

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

For the Two Years Ended June 30, 2006

STATE OF ILLINOIS
DEPARTMENT OF MILITARY AFFAIRS
COMPLIANCE EXAMINATION
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STATE OF ILLINOIS
DEPARTMENT OF MILITARY AFFAIRS
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2006

AGENCY OFFICIALS

Adjutant General	Major General Randal E. Thomas
Assistant Adjutant General-Army (October 2005 to Present)	Brigadier General Dennis Celletti
Assistant Adjutant General-Army (Through September 2005)	Brigadier General Charles Fleming
Assistant Adjutant General-Air	Brigadier General Harold E. Keistler
Chief Management Officer (January 2005 to Present)	Mr. Fletcher Crews
Comptroller	Ms. Connie Sabo
Staff Judge Advocate	Lieutenant Colonel Wayne S. Carlson

Agency offices are located at:

Camp Lincoln
1301 N. MacArthur Blvd.
Springfield, IL 62702



Honorable William G. Holland
Auditor General
Iles Park Plaza
740 E. Ash
Springfield, IL 62703-3154

October 24, 2006

Dear Mr. Holland:

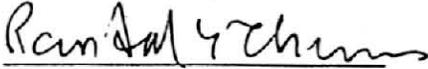
We are responsible for the identification of, and compliance with, all aspects of laws, regulations, contracts, or grant agreements that could have a material effect on the operations of the Department of Military Affairs (Department). We are responsible for and we have established and maintained an effective system of, internal controls over compliance requirements in accordance with the Fiscal Control and Internal Auditing Act (FCIAA). We have performed an evaluation of the Department's compliance with the following assertions during the two-year period ended June 30, 2006. Based on the FCIAA evaluation and subject to the findings of the audit conducted by your agency, we assert that during the years ended June 30, 2005 and June 30, 2006, the Department has materially complied with the assertions below.

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

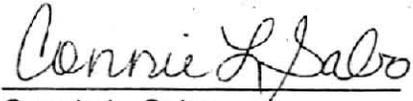
E. The money or negotiable securities or similar assets handled by the Department on behalf of the State or held in trust by the Department have been properly and legally administered, and the accounting and recordkeeping relating thereto is proper, accurate and in accordance with law.

Yours very truly,

Department of Military Affairs



MG Randal E. Thomas
The Adjutant General



Connie L. Sabo
Chief Fiscal Officer



LTC Wayne S. Carlson
Staff Judge Advocate

STATE OF ILLINOIS
DEPARTMENT OF MILITARY AFFAIRS
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2006

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.

AUDITORS' REPORTS

The Independent Accountants' Report on State Compliance, on Internal Control Over Compliance and on Supplementary Information for State Compliance Purposes contains certain scope limitations, disclaimers or other significant non-standard language.

SUMMARY OF FINDINGS

<u>Number of</u>	<u>This Report</u>	<u>Prior Report</u>
Findings	10	11
Repeated findings	6	2
Prior recommendations implemented or not repeated	5	3

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

SCHEDULE OF FINDINGS

FINDINGS (STATE COMPLIANCE)

<u>Item No.</u>	<u>Page</u>	<u>Description</u>
06-1	9	Inadequate reconciliation and reporting of property
06-2	12	Property control weaknesses
06-3	13	Lack of documentation for interagency agreement
06-4	15	Inadequate controls over grant monitoring
06-5	17	Inadequate segregation of duties over historical artifacts
06-6	18	Noncompliance with provisions of the Illinois Procurement Code
06-7	19	Inadequate segregation of duties over receipt processing

<u>Item No.</u>	<u>Page</u>	<u>Description</u>
06-8	20	Failure to file report of loaned historical artifacts
06-9	21	Failure to file Grant/Contract Analysis Form SCO-563
06-10	22	Noncompliance with provisions of the Military Code of Illinois

PRIOR FINDINGS NOT REPEATED (STATE COMPLIANCE)

06-11	23	Efficiency initiative payments
06-12	23	Late approval of vouchers and lack of procedures to pay required interest
06-13	23	Untimely deposit of receipts and refunds
06-14	23	Lack of signature authority to make withdrawal
06-15	23	Failure to file Annual Real Property Utilization Report

EXIT CONFERENCE

Agency management waived a formal exit conference in a letter dated April 3, 2007. Responses to the recommendations were provided by Fletcher Crews, Chief Management Officer, in correspondence dated April 17, 2007.

SPRINGFIELD OFFICE:

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

FAX: 217/785-8222 • TTY: 888/261-2887



CHICAGO OFFICE:

MICHAEL A. BILANDIC BLDG. • SUITE S-900
160 NORTH LASALLE • 60601-3103

PHONE: 312/814-4000
FAX: 312/814-4006

OFFICE OF THE AUDITOR GENERAL

WILLIAM G. HOLLAND

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

Honorable William G. Holland
Auditor General
State of Illinois

Compliance

We have examined the State of Illinois, Department of Military Affairs' (Department) compliance with the requirements listed below, as more fully described in the Audit Guide for Financial Audits and Compliance Attestation Engagements of Illinois State Agencies (Audit Guide) as adopted by the Auditor General, during the two years ended June 30, 2006. The management of the Department is responsible for compliance with these requirements. Our responsibility is to express an opinion on the Department's compliance based on our examination.

- 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. The 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.

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; and, accordingly, included examining, on a test basis, evidence about the Department's compliance with those requirements and performing such other procedures

as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Department's compliance with specified requirements.

As described in finding 06-1 and 06-2 in the accompanying schedule of State findings, the Department did not comply with the Statewide Accounting Management System (SAMS) (Procedure 29.10.10) which states that the objective of fixed asset reporting is to ensure that agencies are updating property records to reflect the current balance of fixed assets. The SAMS (Procedure 29.10.10) also requires that supporting detail records regarding property must be maintained. In addition, the Department did not comply with the requirements of the Illinois Administrative Code (44 Ill. Adm. Code 5010.400), which states that agencies are required to adjust property records within 30 days of acquisition, change or deletion of equipment items. Compliance with such requirements is necessary, in our opinion, for the Department to comply with the aforementioned requirements.

In our opinion, except for the material noncompliance described in the preceding paragraph, the Department complied, in all material respects, with the aforementioned requirements during the two years ended June 30, 2006. However, the results of our procedures disclosed other instances of noncompliance, which are required to be reported in accordance with criteria established by the Audit Guide, issued by the Illinois Office of the Auditor General and which are described in the accompanying schedule of State findings as findings 06-3, 06-4, 06-6, 06-8, 06-9, and 06-10.

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

Internal Control

The management of the Department is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws and regulations. In planning and performing our examination, we considered the Department's internal control over compliance with the aforementioned requirements in order to determine our examination procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the Audit Guide issued by the Illinois Office of the Auditor General.

We noted certain matters involving internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the Department's ability to comply with one or more of the aforementioned requirements. Reportable conditions are described in the accompanying schedule of State findings as findings 06-1, 06-2, and 06-4.

A material weakness is a condition in which the design or operation of one or more internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws and regulations that would be material in relation to one or more of the aforementioned requirements being examined may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of internal control over compliance would not necessarily disclose all matters in

internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider findings 06-1 and 06-2 to be material weaknesses. Additionally, the results of our procedures disclosed other deficiencies in internal control, 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 State findings as findings 06-3, 06-4, 06-5, 06-6, 06-7, 06-8, and 06-9.

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

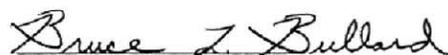
Supplementary Information for State Compliance Purposes

Our examination was conducted for the purpose of forming an opinion on compliance with the requirements listed in the first paragraph of this report. The accompanying supplementary information as listed in the table of contents as Supplementary Information for State Compliance Purposes is presented for purposes of additional analysis. We have applied certain limited procedures as prescribed by the Audit Guide as adopted by the Auditor General to the 2005 and 2006 Supplementary Information for State Compliance Purposes, except for information on the Katrina Relief Efforts and the Service Efforts and Accomplishments on which we did not perform any procedures. However, we do not express an opinion on the supplementary information.

The Department did not provide adequate documentation for its property and equipment values. Although the Department performed a physical inventory for Fiscal Years 2005 and 2006, the values assigned to its property and equipment cannot be relied upon because adequate documentation was not available to support the values. As a result of this weakness, the amount of property and equipment reported in the Schedule of Changes in State Property of \$161,444,583 at June 30, 2005 and \$167,830,935 at June 30, 2006, and the amounts of property additions, deletions and balances reported in the Schedule of Changes in State Property are management estimates. These amounts could be materially misstated as a result of the weaknesses described in findings 06-1 and 06-2.

We have not applied procedures to the 2004 Supplementary Information for State Compliance Purposes, and accordingly, we do not express an opinion thereon.

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



Bruce L. Bullard, CPA

Director of Financial and Compliance Audits

October 24, 2006

STATE OF ILLINOIS
DEPARTMENT OF MILITARY AFFAIRS
CURRENT FINDINGS – STATE COMPLIANCE
For the Two Years Ended June 30, 2006

06-1. **FINDING** (Inadequate reconciliation and reporting of property)

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

- Eight of 8 (100%) Agency Reports of State Property (C-15) tested did not agree to the support provided and did not properly report transfers-in from the Capital Development Board (CDB) as required by the Illinois Office of the Comptroller’s (IOC) Statewide Accounting Management System (SAMS) instructions.

The Department’s support as entered in the Common Inventory System (CIS) and the CDB transfer-in reports did not agree to the Department’s C-15 reports filed with the Comptroller. In addition, the FY06 4th quarter C-15 reported \$690,636 of CDB transfers as Construction in Progress when it should have been reported as Transfers-in from CDB. The following differences were noted:

	FY05				FY06			
	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	<u>Net Change</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	<u>Net Change</u>
Per CIS	1,831,301	147,222	9,461,655	11,145,734	1,043,844	307,633	5,462,097	6,198,308
Per C-15's	1,433,680	142,116	9,820,821	11,112,385	1,017,731	189,188	5,557,810	6,386,353
Difference	397,621	5,106	(359,166)	33,349	26,113	118,445	(95,713)	(188,045)

	FY05	FY06	<u>Total</u>
	<u>Transfers</u>	<u>Transfers</u>	
CDB Transfer-in per IOC Instructions	7,219,212	5,146,233	12,365,445
Per C-15's.....	9,820,821	5,557,810	15,378,631
Difference.....	(2,601,609)	(411,577)	(3,013,186)

Department personnel stated that the differences noted between the Department’s support and the C-15’s were due to mathematical errors and oversight. In addition, Department personnel stated that the employee preparing the C-15’s was not aware of all of the requirements.

Good internal control requires that detailed property records be maintained and reconciled to support various reporting requirements, including the C-15’s. In addition, SAMS (Procedure 29.10.10) states that the objective of fixed asset reporting is to ensure that agencies are updating property records to reflect the current balance of fixed assets and also requires that supporting detail records regarding property must be maintained. SAMS (Procedure 29.20.10) also states that items reported the previous quarter as “Transfers in from CDB” must be included in the current quarter as “Net Transfers” in the appropriate asset category.

- The Department reported approximate differences of \$7.7 million and \$9.4 million in FY06 and FY05, respectively, between the C-15 and the Capital Assets Summary form (SCO-538) in the SAMS GAAP Reconciliation-Capital Assets Form (SCO-537) submitted to the Comptroller. The discrepancies were attributed to net cumulative errors and discrepancies reported in the C-15's by the Department. No supporting documentation was maintained regarding the amount in question.

Department personnel stated that in preparing Form SCO-537, it was discovered that the C-15's do not accurately reflect the property records and that the errors are in the C-15's and are cumulative over many years.

