

**STATE OF ILLINOIS
DEPARTMENT OF MILITARY AFFAIRS**

COMPLIANCE EXAMINATION

For the Two Years Ended June 30, 2018

STATE OF ILLINOIS
DEPARTMENT OF MILITARY AFFAIRS
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2018

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AGENCY OFFICIALS

Adjutant General	Brigadier General Richard R. Neely (02/08/2019- Present) Major General Richard Hayes, Jr. (06/08/2015- 02/07/2019)
Assistant Adjutant General - Air	Brigadier General Peter Nezamis (01/28/2019- Present) Major General Ronald Paul (12/04/2015- 01/27/2019)
Assistant Adjutant General - Army	Major General Michael Zerbonia
Military Executive – Chief of Staff	Colonel (Ret.) James Smith
Chief Fiscal Officer	Elena Goutsalenko
Military Judge Advocate	Colonel (Ret.) Robert Roth

Agency office is located at:

Camp Lincoln
1301 N. MacArthur Boulevard
Springfield, Illinois 62702



MANAGEMENT ASSERTION LETTER

February 24, 2020

The Honorable Frank J. Mautino
Auditor General
State of Illinois
740 East Ash Street
Springfield, Illinois 62703-3154

Dear Auditor General Mautino:

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 specified requirements during the two-year period ended June 30, 2019. Based on this evaluation, we assert that during the years ended June 30, 2018, and June 30, 2019, the Department has materially complied with the specified requirements listed 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.

Sincerely,

Illinois Department of Military Affairs

SIGNED ORIGINAL ON FILE

Richard R. Neely
Brigadier General, ANG
The Adjutant General

SIGNED ORIGINAL ON FILE

Elena Goutsalenko
Chief Fiscal Officer

SIGNED ORIGINAL ON FILE

Robert Roth
General Counsel

**STATE OF ILLINOIS
DEPARTMENT OF MILITARY AFFAIRS
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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.

ACCOUNTANT’S REPORT

The Independent Accountant’s Report on State Compliance, on Internal Control Over Compliance, and on Supplementary Information for State Compliance Purposes does not contain scope limitations or disclaimers, but does contain a modified opinion on compliance and identifies material weaknesses in internal control over compliance.

SUMMARY OF FINDINGS

<u>Number of</u>	<u>Current</u> <u>Report</u>	<u>Prior</u> <u>Report</u>
Findings	16	11
Repeated findings	8	8
Prior recommendations implemented or not repeated	3	3

SCHEDULE OF FINDINGS

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
FINDINGS (STATE COMPLIANCE)			
2018-001	11	Property Control Weaknesses	Material Weakness and Material Noncompliance
2018-002	15	Noncompliance with the Fiscal Control and Internal Auditing Act	Material Weakness and Material Noncompliance
2018-003	17	Lack of Documentation for Testing	Material Weakness and Material Noncompliance
2018-004	19	Inadequate Internal Control over Commodities	Material Weakness and Material Noncompliance

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2018-005	21	Inadequate Controls over Monthly Reconciliations	Material Weakness and Material Noncompliance
2018-006	23	Inadequate Controls over Receipts and Refunds	Significant Deficiency and Noncompliance
2018-007	26	Lack of Documentation for Lincoln's Challenge Cadets	Significant Deficiency and Noncompliance
2018-008	28	Inadequate Controls over Agency Fee Imposition Reports	Significant Deficiency and Noncompliance
2018-009	30	Failure to File Required Reports	Significant Deficiency and Noncompliance
2018-010	32	Failure to Develop a Formal Fraud Risk Assessment Program	Significant Deficiency and Noncompliance
2018-011	33	Inadequate Control over Contractual Services	Significant Deficiency and Noncompliance
2018-012	35	Inadequate Control over Employee Records	Significant Deficiency and Noncompliance
2018-013	37	Inadequate Controls over Payroll Vouchers	Significant Deficiency and Noncompliance
2018-014	38	Failure to Submit Required Reports	Significant Deficiency and Noncompliance
2018-015	39	Inadequate Controls over Permanent Improvements	Significant Deficiency and Noncompliance
2018-016	41	Inadequate Controls over Voucher Processing	Significant Deficiency and Noncompliance

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PRIOR FINDINGS NOT REPEATED (STATE COMPLIANCE)

A	44	Unable to Provide Adequate Records Substantiating Agreements
B	44	Inaccurate Financial Information Reported to the State Comptroller
C	44	Noncompliance with Vehicle Requirements

EXIT CONFERENCE

The findings and recommendations appearing in this report were discussed with Department personnel at an exit conference on February 13, 2020. Attending were:

Department of Military Affairs

James Smith, Chief of Staff
Anthony Boster, State Personnel
Kathy Silveus, State Personnel
Michael Runkles, Deputy Fiscal Officer
Elena Goutsalenko, Chief Fiscal Officer
Alicia Collins, Chief Internal Auditor
Megan Lindholm, Administrative Assistant

Office of the Auditor General

Stephanie Wildhaber, Audit Manager
Kayla Routh, Staff Auditor
Joseph Parochetti, Staff Auditor

The responses to the recommendations were provided by Alicia Collins, Chief Internal Auditor in correspondence dated February 24, 2020.

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OFFICE OF THE AUDITOR GENERAL
FRANK J. MAUTINO

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

Honorable Frank J. Mautino
Auditor General
State of Illinois

Compliance

We have examined the State of Illinois, Department of Military Affairs' 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, 2018. 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.

Our examination was conducted 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 (the Audit Guide). Those standards, the Act and the Audit Guide require that we plan and perform the examination to obtain reasonable assurance about whether the State of Illinois, Department of Military Affairs complied, in all material respects, with the specified requirements listed above. An examination involves performing procedures to obtain evidence about whether the State of Illinois, Department of Military Affairs complied with the specified requirements listed above. The nature, timing, and extent of the procedures selected depend on our judgement, including an assessment of the risks of material noncompliance, whether due to fraud or error.

We believe that the evidence we obtained is sufficient and appropriate to provide 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.

Our examination disclosed the following material noncompliance with the compliance requirement listed in the first paragraph of this report during the two years ended June 30, 2018. As described in items 2018-001 through 2018-005 in the accompanying schedule of findings, the State of Illinois, Department of Military Affairs did not comply with requirements regarding 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 material noncompliance described in the preceding paragraph, the State of Illinois, Department of Military Affairs complied, in all material respects, with the compliance requirements listed in the first paragraph of this report during the two years ended June 30, 2018. However, the results of our procedures disclosed other instances of noncompliance with the requirements, 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 items 2018-006 through 2018-016.

The State of Illinois, Department of Military Affairs' responses to the findings identified in our examination are described in the accompanying schedule of findings. The State of Illinois, Department of Military Affairs' responses were not subjected to the procedures applied in the compliance examination and, accordingly, we express no opinion on the responses.

The purpose of this report on compliance is solely to describe the scope of our testing and the results of that testing in accordance with the requirements of the Audit Guide issued by the Illinois Office of the Auditor General. Accordingly, this report is not suitable for any other purpose.

Internal Control

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 to determine the examination procedures that are appropriate in the circumstances 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 was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with the requirements listed in the first paragraph of this report on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a requirement listed in the first paragraph of this report will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings as items 2018-001 through 2018-005 to be material weaknesses.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance, as described in the accompanying schedule of findings as items 2018-006 through 2018-016 to be significant deficiencies.

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' responses to the internal control findings identified in our examination are described in the accompanying schedule of findings. The State

of Illinois, Department of Military Affairs' responses were not subjected to the procedures applied in the compliance examination and, accordingly, we express no opinion on the responses.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Audit Guide, issued by the Illinois Office of the Auditor General. Accordingly, this report is not suitable for any other purpose.

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 for the years ended June 30, 2018, and June 30, 2017, in Schedules 1 through 6 and the Analysis of Operations Section 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 June 30, 2018, and June 30, 2017, accompanying supplementary information in Schedules 1 through 6. However, we do not express an opinion on the accompanying supplementary information.

As reported in Finding 2018-001, we were not able to determine whether the State of Illinois, Department of Military Affairs' property records at June 30, 2018, and June 30, 2017, were complete and appropriately reported. Therefore, we were unable to conclude whether the Schedule of Changes in State Property on Schedule 5 was complete. In addition, as reported in Finding 2018-005, we were not able to determine whether the State of Illinois, Department of Military Affairs' expenditure records at June 30, 2018, and June 30, 2017, were complete and appropriately reported. Therefore, we were unable to conclude whether the Schedule of Appropriations, Expenditures, and Lapsed Balances on Schedules 1 and 2 and the Comparative Schedule of Appropriations, Expenditures, and Lapsed Balances on Schedule 3 were complete.

We have not applied procedures to the June 30, 2016, accompanying supplementary information in Schedules 3 through 6 and in the Analysis of Operations Section, and accordingly, we do not express an opinion or provide any assurance on it.

SIGNED ORIGINAL ON FILE

JANE CLARK, CPA
Director of Financial and Compliance Audits

Springfield, Illinois
February 24, 2020

STATE OF ILLINOIS
DEPARTMENT OF MILITARY AFFAIRS
SCHEDULE OF FINDINGS
For the Two Years Ended June 30, 2018

2018-001. **FINDING** (Property Control Weaknesses)

The Department of Military Affairs (Department) did not maintain sufficient controls over its property and related fiscal records.

During testing, we noted the Department did not maintain detailed supporting documentation for its quarterly Agency Report of State Property (Form C-15) filed with the Office of the State Comptroller (Comptroller). As of June 30, 2017 and 2018, the Department reported total property of \$363 million and \$413 million, respectively. Due to the lack of detailed documentation, the following compliance examination procedures could not be performed:

- Annual addition and deletion reports provided by the Department in response to audit requests could not be agreed to activity reported in the quarterly Form C-15 Reports submitted to the Comptroller.

The State Property Control Act (30 ILCS 605/4) requires the Department to be accountable for the supervision, control, and inventory of all property under its jurisdiction and control. In addition, the State Records Act (5 ILCS 160/9) requires agencies to establish and maintain a program for agency records management, which would include effective controls over maintenance of records.

- Property additions during the examination period could not be reconciled to the Comptroller's records reflected on the Object Expense/Expenditures by Quarter Report (SA02).

The Statewide Accounting Management System (SAMS) (Procedure 07.30.20) states that the effectiveness of any accounting and financial information system is very much dependent on the accuracy of data submitted and the confidence of its users that the system handles that data properly. The SAMS (Procedure 07.30.20) also states that agencies must reconcile their records to the SAMS system on a monthly basis, and this reconciliation must be completed within 60 days of the month end.

Due to these conditions, the accountants were unable to conclude whether the Department's population records were sufficiently precise and detailed under the Attestation Standards promulgated by the American Institute of Certified Public Accountants (AT-C § 205.35) to test the Department's equipment. In addition, due to these limitations the accountants were unable to conclude the Department's Schedule of Changes in State Property on page 57 was complete and appropriately reported.

STATE OF ILLINOIS
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Even given the population limitations noted above which hindered the ability of the accountants to conclude whether selected samples were representative of the population as a whole, the accountants performed the following tests:

Controls over State Property and Equipment

- Eight of eight (100%) C-15 Reports were not submitted timely. The reports were submitted between 2 and 297 days late.

The SAMS (Procedure 29.20.10) states the C-15 Report is to be filed on a quarterly basis and should be submitted to the Comptroller no later than the last day of the month following the last day of the quarter.

- Thirty-eight of 44 (86%) equipment additions tested, totaling \$245,293, were added to the Department's property listing records between 31 and 595 days late.
- For 9 of 44 (20%) equipment additions tested, totaling \$33,273, the Department failed to maintain the invoice along with the vouchers; therefore, auditors were unable to determine if items were added timely or recorded on the property listing at the correct value.
- Eighteen of 60 (30%) equipment deletions tested, totaling \$33,338, were removed from the Department's property listing records between 14 and 42 days late.
- During floor to list testing, 2 of 60 (3%) items, totaling \$1,155, were located in a different location than indicated on the Department's property listing.

The SAMS (Procedure 29.10.10) requires agencies to maintain current property records, including the cost, acquisition date, location, description of asset, date of disposition, and authorization of disposition. Additionally, at the time, the Illinois Administrative Code (44 Ill. Admin. Code 5010.400) requires the Department adjust property records within 30 days of the acquisition or deletion of equipment items.

- Two of 44 (5%) equipment additions tested, totaling \$13,507, did not add the freight and installation charges of \$283 to the value of the assets.
- For 4 of 44 (9%) equipment additions tested, totaling \$1,904, the amount recorded on the property listing did not agree with the cost of the item per the invoice. The combined difference totaled \$506.

The SAMS (Procedure 03.30.20) states that the basic cost of equipment is determined by all of the costs necessary to acquire the asset and place it into

STATE OF ILLINOIS
DEPARTMENT OF MILITARY AFFAIRS
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service. Included in the cost of equipment in addition to the net invoice cost are freight charges and installation costs.

- For 1 of 60 (2%) equipment items, totaling \$3,590, auditors could not locate a tag on the equipment item as indicated on the Department's equipment listing.

At the time, the Illinois Administrative Code (Code) (44 Ill. Admin. Code 5010.210) required the Department to mark equipment items with a value of \$500 or more and equipment that is subject to theft with a value less than \$500 with a unique identification number to be assigned by the agency holding the property. Effective May 3, 2019, the Code (44 Ill. Admin. Code 5010.210) requires the Department mark equipment items with a net value after depreciation of more than \$1,000 and all items subject to theft with a unique identification number.

- The Department did not correctly file its annual inventory certifications with the Department of Central Management Services (CMS). The Department did not include a detailed listing of equipment items over \$500 or subject to theft with its annual inventory certifications during the examination period. As a result, auditors were unable to trace equipment items selected for testing to the reports.

The Code (44 Ill. Admin. Code 5010.460(c)) requires the Department to provide an annual listing of all equipment items with an acquisition value of \$500 or more and equipment subject to theft with an acquisition value of less than \$500. Effective May 3, 2019, the Code (44 Ill. Admin. Code 5010.460(c)) requires the Department report items with a net value after depreciation of more than \$1,000 and all items subject to theft. Further, the Code (44 Ill. Admin. Code 5010.460(f)) requires the Adjutant General, or his designee, to complete and sign both the "Certification of Inventory" and "Discrepancy Report" and forward the report with the complete inventory listing to the CMS Property Control Division.

