, based on paperwork provided. During the period of 01/15/2008 – 03/31/2008, the SPO worked to research and complete recent pending actions.

Failure to maintain accurate and up to date property control records increases the potential for fraud and possible loss of theft of State property. In addition, inaccurate property reporting reduces the reliability of Statewide capital asset information. (Finding Code No. 08-2, 06-2, 04-3)

**RECOMMENDATION**

We recommend that the Department comply with the State Property Control Act, the Administrative Code, and the Statewide Accounting Management System by ensuring that all property under its jurisdiction is properly recorded, maintained, and disposed.

**DEPARTMENT RESPONSE**

We agree. The Department will review our current processes for ways to improve them to ensure compliance with the applicable rules.

STATE OF ILLINOIS  
DEPARTMENT OF MILITARY AFFAIRS  
**CURRENT FINDINGS – STATE COMPLIANCE**  
For the Two Years Ended June 30, 2008

- 08-3. **FINDING** (Non-Compliance with Master Youth Programs Cooperative Agreement at Lincoln’s Challenge Academy)

The Department of Military Affairs, Lincoln’s Challenge Academy (Department), failed to comply with provisions of the Master Youth Programs Cooperative Agreement.

During our eligibility testing, we noted the following:

- Three of 25 (12%) graduates in the last class that received an allowance, received the June 30, 2008 graduation allowance without meeting the required monthly mentor contacts. The cadets are required to meet with their mentor four times during the month, with two of those contacts being face-to-face.
- Three of 25 (12%) graduates in the last class that received an allowance did not file the Monthly Mentor Assessment by the 27th day of the month. In one case, the cadet filed 19 days after the deadline and 15 days after the Department issued a voucher for payment of the graduate disbursement. In the remaining cases, the Department could only verify that the cadet enrolled in a college and was not responding to Department telephone calls or letters.
- Two of 25 (8%) graduates in the last class that received an allowance received the June 30, 2008 graduation allowance without filing the Monthly Mentor Assessment or other documentation.

Case Management Standing Operating Procedure (CMSOP) states that cadets who maintain compliance with the Graduate Allowance policy are eligible for a graduate allowance disbursement. The CMSOP requires cadets in accordance with the Graduate Allowance policy to conduct four monthly meetings, with two face to face with their mentor during each month and file a Monthly Mentor Assessment by the 27th day of the month.

The State Records Act (5 ILCS 160/8) requires agencies to preserve records containing adequate and proper documentation of the organization, functions, policies, decisions, procedures, and essential transactions of the agency designed to furnish information to protect the legal and financial rights of the State and of persons directly affected by the agency's activities.

Department personnel stated that they were unsure why the required documentation was not in each candidate’s permanent file.



STATE OF ILLINOIS  
DEPARTMENT OF MILITARY AFFAIRS  
**CURRENT FINDINGS – STATE COMPLIANCE**  
For the Two Years Ended June 30, 2008

Failure to comply with the Master Youth Programs Cooperative Agreement may jeopardize the receipt of future funds from the National Guard Bureau. (Finding Code No. 08-3)

**RECOMMENDATION**

We recommend the Department review the Master Youth Programs Cooperative Agreement to ensure compliance with its requirements and that records and proper documentation are maintained in accordance with the agreement.

**DEPARTMENT RESPONSE**

We agree. It is the Department's intention to comply with cooperative agreement requirements and retain adequate documentation.

STATE OF ILLINOIS  
DEPARTMENT OF MILITARY AFFAIRS  
**CURRENT FINDINGS – STATE COMPLIANCE**  
For the Two Years Ended June 30, 2008

- 08-4. **FINDING** (Non-Compliance with the National Guard Veterans Exposure to Hazardous Materials Act)

The Department of Military Affairs (Department) did not comply with statutory requirements set forth in the National Guard Veterans Exposure to Hazardous Materials Act (Act) (330 ILCS 130/15).

The Adjutant General did not certify to the Illinois General Assembly that members of the Illinois National Guard were informed of possible health risks associated with depleted uranium as required by the Act.

The Act states that on or before October 1, 2007 the Adjutant General shall certify to the General Assembly that members of the Illinois National Guard are informed of possible health risks associated with exposure to depleted uranium. The certification shall apply to both pre-deployment and post-deployment information activities and post-deployment health screening.

Department personnel stated that information was conveyed to National Guard members through the Department of the Army. However, due to miscommunication between the Adjutant General and the Chief Management Officer it was not certified to the General Assembly.

Failure to certify that National Guard members were informed of possible health risks associated with hazardous materials is in violation of the National Guard Veterans Exposure to Hazardous Materials Act. (Finding Code No. 08-4)

**RECOMMENDATION**

We recommend that the Adjutant General certify to the General Assembly that members of the Illinois National Guard were informed of the possible health risks associated with exposure to depleted uranium, as required by State statute.

**DEPARTMENT RESPONSE**

We agree. The Adjutant General will make the certification to the General Assembly.

STATE OF ILLINOIS  
DEPARTMENT OF MILITARY AFFAIRS  
**PRIOR FINDINGS NOT REPEATED – STATE COMPLIANCE**  
For the Two Years Ended June 30, 2008

A. **FINDING** (Inadequate segregation of duties over receipt processing)

During the prior period, the Department did not have adequate segregation of duties over receipt processing.

During the current period, the Department implemented compensating controls to address the segregation of duties over receipt processing. (Finding Code No. 06-7)

B. **FINDING** (Lack of documentation for an interagency agreement)

During the prior period, the Department did not have adequate support for an Interagency Agreement with the Governor's Office of Management and Budget detailing the methodology for determining the allocation to be paid by the Department for the billing of shared services.

During the current period, the Department had support for the methodology in determining payment schedules for shared services. (Finding Code No. 06-3)

C. **FINDING** (Inadequate controls over grant monitoring)

During the prior period, the Department did not have adequate controls in place to monitor Illinois Military Relief grants.

During the current period, a different employee has taken over the program and has developed a system to improve the grant application process. Controls have been implemented and no problems were noted during grant application sample testing. (Finding Code No. 06-4, 04-6)

D. **FINDING** (Inadequate segregation of duties over historical artifacts)

During the prior period, the Department did not maintain adequate segregation of duties regarding historical artifacts at the Illinois Military Museum.

During the current period, a person was added to the Illinois Military Museum to maintain adequate segregation of duties regarding historical artifacts. (Finding Code No. 06-5, 04-4)

STATE OF ILLINOIS  
DEPARTMENT OF MILITARY AFFAIRS  
**PRIOR FINDINGS NOT REPEATED – STATE COMPLIANCE**  
For the Two Years Ended June 30, 2008

E. **FINDING** (Non-Compliance with provisions of the Illinois Procurement Code)

During the prior period, the Department did not publish contracts awarded or its intent to award sole source contracts in the Procurement Bulletin as required by the Illinois Procurement Code.

During the current period, the Department complied with the publishing of contracts awarded in the Illinois Procurement Bulletin for all contracts tested in our sample and did not enter into any sole source contracts. (Finding Code No. 06-6, 04-5)

F. **FINDING** (Failure to file the Report of Loaned Historical Artifacts)

During the prior period, the Department failed to file the Report of Loaned Historical Artifacts with the Office of the Governor.

During the current period, we noted the Department filed the Report of Loaned Historical Artifacts with the Governor. (Finding Code No. 06-8)

G. **FINDING** (Failure to file Grant/Contract Analysis Form SCO-563)

During the prior period, the Department failed to submit the necessary documentation to the Office of the Comptroller in a timely manner related to one federal program as part of their annual financial reporting.

During the current period, the Department filed all necessary information with the Office of the Comptroller in a timely manner. (Finding Code No. 06-9)

H. **FINDING** (Non-Compliance with the Military Code of Illinois)

During the prior period, the Department had not completed the publication setting forth the rights and responsibilities of service members under State and Federal Law as required by the Military Code of Illinois.

