STATE OF ILLINOIS

Single Audit Report

For the Year Ended June 30, 2020

Performed as Special Assistant Auditors for
the Auditor General, State of Illinois

Independent Auditors’ Report on the
Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

Independent Auditors’ Report on Internal Control Over Financial Reporting and on
Compliance and Other Matters Based on an Audit of the Schedule of Expenditures of Federal Awards
Performed in Accordance with Government Auditing Standards

Independent Auditors’ Report on Compliance for Each Major Program and
Report on Internal Control Over Compliance Required by the Uniform Guidance
STATE OF ILLINOIS

Single Audit Report

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<tr>
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<td>95-99</td>
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</tbody>
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Other Reports Issued Applicable to the Single Audit:

The Comprehensive Annual Financial Report of the State of Illinois for the year ended June 30, 2020 was issued under separate cover by the Auditor General of the State of Illinois.

The Report on Internal Control over Financial Reporting and on Compliance and Other Matters and Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards for the year ended June 30, 2020 was issued under separate cover by the Auditor General of the State of Illinois.
STATE OF ILLINOIS

Single Audit Report

Summary

The compliance audit testing performed in this audit was conducted in accordance with auditing standards generally accepted in the United States of America, Government Auditing Standards, Single Audit Act Amendments of 1996, and Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (the Uniform Guidance).

Auditors’ Reports

The auditors’ report on compliance and on internal control applicable to each major program contains modifications for the following programs:

Qualified
- SNAP Cluster (10.551/10.561)
- Crime Victim Assistance (16.575)
- Employment Service Cluster (17.207/17.801/17.804)
- Unemployment Insurance Program (17.225)
- Special Education Cluster (84.027/84.173)
- Temporary Assistance for Needy Families (93.558)
- CCDF Cluster (93.575/93.596)
- Social Services Block Grant (93.667)
- Children’s Health Insurance Program (93.767)
- Medicaid Cluster (93.775/93.777/93.778)
- Block Grants for Prevention and Treatment of Substance Abuse (93.959)

Summary of Audit Findings

Number of audit findings:  
- This audit: 29
- Prior audit: 69
- Repeated audit findings: 20*
- Prior findings implemented or not repeated: 40
- Prior findings not corrected noted in summary schedule of prior year findings: 9

* Two of the 20 repeated audit findings were combined into one current year finding.
Independent Auditors’ Report on the Schedule of Expenditures of Federal Awards
Required by the Uniform Guidance

Honorable Frank J. Mautino
Auditor General
State of Illinois

Report on the Schedule of Expenditures of Federal Awards
As special assistance auditors for the Auditor General, we have audited the accompanying schedule of expenditures of federal awards of the State of Illinois for the year ended June 30, 2020 and the related notes (the Schedule).

Management’s Responsibility for the Schedule of Expenditures of Federal Awards
Management is responsible for the preparation and fair presentation of this Schedule in accordance with the cash basis of accounting described in note 1(c); this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the Schedule in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of a Schedule that is free from material misstatement, whether due to fraud or error.

Auditors’ Responsibility
Our responsibility is to express an opinion on this Schedule based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (the Uniform Guidance). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Schedule is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Schedule. The procedures selected depend on the auditors’ judgment, including the assessment of the risks of material misstatement of the Schedule, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the Schedule in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the Schedule.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.
Opinion
In our opinion, the schedule of expenditures of federal awards referred to above presents fairly, in all material respects, the expenditures of federal awards of the State of Illinois for the year ended June 30, 2020 in accordance with the cash basis of accounting described in note 1(c).

Basis of Accounting
We draw attention to note 1(c) of the Schedule, which describes the basis of accounting. The Schedule is prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters
As described in note 1(a) to the Schedule, the Schedule does not include expenditures of federal awards for those agencies determined to be component units of the State of Illinois for financial statement purposes. Each of these agencies has their own independent audit in compliance with the Uniform Guidance.

Also as described in note 1(a) to the Schedule, the Schedule does not include federal transactions related to loans held and serviced by the Illinois Designated Account Purchase Program (IDAPP), a division of the Illinois Student Assistance Commission, under the Federal Family Educational Loan program CFDA 84.032L. IDAPP has elected to have a separate lender compliance audit performed in accordance with the U.S. Department of Education’s Compliance Audits (Attestation Engagements) for Lenders and Lender Servicers Participating in the Federal Family Education Loan Program Audit Guide.

Other Reporting Required by Government Auditing Standards
In accordance with Government Auditing Standards, we have also issued our report dated August 26, 2021 on our consideration of the State of Illinois’ internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the State of Illinois’ internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the State of Illinois’ internal control over financial reporting and compliance.

Chicago, Illinois
August 26, 2021
## THE STATE OF ILLINOIS

**Schedule of Expenditures of Federal Awards**

**For the Year Ended June 30, 2020**

<table>
<thead>
<tr>
<th>Federal Agency/Program or Cluster</th>
<th>Federal CFDA #</th>
<th>Expenditures</th>
<th>Passed-through to subrecipients</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>U.S. Department of Agriculture</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Plant and Animal Disease, Pest Control, and Animal Care</td>
<td>10.025</td>
<td>$318</td>
<td>185</td>
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<tr>
<td>Conservation Reserve Program</td>
<td>10.069</td>
<td>383</td>
<td>-</td>
</tr>
<tr>
<td>Voluntary Public Access and Habitat Incentive Program</td>
<td>10.093</td>
<td>227</td>
<td>-</td>
</tr>
<tr>
<td>Market News</td>
<td>10.153</td>
<td>10</td>
<td>-</td>
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<tr>
<td>Market Protection and Promotion</td>
<td>10.163</td>
<td>84</td>
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<tr>
<td>Specialty Crop Block Grant Program - Farm Bill</td>
<td>10.170</td>
<td>496</td>
<td>479</td>
</tr>
<tr>
<td>Trade Mitigation Program Eligible Recipient Agency Operational Funds</td>
<td>10.178</td>
<td>1,926</td>
<td>1,926</td>
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<tr>
<td>Cooperative Agreements with States for Intrastate Meat and Poultry Inspection</td>
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<tr>
<td>Cooperative Extension Service</td>
<td>10.500</td>
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<tr>
<td>Data and Technical Assistance Grants</td>
<td>10.537</td>
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<tr>
<td>CACFP Meal Service Training Grants</td>
<td>10.534</td>
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<tr>
<td>SNAP Cluster:</td>
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<tr>
<td>Supplemental Nutrition Assistance Program</td>
<td>10.551</td>
<td>3,239,352</td>
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<td>State Administrative Matching Grants for the Supplemental Nutrition Assistance Program</td>
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<tr>
<td><strong>Total SNAP Cluster</strong></td>
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<td>3,383,971</td>
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<tr>
<td>Child Nutrition Cluster:</td>
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<td></td>
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<tr>
<td>School Breakfast Program</td>
<td>10.553</td>
<td>108,554</td>
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<td>COVID-19 - School Breakfast Program</td>
<td>10.553</td>
<td>9,385</td>
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<tr>
<td>National School Lunch Program</td>
<td>10.555</td>
<td>392,822</td>
<td>391,746</td>
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<tr>
<td>Special Milk Program for Children</td>
<td>10.556</td>
<td>1,238</td>
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<td>Summer Food Service Program for Children</td>
<td>10.559</td>
<td>15,554</td>
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<tr>
<td>COVID-19 - Summer Food Service Program for Children</td>
<td>10.559</td>
<td>120,280</td>
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<tr>
<td><strong>Total Child Nutrition Cluster</strong></td>
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<tr>
<td>WIC Special Supplemental Nutrition Program for Women, Infants, and Children</td>
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<td>143,869</td>
<td>81,463</td>
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<tr>
<td>Child and Adult Care Food Program</td>
<td>10.558</td>
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<tr>
<td>COVID-19 - Child and Adult Care Food Program</td>
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<td>12,193</td>
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<tr>
<td><strong>Total Child and Adult Care Food Program</strong></td>
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<tr>
<td>State Administrative Expenses for Child Nutrition</td>
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<td>11,165</td>
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<td><strong>Food Distribution Cluster:</strong></td>
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<tr>
<td>Commodity Supplemental Food Program</td>
<td>10.565</td>
<td>7,064</td>
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<tr>
<td>Emergency Food Assistance Program (Administrative Costs)</td>
<td>10.568</td>
<td>3,938</td>
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<tr>
<td>Emergency Food Assistance Program (Food Commodities)</td>
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<td><strong>Total Food Distribution Cluster</strong></td>
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<tr>
<td>WIC Farmers' Market Nutrition Program (FMNP)</td>
<td>10.572</td>
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<tr>
<td>Senior Farmers Market Nutrition Program</td>
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<td>614</td>
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<tr>
<td>WIC Grants To States (WGS)</td>
<td>10.578</td>
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<td>Child Nutrition Discretionary Grants Limited Availability</td>
<td>10.579</td>
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<td>737</td>
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<td>Fresh Fruit and Vegetable Program</td>
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<td>3,192</td>
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<tr>
<td>Child Nutrition Direct Certification Performance Awards</td>
<td>10.589</td>
<td>201</td>
<td>201</td>
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<td>Pilot Projects to Reduce Dependency and Increase Work Requirements and Work Effort under SNAP</td>
<td>10.596</td>
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<tr>
<td>Cooperative Forestry Assistance</td>
<td>10.664</td>
<td>570</td>
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<td>Forest Legacy Program</td>
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<tr>
<td>Forest Stewardship Program</td>
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<td>Regional Conservation Partnership Program</td>
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<td><strong>U.S. Department of Agriculture Total</strong></td>
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<td>4,391,444</td>
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<td><strong>U.S. Department of Commerce</strong></td>
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<td>Coastal Zone Management Administration Awards</td>
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<td>State and Local Implementation Grant Program</td>
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<td><strong>U.S. Department of Commerce Total</strong></td>
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<td>970</td>
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<td><strong>U.S. Department of Defense</strong></td>
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<td>Procurement Technical Assistance For Business Firms</td>
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<td>State Memorandum of Agreement Program for the Reimbursement of Technical Services</td>
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<td>Military Construction, National Guard</td>
<td>12.400</td>
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<td>National Guard Military Operations and Maintenance (O&amp;M) Projects</td>
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<td>22,650</td>
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<td>National Guard Challenge Program</td>
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<td>3,722</td>
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<td><strong>U.S. Department of Defense Total</strong></td>
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<td>40,057</td>
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<td><strong>U.S. Department of Housing and Urban Development</strong></td>
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<tr>
<td>Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii</td>
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<td>34,460</td>
<td>33,591</td>
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<tr>
<td>Emergency Solutions Grants Program</td>
<td>14.231</td>
<td>4,680</td>
<td>4,268</td>
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<td>Housing Opportunities for Persons with AIDS</td>
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<td>1,855</td>
<td>1,855</td>
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<td>Fair Housing Assistance Program State and Local</td>
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<tr>
<td>Lead-Based Paint Hazard Control in Privately-Owned Housing</td>
<td>14.900</td>
<td>218</td>
<td>192</td>
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<tr>
<td><strong>U.S. Department of Housing and Urban Development Total</strong></td>
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<td>41,867</td>
<td>39,065</td>
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### THE STATE OF ILLINOIS
#### Schedule of Expenditures of Federal Awards
**For the Year Ended June 30, 2020**

<table>
<thead>
<tr>
<th>Federal Agency/Program or Cluster</th>
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<th>Federal Expenditures</th>
<th>Passed-through to subrecipients</th>
</tr>
</thead>
<tbody>
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<td>U.S. Department of Interior</td>
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<tr>
<td>Regulation of Surface Coal Mining and Surface Effects of Underground Coal Mining</td>
<td>15.250</td>
<td>2,866</td>
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<tr>
<td>Abandoned Mine Land Reclamation (AMLR)</td>
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<tr>
<td>Flood Control Act Lands</td>
<td>15.433</td>
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<tr>
<td>Fish and Wildlife Management Assistance</td>
<td>15.608</td>
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<tr>
<td>Fish and Wildlife Cluster:</td>
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<tr>
<td>Sport Fish Restoration</td>
<td>15.605</td>
<td>5,778</td>
<td>1,700</td>
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<tr>
<td>Wildlife Restoration and Basic Hunter Education</td>
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<td>6,578</td>
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<tr>
<td>Total Fish and Wildlife Cluster</td>
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<tr>
<td>Cooperative Endangered Species Conservation Fund</td>
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<td>State Wildlife Grants</td>
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<td>753</td>
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<tr>
<td>Great Lakes Restoration</td>
<td>15.662</td>
<td>4,477</td>
<td>1,037</td>
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<tr>
<td>Historic Preservation Fund Grants-In-Aid</td>
<td>15.904</td>
<td>1,367</td>
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<tr>
<td>Outdoor Recreation Acquisition, Development and Planning</td>
<td>15.916</td>
<td>2,281</td>
<td>2,281</td>
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<tr>
<td>National Maritime Heritage Grants</td>
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<td>16</td>
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<tr>
<td>U.S. Department of Interior Total</td>
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<td>32,636</td>
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<td>U.S. Department of Justice</td>
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<tr>
<td>Sexual Assault Services Formula Program</td>
<td>16.017</td>
<td>160</td>
<td>139</td>
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<tr>
<td>Education, Training, and Enhanced Services to End Violence Against and Abuse of Women with Disabilities</td>
<td>16.529</td>
<td>82</td>
<td>56</td>
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<tr>
<td>Juvenile Justice and Delinquency Prevention</td>
<td>16.540</td>
<td>1,053</td>
<td>873</td>
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<tr>
<td>Missing Children's Assistance</td>
<td>16.543</td>
<td>220</td>
<td>-</td>
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<tr>
<td>State Justice Statistics Program for Statistical Analysis Centers</td>
<td>16.550</td>
<td>118</td>
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<tr>
<td>National Institute of Justice Research, Evaluation, and Development Project Grants</td>
<td>16.560</td>
<td>41</td>
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<tr>
<td>Crime Victim Assistance</td>
<td>16.575</td>
<td>71,019</td>
<td>68,765</td>
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<td>Crime Victim Compensation</td>
<td>16.576</td>
<td>3,511</td>
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<tr>
<td>Crime Victim Assistance/Discretionary Grants</td>
<td>16.582</td>
<td>763</td>
<td>175</td>
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<tr>
<td>Drug Court Discretionary Program</td>
<td>16.585</td>
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<tr>
<td>Violence Against Women Formula Grants</td>
<td>16.588</td>
<td>4,410</td>
<td>4,051</td>
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<tr>
<td>Rural Domestic Violence, Dating Violence, Sexual Assault, and Stalking Assistance Program</td>
<td>16.589</td>
<td>122</td>
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<tr>
<td>Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program</td>
<td>16.590</td>
<td>233</td>
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</tr>
<tr>
<td>Residential Substance Abuse Treatment for State Prisoners</td>
<td>16.593</td>
<td>91</td>
<td>-</td>
</tr>
<tr>
<td>State Criminal Alien Assistance Program</td>
<td>16.606</td>
<td>7,566</td>
<td>-</td>
</tr>
<tr>
<td>Bulletproof Vest Partnership Program</td>
<td>16.607</td>
<td>13</td>
<td>-</td>
</tr>
<tr>
<td>Special Data Collections and Statistical Studies</td>
<td>16.734</td>
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<tr>
<td>Edward Byrne Memorial Justice Assistance Grant Program</td>
<td>16.738</td>
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<td>DNA Backlog Reduction Program</td>
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<td>16.742</td>
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<td>Harold Rogers Prescription Drug Monitoring Program</td>
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<td>John R. Justice Prosecutors and Defenders Incentive Act</td>
<td>16.806</td>
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<td>Girls in the Juvenile Justice System</td>
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<td>STOP School Violence</td>
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<td>Equitable Sharing Program</td>
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<td>U.S. Department of Labor</td>
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<td>Compensation and Working Conditions</td>
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<td>Employment Service Cluster:</td>
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<td>17.207</td>
<td>32,534</td>
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<td>COVID-19 - Employment Service/Wagner-Peyser Funded Activities</td>
<td>17.207</td>
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<tr>
<td>Disabled Veterans' Outreach Program</td>
<td>17.801</td>
<td>3,739</td>
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<tr>
<td>Local Veterans' Employment Representative Program</td>
<td>17.804</td>
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<td>U.S. Department Service Cluster:</td>
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<td>Unemployment Insurance</td>
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<td>COVID-19 - Unemployment Insurance - Emergency (Administrative)</td>
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<td>WIOA Adult Program</td>
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<td>WIOA Youth Activities</td>
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<td>WIOA Dislocated Worker Formula Grants</td>
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<td>COVID-19 - WIOA Dislocated Worker Formula Grants</td>
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<td>Total Workforce Investment Act Cluster</td>
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<td>WIOA Pilots, Demonstrations, and Research Projects</td>
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<td>263</td>
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<td>H-1B Job Training Grants</td>
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<tr>
<td>Reentry Employment Opportunities</td>
<td>17.270</td>
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</table>

(Continued)
### THE STATE OF ILLINOIS
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2020

<table>
<thead>
<tr>
<th>Federal Agency/Program or Cluster</th>
<th>Federal CFDA #</th>
<th>Expenditures</th>
<th>Passed-through to subrecipients</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>U.S. Department of Labor</strong></td>
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<tr>
<td>Work Opportunity Tax Credit Program (WOTC)</td>
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<td>Temporary Labor Certification for Foreign Workers</td>
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<td>WIOA National Dislocated Worker Grants / WIA National Emergency Grants</td>
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<td>Apprenticeship USA Grants</td>
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<td>Occupational Safety and Health State Program</td>
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<td>1,011</td>
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<td>Consultation Agreements</td>
<td>17.504</td>
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<td>Mine Health and Safety Grants</td>
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<td><strong>Total U.S. Department of Labor</strong></td>
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<td><strong>U.S. Department of Transportation</strong></td>
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<td>Airport Improvement Program</td>
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<td><strong>Total Highway Planning and Construction Cluster</strong></td>
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<td>Highway Training and Education</td>
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<td>Transportation Infrastructure Finance and Innovation Act (TIFIA) Program</td>
<td>20.223</td>
<td>52</td>
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<td>Commercial Driver's License Program Implementation Grant</td>
<td>20.232</td>
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<td>Railroad Safety</td>
<td>20.301</td>
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<td>Railroad Development</td>
<td>20.318</td>
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<td>High-Speed Rail Corridors and Intercity Passenger Rail Service – Capital Assistance Grants</td>
<td>20.319</td>
<td>3,000</td>
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<td>Railroad Safety Technology Grants</td>
<td>20.321</td>
<td>5,257</td>
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<td>Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research</td>
<td>20.505</td>
<td>7,256</td>
<td>4,220</td>
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<td>Formula Grants for Rural Areas</td>
<td>20.509</td>
<td>14,214</td>
<td>13,444</td>
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<td><strong>Total Transit Services Programs Cluster</strong></td>
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<td>Enhanced Mobility of Seniors and Individuals with Disabilities</td>
<td>20.513</td>
<td>3,503</td>
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<tr>
<td><strong>Total Federal Transit Cluster</strong></td>
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<tr>
<td>Bus and Bus Facilities Formula, Competitive, and Low or No Emissions Programs</td>
<td>20.526</td>
<td>2,724</td>
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<tr>
<td><strong>Total Federal Transit Cluster</strong></td>
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<tr>
<td><strong>Total U.S. Department of Transportation</strong></td>
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<td><strong>U.S. Treasury Department</strong></td>
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<td>COVID-19 - Coronavirus Relief Fund</td>
<td>21.019</td>
<td>268,332</td>
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<td><strong>Total U.S. Treasury Department</strong></td>
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<td><strong>Equal Employment Opportunity Commission</strong></td>
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<td>Employment Discrimination State and Local Fair Employment</td>
<td>30.002</td>
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<td><strong>Total Equal Employment Opportunity Commission</strong></td>
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<td><strong>General Services Administration</strong></td>
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<td>Donation of Federal Surplus Personal Property</td>
<td>39.003</td>
<td>1,015</td>
<td>1,001</td>
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<td>Election Reform Payments</td>
<td>39.011</td>
<td>65</td>
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<td><strong>Total General Services Administration</strong></td>
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<td><strong>National Endowment for the Arts</strong></td>
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<td>Promotion of the Arts Partnership Agreements</td>
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<td>Grants to States</td>
<td>45.310</td>
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<td>Laura Bush 21st Century Librarian Program</td>
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<td><strong>Total National Endowment for the Arts</strong></td>
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<td><strong>U.S. Small Business Administration</strong></td>
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<td>Small Business Development Centers</td>
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<td>State Trade Expansion</td>
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<td><strong>Total U.S. Small Business Administration</strong></td>
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<td>4,834</td>
</tr>
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(Continued)
### Federal Agency/Program or Cluster