- The Department did not submit its annual inventory certifications to CMS on a timely basis. The Fiscal Year 2017 and Fiscal Year 2018 certifications were filed 90 and 65 days late, respectively.

The State Property Control Act (30 ILCS 605/6.02) requires inventory certification be submitted to CMS on an annual basis.

Historical Artifacts

- During list to floor testing, we noted 2 of 25 (8%) historical artifacts were listed as being in Building 41, which has been nonexistent for several years. Upon further review of the historical artifacts listing, we noted many other artifacts were listed as being located in Building 41.

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The Military Code of Illinois (20 ILCS 1805/25) requires the Adjutant General to have charge of and carefully preserve the colors, flags, guidons, and military trophies of war belonging to the State. Good internal controls over historical artifacts include maintaining accurate records of the location of items with historical and cultural value.

- The Department was unable to provide documentation showing the Adjutant General filed the Artifact Loan Report to the Office of the Governor prior to September 1, 2016, and September 1, 2017.

The Military Code of Illinois (20 ILCS 1805/25) requires the Adjutant General to file an annual report with the Governor by September 1 listing each item loaned during previous fiscal years, the terms and conditions of each loan, and the federal or State governmental office or recognized museum to which each item has been loaned.

Department personnel indicated contributing factors for the issues noted were the result of manpower deficiencies, staff not knowing correct procedures, lack of communication between Department personnel, and omission errors. Department personnel indicated these to be the cause during the previous examination as well.

Failure to maintain accurate property and equipment records and file reports represents noncompliance with State laws and regulations and increases the potential for fraud and theft of State property. (Finding Code No. 2018-001, 2016-001, 2014-001, 12-2, 10-1, 08-2, 06-2, 04-3)

RECOMMENDATION

We recommend the Department take actions to strengthen its internal controls over recording and reporting its State property and equipment transactions. Further, the Department should implement a corrective action plan to complete a full inventory to identify and correct its accumulated property and equipment errors.

DEPARTMENT RESPONSE

The Department agrees with the finding.

STATE OF ILLINOIS
DEPARTMENT OF MILITARY AFFAIRS
SCHEDULE OF FINDINGS
For the Two Years Ended June 30, 2018

2018-002. **FINDING** (Noncompliance with the Fiscal Control and Internal Auditing Act)

The Department of Military Affairs (Department) did not comply with the Fiscal Control and Internal Auditing Act (Act).

During testing, we noted the following:

- The Department did not have a full-time program of internal auditing and the Adjutant General did not appoint a Chief Internal Auditor at the Department during the examination period. In addition, the Department did not prepare a written internal audit report during the examination period.

The Act (30 ILCS 10/2001(a)) requires the Department maintain a full-time program of internal auditing. To accomplish this program, the Act (30 ILCS 10/2002) requires the Adjutant General appoint a Chief Internal Auditor who does not perform operational functions to a five-year term. Further, the Act (30 ILCS 10/2003(a)) requires the full-time program of internal auditing include:

- 1) a two-year internal audit plan designed to audit major systems of internal accounting and administrative controls on a periodic basis, including tests of the Department's obligation, expenditure, receipt, and use of public funds of the State and of funds held in trust to determine whether those activities are in accordance with applicable laws and regulations and the Department's grants received or made to determine that the grants are monitored, administered, and accounted for in accordance with applicable laws and regulations;
- 2) reviews of major new electronic data processing systems and any major modifications of those systems before their installation to ensure the systems provide for adequate audit trails and accountability; and,
- 3) special audits of the Department as directed by the Adjutant General.

Finally, after the conclusion of each fiscal year, the Act (30 ILCS 10/2003(a)(1)) requires the Chief Internal Auditor submit a written report by September 30 to the Adjutant General detailing how the audit plan for that year was carried out, the significant findings, and the extent to which recommended changes were implemented.

During the previous examination, Department personnel indicated the problems were due to lack of a qualified staff person. During the current examination, Department management attempted to fulfill the statutory requirements by having an internal auditor from another State agency work 50% of their time for the Department and perform the duties required for both agencies. Later, it was determined this could not work and the Department was left without any internal audit function.

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- The Department failed to provide a statement of compliance or noncompliance in its Fiscal Year 2018 FCIAA Certification.

The Statewide Accounting Management System (SAMS) (Procedure 02.50.30) requires the FCIAA certification letter consist of, at a minimum, five basic elements, including a statement of compliance or noncompliance. Additionally, the Act (30 ILCS 10/3003) requires the Department to transmit to the Auditor General a certification that the systems of internal fiscal and administrative controls of the Department fully comply with the requirements of the Act or the systems of internal fiscal and administrative controls of the Department do not fully comply with the requirements of the Act.

- The Department failed to provide a summary of material weaknesses or a corrective plan in its Fiscal Year 2018 FCIAA Certification.

The Act (30 ILCS 10/3003) requires the certification include a report describing any material weaknesses in the systems of internal fiscal and administrative controls and the plans and schedule for correcting the weaknesses, or a statement of the reasons why the weaknesses cannot be corrected.

Department personnel indicated the issues noted were due to employee oversight and error.

Failure to establish a full-time internal audit program, including appointing a Chief Internal Auditor, and not conducting internal audits of major systems of internal accounting and administrative control, constitutes noncompliance with the Act and exposes the Department to significant risks. In addition, failure to properly complete the Fiscal Control and Internal Audit Certificate Certification constitutes noncompliance with the Act and exposes the Department to significant risks. (Finding Code No. 2018-002, 2016-002, 2014-004, 12-1)

RECOMMENDATION

We recommend the Department establish a full-time internal audit program with a duly appointed Chief Internal Auditor in accordance with the provisions of the Act. We also recommend the Department take appropriate action to complete the Fiscal Control and Internal Audit Certification in accordance with the provisions of the Act.

DEPARTMENT RESPONSE

The Department agrees with the finding.

STATE OF ILLINOIS
DEPARTMENT OF MILITARY AFFAIRS
SCHEDULE OF FINDINGS
For the Two Years Ended June 30, 2018

2018-003. **FINDING** (Lack of Documentation for Testing)

The Department of Military Affairs (Department) did not provide adequate documentation or support for testing in multiple areas.

During testing, we noted the following:

- Forty of 40 (100%) Federal Reimbursement packages and support were not provided for testing. Therefore, no conclusions could be reached about the Department's federal reimbursement process and compliance with laws, rules, and regulations related to the federal reimbursements.
- For 6 of 30 (20%) employees tested, the Department did not provide support to verify the employees were on the payroll system.
- For 2 of 30 (7%) employees tested, the Department did not provide adequate support for the absence of the employee indicating leave was approved and the type of leave taken.
- The Department failed to provide six (100%) requested contracts selected for testing.
- During permanent improvement expenditure testing, the Department failed to provide documentation of supporting calculations for the SCO-537/538 forms, and therefore, we were unable to test if the Department appropriately recorded the purchase as a building improvement, land improvement, or site improvement.
- During testing of Capital Development Board (CDB) transfers, the Department failed to provide requested documentation for seven (100%) CDB transfers, including documentation to show that the CDB project was properly authorized, that CDB transfers-in were added to the Department's property control records or expensed in the period of the transfer-in, any repair and maintenance charges, and the tag number for each project.

We also requested documentation of the Department's compliance with the PCI Data Security Standards since the Department accepts credit cards for various transactions. However, the Department did not provide documentation. Therefore, we were unable to determine if the Department was in compliance with the PCI Data Security Standards.

The Illinois State Auditing Act (Act) (30 ILCS 5/3-12) requires each State agency to make available to the Auditor General any record or information requested that is within the scope of the audit without delay.

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Department personnel indicated the issues noted were due to competing priorities of staff.

Failure to provide the Auditor General with requested information does not allow the accountants to complete their procedures and provide useful and relevant feedback to the General Assembly and is considered noncompliance with the Act. (Finding Code No. 2018-003)

RECOMMENDATION

We recommend the Department comply with the Act and provide the Auditor General with requested documentation without delay.

DEPARTMENT RESPONSE

The Department agrees that documentation was not provided in the timeframe requested. Audit processes and communication practices are being revised for future audits.

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2018-004. **FINDING** (Inadequate Internal Control over Commodities)

The Department of Military Affairs (Department) did not exercise adequate internal control over its commodities inventories.

During testing, we noted the Department did not establish two parts of the transaction cycle for commodities, including **recordkeeping** by maintaining a record of current items on hand or performing formal inventory counts and **reconciliation** by preparing reconciliations to the State Comptroller's records to verify each transaction's validity, proper authorization, and entry into the Department's accounting records. The Department expended approximately \$662,009 and \$671,910 on commodities during Fiscal Year 2017 and Fiscal Year 2018, respectively, for various items such as small tools, wearing apparel, and janitorial and cleaning supplies.

Due to these conditions, we were unable to conclude the Department's population records were sufficiently precise and detailed under the Attestation Standards promulgated by the American Institute of Certified Public Accountants (AT-C § 205.35) to test the Department's commodities inventories.

The Statewide Accounting Management System (Procedure 02.50.20) requires detailed subsidiary records be maintained for significant categories of inventories, which must periodically be reconciled to control accounts. In addition, the Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Department maintain a system, or systems, of internal fiscal and administrative controls to provide assurance funds, property, and other assets and resources are safeguarded against waste, loss, unauthorized use, and misappropriation and funds applicable to operations are properly recorded and accounted for to permit the preparation of accounts and reliable financial and statistical reports and to maintain accountability over the State's resources. Further, the State Records Act (5 ILCS 160/8) requires the Department's Director make and preserve records containing adequate and proper documentation of the essential transactions of the Department to protect both the legal and financial rights of the State and of persons directly affected by the Department's activities.

Department personnel stated the issues noted were due to not having an inventory control program to track inventory and the ordering of commodities being done by multiple sections. Department personnel determined this to be the cause during the previous examination as well.

During the previous examination, the Department did not segregate the duties within its commodities transactions cycle. One individual was noted to have the authority to perform all parts of the Department's transaction cycle, including custody by maintaining and tracking commodity items and authorization by reviewing and

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approving the purchase of items. During the current examination, the Department properly segregated the duties within its commodities transactions cycle.

Without the Department providing complete and adequate documentation to enable testing, the accountants were unable to complete their procedures and provide useful and relevant feedback to the General Assembly regarding the Department's commodities. (Finding Code No. 2018-004, 2016-003, 2014-010, 12-4)

RECOMMENDATION

We recommend the Department implement procedures to maintain records of its commodities inventory, perform periodic inventory counts, and reconcile its records to the State Comptroller's records.

DEPARTMENT RESPONSE

The Department agrees with the finding.

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2018-005. **FINDING** (Inadequate Controls Over Monthly Reconciliations)

The Department of Military Affairs (Department) did not maintain adequate controls over its monthly appropriation balance reconciliations.

During testing of reconciliations between the records maintained by the Office of the State Comptroller (Comptroller) and the Department's records during the examination period, we noted the following:

- The auditors noted differences of \$1,353,466 and \$3,127,670, respectively between the Department's Fiscal Year 2017 and Fiscal Year 2018 expenditure records and the Comptroller's final Monthly Appropriation Status Report (SB01). The Department could not reconcile these differences.
- The Department failed to perform monthly reconciliations during Fiscal Year 2017 of its expenditure records for Fund 686, Budget Stabilization Fund, to the Comptroller's SB01.
- The Department failed to perform reconciliations of its expenditure records to the Comptroller's SB01 during the September Fiscal Year 2018 lapse period.

The Statewide Accounting Management System (SAMS) (Procedure 07.30.20) states the effectiveness of any accounting and financial information system is very much dependent on the accuracy of data submitted and the confidence of its users that the system handled that data properly. Agency reconciliation is the primary control that ensures these requirements are being satisfied. As such, SAMS (Procedure 11.40.20) establishes processes for a monthly reconciliation of the Comptroller's SB01 reports.

Additionally, the Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Department establish and maintain a system, or systems, of internal fiscal and administrative controls, which shall provide assurance that revenues, expenditures, transfers of assets, resources, and funds applicable to operations are properly recorded and accounted for to permit the preparation of accounts and reliable financial and statistical reports and to maintain accountability over the State's resources.

During the previous examination, Department personnel indicated the errors were due to genuine mistakes and the way payroll expenditures were reflected in the Accounting Information System. During the current examination, Department personnel indicated the issues noted were due to employee oversight and human error.

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Failure to reconcile the Department's records to Comptroller's records represents noncompliance with SAMS and could result in incomplete or inaccurate financial information. (Finding Code No. 2018-005, 2016-009, 2014-006)

RECOMMENDATION

We recommend the Department ensure required reconciliations to the Comptroller's records are performed, reviewed, and any differences are appropriately handled timely.

DEPARTMENT RESPONSE

Department disagrees with the assertion that the SB01 reconciliations for FY17 and FY18 were not reconciled. The SB01 expenditures were reconciled with agency records each month with the vouchers in transit identified which represented the differences between IOC and agencies expenditure totals.

The Department agrees with the finding that Fund 686 was not reconciled to the Comptroller's SB01.

The Department disagrees with the failure to provide reconciliations of expenditure records to the SB01 for September.

ACCOUNTANT'S COMMENT

Accountants noted differences between Department records and Comptroller records that were not reconciled or explained. If reconciliations had been done properly, the differences would have already been identified by the Department and should have been readily available upon the accountants' request. The Department did not provide support these reconciliations had been performed and differences reconciled. In addition, the accountants maintain the Fiscal Year 2018 September lapse period reconciliation was not provided.

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2018-006. **FINDING** (Inadequate Controls over Receipts and Refunds)

The Department of Military Affairs (Department) did not maintain adequate controls over its receipts and refunds.

During testing, we noted the following:

- One of 60 (2%) receipts tested, totaling \$58,205, as well as one of six (17%) refunds tested, totaling \$212, did not include a date stamp. Therefore, timeliness of the deposits could not be determined.

The State Officers and Employees Money Disposition Act (Act) (30 ILCS 230/2(a)) requires each State agency to keep a detailed account of money received showing the date of receipt, the payor, purpose, and amount when receipts are received.