The SAMS (Procedure 27.20.37) states that all differences between Form C-15 and Form SCO-538 should be reported and described on Form SCO-537. Any addition or subtraction adjustments should be explained in detail on the form.

- The Department did not adequately reconcile its CIS property listing to the Agency Report of State Property (C-15) filed with the Comptroller. The FY05 and FY06 June 30 amounts reported on the C-15 reports did not agree to Department property records as of June 30 of FY05 or FY06. The differences amounted to \$1.7 million in FY05 and \$1.8 million in FY06.

Good business practices require that detailed property records be maintained and reconciled to support various reporting requirements, including the C-15's.

- The Department did not submit their C-15 reports to the State Comptroller by the required reporting deadlines. Four of 8 (50%) reports filed during the examination period were filed between 1 and 10 days late.

Department personnel stated that the C-15's were filed late due to oversight.

The SAMS (Procedure 29.20.10) requires the report to be filed on a quarterly basis no later than the last day of the month following the last day of the quarter.

- Auditors were unable to reconcile Department property and equipment expenditures processed by the IOC to either the additions recorded on the property listing or the Quarterly C-15 reports. We noted the following differences:

	<u>FY05 Additions</u>	<u>FY06 Additions</u>
Per CIS	\$1,831,301	\$1,043,844
Per IOC	<u>\$ 871,823</u>	<u>\$ 523,097</u>
Difference	\$ 959,478	\$ 520,747
Per C-15	\$1,433,680	\$1,017,731
Per IOC	<u>\$ 871,823</u>	<u>\$ 523,097</u>
Difference	\$ 561,857	\$ 494,634

Department personnel stated that equipment expenditures processed by IOC do not agree to additions or C-15's due to the correction of errors from prior years. However, documentation was not maintained for these prior period adjustments.

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

Failure to submit the reports by the reporting deadlines is noncompliance with the SAMS reporting requirements and the State Property Control Act. In addition, inaccurate property reporting and property listings reduce the reliability of Statewide capital asset information. (Finding Code No. 06-1, 04-2, 02-1)

RECOMMENDATION

We recommend that the Department establish a corrective action plan to address controls to ensure an accurate property listing and capital asset reporting for the Department. Further, the Department of Military Affairs should file their Quarterly Fixed Asset Reports by the reporting deadlines, properly report transfers-in and maintain adequate documentation for the property reports as required by SAMS. The Department should also reconcile its property reports and records to the C-15's and IOC expenditures for property on a quarterly basis to ensure completeness and accuracy of its property records. Lastly, the Department should work with the IOC to correct or adjust the discrepancies noted in their annual reporting to the IOC.

DEPARTMENT RESPONSE

ACCEPTED - The Department agrees with this finding. During this audit period the position responsible for property accountability and reporting was vacant. The Department has since filled the SPO position and this will greatly assist in correcting deficiencies. The Department will establish a corrective action plan. Every effort will be made to accurately complete required reports and file them by their due dates. The C-15 will be prepared based upon the appropriate records. The Department will work with the IOC to resolve any discrepancies noted in the annual reports.

06-2. FINDING (Property control weaknesses)

The property listing for the Department of Military Affairs (Department) was inaccurate.

During testing, we noted the following:

- One hundred twenty-one items were suspended on the property listing and did not include purchase prices. Suspended items are items that have been assigned a property tag number and a description on the property listing, but the purchase price is not listed. These items were added to the suspense files on the property records ranging from December 29, 2000 to March 8, 2006.

The Illinois Administrative Code (44 Ill. Adm. Code 5010.400) states that agencies are required to adjust property records within 30 days of acquisition, change, or deletion of equipment items.

- Three of 25 (12%) vouchers tested did not record the related equipment items on the Department's property listing at the proper amounts. The errors resulted in a net overstatement of \$2,761.

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

Department personnel stated that inaccurate recording of equipment items was due to oversight.

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

RECOMMENDATION

We recommend that the Department comply with the State Property Control Act and the Illinois Administrative Code by ensuring all equipment under its jurisdiction is recorded accurately and timely on its property records.

DEPARTMENT RESPONSE

ACCEPTED - The Department agrees with this finding. During this audit period the position responsible for property accountability and reporting was vacant. The Department has since filled the SPO position and this will greatly assist in correcting deficiencies. The Department will now be able to comply with the State Property Control Act and the Illinois Administrative Code and will ensure that all equipment is recorded in an accurate and timely manner.

06-3. **FINDING** (Lack of documentation for interagency agreement)

The Department of Military Affairs (Department) did not have adequate support for an Interagency Agreement with the Governor's Office of Management and Budget (GOMB) detailing the methodology for determining the allocation to be paid by the Department for the billing of shared services.

GOMB entered into a contract for \$650,000 with a consultant to assist GOMB and other State agencies in establishing a statewide shared services plan, which was later outlined in Executive Order 6 (2006). The contract between GOMB and the consultant was amended for an additional \$250,000 for implementation of the shared services plan. Of the \$250,000, \$104,000 was to be for a detailed cluster pilot roll-out plan. The Department, along with 8 other agencies, entered into an Interagency Agreement with GOMB for the payment of an allocable share of the cost of the pilot roll-out plan. The Department's allocable share was determined to be \$15,000, of which the Department paid the entire portion. The Department was not provided documentation to support how the \$15,000 was determined.

The Statewide Accounting Management System (SAMS) (Procedure 02.50.10) requires adequate documentation supporting the ordering and receipt of materials or services. Good internal control requires the Department to have adequate supporting documentation, including allocation methodology, prior to entering into an Interagency Agreement.

Department personnel stated that the Interagency Agreement outlined the portion to be paid, and no additional documentation was provided.

Failure to require and maintain supporting documentation for expenditures does not allow for a determination as to whether the expenditures were reasonable and necessary. In addition, insufficient documentation increases the risk that payments could be made for services not provided. (Finding Code No. 06-3)

RECOMMENDATION

We recommend the Department require and maintain sufficient documentation to ensure contracted services have been provided and that the expenditures are reasonable and necessary.

DEPARTMENT RESPONSE

NOT ACCEPTED - The Department does not agree with this finding. The Department had sufficient justification and documentation to pay a portion of the costs for the contracted services. These include an Intergovernmental Agreement with the Governor's Office of Management and Budget, and associated directives issued by GOMB.

AUDITORS' COMMENT

We agree that the Department had a signed Interagency Agreement; however, the agreement did not provide a methodology for determining the allocable share to be paid by the Department for the billing of shared services. The Department did not request additional information from GOMB and paid \$15,000 without documentation supporting how this amount

was determined. The Department should not make payments under any contract or agreement without adequate supporting documentation. Without the proper documentation, the Department could not make a proper determination as to whether the cost allocated to the Department and related expenditure was reasonable and necessary as required by SAMS and good internal control standards.

06-4. **FINDING** (Inadequate controls over grant monitoring)

The Department of Military Affairs (Department) did not have adequate controls in place to monitor Illinois Military Family Relief grants. We tested a sample of 50 grant applications and noted the following:

- Nine out of 50 (18%) applicants tested in our sample received more than one status-based grant per fiscal year, totaling \$4,500 in overpayments. The Illinois Administrative Code (Code) (95 Ill. Adm. Code 200.60) states that service members may receive a grant only one time per State of Illinois fiscal year. The Department believes the applicants would have been entitled to the payments if the applications were processed in two separate fiscal years and is not seeking reimbursement.
- Four out of 50 (8%) applicants tested in our sample received duplicate payments for the same active duty order, totaling \$2,000 in duplicate payments. The Department is seeking reimbursement for the aforementioned overpayments. The Illinois Administrative Code (Code) (95 Ill. Adm. Code 200.60) states that service members may receive a grant only one time per active duty order.
- Four out of 50 (8%) applicants did not have Defense Enrollment Eligibility Reporting System (DEERS) information filled out on their applications because Department personnel entered the social security number incorrectly. The Code (95 Ill. Adm. Code 200.20-200.40) states that the DEERS information should be filled out for all applicants for proof of residency and family relationship.
- One out of 50 (2%) applicants was awarded a need-based grant but did not qualify for the grant because their military salary was not 30% lower than their civilian salary, resulting in an overpayment of \$1,500. The Code (95 Ill. Adm. Code 200.20) states that the grant applicant must show proof that the military salary of the member has decreased by 30% or greater from his or her civilian salary. The Department is seeking reimbursement for the overpayment.
- Three out of 50 (6%) applications could not be located. The State Records Act (5 ILCS 160/9) requires agencies to establish and maintain a program for agency records management, which shall include effective controls over maintenance of records.

Department personnel stated that the errors made were due to oversight by the employee responsible for processing applications. Another employee has since taken over the program and is developing a system to improve the application process.

Failure to adequately monitor grants for eligibility requirements can result in an overpayment or improper payment of grants. In addition, failure to maintain supporting documentation is noncompliance with the State Records Act. (Finding Code No. 06-4, 04-6)

RECOMMENDATION

We recommend the Department implement adequate controls to ensure that applicants do not receive duplicate grants and that applications are complete and in accordance with adopted rules.

DEPARTMENT RESPONSE

ACCEPTED - The Department agrees with this finding. The Department has assigned the IMFRF Program responsibility to another employee. An internal review of all applications is currently in process (approximately 50% completed) and several new internal control systems have been implemented to address the findings and eliminate the possibility of duplicate and/or erroneous payments.

06-5. **FINDING** (Inadequate segregation of duties over historical artifacts)

The Department of Military Affairs (Department) did not maintain adequate segregation of duties regarding historical artifacts at the Illinois Military Museum.

The Museum Curator has stewardship responsibilities for the historical artifacts and the equipment located at the Illinois Military Museum. The Curator is responsible for requesting, purchasing, and maintaining the equipment at the museum. The Curator is also the receiving officer for historical artifacts including input, change and deletion capabilities regarding the historical artifacts inventory. We also noted the Curator was on active duty from 4/4/05 to 9/30/05 and in his absence, the museum was run by three volunteers and no one was assigned the Curator's responsibilities while on active duty.

Good internal control requires that proper internal controls be established to help safeguard assets and that there be a proper segregation of duties separating asset custody from recordkeeping functions. Good internal control would also require that management responsibilities and oversight be reassigned in the event of a vacancy or absence in the Curator position.

Department personnel stated that the Curator is the only full-time employee at the museum; therefore the Curator has control over all aspects of the historical artifacts inventory.

Inadequate segregation of duties and lack of management oversight in the Curator's absence increases the risk of lost or stolen property. (Finding Code No. 06-5, 04-4)

RECOMMENDATION

We recommend that the Department, in conjunction with the Illinois Military Museum, ensure that there is proper segregation of duties or appropriate compensating controls. We also recommend another employee be assigned the management and oversight responsibilities of the Curator in the event of another extended absence.

DEPARTMENT RESPONSE

ACCEPTED - The Department agrees with this finding. The Department has assigned the additional accountability responsibility to an appropriately qualified staff member. The additional Department employee will have oversight of duties related to historical artifact accountability in the absence of the Curator.

06-6. **FINDING** (Noncompliance with provisions of the Illinois Procurement Code)

The Department of Military Affairs (Department) did not publish contracts awarded or its intent to award sole source contracts in the Procurement Bulletin as required by the Illinois Procurement Code. During our testing of 25 contracts, we noted the following:

- The Department failed to publish a notice of award in the Illinois Procurement Bulletin for 8 (32%) contracts totaling \$320,615. The Illinois Procurement Code (Code) (30 ILCS 500/15-25(b)) requires a notice of each and every contract that is let or awarded, including renegotiated contracts and change orders, to be published in the next available subsequent Procurement Bulletin.
- The Department failed to publish its notice of intent to enter into sole source contracts in the Illinois Procurement Bulletin for 3 (12%) contracts totaling \$101,712. The Code (30 ILCS 500/20-25) states that contracts may be awarded without use of the specified method of source selection when there is only one economically feasible source for the item. The Code further states at least 2 weeks before entering into a sole source contract, the purchasing agency shall publish a notice of intent to do so along with a description of the item to be procured and the intended sole source contractor in the Illinois Procurement Bulletin.