#### U.S. Department of Veterans Affairs

- **Veterans State Domiciliary Care**: CFDA # 64.014, Expenditures 482
- **Veterans State Nursing Home Care**: CFDA # 64.015, Expenditures 38,317
- **Burial Expenses Allowance for Veterans**: CFDA # 64.101, Expenditures 3
- **All-Volunteer Force Educational Assistance**: CFDA # 64.124, Expenditures 1,081

**U.S. Department of Veterans Affairs Total**

<table>
<thead>
<tr>
<th>CFDA #</th>
<th>Expenditures</th>
<th>Passed-through to subrecipients</th>
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<tbody>
<tr>
<td></td>
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</tr>
</tbody>
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#### U.S. Environmental Protection Agency

- **State Indoor Radon Grants**: CFDA # 66.032, Expenditures 602
- **Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act**: CFDA # 66.034, Expenditures 318
- **Multipurpose Grants to States and Tribes**: CFDA # 66.204, Expenditures 26
- **State Underground Water Source Protection**: CFDA # 66.433, Expenditures 156
- **Lead Testing in School and Child Care Program Drinking Water (SDWA 1464(d))**: CFDA # 66.444, Expenditures 17
- **Water Quality Management Planning**: CFDA # 66.454, Expenditures 509
- **Clean Water State Revolving Fund Cluster**
  - Capitalization Grants for Clean Water State Revolving Funds: CFDA # 66.458, Expenditures 71,742
  - Total Clean Water State Revolving Fund Cluster: CFDA # 66.458, Expenditures 71,742
- **Nonpoint Source Implementation Grants**: CFDA # 66.460, Expenditures 4,184
- **Drinking Water State Revolving Fund Cluster**
  - Capitalization Grants for Drinking Water State Revolving Funds: CFDA # 66.468, Expenditures 42,000
  - Total Drinking Water State Revolving Fund Cluster: CFDA # 66.468, Expenditures 42,000
- **Great Lakes Program**: CFDA # 66.469, Expenditures 408
- **Beach Monitoring and Notification Program Implementation Grants**: CFDA # 66.472, Expenditures 59
- **Environmental Information Exchange Network Grant Program and Related Assistance**: CFDA # 66.608, Expenditures 71
- **Toxic Substances Compliance Monitoring Cooperative Agreements**: CFDA # 66.701, Expenditures 121
- **TSCA Title IV State Lead Grants Certification of Lead-Based Paint Professionals**: CFDA # 66.707, Expenditures 10
- **Superfund State, Political Subdivision, and Indian Tribe Site-Specific Cooperative Agreements**: CFDA # 66.802, Expenditures 3,224
- **Underground Storage Tank Prevention, Detection, and Compliance Program**: CFDA # 66.804, Expenditures 407
- **Leaking Underground Storage Tank Trust Fund Corrective Action Program**: CFDA # 66.805, Expenditures 1,567
- **State Underground Water Source Protection**: CFDA # 66.433, Expenditures 156
- **State and Tribal Response Program Grants**: CFDA # 66.809, Expenditures 707
- **Brownfields Assessment and Cleanup Cooperative Agreements**: CFDA # 66.818, Expenditures 15

**U.S. Environmental Protection Agency Total**

<table>
<thead>
<tr>
<th>CFDA #</th>
<th>Expenditures</th>
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<tr>
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</tbody>
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#### U.S. Department of Energy

- **State Energy Program**: CFDA # 81.041, Expenditures 3,732
- **Weatherization Assistance for Low-Income Persons**: CFDA # 81.042, Expenditures 11,480
- **Transport of Transuranic Wastes to the Waste Isolation Pilot Plant: States and Tribal Concerns, Proposed Solutions**: CFDA # 81.106, Expenditures 26

**U.S. Department of Energy Total**

<table>
<thead>
<tr>
<th>CFDA #</th>
<th>Expenditures</th>
<th>Passed-through to subrecipients</th>
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<tbody>
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<td></td>
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#### U.S. Department of Education

- **Adult Education - Basic Grants to States**: CFDA # 84.002, Expenditures 18,846
- **Title I Grants to Local Educational Agencies**: CFDA # 84.010, Expenditures 661,073
- **Migrant Education State Grant Program**: CFDA # 84.011, Expenditures 1,601
- **Title I State Agency Program for Neglected and Delinquent Children and Youth**: CFDA # 84.013, Expenditures 414
- **Special Education Cluster (IDEA)**
  - Special Education Grants to States: CFDA # 84.027, Expenditures 532,992
  - Special Education Preschool Grants: CFDA # 84.173, Expenditures 17,497
  - Total Special Education (IDEA) Cluster: CFDA # 84.173, Expenditures 550,489
- **Federal Family Education Loan Program**: CFDA # 84.032G, Expenditures 2,859,274
- **Career and Technical Education - Basic Grants to States**: CFDA # 84.048, Expenditures 40,860
- **Rehabilitation Services Vocational Rehabilitation Grants to States**: CFDA # 84.126, Expenditures 123,777
- **Migrant Education Coordination Program**: CFDA # 84.144, Expenditures 85
- **Rehabilitation Services Client Assistance Program**: CFDA # 84.161, Expenditures 423
- **Rehabilitation Services Independent Living Services for Older Individuals Who are Blind**: CFDA # 84.177, Expenditures 1,496
- **Special Education-Grants for Infants and Families**: CFDA # 84.181, Expenditures 17,328
- **Supported Employment Services for Individuals with the Most Significant Disabilities**: CFDA # 84.187, Expenditures 611
- **Education for Homeless Children and Youth**: CFDA # 84.196, Expenditures 3,218
- **Charter Schools**: CFDA # 84.282, Expenditures 929
- **Twenty-First Century Community Learning Centers**: CFDA # 84.287, Expenditures 48,200
- **Special Education - State Personnel Development**: CFDA # 84.323, Expenditures 1,834
- **Special Education Technical Assistance and Dissemination to Improve Services and Results for Children with Disabilities**: CFDA # 84.326, Expenditures 374
- **Advanced Placement Program (Advanced Placement Test Fee; Advanced Placement Incentive Program Grants)**: CFDA # 84.330, Expenditures 225
- **Gaining Early Awareness and Readiness for Undergraduate Programs**: CFDA # 84.334, Expenditures 2,271
- **Rural Education**: CFDA # 84.358, Expenditures 1,494
- **English Language Acquisition State Grants**: CFDA # 84.365, Expenditures 22,408
- **Mathematics and Science Partnerships**: CFDA # 84.366, Expenditures 1,594
- **Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)**: CFDA # 84.367, Expenditures 74,605
- **Grants for State Assessments and Related Activities**: CFDA # 84.369, Expenditures 2,047

**THE STATE OF ILLINOIS**

Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2020

**Amounts (expressed in thousands)**

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(Continued)
### Federal Passed-through CFDA # to subrecipients

#### THE STATE OF ILLINOIS

**Schedule of Expenditures of Federal Awards**

For the Year Ended June 30, 2020

<table>
<thead>
<tr>
<th>Federal Agency/Program or Cluster</th>
<th>Federal CFDA #</th>
<th>Expenditures</th>
<th>Passed-through to subrecipients</th>
</tr>
</thead>
<tbody>
<tr>
<td>Statewide Longitudinal Data Systems</td>
<td>84.372</td>
<td>2,261</td>
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<tr>
<td>School Improvement Grants</td>
<td>84.377</td>
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<td>Preschool Development Grants</td>
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<td>Student Support and Academic Enrichment Program</td>
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<td>COVID-19 Education Stabilization Relief</td>
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<td>3,981</td>
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<td><strong>U.S. Department of Education Total</strong></td>
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<td>4,509,068</td>
<td>1,470,614</td>
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</tbody>
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#### National Archives and Records Administration

| National Historical Publications and Records Grants | 89.003 | 80 | 34 |
| National Archives and Records Administration Total | | 80 | 34 |

#### Election Assistance Commission

| Holy America Vote Act Requirements Payments | 90.401 | 76 | - |
| 2018 HAVA Election Security Grants | 90.404 | 3,805 | 1,989 |
| COVID-19 - 2018 HAVA Election Security Grants | 90.404 | 56 | 37 |
| **Total 2018 HAVA Election Security Grants** | | 3,861 | - |
| **Election Assistance Commission Total** | | 3,937 | 2,026 |

#### U.S. Department of Health and Human Services

| Special Programs for the Aging, Title VII, Chapter 3, Programs for Prevention of Elder Abuse, Neglect, and Exploitation | 93.041 | 184 | 184 |
| Special Programs for the Aging, Title VII, Chapter 2, Long Term Care Ombudsman Services for Older Individuals | 93.042 | 497 | 497 |
| COVID-19 - Special Programs for the Aging, Title VII, Chapter 2, Long Term Care Ombudsman Services for Older Individuals | 93.042 | 147 | 147 |
| **Total Special Programs for the Aging, Title VII, Chapter 2, Long Term Care Ombudsman Services for Older Individuals** | | 644 | - |
| Special Programs for the Aging, Title III, Part D, Disease Prevention and Health Promotion Services | 93.043 | 666 | 665 |
| Aging Cluster: Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers | 93.044 | 12,636 | 11,769 |
| COVID-19 - Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers | 93.044 | 1,471 | 1,471 |
| Special Programs for the Aging, Title III, Part C, Nutrition Services | 93.045 | 16,903 | 16,667 |
| COVID-19 - Special Programs for the Aging, Title III, Part C, Nutrition Services | 93.045 | 5,568 | 5,568 |
| Nutrition Services Incentive Program | 93.053 | 5,631 | 5,631 |
| **Total Aging Cluster** | | 42,209 | - |
| Alzheimer's Disease Demonstration Grants to States | 93.051 | 32 | 32 |
| National Family Caregiver Support, Title III, Part E | 93.052 | 5,557 | 6,233 |
| COVID-19 National Family Caregiver Support, Title III, Part E | 93.052 | 727 | - |
| **Total National Family Caregiver Support, Title III, Part E** | | 6,284 | - |
| Public Health Emergency Preparedness | 93.069 | 12,873 | 6,522 |
| Environmental Public Health and Emergency Response | 93.070 | 662 | 219 |
| Medicare Enrollment Assistance Program | 93.071 | 1,036 | 996 |
| Birth Defects and Developmental Disabilities - Prevention and Surveillance | 93.073 | 240 | - |
| Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) | 93.074 | 6,879 | - |
| Aligned Cooperative Agreements | 93.074 | 6,879 | - |
| Cooperative Agreements to Promote Adolescent Health through School-Based HIV/STD Prevention and School-Based Surveillance | 93.079 | 93 | - |
| Guardianship Assistance | 93.090 | 7,701 | - |
| Affordable Care Act (ACA) Personal Responsibility Education Program | 93.092 | 1,761 | 1,591 |
| Well-Integrated Screening and Evaluation for Women Across the Nation | 93.094 | 3 | - |
| Food and Drug Administration Research | 93.103 | 63 | - |
| Maternal and Child Health Federal Consolidated Programs | 93.110 | 90 | - |
| Project Grants and Cooperative Agreements for Tuberculosis Control Programs | 93.116 | 2,161 | - |
| Cooperative Agreements to States/Territories for the Coordination and Development of Primary Care Offices | 93.130 | 260 | 65 |
| Injury Prevention and Control Research and State and Community Based Programs | 93.136 | 5,990 | 1,771 |
| Projects for Assistance in Transition from Homelessness (PATH) | 93.150 | 2,353 | 2,264 |
| Grants to States for Loan Repayment Program | 93.165 | 627 | - |
| Childhood Lead Poisoning Prevention Projects, State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children | 93.197 | 451 | - |
| Family Planning Services | 93.217 | 503 | 306 |
| Abstinence Education Program | 93.235 | 2,077 | 1,981 |
| Grants to States to Support Oral Health Workforce Activities | 93.236 | 525 | 146 |
| State Rural Hospital Flexibility Program | 93.241 | 839 | 172 |
| Substance Abuse and Mental Health Services Projects of Regional and National Significance | 93.243 | 8,442 | 8,073 |
| Immunization Cooperative Agreements | 93.268 | 97,397 | 758 |
| Drug Abuse and Addiction Research Programs | 93.279 | 8 | - |
| Centers for Disease Control and Prevention Investigations and Technical Assistance | 93.283 | 345 | - |
| National Public Health Improvement Initiative | 93.292 | 10 | - |
| Teenage Pregnancy Prevention Program | 93.297 | 1,708 | 1,595 |
| Small Rural Hospital Improvement Grant Program | 93.301 | 669 | 118 |
| COVID-19 - Small Rural Hospital Improvement Grant Program | 93.301 | 5,565 | - |
| **Total Small Rural Hospital Improvement Grant Program** | | 6,234 | - |
### The State of Illinois
#### Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2020

<table>
<thead>
<tr>
<th>Federal Agency/Program or Cluster</th>
<th>Federal CFDA #</th>
<th>Expenditures</th>
<th>Passed-through to subrecipients</th>
</tr>
</thead>
<tbody>
<tr>
<td>PPHF 2018: Office of Smoking and Health-National State-Based Tobacco Control Programs-Financed in part by 2018 Prevention and Public Health Funds (PPHF)</td>
<td>93.305</td>
<td>1,233</td>
<td>-</td>
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<tr>
<td>Early Hearing Detection and Intervention Information System (EHDI-IS) Surveillance Program</td>
<td>93.314</td>
<td>160</td>
<td>-</td>
</tr>
<tr>
<td>Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)</td>
<td>93.323</td>
<td>4,742</td>
<td>172</td>
</tr>
<tr>
<td>COVID-19: Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)</td>
<td>93.323</td>
<td>170</td>
<td>4,912</td>
</tr>
<tr>
<td>State Health Insurance Assistance Program</td>
<td>93.324</td>
<td>1,555</td>
<td>-</td>
</tr>
<tr>
<td>Behavioral Risk Factor Surveillance System</td>
<td>93.336</td>
<td>396</td>
<td>-</td>
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<tr>
<td>Total Public Health Emergency Response: Cooperative Agreement for Emergency Response</td>
<td>93.367</td>
<td>11,728</td>
<td>-</td>
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<tr>
<td>Flexible Funding Model - Infrastructure Development and Maintenance for State Manufactured Food Regulatory Programs</td>
<td>93.367</td>
<td>314</td>
<td>-</td>
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<tr>
<td>ACL Independent Living State Grants</td>
<td>93.369</td>
<td>579</td>
<td>579</td>
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<tr>
<td>NON-ACA-PPHF—Building Capacity of the Public Health System to Improve Population Health through and Heart Disease and Stroke</td>
<td>93.426</td>
<td>2,339</td>
<td>1,153</td>
</tr>
<tr>
<td>Every Student Succeeds Act/Preschool Development Grants</td>
<td>93.434</td>
<td>3,862</td>
<td>163</td>
</tr>
<tr>
<td>Well-Integrated Screening and Evaluation For Women Across the Nation (WISEWOMAN)</td>
<td>93.444</td>
<td>532</td>
<td>154</td>
</tr>
<tr>
<td>ACL Assistive Technology</td>
<td>93.444</td>
<td>567</td>
<td>567</td>
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<tr>
<td>Preventing Maternal Deaths: Supporting Maternal Mortality Review Committees</td>
<td>93.444</td>
<td>77</td>
<td>-</td>
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<tr>
<td>COVID-19 - Provider Relief Fund</td>
<td>93.444</td>
<td>174</td>
<td>-</td>
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<tr>
<td>The Affordable Care Act: Building Epidemiology, Laboratory, and Health Information Systems Capacity</td>
<td>93.521</td>
<td>114</td>
<td>-</td>
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<tr>
<td>in the Epidemiology and Laboratory Capacity for Infectious Disease (ELC) and Emerging Infections Program (EIP)</td>
<td>93.525</td>
<td>75</td>
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<tr>
<td>State Planning and Establishment Grants for the Affordable Care Act (ACA)'s Exchanges</td>
<td>93.556</td>
<td>10,838</td>
<td>4,762</td>
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<tr>
<td>Promoting Safe and Stable Families</td>
<td>93.556</td>
<td>570,307</td>
<td>16,396</td>
</tr>
<tr>
<td>Temporary Assistance for Needy Families</td>
<td>93.556</td>
<td>114,106</td>
<td>10,281</td>
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<tr>
<td>Child Support Enforcement</td>
<td>93.563</td>
<td>75</td>
<td>-</td>
</tr>
<tr>
<td>Refugee and Entrant Assistance State/Replacement Designee Administered Programs</td>
<td>93.566</td>
<td>4,468</td>
<td>3,997</td>
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<tr>
<td>Low-Income Home Energy Assistance</td>
<td>93.568</td>
<td>159,646</td>
<td>153,557</td>
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<tr>
<td>Community Services Block Grant</td>
<td>93.569</td>
<td>35,287</td>
<td>33,245</td>
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<tr>
<td>CCDF Cluster: Child Care and Development Block Grant</td>
<td>93.575</td>
<td>310,412</td>
<td>59,352</td>
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<tr>
<td>Child Care Mandatory and Matching Funds of the Child Care and Development Fund</td>
<td>93.596</td>
<td>122,889</td>
<td>60,959</td>
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<tr>
<td>Total CCDF Cluster</td>
<td>93.498</td>
<td>433,301</td>
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<tr>
<td>Refugee and Entrant Assistance Discretionary Grants</td>
<td>93.576</td>
<td>121</td>
<td>121</td>
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<tr>
<td>State Court Improvement Program</td>
<td>93.586</td>
<td>747</td>
<td>617</td>
</tr>
<tr>
<td>Community-Based Child Abuse Prevention Grants</td>
<td>93.590</td>
<td>902</td>
<td>769</td>
</tr>
<tr>
<td>Grants to States for Access and Visitation Programs</td>
<td>93.597</td>
<td>283</td>
<td>-</td>
</tr>
<tr>
<td>Chafee Education and Training Vouchers Program (ETV)</td>
<td>93.599</td>
<td>821</td>
<td>298</td>
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<tr>
<td>Head Start</td>
<td>93.600</td>
<td>3,556</td>
<td>3,568</td>
</tr>
<tr>
<td>Adoption and Legal Guardianship Incentive Payments</td>
<td>93.603</td>
<td>4,059</td>
<td>-</td>
</tr>
<tr>
<td>Developmental Disabilities Basic Support and Advocacy Grants</td>
<td>93.630</td>
<td>3,562</td>
<td>2,230</td>
</tr>
<tr>
<td>Support for Ombudsmen and Beneficiary Counseling Programs for States Participating in Financial Alignment Model Demonstrations for Dually Eligible Individuals</td>
<td>93.634</td>
<td>506</td>
<td>245</td>
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<tr>
<td>Children's Justice Grants to States</td>
<td>93.643</td>
<td>488</td>
<td>475</td>
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<tr>
<td>Stephanie Tubbs Jones Child Welfare Services Program</td>
<td>93.645</td>
<td>9,636</td>
<td>-</td>
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<tr>
<td>Child Welfare Research Training or Demonstration</td>
<td>93.648</td>
<td>9</td>
<td>-</td>
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<tr>
<td>Foster Care Title IV-E</td>
<td>93.658</td>
<td>140,386</td>
<td>-</td>
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<tr>
<td>Adoption Assistance</td>
<td>93.659</td>
<td>85,166</td>
<td>-</td>
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<tr>
<td>Social Services Block Grant</td>
<td>93.667</td>
<td>63,042</td>
<td>44,619</td>
</tr>
<tr>
<td>Child Abuse and Neglect State Grants</td>
<td>93.669</td>
<td>948</td>
<td>942</td>
</tr>
<tr>
<td>Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services</td>
<td>93.671</td>
<td>3,577</td>
<td>3,235</td>
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<tr>
<td>John H. Chafee Foster Care Program for Successful Transition to Adulthood</td>
<td>93.674</td>
<td>8,757</td>
<td>71</td>
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<tr>
<td>ARRA – Emergency Contingency Fund for Temporary Assistance for Needy Families (TANF) State Program</td>
<td>93.714</td>
<td>(5)</td>
<td>-</td>
</tr>
<tr>
<td>State Public Health Approaches for Ensuring Quitline Capacity – Funded in part by Prevention and Public Health Funds (PPHF)</td>
<td>93.735</td>
<td>137</td>
<td>124</td>
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<tr>
<td>Elder Abuse Prevention Interventions Program</td>
<td>93.747</td>
<td>1</td>
<td>-</td>
</tr>
<tr>
<td>Cooperative Agreements for State-Based Comprehensive Breast and Cervical Cancer Early Detection Programs</td>
<td>93.752</td>
<td>1</td>
<td>-</td>
</tr>
<tr>
<td>Child Lead Poisoning Prevention Surveillance financed in part by Prevention and Public Health (PPHF) Program</td>
<td>93.753</td>
<td>19</td>
<td>-</td>
</tr>
<tr>
<td>Preventive Health and Health Services Block Grant funded solely with Prevention and Public Health Funds (PPHF)</td>
<td>93.758</td>
<td>19</td>
<td>-</td>
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<tr>
<td>Alzheimer's Disease Initiative: Specialized Supportive Services Project (ADU-SBS) thru Prevention and Public Health Funds (PPHF)</td>
<td>93.763</td>
<td>41</td>
<td>41</td>
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<tr>
<td>Children's Health Insurance Program</td>
<td>93.767</td>
<td>482,695</td>
<td>-</td>
</tr>
<tr>
<td>Medicaid Cluster: State Medicaid Fraud Control Units</td>
<td>93.775</td>
<td>6,473</td>
<td>-</td>
</tr>
<tr>
<td>State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare</td>
<td>93.777</td>
<td>38,695</td>
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<tr>
<td>Medical Assistance Program</td>
<td>93.778</td>
<td>14,281,551</td>
<td>54,041</td>
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<tr>
<td>Total Medicaid Cluster</td>
<td>93.778</td>
<td>14,326,719</td>
<td>-</td>
</tr>
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</table>