- Two of 60 (3%) deposits chosen by the auditors for testing were not maintained by the Department. Therefore, auditors were unable to test compliance with applicable laws and standards.
- One of 60 (2%) receipts tested resulted in an adjustment, which was not properly updated in the Department's receipt records.
- Six of six (100%) refunds tested, totaling \$5,853, did not contain sufficient support for testing. The refund support lacked corresponding voucher numbers of expenditures being offset, no details if the amount was a current or prior year refund, details for how much and what the refund was for.
- Six of six (100%) refunds tested, totaling \$5,853, were submitted using a Receipt Deposit Transmittal instead of an Expenditure Adjustment Transmittal as required for refunds.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires all State agencies to establish and maintain a system or systems of internal fiscal and administrative controls to provide assurance that revenues are properly recorded and accounted for to permit the preparation of accounts and reliable financial and statistical reports and to maintain accountability over the State's resources. The State Records Act (5 ILCS 160/8) requires the head of each agency to make and preserve records containing adequate and proper documentation of the essential transactions of the agency designed to furnish information to protect the legal and financial rights of the State. Additionally, the Statewide Accounting Management System (SAMS) Manual (Procedure 25.20.20) requires the Department use the Expenditure Adjustment Transmittal form when submitting cash refunds to the Comptroller for ordering of monies back into the State Treasury. Furthermore, the State Comptroller Act (15 ILCS 405/10.14) requires appropriation credit to be provided when any

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warrant, or portion thereof, is returned to the State Treasury as a result of an erroneous or overpayment made from a treasury held fund.

- For one of one (100%) cancelled checks tested, totaling \$1,250, the Department did not maintain any records showing efforts were made to collect on a returned check.

The SAMS (Procedure 26.40.10) requires the Department to maintain complete and accurate records of all collection efforts related to each past due account and recommends debts be reaffirmed with a letter and telephone call during the first 60 days after an account becomes past due.

During the previous examination, Department personnel indicated the errors were due to significant turnover in key personnel and staff error. During the current examination, Department personnel indicated the issues noted were due to employee turnover and staff oversight.

Failure to maintain controls over the receipts and refunds of the Department could lead to misappropriation of State funds, inaccurate reporting of receipts to the State and is considered noncompliance with multiple State statutes. (Finding Code No. 2018-006, 2016-005, 2014-002)

RECOMMENDATION

We recommend the Department retain all receipts and adequate supporting documentation and follow up on the returned check. Further, the Department should implement controls to ensure current year refunds are submitted using an Expenditure Adjustment Transmittal (EAT) in accordance with SAMS (Procedure 25.20.20).

DEPARTMENT RESPONSE

The Department agrees with the finding relative to the lack of a date stamp on one deposit resulting in the inability of the auditors to determine timeliness.

The Department agrees with the finding that it was not communicated effectively when two overlooked deposits were available for testing of compliance with applicable laws and standards.

The Department agrees partially with the finding that 6 of 6 refunds tested did not contain sufficient support for testing and those six were uncorrected submitted using a Receipt Deposit Transmittal. The Department asserts that four of these six items were salary reversals resulting in a refund. These types of transactions differ from typical refunds and have substantially different documentation of the refund

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transaction; however, the Department acknowledges this information was not communicated with the OAG effectively.

ACCOUNTANT'S COMMENT

Accountants maintain the supporting documentation lacked sufficient information needed for testing. The accountants agree different types of refunds will have different support; however, the support provided to the accountants lacked the basic information needed for testing, as noted in the finding.

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2018-007. **FINDING** (Lack of Documentation for Lincoln’s Challenge Cadets)

The Lincoln’s Challenge Academy (LCA) within the Department of Military Affairs’ (Department) did not maintain documentation to support compliance with the National Guard Challenge Program’s Cooperative Agreement (Agreement).

LCA is a youth intervention program designed to improve life coping skills and future employability of high school dropouts between the ages of 16 to 19 through participation in a life skills program based upon a military training model. The program includes a 22-week Pre-challenge/Residential Phase and a 12-month Post-Residential Phase. During the Pre-challenge/Residential Phase, the Challenge curriculum focuses on “eight core” objectives including academics, physical fitness, leadership/followership, responsible citizenship, job skills, community service, health and hygiene, and life-coping skills. Participants, called cadets, also attend academic classes enabling them to complete their General Educational Development (GED) test. Following the Residential Phase, cadets participate in a 12-month Post-Residential Phase, at which time they are matched with mentors. The mentors and Challenge Case Managers assist cadets in becoming productive and active citizens within their respective communities.

During testing at LCA, we noted the following:

- Ten of 60 (17%) Pre-challenge Phase cadet files tested indicated on the Applicant Interview Questionnaire that the applicant used marijuana or another illegal drug within the last 30 days.
- Twenty-one of 60 (35%) Pre-challenge Phase cadet files tested indicated on the Applicant Interview Questionnaire that the cadet marked no or did not answer the question if they were unemployed or underemployed.

The Agreement, Article II, Section 201e requires the Department to ensure cadets be unemployed or underemployed and free from use of illegal drugs or substances.

- Seven of 60 (12%) Pre-challenge Phase cadet files tested had instances where drug tests were not administered within 40 days of starting the program. These drug tests were completed between 24 and 83 days late for four of the seven, and drug tests were not performed at all for three of the seven.

The National Guard Youth ChalleNGe Operational Instruction (Manual) Section 1-16 (b)(1) states required initial drug tests must be conducted within the first 40 days of the Residential Phase.

During the previous examination, Department personnel indicated the errors were due to the current cadet database not having the capabilities to record all the required

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information and old applications being used. During the current examination, Department personnel indicated the issues noted were due to employee oversight and error.

Failure to maintain records to substantiate cadet qualifications and LCA staff reviews of cadets is noncompliance with the Agreement and could result in the Department improperly enrolling cadets who do not meet the standards for enrollment in LCA or advancing ineligible cadets to the next phase of the program. (Finding Code No. 2018-007, 2016-006, 2014-008, 12-5)

RECOMMENDATION

We recommend the Department comply with the Agreement by ensuring cadets meet all required criteria for entry into the LCA program and maintaining documentation to substantiate cadet qualifications and compliance during each phase of the LCA.

DEPARTMENT RESPONSE

The Department agrees with the finding.

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2018-008. **FINDING** (Inadequate Controls over Agency Fee Imposition Reports)

The Department of Military Affairs (Department) Agency Fee Imposition Reports filed with the Office of the Comptroller did not reconcile to Department receipt records.

During testing, we noted the following:

- Receipt amounts reported on the Fiscal Year 2017 and Fiscal Year 2018 Agency Fee Imposition Reports did not agree to the Department's records for the Illinois National Guard Billeting Fund (Fund 0076). The differences totaled \$7,434 and \$3,830 in Fiscal Year 2017 and Fiscal Year 2018, respectively.
- Three of 54 (6%) receipts reported, totaling \$18,195, on the reports for the Illinois National Guard Billeting Fund (Fund 0076) were not recorded in the Department's receipt records or included on the Agency Fee Imposition Report.

The Fiscal Control and Internal Auditing Act (Act) (30 ILCS 10/3001 (4)) requires all State agencies to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance that revenues, expenditures, and transfers of assets, resources, or funds applicable to operations are properly recorded and accounted for to permit the preparation of accounts and reliable financial and statistical reports and to maintain accountability over the State's resources. Additionally, the Statewide Accounting Management System (SAMS) (Procedure 33.16.20) requires the Department submit an annual Agency Fee Imposition Report including all charges by the Department to citizens and private organizations on an annual basis.

Department personnel indicated the issues noted above were due to employee oversight and error.

Failure to properly report and record receipts is considered noncompliance with State statute and reduces the overall reliability of Statewide financial information. (Finding Code No. 2018-008)

RECOMMENDATION

We recommend the Department carefully review their Agency Fee Imposition Reports to ensure all fees collected are accurately reported to the Comptroller.

DEPARTMENT RESPONSE

The Department agrees with the finding stating the Agency Fee Imposition Report reconciliation information was not communicated effectively with the OAG. The

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fees imposed, reportable on the Fee Imposition Report, may be amounts receivable carried over from month to month from liable entities that have not paid the fee imposed. As a result, there would be no receipt to report or reconcile.

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2018-009. **FINDING** (Failure to File Required Reports)

The Department of Military Affairs (Department) did not comply with reporting requirements within the Illinois Administrative Code (Code).

During testing, we noted the following:

- The Department was unable to provide documentation to support the required submission for 24 of 24 (100%) monthly reports from the Adjutant General to the Office of the Governor, Office of the Lieutenant Governor, and the Office of the Comptroller during the examination period. Therefore, auditors were unable to determine if the Department submitted the reports to the appropriate parties or if the reports were submitted in a timely manner.
- The amount of money donated to the Illinois Military Relief Fund (Fund) was not detailed on the monthly report, as required by the Code (95 Ill. Admin. Code 200.90(a)).

The Code (95 Ill. Admin. Code 200.90(a)) requires the Adjutant General to provide the Offices of the Governor, Lieutenant Governor, and Comptroller a monthly report detailing the funds required and processed as well as the amounts disbursed and donated to the fund. Additionally, good internal controls over compliance includes implementing internal fiscal and administrative controls to provide assurance required financial reports are timely prepared and submitted, as required by the Code. Furthermore, the State Records Act (5 ILCS 160/8) requires preservation of records to contain adequate and proper documentation of the Department's transactions to furnish information to protect the legal and financial rights of the State.

During the previous examination, Department personnel indicated the errors were due to personnel not maintaining proof of submission. During the current examination, Department personnel indicated the issues noted were due to human error and employee oversight.

Failure to prepare reports and maintain proper documentation of submission to the Comptroller, Lieutenant Governor, and Governor lessens governmental oversight and accountability and represents noncompliance with the Code. (Finding Code No. 2018-009, 2016-010, 2014-007)

RECOMMENDATION

We recommend the Department update their monthly reports to include the amount donated to the Illinois Military Relief Fund. Further, the Department submit their monthly reports to the appropriate parties.

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DEPARTMENT RESPONSE

Department agrees with the finding to the extent that required reports were not submitted prior to September 2018. However, the required reports were submitted beginning with September 2018 after a change in staff.

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2018-010. **FINDING** (Failure to Develop a Formal Fraud Risk Assessment Program)

The Department of Military Affairs (Department) did not have a formal, adequate fraud risk assessment program in place.

The Department relied on current internal controls and various other informal activities that had been implemented to prevent and detect fraud, but did not have a formal, comprehensive, written fraud risk assessment policy in place.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Department to establish and maintain a system, or systems, of internal fiscal and administrative controls, to provide assurance that funds, property, and other assets and resources are safeguarded against waste, loss, unauthorized use, and misappropriation. Additionally, it is management's responsibility to prevent and detect fraud.

Department personnel indicated a program was not in place due to no formal internal audit function during the examination period.

The Department managed expenditures of \$44 and \$38 million in Fiscal Year 2018 and Fiscal Year 2017, respectively. Without an adequate program to identify and address the specific risks associated with fraud, fraudulent activities may go undetected and could result in misstatements in the Department's financial reporting to the State or misappropriation of Department assets. (Finding Code No. 2018-010, 2016-011)

RECOMMENDATION

We recommend Department management establish a continuous fraud prevention and detection program. We specifically recommend the Department implement a formal, written policy regarding the evaluation of fraud risk and a system of controls to help prevent and detect potential fraudulent activity within its organization. The Department should ensure the fraud program includes evaluating whether appropriate internal controls have been implemented in any areas identified as posing a higher risk of fraudulent activity, as well as controls over the financial reporting process.

DEPARTMENT RESPONSE

The Department agrees with the finding.

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2018-011. **FINDING** (Inadequate Control over Contractual Services)

The Department of Military Affairs (Department) did not maintain adequate controls over its contractual service expenditures.

During testing, we noted the following:

- The Department did not maintain one of four (25%) real property leases chosen for testing by auditors.

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

- The Department's former Assistant Fiscal Officer retained contract signature authority after departure from the Department on July 31, 2016. Signature authority was not revoked until December 7, 2018.

The Statewide Accounting Management System (SAMS) (Procedure 15.20.50) requires contracts to include a signature of an authorized Departmental representative.

- The Department did not perform monthly reconciliations of its contract records to the Agency Contract Report (SC14 Report) or the Obligation Activity Report (SC15 Report) for both Fiscal Year 2017 and Fiscal Year 2018.

The Statewide Accounting Management System Manual (SAMS) (Procedure 15.30.30) requires the Department reconcile the SC14 and SC15 reports to its internal records within 60 days of the month end.

- Two of 20 (10%) BidBuy users had full data entry rights while also having approval rights.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Department to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance that expenditures and funds are properly recorded and accounted for to maintain accountability over the State's resources. In addition, good business practices require an adequate segregation of duties in order to help ensure the safeguarding of assets, prevent improper expenditures, and ensure the accuracy and reliability of accounting data.

Department personnel indicated the above conditions were caused by employee error and oversight. In addition, Department personnel indicated they were in the process

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of establishing the correct reconciliation procedures but did not have it in effect before the end of Fiscal Year 2018.

Failure to maintain adequate controls over contractual expenditures does not provide assurance that expenditures and funds are properly recorded and accounted for to maintain accountability over the Department's resources. Failure to revoke signature authority and the lack of an adequate segregation of duties increases the likelihood that a loss from errors or irregularities could exist and not be found in the normal course of employees carrying out their assigned duties. Lastly, failure to timely perform accurate reconciliations between records of the Department and the Comptroller's Office reduces the overall reliability of Statewide financial information. (Finding Code No. 2018-011)

RECOMMENDATION

We recommend the Department ensure documentation is properly maintained and filed. In addition, we recommend segregation of duties is maintained and rights are removed when an employee no longer works for the Department. Lastly, we also recommend the Department reconcile its contract records to the Comptroller's records on a monthly basis.

DEPARTMENT RESPONSE

The Department agrees with the finding.

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2018-012. **FINDING** (Inadequate Control over Employee Records)

The Department of Military Affairs (Department) did not maintain adequate controls over employee records.

During testing, we noted the following:

- One of 25 (4%) employees tested did not have a documented performance evaluation during the examination period.

The Illinois Administrative Code (Code) (80 Ill. Admin. Code 302.270(d)) requires the Department perform employee performance evaluations not less often than annually.

- Seven of 25 (28%) employees' personnel documents were not provided to the auditor by the Department. The documents included Payroll Deduction Reports and one Withholding Allowance Certificate (W-4).

The State Records Act (5 ILCS 160/8) states the head of each agency shall cause to be made and preserved records containing adequate and proper documentation of the organization, functions, policies, decisions, procedures, and essential transactions of the Department designed to furnish information to protect the legal and financial rights of the State and of persons directly affected by the agency's activities.

- Eleven of 25 (44%) employees' payroll deductions were inaccurately calculated, resulting in inaccurate deductions from employee salaries.