Department personnel stated that the contracts were not published in the Procurement Bulletin due to employee oversight.

Failure to publish contracts awarded or intent to award sole source contracts is noncompliance with the Illinois Procurement Code and could lead to the inefficient use of State resources. (Finding Code No. 06-6, 04-5)

RECOMMENDATION

We recommend that the Department of Military Affairs implement and maintain procedures to ensure that the requirements of the Illinois Procurement Code relating to the publishing of contracts and sole source contracts are adhered to.

DEPARTMENT RESPONSE

ACCEPTED - The Department agrees with this finding. During this audit period the position responsible for procurement was vacant. The Department has since filled the SPO position and will now be able to comply with the requirements of the Illinois Procurement Code.

06-7. **FINDING** (Inadequate segregation of duties over receipt processing)

The Department of Military Affairs (Department) had inadequate segregation of duties in the area of receipt processing.

During review of the Department's receipt process, we noted that one person prepares the check log, prepares the receipt ledger, prepares the Receipt Deposit Transmittal Form and the same employee performs the monthly receipt reconciliations to State Comptroller records. The Department received receipts totaling \$17,035,996 and \$16,771,160 in FY06 and FY05, respectively. Receipts of approximately \$1,125,251 and \$571,049 in FY06 and FY05, respectively, were received directly by the Department while the remaining receipts were received via wire transfer from the federal government.

Good internal controls would require the Department maintain adequate segregation of duties in order to help ensure the safeguarding of assets, ensure the accuracy and reliability of accounting data and promote operational efficiency.

According to Department personnel, the small size of the fiscal office and the demanding schedules prevent them from segregating these duties. In addition, the Department feels they have established compensating controls by having a second employee review all of the monthly reconciliations to the State Comptroller's records and this employee also reconciles the check log to the receipt ledger.

A lack of adequate segregation of duties increases the likelihood that a loss from errors or irregularities could occur and would not be found in the normal course of employees carrying out their assigned duties. (Finding Code No. 06-7)

RECOMMENDATION

We recommend the Department maintain effective internal controls over the record keeping and accounting duties concerned with receipt processing.

DEPARTMENT RESPONSE

ACCEPTED - The Department agrees internal controls over record keeping and accounting duties concerning receipt processing are needed. Current controls will be reviewed for opportunities for improvement.

06-8. **FINDING** (Failure to file report of loaned historical artifacts)

The Department of Military Affairs (Department) failed to timely file reports during the engagement period with the Office of the Governor listing each historical artifact loaned during the previous fiscal year.

The Military Code of Illinois (20 ILCS 1805/25) states that prior to September 1 of each year, the Adjutant General is required to file with the Office of the Governor a report listing each item loaned during the previous fiscal year and prior 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.

The Department had nine loan agreements during or prior to FY05 to other entities. For the nine agreements, there were approximately 50 individual artifacts on loan and none of the items were submitted to the Office of the Governor as being on loan by September 1, 2004 as required by statute. In addition, the FY06 report to the Office of the Governor was filed on April 7, 2006, which is 218 days past the September 1, 2005 due date.

Department personnel stated that the report was not filed during FY05 due to oversight and was filed late in FY06 due to the individual responsible for preparing the report being on active duty. Since he is the only employee that works with historical artifacts, no one else performed his duties in his absence.

Failure to submit a report annually is noncompliance with the Military Code of Illinois. (Finding Code No. 06-8, 04-11)

RECOMMENDATION

We recommend the Department adopt adequate controls to ensure that the report is filed annually as required by statute.

DEPARTMENT RESPONSE

ACCEPTED - The Department agrees with this finding. Every effort will be made to accurately complete the required report and file it by the due date. The Department has assigned backup responsibility to an additional qualified staff member in the absence of the Curator.

06-9. **FINDING** (Failure to file Grant/Contract Analysis Form SCO-563)

The Department of Military Affairs (Department) failed to submit the necessary documentation to the Office of the Comptroller in a timely manner related to one federal program as part of their annual financial reporting.

The Department did not prepare a Grant/Contract Analysis (SCO-563) Form in FY05 and filed the FY06 form 70 days late for the Federal Equitable Sharing Agreement (CFDA #16.XXX). A total reimbursable cost of \$35,000 should have been reported for FY05 and a total reimbursable cost of \$24,000 was reported late in FY06.

The Statewide Accounting Management System (SAMS) (Procedure 27.20.63) requires that, when applicable, the SCO-563 form must be completed annually and sent to the Comptroller's Office as part of the year-end reporting package. Two copies should be retained by the agency: one to provide an internal record and one for the Auditor General or his representative.

Department personnel stated that the SCO-563 forms for the Federal Equitable Sharing Agreement were not completed due to oversight.

Failure to complete and file the SCO-563 form with the Comptroller's Office on an annual basis reduces the accuracy and completeness of the Statewide Schedule of Expenditures of Federal Awards (SEFA). (Finding Code No. 06-9)

RECOMMENDATION

We recommend that the Department implement procedures to ensure that all required SCO-563 forms are completed and timely filed with the Comptroller's Office on an annual basis.

DEPARTMENT RESPONSE

ACCEPTED - The Department agrees that all required SCO-563 forms should be completed and timely filled with the Comptroller's Office on an annual basis. It is the Department's intention to follow Comptroller's Office procedures.

06-10. **FINDING** (Noncompliance with provisions of the Military Code of Illinois)

The Department of Military Affairs (Department) did not comply with statutory requirements set forth in the Military Code of Illinois.

The Department did not publish or distribute a publication setting forth the rights and responsibilities of service members under State and federal law as required by the Military Code of Illinois.

The Military Code of Illinois (20 ILCS 1805/27.5) states, “The Department must create a publication setting forth the rights and responsibilities of service members under State and federal law. The Department must make this publication available through printed or electronic means to service members, their families, and organizations that assist service members, veterans, or their families.”

Department personnel stated that the publication was not created due to other projects taking priority.

Failure to publish and distribute a publication setting forth the rights and responsibilities of service members under State and federal law is noncompliance with the Military Code of Illinois. (Finding Code No. 06-10)

RECOMMENDATION

We recommend that the Department of Military Affairs create a publication of the rights and responsibilities of service members under State and federal law. Further, the publication should be made available through printed or electronic means to service members, their families, and organizations that assist members, veterans, or their families as required by statute.

DEPARTMENT RESPONSE

ACCEPTED - The Department agrees that it has not complied with provisions of 20 ILCS 1805/27.5, it is the Department’s intention to publish the document called for in the Illinois Military Code when funding and resources are made available.

STATE OF ILLINOIS
DEPARTMENT OF MILITARY AFFAIRS
PRIOR FINDINGS NOT REPEATED (STATE COMPLIANCE)
For the Two Years Ended June 30, 2006

06-11. **PRIOR FINDING** (Efficiency initiative payments)

During the prior period, the Department made payments for efficiency initiative billings from improper line item appropriations.

During the current period, the Department received additional guidance and, based on our testing, made payments from appropriate line item appropriations. (Finding Code No. 04-1)

06-12. **PRIOR FINDING** (Late approval of vouchers and lack of procedures to pay required interest)

During the prior period, the Department did not have adequate controls to ensure that vouchers were approved or denied within 30 days and required interest was paid.

During the current period, our sample testing indicated the Department implemented controls to ensure that required interest was paid. Late voucher approval exceptions are reported in the immaterial letter provided to Department management. (Finding Code No. 04-7)

06-13. **PRIOR FINDING** (Untimely deposit of receipts and refunds)

During the prior period, the Department did not deposit receipts and refunds timely.

During the current period, our sample testing indicated the Department deposited receipts and refunds in a timely manner. (Finding Code No. 04-8)

06-14. **PRIOR FINDING** (Lack of signature authority to make withdrawal)

During the prior period, we noted that an employee without proper signature authority was signing for withdrawals from a locally held fund.

During the current period, we noted that the employee who was signing withdrawals has been given signature authority on the account. (Finding Code No. 04-9)

06-15. **PRIOR FINDING** (Failure to file Annual Real Property Utilization Report)

During the prior period, the Department failed to file the FY03 Annual Real Property Utilization Report.

During the current period, the Department filed the Annual Real Property Utilization Reports for both fiscal years; however one fiscal year was filed late. This is reported in the immaterial letter provided to Department management. (Finding Code No. 04-10)

STATE OF ILLINOIS
DEPARTMENT OF MILITARY AFFAIRS
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2006

SUPPLEMENTARY INFORMATION FOR STATE COMPLIANCE PURPOSES

SUMMARY

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

- Fiscal Schedules and Analysis:

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

- Analysis of Operations:

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

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

STATE OF ILLINOIS
DEPARTMENT OF MILITARY AFFAIRS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2006
(expressed in thousands)

<u>Federal Grantor/Program Title</u>	<u>Federal CFDA No.</u>	<u>Federal Expenditures</u>
U.S. Department of Defense		
National Guard Military Operations and Maintenance Projects	12.401	\$10,793
National Guard Civilian Youth Opportunities	12.404	4,440
Military Construction, National Guard	12.400	13,269
U.S. Department of Treasury / U.S. Department of Justice		
Equitable Sharing Agreement	16.XXX	24
Total Expenditures of Federal Awards		<u><u>\$28,526</u></u>

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

STATE OF ILLINOIS
DEPARTMENT OF MILITARY AFFAIRS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2005
(expressed in thousands)

<u>Federal Grantor/Program Title</u>	<u>Federal CFDA No.</u>	<u>Federal Expenditures</u>
U.S. Department of Defense		
National Guard Military Operations and Maintenance Projects	12.401	\$11,041
National Guard Civilian Youth Opportunities	12.404	4,918
Military Construction, National Guard	12.400	7,607
U.S. Department of Treasury / U.S. Department of Justice		
Equitable Sharing Agreement	16.XXX	35
Total Expenditures of Federal Awards		<u><u>\$23,601</u></u>

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

STATE OF ILLINOIS
DEPARTMENT OF MILITARY AFFAIRS
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Two Years Ended June 30, 2006

1. Significant Accounting Policies

(a) Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards presents all the federal financial assistance programs of the State of Illinois, Department of Military Affairs (Department) for the two years ended June 30, 2006.

(b) Basis of Accounting

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

2. Description of Grant Programs

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

Military Construction, National Guard: CFDA #12.400

The program is designed to provide combat-ready reserve force facilities for training and administering the Army and Air Force National Guard units. The program provides offices, storage, assembly area, rifle range and classrooms for armories. For non-armories, the program provides maintenance, supply, training, and other administrative and logistical requirements.

National Guard Military Operations and Maintenance Projects: CDFFA# 12.401

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

National Guard Civilian Youth Opportunities: CFDA# 12.404

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

Federal Equitable Sharing Agreement: CFDA# 16.XXX

The federal government allocates an amount of funds received through federal seizures to participating governments based on a statistical allocation. Funds are earned when received and are to be spent on law enforcement and counter drug type activities.

STATE OF ILLINOIS
DEPARTMENT OF MILITARY AFFAIRS
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Two Years Ended June 30, 2006

3. Pass Through and Subrecipient Awards

The Department receives all of its federal assistance directly from the U.S. Department of Treasury or Justice and the U.S. Department of Defense. The Department does not provide any awards to subrecipients.

4. Noncash Awards

The Department does not receive any noncash awards.