During the current period, the Department had not completed the publication. The publication was subsequently completed on March 5, 2009. (Finding Code No. 06-10)

STATE OF ILLINOIS  
DEPARTMENT OF MILITARY AFFAIRS  
COMPLIANCE EXAMINATION  
For the Two Years Ended June 30, 2008

**SUPPLEMENTARY INFORMATION FOR STATE COMPLIANCE PURPOSES**

**SUMMARY**

Supplementary Information for State Compliance Purposes presented in this section of the report includes the following:

- Fiscal Schedules and Analysis:

- Schedule of Expenditures of Federal Awards
- Notes to the Schedule of Expenditures of Federal Awards
- Schedule of Appropriations, Expenditures and Lapsed Balances
- Comparative Schedule of Net Appropriations, Expenditures and Lapsed Balances
- Schedule of Receipts, Disbursements and Fund Balance (Cash Basis) - Locally Held Funds
- Schedule of Changes in State Property
- Comparative Schedule of Cash Receipts
- Reconciliation Schedule of Cash Receipts to Deposits Remitted to the State Comptroller
- Analysis of Significant Variations in Expenditures
- Analysis of Significant Variations in Receipts
- Analysis of Significant Lapse Period Spending
- Analysis of Accounts Receivable

- Analysis of Operations:

- Department Functions and Planning Program
- Average Number of Employees
- Emergency Purchases
- Service Efforts and Accomplishments (Not Examined)

The accountants' report that covers the Supplementary Information for State Compliance Purposes presented in the Compliance Report Section states the auditors have applied certain limited procedures as prescribed by the Audit Guide as adopted by the Auditor General, except for information on Service Efforts and Accomplishments on which they did not perform any procedures. However, the accountants' do not express an opinion on the supplementary information.

STATE OF ILLINOIS  
DEPARTMENT OF MILITARY AFFAIRS  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
For the Year Ended June 30, 2008  
(expressed in thousands)

<u>Federal Grantor/Program Title</u>	<u>Federal CFDA No.</u>	<u>Federal Expenditures</u>
U.S. Department of Defense		
Military Construction, National Guard	12.400	\$ 9,962
National Guard Military Operations and Maintenance Projects	12.401	14,968
National Guard Civilian Youth Opportunities	12.404	3,942
U.S. Department of Homeland Security		
Homeland Security Grant Program	97.067	45
<b>Total Expenditures of Federal Awards</b>		<b><u><u>\$ 28,917</u></u></b>

NOTE: The accompanying notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

STATE OF ILLINOIS  
DEPARTMENT OF MILITARY AFFAIRS  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
For the Year Ended June 30, 2007  
(expressed in thousands)

<u>Federal Grantor/Program Title</u>	<u>Federal CFDA No.</u>	<u>Federal Expenditures</u>
U.S. Department of Defense		
Military Construction, National Guard	12.400	\$ 17,661
National Guard Military Operations and Maintenance Projects	12.401	11,970
National Guard Civilian Youth Opportunities	12.404	4,235
U.S. Department of Homeland Security		
Homeland Security Grant Program	97.073	25
<b>Total Expenditures of Federal Awards</b>		<b><u><u>\$ 33,891</u></u></b>

NOTE: The accompanying notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

STATE OF ILLINOIS  
DEPARTMENT OF MILITARY AFFAIRS  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
For the Two Years Ended June 30, 2008

**1. Significant Accounting Policies**

(a) Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards presents all the federal financial assistance programs of the State of Illinois, Department of Military Affairs (Department) for the two years ended June 30, 2008.

(b) Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is prepared on the cash basis of accounting.

**2. Description of Grant Programs**

The following is a brief description of the grant programs included in the Schedule of Expenditures of Federal Awards:

*Military Construction, National Guard: CFDA #12.400*

The program is designed to provide combat-ready reserve force facilities for training and administering the Army and Air Force National Guard units. The program provides offices, storage, assembly area, rifle range and classrooms for armories. For non-armories, the program provides maintenance, supply, training, and other administrative and logistical requirements. The money from this program is passed on to the Illinois Capital Development Board (CDB) which makes the expenditures for such projects. On a consistent basis, the Federal Property Officer reconciles grant information with expenditures by CDB.

*National Guard Military Operations and Maintenance Projects: CDFA# 12.401*

The program is designed to maintain State combat-ready troops to supplement the U.S. Army/U.S. Air Force when called by the President, and to be used by the Governor for State emergency situations.

*National Guard Civilian Youth Opportunities: CFDA# 12.404*

The program is to provide resident and non-resident programs for at-risk youth.

*Homeland Security Grant Program: CFDA# 97.067*

The program is designed to provide grants to State, Local, and Tribal governments to allow them to better prevent, respond to, and recover from terrorist attacks and other disasters.



STATE OF ILLINOIS  
DEPARTMENT OF MILITARY AFFAIRS  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
For the Two Years Ended June 30, 2008

*State Homeland Security Program: CFDA# 97.073*

The program is designed to award grants to allow states to build up their capabilities to better prevent, respond to, and recover from terrorist attacks and other disasters. The goal is to accomplish this through planning, training, and exercise activities.

**3. Pass Through and Subrecipient Awards**

The Department receives its federal assistance directly from the U.S. Department of Defense for the National Guard and Military Grant programs. The Department receives its Homeland Security Grant passed through from the Illinois Emergency Management Agency. The Department does not provide any awards to subrecipients.

**4. Noncash Awards**

The Department does not receive any noncash awards.

**5. Cash Returned to Grantor**

The Department did not return cash to the grantor.

STATE OF ILLINOIS  
DEPARTMENT OF MILITARY AFFAIRS  
**SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES**

For The Fiscal Year Ended June 30, 2008

P.A. 95-0348 FISCAL YEAR 2008	Appropriations (Net of Transfers)	Expenditures Through June 30	July 1 to August 31	Total Expenditures 14 Months Ended August 31	Balances Lapsed August 31
<b>APPROPRIATED FUNDS</b>					
<u>General Revenue 001</u>					
<i>Office of the Adjutant General:</i>					
Personal Services	\$ 833,800	\$ 704,227	\$ 5,360	\$ 709,587	\$ 124,213
State Contribution to State Employees' Retirement System	138,400	123,331	887	124,218	14,182
State Contributions to Social Security	63,800	52,825	409	53,234	10,566
Contractual Services	14,400	4,520	8,784	13,304	1,096
Travel	14,600	6,483	937	7,420	7,180
Commodities	19,800	14,186	5,585	19,771	29
Printing	2,800	1,002	1,036	2,038	762
Equipment	4,900	3,358	1,501	4,859	41
Electronic Data Processing	30,500	26,929	3,039	29,968	532
Telecommunications	28,800	24,085	1,503	25,588	3,212
Operation of Automotive Equipment	23,800	21,591	2,185	23,776	24
Lincoln's Challenge	3,116,700	3,116,700	-	3,116,700	-
Lincoln's Challenge Stipend Payments	235,700	187,250	47,700	234,950	750
State Officer's Candidate School	700	-	700	700	-
Care and Preservation of Historic Artifacts	7,400	489	6,651	7,140	260
Shared Services	558,505	556,498	130	556,628	1,877
<i>Total Office of the Adjutant General</i>	\$ 5,094,605	\$ 4,843,474	\$ 86,407	\$ 4,929,881	\$ 164,724
<i>Facility Operations:</i>					
Personal Services	\$ 5,386,000	\$ 4,782,299	\$ 8,306	\$ 4,790,605	\$ 595,395
State Contribution to State Employees' Retirement System	894,000	800,281	1,387	801,668	92,332
State Contributions to Social Security	412,000	352,553	635	353,188	58,812
Contractual Services	3,192,400	2,887,284	225,357	3,112,641	79,759
Commodities	65,200	54,816	9,421	64,237	963
Equipment	24,800	10,559	14,241	24,800	-
Rehabilitation and Minor Construction	43,000	16,714	24,858	41,572	1,428
<i>Total Facility Operations</i>	\$ 10,017,400	\$ 8,904,506	\$ 284,205	\$ 9,188,711	\$ 828,689
Total General Revenue Fund - 001	\$ 15,112,005	\$ 13,747,980	\$ 370,612	\$ 14,118,592	\$ 993,413

Note: Appropriations, expenditures, and lapsed balances were obtained from Department records and have been reconciled to the records of the Office of the Comptroller.