The Fiscal Control and Internal Auditing Act (FCIAA) (30 ILCS 10/3001) requires all State agencies to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance that revenues, expenditures, and transfers of assets, resources, or funds applicable to operations are properly recoded and accounted for to permit the preparation of accounts and reliable financial and statistical reports and to maintain accountability over the State's resources.

Department personnel indicated the above conditions were caused by employee error and oversight.

Performance evaluations are a systematic and uniform approach used for the development of employees and communication of performance expectations to employees, and failure to perform annual performance evaluations is noncompliance with the Code. Additionally, failure to maintain payroll documentation and miscalculating payroll deductions could cause an employee to be paid an incorrect amount. (Finding Code No. 2018-012)

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RECOMMENDATION

We recommend the Department strengthen procedures to ensure performance evaluations are performed timely, payroll documents are properly maintained, and payroll deductions are accurately calculated.

DEPARTMENT RESPONSE

The Department agrees with the finding.

The Department implemented a database in September of 2017 to automate the tracking process for performance evaluations. Supervisors receive notification when an employee is hired into a new position of the evaluation requirements. Supervisors are also given a spreadsheet with all their employees' information quarterly for tracking.

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2018-013. **FINDING** (Inadequate Controls over Payroll Vouchers)

The Department of Military Affairs (Department) did not maintain controls over the processing of payroll vouchers.

During testing, we noted the following:

- Five of 60 (8%) payroll vouchers tested, totaling \$5,026, did not contain an authorization signature.

The State Finance Act (30 ILCS 105/9.02 (b)(1)) requires every voucher, as submitted by the agency or office in which it originates, shall bear (i) the signature of the officer responsible for approving and certifying vouchers under this Act and (ii) if authority to sign the responsible officer's name has been properly delegated, also the signature of the person actually signing the voucher.

- Two of 60 (3%) payroll vouchers requested, totaling \$4,382, were not maintained by the Department.

The State Records Act (5 ILCS 160/8) states the head of the Department shall cause to be made and preserved records containing adequate and proper documentation of the essential transactions of the Department designed to furnish information to protect the legal and financial rights of the State.

Department personnel indicated the issues noted above were due to employee error and oversight.

Failure to maintain controls over the processing of payroll vouchers is considered noncompliance with State statute and could result in inaccurate or unapproved payroll expenditures. (Finding Code No. 2018-013)

RECOMMENDATION

We recommend the Department retain all vouchers and adequate supporting documentation. We also recommend the Department carefully review and approve all vouchers to ensure the vouchers are complete and accurate, and are in compliance with State statute.

DEPARTMENT RESPONSE

The Department agrees partially with the finding. The Department could not identify any payroll voucher file copies that did not contain an authorization signature, however failed to provide efficient communication of this follow-up research with the OAG.

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2018-014. **FINDING** (Failure to Submit Required Reports)

The Department of Military Affairs (Department) failed to submit required reports during the examination period.

During testing, we noted the Department did not submit its annual report to the Governor detailing transactions including receipts and expenditures of all appropriated funds on or before the first day of November.

The Military Code of Illinois (Code) (20 ILCS 1805/26) requires the Adjutant General make out a full and detailed report to the Governor of all the transactions of the Department, including receipts and expenditures of all appropriated funds, and submit to the General Assembly on or before the first day of November next preceding the regular session of the General Assembly.

Department personnel indicated reports were not completed due to the Budget Impasse during Fiscal Year 2017 and Fiscal Year 2018.

Failure to prepare and submit required reports represents noncompliance with the Code and limits oversight of the General Assembly. (Finding Code No. 2018-014)

RECOMMENDATION

We recommend the Department comply with the Code and take appropriate action to ensure required reports are submitted to the Governor.

DEPARTMENT RESPONSE

The Department agrees with the finding.

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2018-015. **FINDING** (Inadequate Controls over Permanent Improvements)

The Department of Military Affairs (Department) did not maintain adequate controls over its permanent improvements.

During testing, we noted the following:

- The Department failed to maintain the requisition and purchase order for 9 of 27 (33%) permanent improvement vouchers, totaling \$180,383. The Department also failed to provide the file balancing report for 1 of 27 (4%) permanent improvement vouchers, totaling \$5,600.

The State Records Act (5 ILCS 160/9) requires agencies to establish and maintain a program for agency records management, which should include effective controls over maintenance of records.

- Two of 27 (7%) permanent improvement vouchers, totaling \$66,445, were charged to the wrong detail object code.

The Statewide Accounting Manual System (SAMS) (Procedure 11.50.30) requires the proper detailed object codes be used.

- Twenty-seven of 27 (100%) of the permanent improvement purchases, totaling \$1,363,577, were not included on the Department's additions listing, and thus not added to the Department's property control records.

The State Property Control Act (30 ILCS 605/4 and 6.02) requires the Department be accountable for the supervision, control, and inventory of all items under its jurisdiction and control. Additionally, the Illinois Administrative Code (44 Ill. Admin. Code 5010.400) requires the Department to adjust property records within 30 days of acquisition, change, or deletion of equipment.

- Nine of 27 (33%) vouchers, totaling \$498,153, were not approved within 30 days of physical receipt of the bill. The days late ranged from 9 to 55 days late.

At the time, the Illinois Administrative Code (74 Ill. Admin. Code 900.70) requires the Department to approve proper bills or deny bills with defects, in whole or in part, within 30 days after receipt.

- During Capital Development Board (CDB) transfers testing, the Department provided an inaccurate listing of their CDB Agency Turnover Report for the testing period in comparison to the Capital Development Board's Agency Turnover Report.

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DEPARTMENT OF MILITARY AFFAIRS
SCHEDULE OF FINDINGS
For the Two Years Ended June 30, 2018

The State Records Act (5 ILCS 160/9) requires the Department to establish and maintain a program for agency records management, which should include effective controls over maintenance of records.

Department personnel indicated the issues noted were due to employee oversight and error.

Failure to maintain accurate permanent improvement records and file reports represents noncompliance with State laws and regulations. (Finding Code No. 2018-015)

RECOMMENDATION

We recommend the Department take action to strengthen its internal controls over recording and reporting its permanent improvement transactions. Further the Department should retain all supporting documentation for its permanent improvement transactions.

DEPARTMENT RESPONSE

The Department disagrees with the finding. The Department explained that only 12 of the 27 permanent improvement vouchers requested were truly building improvements. These were not added to property records due to staff oversight. This task has been reassigned and the records are being added to the property system. However the remaining 15 lines were not for renovation and therefore were appropriately not included on the department's addition listing; however, the Department did not communicate effectively with the OAG to provide follow-up information.

ACCOUNTANT'S COMMENT

The Department did not provide support to the accountants for the vouchers they did not consider to be permanent improvements as the Department did not maintain the requisitions and purchase orders as noted in bullet number 1.

The Department did not provide support for any permanent improvement additions that were not added to the Department's property control records. The Department also agreed 12 permanent improvement additions were not added to their property control records.

STATE OF ILLINOIS
DEPARTMENT OF MILITARY AFFAIRS
SCHEDULE OF FINDINGS
For the Two Years Ended June 30, 2018

2018-016. **FINDING** (Inadequate Controls over Voucher Processing)

The Department of Military Affairs (Department) did not exercise adequate controls over voucher processing.

During testing, we noted the following:

- For 2 of 63 (3%) vouchers tested, totaling \$101,647, the Department failed to maintain supporting documentation showing the date the vouchers were approved for payment. As a result, auditors could not determine if the vouchers were approved within 30 days.

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

- Fourteen of 63 (22%) vouchers tested, totaling \$314,861, were not approved within 30 days of receipt. The vouchers were approved between 5 and 614 days late.

The Illinois Administrative Code (74 Ill. Admin. Code 900.70) requires the Department review a bill and either deny the bill in whole or in part, ask for more information necessary to review the bill, or approve the bill in whole or in part within 30 days after physically receiving the bills.

- For 1 of 63 (2%) general expenditures tested, totaling \$46,379, and 3 of 40 (8%) awards and grants expenditures tested, totaling \$1,440, the invoice dates reported on the vouchers did not match the invoice dates reported on the supporting documentation.

The Statewide Accounting Management System (SAMS) (Procedure 17.20.20) requires the Department enter the vendor's invoice number and date, which is one means of payment identification for the Vendor.

- Five of 63 (8%) vouchers tested, totaling \$457,508, were not found on the Department's property control records. These five vouchers accounted for 50% of the equipment vouchers tested.

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

STATE OF ILLINOIS
DEPARTMENT OF MILITARY AFFAIRS
SCHEDULE OF FINDINGS
For the Two Years Ended June 30, 2018

- Ten of 46 (22%) interest vouchers tested were not properly calculated. We noted underpayments between \$28 and \$57 and overpayments between \$13 and \$361.

The State Prompt Payment Act (30 ILCS 540/3-2(1.05)) states any bill approved for payment under this Section must be paid or the payment issued to the payee within 90 days of receipt of a proper bill or invoice. If payment is not issued to the payee within this 90-day period, an interest penalty of 1.0% of any amount approved and unpaid shall be added for each month, or 0.033% of any amount approved and unpaid for each day, after the end of this 90-day period, until final payment is made.

Department personnel indicated the issues noted above were due to employee oversight and error. Further, Department personnel indicated the interest miscalculations were due to system errors.

Failure to maintain adequate controls over expenditure processing can lead to misuse of State funds, unapproved vouchers being paid by the Department, and inaccurate property and expenditure records. Additionally, improper calculations of interest causes underpayments, which can lead to potential unnecessary legal action against the State, and overpayments of State funds, which reduces the State's available funds to pay its other obligations. Further, failure to maintain adequate controls over voucher processing is noncompliance with multiple State statutes, SAMS procedures, and the Illinois Administrative Code. (Finding Code No. 2018-016)

RECOMMENDATION

We recommend the Department retain all vouchers and adequate supporting documentation. We also recommend the Department timely approve vouchers and ensure property purchases are properly recorded on its property control records. Further, we recommend the Department review its procedures for calculating required interest penalty payments to ensure compliance with the State Prompt Payment Act.

DEPARTMENT RESPONSE

The Department agrees with the finding. The periods examined fell within the Statewide Budget Impasse event that occurred. This budget impasse caused or gave occasion to cause invoices not to be paid timely on a Statewide scale. The Department authorized payment for invoices subject funds availability as dictated by entities external to the Department resulting in a significantly sizable backlog of invoices not paid timely. Furthermore, this backlog gave considerable room for error when documenting approval for payment of these vouchers.

As for the assertion that the department calculated prompt pay interest incorrectly, the AIS system used at the time to pay such invoices automatically calculated the

STATE OF ILLINOIS
DEPARTMENT OF MILITARY AFFAIRS
SCHEDULE OF FINDINGS
For the Two Years Ended June 30, 2018

interest due and automatically created the voucher with the amount to be paid. The Department did not have the latitude to verify the interest calculations due to the sizeable backlog of prompt pay vouchers paid as a result of the Statewide budget impasse. Lastly, the Department does not routinely check the interest calculation of the Statewide accounting system that is programmed to make such calculations and payments automatically.

STATE OF ILLINOIS
DEPARTMENT OF MILITARY AFFAIRS
PRIOR FINDINGS NOT REPEATED
For the Two Years Ended June 30, 2018

A. **FINDING** (Unable to Provide Adequate Records Substantiating Agreements)

During the previous examination period, the Department of Military Affairs (Department) was unable to provide adequate records substantiating the population of interagency agreements during the examination period.

During the current examination period, the Department provided sufficient and appropriate documentation substantiating the population of interagency agreements. (Finding Code No. 2016-004)

B. **FINDING** (Inaccurate Financial Information Reported to the State Comptroller)

During the previous examination period, the Department of Military Affairs (Department) did not file complete and accurate financial information with the Office of the State Comptroller (Comptroller), which was used in preparing the State's Schedule of Expenditures of Federal Awards (SEFA).

During the current examination, the Department reconciled receipts and expenditures and filed complete and accurate financial information with the Comptroller. (Finding Code No. 2016-007, 2014-005)

C. **FINDING** (Noncompliance with Vehicle Requirements)

During the previous examination period, the Department of Military Affairs (Department) did not follow State law and adopt regulations regarding its operation of automobiles.

During the current examination, the Department followed State law regarding reporting of motor vehicle collisions to the appropriate parties. However, we continued to note certain smaller, immaterial conditions of noncompliance as further described in the Department's *Independent Accountant's Report of Immaterial Findings*. (Finding Code No. 2016-008)

**STATE OF ILLINOIS
DEPARTMENT OF MILITARY AFFAIRS
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2018**

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 Appropriations, Expenditures, and Lapsed Balances – Fiscal Year 2018 (Not Examined)
 - Schedule of Appropriations, Expenditures, and Lapsed Balances – Fiscal Year 2017 (Not Examined)
 - Comparative Schedule of Net Appropriations, Expenditures, and Lapsed Balances (Not Examined)
 - Comparative Schedule of Receipts, Disbursements, and Fund Balance (Cash Basis) - Locally Held Funds
 - Schedule of Changes in State Property (Not Examined)
 - Comparative Schedule of Cash Receipts and Reconciliation of Cash Receipts to Deposits Remitted to the State Comptroller

- Analysis of Operations (Not Examined):
 - Agency Functions and Planning Program (Not Examined)
 - Analysis of Significant Variations in Expenditures (Not Examined)
 - Analysis of Significant Variations in Receipts (Not Examined)
 - Analysis of Significant Lapse Period Spending (Not Examined)
 - Analysis of Accounts Receivable (Not Examined)
 - Budget Impasse Disclosures (Not Examined)
 - Alternative Financing in Lieu of Appropriations and Programs to Address Untimely Payments to Vendors (Not Examined)
 - Interest Costs on Fiscal Year 2017 Invoices (Not Examined)
 - Average Number of Employees (Not Examined)
 - Service Efforts and Accomplishments (Not Examined)

The accountant's report that covers the Supplementary Information for State Compliance Purposes presented in the Compliance Report Section states the accountants have applied certain limited procedures as prescribed by the Audit Guide as adopted by the Auditor General to the June 30, 2018, and June 30, 2017, accompanying supplementary information in Schedules 1 through 6. However, the accountants do not express an opinion on the supplementary information. The accountant's report also states that they have not applied procedures to the Analysis of Operations Section, and accordingly, they do not express an opinion or provide any assurance on it.