5. Cash Returned to Grantor

The Department did not return cash to the grantor.

STATE OF ILLINOIS
DEPARTMENT OF MILITARY AFFAIRS
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
For the Fiscal Year Ended June 30, 2006

P.A. 94-0015 FISCAL YEAR 2006	Appropriations (Net of Transfers)	Expenditures Through June 30	Lapse Period		Balances Lapsed August 31
			Expenditures July 1 to August 31	Total Expenditures 14 Months Ended August 31	
<u>APPROPRIATED FUNDS</u>					
General Revenue Fund 001					
Office of the Adjutant General:					
Personal Services	\$ 1,294,500	\$ 1,244,184	\$ (2,751)	\$ 1,241,433	\$ 53,067
Employee Retirement Contributions Paid by Employer	3,900	3,827	-	3,827	73
State Contribution to State Employees' Retirement System	100,900	99,753	(128)	99,625	1,275
State Contributions to Social Security	99,000	92,092	51	92,143	6,857
Contractual Services	22,100	21,265	762	22,027	73
Travel	8,200	4,681	338	5,019	3,181
Commodities	5,100	3,232	1,764	4,996	104
Printing	3,600	1,504	-	1,504	2,096
Equipment	4,900	-	4,897	4,897	3
Electronic Data Processing	17,300	14,846	1,250	16,096	1,204
Telecommunications	31,900	19,869	8,416	28,285	3,615
Operation of Automotive Equipment	18,800	13,339	3,714	17,053	1,747
Lincoln's Challenge	3,116,700	3,113,652	2,560	3,116,212	488
Lincoln's Challenge Stipend Payments	506,900	256,125	275	256,400	250,500
State Officer's Candidate School	700	92	-	92	608
Care and Preservation of Historic Artifacts	7,400	7,396	-	7,396	4
Total Office of the Adjutant General	\$ 5,241,900	\$ 4,895,857	\$ 21,148	\$ 4,917,005	\$ 324,895
Facility Operations:					
Personal Services	\$ 4,488,000	\$ 4,293,581	\$ 10,639	\$ 4,304,220	\$ 183,780
Employee Retirement Contributions Paid by Employer	37,100	36,781	-	36,781	319
State Contribution to State Employees' Retirement System	349,700	336,826	829	337,655	12,045
State Contributions to Social Security	343,300	316,264	814	317,078	26,222
Contractual Services	1,944,900	1,724,933	203,106	1,928,039	16,861
Commodities	56,200	45,142	11,040	56,182	18
Equipment	19,800	5,302	14,429	19,731	69
Rehabilitation and Minor Construction	43,000	16,878	24,879	41,757	1,243
Total Facility Operations	\$ 7,282,000	\$ 6,775,707	\$ 265,736	\$ 7,041,443	\$ 240,557
Total General Revenue Fund - 001	\$ 12,523,900	\$ 11,671,564	\$ 286,884	\$ 11,958,448	\$ 565,452

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

STATE OF ILLINOIS
DEPARTMENT OF MILITARY AFFAIRS
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
For the Fiscal Year Ended June 30, 2006

P.A. 94-0015 FISCAL YEAR 2006	Appropriations (Net of Transfers)	Expenditures Through June 30	Lapse Period		Balances Lapsed August 31
			Expenditures July 1 to August 31	Total Expenditures 14 Months Ended August 31	
<u>Military Affairs Trust Fund - 043</u>					
Office of the Adjutant General:					
Youth Programs	\$ 1,461,200	\$ 424,966	\$ 14,182	\$ 439,148	\$ 1,022,052
Total Military Affairs Trust Fund - 043	\$ 1,461,200	\$ 424,966	\$ 14,182	\$ 439,148	\$ 1,022,052
<u>Federal Support Agreement Revolving Fund - 333</u>					
Office of the Adjutant General:					
Lincoln's Challenge	\$ 4,889,700	\$ 3,069,266	\$ 343,680	\$ 3,412,946	\$ 1,476,754
Lincoln's Challenge Stipend Payments	1,200,000	760,802	60,030	820,832	379,168
Total Office of the Adjutant General	\$ 6,089,700	\$ 3,830,068	\$ 403,710	\$ 4,233,778	\$ 1,855,922
Facility Operations					
Army/Air Reimbursable Positions	\$ 8,225,000	\$ 6,591,601	\$ 16,559	\$ 6,608,160	\$ 1,616,840
Expenses Related to Army National					
Guard Facilities Operations and Maintenance	6,750,000	3,540,174	436,138	3,976,312	2,773,688
Expenses of Bartonville and Kankakee					
Armories for Operations and Maintenance	330,000	329,969	(948)	329,021	979
Total Facility Operations	\$ 15,305,000	\$ 10,461,744	\$ 451,749	\$ 10,913,493	\$ 4,391,507
Total Federal Support Agreement Revolving Fund - 333	\$ 21,394,700	\$ 14,291,812	\$ 855,459	\$ 15,147,271	\$ 6,247,429
<u>Illinois Military Family Relief Fund - 0725</u>					
Office of the Adjutant General:					
Special Duty due to September 11th Terrorist Attacks	\$ 5,000,000	\$ 795,500	\$ 42,500	\$ 838,000	\$ 4,162,000
Total Illinois Military Family Relief Fund - 0725	\$ 5,000,000	\$ 795,500	\$ 42,500	\$ 838,000	\$ 4,162,000

STATE OF ILLINOIS
DEPARTMENT OF MILITARY AFFAIRS
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
For the Fiscal Year Ended June 30, 2006

P.A. 94-0015	Appropriations (Net of Transfers)	Expenditures Through June 30	Lapse Period		Total Expenditures 14 Months Ended August 31	Balances Lapsed August 31
			Expenditures July 1 to August 31	Expenditures August 31		
FISCAL YEAR 2006						
<u>Illinois National Guard Armory Construction Fund - 927</u>						
Office of the Adjutant General:						
Land Acq. & Const. of Parking Fac. at Armories	\$ 243,700	\$ 51,966	\$ -	\$ -	\$ 51,966	\$ 191,734
Total Illinois National Guard Armory Construction Fund - 927	\$ 243,700	\$ 51,966	\$ -	\$ -	\$ 51,966	\$ 191,734
TOTAL APPROPRIATED FUNDS	\$ 40,623,500	\$ 27,235,808	\$ 1,199,025	\$ -	\$ 28,434,833	\$ 12,188,667
<u>NONAPPROPRIATED FUNDS</u>						
<u>Armory Rental Fund - 416</u>						
Recruiting, Athletics, & Recreation		\$ 79,951	\$ 14,406	\$ -	\$ 94,357	
Utilities and Payroll		21,704	-	-	21,704	
Total Armory Rental Fund - 416		\$ 101,655	\$ 14,406	\$ -	\$ 116,061	
TOTAL ALL FUNDS - FISCAL YEAR 2006		\$ 27,337,463	\$ 1,213,431	\$ -	\$ 28,550,894	

STATE OF ILLINOIS
DEPARTMENT OF MILITARY AFFAIRS
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
For the Fiscal Year Ended June 30, 2005

P.A. 93-0842 FISCAL YEAR 2005	Appropriations (Net of Transfers)	Expenditures Through June 30	Lapse Period		Total Expenditures 14 Months Ended August 31	Balances Lapsed August 31
			Expenditures July 1 to August 31	Expenditures August 31		
APPROPRIATED FUNDS						
<u>General Revenue Fund 001</u>						
Office of the Adjutant General:						
Personal Services	\$ 1,204,400	\$ 1,202,725	\$ 932	\$ 1,203,657	\$ 743	
Employee Retirement Contributions Paid by Employer	1,213	1,212	-	1,212	1	
State Contribution to State Employees' Retirement System	193,000	192,835	150	192,985	15	
State Contributions to Social Security	88,650	88,282	72	88,354	296	
Contractual Services	37,700	7,213	23,004	30,217	7,483	
Travel	4,430	3,522	902	4,424	6	
Commodities	5,100	4,173	925	5,098	2	
Printing	4,200	4,089	111	4,200	-	
Equipment	4,926	1,363	3,420	4,783	143	
Electronic Data Processing	18,100	15,305	2,722	18,027	73	
Telecommunications	33,800	23,199	9,740	32,939	861	
Operation of Automotive Equipment	19,200	18,142	1,004	19,146	54	
Lincoln's Challenge	3,118,700	3,118,700	-	3,118,700	-	
Lincoln's Challenge Stipend Payments	506,900	228,579	-	228,579	278,321	
State Officer's Candidate School	700	229	-	229	471	
Care and Preservation of Historic Artifacts	7,400	6,533	857	7,390	10	
Rehabilitation & Minor Construction	43,000	-	-	-	43,000	
Total Office of the Adjutant General	\$ 5,291,419	\$ 4,916,101	\$ 43,839	\$ 4,959,940	\$ 331,479	
Facility Operations:						
Personal Services	\$ 4,296,300	\$ 4,276,875	\$ 12,523	\$ 4,289,398	\$ 6,902	
Employee Retirement Contributions Paid by Employer	11,561	11,561	-	11,561	-	
State Contribution to State Employees' Retirement System	692,425	690,358	1,978	692,336	89	
State Contributions to Social Security	311,275	309,129	939	310,068	1,207	
Contractual Services	1,883,839	1,689,363	165,413	1,854,776	29,063	
Commodities	79,655	60,570	19,041	79,611	44	
Equipment	14,500	8,650	5,752	14,402	98	
Total Facility Operations	\$ 7,289,555	\$ 7,046,506	\$ 205,646	\$ 7,252,152	\$ 37,403	
Total General Revenue Fund - 001	\$ 12,580,974	\$ 11,962,607	\$ 249,485	\$ 12,212,092	\$ 368,882	

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

STATE OF ILLINOIS
DEPARTMENT OF MILITARY AFFAIRS
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
For the Fiscal Year Ended June 30, 2005

	P.A. 93-0842	FISCAL YEAR 2005	Appropriations		Lapse Period		Total	
			(Net of Transfers)	Expenditures Through June 30	Expenditures July 1 to August 31	Expenditures 14 Months Ended August 31	Balances Lapsed August 31	
<u>Military Affairs Trust Fund - 043</u>								
Office of the Adjutant General:								
Youth Programs			\$ 1,461,200	\$ 98,661	\$ 30,613	\$ 129,274	\$ 1,331,926	
Total Military Affairs Trust Fund - 043			<u>\$ 1,461,200</u>	<u>\$ 98,661</u>	<u>\$ 30,613</u>	<u>\$ 129,274</u>	<u>\$ 1,331,926</u>	
<u>Federal Support Agreement Revolving Fund - 333</u>								
Office of the Adjutant General:								
Army/Air Reimbursable Positions			\$ 7,521,350	\$ 6,542,828	\$ 27,415	\$ 6,570,243	\$ 951,107	
Lincoln's Challenge			4,889,700	3,645,718	513,730	4,159,448	730,252	
Lincoln's Challenge Stipend Payments			1,200,000	805,694	159,445	965,139	234,861	
Total Office of the Adjutant General			<u>\$ 13,611,050</u>	<u>\$ 10,994,240</u>	<u>\$ 700,590</u>	<u>\$ 11,694,830</u>	<u>\$ 1,916,220</u>	
Facility Operations:								
Expenses Related to Army National Guard Facilities Operations and Maintenance			\$ 4,500,000	\$ 3,437,530	\$ 636,850	\$ 4,074,380	\$ 425,620	
Expenses of Bartonville and Kankakee Armories for Operations and Maintenance			296,600	283,015	6,841	289,856	6,744	
Total Facility Operations			<u>\$ 4,796,600</u>	<u>\$ 3,720,545</u>	<u>\$ 643,691</u>	<u>\$ 4,364,236</u>	<u>\$ 432,364</u>	
Total Federal Support Agreement Revolving Fund - 333			<u>\$ 18,407,650</u>	<u>\$ 14,714,785</u>	<u>\$ 1,344,281</u>	<u>\$ 16,059,066</u>	<u>\$ 2,348,584</u>	
<u>Illinois Military Family Relief Fund - 725</u>								
Office of the Adjutant General:								
Special Duty due to September 11th Terrorist Attacks			\$ 5,000,000	\$ 2,129,650	\$ 65,500	\$ 2,195,150	\$ 2,804,850	
Total Illinois Military Family Relief Fund - 0725			<u>\$ 5,000,000</u>	<u>\$ 2,129,650</u>	<u>\$ 65,500</u>	<u>\$ 2,195,150</u>	<u>\$ 2,804,850</u>	

