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OFFICE OF THE AUDITOR GENERAL
WILLIAM G. HOLLAND

5-94-47200-10

REPORT DIGEST

**DEPARTMENT OF MILITARY AFFAIRS
FINANCIAL AND COMPLIANCE AUDIT
FOR THE TWO YEARS ENDED JUNE 30, 1994**

SYNOPSIS

- The Department did not have adequate documentation or formal procedures in place to verify certain eligibility requirements for participants in the Lincoln Challenge program. Failure to verify eligibility criteria could result in ineligible applicants being accepted into the program.

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

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DEPARTMENT OF MILITARY AFFAIRS
COMPLIANCE AUDIT
For The Two Years Ended June 30, 1994

EXPENDITURE STATISTICS	FY 1994	FY 1993	FY 1992
• Total Expenditures (All Funds)	\$17,294,847	\$10,904,301	\$10,352,991
<u>OPERATIONS TOTAL</u>	\$15,993,956	\$9,262,645	\$8,977,241
% of Total Expenditures	92%	85%	87%
Personal Services	\$6,992,034	\$6,738,313	\$6,080,808
% of Operations Expenditures	43%	73%	67%
Average No. of Employees	283	288	290
Other Payroll Costs (FICA, Retirement)	\$569,175	\$577,467	\$779,223
% of Operations Expenditures	4%	6%	9%
Contractual Services	\$1,668,841	\$1,602,948	\$1,689,415
% of Operations Expenditures	10%	17%	19%
Lincoln's Challenge	\$5,043,418	\$0	\$0
% of Operations Expenditures	32%	0%	0%
All Other Operations Items	\$1,720,488	\$343,917	\$427,795
% of Operations Expenditures	11%	4%	5%
• Cost of Property and Equipment	\$91,635,361	\$89,552,639	\$61,925,028

AGENCY DIRECTOR(S)
During Audit Period: Major General Donald W. Lynn Currently: Brigadier General Paul G. Gebhardt (Acting Director)

INTRODUCTION

The Department of Military Affairs was established by the Military Code of Illinois (20 ILCS 1805 et seq.). The Department acts as the channel of communication between the federal government and the State of Illinois on all matters pertaining to the State Military. The Adjutant General prepares and executes plans for organizing, supplying, equipping, and mobilizing the Organized Militia for use in national defense, State defense, and emergencies.

FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS

The Department did not have adequate documentation or formal procedures in place to verify certain eligibility requirements (i.e. age, residence, not on parole or probation, etc.) for participants in the Lincoln Challenge program. This program was established as a 22 week boot camp program for high school dropouts. (Finding 2, page 12)

The Department stated that in the future accessible eligibility criteria will be validated. There is pending legislative action which will authorize the release of presently inaccessible eligibility criteria.

OTHER FINDINGS

Our report contained two additional findings. The Department has given proper attention to our recommendations. We will review the Department's progress towards implementation of our recommendations during our next audit.

AUDITORS' OPINION

The June 30, 1993 and 1994 financial statements of the Department of Military Affairs are fairly presented.



WILLIAM G. HOLLAND, Auditor General

WGH:KS:pp
May 4, 1995

SUMMARY OF AUDIT FINDINGS

<u>Number of</u>	<u>This Audit</u>	<u>Prior Audit</u>
Audit findings	3	3
Repeated audit findings	1	1
Prior recommendations implemented or not repeated	2	8

SPECIAL ASSISTANT AUDITORS

Sikich, Gardner & Co., LLP were our special assistant auditors for this audit.