STATE OF ILLINOIS
 DEPARTMENT OF MILITARY AFFAIRS
 COMPLIANCE EXAMINATION
SCHEDULE OF APPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES
 Expenditure Authority for Fiscal Year 2018
 (NOT EXAMINED)

For the Fifteen Months Ended September 30, 2018

P.A. 100-0021, P.A. 100-0586 FISCAL YEAR 2018	Expenditure Authority (Net of Transfers)	Expenditures Through June 30	Lapse Period Expenditures July 1 to September 30	Total Expenditures 15 Months Ended September 30	Balances Lapsed September 30
APPROPRIATED FUNDS					
<u>General Revenue Fund - 0001</u>					
<i>Office of the Adjutant General:</i>					
Operational Expenses	\$ 12,773,050	\$ 11,067,842	\$ 78,924	\$ 11,146,766	\$ 1,626,284
State Officers' Candidate School	1,500	96	-	96	1,404
Lincoln's Challenge	2,265,200	2,198,215	39,601	2,237,816	27,384
Care/Preservation of Historical Artifacts	10,000	-	8,712	8,712	1,288
Ordinary and Contingent Expenses	3,779,100	745	3,140,636	3,141,381	637,719
Deposit into Federal Support Revolving Fund	1,350,000	1,350,000	-	1,350,000	-
<i>Total Office of the Adjutant General</i>	<u>\$ 20,178,850</u>	<u>\$ 14,616,898</u>	<u>\$ 3,267,873</u>	<u>\$ 17,884,771</u>	<u>\$ 2,294,079</u>
Total General Revenue Fund	<u>\$ 20,178,850</u>	<u>\$ 14,616,898</u>	<u>\$ 3,267,873</u>	<u>\$ 17,884,771</u>	<u>\$ 2,294,079</u>
<u>Military Affairs Trust Fund - 0043</u>					
<i>Office of the Adjutant General:</i>					
Youth Programs and Other Programs	\$ 1,000,000	\$ 109,512	\$ 8,032	\$ 117,544	\$ 882,456
Total Military Affairs Trust Fund	<u>\$ 1,000,000</u>	<u>\$ 109,512</u>	<u>\$ 8,032</u>	<u>\$ 117,544</u>	<u>\$ 882,456</u>
<u>Federal Support Agreement Revolving Fund - 0333</u>					
<i>Office of the Adjutant General:</i>					
Lincoln's Challenge	\$ 8,600,000	\$ 3,468,868	\$ 541,973	\$ 4,010,841	\$ 4,589,159
Lincoln's Challenge Allowances	1,200,000	182,410	66,380	248,790	951,210

STATE OF ILLINOIS
DEPARTMENT OF MILITARY AFFAIRS
COMPLIANCE EXAMINATION
SCHEDULE OF APPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES
Expenditure Authority for Fiscal Year 2018
(NOT EXAMINED)

For the Fifteen Months Ended September 30, 2018						
P.A. 100-0021, P.A. 100-0586 FISCAL YEAR 2018	Expenditure Authority (Net of Transfers)	Expenditures Through June 30	Lapse Period Expenditures July 1 to September 30	Total Expenditures 15 Months Ended September 30	Balances Lapsed September 30	
<i>Total Office of the Adjutant General</i>	\$ 9,800,000	\$ 3,651,278	\$ 608,353	\$ 4,259,631	\$ 5,540,369	
<i>Facilities Operations:</i>						
Army/Air Reimbursable Positions	\$ 14,610,700	\$ 9,184,542	\$ (140,413)	\$ 9,044,129	\$ 5,566,571	
Expenses Related to Army National Guard Facilities Operations and Maintenance	16,000,000	9,285,844	1,478,155	10,763,999	5,236,001	
<i>Total Facilities Operations</i>	\$ 30,610,700	\$ 18,470,386	\$ 1,337,742	\$ 19,808,128	\$ 10,802,572	
Total Federal Support Agreement Revolving Fund	\$ 40,410,700	\$ 22,121,664	\$ 1,946,095	\$ 24,067,759	\$ 16,342,941	
<u>U.S.S. Illinois Commissioning Fund - 0395</u>						
<i>Facilities Operations:</i>						
Grants	\$ 100,000	\$ -	\$ -	\$ -	\$ 100,000	
Total U.S.S. Illinois Commissioning Fund	\$ 100,000	\$ -	\$ -	\$ -	\$ 100,000	
<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	\$ 403,000	\$ 500	\$ 403,500	\$ 4,596,500	
Total Illinois Military Family Relief Fund	\$ 5,000,000	\$ 403,000	\$ 500	\$ 403,500	\$ 4,596,500	
TOTAL - ALL APPROPRIATED FUNDS	\$ 66,689,550	\$ 37,251,074	\$ 5,222,500	\$ 42,473,574	\$ 24,215,976	

STATE OF ILLINOIS
 DEPARTMENT OF MILITARY AFFAIRS
 COMPLIANCE EXAMINATION
SCHEDULE OF APPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES
 Expenditure Authority for Fiscal Year 2018
 (NOT EXAMINED)

For the Fifteen Months Ended September 30, 2018					
P.A. 100-0021, P.A. 100-0586 FISCAL YEAR 2018	Expenditure Authority (Net of Transfers)	Expenditures Through June 30	Lapse Period Expenditures July 1 to September 30	Total Expenditures 15 Months Ended September 30	Balances Lapsed September 30
NON-APPROPRIATED FUNDS					
<u>Illinois National Guard Billeting Fund - 0076</u>					
<i>Facilities Operations:</i>					
Billeting	\$ 375,168	\$ 375,168	\$ 76,909	\$ 452,077	
Total Illinois National Guard Billeting Fund	\$ 375,168	\$ 375,168	\$ 76,909	\$ 452,077	
<u>Illinois National Guard State Active Duty Fund - 0730</u>					
<i>Facilities Operations:</i>					
Illinois National Guard State Active Duty		\$ 718,792	-	\$ 718,792	
Total Illinois National Guard State Active Duty Fund		\$ 718,792	-	\$ 718,792	
TOTAL - ALL NON-APPROPRIATED FUNDS		\$ 1,093,960	\$ 76,909	\$ 1,170,869	
GRAND TOTAL - ALL FUNDS		\$ 38,345,034	\$ 5,299,409	\$ 43,644,443	

Note 1: Expenditure authority, appropriations, expenditures, and lapsed balances were obtained from the State Comptroller's records as of September 30, 2018. Amounts could not be reconciled to the Department records. The differences noted between the State Comptroller's and Department's records could not be explained by the Department. Therefore, this component is considered not examined and is reported as part of finding 2018-005.

Note 2: Expenditure amounts are vouchers approved for payment by the Department and submitted to the State Comptroller for payment to the vendor.

Note 3: Notwithstanding anything within Public Act 100-0021 to the contrary, Public Act 100-0021 authorized the Department to pay for all costs incurred prior to July 1, 2018, using either its Fiscal Year 2017 or Fiscal Year 2018 appropriations for non-payroll expenditures. The Analysis of Operations section of this report includes information from Department management about the number of invoices and the total dollar amount of invoices from Fiscal Year 2016 and Fiscal Year 2017 held by the Department which were submitted against either its Fiscal Year 2017 or Fiscal Year 2018 appropriation.

STATE OF ILLINOIS
DEPARTMENT OF MILITARY AFFAIRS
SCHEDULE OF APPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES
Expenditure Authority for Fiscal Year 2017
(NOT EXAMINED)

For the Fifteen Months Ended September 30, 2017					
P.A. 099-0524, P.A. 100-0021, and Court-Ordered Expenditures FISCAL YEAR 2017	Expenditure Authority (Net of Transfers)	Expenditures Through June 30	Lapse Period Expenditures July 1 to September 30	Expenditures 15 Months Ended September 30	Balances Lapsed September 30
APPROPRIATED FUNDS					
<u>General Revenue Fund - 0001</u>					
<i>Office of the Adjutant General:</i>					
Personal Services	\$ 1,568,145	\$ 500	\$ 1,568,645		
State Contribution to Social Security	115,841	38	115,879		
Contractual Services	54,852	3,505	58,357		
Lincoln's Challenge	2,598,325	5,285	2,603,610		
<i>Total Office of the Adjutant General</i>	<u>\$ 4,337,163</u>	<u>\$ 9,328</u>	<u>\$ 4,346,491</u>		
<i>Facilities Operations:</i>					
Personal Services	\$ 5,831,942	\$ 17,863	\$ 5,849,805		
State Contribution to Social Security	429,243	1,366	430,609		
<i>Total Facilities Operations</i>	<u>\$ 6,261,185</u>	<u>\$ 19,229</u>	<u>\$ 6,280,414</u>		
Total General Revenue Fund	<u>\$ 10,598,348</u>	<u>\$ 28,557</u>	<u>\$ 10,626,905</u>		
<u>Military Affairs Trust Fund - 0043</u>					
<i>Office of the Adjutant General:</i>					
Youth Programs and Other Programs	\$ 1,000,000	\$ 75,028	\$ 404	\$ 75,432	\$ 924,568
Total Military Affairs Trust Fund	<u>\$ 1,000,000</u>	<u>\$ 75,028</u>	<u>\$ 404</u>	<u>\$ 75,432</u>	<u>\$ 924,568</u>
<u>Federal Support Agreement Revolving Fund - 0333</u>					
<i>Office of the Adjutant General:</i>					

STATE OF ILLINOIS
DEPARTMENT OF MILITARY AFFAIRS
SCHEDULE OF APPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES
Expenditure Authority for Fiscal Year 2017
(NOT EXAMINED)

For the Fifteen Months Ended September 30, 2017						
P.A. 099-0524, P.A. 100-0021, and Court-Ordered Expenditures FISCAL YEAR 2017	Expenditure Authority (Net of Transfers)	Expenditures Through June 30	Lapse Period Expenditures July 1 to September 30	Expenditures 15 Months Ended September 30	Balances Lapsed September 30	
Lincoln's Challenge	\$ 8,600,000	\$ 3,644,969	\$ 652,148	\$ 4,297,117	\$ 4,302,883	
Lincoln's Challenge Allowances	1,200,000	245,760	64,740	310,500	889,500	
<i>Total Office of the Adjutant General</i>	\$ 9,800,000	\$ 3,890,729	\$ 716,888	\$ 4,607,617	\$ 5,192,383	
<i>Facilities Operations:</i>						
Army/Air Reimbursable Positions	\$ 14,610,700	\$ 9,476,393	\$ 278	\$ 9,476,671	\$ 5,134,029	
Expenses Related to Army National Guard Facilities						
Operations and Maintenance	13,000,000	9,830,078	2,073,320	11,903,398	1,096,602	
<i>Total Facilities Operations</i>	\$ 27,610,700	\$ 19,306,471	\$ 2,073,598	\$ 21,380,069	\$ 6,230,631	
Total Federal Support Agreement Revolving Fund	\$ 37,410,700	\$ 23,197,200	\$ 2,790,486	\$ 25,987,686	\$ 11,423,014	
<u>U.S.S. Illinois Commissioning Fund - 0395</u>						
<i>Facilities Operations:</i>						
Grants	\$ 100,000	\$ 9,279	-	\$ 9,279	\$ 90,721	
Total U.S.S. Illinois Commissioning Fund	\$ 100,000	\$ 9,279	-	\$ 9,279	\$ 90,721	
<u>Budget Stabilization Fund - 0686</u>						
<i>Facilities Operations:</i>						
Budget Stabilization not including Personal Services	\$ 500,000	\$ 480,453	\$ 15,709	\$ 496,162	\$ 3,838	
Total Budget Stabilization Fund	\$ 500,000	\$ 480,453	\$ 15,709	\$ 496,162	\$ 3,838	
<u>Illinois Military Family Relief Fund - 0725</u>						

STATE OF ILLINOIS
DEPARTMENT OF MILITARY AFFAIRS
SCHEDULE OF APPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES
Expenditure Authority for Fiscal Year 2017
(NOT EXAMINED)

For the Fifteen Months Ended September 30, 2017					
P.A. 099-0524, P.A. 100-0021, and Court-Ordered Expenditures FISCAL YEAR 2017	Expenditure Authority (Net of Transfers)	Expenditures Through June 30	Lapse Period Expenditures July 1 to September 30	Expenditures 15 Months Ended September 30	Balances Lapsed September 30
<i>Office of the Adjutant General:</i>					
Special Duty due to September 11th Terrorist Attacks	\$ 5,000,000	\$ 253,000	\$ 36,000	\$ 289,000	\$ 4,711,000
Total Illinois Military Family Relief Fund	\$ 5,000,000	\$ 253,000	\$ 36,000	\$ 289,000	\$ 4,711,000
TOTAL - ALL APPROPRIATED FUNDS	\$ 44,010,700	\$ 34,613,308	\$ 2,871,156	\$ 37,484,464	\$ 17,153,141
NON-APPROPRIATED FUNDS					
<u>Illinois National Guard Billeting Fund - 0076</u>					
<i>Facilities Operations:</i>					
Billeting		\$ 261,405	\$ 3,975	\$ 265,380	
Total Illinois National Guard Billeting Fund		\$ 261,405	\$ 3,975	\$ 265,380	
<u>Illinois National Guard State Active Duty Fund - 0730</u>					
<i>Facilities Operations:</i>					
Illinois National Guard State Active Duty		\$ -	\$ -	\$ -	
Total Illinois National Guard State Active Duty Fund		\$ -	\$ -	\$ -	
TOTAL - ALL NON-APPROPRIATED FUNDS		\$ 261,405	\$ 3,975	\$ 265,380	
GRAND TOTAL - ALL FUNDS		\$ 34,874,713	\$ 2,875,131	\$ 37,749,844	

STATE OF ILLINOIS
DEPARTMENT OF MILITARY AFFAIRS
SCHEDULE OF APPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES
Expenditure Authority for Fiscal Year 2017
(NOT EXAMINED)

For the Fifteen Months Ended September 30, 2017

- Note 1: Expenditure authority, appropriations, expenditures, and lapsed balances were obtained from the State Comptroller's records as of September 30, 2017. Amounts could not be reconciled to the Department records. The differences noted between the State Comptroller's and Department's records could not be explained by the Department. Therefore, this component is considered not examined and is reported as part of finding 2018-005.
- Note 2: Expenditure amounts are vouchers approved for payment by the Department and submitted to the State Comptroller for payment to the vendor.
- Note 3: Public Act 099-0524 authorized the Department to pay Fiscal Year 2016 costs using its Fiscal Year 2017 appropriations for non-payroll expenditures. The Analysis of Operations section of this report includes information from Department management about the number of invoices and the total dollar amount of invoices held by the Department to be submitted against its Fiscal Year 2017 appropriation.
- Note 4: Notwithstanding anything within Public Act 100-0021 to the contrary, Public Act 100-0021 authorized the Department to pay for all costs incurred prior to July 1, 2018, using either its Fiscal Year 2017 or Fiscal Year 2018 appropriations for non-payroll expenditures. The Analysis of Operations section of this report includes information from Department management about the number of invoices and the total dollar amount of invoices from Fiscal Year 2016 and Fiscal Year 2017 held by the Department to be submitted against its Fiscal Year 2017 or Fiscal Year 2018 appropriation.