STATE OF ILLINOIS  
DEPARTMENT OF MILITARY AFFAIRS  
**SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES**

For The Fiscal Year Ended June 30, 2008

P.A. 95-0348 FISCAL YEAR 2008	Appropriations (Net of Transfers)	Expenditures Through June 30	Lapse Period Expenditures July 1 to August 31	Total Expenditures 14 Months Ended August 31	Balances Lapsed August 31
<u>Military Affairs Trust Fund - 043</u>					
<i>Office of the Adjutant General:</i>					
Youth Programs	\$ 1,432,000	\$ 46,439	\$ 90,826	\$ 137,265	\$ 1,294,735
<u>Federal Support Agreement Revolving Fund - 333</u>					
<i>Office of the Adjutant General:</i>					
Lincoln's Challenge	\$ 4,889,700	\$ 3,367,623	\$ 280,156	\$ 3,647,779	\$ 1,241,921
Lincoln's Challenge Stipend Payment	1,200,000	128,351	61,977	190,328	1,009,672
<i>Total Office of the Adjutant General</i>	<u>\$ 6,089,700</u>	<u>\$ 3,495,974</u>	<u>\$ 342,133</u>	<u>\$ 3,838,107</u>	<u>\$ 2,251,593</u>
<i>Facility Operations:</i>					
Army/Air Reimbursable Positions	\$ 9,316,000	\$ 7,063,888	\$ 38,851	\$ 7,102,739	\$ 2,213,261
Expenses Related to Army National					
Guard Facilities Operations and Maintenance	11,500,000	6,806,575	856,160	7,662,735	3,837,265
Expenses of Bartonville and Kankakee					
Armories for Operations and Maintenance	391,900	361,467	9,392	370,859	21,041
<i>Total Facility Operations</i>	<u>\$ 21,207,900</u>	<u>\$ 14,231,930</u>	<u>\$ 904,403</u>	<u>\$ 15,136,333</u>	<u>\$ 6,071,567</u>
Total Federal Support Agreement Revolving Fund - 333	<u>\$ 27,297,600</u>	<u>\$ 17,727,904</u>	<u>\$ 1,246,536</u>	<u>\$ 18,974,440</u>	<u>\$ 8,323,160</u>
<u>Illinois Military Family Relief Fund - 0725</u>					
<i>Office of the Adjutant General:</i>					
Special duty due to September 11th Terrorist Attacks	\$ 5,000,000	\$ 983,000	\$ 10,500	\$ 993,500	\$ 4,006,500
<u>Illinois National Guard Armory Construction Fund - 927</u>					
<i>Office of the Adjutant General:</i>					
Land Acq. & Const. of Parking Fac at Armories	\$ 238,800	\$ -	\$ -	\$ -	\$ 238,800
<b>TOTAL APPROPRIATED FUNDS</b>	<u>\$ 49,080,405</u>	<u>\$ 32,505,323</u>	<u>\$ 1,718,474</u>	<u>\$ 34,223,797</u>	<u>\$ 14,856,608</u>
<b>TOTAL ALL FUNDS - FISCAL YEAR 2008</b>	<u>\$ 49,080,405</u>	<u>\$ 32,505,323</u>	<u>\$ 1,718,474</u>	<u>\$ 34,223,797</u>	<u>\$ 14,856,608</u>

STATE OF ILLINOIS  
DEPARTMENT OF MILITARY AFFAIRS  
**SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES**

For the year ended June 30, 2007

P.A. 94-798 FISCAL YEAR 2007	Appropriations (Net of Transfers)	Expenditures Through June 30	Lapse Period Expenditures July 1 to August 31	Total Expenditures 14 Months Ended August 31	Balances Lapsed August 31
<b>APPROPRIATED FUNDS</b>					
<u>General Revenue 001</u>					
<i>Office of the Adjutant General:</i>					
Personal Services	\$ 807,000	\$ 716,270	\$ 496	\$ 716,766	\$ 90,234
State Contribution to State Employees' Retirement System	93,200	83,599	57	83,656	9,544
State Contributions to Social Security	61,900	53,451	38	53,489	8,411
Contractual Services	14,400	3,200	1,900	5,100	9,300
Travel	23,000	6,265	76	6,341	16,659
Commodities	19,800	7,376	12,294	19,670	130
Printing	2,800	1,445	1,020	2,465	335
Equipment	4,900	-	-	-	4,900
Electronic Data Processing	21,900	12,927	5,835	18,762	3,138
Telecommunications	29,000	21,060	7,717	28,777	223
Operation of Automotive Equipment	23,800	16,068	4,392	20,460	3,340
Lincoln's Challenge	3,116,700	3,116,700	-	3,116,700	-
Lincoln's Challenge Stipend Payments	506,900	208,961	26,870	235,831	271,069
State Officer's Candidate School	700	700	-	700	-
Care and Preservation of Historic Artifacts	7,400	3,800	3,600	7,400	-
Shared Services	567,500	506,801	20	506,821	60,679
Transfer to FSARF (Fund #333)	350,000	350,000	-	350,000	-
<i>Total Office of the Adjutant General</i>	<b>\$ 5,650,900</b>	<b>\$ 5,108,623</b>	<b>\$ 64,315</b>	<b>\$ 5,172,938</b>	<b>\$ 477,962</b>
<i>Facility Operations:</i>					
Personal Services	\$ 5,146,000	\$ 4,593,079	\$ 6,710	\$ 4,599,789	\$ 546,211
State Contribution to State Employees' Retirement System	593,100	531,731	788	532,519	60,581
State Contributions to Social Security	393,800	338,222	522	338,744	55,056
Contractual Services	3,192,400	1,927,643	787,054	2,714,697	477,703
Commodities	102,700	54,017	21,887	75,904	26,796
Equipment	24,800	17,112	7,632	24,744	56
Rehabilitation and Minor Construction	43,000	5,692	37,308	43,000	-
<i>Total Facility Operations</i>	<b>\$ 9,495,800</b>	<b>\$ 7,467,496</b>	<b>\$ 861,901</b>	<b>\$ 8,329,397</b>	<b>\$ 1,166,403</b>
<b>Total General Revenue Fund - 001</b>	<b>\$ 15,146,700</b>	<b>\$ 12,576,119</b>	<b>\$ 926,216</b>	<b>\$ 13,502,335</b>	<b>\$ 1,644,365</b>

Note: Appropriations, expenditures, and lapsed balances were obtained from Department records and have been reconciled to the records of the Office of the Comptroller.

STATE OF ILLINOIS  
DEPARTMENT OF MILITARY AFFAIRS  
**SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES**

For the year ended June 30, 2007

P.A. 94-798 FISCAL YEAR 2007	Appropriations (Net of Transfers)	Expenditures Through June 30	Lapse Period Expenditures July 1 to August 31	Total Expenditures 14 Months Ended August 31	Balances Lapsed August 31
<u>Military Affairs Trust Fund - 043</u>					
<i>Office of the Adjutant General:</i>					
Youth Programs	\$ 1,432,000	\$ 91,431	\$ 47,125	\$ 138,556	\$ 1,293,444
<u>Federal Support Agreement Revolving Fund - 333</u>					
<i>Office of the Adjutant General:</i>					
Lincoln's Challenge	\$ 4,889,700	\$ 3,291,745	\$ 311,571	\$ 3,603,316	\$ 1,286,384
Lincoln's Challenge Stipend Payments	1,200,000	405,458	117,935	523,393	676,607
<i>Total Office of the Adjutant General</i>	\$ 6,089,700	\$ 3,697,203	\$ 429,506	\$ 4,126,709	\$ 1,962,991
<i>Facility Operations:</i>					
Army/Air Reimbursable Positions	\$ 8,836,300	\$ 7,241,600	\$ 36,749	\$ 7,278,349	\$ 1,557,951
Expenses Related to Army National					
Guard Facilities Operations and Maintenance	11,500,000	4,350,716	887,905	5,238,621	6,261,379
Expenses of Bartonville and Kankakee					
Armories for Operations and Maintenance	337,000	333,110	3,776	336,886	114
<i>Total Facility Operations</i>	\$ 20,673,300	\$ 11,925,426	\$ 928,430	\$ 12,853,856	\$ 7,819,444
Total Federal Support Agreement Revolving Fund - 333	\$ 26,763,000	\$ 15,622,629	\$ 1,357,936	\$ 16,980,565	\$ 9,782,435
<u>Illinois Military Family Relief Fund - 725</u>					
<i>Office of the Adjutant General:</i>					
Special Duty due to September 11th terrorist Attacks	\$ 5,000,000	\$ 880,500	\$ 25,400	\$ 905,900	\$ 4,094,100
<u>Illinois National Guard Army Construction Fund - 927</u>					
<i>Office of the Adjutant General:</i>					
Land Acq. & Const. of Parking Fac at Armories	\$ 238,800	\$ -	\$ -	\$ -	\$ 238,800
<b>TOTAL APPROPRIATED FUNDS</b>	\$ 48,580,500	\$ 29,170,679	\$ 2,356,677	\$ 31,527,356	\$ 17,053,144
<u>NON-APPROPRIATED FUNDS</u>					
<u>Armory Rental Fund- 416</u>					
Recruiting, Athletics, & Recreation	\$ -	\$ 54	\$ -	\$ 54	\$ -
<b>TOTAL ALL FUNDS- FISCAL YEAR 2007</b>	\$ 48,580,500	\$ 29,170,733	\$ 2,356,677	\$ 31,527,410	\$ 17,053,144