(Continued)
### THE STATE OF ILLINOIS
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2020

<table>
<thead>
<tr>
<th>Federal Agency/Program or Cluster</th>
<th>Federal CFDA #</th>
<th>Amounts (expressed in thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Federal</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Expenditures</td>
</tr>
<tr>
<td>-----------------------------------</td>
<td>---------------</td>
<td>----------------</td>
</tr>
<tr>
<td>Opioid STR</td>
<td>93.788</td>
<td>27,508</td>
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<tr>
<td>Money Follows the Person Rebalancing Demonstration</td>
<td>93.791</td>
<td>229 -</td>
</tr>
<tr>
<td>Hospital Preparedness Program (HPP) Ebola Preparedness and Response Activities</td>
<td>93.817</td>
<td>615 483</td>
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<tr>
<td>Maternal, Infant and Early Childhood Home Visiting Grant</td>
<td>93.870</td>
<td>7,773 7,460</td>
</tr>
<tr>
<td>The Health Insurance Enforcement and Consumer Protections Grant Program</td>
<td>93.881</td>
<td>430 -</td>
</tr>
<tr>
<td>National Bioterrorism Hospital Preparedness Program</td>
<td>93.889</td>
<td>3,072 1,370</td>
</tr>
<tr>
<td>Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations</td>
<td>93.898</td>
<td>8,238 4,523</td>
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<tr>
<td>Grants to States for Operation of State Offices of Rural Health</td>
<td>93.913</td>
<td>178 -</td>
</tr>
<tr>
<td>HIV Care Formula Grants</td>
<td>93.917</td>
<td>40,098 7,158</td>
</tr>
<tr>
<td>HIV Prevention Activities Health Department Based</td>
<td>93.940</td>
<td>5,407 1,000</td>
</tr>
<tr>
<td>Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance</td>
<td>93.944</td>
<td>422 -</td>
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<tr>
<td>Cooperative Agreements to Support State-Based Safe Motherhood and Infant Health Initiative Programs</td>
<td>93.946</td>
<td>186 -</td>
</tr>
<tr>
<td>Block Grants for Community Mental Health Services</td>
<td>93.958</td>
<td>22,573 22,020</td>
</tr>
<tr>
<td>Block Grants for Prevention and Treatment of Substance Abuse</td>
<td>93.959</td>
<td>62,404 58,112</td>
</tr>
<tr>
<td>Sexually Transmitted Diseases (STD) Prevention and Control Grants</td>
<td>93.977</td>
<td>2,229 140</td>
</tr>
<tr>
<td>Improving Student Health and Academic Achievement through Nutrition, Physical Activity and the Management of Chronic Conditions in Schools</td>
<td>93.981</td>
<td>46 2</td>
</tr>
<tr>
<td>Preventive Health and Health Services Block Grant</td>
<td>93.991</td>
<td>2,369 286</td>
</tr>
<tr>
<td>Maternal and Child Health Services Block Grant to the States</td>
<td>93.994</td>
<td>16,264 13,806</td>
</tr>
<tr>
<td>Assisted Outpatient Treatment</td>
<td>93.997</td>
<td>73 -</td>
</tr>
<tr>
<td><strong>U.S. Department of Health and Human Services Total</strong></td>
<td></td>
<td>16,904,207 685,901</td>
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<table>
<thead>
<tr>
<th>Corporation for National and Community Service</th>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>State Commissions</td>
<td>94.003</td>
<td>296 -</td>
</tr>
<tr>
<td>AmeriCorps</td>
<td>94.006</td>
<td>10,803 10,672</td>
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<tr>
<td>Commission Investment Fund</td>
<td>94.008</td>
<td>100 -</td>
</tr>
<tr>
<td>Training and Technical Assistance</td>
<td>94.009</td>
<td>68 -</td>
</tr>
<tr>
<td><strong>Corporation for National and Community Service Total</strong></td>
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<td>11,267 10,672</td>
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</tbody>
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<table>
<thead>
<tr>
<th>Social Security Administration</th>
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</thead>
<tbody>
<tr>
<td>Disability Insurance/SSI Cluster:</td>
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</tr>
<tr>
<td>Social Security Disability Insurance</td>
<td>96.001</td>
<td>70,397 -</td>
</tr>
<tr>
<td>Total Disability Insurance/SSI Cluster</td>
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<td><strong>Social Security Administration Total</strong></td>
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<td>70,397 -</td>
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<table>
<thead>
<tr>
<th>U.S. Department of Homeland Security</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-Profit Security Program</td>
<td>97.008</td>
<td>1,846 1,846</td>
</tr>
<tr>
<td>Boating Safety Financial Assistance</td>
<td>97.012</td>
<td>763 -</td>
</tr>
<tr>
<td>Community Assistance Program State Support Services Element (CAP-SSSE)</td>
<td>97.023</td>
<td>324 -</td>
</tr>
<tr>
<td>Flood Mitigation Assistance</td>
<td>97.029</td>
<td>1,179 1,179</td>
</tr>
<tr>
<td>Disaster Grants - Public Assistance (Presidentially Declared Disasters)</td>
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<td>12,767 5,611</td>
</tr>
<tr>
<td>Hazard Mitigation Grant</td>
<td>97.039</td>
<td>8,964 8,295</td>
</tr>
<tr>
<td>National Dam Safety Program</td>
<td>97.041</td>
<td>125 -</td>
</tr>
<tr>
<td>Emergency Management Performance Grants</td>
<td>97.042</td>
<td>7,826 2,846</td>
</tr>
<tr>
<td>Cooperating Technical Partners</td>
<td>97.045</td>
<td>50 -</td>
</tr>
<tr>
<td>Pre-Disaster Mitigation</td>
<td>97.047</td>
<td>2,961 2,961</td>
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<tr>
<td>Port Security Grant Program</td>
<td>97.056</td>
<td>19 -</td>
</tr>
<tr>
<td>Homeland Security Grant Program</td>
<td>97.067</td>
<td>68,815 61,958</td>
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<tr>
<td>Earthquake Consortium</td>
<td>97.082</td>
<td>7 -</td>
</tr>
<tr>
<td>Homeland Security Biowatch Program</td>
<td>97.091</td>
<td>1,151 -</td>
</tr>
<tr>
<td>Financial Assistance for Countering Violent Extremism</td>
<td>97.132</td>
<td>8 -</td>
</tr>
<tr>
<td>Preparing for Emerging Threats and Hazards</td>
<td>97.133</td>
<td>125 20</td>
</tr>
<tr>
<td><strong>U.S. Department of Homeland Security Total</strong></td>
<td></td>
<td>107,470 85,256</td>
</tr>
</tbody>
</table>

**Total expenditures of federal awards** $ 38,369,202 3,878,260

The accompanying notes to the Schedule of Expenditures of Federal Awards are an integral part of this Schedule.
STATE OF ILLINOIS

Notes to the Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2020

1) Summary of Significant Accounting Policies

a) Reporting Entity

The schedule of expenditures of federal awards (the Schedule) includes all federal award programs administered by the State of Illinois (the State), except for component units, for the fiscal year ended June 30, 2020. The State’s financial reporting entity is described in note 1a of the State’s Comprehensive Annual Financial Report.

The entities listed below are Discretely Presented Component Units in the State’s Comprehensive Annual Financial Report, which received federal financial assistance for the year ended June 30, 2020. Each of these entities is subject to separate audits in compliance with Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (the Uniform Guidance).

The federal transactions of the following entities are not reflected in this Schedule:

- University of Illinois
- Governors State University
- Illinois State University
- Northeastern Illinois University
- Northern Illinois University
- Eastern Illinois University
- Chicago State University
- Southern Illinois University
- Western Illinois University
- Housing Development Authority

Additionally, the federal transactions related to loans held and serviced by the Illinois Designated Account Purchase Program (IDAPP), a division of the Illinois Student Assistance Commission, under the Federal Family Educational Loan program CFDA 84.032L, and not reflected in the Schedule. IDAPP has elected to have a separate lender compliance audit performed in accordance with the U.S. Department of Education's Compliance Audits (Attestation Engagements) for Lenders and Lender Servicers Participating in the Federal Family Education Loan Program Audit Guide.

b) Basis of Presentation

The Schedule is presented on the cash basis of accounting and presents total federal awards expended for each individual federal program in accordance with the Uniform Guidance. Federal award program titles are reported as presented in the Catalog of Federal Domestic Assistance (CFDA). Federal award program titles not presented in the catalog are identified by Federal agency number followed by (.U01, .U02, etc.).

c) Basis of Accounting

The expenditures for each of the federal financial assistance programs are presented in the Schedule on a cash basis. Under the cash basis of accounting, expenditures are reported when paid by the State.

d) Matching Costs

Matching costs are the non-federal share of certain program costs and are not included in the Schedule except for the State’s share of unemployment insurance (note 4).
e) **Relationship to Federal Financial Reports**

The regulations and guidelines governing the preparation of federal financial reports vary by federal agency and among programs administered by the same agency. Accordingly, the amounts reported in the federal financial reports may not necessarily reconcile with the amounts reported in the accompanying Schedule.

f) **Indirect Cost**

The State does not use the 10% de minimus indirect cost rate discussed in section 200.414 of the Uniform Guidance.

2) **Non-monetary Assistance**

The State reports the following non-cash federal awards on the Schedule:

<table>
<thead>
<tr>
<th>CFDA number</th>
<th>Program Title</th>
<th>Non-cash Award (in 000’s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>10.555</td>
<td>National School Lunch Program commodities</td>
<td>$ 59,264</td>
</tr>
<tr>
<td>10.565</td>
<td>Commodity Supplemental Food Program commodities</td>
<td>5,690</td>
</tr>
<tr>
<td>10.569</td>
<td>Emergency Food Assistance Program commodities</td>
<td>24,801</td>
</tr>
<tr>
<td>12.401</td>
<td>National Guard Military Operations and Maintenance O&amp;M</td>
<td>22,284</td>
</tr>
<tr>
<td>12.404</td>
<td>National Guard Challenge Program O&amp;M</td>
<td>3,722</td>
</tr>
<tr>
<td>39.003</td>
<td>Donation of Federal Surplus Personal Program equipment</td>
<td>1,015</td>
</tr>
<tr>
<td>66.458</td>
<td>Capitalization Grants for Clean Water State Revolving Funds</td>
<td>11</td>
</tr>
<tr>
<td>66.468</td>
<td>Capitalization Grants for Drinking Water State Revolving Funds</td>
<td>11</td>
</tr>
<tr>
<td>93.268</td>
<td>Immunization Grants vaccines</td>
<td>88,533</td>
</tr>
</tbody>
</table>

Total Non-cash awards: $ 205,331

3) **Federal Loan Guarantees**

Federal Family Education Loans Program (FFELP) - Guaranty Agencies (CFDA No. 84.032G) have continuing compliance requirements. The original principal balance of loans guaranteed by the Illinois Student Assistance Commission (ISAC) as well as the outstanding balance of defaulted loans held by ISAC under CFDA No. 84.032G were as follows (in 000’s):

<table>
<thead>
<tr>
<th></th>
<th>July 1, 2019</th>
<th>June 30, 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Original Principal Balance of Loans Guaranteed</td>
<td>$ 2,456,338</td>
<td>$ 2,049,109</td>
</tr>
<tr>
<td>Outstanding Balance of Defaulted Loans held</td>
<td>$ 307,301</td>
<td>$ 285,545</td>
</tr>
<tr>
<td>Total FFELP Guaranteed Loans</td>
<td>$ 2,763,639</td>
<td>$ 2,334,654</td>
</tr>
</tbody>
</table>
4) Unemployment Insurance

The U.S. Department of Labor, in consultation with the OMB, has determined that for the purpose of audits and reporting under the Uniform Guidance, State of Illinois unemployment insurance funds as well as federal funds should be considered federal awards for determining Type A programs. The State receives federal funds for administrative purposes. State unemployment taxes must be deposited to a State account in the Federal Unemployment Trust Fund, used only to pay benefits under the federally approved State law. State unemployment funds as well as federal funds are included on the schedule of federal awards. The following schedule provides a breakdown of the state and federal portions of the total expended amount under CFDA number 17.225.

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>State Unemployment Insurance Funds – Benefits</td>
<td>$3,807,695</td>
</tr>
<tr>
<td>Unemployment Insurance – Benefits</td>
<td>16,451</td>
</tr>
<tr>
<td>COVID-19 – Unemployment Insurance – Benefits – Pandemic Emergency Unemployment Compensation</td>
<td>120,055</td>
</tr>
<tr>
<td>COVID-19 – Unemployment Insurance – Benefits – Pandemic Unemployment Assistance</td>
<td>378,420</td>
</tr>
<tr>
<td>Unemployment Insurance – Administrative – Federal Pandemic Unemployment Compensation</td>
<td>153,147</td>
</tr>
<tr>
<td>COVID-19 – Unemployment Insurance – Administrative – Pandemic Emergency Unemployment Compensation</td>
<td>51</td>
</tr>
<tr>
<td>COVID-19 – Unemployment Insurance – Administrative – Pandemic Unemployment Assistance</td>
<td>24</td>
</tr>
<tr>
<td>COVID-19 – Unemployment Insurance – Administrative – Emergency</td>
<td>263</td>
</tr>
<tr>
<td>Total Expenditures</td>
<td>$9,684,796</td>
</tr>
</tbody>
</table>

5) Disaster Grants – Public Assistance (Presidentially Declared Disasters) (CFDA # 97.036)

After a Presidential-Declared Disaster, FEMA provides a Public Assistance Grant to reimburse eligible costs associated with repair, replacement, or restoration of disaster damaged facilities. For the year ended June 30, 2020, all approved eligible expenditures included on the Schedule were incurred in the current fiscal year.

6) Donated Personal Protective Equipment (PPE) (unaudited)

During the emergency period of the COVID-19 pandemic, federal agencies did donate PPE purchased with federal assistance funds to various entities for the COVID-19 response. The fair market value of the PPE at the time for receipt from the Strategic National Stockpile was approximately $726,000 and approximately $21.2 million from the Federal Emergency Management Agency (FEMA). Per the 2020 Compliance Supplement Addendum, this amount is not included in the Schedule and is not subject to audit. Therefore, this amount is unaudited.
Independent Auditors’ Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Schedule of Expenditures of Federal Awards Performed in Accordance with Government Auditing Standards

Honorable Frank J. Mautino
Auditor General
State of Illinois

As special assistant auditors for the Auditor General, we have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the schedule of expenditures of federal awards (the Schedule) and related notes to the Schedule of the State of Illinois (the State) for the year ended June 30, 2020, and have issued our report thereon dated August 26, 2021.

Our report on the Schedule included an emphasis of matter paragraph describing the basis for accounting described in note 1(c) of the Schedule.

As described in note 1(a) to the Schedule, the Schedule does not include expenditures of federal awards for those agencies determined to be component units of the State of Illinois for financial statement purposes. Each of these agencies has their own independent audit in compliance with Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance).

Also as described in note 1(a) to the Schedule, the Schedule does not include federal transactions related to loans held and serviced by the Illinois Designated Account Purchase Program (IDAPP), a division of the Illinois Student Assistance Commission, under the Federal Family Educational Loan program CFDA 84.032L. IDAPP has elected to have a separate lender compliance audit performed in accordance with the U.S. Department of Education’s Compliance Audits (Attestation Engagements) for Lenders and Lender Servicers Participating in the Federal Family Education Loan Program Audit Guide.

Internal Control Over Financial Reporting

In planning and performing our audit of the Schedule, we considered the State’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the Schedule, but not for the purpose of expressing an opinion on the effectiveness of the State’s internal control. Accordingly, we do not express an opinion on the effectiveness of the State’s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the State’s Schedule is free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the Schedule. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the State’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the State’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Chicago, Illinois
August 26, 2021
Independent Auditors’ Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance

Honorable Frank J. Mautino
Auditor General
State of Illinois

Report on Compliance for Each Major Federal Program

We have audited the State of Illinois’ (the State) compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of the State’s major federal programs for the year ended June 30, 2020. The State’s major federal programs are identified in the summary of auditors’ results section of the accompanying schedule of findings and questioned costs.

The schedule of expenditures of federal awards (the Schedule) and our audit described above does not include expenditures of federal awards for those agencies determined to be component units of the State of Illinois for financial statement purposes. Each of these agencies has their own independent audit in compliance with Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (the Uniform Guidance). The Schedule and our audit described below also do not include federal transactions related to loans held and serviced by the Illinois Designated Account Purchase Program (IDAPP), a division of the Illinois Student Assistance Commission, under the Federal Family Educational Loan program CFDA 84.032L. IDAPP has elected to have a separate lender compliance audit performed in accordance with the U.S. Department of Education’s Compliance Audits (Attestation Engagements) for Lenders and Lender Servicers Participating in the Federal Family Education Loan Program Audit Guide.

