



**STATE OF ILLINOIS  
DEPARTMENT OF MILITARY AFFAIRS**

1301 North MacArthur Boulevard  
Springfield, Illinois 62702-2399

29 May 2007

Honorable William G. Holland  
Auditor General  
Isles Park Place  
740 East Ash Street  
Springfield, Illinois 62703

Dear Mr. Holland:

An evaluation of the internal fiscal and administrative controls of the Department of Military Affairs in effect during the reporting period ending April 30<sup>th</sup>, 2007 was performed in accordance with guidelines established by the Comptroller in consultation with the Director of Central Management Services.

The objectives of the system of internal fiscal and administrative controls of the Department of Military Affairs are to provide reasonable assurance that:

- a) Resources are utilized efficiently, effectively, and in compliance with applicable law;
- b) Obligations and costs are in compliance with applicable law;
- c) Funds, property, and other assets and resources are safeguarded against waster, loss, unauthorized use, and misappropriation;
- d) Revenues, expenditures, and transfers of assets, resources, or funds applicable to operations are properly recorded and accounted for to permit the preparation of accounts and reliable financial and statistical reports to maintain accountability over the State's resources; and
- e) Funds held outside the State Treasury are managed, used, and obtained in strict accordance with the terms of their enabling authorities and that no unauthorized funds exist.

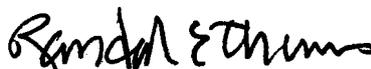
The concept of reasonable assurance recognizes that the cost of inherent control should not exceed the benefits expected to be derived there from, and that the benefits consist of reductions in the risks of failing to achieve the stated objectives. Estimates and judgments are required to assess the expected benefits and related costs of control procedures. Furthermore, errors or irregularities may occur and not be detected

because of inherent limitations in any system of internal accounting and administrative control, including those limitations resulting from resource constraints, legislative restrictions, and other factors.

Finally, projection of any evaluation of the system to future periods is subject to the risk that procedures may be inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate. Nonetheless, I have taken the necessary measures to assure that the evaluation identified in the first paragraph has been conducted in a thorough and conscientious manner.

The system of internal fiscal and administrative controls of the Department of Military Affairs complies with the requirements of the Illinois Fiscal Control and Internal Auditing Act of 1989.

Sincerely,



RANDAL E. THOMAS  
Major General, IL ARNG  
The Adjutant General