



STATE OF ILLINOIS
**OFFICE OF THE
AUDITOR GENERAL**

William G. Holland, Auditor General

SUMMARY REPORT DIGEST

DEPARTMENT OF MILITARY AFFAIRS

**COMPLIANCE EXAMINATION
For the Two Years Ended: June 30, 2010**

Release Date: June 28, 2011

Summary of Findings:

Total this audit:	4
Total last audit:	4
Repeated from last audit:	1

SYNOPSIS

- The Department did not adequately update its property records in a timely manner or maintain proper documentation for property
- The Department did not have adequate controls over contract agreements.

{Expenditures and Activity Measures are summarized on the reverse page.}

**DEPARTMENT OF MILITARY AFFAIRS
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2010**

EXPENDITURE STATISTICS	2010	2009	2008
Total Expenditures	\$ 39,103,401	\$ 40,720,616	\$ 34,223,797
OPERATIONS TOTAL.....	\$ 35,159,025	\$ 37,260,943	\$ 32,763,447
% of Total Expenditures.....	89.9%	91.5%	95.7%
Personal Services.....	6,087,968	6,212,997	5,500,192
Other Payroll Costs (FICA, Retirement).....	447,998	1,785,535	1,332,308
All Other Operating Expenditures.....	28,623,059	29,262,411	25,930,947
AWARDS AND GRANTS.....	\$ 3,799,526	\$ 3,457,323	\$ 1,418,778
% of Total Expenditures.....	9.7%	8.5%	4.2%
PERMANENT IMPROVEMENTS.....	\$ 144,850	\$ 2,350	\$ 41,572
% of Total Expenditures.....	0.4%	0.0%	0.1%
Total Receipts	\$ 21,933,847	\$ 22,500,108	\$ 19,678,925
Average Number of Employees	233	229	226

SELECTED ACTIVITY MEASURES (Not Examined)	2010	2009	2008
Adjutant General's Office- % of GRF Approp. Expended	96.1%	94.8%	90.6%
Facilities- Average cost per facility	\$ 236,492	\$ 226,505	\$ 231,667
Illinois Military Family Relief Fund- No. of grants	3,358	6,616	1,987
Lincoln's Challenge Academy- Avg. Cost/graduate	\$ 14,429	\$ 13,705	\$ 10,405

AGENCY DIRECTOR	
During Examination Period:	Major General William L. Enyart
Currently:	Major General William L. Enyart

**FINDINGS, CONCLUSIONS, AND
RECOMMENDATIONS**

**INADEQUATE CONTROLS OVER STATE
PROPERTY**

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

Failure to record equipment additions and deletions on the property listing in a timely manner

- Thirteen of 25 (52%) equipment additions tested, totaling \$60,481, were not timely added to the Department's Property Listing. These items were recorded between 1 and 311 days late.
- Eight of 25 (32%) equipment deletions tested, totaling \$3,899, were not timely deleted from the Property Listing. These items were deleted between 19 and 507 days late.
- Two of 25 (10%) equipment deletions tested had improper deletion amounts and descriptions on the "Request for Deletion from Inventory" forms.

Improper deletion amounts and descriptions on request forms

Property items could not be located

- Five of 50 (10%) property items tested, totaling \$3,930, were included on the Property Listing, but could not be physically located. Three of 50 (6%) property items tested, totaling \$4,233, were not located at the location specified on the Property Listing. (Finding 1, pages 9-10) **This finding was first reported in 2004.**

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

Department agrees with auditors

Department officials agreed and stated they will continue to review procedures and processes to ensure that all property under its jurisdiction is properly recorded and maintained. (For the previous Department response, see Digest footnote #1)

INADEQUATE CONTROLS OVER CONTRACTS

The Department did not have adequate controls over contract agreements. We noted the following:

Failure to sign agreements prior to the beginning of the contract term

- Two of 6 (33%) interagency agreements tested, totaling \$65,074, were not signed by the appropriate parties and agreed to in a timely manner. They were signed 29 and 30 days after the beginning of the contract term.
- Five of 19 (26%) armory rental contracts tested, totaling \$8,172, were not signed prior to the beginning of services. They were signed 5 to 143 days after the beginning of the contract term.
- Two of 25 (8%) contractual agreements tested, totaling \$34,809, were not reduced to writing and signed by all parties prior to the beginning of the contract terms. They were signed 29 and 54 days after the beginning of the contract term. (Finding 2, pages 11-12)

We recommended the Department implement internal controls to ensure that contracts are signed and contain all required paperwork prior to the beginning of services.

Department agrees with auditors

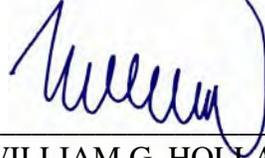
Department officials agreed and stated they will review current processes and internal controls to ensure that contracts are signed and contain all required paperwork prior to the beginning of services. The requirement for contract execution prior to use will be reiterated.

OTHER FINDINGS

The remaining findings pertain to: 1) non-compliance with Military Code of Illinois, and 2) voucher processing weakness. We will follow up on these findings during our next examination of the Department.

AUDITOR'S OPINION

We conducted a compliance examination of the Department as required by the Illinois State Auditing Act. We have not audited any financial statements of the Department for the purpose of expressing an opinion because the Department does not, nor is it required to, prepare financial statements.



WILLIAM G. HOLLAND
Auditor General

WGH:GR:cmb

AUDITORS ASSIGNED

This examination was performed by the staff of the Office of the Auditor General.

DIGEST FOOTNOTES

#1 – PROPERTY CONTROL WEAKNESSES – Previous Department Response

The Department agreed with this finding. The Department will review our current processes for ways to improve them to ensure compliance with applicable rules.