Management’s Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors’ Responsibility

Our responsibility is to express an opinion on compliance for each of the State’s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the State’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our unmodified and modified opinions on compliance for major federal programs. However, our audit does not provide a legal determination of the State’s compliance.
Basis for Qualified Opinions on Major Federal Programs

As described in the accompanying schedule of findings and questioned costs, the State did not comply with requirements described in the specified numbers for the programs and compliance requirements, as follows:

<table>
<thead>
<tr>
<th>State Administering Agency</th>
<th>Federal Program</th>
<th>Compliance Requirement(s)</th>
<th>Finding Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>IL Department of Healthcare and Family Services</td>
<td>Children’s Health Insurance Program</td>
<td>Eligibility</td>
<td>2020-007</td>
</tr>
<tr>
<td>IL Department of Healthcare and Family Services</td>
<td>Medicaid Cluster</td>
<td>Eligibility</td>
<td>2020-008</td>
</tr>
<tr>
<td>IL Department of Healthcare and Family Services</td>
<td>Children’s Health Insurance Program</td>
<td>Eligibility</td>
<td>2020-008</td>
</tr>
<tr>
<td>IL Department of Human Services</td>
<td>Temporary Assistance for Needy Families</td>
<td>Eligibility and Special Tests</td>
<td>2020-010</td>
</tr>
<tr>
<td>IL Department of Human Services</td>
<td>Temporary Assistance for Needy Families</td>
<td>Eligibility</td>
<td>2020-011</td>
</tr>
<tr>
<td>IL Department of Human Services</td>
<td>Medicaid Cluster</td>
<td>Eligibility</td>
<td>2020-011</td>
</tr>
<tr>
<td>IL Department of Human Services</td>
<td>SNAP Cluster</td>
<td>Special Tests</td>
<td>2020-011</td>
</tr>
<tr>
<td>IL Department of Human Services</td>
<td>Block Grants for Prevention and Treatment of Substance Abuse</td>
<td>Matching, Level of Effort, Earmarking</td>
<td>2020-012</td>
</tr>
<tr>
<td>IL Department of Human Services</td>
<td>Temporary Assistance for Needy Families</td>
<td>Subrecipient Monitoring</td>
<td>2020-014</td>
</tr>
<tr>
<td>IL Department of Human Services</td>
<td>CCDF Cluster</td>
<td>Subrecipient Monitoring</td>
<td>2020-014</td>
</tr>
<tr>
<td>IL Department of Human Services</td>
<td>Social Services Block Grant</td>
<td>Subrecipient Monitoring</td>
<td>2020-014</td>
</tr>
<tr>
<td>IL Department of Human Services</td>
<td>Block Grants for Prevention and Treatment of Substance Abuse</td>
<td>Subrecipient Monitoring</td>
<td>2020-014</td>
</tr>
<tr>
<td>IL Department of Human Services</td>
<td>Temporary Assistance for Needy Families</td>
<td>Subrecipient Monitoring</td>
<td>2020-015</td>
</tr>
<tr>
<td>IL Department of Human Services</td>
<td>CCDF Cluster</td>
<td>Subrecipient Monitoring</td>
<td>2020-015</td>
</tr>
<tr>
<td>IL Department of Human Services</td>
<td>Social Services Block Grant</td>
<td>Subrecipient Monitoring</td>
<td>2020-015</td>
</tr>
<tr>
<td>IL Department of Human Services</td>
<td>Block Grants for Prevention and Treatment of Substance Abuse</td>
<td>Subrecipient Monitoring</td>
<td>2020-015</td>
</tr>
</tbody>
</table>
State Administering Agency | Federal Program | Compliance Requirement(s) | Finding Number
--- | --- | --- | ---
IL Criminal Justice Information Authority | Crime Victim Assistance | Subrecipient Monitoring | 2020-018
IL Department of Employment Security | Employment Service Cluster | Allowable Costs/Cost Principles and Period of Performance | 2020-020
IL Department of Employment Security | Employment Service Cluster | Eligibility | 2020-021
IL Department of Employment Security | COVID-19-Unemployment Insurance | Eligibility | 2020-022
IL Department of Employment Security | Unemployment Insurance | Special Tests | 2020-024
IL State Board of Education | Special Education Cluster (IDEA) | Subrecipient Monitoring | 2020-029

Compliance with such requirements is necessary, in our opinion, for the State to comply with the requirements applicable to the identified major federal programs.

**Qualified Opinions on Major Federal Programs**

In our opinion, except for the noncompliance described in the Basis for Qualified Opinions on Major Federal Programs paragraph, the State complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of the major federal programs listed in the Basis for Qualified Opinions on Major Federal Programs paragraph for the year ended June 30, 2020.

**Unmodified Opinion on Each of the Other Major Federal Programs**

In our opinion, the State complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the summary of auditors’ results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2020.

**Other Matters**

The results of our auditing procedures disclosed other instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2020-002, 2020-005, 2020-006, 2020-009, 2020-013, 2020-016, 2020-017, 2020-019, 2020-025, 2020-026, 2020-027, and 2020-028. Our opinion on each major federal program is not modified with respect to these matters.

The State’s responses to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The State is also responsible for preparing a corrective action plan to address each audit finding included in our auditors’ report. The State’s responses and corrective action plan were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses or the corrective action plan.
Report on Internal Control Over Compliance

Management of the State is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the State’s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the State’s internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2020-001, 2020-004, 2020-007, 2020-008, 2020-010 through 2020-015, 2020-018 through 2020-024, and 2020-029 to be material weaknesses.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2020-002, 2020-003, 2020-005, 2020-006, 2020-009, 2020-016, 2020-017, and 2020-025 through 2020-028 to be significant deficiencies.

The State’s responses to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The State is also responsible for preparing a corrective action plan to address each audit finding included in our auditors’ report. The State’s responses and corrective action plan were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses or the corrective action plan.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.
STATE OF ILLINOIS
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2020

(1) Summary of Auditors’ Results

(a) The type of report issued by the Auditor General, State of Illinois, on whether the basic financial statements were prepared in accordance with generally accepted accounting principles: **Qualified**

(b)(1) Internal control deficiencies over financial reporting disclosed by the audit of the basic financial statements by the Auditor General, State of Illinois:
- Material weaknesses: **Yes**
- Significant deficiencies: **None reported**

(b)(2) Internal control deficiencies over financial reporting disclosed by the audit of the schedule of expenditures of federal awards:
- Material weaknesses: **None reported**
- Significant deficiencies: **None reported**

(c)(1) Noncompliance which is material to the basic financial statements: **Yes**

(c)(2) Noncompliance which is material to the schedule of expenditures of federal awards: **No**

(d) Internal control deficiencies over major programs disclosed by the audit:
- Material weaknesses: **Yes**
- Significant deficiencies: **Yes**

(e) The type of report issued on compliance for major programs:

**Qualified:**
- SNAP Cluster (10.551/10.561)
- Crime Victim Assistance (16.575)
- Employment Service Cluster (17.207/17.801/17.804)
- Unemployment Insurance (17.225)
- Special Education Cluster (IDEA) (84.027/84.173)
- Temporary Assistance for Needy Families (93.558)
- CCDF Cluster (93.575/93.596)
- Social Services Block Grant (93.667)
- Children’s Health Insurance Program (93.767)
- Medicaid Cluster (93.775/93.777/93.778)
- Block Grants for Prevention and Treatment of Substance Abuse (93.959)

**Unmodified:**
- Child Nutrition Cluster (10.553/10.555/10.556/10.559)
- WIC Special Supplemental Nutritional Program for Women, Infants, and Children (10.557)
- Child and Adult Care Food Program (10.558)
- WIOA Cluster (17.258/17.259/17.278)
- Airport Improvement Program (20.106)
- Highway Planning and Construction Cluster (20.205/20.219)
- Coronavirus Relief Fund (21.019)
- Title I Grants to Local Educational Agencies (84.010)
- Rehabilitation Services – Vocational Rehabilitation Grants to States (84.126)
- Supporting Effective Instruction State Grants (84.367)
Audit findings which are required to be reported in accordance with 2 CFR 200.516(a): Yes

U.S. Department of Agriculture
1. SNAP Cluster (10.551/10.561)
3. WIC Special Supplemental Nutritional Program for Women, Infants, and Children (10.557)
4. Child and Adult Care Food Program (10.558)

U.S. Department of Justice
5. Crime Victim Assistance (16.575)

U.S. Department of Labor
7. Unemployment Insurance (17.225)
8. WIOA Cluster (17.258/17.259/17.278)

U.S. Department of Transportation
9. Airport Improvement Program (20.106)

U.S. Department of Treasury
11. Coronavirus Relief Fund (21.019)

U.S. Department of Education
12. Title I Grants to Local Educational Agencies (84.010)
13. Special Education Cluster (IDEA) (84.027/84.173)
14. Rehabilitation Services-Vocational Rehabilitation Grants to States (84.126)
15. Supporting Effective Instruction State Grants (84.367)

U.S. Department of Health and Human Services
16. Immunization Cooperative Agreements (93.268)
17. Temporary Assistance for Needy Families (93.558)
18. Child Support Enforcement (93.563)
19. Low-Income Home Energy Assistance (93.568)
20. CCDF Cluster (93.575/93.596)
21. Foster Care – Title IV-E (93.658)
22. Adoption Assistance (93.659)
23. Social Services Block Grant (93.667)
24. Children’s Health Insurance Program (93.767)
STATE OF ILLINOIS
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2020

25. Medicaid Cluster (93.775/93.777/93.778)
26. Block Grants for the Prevention and Treatment of Substance Abuse (93.959)

**Social Security Administration**
27. Disability Insurance/SSI Cluster (96.001)

**U.S. Department of Homeland Security**
28. Homeland Security Grant Program (97.067)

(h) Dollar threshold used to distinguish between Type A and Type B programs: $57,553,803
(i) The State qualified as a low-risk auditee. **No**

(2)(a) **Findings related to the basic financial statements reported in accordance with Government Auditing Standards:**

Findings related to the basic financial statements for the year ended June 30, 2020 were reported in accordance with Government Auditing Standards by the Auditor General of the State of Illinois under separate cover.

(2)(b) **Findings related to the schedule of expenditures of federal awards reported in accordance with Government Auditing Standards:**

No findings reported.
(3) Findings and Questioned Costs Relating to Federal Awards:

State Agency: Illinois Department of Children and Family Services (DCFS)
Federal Agency: U.S. Department of Health and Human Services (USDHHS)
Program Name: Adoption Assistance
CFDA # and Program Expenditures: 93.659 ($85,166,000)
Award Numbers: Various – see table of award numbers
Federal Award Year: Various – see table of award numbers
Questioned Costs: None

Compliance Requirement: Cash Management

Finding 2020-001: Inadequate Process for Reconciling Cash Balances

Type of Finding: Material Weakness

Condition Found:

DCFS does not have an adequate process to reconcile its cash balances in a timely manner to the records of the Illinois Office of Comptroller (IOC) and to perform an independent review of the cash reconciliations.

DCFS is the state agency responsible for expending program funds and requesting federal cash reimbursement for expenditures under the Foster Care – Title IV-E (Foster Care) and Adoption Assistance programs. The IOC is the official record keeper of the State and is responsible for paying vouchers processed by DCFS and other state agencies. DCFS is required to reconcile its records to the IOC records monthly and resolve any reconciling items on a timely basis.

During our test work over the monthly cash reconciliation process, we noted DCFS prepared monthly reconciliations of its cash balances to IOC’s records at one time after the end of the fiscal year ended June 30, 2020, rather than completing them at the end of each month. As such, we noted that the reconciliations were not completed within a reasonable timeframe to mitigate the risk of timely identifying reconciling items.

Additionally, we noted supervisory reviews of the monthly reconciliations were not performed.

Criteria or Requirement:

2 CFR 200.303 requires non-Federal entities receiving Federal awards to establish and maintain internal controls designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements. Effective internal controls should include procedures to ensure that cash reconciliations are properly performed and reviewed monthly during the year.

Cause:

In discussing these conditions with DCFS officials, they stated DCFS continued to struggle with timely filling key vacancies in their General Accounting division, and existing staff were not able to complete the reconciliations in a timely manner.
Possible Asserted Effect:

Failure to appropriately reconcile and review cash records in a timely manner may result in inaccurate financial reporting and drawing federal funds more than expenditures incurred.

Repeat Finding:

A similar finding was reported in the prior year audit as finding number 2019-033. (Finding Code 2020-001, 2019-033, 2018-036, 2017-034, 2016-034, 2015-030, 2014-027)

Statistical Sampling:

The sample was not intended to be, and was not, a statistically valid sample.

Recommendation:

We recommend DCFS implement procedures to ensure cash reconciliations are performed and reviewed in a timely manner throughout the year.

Views of DCFS Officials:

DCFS agrees with this recommendation. DCFS has brought in consultants to assist with developing procedures to simplify the reconciliation process to ensure compliance with these important internal control mechanisms. Vacancies have still been an issue well into FY2021 and until these are filled, timely completion of the cash reconciliations will be problematic.
STATE OF ILLINOIS
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2020

State Agency: Illinois Department of Children and Family Services (DCFS)
Federal Agency: U.S. Department of Health and Human Services (USDHHS)
Program Name: Adoption Assistance
CFDA # and Program Expenditures: 93.659 ($85,166,000)
Award Numbers: Various – see table of award numbers
Federal Award Year: Various – see table of award numbers
Questioned Costs: $1,720
Compliance Requirement: Eligibility
Finding 2020-002: Missing Documentation in Eligibility Files
Type of Finding: Significant Deficiency and Non-Compliance
Condition Found:
DCFS could not locate case file documentation supporting eligibility determinations for beneficiaries of the Adoption Assistance program.

The Adoption Assistance program provides funds to states to support the payment of subsidies and non-recurring expenses on behalf of eligible children with special needs. To be eligible to receive benefits under the adoption assistance program, certain judicial determinations must be made, and other eligibility criteria must be evaluated. Evidence supporting eligibility determinations were performed is required to be maintained in the beneficiary case record.

During our test work of 50 Adoption Assistance beneficiary payments (totaling $27,971), we noted DCFS could not locate the Sex Offender Registry background checks for at least one adoptive parent or member of the household over the age of 13 for two adoption assistance payments (totaling $1,720). DCFS claimed reimbursement for adoption assistance benefits made on behalf of these children totaling $10,996 during the year ended June 30, 2020. DCFS has not evaluated whether additional errors exist or quantified the impact of these errors on the population.

In evaluating the controls in place relative to the background check compliance requirement, we noted DCFS has an eligibility form that is completed and approved by a supervisor; however, the form does not include verification the background checks have been performed. In addition, DCFS case record documentation is maintained in several locations, including with third party contractors, and can be difficult for DCFS to locate.
Criteria or Requirement:

According to 42 USC 671(a)(20), in order for the State to be eligible for payments, it shall have a plan approved by the Secretary that provides procedures for criminal records checks, including fingerprint-based checks of national crime information databases for any prospective adoptive parent. Additionally, the State plan must provide procedures such that the State shall check the child abuse and neglect registry maintained by the State for any prospective adoptive parent and on any other adult living in the home of such prospective parent.

According to 89 Ill. Adm. Code Chapter III, Subchapter d, Part 385.30, the following people are subject to background checks: 1) adult members of the household age 18 and older shall be fingerprinted to be screened for prior criminal convictions by submitting fingerprints to the Federal Bureau of Investigation (FBI), and 2) all members of the household age 13 and over shall be screened for a history of child abuse or neglect (CANTS) and for inclusion in the Illinois Sex Offender Registry (SOR).

2 CFR 200.403 establishes principles and standards for determining costs for federal awards carried out through grants, cost reimbursement contracts, and other agreements with state and local governments. To be allowable, under federal awards, costs must meet certain general criteria. Those criteria, among other things, require that the expenditures must be necessary, reasonable, and supported by adequate documentation.

Additionally, 2 CFR 200.303 requires non-Federal entities receiving Federal awards to establish and maintain internal controls designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements. Effective internal controls should include procedures to ensure all relevant documentation to support the eligibility of children and background checks for prospective adoptive parents and applicable members of the household are properly obtained and maintained within case records.

Cause:

In discussing these conditions with DCFS officials, they stated the subsidies in question were determined prior to 2013. At that time, DCFS did not have the resources to ensure all supporting documentation was included in the adoption subsidy files.

Possible Asserted Effect:

Failure to maintain case file documentation, including relevant documentation to support the evidence of required background checks for prospective adoptive parents and applicable members of the household, could result in payments to ineligible beneficiaries, which are unallowable costs.

Repeat Finding:

A similar finding was reported in prior year audit as finding number 2019-030. (Finding Code 2020-002, 2019-030, 2018-032, 2017-027, 2016-030)

Statistical Sampling:

The sample was not intended to be, and was not, a statistically valid sample.
Recommendation:

We recommend DCFS review its eligibility checklist to include verification of background checks or add an additional control that will ensure background checks are obtained prior to final approval for placement of a child with any prospective adoptive or foster parents.

Views of DCFS Officials:

DCFS agrees with this finding. In 2013, DCFS created a Subsidy Review process that verifies all claiming requirements prior to adoption finalization. This process includes keeping copies of all required documentation in the EDU file and this process is still in place. DCFS is looking forward to a Comprehensive Child Welfare Information System (CCWIS) computer system that will be able to maintain documentation of adoption cases more efficiently than current paper files.
STATE OF ILLINOIS
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2020

State Agency: Illinois Department of Children and Family Services (DCFS)
Federal Agency: U.S. Department of Health and Human Services (USDHHS)
Program Name: Adoption Assistance
CFDA # and Program Expenditures: 93.659 ($85,166,000)
Award Numbers: Various – see table of award numbers
Federal Award Year: Various – see table of award numbers
Questioned Costs: None
Compliance Requirement: Eligibility
Finding 2020-003: Inadequate Procedures to Reasonably Ensure Children are in the Continued Care of Their Adoptive Parent
Type of Finding: Significant Deficiency
Condition Found:
DCFS does not have adequate procedures to reasonably ensure adoptive children for which adoption assistance subsidies are paid are in the continued care of their adoptive parent(s).

The Adoption Assistance program provides funds to states to support the payment of subsidies and non-recurring expenses on behalf of eligible children with special needs. A child’s eligibility for the program is determined initially at the time of adoption proceedings. However, it is the State’s responsibility to establish a process to ensure that children on behalf of whom the State is making subsidy payments are in the continued care of their adoptive parent(s).

According to 42 USC 673(a)(4), payments are discontinued when the state determines that the adoptive parents are no longer legally responsible for the support of the child. Parents must keep the state agency informed of circumstances that would make the child ineligible for adoption assistance payments or eligible for assistance payments in a different amount. To meet this requirement, prior to fiscal year 2019, the State sent a recertification form to the adoptive parent(s) of a child on behalf of whom the parent is receiving adoption subsidy payments on an annual basis. The form contains a series of questions concerning the parents’ legal and financial responsibility of the child. The adoptive parent(s) were required to answer the questions, sign, and return the form to DCFS to demonstrate their continued legal and financial responsibility for the adopted child. Effective January 29, 2018, the State amended DCFS’s policy guide to eliminate the requirement for the adoptive parent to complete, sign, and return the recertification form. During fiscal year 2020, DCFS did not implement a control to address continued care. Adoptive parents are told they should inform DCFS of any change in the child’s care but DCFS does not have a process or control to validate children remain in the care of their adoptive parents.

Adoption subsidies paid during the year ended June 30, 2020 totaled $64,415,000.
Criteria or Requirement:

2 CFR 200.303 requires non-Federal entities receiving Federal awards to establish and maintain internal controls designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements. Effective internal controls should include establishing procedures to monitor whether the adoptive child is in the continued care of the adoptive parent.

Cause:

In discussing these conditions with DCFS officials, they stated that DCFS officials misinterpreted the federal guidelines as well as the prior auditor recommendation, which led to an incomplete solution to the control issues identified by the auditors.

Possible Asserted Effect:

Failure to establish adequate procedures to identify changes in care of adoptive children could result in unallowable costs.

Repeat Finding:

A similar finding was reported in prior year audit as finding number 2019-029. (Finding Code 2020-003, 2019-029, 2018-031)

Statistical Sampling:

The sample was not intended to be, and was not, a statistically valid sample.

Recommendation:

We recommend DCFS implement a process and controls to ensure payments made to adoptive parents are only on behalf of eligible children in the continued care of their adoptive parents.

Views of DCFS Officials:

DCFS agrees with the recommendation. DCFS has amended its recertification form to clarify responsibilities and remedies of both the adoptive parent and DCFS. DCFS will also review its current systems and processes including controls to discover or develop other mechanisms to ensure that children on behalf of whom the State is making subsidy payments are in the continued care of their adoptive parent(s).
STATE OF ILLINOIS
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2020

<table>
<thead>
<tr>
<th>State Agency:</th>
<th>Illinois Department of Children and Family Services (DCFS)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Federal Agency:</td>
<td>U.S. Department of Health and Human Services (USDHHS)</td>
</tr>
<tr>
<td>Program Name:</td>
<td>Foster Care – Title IV-E</td>
</tr>
<tr>
<td>CFDA # and Program Expenditures:</td>
<td>93.658 ($140,386,000)</td>
</tr>
<tr>
<td>Award Numbers:</td>
<td>Various – see table of award numbers</td>
</tr>
<tr>
<td>Federal Award Year:</td>
<td>Various – see table of award numbers</td>
</tr>
<tr>
<td>Questioned Costs:</td>
<td>None</td>
</tr>
<tr>
<td>Compliance Requirement:</td>
<td>Eligibility</td>
</tr>
<tr>
<td>Finding 2020-004:</td>
<td>Inadequate Controls to Maintain Adequate Provider Licensing Files</td>
</tr>
<tr>
<td>Type of Finding:</td>
<td>Material Weakness</td>
</tr>
<tr>
<td>Condition Found:</td>
<td>DCFS has not established adequate controls to ensure documentation of background checks is completed in a consistent manner.</td>
</tr>
</tbody>
</table>

The objective of the Foster Care program administered by DCFS is to provide safe, appropriate, substitute care for children in Illinois in need of temporary placement and care outside their homes. DCFS, as the State foster care licensing authority, is required to ensure foster family homes or child care service providers are fully licensed, which includes ensuring the required background checks have been performed and the safety considerations with respect to child-care institution staff have been addressed. DCFS utilizes the Authorization for Background Check form 718-A (Form 718-A) to obtain employee authorization as well as control documentation for the completion of required background checks.