STATE OF ILLINOIS
DEPARTMENT OF MILITARY AFFAIRS
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
For the Fiscal Year Ended June 30, 2005

P.A. 93-0842	Appropriations (Net of Transfers)	Expenditures Through June 30	Lapse Period		Balances Lapsed August 31
			Expenditures July 1 to August 31	Total Expenditures 14 Months Ended August 31	
FISCAL YEAR 2005					
<u>Illinois National Guard Armory Construction Fund - 927</u>					
Office of the Adjutant General:					
Land Acq. & Const. of Parking Fac. at Armories	\$ 243,700	\$ 83,622	\$ -	\$ 83,622	\$ 160,078
Land Acq. & Const. of Parking Fac. at Armories, Reapp. FY01	3,134	195	-	195	2,939
Total Illinois National Guard Armory Construction Fund - 927	<u>\$ 246,834</u>	<u>\$ 83,817</u>	<u>\$ -</u>	<u>\$ 83,817</u>	<u>\$ 163,017</u>
TOTAL APPROPRIATED FUNDS	<u>\$ 37,696,658</u>	<u>\$ 28,989,520</u>	<u>\$ 1,689,879</u>	<u>\$ 30,679,399</u>	<u>\$ 7,017,259</u>
 <u>NONAPPROPRIATED FUNDS</u>					
Armory Rental Fund - 416					
Office of the Adjutant General:					
Recruiting, Athletics, & Recreation		\$ 71,412	\$ 4,011	\$ 75,423	
Utilities and Payroll		55,227	49,755	104,982	
Total Armory Rental Fund - 416		<u>126,639</u>	<u>53,766</u>	<u>180,405</u>	
TOTAL ALL FUNDS - FISCAL YEAR 2005		<u>\$ 29,116,159</u>	<u>\$ 1,743,645</u>	<u>\$ 30,859,804</u>	

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

	Fiscal Year		
	2006	2005	2004
	P.A. 94-0015	P.A. 93-0842	P.A. 93-76 P.A. 93-0664
<u>General Revenue Fund - 001</u>			
Appropriations (Net of Transfers)	\$ 12,523,900	\$ 12,580,974	\$ 15,149,428
<u>Expenditures</u>			
Office of the Adjutant General:			
Personal Services	\$ 1,241,433	\$ 1,203,657	\$ 1,138,143
Employee Retirement Contributions Paid by Employer	3,827	1,212	10,805
State Contribution to State Employees' Retirement System	99,625	192,985	106,622
State Contributions to Social Security	92,143	88,354	84,369
Contractual Services	22,027	30,217	20,304
Travel	5,019	4,424	6,120
Commodities	4,996	5,098	6,195
Printing	1,504	4,200	1,840
Equipment	4,897	4,783	377
Electronic Data Processing	16,096	18,027	38,076
Telecommunications	28,285	32,939	35,428
Operation of Automotive Equipment	17,053	19,146	36,936
Lincoln's Challenge	3,116,212	3,118,700	3,248,719
Lincoln's Challenge Stipend Payments	256,400	228,579	528,000
State Officer's Candidate School	92	229	800
Care and Preservation of Historic Artifacts	7,396	7,390	15,999
Rehabilitation & Minor Construction	-	-	45,969
Total Office of the Adjutant General	<u>\$ 4,917,005</u>	<u>\$ 4,959,940</u>	<u>\$ 5,324,702</u>
Facility Operations:			
Personal Services	\$ 4,304,220	\$ 4,289,398	\$ 4,453,168
Employee Retirement Contributions Paid by Employer	36,781	11,561	138,083
State Contribution to State Employees' Retirement System	337,655	692,336	407,681
State Contributions to Social Security	317,078	310,068	312,489
Contractual Services	1,928,039	1,854,776	2,005,170
Commodities	56,182	79,611	40,851
Equipment	19,731	14,402	4,994
Rehabilitation and Minor Construction	41,757	-	-
Total Facility Operations	<u>\$ 7,041,443</u>	<u>\$ 7,252,152</u>	<u>\$ 7,362,436</u>
Total Expenditures, Fund - 001	<u>\$ 11,958,448</u>	<u>\$ 12,212,092</u>	<u>\$ 12,687,138</u>
Lapsed Balances	<u>\$ 565,452</u>	<u>\$ 368,882</u>	<u>\$ 2,462,290</u>

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

	Fiscal Year		
	2006	2005	2004
	P.A. 94-0015	P.A. 93-0842	P.A. 93-76 P.A. 93-0664
<u>Military Affairs Trust Fund - 043</u>			
Appropriations (Net of Transfers)	\$ 1,461,200	\$ 1,461,200	\$ 1,500,000
<u>Expenditures</u>			
Office of the Adjutant General:			
Youth Programs	\$ 439,148	\$ 129,274	\$ 90,864
Total Expenditures, Fund - 043	\$ 439,148	\$ 129,274	\$ 90,864
Lapsed Balances	\$ 1,022,052	\$ 1,331,926	\$ 1,409,136
<u>Federal Support Agreement Revolving Fund - 333</u>			
Appropriations (Net of Transfers)	\$ 21,394,700	\$ 18,407,650	\$ 17,825,750
<u>Expenditures</u>			
Office of the Adjutant General:			
Army/Air Reimbursable Positions	\$ -	\$ 6,570,243	\$ 5,956,269
Lincoln's Challenge	3,412,946	4,159,448	4,497,827
Lincoln's Challenge Stipend Payments	820,832	965,139	431,941
Total Office of the Adjutant General	\$ 4,233,778	\$ 11,694,830	\$ 10,886,037
Facility Operations:			
Army/Air Reimbursable Positions	\$ 6,608,160	\$ -	\$ -
Expenses Related to Army National Guard Facilities Operations and Maintenance	3,976,312	4,074,380	3,250,894
Expenses of Bartonville and Kankakee Armories for Operations and Maintenance	329,021	289,856	284,962
Total Facility Operations	\$ 10,913,493	\$ 4,364,236	\$ 3,535,856
Total Expenditures, Fund - 333	\$ 15,147,271	\$ 16,059,066	\$ 14,421,893
Lapsed Balances	\$ 6,247,429	\$ 2,348,584	\$ 3,403,857
<u>Illinois Military Family Relief Fund - 0725</u>			
Appropriations (Net of Transfers)	\$ 5,000,000	\$ 5,000,000	\$ 7,500,000
<u>Expenditures</u>			
Special Duty due to September 11th			
Terrorist Attacks	\$ 838,000	\$ 2,195,150	\$ 1,417,000
Total Expenditures, Fund - 0725	\$ 838,000	\$ 2,195,150	\$ 1,417,000
Lapsed Balances	\$ 4,162,000	\$ 2,804,850	\$ 6,083,000

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

	Fiscal Year		
	2006	2005	2004
	P.A. 94-0015	P.A. 93-0842	P.A. 93-76 P.A. 93-0664
<u>Illinois National Guard Armory Construction Fund - 927</u>			
Appropriations (Net of Transfers)	\$ 243,700	\$ 246,834	\$ 304,894
<u>Expenditures</u>			
Office of the Adjutant General:			
Land Acq. & Const. of Parking Fac. at Armories	\$ 51,966	\$ 83,622	\$ 55,470
Land Acq. & Const. of Parking Fac. at Armories, Reapp. FY01	-	195	49,860
Land Acq. & Const. of Parking Fac. at Armories, Reapp. FY98	-	-	1,900
Total Expenditures, Fund - 927	<u>\$ 51,966</u>	<u>\$ 83,817</u>	<u>\$ 107,230</u>
Lapsed Balances	<u>\$ 191,734</u>	<u>\$ 163,017</u>	<u>\$ 197,664</u>
<u>NONAPPROPRIATED FUNDS</u>			
<u>Armory Rental Fund - 416</u>			
<u>Expenditures</u>			
Recruiting, Athletics, & Recreation	\$ 94,357	\$ 75,423	\$ 106,613
Utilities and Payroll	21,704	104,982	207,753
Total Expenditures, Fund - 416	<u>116,061</u>	<u>180,405</u>	<u>314,366</u>
TOTAL ALL FUNDS APPROPRIATIONS	<u>\$ 40,623,500</u>	<u>\$ 37,696,658</u>	<u>\$ 42,280,072</u>
TOTAL ALL FUNDS EXPENDITURES	<u>\$ 28,550,894</u>	<u>\$ 30,859,804</u>	<u>\$ 29,038,491</u>
Expenditures of Comptroller's Office for Department Officers' Salaries:			
For the Adjutant General	\$ 99,595	\$ 98,200	\$ 98,200
For the Two Chief Assistants to the Adjutant General	168,583	167,373	132,498
Total Paid	<u>\$ 268,178</u>	<u>\$ 265,573</u>	<u>\$ 230,698</u>

STATE OF ILLINOIS
DEPARTMENT OF MILITARY AFFAIRS
SCHEDULE OF EFFICIENCY INITIATIVE PAYMENTS
For the Fiscal Year Ended June 30, 2005

<u>Procurement Efficiency Initiative</u>	<u>Amount</u>
General Revenue Fund-001	
Division 15-Facility Operation	
Commodities	\$ 1,467
	<u>\$ 1,467</u>
<u>Information Technology Initiatives</u>	
General Revenue Fund-001	
Division 01-Office of the Adjutant General	
Telecommunications	\$ 3,173
Electronic Data Processing	1,466
	<u>\$ 4,639</u>
Grand Total	<u><u>\$ 6,106</u></u>

Note: This schedule includes only those payments made pursuant to 30 ILCS 105/6p-5. Amounts were obtained from the Department and reconciled to information from the Office of the Comptroller. The Department did not make any efficiency initiative payments during FY06.

STATE OF ILLINOIS
DEPARTMENT OF MILITARY AFFAIRS
SCHEDULE OF RECEIPTS, DISBURSEMENTS AND FUND BALANCE
(CASH BASIS) – LOCALLY HELD FUNDS
For the Two Years Ended June 30, 2006
(expressed in thousands)

		Lincoln's Challenge Stipend Fund (Fund 1336)
	\$	
Cash Balance at July 1, 2004	\$	2
Receipts:		132
Disbursements:		133
		<hr/>
Cash Balance at June 30, 2005	<u>\$</u>	<u>1</u>
Cash Balance at July 1, 2005	\$	1
Receipts:		150
Disbursements:		149
		<hr/>
Cash Balance at June 30, 2006	<u>\$</u>	<u>2</u>

STATE OF ILLINOIS
DEPARTMENT OF MILITARY AFFAIRS
SCHEDULE OF CHANGES IN STATE PROPERTY
For the Two Years Ended June 30, 2006

	Land and Land Improvements	Buildings and Building Improvements	Site Improvements	Equipment	Capital Leases	Total
Balance at July 1, 2004	\$ 13,954,993	\$131,167,594	\$ 276,379	\$ 4,917,377	-	\$ 150,316,343
Additions	195	845,715	417,825	169,945	-	1,433,680
Deletions	-	6,000	-	136,116	-	142,116
Net Transfers	-	9,067,242	753,578	15,856	-	9,836,676
Balance at June 30, 2005	\$ 13,955,188	\$141,074,551	\$ 1,447,782	\$ 4,967,062	-	\$ 161,444,583
Balance at July 1, 2005	\$ 13,955,188	\$141,074,551	\$ 1,447,782	\$ 4,967,062	-	\$ 161,444,583
Additions	-	758,554	149,897	84,876	24,404	1,017,731
Deletions	-	158,391	-	30,797	-	189,188
Net Transfers	-	4,490,788	996,840	70,181	-	5,557,809
Balance at June 30, 2006	\$ 13,955,188	\$146,165,502	\$ 2,594,519	\$ 5,091,322	\$ 24,404	\$ 167,830,935

Note: The above schedule has been derived from the Agency Report of State Property submitted to the Office of the Comptroller. This schedule could not be reconciled to the Department Records. See Finding # 06-1.