STATE OF ILLINOIS
DEPARTMENT OF MILITARY AFFAIRS
COMPARATIVE SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES
For the Fiscal Years Ended June 30, 2018, 2017, and 2016
(NOT EXAMINED)

	Fiscal Year		
	2018	2017	2016
	P.A. 100-0021 P.A. 100-0586	Payroll Court Order P.A. 099-0524 P.A. 100-0021	P.A. 099-0409 Payroll Court Order P.A. 099-0524
<u>APPROPRIATED FUNDS</u>			
<u>General Revenue Fund - 0001</u>			
Appropriations (net after transfers)	\$ 20,178,850		
Expenditures			
<i>Office of the Adjutant General:</i>			
Personal Services	\$ -	\$ 1,568,645	\$ 1,621,829
State Contribution to Social Security	-	115,879	119,776
Contractual Services	-	58,357	19,076
Operational Expenses	11,146,766	-	-
State Officers' Candidate School	96	-	-
Lincoln's Challenge	2,237,816	2,603,610	2,762,973
Care/Preservation of Historical Artifacts	8,712	-	-
Ordinary & Contingent Expenses	3,141,381	-	-
Deposit into Federal Support Revolving Fund	1,350,000	-	-
<i>Total Office of the Adjutant General</i>	<u>\$ 17,884,771</u>	<u>\$ 4,346,491</u>	<u>\$ 4,523,654</u>
<i>Facilities Operations:</i>			
Personal Services	\$ -	\$ 5,849,805	\$ 5,925,919
State Contribution to Social Security	-	430,609	431,376
Contractual Services	-	-	23,231
<i>Total Facilities Operations</i>	<u>\$ -</u>	<u>\$ 6,280,414</u>	<u>\$ 6,380,526</u>
Total Expenditures	<u>\$ 17,884,771</u>	<u>\$ 10,626,905</u>	<u>\$ 10,904,180</u>
Lapsed Balance	<u>2,294,079</u>		
<u>Military Affairs Trust Fund - 0043</u>			
Appropriations (net after transfers)	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000
Expenditures			
<i>Office of the Adjutant General:</i>			
Youth Programs and Other Programs	\$ 117,544	\$ 75,432	\$ 11,915
Total Expenditures	<u>\$ 117,544</u>	<u>\$ 75,432</u>	<u>\$ 11,915</u>
Lapsed Balance	<u>\$ 882,456</u>	<u>\$ 924,568</u>	<u>\$ 988,085</u>
<u>Federal Support Agreement Revolving Fund - 0333</u>			
Appropriations (net after transfers)	\$ 40,410,700	\$ 37,410,700	\$ 37,410,700
Expenditures			
<i>Office of the Adjutant General:</i>			
Lincoln's Challenge	\$ 4,010,841	\$ 4,297,117	\$ 3,706,959
Lincoln's Challenge Allowances	248,790	310,500	415,260
<i>Total Office of the Adjutant General</i>	<u>\$ 4,259,631</u>	<u>\$ 4,607,617</u>	<u>\$ 4,122,219</u>
<i>Facilities Operations:</i>			
Army/Air Reimbursable Positions	\$ 9,044,129	\$ 9,476,671	\$ 9,491,168
Expenses Related to Army National Guard			
Facilities Operations and Maintenance	10,763,999	11,903,398	7,147,574
<i>Total Facilities Operations</i>	<u>\$ 19,808,128</u>	<u>\$ 21,380,069</u>	<u>\$ 16,638,742</u>

STATE OF ILLINOIS
DEPARTMENT OF MILITARY AFFAIRS
COMPARATIVE SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES
For the Fiscal Years Ended June 30, 2018, 2017, and 2016
(NOT EXAMINED)

	Fiscal Year		
	2018	2017	2016
	P.A. 100-0021 P.A. 100-0586	Payroll Court Order P.A. 099-0524 P.A. 100-0021	P.A. 099-0409 Payroll Court Order P.A. 099-0524
Total Expenditures	\$ 24,067,759	\$ 25,987,686	\$ 20,760,961
Lapsed Balance	\$ 16,342,941	\$ 11,423,014	\$ 16,649,739
<u>U.S.S. Illinois Commissioning Fund - 0395</u>			
Appropriations (net after transfers)	\$ 100,000	\$ 100,000	\$ 100,000
Expenditures			
Grants to the U.S.S. Illinois Commissioning Committee	\$ -	\$ 9,279	\$ -
Total Expenditures	\$ -	\$ 9,279	\$ -
Lapsed Balance	\$ 100,000	\$ 90,721	\$ 100,000
<u>Budget Stabilization Fund - 0686</u>			
Appropriations (net after transfers)	\$ -	\$ 500,000	\$ -
Expenditures			
Facilities Operations Budget Stabilization	\$ -	\$ 496,162	\$ -
Total Expenditures	\$ -	\$ 496,162	\$ -
Lapsed Balance	\$ -	\$ 3,838	\$ -
<u>Illinois Military Family Relief Fund - 0725</u>			
Appropriations (net after transfers)	\$ 5,000,000	\$ 5,000,000	\$ 5,000,000
Expenditures			
<i>Office of the Adjutant General:</i> Special duty due to September 11th Terrorist Attacks	\$ 403,500	\$ 289,000	\$ 195,000
Total Expenditures	\$ 403,500	\$ 289,000	\$ 195,000
Lapsed Balance	\$ 4,596,500	\$ 4,711,000	\$ 4,805,000
TOTAL - ALL APPROPRIATED FUNDS			
Appropriations (net after transfers)	\$ 66,689,550	\$ 44,010,700	\$ 43,510,700
Total Expenditures	\$ 42,473,574	\$ 37,484,464	\$ 31,872,056
Lapsed Balance	\$ 24,215,976	\$ 17,153,141	\$ 22,542,824
<u>NON-APPROPRIATED FUNDS</u>			
<u>Illinois National Guard Billeting Fund - 0076</u>			
Expenditures			
<i>Facilities Operations:</i> Billeting	\$ 452,077	\$ 265,380	\$ 315,274

STATE OF ILLINOIS
DEPARTMENT OF MILITARY AFFAIRS
COMPARATIVE SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES
For the Fiscal Years Ended June 30, 2018, 2017, and 2016
(NOT EXAMINED)

	Fiscal Year		
	2018	2017	2016
	P.A. 100-0021 P.A. 100-0586	Payroll Court Order P.A. 099-0524 P.A. 100-0021	P.A. 099-0409 Payroll Court Order P.A. 099-0524
Total Expenditures	\$ 452,077	\$ 265,380	\$ 315,274
<u>Illinois National Guard State Active Duty Fund - 0730</u>			
Expenditures			
<i>Facilities Operations:</i>			
Illinois National Guard State Active Duty	\$ 718,792	\$ -	\$ 12,780
Total Expenditures	\$ 718,792	\$ -	\$ 12,780
<u>GRAND TOTAL ALL FUNDS</u>			
Total Expenditures	\$ 43,644,443	\$ 37,749,844	\$ 32,200,110
<u>STATE OFFICERS' SALARIES</u>			
Appropriations	\$ 312,800	\$ 312,800	
Expenditures			
Adjutant General	\$ 115,613	\$ 115,613	\$ 115,613
Two Chief Assistants to the Adjutant General	197,086	197,086	171,798
Total Expenditures	\$ 312,699	\$ 312,699	\$ 287,411
Lapsed Balance	\$ 101	101	

- Note 1: Fiscal Year 2017 appropriations, expenditures, and lapsed balances were obtained from the State Comptroller's records as of September 30, 2017. Amounts could not be reconciled to Department records. The differences noted between the State Comptroller's and Department's records could not be explained by the Department. Therefore, this component is considered not examined and is reported as part of finding 2018-005.
- Note 2: Fiscal Year 2018 appropriations, expenditures, and lapsed balances were obtained from the State Comptroller's records as of September 30, 2018. Amounts could not be reconciled to Department records. The differences noted between the State Comptroller's and Department's records could not be explained by the Department. Therefore, this component is considered not examined and is reported as part of finding 2018-005.
- Note 3: Expenditure amounts are vouchers approved for payment by the Department and submitted to the State Comptroller for payment to the vendor.
- Note 4: The Circuit Court of St. Clair County in *AFSCME Council 31 v. Munger* (15 CH 475) ordered the State Comptroller, in the absence of enacted annual appropriations, to "draw and issue warrants accomplishing payment of wages [for all State employees] at their normal rates of pay." As the Department never received enacted personal services appropriations for Fund 0001, the Department was able to submit vouchers to pay its employees in full without a maximum expenditure limit for personal service costs during Fiscal Year 2016. Further, the Department incurred non-payroll obligations within Funds 0043, 0333, and 0725, which the Department was unable to pay until the passage of Public Acts 099-0409 and 099-0524.
- Note 5: Public Act 099-524 authorized the Department to pay Fiscal Year 2016 costs using its Fiscal Year 2017 appropriations for non-payroll expenditures. The Analysis of Operations section of this report includes information from Department management about the number of invoices and the total dollar amount of invoices held by the Department submitted against its Fiscal Year 2017 appropriation.
- Note 6: Notwithstanding anything within Public Act 100-0021 to the contrary, Public Act 100-0021 authorized the Department to pay for all costs incurred prior to July 1, 2018, using either its Fiscal Year 2017 or Fiscal Year 2018 appropriations for non-payroll expenditures. The Analysis of Operations section of this report includes information from Department management about the number of invoices and the total dollar amount of invoices from Fiscal Year 2016 and Fiscal Year 2017 held by the Department which were submitted against either its Fiscal Year 2017 or Fiscal Year 2018 appropriation.

STATE OF ILLINOIS
DEPARTMENT OF MILITARY AFFAIRS
COMPARATIVE SCHEDULE OF RECEIPTS, DISBURSEMENTS AND FUND BALANCE
(CASH BASIS) - LOCALLY HELD FUNDS
For the Two Years Ended June 30, 2018
(expressed in thousands)

Lincoln's Challenge Stipend Fund - 1336	<u>2018</u>	<u>Fiscal Year</u>	<u>2017</u>
Beginning Cash Balance	\$ 1		\$ 1
Cash Receipts:			
Private Organizations or Individuals	96		94
Cash Disbursements:			
Awards or Grants	95		94
Ending Cash Balance	<u>\$ 2</u>		<u>\$ 1</u>

STATE OF ILLINOIS
DEPARTMENT OF MILITARY AFFAIRS
SCHEDULE OF CHANGES IN STATE PROPERTY
For the Two Years Ended June 30, 2018
(NOT EXAMINED)

	Land and Land Improvements	Site Improvements	Building and Building Improvements	Equipment	Capital Lease Equipment	Construction in Progress	Total
Balance at July 1, 2016	\$ 12,882,912.00	\$ 19,383,796.00	\$ 285,380,628.00	\$ 9,590,121.00	\$ -	\$ 32,476,669.00	\$ 359,714,126.00
Additions	620,360	-	420,663	926,201	-	-	1,967,224
Deletions	-	(792,171)	(2,941,943)	(619,472)	-	-	(4,353,586)
Net Transfers	-	1,081,790	4,786,858	-	-	-	5,868,648
Balance at June 30, 2017	\$ 13,503,272	\$ 19,673,415	\$ 287,646,206	\$ 9,896,850	\$ -	\$ 32,476,669	\$ 363,196,412
Balance at July 1, 2017	\$ 13,503,272	\$ 19,673,415	\$ 287,646,206	\$ 9,896,850	\$ -	\$ 32,476,669	\$ 363,196,412
Additions	-	432,836	-	1,047,544	-	-	1,480,380
Deletions	-	-	(858,272)	(589,615)	-	-	(1,447,887)
Net Transfers	6,900	520,753	49,152,275	-	-	-	49,679,928
Balance at June 30, 2018	\$ 13,510,172	\$ 20,627,004	\$ 335,940,209	\$ 10,354,779	\$ -	\$ 32,476,669	\$ 412,908,833

Note: The above schedule has been derived from Department records. However, the records were unable to be reconciled to property reports submitted to the Office of the Comptroller. As a result, this schedule is not examined and is reported as part of finding 2018-001.