During our test work of 50 Foster Care maintenance assistance payments (totaling $79,677), we reviewed the associated provider licensing files for compliance with licensing requirements and for the allowability of related benefits paid. We noted for 24 foster family homes tested (with payments of $14,747) that background check clearance dates were noted as completed prior to the service date; however, documentation of the review control to ensure background checks were obtained prior to service was not consistent. Licensing representatives did not always use the completion date as their final review date such that there was a gap in evidence of review date and background check clearance date. The range of date differences was 1 to 274 days, indicating the evidence of sign-off was an initiation date versus a completion date.

Foster care maintenance payments during year the ended June 30, 2020 totaled $63,942,000.
Criteria or Requirement:

2 CFR 200.303 requires nonfederal entities to, among other things, establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. Effective internal controls should include procedures to ensure the foster care provider licensing files are complete, including documentation that required criminal records checks and child abuse and neglect registry checks have been performed for all prospective foster parents, child-care institution applicants, employees, volunteers, or non-licensed service providers.

Cause:

In discussing these conditions with DCFS officials, they stated that inconsistencies amongst staff members in carrying out the procedures for documenting foster home background check clearances caused the date variances described above.

Possible Asserted Effect:

Failure to maintain complete provider licensing files for foster family homes and child-care institutions, including documentation that required criminal records checks and child abuse and neglect registry checks have been performed for all prospective foster parents, child-care institution applicants, employees, volunteers, or non-licensed service providers, could result in payments being made to ineligible service providers, which are unallowable costs.

Repeat Finding:

A similar finding was reported in prior year audit as finding number 2019-028. (Finding Code 2020-004, 2019-028, 2018-029, 2017-025, 2016-028)

Statistical Sampling:

The sample was not intended to be, and was not, a statistically valid sample.

Recommendation:

We recommend DCFS evaluate its control procedures relative to provider background checks and implement additional changes as considered necessary to ensure evidence of completion of the background check (i.e. the completion date) is consistently documented and supported.
Views of DCFS Officials:

DCFS agrees with findings related to controls. It should be noted that while there were variances in date of data entry, documentation was provided that reflects background checks are on file for the foster care files reviewed, and thus causing no compliance issues during this reporting period. DCFS Licensing agree only to record straight background check clearance dates on the CFS 718-A (authorization form) and will be consistent when recording dates from the various background check data sources used to document the background check clearances. Also, the Background Check Manual is being updated to reflect the modified practices of the background check unit when accurately recording the date of the data entry. For Foster home license applications, the completion of the CFS 718-A should continue to be completed at the initial and renewal period that reflect exact date of updates in background check clearances. For any reason, if clearance occur outside the initial and renewal period, the updates will be made on the BC04/05/09 screens with the supporting documentation used to update the clearances be kept in the licensing background unit file.
State Agency: Illinois Department of Children and Family Services (DCFS)
Federal Agency: U.S. Department of Health and Human Services (USDHHS)
Program Name: Foster Care – Title IV-E
                           Adoption Assistance
CFDA # and Program Expenditures: 93.658 ($140,386,000)
                           93.659 ($85,166,000)
Award Numbers: Various – see table of award numbers
Federal Award Year: Various – see table of award numbers
Questioned Costs: None
Compliance Requirement: Reporting
Finding 2020-005: Inaccurate Reporting of Adjustments on the Title IV-E Claiming Report
Type of Finding: Significant Deficiency and Non-Compliance
Condition Found:
DCFS did not accurately report adjustments on the Title IV-E claiming report as required in Part 2 of the report.

DCFS is required to submit quarterly financial reports (CB-496) for both the Foster Care and Adoption Assistance programs, which include information such as current quarter claims and adjustments to amounts reported in previous quarterly claims. DCFS is required to maintain complete and accurate records to support amounts reported on its quarterly claiming reports. Increasing and decreasing adjustments to amounts previously claimed are required to be reported on a gross basis and supported by eligibility determinations or documentation that provides the basis for the adjustment.

During the year ended June 30, 2020, DCFS identified and reported 112 increasing and 63 decreasing adjustments to the Foster Care program. DCFS also identified and reported 42 increasing and 11 decreasing adjustments to the Adoption Assistance program. The increasing and decreasing amounts are calculated based on a batch total and are therefore presented as an increase or decrease by batch, versus grossing up all the transactions in the batch. The amounts reported are understated as they are reported net. Increasing and decreasing adjustments reported on quarterly claims pertaining to the year ended June 30, 2020 totaled as follows:

<table>
<thead>
<tr>
<th>Quarter Ended</th>
<th>Foster Care Increasing</th>
<th>Decreasing</th>
<th>Adoption Assistance Increasing</th>
<th>Decreasing</th>
</tr>
</thead>
<tbody>
<tr>
<td>September 30, 2019</td>
<td>$11,696,812</td>
<td>$718,401</td>
<td>$387,428</td>
<td>$372,775</td>
</tr>
<tr>
<td>December 31, 2019</td>
<td>1,175,462</td>
<td>1,071,966</td>
<td>1,149,984</td>
<td>7,497</td>
</tr>
<tr>
<td>March 31, 2020</td>
<td>48,859,032</td>
<td>47,181,413</td>
<td>588,807</td>
<td>0</td>
</tr>
<tr>
<td>June 30, 2020</td>
<td>1,241,129</td>
<td>642,481</td>
<td>153,962</td>
<td>2,787</td>
</tr>
</tbody>
</table>
DCFS has a review control over the Title IV-E claiming report which was found to be operating effectively. The inability of the system to track the adjustments at a transaction level as an increase or decrease for reporting purposes is a limitation.

DCFS is unable to quantify the impact of this reporting error due to system limitations.

**Criteria or Requirement:**

According to 2 CFR 200.328, the Federal awarding agency may solicit only the standard, OMB-approved government-wide data elements for collection of financial information. This information must be collected with the frequency required by the terms and conditions of the Federal award, but no less frequently than annually nor more frequently than quarterly except in unusual circumstances, for example where more frequent reporting is necessary for the effective monitoring of the Federal award or could significantly affect program outcomes, and preferably in coordination with performance reporting. (Note to the reader, 2 CFR 200.328 references were renumbered November 2020 and were previously cited as 2 CFR 200.327.)

Per the reporting instructions, a net adjustment reported in Part 1 or Part 3 of the Form CB-496 will be comprised of one or more increasing or decreasing components. Each individual adjustment should be shown and reported separately by increasing and decreasing components, if applicable. (This requirement remains in effect in instances where the combination of increasing and decreasing adjustments produced a net result of zero dollars for the Federal share of prior quarter adjustments in Part 1 or Part 3.) The appropriate funding category and applicable period must also be identified for each adjustment reported in Part 2. An identification or explanation for each adjustment must also be provided.

Additionally, 2 CFR 200.303 requires non-Federal entities receiving Federal awards to establish and maintain internal controls designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements. Effective internal controls should include establishing procedures to ensure all adjustments to prior year costs are properly determined and supported.

**Cause:**

In discussing these conditions with DCFS officials, they stated system limitations prevented DCFS from reporting adjustments on a gross basis as required by federal guidelines.

**Possible Asserted Effect:**

Failure to properly report adjustments on a gross basis inhibits the ability of USDHHS to monitor the Foster Care and Adoption Assistance programs.

**Repeat Finding:**

A similar finding was not reported in prior year audit. (Finding Code 2020-005)

**Statistical Sampling:**

The sample was not intended to be, and was not, a statistically valid sample.

**Recommendation:**

We recommend DCFS review its current process for reporting adjustments and implement procedures to ensure the adjustments claimed for the Foster Care and Adoption Assistance programs are properly reported on a gross basis.
Views of DCFS Officials:

DCFS agrees with the auditor recommendations. DCFS has implemented system changes beginning with the federal claim for the quarter ending September 30, 2020.
STATE OF ILLINOIS
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2020

Federal Agency: U.S. Department of Health and Human Services (USDHHS)
Program Name: Child Support Enforcement
CFDA # and Program Expenditures: 93.563 ($114,106,000)
Award Numbers: Various – See schedule of award numbers
Federal Award Year: Various – See schedule of award numbers
Questioned Costs: None
Compliance Requirement: Subrecipient Monitoring
Finding 2020-006: Failure to Notify Subrecipients of Federal Funding
Type of Finding: Significant Deficiency and Non-Compliance
Condition Found:
DHFS did not communicate required federal program information to subrecipients at the time of disbursement for the Child Support Enforcement (CSE) program.

During our testing of 25 subrecipients of the CSE program, we noted DHFS did not communicate the assistance listing number (or Catalog of Federal Domestic Assistance (CFDA) number) at the time of disbursement to any of the subrecipients tested. Upon further review, DHFS did not provide any notification of CFDA number at time of disbursement to any of its subrecipients during fiscal year 2020.

Amounts passed through to subrecipients under the CSE program totaled approximately $10,281,000 during the year ended June 30, 2020.

Criteria or Requirement:
2 CFR 200.332(a)(1)(xii) requires all pass-through entities to identify the dollar amount made available under each Federal award and the CFDA number at the time of disbursement. (Note to the reader, 2 CFR 200.332X references were renumbered November 2020 and were previously cited as 2 CFR 200.331X.)

Additionally, 2 CFR 200.303 requires non-Federal entities receiving Federal awards to establish and maintain internal control designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements. Effective internal controls should include implementing risk assessment procedures required by the Uniform Guidance and ensuring monitoring procedures are performed and documented in accordance with established policies and procedures.

Cause:
In discussing these conditions with DHFS officials, they stated they were not aware that the CFDA number needed to be included on the check stubs for each disbursement since it was included in the related intergovernmental agreements.
Possible Asserted Effect:

Failure to communicate CFDA numbers at the time of disbursement can hamper the subrecipients ability to correctly prepare their schedule of expenditures of federal awards.

Repeat Finding:

A similar finding was not reported in the prior year audit. (Finding Code 2020-006)

Statistical Sampling:

The sample was not intended to be, and was not, a statistically valid sample.

Recommendation:

We recommend DHFS add to their warrant description the CFDA number for each disbursement made to subrecipients.

Views of DHFS Officials:

DHFS accepts the recommendation. The CFDA number has been added to the warrant description and will be printed on each disbursement made to subrecipients.
STATE OF ILLINOIS
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2020


Federal Agency: U.S. Department of Health and Human Services (USDHHS)

Program Name: Children’s Health Insurance Program

CFDA # and Program Expenditures: 93.767 ($475,050,000)

Award Numbers: Various – See schedule of award numbers

Federal Award Year: Various – See schedule of award numbers

Questioned Costs: Cannot be determined

Compliance Requirement: Eligibility

Finding 2020-007: Failure to Perform Eligibility Redeterminations within Prescribed Timeframes

Type of Finding: Material Weakness and Material Non-Compliance

Condition Found:

DHFS did not perform eligibility redeterminations for individuals receiving benefits under the Children’s Health Insurance Program (CHIP) in accordance with timeframes required by the State Plan.

The State Plan for CHIP requires the State to perform eligibility redeterminations on an annual basis. During our testing of 80 case files (with payments sampled of $127,732), evidence was not provided to substantiate redeterminations were performed within required time frames for five CHIP cases (with payments sampled of $6,548). Delays in performing redeterminations ranged from 30 to 362 days greater than one year. Total medical payments made on behalf of these five beneficiaries during the year ended June 30, 2020, were $34,778 for the CHIP program.

Payments made to beneficiaries of the CHIP program totaled approximately $461,117,000 during the year ended June 30, 2020.

Criteria or Requirement:

In accordance with 42 CFR 435.10 and the OMB Compliance Supplement, dated August 2020, IDHS is required to determine client eligibility in accordance with eligibility requirements defined in the approved State Plan for CHIP. The current State Plan and 42 CFR 457.343 require redeterminations of eligibility for all recipients on an annual basis.

Additionally, 2 CFR 200.303 requires non-Federal entities receiving Federal awards to establish and maintain internal control designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements. Effective internal controls should include establishing procedures to ensure eligibility redeterminations are performed in accordance with program requirements.

Cause:

In discussing these conditions with DHFS officials, they stated there has been a lack of sufficient eligibility staff for multiple years which created a backlog and contributed to the State’s inability to complete redeterminations timely.
Possible Asserted Effect:

Failure to properly perform eligibility redetermination procedures in accordance with the State Plans may result in federal funds being awarded to ineligible beneficiaries, which are unallowable costs.

Repeat Finding:

A similar finding was not reported in the prior year audit. (Finding Code 2020-007)

Statistical Sampling:

The sample was not intended to be, and was not, a statistically valid sample.

Recommendation:

We recommend DHFS review its current process for performing eligibility redeterminations and consider changes necessary to ensure all eligibility decisions are performed within the timeframes prescribed within the State Plan. More specifically, DHFS needs to determine how to address what should occur when a returned redetermination is not completed by the time another would normally be sent.

Views of DHFS Officials:

DHFS accepts the recommendation.
STATE OF ILLINOIS
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2020

Federal Agency: U.S. Department of Health and Human Services (USDHHS)
Program Name: Children’s Health Insurance Program
Medicaid Cluster

CFDA # and Program Expenditures: 93.767 ($475,050,000)
93.775/93.777/93.778 ($13,891,000,000)

Award Numbers: Various – See schedule of award numbers
Federal Award Year: Various – See schedule of award numbers

Questioned Costs: $561,459

Compliance Requirement: Eligibility

Finding 2020-008: Inadequate Procedures to Determine Beneficiary Eligibility

Type of Finding: Material Weakness and Material Non-Compliance

Condition Found:

DHFS does not have adequate procedures to determine eligibility for beneficiaries of the Children’s Health Insurance Program (CHIP) and Medicaid Cluster programs.

DHFS permits certain beneficiaries of the CHIP and Medicaid Cluster programs to begin receiving medical services based upon a presumption of eligibility. The individuals for which CHIP and Medicaid CHIP presumptive eligibility is permitted are usually children and pregnant women. The initial CHIP and Medicaid CHIP presumptive eligibility period generally begins on the date of the decision and ends the last day of the following month but can also be extended 90 days starting with the date of application for ongoing benefits.

DHFS identified a system defect in September 2019 in which the eligibility status of certain CHIP and Medicaid CHIP presumptive eligibility cases was not being updated at the end of the initial presumptive eligibility period. Beginning in February 2020, DHFS created a monthly process to identify and close presumptive eligibility cases that did not properly close at the end of the presumptive eligibility period. During our testing of medical payments made on behalf of CHIP and Medicaid CHIP beneficiaries, we noted three of 40 CHIP case files (with medical payments sampled of $227) and two of 40 Medicaid CHIP case files (with medical payments sampled of $3,746) for which the initial presumptive eligibility period was not discontinued on the last day of the month following the initial application. All five cases were prior to February 2020. Total medical payments made on behalf of the three CHIP beneficiaries and two Medicaid CHIP beneficiaries during the year ended June 30, 2020 were $991 for the CHIP program and $5,072 for the Medicaid Cluster program, respectively. Total CHIP beneficiary payments and Medicaid Cluster beneficiary payments for the year ended June 30, 2020, were approximately $461,117,000 and $13,669,891,000, respectively.

DHFS was able to quantify that 6,079 cases prior to February 2020 were not closed at the end of the CHIP and Medicaid CHIP presumptive eligibility period which resulted in $561,459 in unallowable medical payments made on behalf of these beneficiaries being claimed during the year ended June 30, 2020.
Criteria or Requirement:

In accordance with 42 CFR 435.10 and the OMB Compliance Supplement, dated August 2020, DHFS is required to determine client eligibility in accordance with eligibility requirements defined in the approved State Plan. The current State Plan permits presumptive eligibility determinations for program beneficiaries in accordance with 42 CFR 435.1102(b).

Additionally, 2 CFR 200.303 requires non-Federal entities receiving Federal awards to establish and maintain internal control designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements. Effective internal controls should include maintaining adequate controls over presumptive eligibility cutoff.

Cause:

In discussing these conditions with DHFS officials, they stated some denials were not communicated between the Integrated Eligibility System (IES) and Medicaid Management Information System (MMIS).

Possible Asserted Effect:

Failure to identify and close presumptive eligibility cases at the end of the presumptive eligibility period may result in federal funds being awarded to ineligible beneficiaries, which are unallowable costs.

Repeat Finding:

A similar finding was reported in the prior year audit as finding number 2019-019. (Finding Code 2020-008, 2019-019)

Statistical Sampling:

The sample was not intended to be, and was not, a statistically valid sample.

Recommendation:

As noted above, DHFS has corrected the situation noted; therefore, DHFS should continue with their monthly process to identify and close presumptive eligibility cases.

Views of DHFS Officials:

DHFS accepts the recommendation. DHFS stated it is working to rectify the system defect regarding the communication of presumptive eligibility denials between the two systems so the monthly process can be discontinued.
STATE OF ILLINOIS  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2020

Federal Agency: U.S. Department of Health and Human Services (USDHHS)  
Program Name: Medicaid Cluster  
CFDA # and Program Expenditures: 93.775/93.777/93.778 ($13,891,000,000)  
Award Numbers: Various – See schedule of award numbers  
Federal Award Year: Various – See schedule of award numbers  
Questioned Costs: Cannot be determined  
Compliance Requirement: Special Tests and Provisions – Medicaid National Correct Coding Initiative  
Finding 2020-009: Failure to Download and Implement Medicaid NCCI Edit Files  
Type of Finding: Significant Deficiency and Non-Compliance  
Condition Found:  
DHFS did not download quarterly Medicaid National Correct Coding Initiative (NCCI) edit files from the Medicaid Integrity Institute and implement the edit files in their Medicaid Management Information System (MMIS) for the Medicaid Cluster program.  
DHFS currently manages and operates the MMIS system to support claims processing for the Illinois Medicaid Enterprise. During our testwork, we noted DHFS’s MMIS does not have the capability to download Medicaid NCCI edit files from the Medicaid Integrity Institute. DHFS has added edits to MMIS to address the six Medicaid NCCI methodologies for fee for service claims. DHFS is expected to transition using the Illinois Medicaid Program Advanced Cloud Technology (IMPACT) system for Medicaid claims processing, which will provide DHFS the capability to download Medicaid NCCI edit files from the Medicaid Integrity Institute.  
Criteria or Requirement:  
Section 6507 of the Affordable Care Act (ACA) requires States to use compatible NCCI methodologies in paying applicable Medicaid claims. The Center for Medicaid and CHIP Services (CMCS) requires that the Medicaid Enterprise Systems (MES), formerly known as the MMIS, in each State completely and correctly implement and use in paying applicable Medicaid claims the Medicaid NCCI methodologies. Specifically, according to the NCCI Medicaid Technical Guidance Manual Section 2, States are required to implement, and use in paying all applicable Medicaid claims, the new quarterly Medicaid NCCI edit files for States on the first day of every calendar quarter corresponding to the effective date of the files.  
Additionally, 2 CFR 200.303 requires non-Federal entities receiving Federal awards establish and maintain internal controls designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements. Effective internal controls should include implementing procedures required by the Medicaid NCCI to download and implement edit files in DHFS’s MMIS.
STATE OF ILLINOIS
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2020

Cause:
In discussing these conditions with DHFS officials, they stated the current MMIS system does not have the functionality built in to incorporate the NCCI edit files and enforce the rules.

Possible Asserted Effect:
Failure to download and implement quarterly edit files from the Medicaid Integrity Institute can result in coding errors and improper payments for procedures and services.

Repeat Finding:
A similar finding was not reported in the prior year audit. (Finding Code 2020-009)

Statistical Sampling:
The sample was not intended to be, and was not, a statistically valid sample.