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

<u>General Revenue Fund - 001</u>	2006	2005	2004
Jury duty reimbursements	\$ 303	\$ 85	\$ 253
Vending machine collections	-	-	22
Miscellaneous	-	760	-
Federal reimbursements - Air National Guard	317,161	86,760	241,596
Federal reimbursements - Army National Guard	101,876	43,356	63,581
Prior year refunds	-	-	91
 Total - Fund 001	<u>\$ 419,340</u>	<u>\$ 130,961</u>	<u>\$ 305,543</u>
<u>Military Affairs Trust Fund - 043</u>			
U.S. Customs Service	\$ 24,066	\$ 34,547	\$ 300
Lincoln's Challenge Program	5,896	17,787	25,746
Family program/SATO	-	-	2,008
Miscellaneous	1,150	510	15,058
Armory Usage Program	294,054	83,685	-
Property rental	40,005	43,876	6,000
Prior year refunds	-	45	79
 Total - Fund 043	<u>\$ 365,171</u>	<u>\$ 180,450</u>	<u>\$ 49,191</u>
<u>Federal Support Agreement Revolving Fund - 333</u>			
Cooperative Funding Agreement - Army	\$ 4,177,111	\$ 4,003,466	\$ 2,913,213
Joint Armed Forces Reserve Center	399,776	281,758	296,798
Lincoln's Challenge Program	4,475,894	5,206,100	4,678,060
Federal reimbursements - Army/Air	6,438,927	6,578,671	5,939,255
Petty cash fund reduction	-	-	800
Prior year refunds	-	-	63
Prior year warrant voids	500	1,115	1,100
 Total - Fund 333	<u>\$15,492,208</u>	<u>\$16,071,110</u>	<u>\$13,829,289</u>

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

<u>Armory Rental Fund - 416</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Rent	\$ -	\$ 126,205	\$ 259,339
Concessions	-	-	11,473
 Total Fund - 416	 <u>\$ -</u>	 <u>\$ 126,205</u>	 <u>\$ 270,812</u>
Illinois Military Family Relief Fund - 725			
<u>Donations</u>	<u>\$ 757,194</u>	<u>\$ 258,699</u>	<u>\$ 45,524</u>
Prior year refunds	1,583	3,735	-
Prior year warrant voids	500	-	-
 Total Fund - 725	 <u>\$ 759,277</u>	 <u>\$ 262,434</u>	 <u>\$ 45,524</u>
Illinois National Guard Armory Construction Fund - 927			
<u>Sale of Armory</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 62,000</u>
 Total Fund - 927	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ 62,000</u>
 TOTAL RECEIPTS - ALL FUNDS	 <u><u>\$17,035,996</u></u>	 <u><u>\$16,771,160</u></u>	 <u><u>\$14,562,359</u></u>

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

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

<u>General Revenue Fund - 001</u>	<u>2006</u>	<u>2005</u>
Receipts per Department records	\$ 419,340	\$ 130,961
Add: deposits in transit, beginning of year	-	10,576
Less: deposits in transit, end of year	-	-
Deposits recorded by Comptroller	<u>\$ 419,340</u>	<u>\$ 141,537</u>

<u>Military Affairs Trust Fund - 043</u>		
Receipts per Department records	\$ 365,171	\$ 180,450
Add: deposits in transit, beginning of year	-	-
Less: deposits in transit, end of year	-	-
Deposits recorded by Comptroller	<u>\$ 365,171</u>	<u>\$ 180,450</u>

<u>Federal Support Agreement Revolving Fund - 333</u>		
Receipts per Department records	\$ 15,492,208	\$ 16,071,110
Add: deposits in transit, beginning of year	325,603	456,259
Less: deposits in transit, end of year	<u>(120,344)</u>	<u>(325,603)</u>
Deposits recorded by Comptroller	<u>\$ 15,697,467</u>	<u>\$ 16,201,766</u>

<u>Armory Rental Fund - 416</u>		
Receipts per Department records	\$ -	\$ 126,205
Add: deposits in transit, beginning of year	-	395
Less: deposits in transit, end of year	-	-
Deposits recorded by Comptroller	<u>\$ -</u>	<u>\$ 126,600</u>

<u>Illinois Military Family Relief Fund - 725</u>		
Receipts per Department records	\$ 759,277	\$ 262,434
Add: deposits in transit, beginning of year	-	-
Less: deposits in transit, end of year	-	-
Deposits recorded by Comptroller	<u>\$ 759,277</u>	<u>\$ 262,434</u>

STATE OF ILLINOIS
DEPARTMENT OF MILITARY AFFAIRS
ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES
For the Two Years Ended June 30, 2006

FLUCTUATIONS BETWEEN FY06 – FY05

GENERAL REVENUE FUND – 001

DIVISION 01 – OFFICE OF THE ADJUTANT GENERAL

Employee Retirement Contributions Paid by Employer

Expenditures increased in FY06 due to a decrease of expenditures in FY05. In FY05, a one-time change allowed for contributions paid by employer to be paid from the personal services line. In FY06 these costs returned to being paid entirely from the contributions paid by employer line.

State Contribution to State Employees' Retirement System

Expenditures decreased in FY06 due to the contribution percentage decreasing from 16.107% in FY05 to 7.792% in FY06.

Contractual Services

Expenditures decreased in FY06 due to the inclusion of legal fees in FY05 that were not incurred in FY06.

Printing

Expenditures decreased in FY06 due to the printing of the Biennial Report in FY05 while it was not required in FY06.

State Officer's Candidate School

Expenditures decreased in FY06 due to a reduction in program requirements in FY06.

DIVISION 15 – FACILITY OPERATIONS

Employee Retirement Contributions Paid by Employer

Expenditures increased in FY06 due to a decrease of expenditures in FY05. In FY05, a one-time change allowed for contributions paid by employer to be paid from the personal services line. In FY06 these costs returned to being paid entirely from the contributions paid by employer line.

State Contribution to State Employees' Retirement System

Expenditures decreased in FY06 due to the contribution percentage decreasing from 16.107% in FY05 to 7.792% in FY06.

Commodities

Expenditures decreased in FY06 due to a decrease in the purchase of office supplies.

STATE OF ILLINOIS
DEPARTMENT OF MILITARY AFFAIRS
ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES
For the Two Years Ended June 30, 2006

FLUCTUATIONS BETWEEN FY06 – FY05 (Cont.)

DIVISION 15 – FACILITY OPERATIONS (Cont.)

Equipment

Expenditures increased in FY06 due to replacing old lawn tractors, floor scrubbers, and air conditioners.

Rehabilitation & Minor Construction

The appropriation was moved from the Office of the Adjutant General division to the Facility Operations division in FY06 as the funding is related to facilities.

MILITARY AFFAIRS TRUST FUND - 043

DIVISION 01 – OFFICE OF THE ADJUTANT GENERAL

Youth Programs

Expenditures increased in FY06 due to the increase in armory usage expenditures. During FY06, the Department had a contract to rent an armory for the production of a movie, which resulted in higher expenditures.

FEDERAL SUPPORT AGREEMENT REVOLVING FUND – 333

DIVISION 01 – OFFICE OF THE ADJUTANT GENERAL

Army/Air Reimbursable Positions

The decrease in expenditures in FY06 is due to this appropriation being moved from the Office of the Adjutant General division to the Facility Operations division in FY06 as the positions are related to facilities operations.

DIVISION 15 – FACILITY OPERATIONS

Army/Air Reimbursable Positions

The increase in expenditures in FY06 is due to this appropriation being moved from the Office of the Adjutant General division to the Facility Operations division in FY06 as the positions are related to facilities operations.

STATE OF ILLINOIS
DEPARTMENT OF MILITARY AFFAIRS
ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES
For the Two Years Ended June 30, 2006

FLUCTUATIONS BETWEEN FY06 – FY05 (Cont.)

ILLINOIS MILITARY FAMILY RELIEF FUND – 725

DIVISION 01 – OFFICE OF THE ADJUTANT GENERAL

Special Duty due to September 11th Terrorist Attacks

Expenditures decreased in FY06 due to the increase that occurred in FY05 for retroactive payments to grant recipients. During FY05, the program was modified by Public Act 093-0976, which expanded the population of eligible recipients, thereby increasing expenditures.

ILLINOIS NATIONAL GUARD ARMORY CONSTRUCTION FUND – 927

DIVISION 01 – OFFICE OF THE ADJUTANT GENERAL

Land Acquisition and Construction of Parking Facilities at Armories

Expenditures decreased in FY06 due to less construction taking place.

Land Acquisition and Construction of Parking Facilities at Armories (Reappropriated FY01)

There were no expenditures in FY06 due to the completion of the project in FY05 and no amounts were reappropriated in FY06.

ARMORY RENTAL FUND – 416

DIVISION 01 – OFFICE OF THE ADJUTANT GENERAL

Recruiting, Athletic, & Recreation

Expenditures increased in FY06 as the military units had additional requirements for recruiting, athletic, and recreation items.

Utilities

Expenditures decreased in FY06 due to the Armory Rental Fund (0416) being phased out. The Department is now receiving federal financial support for the operation and maintenance of the State's National Guard Armories. As a result, federal restrictions now apply for funds generated by the armories. The Department has revised the armories usage program to accommodate the federal restrictions and the proceeds and expenditures are now reflected in the Military Affairs Trust Fund. This change began in FY05.

STATE OF ILLINOIS
DEPARTMENT OF MILITARY AFFAIRS
ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES
For the Two Years Ended June 30, 2006

FLUCTUATIONS BETWEEN FY05 – FY04

GENERAL REVENUE FUND – 001

DIVISION 01 – OFFICE OF THE ADJUTANT GENERAL

Employee Retirement Contributions Paid by Employer

Expenditures decreased in FY05 due to a one-time change to allow for these costs to be paid from the personal services line.

State Contribution to State Employees' Retirement System

Expenditures increased in FY05 due to the contribution percentage increasing from 13.439% in FY04 to 16.107% in FY05.

Contractual Services

Expenditures increased in FY05 as a lawsuit was filed and legal fees were incurred.

Travel

Expenditures decreased in FY05 as the Adjutant General and the Assistant Adjutant General – Army were unable to attend the annual meeting of the National Guard Association of the United States.

Printing

Expenditures increased in FY05 due to the printing of the Biennial Report, which was not required in FY04.

Equipment

Expenditures increased in FY05 due to funds being transferred to cover utilities and armory repair and maintenance costs in FY04. The funding was used for equipment in FY05.

Electronic Data Processing

Expenditures decreased in FY05 due an increase in FY04 for the purchase of a printer and computers.

Operation of Automotive Equipment

Expenditures decreased in FY05 due to an increase in FY04 for automotive repairs.