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

	FISCAL YEAR		
	2018	2017	2016
General Revenue Fund - 0001			
Miscellaneous Receipts	\$ 385	\$ 3,534	\$ 4,473
Prior Year Refund	273	-	-
Department of Defense	1,365,649	876,333	502,089
Total cash receipts per Department records	1,366,307	879,867	506,562
Less - In Transit at End of Year	-	-	-
Add - In Transit at Beginning of Year	-	-	-
Deposits recorded by the State Comptroller	<u>\$ 1,366,307</u>	<u>\$ 879,867</u>	<u>\$ 506,562</u>
Military Affairs Trust Fund - 0043			
U.S. Customs Service	\$ -	\$ 3,469	\$ 14,456
Private Organizations or Individuals	1,072	2,168	2,326
Other Charges for Services	8,325	-	-
Property Rental	55,760	35,868	47,738
Total cash receipts per Department records	65,157	41,505	64,520
Less - In Transit at End of Year	-	-	-
Add - In Transit at Beginning of Year	-	-	22,587
Deposits recorded by the State Comptroller	<u>\$ 65,157</u>	<u>\$ 41,505</u>	<u>\$ 87,107</u>
Illinois National Guard Billeting Fund - 0076			
Billeting Operation Proceeds	\$ 316,971	\$ 383,588	\$ 350,595
Total cash receipts per Department records	316,971	383,588	350,595
Less - In Transit at End of Year	-	-	-
Add - In Transit at Beginning of Year	-	-	46,721
Deposits recorded by the State Comptroller	<u>\$ 316,971</u>	<u>\$ 383,588</u>	<u>\$ 397,316</u>
Federal Support Agreement Revolving Fund - 0333			
Lincoln's Challenge Program	\$ 4,361,780	\$ 4,288,151	\$ 4,513,312
Department of Defense	20,564,102	20,670,737	16,210,133
Reimbursements/Jury Duty and Recoveries	1,434,863	758,271	32,998
Prior Year Refunds	1,823	8	-
Prior Year Warrant Voids	540	-	849
CDB Payments	-	4,701	-
Department Record Adjustment	-	-	75,204
Total cash receipts per Department records	26,363,108	25,721,868	20,832,496
Less - In Transit at End of Year	(948,899)	(509,473)	(36,459)
Add - In Transit at Beginning of Year	509,473	36,459	551,386
Deposits recorded by the State Comptroller	<u>\$ 25,923,682</u>	<u>\$ 25,248,854</u>	<u>\$ 21,347,423</u>
Budget Stabilization Fund - 0686			
Prior Year Refund	\$ 321	\$ -	\$ -
Miscellaneous Receipts	-	-	-
Total cash receipts per Department records	321	-	-
Less - In Transit at End of Year	-	-	-
Add - In Transit at Beginning of Year	-	-	-
Deposits recorded by the State Comptroller	<u>\$ 321</u>	<u>\$ -</u>	<u>\$ -</u>

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

	FISCAL YEAR		
	2018	2017	2016
Illinois Military Family Relief Fund - 0725			
Donations - Private Organizations or Individuals	\$ 21,822	\$ 16,664	\$ 16,583
Miscellaneous Receipts	-	-	-
Total cash receipts per Department records	21,822	16,664	16,583
Less - In Transit at End of Year	-	-	-
Add - In Transit at Beginning of Year	-	-	-
Deposits recorded by the State Comptroller	<u>\$ 21,822</u>	<u>\$ 16,664</u>	<u>\$ 16,583</u>
Illinois National Guard State Active Duty Fund - 0730			
State Agencies	\$ -	\$ -	\$ 12,780
Total cash receipts per Department records	-	-	12,780
Less - In Transit at End of Year	-	-	-
Add - In Transit at Beginning of Year	-	-	-
Deposits recorded by the State Comptroller	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,780</u>
Illinois National Guard Armory Construction Fund - 0927			
Sale of Land and Structures	\$ 27,351	\$ -	\$ 1
Total cash receipts per Department records	27,351	-	1
Less - In Transit at End of Year	-	-	-
Add - In Transit at Beginning of Year	-	-	-
Deposits recorded by the State Comptroller	<u>\$ 27,351</u>	<u>\$ -</u>	<u>\$ 1</u>
Grand Total - All Funds			
Total cash receipts per Department records	\$ 28,161,037	\$ 27,043,492	\$ 21,783,537
Less - In Transit at the End of Year	(948,899)	(509,473)	(36,459)
Add - In Transit at Beginning of Year	509,473	36,459	620,694
Total deposits recorded by the State Comptroller	<u>27,721,611</u>	<u>26,570,478</u>	<u>22,367,772</u>

Note: Amounts were derived from Department records and reconciled to the Illinois State Comptroller's records.

STATE OF ILLINOIS
DEPARTMENT OF MILITARY AFFAIRS
FUNCTIONS AND PLANNING PROGRAM
For the Two Years Ended June 30, 2018
(NOT EXAMINED)

Department Functions

The 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 administers three programs, Illinois National Guard, Illinois Military Family Relief, and Lincoln's ChalleNGe. The Illinois National Guard program provides the State support to the Illinois National Guard. The Office of the Adjutant General division manages the daily operations and is the official channel of communication between the federal government and the State regarding military matters. It is also responsible for maintaining military personnel records and active duty service reports, preserving historical military artifacts, and providing military funeral honors. The Facilities division operates and maintains 49 readiness centers (46 State-owned, two leased, one federally owned, one State headquarters facility and four Reserve Centers), two outdoor ranges, two training areas, one State warehouse, one federal warehouse, two Combined Support Maintenance Shops (CSMS), one UTES, 19 Field Maintenance Shops (FMS), 3 Army Aviation Support Facilities (AASF), and 37 vehicle and unheated storage buildings throughout the State for the IL Army National Guard. The IL Air National Guard maintains bases at two civilian airports (Peoria and Springfield) and at one active U.S. Air Force base (Scott Air Force Base). The federal government participates in the support of these facilities through the Master Cooperative Agreement.

The position of Adjutant General is appointed by the Governor as the head officer of the Department. Brigadier General Richard R. Neely is the 40th Adjutant General of the Illinois National Guard. He assumed the position on February 8, 2019. 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 training, equipment, and mobilization of the Illinois National Guard for use in national defense and for State emergencies. In addition, the Adjutant General supervises all military installations, property, and equipment of the Illinois Air and Army National Guard.

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 Academy, with the assistance of federal funding in Rantoul, Illinois. The program includes a 22-week Residential Phase and a 12-month Post-Residential Phase. The highly structured ChalleNGe curriculum during the Residential Phase is based on

STATE OF ILLINOIS
DEPARTMENT OF MILITARY AFFAIRS
FUNCTIONS AND PLANNING PROGRAM
For the Two Years Ended June 30, 2018
(NOT EXAMINED)

what is defined as “Eight Core” objectives which include almost every facet of life. The young people, who are called cadets, also attend academic classes that enable them to complete the G.E.D. Cadets also earn 3 college credits for an onsite beginning computer course. After the Residential component, cadets participate in a 12-month Post-Residential Phase, which matches them with mentors. The mentors ensure that the cadets become productive and active citizens within their respective communities. Being productive may include joining the military, attending college, volunteering at a Social Service Agency or entering the job market.

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 an emergency declared by the President of the United States or Congress or as defined by administrative rule of the Department” (20 ILCS 1805/22-9). The Department has established eligibility criteria that are used to award the grants.

Department Planning Program

The Department is not required by the Illinois Welfare and Rehabilitation services Planning Act (20 ILCS 10/1 et seq.) to create a formal planning function, which includes the generation of goals and objectives. The Chief Management Officer is responsible for the strategic planning process of the Department. Communication within the Department is also important; a weekly The Adjutant General (TAG) huddle is held in which current information is communicated to the staff. The Chief of Staff/ Military Executive Officer coordinates the filing of the FCIAA survey each year. Several divisions within the Department participate in completing the entire document.

STATE OF ILLINOIS
DEPARTMENT OF MILITARY AFFAIRS
ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES
For the Two Years Ended June 30, 2018
(NOT EXAMINED)

ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES BETWEEN FISCAL YEARS 2018 AND 2017

General Revenue Fund – 0001

Office of the Adjutant General

Personal Services, State Contribution to Social Security, Contractual Services, and Operational Expenses

The decrease in personal service, State contribution to social security, and contractual services expenditures was due to the Department receiving appropriations during Fiscal Year 2017 and receiving an increased operational expenses appropriation in Fiscal Year 2018.

State Officer’s Candidate School

The increase in expenditures was due to a one-time appropriation during Fiscal Year 2018.

Care/Preservation of Historical Artifacts

The increase in expenditures was due to a one-time appropriation during Fiscal Year 2018.

Ordinary and Contingent Expenses

The increase in expenditures was due to a one-time supplemental appropriation during Fiscal Year 2018.

Deposit into Federal Support Revolving Fund

The increase in expenditures was due to a one-time appropriation during Fiscal Year 2018.

Facilities Operations

Personal Services and State Contribution to Social Security

The decrease in personal service and State contribution to social security, expenditures was due to the Department receiving appropriations during Fiscal Year 2017 and receiving an increased operational expenses appropriation in Fiscal Year 2018.

Military Affairs Trust Fund – 0043

Office of the Adjutant General

Youth Programs and Other Programs

The increase in expenditures was due to various programs implemented during the Fiscal Year.

Illinois National Guard Billeting Fund – 0076

Facilities Operations

Illinois National Guard Billeting

Expenditures for the Illinois National Guard Billeting Fund can fluctuate from year to year. The fund is used for the billeting operations (hotel operations) of the Department. This fund receives

STATE OF ILLINOIS
DEPARTMENT OF MILITARY AFFAIRS
ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES
For the Two Years Ended June 30, 2018
(NOT EXAMINED)

proceeds collected by the Department in exchange for the provision of billets at any site within the State, including but not limited to Marseilles Training Center, Camp Lincoln and any other training sites where military billeting operations may be established. Expenditures are used to pay expenses of billeting operations not eligible for payment with federal or State appropriated funds, including, but not limited to, the procurement of items for billeting rooms, cleaning, linens, and maintenance.

Illinois Military Family Relief Fund - 0725

Office of the Adjutant General

Special Duty due to September 11th Terrorist Attacks

The increase in expenditures was due to an increase in eligible candidates who received grants during Fiscal Year 2018.

Illinois National Guard State Active Duty Fund – 0730

Facilities Operations

Illinois National Guard State Active Duty Fund

The amount of expenditures is determined by the number of service members activated by the Governor or the President of the United States during a fiscal year. The increase in expenditures during Fiscal Year 2018 was due to normal fluctuations. The number of activated service members can vary significantly from year to year.

ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES BETWEEN FISCAL YEARS 2017 AND 2016

General Revenue Fund – 0001

Office of the Adjutant General

Contractual Services

The increase in expenditures was due to additional contracts entered into during Fiscal Year 2017 and paid under the Office of the Adjutant General.

Facilities Operations

Contractual Services

The decrease in expenditures was due to expenditures being paid under Facilities Operations during Fiscal Year 2016 whereas the expenditures were paid under the Office of the Adjutant General during Fiscal Year 2017.

Military Affairs Trust Fund – 0043

Office of the Adjutant General

Youth Programs and Other Programs

STATE OF ILLINOIS
DEPARTMENT OF MILITARY AFFAIRS
ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES
For the Two Years Ended June 30, 2018
(NOT EXAMINED)

The increase in expenditures was due to a large expenditure for Commercial Motor Vehicle Criminal Interdiction Seminar for Drug Task Force held during Fiscal Year 2017.

Federal Support Agreement Revolving Fund - 0333

Office of the Adjutant General

Lincoln's Challenge Allowances

The decrease in Lincoln's Challenge Allowances expenditures was due to fewer Lincoln's Challenge Academy cadets being eligible to receive post-graduate stipends during Fiscal Year 2017.

Facilities Operations

Operations and Maintenance

The increase in expenditures was due to maintenance and renovations at the Lincoln's Challenge Academy during Fiscal Year 2017.

U.S.S. Illinois Commissioning Fund – 0395

Office of the Adjutant General

Grants to U.S.S. Illinois Commissioning Committee

The increase in expenditures was due to a one-time appropriation during Fiscal Year 2017.

Budget Stabilization Fund – 0686

Facilities Operations

Budget Stabilization not including Personal Services

The increase was due to a one-time appropriation during Fiscal Year 2017.

Illinois Military Family Relief Fund - 0725

Office of the Adjutant General

Special Duty due to September 11th Terrorist Attacks

The increase in expenditures was due to an increase in eligible candidates who received grants during Fiscal Year 2018.

Illinois National Guard State Active Duty Fund – 0730

Facilities Operations

Illinois National Guard State Active Duty Fund

The amount of expenditures is determined by the number of service members activated by the Governor or the President of the United States during a fiscal year. The number of activated service members can vary significantly from year to year. The decrease in expenditures was due to normal fluctuations and no expenditures paid during Fiscal Year 2017.

STATE OF ILLINOIS
DEPARTMENT OF MILITARY AFFAIRS
ANALYSIS OF SIGNIFICANT VARIATIONS IN RECEIPTS
For the Two Years Ended June 30, 2018
(NOT EXAMINED)

ANALYSIS OF SIGNIFICANT VARIATIONS IN RECEIPTS BETWEEN FISCAL YEARS 2018 AND 2017

General Revenue Fund – 0001

Department of Defense

The activity in this account varies based on State money spent and by reimbursements made by the Department of Defense (DOD). The increase in DOD receipts was due to the Department of Military Affairs (Department) over paying its share of the reimbursable expenditures under the Master Cooperative Agreement. This resulted in more money refunded from the Federal Government which resulted in the increase during Fiscal Year 2018.

Military Affairs Trust Fund – 0043

Property Rental

The increase in Property Rental receipts was due to the Illinois State Police (ISP) beginning to lease office space from the Department during Fiscal Year 2018.

Federal Support Agreement Revolving Fund - 0333

Reimbursements/Jury Duty and Recoveries

The increase in Reimbursements/Jury Duty and Recoveries receipts was due to a General Assembly approved transfer of federal reimbursed funds from the General Revenue Fund to ease cash flow concerns by the Department in Fiscal Year 2018.

Illinois Military Family Relief Fund - 0725

Donations – Private Organizations or Individuals

The increase in Donations – Private Organizations or Individuals receipts was due to an increase in donations received by the Department during Fiscal Year 2018. Due to the dynamic nature of donations, this amount will vary widely from year to year.

Illinois National Guard Armory Construction Fund - 0927

Sale of Land and Structures

The increase in Sale of Land and Structures was due to the Delevan Armory being sold by the Department in Fiscal Year 2018.

STATE OF ILLINOIS
DEPARTMENT OF MILITARY AFFAIRS
ANALYSIS OF SIGNIFICANT VARIATIONS IN RECEIPTS
For the Two Years Ended June 30, 2018
(NOT EXAMINED)

ANALYSIS OF SIGNIFICANT VARIATIONS IN RECEIPTS BETWEEN FISCAL YEARS 2017 AND 2016

General Revenue Fund – 0001

Department of Defense

The activity in this account varies based on State money spent and by reimbursements made by the Department of Defense (DOD). The increase in DOD receipts was due to the Department of Military Affairs (Department) over paying its share of the reimbursable expenditures under the Master Cooperative Agreement. This resulted in more money refunded from the Federal Government which resulted in the increase during Fiscal Year 2017.

Military Affairs Trust Fund - 0043

U.S. Customs Service

The decrease in U.S. Customs Service receipts was due to the activity in the Drug Interdiction Program received by the Department. There were fewer seizures of funds which resulted in fewer receipts of forfeited funds in Fiscal Year 2017.

Property Rental

The decrease in Property Rental receipts was due to fewer outside rentals of the Department's facilities throughout the State in Fiscal Year 2017.

Federal Support Agreement Revolving Fund - 0333

Department of Defense

The increase in DOD receipts was due to this fund being used for IL Air Guard facilities for reimbursable State expenditures with federal funds. This fund was used for the first time for the IL Air Guard Facilities in Fiscal Year 2017.

Reimbursements/Jury Duty and Recoveries

The increase in Reimbursements/Jury Duty and Recoveries receipts was due to a General Assembly approved transfer of federal reimbursed funds from the General Revenue Fund to ease cash flow concerns by the Department in Fiscal Year 2017.