Recommendation:
As noted above, DHFS is expected to transition to the IMPACT system for Medicaid claims processing; therefore, DHFS should implement policies and procedures to ensure the IMPACT system has the capability to download Medicaid NCCI edit files from the Medicaid Integrity Institute.

Views of DHFS Officials:
DHFS accepts the recommendation. While DHFS has implemented several custom edits to enforce the NCCI rules and refers to the NCCI code on code rules for proper editing along with the enforcement of medically unlikely edits, the functionality is not programmed against the quarterly files. DHFS is in the process of implementing the new IMPACT system which has all functionality built in to take the quarterly files from RISSNET and upload them into the MMIS and use them for editing.
STATE OF ILLINOIS
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2020

State Agency: Illinois Department of Human Services (IDHS)
Federal Agency: U.S. Department of Health and Human Services (USDHHS)
Program Name: Temporary Assistance for Needy Families
CFDA # and Program Expenditures: 93.558 ($501,507,000)
Award Numbers: Various – see table of award numbers
Federal Award Year: Various – see table of award numbers
Questioned Costs: Cannot be determined

Finding 2020-010: Missing Documentation in Beneficiary Files
Type of Finding: Material Weakness and Material Non-Compliance
Condition Found:
IDHS could not locate case file documentation supporting eligibility determinations and special test requirements for beneficiaries of the Temporary Assistance for Needy Families (TANF) program.

Details of the beneficiary payments selected in our samples for the TANF program are as follows:

<table>
<thead>
<tr>
<th>Case Type</th>
<th>Number of Cases Tested</th>
<th>Total Amount of Payments for Cases Tested</th>
<th>Total Amount of Payments Made on Behalf of Beneficiaries for Fiscal Year 2020</th>
<th>Total Fiscal Year 2020 Program Expenditures</th>
</tr>
</thead>
<tbody>
<tr>
<td>TANF Cluster</td>
<td>50</td>
<td>$23,644</td>
<td>$43,659,000</td>
<td>$501,507,000</td>
</tr>
</tbody>
</table>

During our test work, we selected eligibility files to review for compliance with eligibility requirements of the related benefits provided. We noted in 4 of 50 TANF cases (with payments sampled of $2,241), IDHS could not locate the Responsibility Service Plan (RSP) completed and signed by the beneficiary covering the payment date. TANF cash assistance paid to these beneficiaries during the year ended June 30, 2020 totaled $21,134.

Further we noted that the control to ensure the RSPs are collected (i.e. completeness) in accordance with policy is not effectively designed.

During our test work, we also selected Child Support Non-Cooperation (Non-Cooperation) and Penalty for Refusal to Work (Refusal to Work) files to review of compliance with the respective special tests and provisions. We noted the following exceptions:

- In 8 of 40 TANF Non-Cooperation special test cases, IDHS could not provide evidence that the beneficiary was sanctioned after the beneficiary’s failure to cooperate. TANF cash assistance paid to these beneficiaries during the year ended June 30, 2020 totaled $45,451. In addition, in 1 of 40 TANF Non-Cooperation special test cases, IDHS did not take timely action on the case.
In 1 of 40 TANF Penalty for Refusal to Work special test cases, IDHS could not provide evidence of the RSP or subsequent evidence of sanction. TANF Cluster cash assistance paid to this beneficiary during the year ended June 30, 2020 totaled $4,454.

In addition, we noted controls for ensuring completeness of the data needed to access Non-Cooperation and Refusal to Work are not effectively designed. Also, the application of a sanction or documentation of why the sanction is not applicable is not consistently applied.

Criteria or Requirement:

The TANF State Plan amended April 1, 2020, Section L Personal Responsibility, requires all adults and minor parents applying for or receiving assistance with be required to sign a Responsibility and Services Plan (RSP) and follow through with its provisions.

For non-cooperation, if an individual is not cooperating with the state establishing paternity or enforcing a support order with respect to a child of the individual, the state must apply a sanction or deny assistance. (45 CFR sections 264.30). For refusal to work, if an individual in a family receiving assistance refuses to work, subject to any good cause or other exemptions, a sanction shall be applied. (45 CFR 261.14)

In addition, 2 CFR 200.303 requires nonfederal entities to, among other things, establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. Effective internal controls should include maintaining adequate controls over beneficiary eligibility case files to ensure all required documentation is received and appropriate sanctions applied.

Cause:

IDHS management stated the exceptions noted were due to oversight to secure or upload supporting documentation adequately and to follow up on notices of non-cooperation.

Possible Asserted Effect:

Failure to maintain RSPs may result in inadequate documentation of a recipient’s eligibility and in federal funds being awarded to ineligible beneficiaries. Inability to demonstrate if a sanction has been appropriately applied also may result in federal funds being awarded to an ineligible beneficiary.

Repeat Finding:

A similar finding was reported in prior year audit as finding number 2019-005. (Finding Code 2020-010, 2019-005, 2018-004, 2017-004, 2016-004, 2015-004, 2014-004, 2013-004, 12-04, 11-04, 10-06, 09-06, 08-08, 07-19, 06-16, 05-30, 04-18, 03-20, 02-26, 01-15).

Statistical Sampling:

The sample was not intended to be, and was not, a statistically valid sample.

Recommendation:

We recommend IDHS review its current process for collecting and maintaining RSPs and documentation to support the appropriate application of sanctions.
Views of IDHS Officials:

IDHS accepts the recommendation. The current process for creating and maintaining Responsibility & Services Plans and creating and documenting sanctions will be reviewed and revised to ensure that process steps are addressing all needed areas for accurate documentation.
State Agency: Illinois Department of Human Services (IDHS)

Federal Agency: U.S. Department of Agriculture (USDA)
U.S. Department of Health and Human Services (USDHHS)

Program Name: SNAP Cluster
Temporary Assistance for Needy Families Cluster
Medicaid Cluster

CFDA # and Program Expenditures: 10.551/10.561 ($3,383,971,000)
93.558 ($501,507,000)
93.775/93.777/93.778 ($379,890,000)

Award Numbers: Various – see table of award numbers

Federal Award Year: Various – see table of award numbers

Questioned Costs: Cannot be determined

Compliance Requirement: Eligibility and Special Tests and Provisions – ADP System for SNAP

Finding 2020-011: Failure to Perform Eligibility Decisions within Prescribed Timeframes

Type of Finding: Material Weakness and Material Non-Compliance

Condition Found:

IDHS did not perform eligibility decisions for individuals receiving benefits under the Temporary Assistance for Needy Families (TANF) Cluster, SNAP Cluster (SNAP), and Medicaid Cluster programs in accordance with timeframes required by the respective State Plans.

Each of the State Plans for the TANF Cluster, SNAP, and Medicaid Cluster programs require the State to perform eligibility redeterminations on an annual basis. For Medicaid, the determination may not exceed 90 days for disability basis and 45 days for all other reasons. During our test work over eligibility, we noted the State was late (overdue) in performing initial and redetermination eligibility decisions for individuals receiving benefits under the TANF Cluster, SNAP, and Medicaid Cluster programs.

Evidence was not provided to document redeterminations were performed within required time frames for 4 TANF/SNAP cluster cases, and 6 Medicaid Cluster cases (with payments sampled of $2,193 and $3,006 respectively). Additionally, there were 2 Medicaid cases not meeting the initial determination time frames (with payments sampled of $4,011).
STATE OF ILLINOIS
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2020

Details of the beneficiary payments selected in our samples for the TANF/SNAP Cluster, and Medicaid Cluster programs are as follows. The Medicaid Cluster amounts include both IDHS and DHFS as beneficiary eligibility is primarily the responsibility of IDHS while the beneficiary expenses are recorded in both agencies depending on the type of claim.

<table>
<thead>
<tr>
<th>Major Program</th>
<th>Number of Cases Sampled</th>
<th>Total Amount of Payments for Cases Sampled</th>
<th>Total Beneficiary Payments in Fiscal Year 2020</th>
<th>Total Fiscal Year 2020 Program Expenditures</th>
</tr>
</thead>
<tbody>
<tr>
<td>TANF/SNAP Cluster</td>
<td>50</td>
<td>$26,408</td>
<td>$3,283,004,000</td>
<td>$3,885,478,000</td>
</tr>
<tr>
<td>Medicaid Cluster</td>
<td>100</td>
<td>201,498</td>
<td>10,844,109,000</td>
<td>14,270,890,000</td>
</tr>
</tbody>
</table>

IDHS does not have adequate resources to perform and document initial eligibility or redeterminations within the required timeframes.

Criteria or Requirement:

Per 42 CFR 435.916 (Medicaid) and 42 USC 602(a)(1)(B)(iii) (the State Plan for TANF/SNAP), IDHS is required to determine client eligibility in accordance with eligibility requirements defined in the approved State Plans. The current State Plans require redeterminations of eligibility for all recipients on an annual basis. States are also directed under 42 CFR 435.912, to determine Medicaid eligibility promptly and without undue delay. For individuals applying for Medicaid based on disability, the determination may not exceed 90 days. For all other applicants, the determination may not exceed 45 days.

In addition, 2 CFR 200.303 requires nonfederal entities to, among other things, establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. Effective internal controls should include establishing procedures to ensure eligibility decisions are performed in accordance with program requirements.

Cause:

IDHS management stated factors contributing to untimely determination processing include the complexity of the work involved and manual processes that are a required component of case processing.

Possible Asserted Effect:

Failure to properly perform eligibility decisions in accordance with the State Plans may result in federal funds being awarded to ineligible beneficiaries, which are unallowable costs.

Repeat Finding:

A similar finding was reported in the prior year audit as finding number 2019-006. (Finding Code 2020-011, 2019-006, 2018-005, 2017-005, 2016-005, 2015-005, 2014-002, 2013-002, 12-02, 11-02, 10-03, 09-03, 08-03, 07-10, 06-03, 05-18, 04-15, 03-17)

Statistical Sampling:

The sample was not intended to be, and was not, a statistically valid sample.
Recommendation:

We recommend IDHS review its current process for performing eligibility decisions and consider changes necessary to ensure all initial and redetermination decisions are performed within the timeframes prescribed within the State Plans for each affected program.

Views of IDHS Officials:

IDHS accepts the recommendation. To ensure case processing within required timeframes, statewide processing management will be utilized to review and assign outstanding requests coming due to certification. IDHS has worked to improve its processing timeliness by adding two statewide processing centers and increasing caseworker headcount and is in the process of adding a third statewide processing center.
STATE OF ILLINOIS
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2020

State Agency: Illinois Department of Human Services (IDHS)
Federal Agency: U.S. Department of Health and Human Services (USDHHS)
Program Name: Block Grants for Prevention and Treatment of Substance Abuse

CFDA # and Program Expenditures: 93.959 ($62,404,000)
Award Numbers: Various – see table of award numbers
Federal Award Year: Various – see table of award numbers
Questioned Costs: $12,400,000
Compliance Requirement: Matching, Level of Effort, Earmarking

Finding 2020-012: Failure to Provide Adequate Documentation for the SAPT MOE Requirement
Type of Finding: Material Weakness and Material Non-Compliance
Condition Found:
IDHS was unable to provide adequate documentation to substantiate the maintenance of effort (MOE) requirements were met for the Block Grants for Prevention and Treatment of Substance Abuse (SAPT) program for award year 2018 that closed during State fiscal year 2020.

As a condition of receiving federal funding under the SAPT program, USDHHS requires the State to maintain the level of State and locally funded expenditures for substance abuse prevention and treatment activities at an amount that is at least equal to the average level of these same amounts for the prior two years.

During the current fiscal year, we noted IDHS was required to maintain aggregate State expenditures for State fiscal year June 30, 2018 (SFY18) of $86,140,868. IDHS reported actual aggregate State expenditures for State fiscal year June 30, 2018 of $112,550,165. However, included in the total MOE reported expenditures were $38,792,743 of managed care organization (MCO) billings in SFY18. The MCO billings represented MCO encounter data amounts, and IDHS could not provide evidence or reconcile MCO encounter data to actual State paid expenditures. Accordingly, these expenditures are not allowable for purposes of meeting the maintenance of effort requirement. IDHS appears to be approximately $12.4 million short of the required $86 million MOE requirement.

Criteria or Requirement:
According to 45 CFR 96.30(a), the fiscal control and accounting procedures of the State must be sufficient to permit the tracing of funds to a level of expenditure adequate to establish that such funds have not been used in violation of the restrictions and prohibitions of the statute authorizing the block grant. Further, 45 CFR 96.134(a) states with respect to the principal agency of a State for carrying out authorized activities, the agency shall for each fiscal year maintain aggregate State expenditures by the principal agency for authorized activities at a level that is not less than the average level of such expenditures maintained by the State for the two year period preceding the fiscal year for which the State is applying for the grant.
In addition, 2 CFR 200.303 requires nonfederal entities to, among other things, establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. Effective internal controls should include establishing procedures to ensure MOE requirements are achieved with allowable expenditures.

**Cause:**

In discussing these conditions with IDHS officials, management stated IDHS is awaiting confirmation from Substance Abuse and Mental Health Services Administration (SAMHSA) and Center for Substance Abuse Treatment (CSAT) for approval of the protocol for supporting the MOE requirement.

**Possible Asserted Effect:**

Failure to maintain required State expenditure levels for MOE and maintain adequate supporting documentation to support expenditures used to meet the MOE requirement results in noncompliance with program requirements.

**Repeat Finding:**

A similar finding was reported in the prior year audit as finding number 2019-009. (Finding Code 2020-012, 2019-009, 2018-007, 2017-008, 2016-008, 2015-009, 2014-010)

**Statistical Sampling:**

The sample was not intended to be, and was not, a statistically valid sample.

**Recommendation:**

We recommend IDHS review its process for identifying allowable expenditures to achieve the SAPT MOE, including receiving input from SAMHSA regarding the applicability of MCO encounter data expenditures.

**Views of IDHS Officials:**

IDHS accepts the recommendation. IDHS developed protocol which was approved by SAMHSA/CSAT. There was a request by SAMHSA/CSAT for IDHS to clarify the start date of the protocol and provide an example report related to the protocol. IDHS’ response to SAMHSA/CSAT was submitted on August 6, 2020 and confirmation from SAMHSA/CSAT is pending. This issue will be resolved once SAMHSA/CSAT confirmation of the protocol start date and report format is sent by SAMHSA/CSAT to IDHS.
STATE OF ILLINOIS
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2020

State Agency: Illinois Department of Human Services (IDHS)
Federal Agency: U.S. Department of Health and Human Services (USDHHS)
Program Name: Social Services Block Grant
CFDA # and Program Expenditures: 93.667 ($61,421,000)
Award Numbers: Various – See schedule of award numbers
Federal Award Year: Various – See schedule of award numbers
Questioned Costs: $4,662
Compliance Requirement(s): Allowable Costs/Cost Principles

Finding 2020-013: Improper Support for Title XX Beneficiary Payments
Type of Finding: Material Weakness and Non-Compliance

Condition Found:
IDHS did not maintain adequate support for payments on behalf of beneficiaries of the Social Services Block Grant (Title XX) program.

IDHS operates several State social service programs which qualify for Title XX funding. IDHS’ Home Services program involves providing individuals with severe disabilities under the age of 60 who are at risk of moving into a nursing home or other facility with assistance with daily living activities in their homes.

During our test work of 40 Title XX Home Services program beneficiary payments (totaling $26,367), we noted there was no evidence of review of supporting documentation for 7 of the beneficiary payments (totaling $4,644). Additionally, for a payment made on behalf of one beneficiary, IDHS could not provide adequate supporting documentation to support the payment amount. Payment made on behalf of this beneficiary was $18.

Payments made on behalf of beneficiaries of the Title XX program totaled approximately $15,800,000 during the year ended June 30, 2020.

Criteria or Requirement:
According to 45 CFR 96.30(a), the State shall obligate and expend block grant funds in accordance with the laws and procedures applicable to the obligation and expenditure of its own funds and fiscal control and accounting procedures of the State must be sufficient to permit the tracing of funds to a level of expenditure adequate to establish that such funds have not been used in violation of the restrictions and prohibitions of the statute authorizing the block grant.

In addition, 2 CFR 200.303 require nonfederal entities to, among other things, establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. Effective internal controls should include procedures to maintain document to support beneficiary payments.
Cause:

In discussing these conditions with IDHS officials, they stated these issues were primarily the result of oversight, errors in documentation, and misclassification of payments.

Possible Asserted Effect:

Failure to properly support benefit payments may result in unallowable costs being charged to the Title XX program.

Repeat Finding:

A similar finding was reported in the prior year audit as finding number 2019-015. (Finding Code 2020-013, 2019-015, 2018-016)

Statistical Sampling:

The sample was not intended to be, and was not, a statistically valid sample.

Recommendation:

We recommend IDHS review its current process for maintaining supporting documentation of beneficiary payments and consider changes necessary to ensure support is retained in accordance with program requirements.

Views of IDHS Officials:

IDHS accepts the recommendation. It will continue to work with field staff and re-enforce the need for proper documentation of reviews and approvals and secure storage of documentation.
STATE OF ILLINOIS
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2020

State Agency: Illinois Department of Human Services (IDHS)
Federal Agency: U.S. Department of Health and Human Services (USDHHS)
Program Name: Temporary Assistance for Needy Families Cluster
CCDF Cluster
Social Services Block Grant
Block Grants for Prevention and Treatment of Substance Abuse

CFDA # and Program Expenditures: 93.558 ($501,507,000)
93.575/93.596 ($432,781,000)
93.667 ($61,421,000)
93.959 ($62,404,000)

Award Numbers: Various – See schedule of award numbers
Federal Award Year: Various – See schedule of award numbers
Questioned Costs: None

Compliance Requirement: Subrecipient Monitoring

Finding 2020-014: Inadequate Review of Single Audit Reports
Type of Finding: Material Weakness and Material Non-Compliance

Condition Found:
IDHS did not adequately review single audit reports received from its subrecipients for the Temporary Assistance for Needy Families (TANF) Cluster, CCDF Cluster (Child Care or CCC), Social Services Block Grant (Title XX or SSBG), and Block Grants for Prevention and Treatment of Substance Abuse (SAPT) programs.

The State of Illinois established the Grant Accountability Transparency Unit (GATU) to implement the provisions of the State’s Grant Accountability and Transparency Act (GATA) on a centralized basis. GATU has established standardized reporting requirements for subrecipients of the various Federal programs administered by the State through its various departments. Subrecipients of the State are required to certify whether they expended more than $750,000 in federal awards during the fiscal year and submitted their single audit reporting packages to the Federal Audit Clearinghouse (FAC), if required. IDHS staff are responsible for ensuring single audit reports are received from subrecipients and reviewing the reports to determine the need for issuing management decisions letters (MDL) within required time frames and receiving corrective action plans (CAP).

During our review of a sample of 156 subrecipient single audit desk review files, we noted IDHS did not notify 5 subrecipients of the results of single audit desk reviews or issue management decisions or CAP on reported findings within 6 months of acceptance of the single audit report by the FAC as required. Also, the CAP was not collected within required time frame.
These reviews were completed as follows:

<table>
<thead>
<tr>
<th>Desk Review Period</th>
<th>Number of Subrecipients</th>
<th>Type of Funding</th>
</tr>
</thead>
<tbody>
<tr>
<td>180-210 days after FAC acceptance</td>
<td>1</td>
<td>CCC</td>
</tr>
<tr>
<td>210-240 days after FAC acceptance</td>
<td>1</td>
<td>SSBG</td>
</tr>
<tr>
<td>240+ days after FAC acceptance</td>
<td>3</td>
<td>CCC, SSBG, SAPT</td>
</tr>
</tbody>
</table>

We also noted the single audit desk reviews for June 30, 2019 are still in process and have not been finalized as of the date of our test work (March 1, 2021) for 3 subrecipients with CCC, SAPT, TANF and SSBG.

Further, we noted 2 CCC subrecipients with fiscal year-ends December 31, 2018 and later who did not submit their reporting package within 9 months of their fiscal year end in accordance with GATU policies. No documentation was available to demonstrate follow-up, waivers being granted or sanctions imposed on these subrecipients by IDHS.