Lincoln's Challenge Stipend Payments

Expenditures decreased in FY05 as a reserve was taken in this line to conserve General Revenue funds.

State Officer's Candidate School

Expenditures decreased in FY05 due to a reduction in program requirements in FY05.

STATE OF ILLINOIS
DEPARTMENT OF MILITARY AFFAIRS
ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES
For the Two Years Ended June 30, 2006

FLUCTUATIONS BETWEEN FY05 – FY04 (Cont.)

Care and Preservation of Historic Artifacts

Expenditures decreased in FY05 due to a decrease in the purchase of items for the Illinois Military Museum.

Rehabilitation & Minor Construction

Expenditures decreased in FY05 as a reserve was taken in this line to conserve General Revenue funds.

DIVISION 15 – FACILITY OPERATIONS

Employee Retirement Contributions Paid by Employer

Expenditures decreased in FY05 due to a one-time change to allow for these costs to be paid from the personal services line.

State Contribution to State Employees' Retirement System

Expenditures increased in FY05 due to the contribution percentage increasing from 13.439% in FY04 to 16.107% in FY05.

Commodities

Expenditures increased in FY05 due to FY04 funds being transferred to cover utilities and armory repair and maintenance costs. The funding was used for commodities in FY05.

Equipment

Expenditures increased in FY05 due to FY04 funds being transferred to cover utilities and armory repair and maintenance costs. The funding was used for equipment in FY05.

MILITARY AFFAIRS TRUST FUND - 043

DIVISION 01 – OFFICE OF THE ADJUTANT GENERAL

Youth Programs

Expenditures increased in FY05 due to the inclusion of the armory usage program. The Armory Rental Fund (0416) is being phased out. The Department is now receiving federal financial support for the operation and maintenance of the State's National Guard Armories. As a result, federal restrictions now apply for funds generated by the armories. The Department has revised the armories usage program to accommodate the federal restrictions and the proceeds and expenditures are reflected in the Military Affairs Trust Fund. This change began in FY05.

STATE OF ILLINOIS
DEPARTMENT OF MILITARY AFFAIRS
ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES
For the Two Years Ended June 30, 2006

FLUCTUATIONS BETWEEN FY05 – FY04 (Cont.)

FEDERAL SUPPORT AGREEMENT REVOLVING FUND – 333

DIVISION 01 – OFFICE OF THE ADJUTANT GENERAL

Lincoln’s Challenge Stipend Payments

Expenditures increased in FY05 due to the suspension of stipends to cadets in calendar year 2003, which decreased the FY04 stipend and the overall expenditure amount.

DIVISION 15 – FACILITY OPERATIONS

Expenses Related to Army National Guard Facilities Operations and Maintenance

Expenditures increased in FY05 because the State paid all of the expenses in FY04 and the federal government provided federal financial support for the operation and maintenance of the State’s National Guard Armories in FY05 resulting in an increase in expenditures.

ILLINOIS MILITARY FAMILY RELIEF FUND – 725

DIVISION 01 – OFFICE OF THE ADJUTANT GENERAL

Special Duty due to September 11th Terrorist Attacks

Expenditures increased in FY05 as the Illinois Military Family Relief Fund (0725) was modified effective August 20, 2004 by Public Act 093-0976 expanding the grant recipient definition to include single persons which expanded the population of eligible recipients. This change was retroactive to the beginning of the program.

ILLINOIS NATIONAL GUARD ARMORY CONSTRUCTION FUND – 927

DIVISION 01 – OFFICE OF THE ADJUTANT GENERAL

Land Acquisition and Construction of Parking Facilities at Armories

Expenditures increased in FY05 due to the construction of a parking lot at the East St. Louis armory.

Land Acquisition and Construction of Parking Facilities at Armories (Reappropriated FY01)

Expenditures decreased in FY05 due to the completion of the project in FY05, where only minor spending was necessary.

Land Acquisition and Construction of Parking Facilities at Armories (Reappropriated FY98)

There were no expenditures in FY05 due to the completion of a project in FY04 and no amounts were reappropriated in FY05.

STATE OF ILLINOIS
DEPARTMENT OF MILITARY AFFAIRS
ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES
For the Two Years Ended June 30, 2006

FLUCTUATIONS BETWEEN FY05 – FY04 (Cont.)

ARMORY RENTAL FUND – 416

DIVISION 01 – OFFICE OF THE ADJUTANT GENERAL

Recruiting, Athletic, & Recreation

Expenditures decreased in FY05 due to military units having fewer requirements for recruiting, athletic, and recreation items.

Utilities

Expenditures decreased in FY05 as the Armory Rental Fund (0416) is being phased out. The Department is now receiving federal financial support for the operation and maintenance of the State's National Guard Armories. As a result, federal restrictions now apply for funds generated by the armories. The Department has revised the armories usage program to accommodate the federal restrictions and the proceeds and expenditures are reflected in the Military Affairs Trust Fund. This change began in FY05.

STATE OF ILLINOIS
DEPARTMENT OF MILITARY AFFAIRS
ANALYSIS OF SIGNIFICANT VARIATIONS IN RECEIPTS
For the Two Years Ended June 30, 2006

EXPLANATION OF SIGNIFICANT VARIATIONS IN RECEIPTS BETWEEN FISCAL YEARS 2006 AND 2005

GENERAL REVENUE FUND – 001

Federal reimbursements – Air National Guard

Receipts increased in FY06 due to the Department receiving reimbursements for overpayment for federal fiscal year 2005 as well as prior federal fiscal years.

Federal reimbursements – Army National Guard

Receipts increased in FY06 due to the Department receiving reimbursements for the Lincoln's Challenge Program resulting from the closeout of three prior federal fiscal years.

MILITARY AFFAIRS TRUST FUND - 043

U.S. Customs Service

Receipts decreased in FY06 due to the amount of property forfeited and the Department of Treasury's award and distribution timing.

Lincoln's Challenge Program

Receipts decreased in FY06 due to the inconsistent nature of donations and vending receipts received.

Property Rental

Receipts increased in FY06 due to an armory rental for the production of a movie.

FEDERAL SUPPORT AGREEMENT REVOLVING FUND – 333

Joint Armed Forces Reserve Center

Receipts increased in FY06 due to the timing of receiving federal reimbursement.

ARMORY RENTAL FUND – 416

Rent

Receipts decreased in FY06 due to the phasing out of the fund. The Department is now receiving federal financial support for the State's National Guard Armories, and federal restrictions now apply for funds generated by the armories. The receipts are now deposited into the Military Affairs Trust Fund (043).

ILLINOIS MILITARY FAMILY RELIEF FUND – 725

Donations

Receipts increased in FY06 due to the inconsistent nature of donations.

STATE OF ILLINOIS
DEPARTMENT OF MILITARY AFFAIRS
ANALYSIS OF SIGNIFICANT VARIATIONS IN RECEIPTS
For the Two Years Ended June 30, 2006

EXPLANATION OF SIGNIFICANT VARIATIONS IN RECEIPTS BETWEEN FISCAL YEARS 2005 AND 2004

GENERAL REVENUE FUND – 001

Federal reimbursements – Air National Guard

Receipts decreased in FY05 due to the Department receiving reimbursement for only one of three airbases during FY05.

Federal reimbursements – Army National Guard

Receipts decreased in FY05 due to the Department receiving a prior year receipt in FY04, which resulted in FY05 receipts being lower than FY04.

MILITARY AFFAIRS TRUST FUND - 043

U.S. Customs Service

Receipts increased in FY05 due to the amount of property forfeited and the Department of Treasury's award and distribution timing.

Lincoln's Challenge Program

Receipts decreased in FY05 due to the inconsistent nature of donations and vending receipts received.

Miscellaneous

Receipts decreased in FY05 due to the inconsistent nature of donations received.

Armory Usage Program

Receipts increased in FY05 due to a revised armory usage program. The Armory Rental Fund (0416) is being phased out because the Department is now receiving federal financial support for the operation and maintenance of the State's National Guard Armories. The Department has revised the armory usage program to accommodate the federal restrictions and the receipts are now deposited into the Military Affairs Trust Fund.

Property Rental

Receipts increased in FY05 due to an interagency agreement with the Department of Veterans' Affairs allowing them to rent office space within specific armories. The increase is also due to contracts that were executed in FY05 for the use of land at the Sparta training site.

STATE OF ILLINOIS
DEPARTMENT OF MILITARY AFFAIRS
ANALYSIS OF SIGNIFICANT VARIATIONS IN RECEIPTS
For the Two Years Ended June 30, 2006

EXPLANATION OF SIGNIFICANT VARIATIONS IN RECEIPTS BETWEEN FISCAL YEARS 2005 AND 2004 (Cont.)

FEDERAL SUPPORT AGREEMENT REVOLVING FUND – 333

Cooperative Funding Agreement

Receipts increased in FY05 due to the Department now receiving federal financial support for the operation and maintenance of the State's National Guard Armories resulting in an increase in reimbursements.

ARMORY RENTAL FUND – 416

Rent

Receipts decreased in FY05 due to the phasing out of the fund. The Department is now receiving federal financial support for the State's National Guard Armories, and federal restrictions now apply for funds generated by the armories. The receipts are now being deposited into the Military Affairs Trust Fund (043).

Concessions

Receipts decreased in FY05 due to the phasing out of the fund. The Department is now receiving federal financial support for the State's National Guard Armories, and federal restrictions now apply for funds generated by the armories. The receipts are now being deposited into the Military Affairs Trust Fund (043).

ILLINOIS MILITARY FAMILY RELIEF FUND – 725

Donations

Receipts increased in FY05 due to the inconsistent nature of donations received.

ILLINOIS NATIONAL GUARD ARMORY CONSTRUCTION FUND – 927

Sale of Armory

Receipts decreased in FY05 because there were no sales of armories.

STATE OF ILLINOIS
DEPARTMENT OF MILITARY AFFAIRS
ANALYSIS OF SIGNIFICANT LAPSE PERIOD SPENDING
For the Two Years Ended June 30, 2006

LAPSE PERIOD - FY06

GENERAL REVENUE FUND – 001

DIVISION 01 – OFFICE OF THE ADJUTANT GENERAL

Commodities

Billings for several Illinois flags that were ordered prior to June 30th were not received and paid until the lapse period.

Equipment

Equipment orders for several chairs and several exhibit panels were placed prior to June 30th but were not received and paid until the lapse period.

Telecommunications

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

Operation of Automotive Equipment

Billings for repair and maintenance costs incurred prior to June 30th were not received and paid until the lapse period.

DIVISION 15 – FACILITY OPERATIONS

Equipment

Billings for two lawn tractors ordered prior to June 30th were not received and paid until the lapse period.

STATE OF ILLINOIS
DEPARTMENT OF MILITARY AFFAIRS
ANALYSIS OF SIGNIFICANT LAPSE PERIOD SPENDING
For the Two Years Ended June 30, 2006

LAPSE PERIOD - FY05

GENERAL REVENUE FUND – 001

DIVISION 01 – OFFICE OF THE ADJUTANT GENERAL

Contractual Services

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

Travel

Vouchers with travel costs for the Adjutant General and the two Assistant Adjutant Generals incurred in late May and June were not received and paid until the lapse period.

Equipment

Equipment orders for several operator chairs, vacuum motors, and one lawn tractor were placed prior to June 30th but were not received and paid until the lapse period.

Telecommunications

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

DIVISION 15 – FACILITY OPERATIONS

Commodities

Orders for trash can liners, floor brushes and mop heads were placed prior to June 30th but were not received and paid until the lapse period.

MILITARY AFFAIRS TRUST FUND – 043

DIVISION 01 – OFFICE OF THE ADJUTANT GENERAL

Youth Programs

Uniforms for cadets at Lincoln's Challenge were ordered prior to June 30th but were not received and paid until the lapse period.