STATE OF ILLINOIS  
DEPARTMENT OF MILITARY AFFAIRS  
**COMPARATIVE SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES**  
For the Fiscal Years Ended June 30,

	Fiscal Year		
	2008	2007	2006
	P.A. 95-0348	P.A. 94-0798	P.A. 94-0015
<b>General Revenue Fund - 001</b>			
Appropriations (Net of Transfers)	\$ 15,112,005	\$ 15,146,700	\$ 12,523,900
<u>Expenditures</u>			
<i>Office of the Adjutant General:</i>			
Personal Services	\$ 709,587	\$ 716,766	\$ 1,241,433
Employee Retirement Contributions Paid by Employer	-	-	3,827
State Contribution to State Employees' Retirement System	124,218	83,656	99,625
State Contributions to Social Security	53,234	53,489	92,143
Contractual Services	13,304	5,100	22,027
Travel	7,420	6,341	5,019
Commodities	19,771	19,670	4,996
Printing	2,038	2,465	1,504
Equipment	4,859	-	4,897
Electronic Data Processing	29,968	18,762	16,096
Telecommunications	25,588	28,777	28,285
Operation of Automotive Equipment	23,776	20,460	17,053
Lincoln's Challenge	3,116,700	3,116,700	3,116,212
Lincoln's Challenge Stipend Payments	234,950	235,831	256,400
State Officer's Candidate School	700	700	92
Care and Preservation of Historic Artifacts	7,140	7,400	7,396
Shared Services	556,628	506,821	-
Transfer to FSARF (Fund #333)	-	350,000	-
<i>Total Office of the Adjutant General</i>	<u>\$ 4,929,881</u>	<u>\$ 5,172,938</u>	<u>\$ 4,917,005</u>
<i>Facility Operations:</i>			
Personal Services	\$ 4,790,605	\$ 4,599,789	\$ 4,304,220
Employee Retirement Contributions Paid by Employer	-	-	36,781
State Contribution to State Employees' Retirement System	801,668	532,519	337,655
State Contributions to Social Security	353,188	338,744	317,078
Contractual Services	3,112,641	2,714,697	1,928,039
Commodities	64,237	75,904	56,182
Equipment	24,800	24,744	19,731
Rehabilitation and Minor Construction	41,572	43,000	41,757
<i>Total Facility Operations</i>	<u>\$ 9,188,711</u>	<u>\$ 8,329,397</u>	<u>\$ 7,041,443</u>
Total Expenditures, Fund - 001	<u>\$ 14,118,592</u>	<u>\$ 13,502,335</u>	<u>\$ 11,958,448</u>
Lapsed Balances	<u>\$ 993,413</u>	<u>\$ 1,644,365</u>	<u>\$ 565,452</u>

STATE OF ILLINOIS  
DEPARTMENT OF MILITARY AFFAIRS  
**COMPARATIVE SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES**  
For the Fiscal Years Ended June 30,

	Fiscal Year		
	2008	2007	2006
	P.A. 95-0348	P.A. 94-0798	P.A. 94-0015
<b><u>Military Affairs Trust Fund - 043</u></b>			
Appropriations (Net of Transfers)	\$ 1,432,000	\$ 1,432,000	\$ 1,461,200
<u>Expenditures</u>			
<i>Office of the Adjutant General:</i>			
Youth Programs	\$ 137,265	\$ 138,556	\$ 439,148
Lapsed Balances	\$ 1,294,735	\$ 1,293,444	\$ 1,022,052
<b><u>Federal Support Agreement Revolving Fund - 333</u></b>			
Appropriations (Net of Transfers)	\$ 27,297,600	\$ 26,763,000	\$ 21,394,700
<u>Expenditures</u>			
<i>Office of the Adjutant General:</i>			
Army/Air Reimbursable Positions	\$ -	\$ -	\$ -
Lincoln's Challenge	3,647,779	3,603,316	3,412,946
Lincoln's Challenge Stipend Payments	190,328	523,393	820,832
<i>Total Office of the Adjutant General</i>	\$ 3,838,107	\$ 4,126,709	\$ 4,233,778
<i>Facility Operations:</i>			
Army/Air Reimbursable Positions	\$ 7,102,739	\$ 7,278,349	\$ 6,608,160
Expenses Related to Army National Guard Facilities			
Operations and Maintenance	7,662,735	5,238,621	3,976,312
Expenses of Bartonville and Kankakee Armories for			
Operations and Maintenance	370,859	336,886	\$ 329,021
<i>Total Facility Operations</i>	\$ 15,136,333	\$ 12,853,856	\$ 10,913,493
Total Expenditures Fund - 333	\$ 18,974,440	\$ 16,980,565	\$ 15,147,271
Lapsed Balances	\$ 8,323,160	\$ 9,782,435	\$ 6,247,429
<b><u>Illinois Military Family Relief Fund - 0725</u></b>			
Appropriations (Net of Transfers)	\$ 5,000,000	\$ 5,000,000	\$ 5,000,000
<u>Expenditures</u>			
<i>Special duty due to September 11th</i>			
Terrorist Attacks	\$ 993,500	\$ 905,900	\$ 838,000
Lapsed Balances	\$ 4,006,500	\$ 4,094,100	\$ 4,162,000

STATE OF ILLINOIS  
DEPARTMENT OF MILITARY AFFAIRS  
**COMPARATIVE SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES**  
For the Fiscal Years Ended June 30,

	Fiscal Year		
	2008	2007	2006
	P.A. 95-0348	P.A. 94-0798	P.A. 94-0015
<b><u>Illinois National Guard Armory Construction Fund - 927</u></b>			
Appropriations (Net of Transfers)	\$ 238,800	\$ 238,800	\$ 243,700
<u>Expenditures</u>			
<i>Office of the Adjutant General:</i>			
Land Acq. & Const. of Parking Fac at Armories	\$ -	\$ -	\$ 51,966
Lapsed Balances	\$ 238,800	\$ 238,800	\$ 191,734
 <b><u>NONAPPROPRIATED FUNDS</u></b>			
 <b><u>Armory Rental Fund - 416</u></b>			
<u>Expenditures</u>			
Recruiting, Athletics, & Recreation	\$ -	\$ 54	\$ 94,357
Utilities and Payroll	-	-	21,704
Total Expenditures, Fund - 416	\$ -	\$ 54	\$ 116,061
 <b>TOTAL ALL FUNDS APPROPRIATIONS</b>	 <b>\$ 49,080,405</b>	 <b>\$ 48,580,500</b>	 <b>\$ 40,623,500</b>
 <b>TOTAL ALL FUNDS EXPENDITURES</b>	 <b>\$ 34,223,797</b>	 <b>\$ 31,527,410</b>	 <b>\$ 28,550,894</b>
 Officers' Salaries:			
For the Adjutant General	\$ 109,118	\$ 104,871	\$ 99,595
For the Two Chief Assistants to the Adjutant General	189,870	175,322	168,583
Total Paid	\$ 298,988	\$ 280,193	\$ 268,178



STATE OF ILLINOIS  
DEPARTMENT OF MILITARY AFFAIRS  
**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND FUND BALANCE**  
**(CASH BASIS) – LOCALLY HELD FUNDS**  
For the Two Years Ended June 30, 2008  
(expressed in thousands)

	Lincoln's Challenge Stipend Fund (Fund 1336)	
Cash Balance at July 1, 2006	\$	2
Receipts:		133
Disbursements:		134
		1
Cash Balance at June 30, 2007	\$	1
Cash Balance at July 1, 2007	\$	1
Receipts:		146
Disbursements:		146
		1
Cash Balance at June 30, 2008	\$	1

STATE OF ILLINOIS  
DEPARTMENT OF MILITARY AFFAIRS  
**SCHEDULE OF CHANGES IN STATE PROPERTY**  
For the Two Years Ended June 30, 2008

	Land and Land Improvements	Buildings and Building Improvements	Site Improvements	Equipment	Capital Leases	Total
Balance at July 1, 2006	\$ 13,955,188	\$ 146,165,502	\$ 2,594,519	\$ 5,091,322	\$ 24,404	\$ 167,830,935
Additions	-	4,508	1,640,075	232,405	5,206	1,882,194
Deletions	-	-	-	117,143	-	117,143
Net Transfers	-	3,967,020	1,544,583	-	-	5,511,603
<b>Balance at June 30, 2007</b>	<b>\$ 13,955,188</b>	<b>\$ 150,137,030</b>	<b>\$ 5,779,177</b>	<b>\$ 5,206,584</b>	<b>\$ 29,610</b>	<b>\$ 175,107,589</b>
Balance at July 1, 2007	\$ 13,955,188	\$ 150,137,030	\$ 5,779,177	\$ 5,206,584	\$ 29,610	\$ 175,107,589
Additions	31,568	10,127,170	426,644	733,486	-	11,318,868
Deletions	1,157,789	2,114,500	2,278,074	428,704	-	5,979,067
Net Transfers	65,527	24,877,992	2,866,561	-	-	27,810,080
<b>Balance at June 30, 2008</b>	<b>\$ 12,894,494</b>	<b>\$ 183,027,692</b>	<b>\$ 6,794,308</b>	<b>\$ 5,511,366</b>	<b>\$ 29,610</b>	<b>\$ 208,257,470</b>

Note: The above schedule has been derived from the Agency Report of State Property submitted to the Office of the State Comptroller. This schedule could not be reconciled to Department records. See Finding #08-1.