IDHS’ subrecipient expenditures under the federal programs for the year ended June 30, 2020 were approximately as follows:

<table>
<thead>
<tr>
<th>Program</th>
<th>Total Fiscal Year 2020 Subrecipient Expenditures</th>
<th>Total Fiscal Year 2020 Program Expenditures</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>TANF Cluster</td>
<td>$16,396,000</td>
<td>$501,507,000</td>
<td>3.3%</td>
</tr>
<tr>
<td>CCDF Cluster</td>
<td>120,311,000</td>
<td>432,781,000</td>
<td>27.8%</td>
</tr>
<tr>
<td>Title XX</td>
<td>42,998,000</td>
<td>61,421,000</td>
<td>70.0%</td>
</tr>
<tr>
<td>SAPT</td>
<td>58,112,000</td>
<td>62,404,000</td>
<td>93.12%</td>
</tr>
</tbody>
</table>

Criteria or Requirement:

2 CFR 200.332(d)(3) requires pass-through entities to issue management decisions for applicable audit findings pertaining to the federal awards provided to the subrecipient and 2 CFR 200.332(d)(4) requires pass through entities to resolving audit findings through correct action plans (CAP). (Note to the reader, 2 CFR 200.332X references were renumbered November 2020 and were previously cited as 2 CFR 200.331X.)

2 CFR 200.303 requires non-Federal entities receiving Federal awards to establish and maintain internal control designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements. Effective internal controls should include procedures to ensure (1) subrecipients expending $750,000 or more in Federal awards during the subrecipient’s fiscal year have met the audit requirements of Uniform Guidance, including that the audits are completed within nine months after the end of the subrecipient’s fiscal year end, (2) the subrecipient audit reports are reviewed in a timely manner, and (3) management decisions on reported findings are issued within six months after acceptance of the subrecipient’s audit reports by the FAC.
Cause:

In discussing these conditions with IDHS officials, they stated IDHS Office of Contract Administration (OCA) staff have implemented several changes in processes and procedures of IDHS Audit Reviews within the Audit Report Review Management System (ARRMS). Several of these changes have led to timing issues with the timely processing of IDHS Audit Reviews of Single Audits and the issuances of Management Decision Letters (MDLs).

Possible Asserted Effect:

Failure to obtain and review subrecipient single audit reports in a timely manner could result in federal funds being expended for unallowable purposes and subrecipients not properly administering the federal programs in accordance with laws, regulations, and the grant agreement.

Repeat Finding:

A similar finding was reported in the prior year audit as finding number 2019-012. (Finding Code 2020-014, 2019-012, 2018-011, 2017-012, 2016-011, 2015-010, 2014-009, 2013-008, 12-06, 11-08)

Statistical Sampling:

The sample was not intended to be, and was not, a statistically valid sample.

Recommendation:

We recommend IDHS establish controls to ensure single audit reports are received timely and to ensure desk reviews are completed and documented in a timely manner to evidence whether MDLs should be issued by IDHS within six months. In addition, we recommend IDHS establish controls to ensure any required CAP is also received.

Views of IDHS Officials:

IDHS agrees with the recommendation. IDHS will continue to work to establish controls to ensure single audit reports are received and processed timely, CAPs are received and desk reviews are completed and documented timely within the Audit Report Review Management System (ARRMS) in order to ensure MDL’s are issued within the required timeframe.
STATE OF ILLINOIS
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2020

State Agency: Illinois Department of Human Services (IDHS)
Federal Agency: U.S. Department of Health and Human Services (USDHHS)
Program Name: Temporary Assistance for Needy Families Cluster
CCDF Cluster
Social Services Block Grant
Block Grants for Prevention and Treatment of Substance Abuse

CFDA # and Program Expenditures:
93.558 ($501,507,000)
93.575/93.596 ($432,781,000)
93.667 ($61,421,000)
93.959 ($62,404,000)

Award Numbers: Various – See schedule of award numbers
Federal Award Year: Various – See schedule of award numbers
Questioned Costs: $36,092 related to CFDA 93.667

Compliance Requirement: Subrecipient Monitoring

Finding 2020-015: Failure to Follow Established Program Subrecipient Monitoring Procedures and to Notify Subrecipients of Federal Funding

Type of Finding: Material Weakness and Material Non-Compliance

Condition Found:
IDHS did not follow its established program monitoring policies and procedures for subrecipients of the Temporary Assistance for Needy Families (TANF) Cluster, CCDF Cluster (Child Care), Social Services Block Grant (Title XX), and Block Grants for Prevention and Treatment of Substance Abuse (SAPT) programs.

IDHS has implemented procedures whereby program staff perform periodic program on-site and desk reviews of IDHS subrecipient compliance with regulations applicable to the federal programs administered by IDHS. Generally, these reviews are formally documented and include the issuance of a report of the review results to the subrecipient summarizing the procedures performed, results of the procedures, and any findings or observations for improvement noted. IDHS’s policies require the subrecipient to respond to each finding by providing a written corrective action plan. Additionally, IDHS program staff perform reviews of expenditure reports submitted by subrecipients. IDHS subrecipient monitoring procedures are subject to the review and approval of a supervisor.
During our test work over program on-site review procedures performed for 141 subrecipients of the TANF Cluster, CCDF Cluster, Title XX, and SAPT programs, we noted IDHS did not follow its established program monitoring procedures as follows:

- During our test work performed, we noted that IDHS did not perform on-site monitoring reviews of subrecipients in fiscal year 2020 in accordance with IDHS’ planned monitoring schedule and/or could not provide support for the review. Specifically, we noted the following exceptions:

<table>
<thead>
<tr>
<th>Federal Program</th>
<th>Number of Reviews Not Performed</th>
<th>Number of Subrecipients Tested</th>
</tr>
</thead>
<tbody>
<tr>
<td>TANF Cluster</td>
<td>1</td>
<td>14</td>
</tr>
<tr>
<td>CCDF Cluster</td>
<td>5</td>
<td>43</td>
</tr>
<tr>
<td>Title XX</td>
<td>1</td>
<td>42</td>
</tr>
<tr>
<td>SAPT</td>
<td>18</td>
<td>42</td>
</tr>
</tbody>
</table>

- IDHS did not provide timely notification (within 60 days) of the results of the programmatic on-site reviews. We noted the following exceptions:

<table>
<thead>
<tr>
<th>Federal Program</th>
<th>Number of Late Communications</th>
<th>Number of Subrecipients Tested</th>
<th>Number of Days Late (Range)</th>
</tr>
</thead>
<tbody>
<tr>
<td>TANF Cluster</td>
<td>1</td>
<td>14</td>
<td>3</td>
</tr>
<tr>
<td>Title XX</td>
<td>3</td>
<td>42</td>
<td>9 – 46</td>
</tr>
<tr>
<td>SAPT</td>
<td>9</td>
<td>42</td>
<td>3 – 273</td>
</tr>
</tbody>
</table>

- IDHS did not receive corrective action plans (CAPs) on a timely basis (within 60 days) after communicating programmatic review findings or follow up with subrecipients on delinquent CAPs. We noted the following exceptions:

<table>
<thead>
<tr>
<th>Federal Program</th>
<th>Number of Late CAPs</th>
<th>Number of Subrecipients Tested</th>
<th>Number of Days Late</th>
</tr>
</thead>
<tbody>
<tr>
<td>CCDF Cluster</td>
<td>2</td>
<td>43</td>
<td>62 – 77</td>
</tr>
<tr>
<td>Title XX</td>
<td>1</td>
<td>42</td>
<td>69</td>
</tr>
<tr>
<td>SAPT</td>
<td>9</td>
<td>42</td>
<td>5 – 199</td>
</tr>
</tbody>
</table>

For the Title XX program, IDHS personnel were unable to provide support for one of 27 expenditure reports reviewed for payment for $36,092.

Additionally, for three Title XX subrecipients and 31 CCDF Cluster subrecipients sampled, IDHS did not communicate the required assistance listing number (CFDA number) to the subrecipients at time of disbursement.
IDHS’s subrecipient expenditures under the federal programs for the year ended June 30, 2020 were approximately as follows:

<table>
<thead>
<tr>
<th>Program</th>
<th>Total Fiscal Year 2020 Subrecipient Expenditures</th>
<th>Total Fiscal Year 2020 Program Expenditures</th>
<th>%</th>
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<tbody>
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<tr>
<td>SAPT</td>
<td>58,112,000</td>
<td>62,404,000</td>
<td>93.12%</td>
</tr>
</tbody>
</table>

Criteria or Requirement:

According to 2 CFR 200.332(d), a pass-through entity is required to monitor the activities of subrecipients as necessary to ensure that federal awards are used for authorized purposes in compliance with laws, regulations, and the provisions of contracts or grant agreements and that performance goals are achieved. According to 2 CFR 200.332(b), a pass-through entity must evaluate each subrecipient’s risk of noncompliance for purposes of determining the appropriate subrecipient monitoring related to the subaward. (Note to the reader, 2 CFR 200.332X references were renumbered November 2020 and were previously cited as 2 CFR 200.331X.)

Per 2 CFR Part 200.332(a)(1)(xii), all pass-through entities must identify the dollar amount made available under each Federal award and the CFDA number at the time of disbursement.

In addition, 2 CFR 200.303 requires nonfederal entities to, among other things, establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. Effective internal controls should include ensuring on-site program procedures and expenditure reviews are performed in a timely manner and adequate documentation is maintained. Further, controls should ensure CFDA notifications are made at disbursement.

Cause:

In discussing these conditions with IDHS officials, they stated that the program monitoring deficiencies noted are due to misplaced or misfiled documentation, untimely monitoring, inadequate staffing, and lack of consistent application in each program division. Furthermore, some staff were not aware of the requirement to notify subrecipients of CFDA numbers at time of disbursement.

Possible Asserted Effect:

Failure to adequately perform and document program on-site monitoring reviews of subrecipients and notify subrecipients of findings in a timely manner may result in subrecipients not properly administering the Federal programs in accordance with laws, regulations, and the grant agreement. Failure to communicate CFDA numbers at time of disbursement can hamper the subrecipients ability to correctly prepare their schedule of federal awards.

Repeat Finding:

Statistical Sampling:
The sample was not intended to be, and was not, a statistically valid sample.

Recommendation:
We recommend IDHS ensure programmatic on-site and expenditure report reviews are performed and documented for subrecipients in accordance with established policies and procedures. In addition, we recommend IDHS review its process for reporting and following up on program findings relative to subrecipient on-site reviews to ensure timely corrective action is taken. Further, we recommend IDHS add to their warrant description the CFDA number for each disbursement made to subrecipients.

Views of IDHS Officials:
IDHS accepts the recommendation. IDHS continues to work to ensure that monitoring reviews of grantees are performed timely and appropriately documented and will continue to review procedures to ensure IDHS is following the required guidelines for reviews. Also, IDHS will review the requirement for ensuring the CFDA number is communicated to the subrecipients when payments are issued.
State Agency: Illinois Department of Public Health (IDPH)

Federal Agency: U.S. Department of Health and Human Services (USDHHS)

Program Name: Immunization Cooperative Agreements

CFDA # and Program Expenditures: 93.268 ($97,397,000)

Award Numbers: Various – see table of award numbers

Federal Award Year: Various – see table of award numbers

Questioned Costs: None

Compliance Requirement: Special Test – Record of Immunization and Special Test – Control, Accountability, and Safeguarding of Vaccine

Finding 2020-016: Failure to Follow Established VFC Provider Review Procedures

Type of Finding: Significant Deficiency and Non-Compliance

Condition Found:

IDPH did not follow its established policies and procedures for performing on-site compliance reviews of Vaccines for Children (VFC) providers for the Immunization Cooperative Agreements (Immunization) program.

IDPH distributes vaccines to medical providers throughout the State under the VFC program. In accordance with guidance from the USDHHS Centers for Disease Control and Prevention (CDC), IDPH is responsible for conducting on-site compliance reviews of VFC providers at least once every 24 months to determine whether the providers are appropriately maintaining and safeguarding the vaccines provided by IDPH and to verify provider medical records adequately document the use of vaccines. Further, on-site compliance reviews of new VFC providers must be conducted no sooner than three to six months but no later than 12 months from the date the provider is enrolled and active in the VFC program.

During our review of a sample of on-site compliance reviews performed for 40 VFC providers (who were distributed vaccines with a net value of $3,828,695 during the year ended June 30, 2020), we noted IDPH did not perform the on-site compliance review within 24 months of the previous review for 25 VFC providers tested (who were distributed vaccines with a net value of $2,124,611 during the year ended June 30, 2020). Delays in performing on-site reviews for the 25 VFC providers ranged from 5 to 182 days late. The net value of vaccines distributed by IDPH to VFC providers during the year ended June 30, 2020 totaled $88,533,000. Further, IDPH did not perform the on-site compliance review within 12 months of enrollment for 1 new VFC provider tested (who was distributed vaccines with a net value of $71,906 during the year ended June 30, 2020). This delay was 79 days.

IDPH has not implemented appropriate monitoring procedures to ensure on-site compliance reviews are completed for all VFC providers every 24 months, and all new providers within 12 months from the completion of enrollment.
Criteria or Requirement:
According to 42 USC 300aa-25, the provider is required to record in a permanent medical record each vaccine administered. IDPH’s Vaccines for Children Compliance Reviewers Manual Chapter 4 requires compliance site visits will be completed for all (100%) enrolled providers within 24 months from the date of the last compliance visit so that providers are visited every other year. Further Chapter 3 requires new providers have a compliance visit three to six months of enrollment but not to exceed 12 months. 2 CFR 200.303 requires non-Federal entities receiving Federal awards to establish and maintain internal controls designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements. Effective internal controls should include having adequate resources to ensure VFC provider on-site reviews are performed within required timeframes.

Cause:
The major barrier to completing compliance visits within the required timeframe has been staffing issues. This includes staff turnover, vacancies that remain unfilled for an unusual length of time and the additional training time for replacement staff once hires are made.

Possible Asserted Effect:
Failure to perform on-site reviews of VFC providers in a timely manner may result in noncompliance with requirements related to the safeguarding and use of vaccines and providers not properly documenting medical records in accordance with program requirements.

Repeat Finding:
A similar finding was reported in the prior year audit as finding number 2019-037. (Finding Code 2020-016 and 2019-037)

Statistical Sampling:
The sample was not intended to be, and was not, a statistically valid sample.

Recommendation:
We recommend IDPH make the necessary changes to its internal control procedures to ensure on-site compliance reviews are performed for all VFC provider within required timeframes.

Views of IDPH Officials:
IDPH agrees with the finding and recommendation. Efforts have been made to increase staffing to ensure coverage and appropriate oversight of all areas in question. Ongoing and continuous training is occurring with staff to ensure requirements will be met. The COVID-19 pandemic has increased immunization staff workload. Due to the continued guidance of no travel for state employees, IDPH Immunization section is in the process of developing procedures for virtual site visits, as now allowed per the CDC. The policy is currently in draft and will require approval from leadership. The VFC Administrator position was filled June 2020. Interviews have been conducted for other vacant immunization leadership positions and will soon be filled by qualified candidates. Site visit compliance is being monitored in PEAR but has been impeded by the pandemic and travel restrictions. This oversight is the responsibility of the supervisor.
State Agency: Governor’s Office of Management and Budget (GOMB)
Federal Agency: U.S. Treasury Department (TREAS)
Program Name: COVID-19 – Coronavirus Relief Fund
CFDA # and Program Expenditures: 21.019 ($268,332,000)
Award Numbers: Various – see table of award numbers
Federal Award Year: Various – see table of award numbers
Questioned Costs: None

Compliance Requirement: Allowable Costs/Cost Principles and Period of Performance

Finding 2020-017: Inadequate Controls for Detail Review of Expenditures
Type of Finding: Significant Deficiency and Non-Compliance

Condition Found:

GOMB implemented a management review process regarding the allowable cost categories of expenses as defined by Department of Treasury. A secondary control for a more detailed review of the actual costs included in the allowable cost categories did not operate at the required precision level.

GOMB is responsible for overseeing the administration of the Coronavirus Relief Fund (CRF) for the State of Illinois. GOMB established guidance for the 34 state agencies that incurred costs related to the COVID-19 pandemic and response. GOMB also created a COVID-19 Expenditure Reports Review Committee that reviewed the various types of costs being submitted by the state agencies, including consideration of Public Assistance eligibility, before communicating with the agency the final funding source that would be utilized to reimburse each state agency. The audit of CRF included the largest five state agencies incurring CRF expenses – Department of Corrections (DOC), Department of Human Services (DHS), Department of Innovation and Technology (DOIT), Department of Commerce and Economic Opportunity (DCEO), and Capital Development Board (CDB). These five agencies accounted for approximately 90% of the total CRF funds included on the Schedule of Expenditures of Federal Awards (SEFA) for June 30, 2020.

During our testing of both payroll and other-than-payroll (OTPS) expenditures, we noted the following items related to allowable costs:

1. Several DOC payroll sample amounts originally did not agree to supporting timesheets. DOC determined a query used to pull the at-home personnel payment information was not correct. Also, the social security benefit amount related to the at-home amounts had been estimated at a lower amount than actual. When both issues were corrected, the net adjustment made to the June 30, 2020, SEFA was approximately a $6,000 decrease.

2. DOC identified at-home pay related to non-essential personnel during the stay-at-home order. When detail testing the amounts, some of the payments included overtime that was banked for payout at year-end and vacation time. This portion of the salary amounts was determined to not be allowable as DOC had included these amounts in the budget. DOC quantified these amounts, totaling approximately $1.9 million, and they were removed from the 2020 SEFA.
3. DHS identified at-home pay primarily related to state school workers who were unable to work at the schools during the stay-at-home order. When detail testing the amounts, some of the payments included overtime that was banked for payout at year-end and vacation time. DHS noted that banked overtime payout and vacation time is often paid out in the last quarter of the fiscal year. Additionally, several payroll expenditures were identified as supplement payments that represented retirement payouts. These portions of the salary amounts were determined to not be allowable as DHS had included these amounts in the budget. For ease, DHS reduced the 2020 SEFA by the entire at-home amount of approximately $3.2 million.

In addition, we noted the following items related to period of performance:

1. For all agencies, approximately $11.1 million of OTPS costs were included in CRF but were not paid until after June 30, 2020. The SEFA is on a cash basis, so these expenditures were moved from 2020 to the 2021 SEFA.

2. Similarly, the last pay period of June was included in the CRF for all agencies with payroll expenses but was not paid until July 2020. These costs of approximately $2.8 million were also moved from the 2020 to the 2021 SEFA.

All amounts were properly adjusted in the 2020 SEFA; therefore, there are no questioned costs.

Criteria or Requirement:

The purpose of the Coronavirus Relief Fund (the Fund) is to provide direct payments to state, territorial, tribal, and certain eligible local governments to cover:

1. Necessary expenditures incurred due to the public health emergency with respect to Coronavirus Disease 2019 (COVID–19).

2. Costs that were not accounted for in the government’s most recently approved budget as of March 27, 2020; and

3. Costs that were incurred during the period that begins on March 1, 2020, and ends on December 30, 2020, per section 601(d) of the Social Security Act, as added by section 5001 of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act).

A cost meets the requirement of “costs not accounted for in the budget most recently approved as of March 27, 2020” if either (a) the cost cannot lawfully be funded using a line item, allotment, or allocation within that budget or (b) the cost is for a substantially different use from any expected use of funds in such a line item, allotment, or allocation.

In addition, 2 CFR 200.303 requires nonfederal entities to, among other things, establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.
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Cause:
In discussing these conditions with GOMB officials, they stated the review and approval/denial process evolved along with changing federal guidance. GOMB staff reviewed tens of thousands of reported expenditures from the various agencies to determine eligibility. Due to changing federal guidance, all expenditure line items were reviewed multiple times throughout the process. Payroll expenditures of approximately 200,000-line items were mostly reviewed in bulk due to lack of GOMB capacity to review each individual paycheck and Social Security contribution.

Finally, GOMB tracked line item expenditures by voucher and voucher release date. Thus, GOMB did not consider cash basis/accrual basis accounting in the design of the agency expenditure tracking templates.

Possible Asserted Effect:
Failure to review expenditures at a detail level could result in unallowable costs or expenditures claimed outside of the award’s period of performance.

Repeat Finding:
A similar finding was not reported in the prior year audit. (Finding Code 2020-017)

Statistical Sampling:
The sample was not intended to be, and was not, a statistically valid sample.