ARMORY RENTAL FUND – 416

Utilities and Payroll

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

STATE OF ILLINOIS
DEPARTMENT OF MILITARY AFFAIRS
ANALYSIS OF ACCOUNTS RECEIVABLE
For the Two Years Ended June 30, 2006
(expressed in thousands)

General Revenue Fund - 001

The Department had approximately \$27 and \$215 in accounts receivable in the General Revenue Fund at June 30, 2006 and 2005, respectively. The June 30, 2006 and 2005 amounts are due from the United States Department of Defense for reimbursable costs in conjunction with the Master Cooperative Funding Agreement for the 75%/25% reimbursable positions. The amounts are considered non-current and collectible.

Federal Support Agreement Revolving Fund - 333

Aging Schedule	Fiscal Year		
	2006	2005	2004
Current	\$ 214	\$ 18	\$ 101
1-30 days	29	23	27
31-90 days	0	48	62
91-180 days	<u>0</u>	<u>20</u>	<u>19</u>
Accounts Receivable Net Balance	<u>\$ 243</u>	<u>\$ 109</u>	<u>\$ 209</u>

These amounts 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. These amounts are considered collectible.

Military Affairs Trust Fund – 043

The Department had approximately \$0 and \$33 in accounts receivable for the Military Affairs Trust Fund at June 30, 2006 and 2005, respectively. These amounts are for unpaid armory usage agreements that took place prior to June 30 of each respective year. They are considered current and collectible.

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

STATE OF ILLINOIS
DEPARTMENT OF MILITARY AFFAIRS
ANALYSIS OF ACCOUNTS RECEIVABLE
For the Two Years Ended June 30, 2006
(expressed in thousands)

Armory Rental Fund – 416

Aging Schedule	Fiscal Year		
	2006	2005	2004
Current	\$ 0	\$ 0	\$ 2
1-30 days	0	0	5
181 - 1 year	<u>0</u>	<u>0</u>	<u>2</u>
Accounts Receivable Gross Balance	0	0	9
Less: Estimated Uncollectible	<u>0</u>	<u>0</u>	<u>2</u>
Accounts Receivable Net Balance	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 7</u></u>

These amounts are for unpaid armory rentals that took place prior to June 30 of each respective year. There were no receivables in the Armory Rental Fund after FY04 due to the phasing out of the fund. During FY05, the armories became federally supported; therefore revenues gained from armory rentals could no longer be deposited into this fund. As a result, the Armory Rental Program set up through this fund ended and a new armory usage program was established through the Military Affairs Trust Fund 043.

Illinois Military Family Relief Fund – 725

The Department had approximately \$0 and \$2 in accounts receivable for the Illinois Military Family Relief Fund at June 30, 2006 and 2005, respectively. These amounts represent grant overpayments in which the Department is seeking reimbursement. They are considered current and collectible.

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

STATE OF ILLINOIS
DEPARTMENT OF MILITARY AFFAIRS
ANALYSIS OF OPERATIONS
For the Two Years Ended June 30, 2006

DEPARTMENT FUNCTIONS AND PLANNING PROGRAM

Department Functions

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

The Department is comprised of the Illinois Army National Guard and the Illinois Air National Guard. The Illinois Army and Air National Guard have a combined authorized strength of 13,200 members (10,000 comprising the Illinois Army National Guard and 3,200 in the Illinois Air National Guard). The Army National Guard (Guard) is responsible for carrying out a dual mission, federal and State. The Guard's federal mission includes maintaining properly trained and equipped units available for prompt mobilization for war or as otherwise needed. The State mission of the Guard is to provide trained and disciplined forces for domestic emergencies or as otherwise required by State law. The Army National Guard maintains 53 armories (two of which are leased, one federally owned, and 50 State-owned), one State Headquarters facility, two outdoor weapons ranges, three training areas, and 43 vehicle storage/maintenance buildings in 49 communities throughout the State. The Air National Guard maintains large flying bases at two major civilian airports and one on an active U.S. Air Force Base.

The position of Adjutant General is appointed by the Governor as the head officer of the Department. Brigadier General Randal E. Thomas was appointed as the 36th Adjutant General on June 7, 2003. The Adjutant General reports directly to the Governor, who acts as the Commander-in-Chief of the military forces of the State of Illinois. The Adjutant General has a statutory responsibility to carry out the policies of the Governor, issuing orders in his name, and serving as his advisor on all matters relating to the Illinois National Guard. Also, the Adjutant General is responsible for planning, developing, and executing plans and programs that relate to organization, training, equipment, and mobilization of the Illinois National Guard for State emergencies and national defense. In addition, all military property, equipment and installations of the Illinois National Guard are under his jurisdiction.

Per statute, "the Adjutant General shall have charge of and carefully preserve the colors, flags, guidions, and military trophies of war belonging to the State (20 ILCS 1805/25)." In 2003, the Department relocated its museum and artifact collection into a renovated, climate-controlled stone structure on the grounds of Camp Lincoln. That same year, museum staff and volunteers relocated the States' collection of historical battle flags from the Hall of Flags in the Michael J. Howlett building to a climate-controlled storage facility also on the grounds of Camp Lincoln.

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

STATE OF ILLINOIS
DEPARTMENT OF MILITARY AFFAIRS
ANALYSIS OF OPERATIONS
For the Two Years Ended June 30, 2006

physical fitness; leadership and followership; health, sex education, and nutrition; life coping skills; responsible citizenship; and community service.

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

Department Planning Program

Most of the plans that are implemented by the Department are a joint effort between federal and State resources and generally reflect mutual goals and efforts. The Army National Guard and the Air National Guard units of the Illinois National Guard have separate federal strategic and long-range plans that support the planning process within the Department. These federal strategic plans were translated into State goals and objectives as the Department drafted a strategic plan as part of a State of Illinois process in fiscal year 2004. The State plans included an emphasis on the Department’s outreach programs. At the end of each fiscal year, the Department produces the Capital Budget Request that summarizes the conditions of facilities/equipment and suggests corrective actions for improvement. The Capital Budget Request is tied into the budgeting process for the following fiscal year.

Auditor’s Assessment

The Department’s planning program, in conjunction with the federal strategic and long-range plans of the Illinois National Guard, provide for sufficient management of operations in accordance with the Department’s statutory functions.

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

AVERAGE NUMBER OF EMPLOYEES

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

<u>Division</u>	<u>2006</u>	<u>2005*</u>	<u>2004</u>
Office of the Adjutant General	23	24	131
Facilities	217	219	113
Total average full-time employees	240	243	244

*Note: During FY05, the Department reclassified several employees to the Facilities division as it was determined that their duties supported this division.

STATE OF ILLINOIS
DEPARTMENT OF MILITARY AFFAIRS
EMERGENCY PURCHASES
For the Two Fiscal Years Ended June 30, 2006

The Department reported the following emergency purchases to the Office of the Auditor General during FY05/06:

DESCRIPTION OF EMERGENCY PURCHASE	AMOUNT
System replacement for CDB Project 546-080-009, rerouting of incoming water supply to provide temporary heat to building while new boiler is installed.	\$ 18,678
Replacement of the boiler and cooling tower at the Kankakee Armory.	82,700*
TOTAL COST	\$ 101,378

* Denotes estimated cost

STATE OF ILLINOIS
DEPARTMENT OF MILITARY AFFAIRS
KATRINA RELIEF EFFORTS
For the Two Fiscal Years Ended June 30, 2006
(Not Examined)

Katrina Relief Efforts

In response to Hurricane Katrina, the Governor authorized the Illinois National Guard to assist with the cleanup efforts. The Department provided up to fifty military vehicles and 300 soldiers on September 2, 2005. The military vehicles included large cargo trucks capable of driving through several feet of water. The cargo trucks were used to transport supplies and cleanup debris, among other tasks. There were also up to 210 members of the Illinois National Guard 3637th Maintenance Company sent to keep recovery equipment in working order and provide other recovery support.

Additional supplies and support were sent on September 7, 2005. In addition to the 300 guardsmen previously dispatched, the Governor authorized an additional 500 National Guard troops to Louisiana bringing the total number of Illinois National Guard troops to 800. The troops and support included:

- 33rd Area Support Group, based in Chicago, for logistics, maintenance and transportation;
- 634th Forward Support Battalion, based in Sullivan, Champaign and Springfield, for supply maintenance and medical support; and
- Detachment 3, Headquarters and Headquarters Company, 35th Infantry Division, based in Decatur, which assisted in command and control of National Guard forces from states other than Louisiana and Mississippi.

Due to the designation of Title 32 status for Katrina relief efforts provided by the National Guard, the federal government paid for these operations, yet the National Guardsmen were still under the command of their respective state governors.

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

Adjutant General's Office

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

Program Goals:

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

Funds: General Revenue Fund, Military Affairs Trust Fund

	2006	2005	2004
<u>Input Indicators:</u>			
Total Expenditures – all sources (in thousands)	\$1,984	\$1,742	\$1,593
Total Expenditures – State appropriated funds (in thousands)	\$1,984	\$1,742	\$1,593
Average monthly full time equivalents	23	25	25
GRF Appropriations (in dollars)	\$1,618,300	\$1,622,819	\$1,762,937
Other Funds Appropriation (in dollars)	\$1,461,200	\$1,461,200	\$1,500,000
<u>Output Indicators:</u>			
GRF Expenditures (in dollars)	\$1,544,391	\$1,612,662	\$1,502,014
Other Funds Expenditures (in dollars)	\$439,148	\$129,274	\$90,864
<u>Efficiency/Cost-Effectiveness</u>			
% of GRF Appropriation Expended	95%	99%	85%
% of Other Funds Appropriation Expended	30%	9%	6%

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

Facilities

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

Program Goals:

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

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

	2006	2005	2004
<u>Input Indicators:</u>			
Total Expenditures – all sources (in thousands)	\$18,007	\$18,270	\$17,008
Total Expenditures – State appropriated funds (in thousands)	\$18,007	\$18,270	\$17,008
Average monthly full time equivalents	208	216	240
<u>Output Indicators:</u>			
Number of drill weekends held for ILNG personnel	12	12	12
<u>Outcome Indicators:</u>			
Number of Facilities Supported	105	105	105
<u>Efficiency/Cost-Effectiveness</u>			
Average cost per facility (in dollars)	\$171,494	\$174,004	\$161,979

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

	2006	2005	2004
<u>Input Indicators:</u>			
Total Expenditures – all sources (in thousands)	\$838	\$2,195	\$1,417
Total Expenditures – State appropriated funds (in thousands)	\$838	\$2,195	\$1,417
<u>Output Indicators:</u>			
Number of grants	1,413	3,955	2,732
<u>Efficiency/Cost-Effectiveness</u>			
Average grant amount (in dollars)	\$593	\$555	\$519

Lincoln’s Challenge Academy

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

Program Goals:

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

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

Lincoln's Challenge Academy – Continued

Funds: General Revenue Fund, Federal Support Agreement Revolving Fund

	2006	2005	2004
<u>Input Indicators:</u>			
Total Expenditures – all sources (in thousands)	\$7,606	\$8,472	\$8,706
Total Expenditures – State appropriated funds (in thousands)	\$7,606	\$8,472	\$8,706
<u>Output Indicators:</u>			
Number of graduates	663	618	784
<u>Outcome Indicators:</u>			
Number of graduates with GED	440	429	516
Number of graduates assigned a mentor	649	614	724
<u>Efficiency/Cost-Effectiveness</u>			
Average cost per graduate (in dollars)	\$11,473	\$13,709	\$11,105
Percentage of graduates with GED	66%	69%	66%
Percentage of graduates assigned a mentor	98%	99%	92%