STATE OF ILLINOIS  
DEPARTMENT OF MILITARY AFFAIRS  
**COMPARATIVE SCHEDULE OF CASH RECEIPTS**  
For the Fiscal Years Ended June 30,

<b>General Revenue Fund - 001</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>
Jury duty reimbursements	\$ 119	\$ 267	\$ 303
Miscellaneous	300	180	-
Federal reimbursements - Air National Guard	192,247	97,850	317,161
Federal reimbursements - Army National Guard	16,742	10,822	101,876
Prior year refunds	-	148	-
 Total - Fund 001	 <u>\$ 209,408</u>	 <u>\$ 109,267</u>	 <u>\$ 419,340</u>
 <b>Military Affairs Trust Fund - 043</b>			
U.S. Customs Service	\$ -	\$ -	\$ 24,066
IEMA	44,543	24,890	-
Lincoln's Challenge Program	262,551	5,420	5,896
Family program/SATO	500	800	-
Miscellaneous	-	-	1,150
Armory Usage Program	53,327	63,780	294,054
Property Rental	32,425	41,858	40,005
Prior Year Refunds	103	-	-
 Total - Fund 043	 <u>\$ 393,449</u>	 <u>\$ 136,748</u>	 <u>\$ 365,171</u>
 <b>Federal Support Agreement Revolving Fund - 333</b>			
Cooperative Funding Agreement - Army	\$ 7,559,001	\$ 4,697,266	\$ 4,177,111
Joint Armed Forces Reserve Center	473,846	271,134	399,776
Lincoln's Challenge Program	3,904,997	4,118,102	4,475,894
Federal reimbursements - Army/Air	7,088,529	7,675,863	6,438,927
State Agencies	1,283	171,154	-
Prior year refunds	1,540	2,190	-
Prior year warrant voids	-	450	500
 Total - Fund 333	 <u>\$ 19,029,196</u>	 <u>\$ 16,936,159</u>	 <u>\$ 15,492,208</u>

STATE OF ILLINOIS  
DEPARTMENT OF MILITARY AFFAIRS  
**COMPARATIVE SCHEDULE OF CASH RECEIPTS**  
For the Fiscal Years Ended June 30,

<b>Illinois Military Family Relief Fund - 725</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>
Donations	\$ 46,337	\$ 98,183	\$ 757,194
Prior year refunds	535	2,730	1,583
Prior year warrants voids	-	-	500
 Total Fund - 725	 <u>\$ 46,872</u>	 <u>\$ 100,913</u>	 <u>\$ 759,277</u>
 TOTAL RECEIPTS - ALL FUNDS	 <u>\$ 19,678,925</u>	 <u>\$ 17,283,087</u>	 <u>\$ 17,035,996</u>

Note: The above schedule includes all Department funds on deposit with the State Treasurer. It does not include locally held funds.

STATE OF ILLINOIS  
DEPARTMENT OF MILITARY AFFAIRS  
**RECONCILIATION SCHEDULE OF CASH RECEIPTS TO DEPOSITS  
REMITTED TO THE STATE COMPTROLLER**  
For the Years Ended June 30,

<b><u>General Revenue Fund - 001</u></b>	<u>2008</u>	<u>2007</u>
Receipts per Department records	\$ 209,408	\$ 109,266
Add: deposits in transit, beginning of year	-	-
Less: deposits in transit, end of year	-	-
Deposits recorded by Comptroller	<u>\$ 209,408</u>	<u>\$ 109,266</u>

<b><u>Military Affairs Trust Fund - 043</u></b>		
Receipts per Department records	\$ 393,449	\$ 136,749
Add: deposits in transit, beginning of year	-	-
Less: deposits in transit, end of year	-	-
Deposits recorded by Comptroller	<u>\$ 393,449</u>	<u>\$ 136,749</u>

<b><u>Federal Support Agreement Revolving Fund - 333</u></b>		
Receipts per Department records	\$ 19,029,196	\$ 16,936,159
Add: deposits in transit, beginning of year	265,718	120,344
Less: deposits in transit, end of year	(25,479)	(265,718)
Deposits recorded by Comptroller	<u>\$ 19,269,435</u>	<u>\$ 16,790,785</u>

<b><u>Illinois Military Family Relief Fund - 725</u></b>		
Receipts per Department records	\$ 46,872	\$ 100,913
Add: deposits in transit, beginning of year	-	-

STATE OF ILLINOIS  
DEPARTMENT OF MILITARY AFFAIRS  
**ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES**  
For the Two Years Ended June 30, 2008

FLUCTUATIONS BETWEEN FY07 - FY08

**GENERAL REVENUE FUND – 001**

DIVISION 01 – OFFICE OF THE ADJUTANT GENERAL

State Contribution to State Employees' Retirement System

Expenditures increased in FY08 due to the contribution percentage increasing from 11.525% in FY07 to 16.561% in FY08.

Contractual Services

Expenditures increased in FY08 due to fees incurred for professional legal services related to labor relations issues.

Electronic Data Processing

Expenditures increased in FY08 due to an increased need for EDP support.

Transfer to FSARF

Expenditures decreased in FY08 due to a one time transfer in FY07 from the General Revenue Fund to the Federal Support Revolving Fund to increase the seed money and lessen problems with cash flow monitoring.

DIVISION 15 – FACILITY OPERATIONS

State Contribution to State Employees' Retirement System

Expenditures increased in FY08 due to the contribution percentage increasing from 11.525% in FY07 to 16.561% in FY08.

**FEDERAL SUPPORT AGREEMENT REVOLVING FUND – 333**

DIVISION 01 – OFFICE OF THE ADJUTANT GENERAL

Lincoln's Challenge Stipend Payments

Expenditures decreased in FY08 due to a decreased availability of funds. Payments are made to eligible participants who have successfully completed the LCA program. This payment is optional and is limited by budget constraints.

STATE OF ILLINOIS  
DEPARTMENT OF MILITARY AFFAIRS  
**ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES**  
For the Two Years Ended June 30, 2008

FLUCTUATIONS BETWEEN FY07 - FY08 (continued)

**FEDERAL SUPPORT AGREEMENT REVOLVING FUND – 333**

DIVISION 15 – FACILITY OPERATIONS

Expenses Related to Army National Guard Facilities Operations and Maintenance

Expenditures increased in FY08 due to an increased number of projects. These are expenses necessary to meet the terms and obligations of the Master Cooperative Agreement.

STATE OF ILLINOIS  
DEPARTMENT OF MILITARY AFFAIRS  
**ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES**  
For the Two Years Ended June 30, 2008

FLUCTUATIONS BETWEEN FY06 - FY07

**GENERAL REVENUE FUND – 001**

DIVISION 01 – OFFICE OF THE ADJUTANT GENERAL

Personal Services

Expenditures decreased in FY07 due to the segregation of the costs of the Human Resource and Finance functions into a separate Shared Services line.

State Contribution to Social Security

Expenditures decreased in FY07 due to the segregation of the costs of the Human Resource and Finance functions into a separate Shared Services line.

Contractual Services

Expenditures decreased in FY07 because the FY06 consulting costs related to the Shared Service Project did not recur.

Commodities

Expenditures increased in FY07 due to the operational needs of the Department increasing. Items purchased included office supplies, tools, cleaning supplies, and office equipment.

Shared Services

Expenditures increased in FY07 due to an isolation of funds on a project. The Shared Services appropriation represents the Department's personal services and related operations costs related to the Human Resource and Finance functions of the States Shared Services project. These amounts were included as a lump sum to isolate the anticipated spending on these services during the transitional phase of the project.