Illinois National Guard State Active Duty Fund - 0730

State Agencies

The decrease in State Agency receipts was due to fewer State Appellate Defender missions which resulted in fewer Federal Government reimbursements from the Illinois Emergency Management Agency in Fiscal Year 2017.

STATE OF ILLINOIS
DEPARTMENT OF MILITARY AFFAIRS
ANALYSIS OF SIGNIFICANT LAPSE PERIOD SPENDING
For the Two Years Ended June 30, 2018
(NOT EXAMINED)

FISCAL YEAR 2018

General Revenue Fund – 0001

Office of the Adjutant General

Care/Preservation of Historical Artifacts

Expenditures paid during the lapse period were for invoices received during Fiscal Year 2018 and paid during the lapse period.

Ordinary and Contingent Expenses

Expenditures paid during the lapse period were for a supplemental appropriation received late during Fiscal Year 2018 and used for invoices received during Fiscal Year 2018 and paid during the lapse period.

Federal Support Agreement Revolving Fund – 0333

Office of the Adjutant General

Lincoln’s Challenge Allowances

Expenditures paid during the lapse period were for post-graduate stipends, which are paid with federal funds left at the end of the fiscal year.

FISCAL YEAR 2017

Federal Support Agreement Revolving Fund – 0333

Office of the Adjutant General

Lincoln’s Challenge Allowances

Expenditures paid during the lapse period were for post-graduate stipends, which are paid with federal funds left at the end of the fiscal year.

STATE OF ILLINOIS
DEPARTMENT OF MILITARY AFFAIRS
ANALYSIS OF ACCOUNTS RECEIVABLE
For the Two Years Ended June 30, 2018
(NOT EXAMINED)

General Revenue Fund (001)

<u>Aging Schedule</u>	<u>2018</u>	<u>2017</u>
Current	\$ 224	\$ 432
1 - 30 days	-	-
31 - 90 days	-	-
91 - 180 days	-	-
181 - 1 year	-	-
Over 1 year	-	-
	<u>\$ 224</u>	<u>\$ 432</u>
Less: Estimated Uncollectables	-	-
Accounts Receivable Net Balance	<u><u>\$ 224</u></u>	<u><u>\$ 432</u></u>

Note: Amounts due are from the United States Department of Defense for reimbursable costs in conjunction with the Master Cooperative Funding Agreement.

Military Affairs Trust Fund (043)

<u>Aging Schedule</u>	<u>2018</u>	<u>2017</u>
Current	\$ 1	\$ 1
1 - 30 days	1	1
31 - 90 days	-	2
91 - 180 days	-	-
181 - 1 year	-	-
Over 1 year	-	-
	<u>\$ 2</u>	<u>\$ 4</u>
Less: Estimated Uncollectables	-	-
Accounts Receivable Net Balance	<u><u>\$ 2</u></u>	<u><u>\$ 4</u></u>

Note: Amounts due are from other State agencies and private individuals or organizations for the use or rent of the Department's property and facilities.

STATE OF ILLINOIS
DEPARTMENT OF MILITARY AFFAIRS
ANALYSIS OF ACCOUNTS RECEIVABLE
For the Two Years Ended June 30, 2018
(NOT EXAMINED)

Illinois National Guard Billeting Fund (076)

<u>Aging Schedule</u>	<u>2018</u>	<u>2017</u>
Current	\$ 40	\$ 47
1 - 30 days	-	-
31 - 90 days	-	-
91 - 180 days	-	-
181 - 1 year	-	-
Over 1 year	-	-
	<u>\$ 40</u>	<u>\$ 47</u>
Less: Estimated Uncollectables	-	-
Accounts Receivable Net Balance	<u>\$ 40</u>	<u>\$ 47</u>

Note: Amounts due are from Illinois National Guard billeting operations throughout the State.

Federal Support Agreement Revolving Fund (333)

<u>Aging Schedule</u>	<u>2018</u>	<u>2017</u>
Current	\$ 906	\$ 2,170
1 - 30 days	-	-
31 - 90 days	-	-
91 - 180 days	-	-
181 - 1 year	-	-
Over 1 year	-	-
	<u>\$ 906</u>	<u>\$ 2,170</u>
Less: Estimated Uncollectables	-	-
Accounts Receivable Net Balance	<u>\$ 906</u>	<u>\$ 2,170</u>

Note: Amounts due are due 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.

STATE OF ILLINOIS
DEPARTMENT OF MILITARY AFFAIRS
ANALYSIS OF ACCOUNTS RECEIVABLE
For the Two Years Ended June 30, 2018
(NOT EXAMINED)

Illinois National Guard State Active Duty Fund (730)

<u>Aging Schedule</u>	<u>2018</u>	<u>2017</u>
Current	\$ -	\$ -
1 - 30 days	-	-
31 - 90 days	-	-
91 - 180 days	-	-
181 - 1 year	-	-
Over 1 year	-	-
	<u>\$ -</u>	<u>\$ -</u>
Less: Estimated Uncollectables	-	-
Accounts Receivable Net Balance	<u>\$ -</u>	<u>\$ -</u>

Note: Amounts due are due from the Illinois Emergency Management Agency for reimbursable costs in conjunction with State active duty call-ups.

Illinois Military Family Relief Fund (725)

<u>Aging Schedule</u>	<u>2018</u>	<u>2017</u>
Current	\$ 22	\$ -
1 - 30 days	-	-
31 - 90 days	-	-
91 - 180 days	-	-
181 - 1 year	-	-
Over 1 year	-	-
	<u>\$ 22</u>	<u>\$ -</u>
Less: Estimated Uncollectables	-	-
Accounts Receivable Net Balance	<u>\$ 22</u>	<u>\$ -</u>

Note: Amounts due are due from grant overpayments.

Sale of Land and Structures (927)

<u>Aging Schedule</u>	<u>2018</u>	<u>2017</u>
Current	\$ 27	\$ -
1 - 30 days	-	-
31 - 90 days	-	-
91 - 180 days	-	-
181 - 1 year	-	-
Over 1 year	-	-
	<u>\$ 27</u>	<u>\$ -</u>
Less: Estimated Uncollectables	-	-
Accounts Receivable Net Balance	<u>\$ 27</u>	<u>\$ -</u>

Note: Amounts due are the proceeds from the sale of armories.

STATE OF ILLINOIS
DEPARTMENT OF MILITARY AFFAIRS
BUDGET IMPASSE DISCLOSURES
For the Two Years Ended June 30, 2018
(NOT EXAMINED)

Payment of Prior Year Costs in Future Fiscal Years

Article 74 of Public Act 99-0524 authorized the Department of Military Affairs to pay Fiscal Year 2016 costs using the Department’s Fiscal Year 2017 appropriations for non-payroll expenditures. In addition, Article 998 of Public Act 100-0021 authorized the Department to pay its unpaid Fiscal Year 2016 and Fiscal Year 2017 costs using either the Department’s Fiscal Year 2017 or Fiscal Year 2018 appropriations for non-payroll expenditures. The following chart shows the Department’s payments of its prior period costs using future appropriations:

FISCAL YEAR 2017 INVOICES

Fund #	Fund Name	Paid From Fiscal Year 2017 Appropriations		Paid From Fiscal Year 2018 Appropriations	
		Number	Dollar Value	Number	Dollar Value
001	General Revenue Fund	413	\$ 10,596,430	16	\$ 28,558
043	Military Affairs Trust Fund	47	75,342	5	184
076	Illinois National Guard Billeting Fund	239	261,405	2	3,975
333	Federal Support Agreement Revolving Fund	7,202	23,255,702	1,518	2,772,151
725	Illinois Military Family Relief Fund	435	254,500	67	38,000
		8,336	\$ 34,443,379	1,608	\$ 2,842,868

STATE OF ILLINOIS
DEPARTMENT OF MILITARY AFFAIRS
**ALTERNATIVE FINANCING IN LIEU OF APPROPRIATIONS AND
PROGRAMS TO ADDRESS UNTIMELY PAYMENTS TO VENDORS**
For the Two Years Ended June 30, 2018
(NOT EXAMINED)

Transactions Involving the Illinois Finance Authority

The Department and its vendors did not participate in alternative financing in lieu of enacted appropriations involving the Illinois Finance Authority during Fiscal Year 2017 or Fiscal Year 2018.

Transactions Involving the Vendor Payment Program and Vendor Support Initiative Program

Vendor Payment Program (VPP)

In 2011, the State of Illinois (State) created the voluntary VPP in response to delays in payments for goods and services provided by the State’s vendors arising from the State’s cash flow deficit. The Department of Central Management Services (CMS) approved third party financing entities to act as “qualified purchasers” of accounts receivable from “participating vendors” who had submitted invoices which had not been paid by the State.

A participating vendor’s accounts receivable is eligible for the VPP if it is from an invoice unpaid by the State that is (1) not for medical assistance payments (2) where 90 days have passed since the proper bill date, which is (3) entitled to interest under the State Prompt Payment Act (Act) (30 ILCS 540) and (4) free of any liens or encumbrances. Under the terms of an agreement between a qualified purchaser and the participating vendor, the participating vendor receives payment for 90% of the receivable balance. The participating vendor, in turn, assigns its rights to the interest due under the Act to the qualified purchaser. When the State Comptroller ultimately pays the invoice, the participating vendor receives the remaining 10% due (less any offsets).

Notably, while CMS approved the qualified purchasers and provided information to vendors about VPP, neither CMS nor the State are parties to the assignment agreements.

The following chart shows the Department’s VPP transactions for Fiscal Year 2017:

VPP Transactions	
	2017
Dollar Value	\$8,909
Vendors	2
Invoices	9

During Fiscal Year 2017, none of the Department’s vendors participated in the Vendor Support Initiative Program (VSI).

STATE OF ILLINOIS
DEPARTMENT OF MILITARY AFFAIRS
INTEREST COSTS ON FISCAL YEAR 2017 INVOICES
For the Two Years Ended June 30, 2018
(NOT EXAMINED)

Prompt Payment Interest Costs

The Department plans to calculate prompt payment interest due to vendors under the State Prompt Payment Act (Act) (30 ILCS 540) using the vendor's proper bill date through the date the State Comptroller issues a warrant to the vendor, regardless of when and if an enacted appropriation existed during Fiscal Year 2017. The Act (30 ILCS 540/3-2) and the Illinois Administrative Code (74 Ill. Admin. Code 900.100) require interest to be paid under a daily simple interest rate of .033% (1% over a 30-day period) for every day elapsed following the 90th day after a vendor submits an eligible proper bill to the Department. The following chart shows the Department's prompt payment interest incurred related to Fiscal Year 2017 invoices, calculated on the accrual basis of accounting, through June 30, 2017, by fund:

PROMPT PAYMENT INTEREST INCURRED

Year Ended June 30, 2017

Fund #	Fund Name	Invoices	Vendors	Dollar Value
076	Illinois National Guard Billeting Fund	1	1	\$ 132
686	Budget Stabilization Fund	190	33	17,347
		191	34	\$ 17,479

STATE OF ILLINOIS
DEPARTMENT OF MILITARY AFFAIRS
AVERAGE NUMBER OF EMPLOYEES
For the Two Years Ended June 30, 2018
(NOT EXAMINED)

The following table, prepared from Department records, presents the average number of employees, by division, for the Fiscal Year ended June 30,

<u>Division</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Office of the Adjutant General	29	24	24
Facilities	<u>193</u>	<u>191</u>	<u>193</u>
Total average full-time employees	<u><u>222</u></u>	<u><u>215</u></u>	<u><u>217</u></u>

STATE OF ILLINOIS
DEPARTMENT OF MILITARY AFFAIRS
SERVICE EFFORTS AND ACCOMPLISHMENTS
For the Two Years Ended June 30, 2018
(NOT EXAMINED)

Illinois National Guard

Mission Statement: To provide the State support of the Illinois National Guard.

Program Goals:

- For the Illinois National Guard to be ready and available for State service at any time.
- To provide support to the Illinois National Guard in the most cost effective manner possible.

Funds: General Revenue Fund, Military Affairs Trust Fund, Illinois National Guard Billeting Fund, Federal Support Agreement Revolving Fund, National Guard State Active Duty Fund, Illinois National Guard Armory Construction Fund.

Statutory Authority: 20 ILCS 1805

	2018	2017	2016
<u>Input Indicators:</u>			
Total expenditures – all sources (in thousands)	\$37,502	\$29,787	\$25,107
Average monthly full-time equivalents	222	221	215
<u>Output Indicators</u>			
GRF expenditures (in thousands)	\$16,344	\$8,023	\$8,099
Other funds expenditures (in thousands)	\$21,158	\$21,764	\$16,994
Number of IL National Guard personnel supported	13,000	13,000	12,998
Number of facilities supported	98	100	100
<u>Efficiency/Cost-Effectiveness</u>			
Percent of GRF Appropriations expended	91%	96%	94%
Percent of total expenditures expended from Other Funds	56%	73%	68%

STATE OF ILLINOIS
DEPARTMENT OF MILITARY AFFAIRS
SERVICE EFFORTS AND ACCOMPLISHMENTS
For the Two Years Ended June 30, 2018
(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 80% 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.

Statutory Authority: 20 ILCS 1805

	2018	2017	2016
<u>Input Indicators:</u>			
Total Expenditures – all sources (in thousands)	\$6,539	\$7,211	\$6,885
Total Expenditures – State appropriated funds (in thousands)	\$6,539	\$7,211	\$6,885
<u>Output Indicators:</u>			
Number of graduates	254	282	313
<u>Outcome Indicators:</u>			
Number of graduates with GED	149	173	187
Number of graduates assigned a mentor	254	282	313
<u>Efficiency/Cost-Effectiveness</u>			
Average cost per graduate (in dollars)	\$25,743	\$25,571	\$21,997
Percentage of graduates with GED	59%	61%	60%
Percentage of graduates assigned a mentor	100%	100%	100%

STATE OF ILLINOIS
DEPARTMENT OF MILITARY AFFAIRS
SERVICE EFFORTS AND ACCOMPLISHMENTS
For the Two Years Ended June 30, 2018
(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

Statutory Authority: 20 ILCS 1805/22-9

	2018	2017	2016
<u>Input Indicators:</u>			
Total Expenditures – all sources	\$404	\$289	\$195
<u>Output Indicators:</u>			
Number of grants	930	578	283
<u>Efficiency/Cost-Effectiveness</u>			
Average grant amount (in dollars)	\$500	\$500	\$689