Transfer to FSARF

Expenditures increased in FY07 due to a one time transfer from the General Revenue Fund to the Federal Support Revolving Fund to increase the seed money and lessen problems with cash flow monitoring.

DIVISION 15 – FACILITY OPERATIONS

Employee Retirement Contributions Paid by Employer

Expenditures decreased in FY07 due to the change in negotiated agreement and employment rules that required the employees rather than the employer to be responsible for the Employee Retirement Contribution.



STATE OF ILLINOIS  
DEPARTMENT OF MILITARY AFFAIRS  
**ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES**  
For the Two Years Ended June 30, 2008

FLUCTUATIONS BETWEEN FY06 - FY07 (continued)

State Contribution to State Employees' Retirement System

Expenditures increased in FY07 due to the contribution percentage increasing from 7.792% in FY06 to 11.525% in FY07.

Contractual Services

Expenditures increased in FY07 due to increased utility costs.

Commodities

Expenditures increased in FY07 due to the procurement of 10,000 Abraham Lincoln Freedom medals and the purchase of necessary supplies for the newly created maintenance teams. Maintenance teams were created because the Department had trouble sustaining employees who performed maintenance work due to factors such as deployment, leave, or retirement.

Equipment

Expenditures increased in FY07 due to the purchase of tools for the newly created maintenance teams.

**MILITARY AFFAIRS TRUST FUND – 043**

DIVISION 01 – OFFICE OF THE ADJUTANT GENERAL

Youth and Other Programs

Expenditures decreased in FY07 due to the discontinuation of the movie production that utilized the armory facility in FY06.

**FEDERAL SUPPORT AGREEMENT REVOLVING FUND – 333**

DIVISION 01 – OFFICE OF THE ADJUTANT GENERAL

Lincoln's Challenge Stipend Payments

Expenditures decreased in FY07 due to a decrease in the availability of funds. Payments are made to eligible participants who have successfully completed the LCA program. This payment is optional and is limited by budget constraints.

DIVISION 15 – FACILITY OPERATIONS

Expenses Related to Army National Guard Facilities Operations and Maintenance

Expenditures increased in FY07 due to more projects being assigned. These are expenses necessary to meet the terms and obligations of the Master Cooperative Agreement.

STATE OF ILLINOIS  
DEPARTMENT OF MILITARY AFFAIRS  
**ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES**  
For the Two Years Ended June 30, 2008

FLUCTUATIONS BETWEEN FY06 - FY07 (continued)

**ILLINOIS NATIONAL GUARD ARMORY CONSTRUCTION FUND – 927**

DIVISION 01 – OFFICE OF THE ADJUTANT GENERAL

Land Acquisition & Construction of Parking Facilities at Armories

Expenditures decreased in FY07 due to no acquisitions or construction being procured during the year.

**ARMORY RENTAL FUND – 416**

DIVISION 01 – OFFICE OF THE ADJUTANT GENERAL

Expenditures decreased in FY07 due to the discontinuation of the Armory Rental Fund. The revised armories usage program was moved to the Military Affairs Trust Fund (043).

STATE OF ILLINOIS  
DEPARTMENT OF MILITARY AFFAIRS  
**ANALYSIS OF SIGNIFICANT VARIATIONS IN RECEIPTS**  
For the Two Years Ended June 30, 2008

**EXPLANATION OF SIGNIFICANT VARIATIONS IN RECEIPTS BETWEEN FISCAL YEARS 2008 AND 2007**

**GENERAL REVENUE FUND – 001**

Federal reimbursements – Air National Guard

Receipts increased in FY08 due to the State paid portion of the Air Appendices of the Master Cooperative Agreement being in excess of the State's program cost share.

Federal reimbursements – Army National Guard

Receipts increased in FY08 due to the State paid portion of the Army Appendices of the Master Cooperative Agreement being in excess of the State's program cost share.

**MILITARY AFFAIRS TRUST FUND - 043**

Illinois Emergency Management Agency

Receipts increased in FY08 due to funding received in support of the new Homeland Security Grant Program.

Lincoln's Challenge Program

Receipts increased in FY08 due to the Lincoln's Challenge Academy receiving a Capital Development Board grant for costs associated with upgrading the HVAC system at the Academy.

Property Rental

Receipts decreased in FY08 due to a rental house being vacant for a number of months and a decrease in the number of acres of farmland the Department rents out.

**FEDERAL SUPPORT AGREEMENT REVOLVING FUND – 333**

Cooperative Funding Agreement

Receipts increased in FY08 due to a significant increase in the cost to execute the Master Cooperative Agreement with the federal government.

Joint Armed Forces Reserve Center

Receipts increased in FY08 due to the timing of federal payments received.

Lincoln's Challenge Program

Receipts decreased in FY08 due to the conclusion of a special study performed at Lincoln's Challenge Academy.

STATE OF ILLINOIS  
DEPARTMENT OF MILITARY AFFAIRS  
**ANALYSIS OF SIGNIFICANT VARIATIONS IN RECEIPTS**  
For the Two Years Ended June 30, 2008

**EXPLANATION OF SIGNIFICANT VARIATIONS IN RECEIPTS BETWEEN FISCAL YEARS 2008 AND 2007 (CONTINUED)**

**FEDERAL SUPPORT AGREEMENT REVOLVING FUND – 333 (CONTINUED)**

State Agencies

Receipts decreased in FY08 due to a decrease in the amount owed the Department for social security and retirement refunds due from a certain class of employees no longer being covered by social security. The bulk of the amount owed the Department was paid in FY07, with some paid in FY08.

**ILLINOIS MILITARY FAMILY RELIEF FUND – 725**

Donations

Receipts decreased in FY08 due to a decrease in the amount of donations made for Military Family Relief.

Prior Year Refunds

Receipts decreased in FY08 due to a decrease in the collection of amounts owed the Department for overpayments.

STATE OF ILLINOIS  
DEPARTMENT OF MILITARY AFFAIRS  
**ANALYSIS OF SIGNIFICANT VARIATIONS IN RECEIPTS**  
For the Two Years Ended June 30, 2008

**EXPLANATION OF SIGNIFICANT VARIATIONS IN RECEIPTS BETWEEN FISCAL YEARS 2007 AND 2006**

**GENERAL REVENUE FUND – 001**

Federal reimbursements – Air National Guard

Receipts decreased in FY07 due to the State receiving reimbursement for multiple federal fiscal years in FY06.

Federal reimbursements – Army National Guard

Receipts decreased in FY07 due to the employee cost share previously being 75% federal and 25% State and switching to 100% federally reimbursed on October 10, 2006.

**MILITARY AFFAIRS TRUST FUND - 043**

Illinois Emergency Management Agency

Receipts increased in FY07 due to funding received in support of the new Homeland Security Grant Program.

U.S. Customs Service

Receipts decreased in FY07 due to money received in FY06 for the Department's share of federally forfeited property that was not received in FY07.

Miscellaneous

Receipts decreased in FY07 due to a decrease in the amount of donations made compared to FY06.

Armory Usage Program

Receipts decreased in FY07 due to an armory rental for a production of a movie in FY06 that was not repeated in FY07.

**FEDERAL SUPPORT AGREEMENT REVOLVING FUND – 333**

Joint Armed Forces Reserve Center

Receipts decreased in FY07 due to the timing of federal payments received.

Lincoln's Challenge Program

Receipts decreased in FY07 due to the conclusion of a special study performed at the Academy in FY06. FY07 receipts were the final reimbursements for the program. In addition, travel costs became 100% federally funded in FY07.

STATE OF ILLINOIS  
DEPARTMENT OF MILITARY AFFAIRS  
**ANALYSIS OF SIGNIFICANT VARIATIONS IN RECEIPTS**  
For the Two Years Ended June 30, 2008

**EXPLANATION OF SIGNIFICANT VARIATIONS IN RECEIPTS BETWEEN FISCAL YEARS 2007 AND 2006 (CONTINUED)**

**FEDERAL SUPPORT AGREEMENT REVOLVING FUND – 333 (CONTINUED)**

State Agencies

Receipts increased in FY07 due to a change in the contributions of social security and retirement for select employees. This amount was due to the Department and the bulk of the amount due was received in FY07.

Prior Year Refunds

Receipts increased in FY07 due to the Department receiving payments owed to them from previous fiscal years.

**ILLINOIS MILITARY FAMILY RELIEF FUND – 725**

Donations

Receipts decreased in FY07 due to a large donation made in FY06 that was not made in FY07.

Prior Year Refunds

Receipts increased in FY07 due to an increase in the amount refunded to the Department for overpayments related to Illinois Military Family Relief Grants.

STATE OF ILLINOIS  
DEPARTMENT OF MILITARY AFFAIRS  
**ANALYSIS OF SIGNIFICANT LAPSE PERIOD SPENDING**  
For the Two Years Ended June 30, 2008

LAPSE PERIOD - FY08

**GENERAL REVENUE FUND – 001**

DIVISION 01 – OFFICE OF THE ADJUTANT GENERAL

Contractual

Billings for legal services incurred prior to June 30 were not received and paid until the lapse period.

Commodities

Orders of packing supplies and office equipment were placed prior to June 30, but were not billed and paid until the lapse period.

Lincoln’s Challenge Stipends

Stipend payments for students who graduated in May were made during the lapse period due to staff availability.

Care & Preservation of Historic Artifacts

Orders for museum equipment and printing equipment were placed prior to June 30, but were not billed and paid until the lapse period.

DIVISION 15 – FACILITY OPERATIONS

Equipment

Billings for orders of items including air conditioners, office furniture, and machinery placed prior to June 30 were not received and paid until the lapse period.

Rehabilitation & Minor Construction

Billings for labor and materials incurred prior to June 30 were not received and paid until the lapse period.

**MILITARY AFFAIRS TRUST FUND – 043**

DIVISION 01 – OFFICE OF THE ADJUTANT GENERAL

Youth Programs

Billings for utility services and costs associated with the HVAC upgrade at Lincoln’s Challenge Academy that were incurred prior to June 30 were not received and paid until the lapse period.

STATE OF ILLINOIS  
DEPARTMENT OF MILITARY AFFAIRS  
**ANALYSIS OF SIGNIFICANT LAPSE PERIOD SPENDING**  
For the Two Years Ended June 30, 2008

LAPSE PERIOD - FY08 (continued)

**FEDERAL SUPPORT AGREEMENT REVOLVING FUND – 333**

DIVISION 01 – OFFICE OF THE ADJUTANT GENERAL

Lincoln's Challenge Stipends

Stipend payments for students who graduated in May were made during the lapse period due to staff availability.



STATE OF ILLINOIS  
DEPARTMENT OF MILITARY AFFAIRS  
**ANALYSIS OF SIGNIFICANT LAPSE PERIOD SPENDING**  
For the Two Years Ended June 30, 2008

LAPSE PERIOD FY07

**GENERAL REVENUE FUND – 001**

DIVISION 01 – OFFICE OF THE ADJUTANT GENERAL

Commodities

Items including office supplies, cleaning supplies, and office equipment were ordered prior to June 30, but were not billed and paid until the lapse period.

Electronic Data Processing

Billings related to the Statistical Services Revolving Fund for services rendered prior to June 30 were not received and paid until the lapse period.

Telecommunications

A billing from the federal government for services rendered prior to June 30 was not received and paid until the lapse period.

DIVISION 15 – FACILITY OPERATIONS

Contractual Services

A billing related to the Facilities Management Revolving Fund for lease payments prior to June 30 was not received and paid until the lapse period.

Commodities

Ten thousand Abraham Lincoln Freedom medals were ordered prior to June 30, but were not billed and paid until the lapse period.

Equipment

Orders for items including lawn mowers and weed eaters were placed prior to June 30, but were not received and paid until the lapse period.

Rehabilitation & Minor Construction

Orders for various items of equipment and renovation costs were placed prior to June 30, but were not received and paid until the lapse period.

STATE OF ILLINOIS  
DEPARTMENT OF MILITARY AFFAIRS  
**ANALYSIS OF SIGNIFICANT LAPSE PERIOD SPENDING**  
For the Two Years Ended June 30, 2008

LAPSE PERIOD FY07 (continued)

**MILITARY AFFAIRS TRUST FUND – 043**

DIVISION 01 – OFFICE OF THE ADJUTANT GENERAL

Youth Programs

A large billing for communication equipment received prior to June 30 was not received and paid until the lapse period.

**FEDERAL SUPPORT AGREEMENT REVOLVING FUND – 333**

DIVISION 01 – OFFICE OF THE ADJUTANT GENERAL

Lincoln's Challenge Stipends

Stipend payments for students who graduated in May were made during the lapse period due to staff availability.

STATE OF ILLINOIS  
DEPARTMENT OF MILITARY AFFAIRS  
**ANALYSIS OF ACCOUNTS RECEIVABLE**  
For the Two Years Ended June 30, 2008  
(expressed in thousands)

**General Revenue Fund - 001**

The Department had approximately \$1 and \$18 in accounts receivable in the General Revenue Fund at June 30, 2008 and 2007, respectively. The majority of the June 30, 2008 and 2007 amounts are due from the United States Department of Defense for reimbursable costs in conjunction with the Master Cooperative Funding Agreement. The amounts are considered non-current and collectible, except for \$1 and \$1 estimated uncollectible at June 30, 2008 and 2007, respectively for miscellaneous overpayments.

**Federal Support Agreement Revolving Fund - 333**

Aging Schedule	Fiscal Year		
	2008	2007	2006
Current	\$ 191	\$ 41	\$ 214
1-30 days	8	23	29
31-90 days	0	56	0
91-180 days	0	24	0
Over 1 year	<u>1</u>	<u>0</u>	<u>          </u>
Accounts Receivable Gross Balance	\$ 200	\$ 144	\$ 243
Less: Estimated Uncollectible	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ 0</u>
Accounts Receivable Net Balance	<u>\$ 199</u>	<u>\$ 143</u>	<u>\$ 243</u>

The majority of the amounts due are from the United States Department of Defense for reimbursable costs in conjunction with the Master Cooperative Funding Agreement, the Master Youth Cooperative Funding Agreement and the Joint Armed Forces Reserve Center Agreement. These amounts are considered collectible, except for \$1 and \$1 estimated uncollectible at June 30, 2008 and 2007, respectively for miscellaneous overpayments.

STATE OF ILLINOIS  
DEPARTMENT OF MILITARY AFFAIRS  
**ANALYSIS OF ACCOUNTS RECEIVABLE**  
For the Two Years Ended June 30, 2008  
(expressed in thousands)

**Military Affairs Trust Fund – 043**

The Department had approximately \$0 and \$12 in accounts receivable for the Military Affairs Trust Fund at June 30, 2008 and 2007, respectively. These amounts are for unpaid armory usage agreements that took place prior to June 30 of each respective year. They are considered current and collectible.

**Illinois Military Family Relief Fund – 725**

The Department had approximately \$3 and \$3 in accounts receivable for the Illinois Military Family Relief Fund at June 30, 2008 and 2007, respectively. These amounts represent grant overpayments in which the Department is seeking reimbursement. They are considered non-current and estimated to be uncollectible.

**All Funds**

The Department uses the Comptroller's offset system when possible to collect old receivable balances.

STATE OF ILLINOIS  
DEPARTMENT OF MILITARY AFFAIRS  
**ANALYSIS OF OPERATIONS**  
For the Two Years Ended June 30, 2008

**DEPARTMENT FUNCTIONS AND PLANNING PROGRAM**

Department Functions

The Illinois Department of Military Affairs (Department), a part of the executive branch of State government, acts as the channel of communication between the federal government and the State of Illinois on all matters pertaining to the State Military. The Military Code of Illinois (20 ILCS 1805 et seq.) establishes the powers and duties of the Department and the Adjutant General.

The Department is comprised of the Illinois Army National Guard and the Illinois Air National Guard. The Illinois Army and Air National Guard have a combined authorized strength of 13,100 members (10,000 comprising the Illinois Army National Guard and 3,100 in the Illinois Air National Guard). The National Guard (Guard) is responsible for carrying out a dual mission, federal and State. The Guard's federal mission includes maintaining properly trained and equipped units available for prompt mobilization for war or as otherwise needed. The State mission of the Guard is to provide trained and disciplined forces for domestic emergencies or as otherwise required by State law. The Army National Guard maintains 53 armories (two of which are leased, one federally owned, and 50 State-owned), one State Headquarters facility, two outdoor weapons ranges, three training areas, and 43 vehicle storage/maintenance buildings in 49 communities throughout the State. The Air National Guard maintains large flying bases at two major civilian airports and one on an active U.S. Air Force Base.

The position of Adjutant General is appointed by the Governor as the head officer of the Department. Major General William L. Enyart was appointed as the 37<sup>th</sup> Adjutant General on September 8, 2007. The Adjutant General reports directly to the Governor, who acts as the Commander-in-Chief of the military forces of the State of Illinois. The Adjutant General has a statutory responsibility to carry out the policies of the Governor, issuing orders in his name, and serving as his advisor on all matters relating to the Illinois National Guard. Also, the Adjutant General is responsible for planning, developing, and executing plans and programs that relate to organization, training, equipment, and mobilization of the Illinois National Guard for State emergencies and national defense. In addition, all military property, equipment and installations of the Illinois National Guard are under his jurisdiction.

Per statute, "the Adjutant General shall have charge of and carefully preserve the colors, flags, guidons, and military trophies of war belonging to the State (20 ILCS 1805/25)."

The Department also organizes and operates the community-related program Lincoln's Challenge, with the assistance of federal funding in Rantoul, Illinois. Lincoln's Challenge is a 17-month program designed for at-risk youth ages 16 through 18. The program is a two-phase (resident and post-resident) program that focuses on eight core objectives: academic excellence; job skills; physical fitness; leadership and followership; health, sex education, and nutrition; life coping skills; responsible citizenship; and community service.

STATE OF ILLINOIS  
DEPARTMENT OF MILITARY AFFAIRS  
**ANALYSIS OF OPERATIONS**  
For the Two Years Ended June 30, 2008

The Department also has “the power to make grants from the Illinois Military Family Relief Fund, a special fund created in the State treasury, to families of persons who are members of the Illinois National Guard or Illinois residents who are members of the reserves of the armed forces of the United States and who have been called to active duty as a result of the September 11, 2001 terrorist attacks.” (20 ILCS 1805/22-9) The Department has established eligibility criteria that are used to award the grants.

Department Planning Program

Most of the plans that are implemented by the Department are a joint effort between federal and State resources and generally reflect mutual goals and efforts. The Army National Guard and the Air National Guard units of the Illinois National Guard have separate federal strategic and long-range plans that support the planning process within the Department. Some of the areas addressed in the federal strategic plan includes strength management, professional and technical expertise, quality assurance/assistance, personnel programs, and state emergency response. At the end of each fiscal year, the Facilities Division produces the Capital Budget Request that summarizes the conditions of facilities/equipment and suggests corrective actions for improvement. The Capital Budget Request is tied into the budgeting process for the following fiscal year.

STATE OF ILLINOIS  
DEPARTMENT OF MILITARY AFFAIRS  
**AVERAGE NUMBER OF EMPLOYEES**  
For the Fiscal Years Ended June 30,

The following table, prepared from Agency records, presents the average number of employees, by function, for the Fiscal Years ended June 30,

<u>Division</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Office of the Adjutant General	21	19	23
Facilities	<u>205</u>	<u>222</u>	<u>217</u>
Total, Average Full-Time Employees:	<u><u>226</u></u>	<u><u>241</u></u>	<u><u>240</u></u>

STATE OF ILLINOIS  
DEPARTMENT OF MILITARY AFFAIRS  
**EMERGENCY PURCHASES**  
For the Two Years Ended June 30, 2008

The Department did not report any emergency purchases to the Auditor General during Fiscal Years 2007 and 2008.



STATE OF ILLINOIS  
DEPARTMENT OF MILITARY AFFAIRS  
**SERVICE EFFORTS AND ACCOMPLISHMENTS**  
For the Two Years Ended June 30, 2008  
(Not Examined)

**Adjutant General's Office**

Mission Statement: To manage the daily operations of the Illinois National Guard (ILNG), be the official channel of communication between the federal government and State regarding military matters, maintain military personnel records, active duty reports, preserve historical military artifacts, and provide military funeral honors.

Program Goals:

- To provide timely and accurate responses and services.
- To provide services in the most cost effective manner possible.

Funds: General Revenue Fund, Military Affairs Trust Fund

	2008	2007	2006
<u>Input indicators:</u>			
Total Expenditures – all sources (in thousands)	\$1,716	\$1,959	\$1,984
Total Expenditures – State appropriated funds (in thousands)	\$1,716	\$1,959	\$1,984
Average monthly full time equivalents	21	23	23
GRF Appropriations (in dollars)	\$1,742,205	\$2,027,300	\$1,618,300
Other Funds Appropriation (in dollars)	\$1,432,000	\$1,432,000	\$1,461,200
<u>Output Indicators:</u>			
GRF Expenditures (in dollars)	\$1,578,232	\$1,820,407	\$1,544,391
Other Funds Expenditures (in dollars)	\$137,265	\$138,556	\$439,148
<u>Efficiency/Cost-Effectiveness</u>			
% of GRF Appropriation Expended	90.6%	90%	95%
% of Other Funds Appropriation Expended	9.6%	10%	30%

STATE OF ILLINOIS  
DEPARTMENT OF MILITARY AFFAIRS  
**SERVICE EFFORTS AND ACCOMPLISHMENTS**  
For the Two Years Ended June 30, 2008  
(Not Examined)

**Facilities**

Mission Statement: Operate and maintain 53 armories, one state headquarters facility, two outdoor weapons ranges, three training areas, and 43 vehicle storage/maintenance buildings in 47 communities. Three large flying bases are also maintained.

Program Goals:

- To provide sufficient facilities to enable the ILNG to be trained and equipped for federal and State missions.
- To provide sufficient facilities in a cost effective manner for the ILNG to maintain readiness for federal and State missions.

Funds: General Revenue Fund, Federal Support Agreement Revolving Fund, Illinois National Guard Armory Construction Fund

	2008	2007	2006
<u>Input indicators:</u>			
Total Expenditures – all sources (in thousands)	\$24,325	\$21,183	\$18,007
Total Expenditures – State appropriated funds (in thousands)	\$24,325	\$21,183	\$18,007
Average monthly full time equivalents	205	221	208
<u>Output Indicators:</u>			
Number of Drill weekends held for ILNG personnel	12	12	12
<u>Outcome Indicators:</u>			
Number of Facilities Supported	105	105	105
<u>Efficiency/Cost-Effectiveness</u>			
Average cost per facility (in dollars)	\$231,667	\$201,745	\$171,494

STATE OF ILLINOIS  
DEPARTMENT OF MILITARY AFFAIRS  
**SERVICE EFFORTS AND ACCOMPLISHMENTS**  
For the Two Years Ended June 30, 2008  
(Not Examined)

**Illinois Military Family Relief Fund**

Mission Statement: Provide grants to single persons and families of persons who are members of the Illinois National Guard or Illinois residents who are members of the armed forces of the United States and who have been called to active duty as a result of September 11, 2001 terrorist attacks.

Program Goals:

- To provide grants to eligible military families.
- To provide a minimum grant of \$500 to eligible military families

Funds: Illinois Military Family Relief Fund

	2008	2007	2006
<u>Input indicators:</u>			
Total Expenditures – all sources (in thousands)	\$994	\$906	\$838
Total Expenditures – State appropriated funds (in thousands)	\$994	\$906	\$838
<u>Output Indicators:</u>			
Number of grants	1,987	1,630	1,413
<u>Efficiency/Cost-Effectiveness</u>			
Average grant amount (in dollars)	\$500	\$556	\$593

STATE OF ILLINOIS  
DEPARTMENT OF MILITARY AFFAIRS  
**SERVICE EFFORTS AND ACCOMPLISHMENTS**  
For the Two Years Ended June 30, 2008  
(Not Examined)

**Lincoln's Challenge Academy**

Mission Statement: To provide residential youth corps program to help high school dropouts earn their General Education Development (GED) certificate, improve their life coping skills, and increase employability.

Program Goals:

- To prepare Lincoln's Challenge Academy attendees for success in real world situations.
- To insure 65% of the Lincoln's Challenge students obtain a GED certificate during the program.
- To provide 100% of the graduates with mentors who will evaluate the graduates' status one year after graduation.

Funds: General Revenue Fund, Federal Support Agreement Revolving Fund

	2008	2007	2006
<u>Input indicators:</u>			
Total Expenditures – all sources (in thousands)	\$7,190	\$7,479	\$7,606
Total Expenditures – State appropriated funds (in thousands)	\$7,190	\$7,479	\$7,606
<u>Output Indicators:</u>			
Number of graduates	691	606	663
<u>Outcome Indicators:</u>			
Number of graduates with GED	435	400	440
Number of graduates assigned a mentor	691	606	649
<u>Efficiency/Cost-Effectiveness</u>			
Average cost per graduate (in dollars)	\$10,405	\$12,342	\$11,473
Percentage of graduates with GED	63%	66%	66%
Percentage of graduates assigned a mentor	100%	100%	98%