Recommendation:
We recommend GOMB add an additional process to identify unallowable costs in the detail of expenditures. Provided expenditures are incurred within 60 days of June 30, 2020 year-end, GOMB should review the dates the amounts were paid to ensure proper cutoff.

Views of GOMB Officials:
GOMB accepts this audit finding and will review the process to determine how to complete a more thorough review of the payroll expenditures. GOMB provided state agencies with expenditure templates to track various types of COVID-19-related expenditures. Detailed instructions were distributed to the agencies to explain the types of expenditures to be reported and to identify the supporting documentation that agencies would be required to maintain. Through the SEFA preparation, templates were revised to capture the appropriate data to account for both cash and accrual basis of accounting for proper reporting.
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State Agency: Illinois Criminal Justice Information Authority (ICJIA)
Federal Agency: U.S. Department of Justice (USDOJ)
Program Name: Crime Victim Assistance
CFDA # and Program Expenditures: 16.575 ($71,019,000)
Award Numbers: Various – see table of award numbers
Federal Award Year: Various – see table of award numbers
Questioned Costs: Cannot be determined
Compliance Requirement: Subrecipient Monitoring
Finding 2020-018: Failure to Execute Risk Assessment and Adequately Monitor Subrecipients
Type of Finding: Material Weakness and Material Non-Compliance
Condition Found:
ICJIA created a risk assessment policy but did not execute the risk assessment of subrecipients of the Crime Victim Assistance (CVA) program as required by the Uniform Guidance during fiscal year 2020. Additionally, ICJIA did not perform programmatic and fiscal on-site visits in accordance with its established monitoring procedures, did not adequately review single audit reports, and did not include identifying information with disbursements made to subrecipients.

The Uniform Guidance requires pass-through agencies to perform a risk assessment to establish appropriate monitoring procedures based upon the risks inherent at each subrecipient. ICJIA is required to monitor subrecipients to determine whether they establish and operate their fiscal system according to the conditions of the award document and to ensure that funds are requested and expended according to the subrecipient’s cash needs and eligible costs. ICJIA’s monitoring procedures for all subrecipients consisted of performing single audit report desk reviews, reviewing fiscal and data reports submitted by subrecipients, and performing periodic program and fiscal site visits.

ICJIA created a risk assessment policy during fiscal year 2020 but did not perform the risk assessments and document related conclusions for subrecipients as specified in the policy. Accordingly, we could not determine if the 30 program and 1 fiscal on-site reviews conducted correlated with the risk criteria set forth in the policy.

In reviewing the on-site program monitoring procedures performed by ICJIA for seven subrecipients (with expenditures totaling $3,146,878), we noted the following exceptions:

- ICJIA’s program on-site monitoring reviews included completing a brief checklist to determine whether certain program-specific compliance requirements (including activities allowed, matching, and maintenance of effort requirements) and select fiscal activities were being performed in accordance with the grant award. The procedures performed appeared to primarily consist of inquiries of personnel responsible for administering the program at the subrecipient location.
ICJIA did not consistently document the supervisory review of the site visit reports or supervisory review of communications of on-site monitoring results to subrecipients in accordance with ICJIA’s policies for three subrecipients tested. Specifically:

- Two of the seven site visit reports contained no evidence of review by the supervisor.
- For one of the seven reviews, there was no evidence of the follow up letter.
- For two of the seven reviews, the follow up letter was sent without evidence of supervisor review.

ICJIA’s fiscal on-site monitoring review included more detailed procedures over the various fiscal processes (payroll, procurement, and reporting) impacting compliance requirements applicable to most federal programs. The review also included sampling of transactions across multiple awards provided by ICJIA. For the one sample, evidence of the corrective action plan and file closure were not available. In addition, no evidence of supervisory review of the file was provided.

Additionally, ICJIA did not adequately review single audit reports for subrecipients of the CVA program. The State of Illinois established the Grant Accountability Transparency Unit (GATU) to implement the provisions of the State’s Grant Accountability and Transparency Act (GATA) on a centralized basis. GATU has established standardized reporting requirements for subrecipients of the various Federal programs administered by the State through its various departments. Subrecipients of the State are required to certify whether they expended more than $750,000 in federal awards during the fiscal year and submitted their single audit reporting packages to the Federal Audit Clearinghouse (if required).

ICJIA staff are responsible for reviewing the reports of their subrecipients and issuing management decisions on findings reported within required time frames. During our test work of a sample of single audit desk review files for 16 CVA program subrecipients, we noted ICJIA did not have appropriate internal controls in place to ensure receipt of single audit reports or issuance of management decisions within required time frames.

Finally, all pass-through entities must identify the dollar amount made available under each Federal award and the assistance living number (or CFDA number) at the time of disbursement per 2 CFR 200.332(a)(1)(xii). ICJIA did not provide any notification of CFDA numbers to its subrecipients when funds were disbursed during fiscal year 2020.

We noted ICJIA passed through approximately $68,765,000 to subrecipients of the CVA program during the year ended June 30, 2020.

**Criteria or Requirement:**

28 CFR 94.106(a) requires the state administering agency (SAA) to develop and implement a monitoring plan in accordance with the requirements of this section and 2 CFR 200.332. The monitoring plan must include a risk assessment plan. 2 CFR 200.332(b) states a pass-through entity must evaluate each subrecipient’s risk of noncompliance for purposes of determining the appropriate subrecipient monitoring related to the sub award. In addition, 2 CFR 200.332(d) states a pass-through entity must monitor the activities of the subrecipient as necessary to ensure that the sub award is used for authorized purposes, in compliance with Federal statues, regulations and the terms and conditions of the sub award; and that the sub award performance goals are achieved. (Note to the reader, 2 CFR 200.332X references were renumbered November 2020 and were previously cited as 2 CFR 200.331X.)
Additionally, 2 CFR 200.332(d)(3) and 2 CFR 200.521 state that a pass-through entity is required to issue a management decision on audit findings within six months after receipt of the subrecipient’s audit report and ensure that the subrecipient takes timely and appropriate corrective action on all audit findings.

Further, 2 CFR 200.303 requires non-Federal entities receiving Federal awards establish and maintain internal control designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements. Effective internal controls should include implementing risk assessment procedures required by the Uniform Guidance and ensure monitoring procedures are performed and documented in accordance with established policies and procedures.

**Cause:**

In discussing these conditions with ICJIA officials, they stated both a lack of adequate staff resources combined with the increase in new programs delayed the ability to adequately implement the policy and conduct the onsite reviews. In addition, ICJIA officials indicated changes in personnel combined with competing priorities for the limited resources available led to a reduction in the audits and review of work performed. Further, ICJIA officials indicated the Authority intentionally did not issue management decision letters prior to finalization of the GATU process which resulted in MDLs being issued late.

**Possible Asserted Effect:**

Failure to execute required risk assessments and adequately monitor subrecipients including review of single audit reports may result in subrecipients not properly administering the federal programs in accordance with laws, regulations, and the terms and conditions of the award. Not communicating CFDA numbers can hamper the subrecipients’ ability to correctly prepare their schedule of federal awards.

**Repeat Finding:**

A similar finding was reported in the prior year audit as finding number 2019-056. (Finding Code 2020-018, 2019-056)

**Statistical Sampling:**

The sample was not intended to be, and was not, a statistically valid sample.

**Recommendation:**

We recommend ICJIA perform and document risk assessments of each subrecipient and ensure monitoring visits are performed in accordance with the results of such risk assessments. We also recommend ICJIA ensures adequate documentation is retained for all program and fiscal reviews. In addition, we recommend ICJIA establishes controls to ensure single audit reports and any CAP are received timely and desk reviews are completed and documented in a timely manner to substantiate whether MDLs should be issued by ICJIA within six months. Lastly, ICJIA should add to their warrant description the CFDA number associated with each disbursement.
Views of ICJIA Officials:

ICJIA concurs with the recommendation and will issue preliminary MDLs within the required timeframe. Additionally, the agency will implement a process for ensuring financial oversight of grantees based on assessed risk and adequately document the internal review. The agency has incorporated and communicated more changes to our policy and procedures (and will continuously update as needed) to more comprehensively oversee and update our grantee files on a timely basis and to ensure appropriate and complete documentation is maintained and updated monthly or more regularly as needed. The agency has begun adding the CFDA number to each disbursement.
State Agency: Illinois Criminal Justice Information Authority (ICJIA)
Federal Agency: U.S. Department of Justice (USDOJ)
Program Name: Crime Victim Assistance
CFDA # and Program Expenditures: 16.575 ($71,019,000)
Award Numbers: Various – see table of award numbers
Federal Award Year: Various – see table of award numbers
Questioned Costs: $227,000 under reported
Compliance Requirement: Reporting and Matching

Finding 2020-019: Inadequate Controls over Reports and Matching
Type of Finding: Material Weakness and Non-Compliance

Condition Found:
ICJIA does not have adequate controls in place to ensure amounts reported on the federal financial status report (SF-425) and the annual Victims of Crime Act (VOCA) progress report are complete and accurate.

ICJIA is required to prepare financial status (SF-425) reports on a quarterly basis for each Crime Victim Assistance grant and a final report once the grant is closed. During our review of three quarterly reports and one final SF-425 report submitted during the year ended June 30, 2020, we noted documentation of supervisory review procedures was not available for any of the SF-425 reports submitted. Similarly, there was no evidence of review of the annual VOCA report.

With regard to matching, we noted the total recipient share of expenditures of approximately $18.1 million reported on the final SF-425 submitted for the Federal fiscal year 2016 did not agree to supporting documentation. Specifically, during our review of 13 subrecipient matching contributions totaling approximately $11.9 million of the match, we noted seven matching contributions did not agree to the underlying expenditure reports submitted by subrecipients. As a result of these errors, the total recipient share of expenditures was understated by approximately $227,000. The control related to reviewing the manually inputted matching information for accuracy did not function at the correct precision level.

Criteria or Requirement:
2 CFR 200.303 requires non-Federal entities receiving Federal awards to establish and maintain internal controls designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements. Effective internal controls should include procedures to ensure financial and other award information reported in required financial reports is accurate prior to submission.

28 CFR 94.118 required subrecipients to contribute not less than 20% of the total cost of each project unless a waiver is applied.
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Cause:
In discussing these conditions with ICJIA officials, they stated the current process for validating the fiscal expenditure data for both the SF-425 and annual VOCA progress reports is not operating at a sufficient level to ensure complete and accurate submission of financial status reports due to a lack of available data, automation and resources. In addition, ICJIA officials indicated documentation of supervisory reviews of prepared reports was not retained due to the remote working environment.

Possible Asserted Effect:
Failure to establish adequate controls may result in inaccurate financial and/or progress reports which prevents the USDOJ from effectively monitoring the Crime Victim Assistance Program. In addition, non-compliance could occur with regard to required matching specified in the grant awards.

Repeat Finding:
A similar finding was reported in the prior year audit as finding number 2019-058. (Finding Code 2020-019, 2019-058)

Statistical Sampling:
The sample was not intended to be, and was not, a statistically valid sample.

Recommendation:
We recommend ICJIA maintain documentation of the report reviews demonstrating reports are complete, accurate, and agree or reconcile to financial records. We also recommend the review of the matching information be enhanced to a greater precision level to address data input errors.

Views of ICJIA Officials:
ICJIA accepts the recommendation and will implement procedures to validate the data used is complete and accurate for both the SF-425 and annual VOCA progress reports. The implementation will include training of administrative assistants and retention of report reviews by management.
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Federal Agency: U.S. Department of Labor (USDOL)
Program Name: Employment Service Cluster
CFDA # and Program Expenditures: 17.207/17.801/17.804 ($38,072,000)
Award Numbers: Various – see table of award numbers
Federal Award Year: Various – see table of award numbers
Questioned Costs: Cannot be determined
Compliance Requirement: Allowable Costs/Cost Principles and Period of Performance
Finding 2020-020: Inadequate Support for Fringe Benefit Costs Charged to Federal Programs
Type of Finding: Material Weakness and Material Non-Compliance
Condition Found:
IDES does not have adequate controls in place over determining fringe benefits to be charged to the Employment Service Cluster program.

The Employment Service Cluster program is an administrative grant program which primarily funds personal service costs, fringe benefit expenditures, and indirect costs which are allocated to its federal and state programs through the use of cost centers established for each of IDES’ activities and programs. On an annual basis, the Department of Central Management Services (DCMS) establishes rates for group insurance fringe benefit charges (including health insurance, dental insurance, and life insurance) to be used by all State agencies to determine the insurance premiums to be paid for State employees.

During our testing of 40 fringe benefit expenditures charged to the Employment Service Cluster program (totaling $214,000), we noted that for 37 of the 40 samples, we were unable to recalculate benefit amounts such as social security, Medicare, and group insurance. Differences noted ranged from $1 to $252. As a result, we were unable to determine whether the fringe benefit expenditures were appropriately supported in accordance with federal requirements due to the lack of established internal control procedures to ensure fringe benefit amounts are complete and accurate.

Fringe benefits costs charged to the Employment Services Cluster program for the year ended June 30, 2020 were approximately $10,775,000.

Criteria or Requirement:
2 CFR 200.403 establishes principles and standards for determining costs for federal awards carried out through grants, cost reimbursement contracts, and other agreements with state and local governments. To be allowable under federal awards, costs must meet certain general criteria. Those criteria require, among other things, that the expenditure be adequately documented.
In addition, 2 CFR 200.303 requires nonfederal entities to, among other things, establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. Effective internal controls should include procedures to ensure the completeness and accuracy of fringe benefits expenditures charged to the program.

**Cause:**
IDES officials stated the differences identified were the result of a miscalculation in the allocation of fringe benefit costs to employees due to an error in the payroll system.

**Possible Asserted Effect:**
Failure to establish effective internal control over the completeness and accuracy of fringe benefit expenditures claimed may result in the unallowable costs being charged to federal programs.

**Repeat Finding:**
A similar finding was reported in the prior year audit as finding number 2019-069 and 2019-060. (Finding Code 2020-020, 2019-069, 2019-060)

**Statistical Sampling:**
The sample was not intended to be, and was not, a statistically valid sample.

**Recommendation:**
We recommend IDES identify the calculation discrepancies for fringe benefits and implement corrective action.

**Views of IDES Officials:**
IDES accepts this audit finding and will actively work with CMS in designing a new statewide payroll application to roll out to our employees that is scheduled for implementation beginning January 2022. We anticipate adequate controls will be built into the new payroll application to resolve these discrepancies.
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Federal Agency: U.S. Department of Labor (USDOL)
Program Name: Employment Service Cluster

CFDA # and Program Expenditures: 17.207/17.801/17.804 ($38,072,000)
Award Numbers: Various – see table of award numbers
Federal Award Year: Various – see table of award numbers
Questioned Costs: Cannot be determined
Compliance Requirement: Eligibility
Finding 2020-021: Inadequate Procedures to Determine and Document Veteran Benefit Eligibility
Type of Finding: Material Weakness and Material Non-Compliance

Condition Found:
IDES does not have adequate procedures to determine and document eligibility for veteran beneficiaries of the Employment Service Cluster program.

The Employment Service Cluster program provides career services to meet the employment needs of eligible veterans of the Disabled Veterans’ Outreach Program (DVOP). Services are provided to eligible veterans based upon priority and maximum emphasis requirements established by Veterans’ Program Letter 03-14 and Training and Employment Guidance Letter (TEGL) 19-13. In accordance with the statute, USDOL directives specify the following order of priority in the provision of services: (1) special disabled veterans; (2) other disabled veterans; and (3) other eligible veterans with significant barriers to employment (SBE). As part of IDES’ process to determine eligibility of program beneficiaries, a Veteran Intake Form (VIF) is completed by each veteran and reviewed by a program manager to verify the veteran qualifies for services.

During our testing of 40 veterans who received services from the Employment Services Cluster program, we noted that the VIF for 18 veterans was unable to be provided by IDES. Of these 18 veterans with missing VIFs, DVOP services were provided to 2 veterans who were ineligible as they did not meet the established criteria to receive such services. The remaining 16 were determined to be eligible for services based on the information in each veteran’s file; however, the VIF could not be located to validate the control evidence.

There are no questioned costs noted as there are no direct monetary benefits received by the veterans who are receiving reemployment services.

Criteria or Requirement:
38 USC 4103A(a) establishes the priority and maximum emphasis requirements for DVOP services. In addition, 2 CFR 200.303 requires nonfederal entities to, among other things, establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. Effective internal controls should include procedures in place to ensure beneficiary eligibility determinations are performed and documented in accordance with program regulations.
2 CFR 200.403 establishes principles and standards for determining costs for federal awards carried out through grants, cost reimbursement contracts, and other agreements with state and local governments. To be allowable under federal awards, costs must meet certain general criteria. Those criteria require, among other things, that the expenditure be adequately documented.

**Cause:**

In discussing these conditions with IDES officials, they acknowledged the problem and that the conditions of COVID and the increased demand on the employment services’ frontline staff meant that the veteran staff had new responsibilities with respect to the Veterans Intake Form. Although an accessible form was created and made fillable, and training on how to use the form was instituted, the form was not consistently utilized.

**Possible Asserted Effect:**

Failure to properly document and perform eligibility determinations in accordance with internal policy and federal regulations may result in federal funds being awarded to ineligible beneficiaries, which are unallowable costs.

**Repeat Finding:**

A similar finding was not reported in the prior year audit. (Finding Code 2020-021)

**Statistical Sampling:**

The sample was not intended to be, and was not, a statistically valid sample.

**Recommendation:**

We recommend IDES review its current procedures and consider any changes necessary to ensure eligibility determinations are documented and performed in accordance with internal policy and federal regulations, including evidence of review.

**Views of IDES Officials:**

IDES accepts this audit finding and will institute the following changes to our process: Reminding and Retraining all the Jobs for Veterans State Grants (JVSG) staff on the use and uploading of the Veterans Intake Form, which was conducted on Friday, 19 March 2021 by the Statewide Veterans Program Manager and Illinois Job Link Trainer; institute a two-party (Business Services Managers and JVSG Program Managers) monitoring of the JVSG staff on a weekly basis to ensure compliance and will institute additional changes if this is found ineffective. We will continue this process of checking the JVSG Staffs’ work.
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Federal Agency: U.S. Department of Labor (USDOL)
Program Name: COVID-19 – Unemployment Insurance Program
CFDA # and Program Expenditures: 17.225 ($378,422,000 for PUA)
Award Numbers: Various – see table of award numbers
Federal Award Year: Various – see table of award numbers
Questioned Costs: Cannot be determined
Compliance Requirement: Eligibility

Finding 2020-022: Inadequate Process over Determining Eligibility for the Pandemic Unemployment Assistance Program

Type of Finding: Material Weakness and Material Non-Compliance

Condition Found:
IDES did not perform required wage verifications for Pandemic Unemployment Assistance (PUA) program claimants in accordance with program requirements during the year ended June 30, 2020. Additionally, IDES did not have controls to ensure wage verification requirements were performed.

The PUA program was established by the Coronavirus Aid, Relief, and Economic Security Act (CARES) enacted on March 27, 2020. The main provisions of the PUA program include providing up to 39 weeks of benefits to qualifying individuals who were otherwise able to work and available for work within the meaning of applicable state law, except that they were unemployed, partially unemployed, or unable or unavailable to work due to COVID-19 related reasons, as defined in the CARES Act. Benefit payments under PUA were retroactive, for weeks of unemployment, partial unemployment, or inability to work due to COVID-19 reasons starting on or after January 27, 2020 and through December 31, 2020.

During our audit of PUA recipients through June 30, 2020, we noted IDES did not perform wage verifications for any PUA claimants who received amounts greater than the standard $198 weekly benefit amount (WBA). For these PUA claimants, IDES is required to perform wage verifications within 21 days of the application being submitted. IDES management stated that benefits paid to PUA claimants as of June 30, 2020 who received greater than $198 WBA and did not have the required wage verification performed within 21 days were approximately $155,083,000.

Total PUA payments were approximately $378,422,000, or 4% of the total $9.5 billion CARES Unemployment Insurance programs including PUA, Pandemic Emergency Unemployment Compensation (PEUC), and Federal Pandemic Unemployment Compensation (FPUC) included in the Schedule of Expenditures of Federal Awards during the year ended June 30, 2020.

Additionally, IDES did not establish processes and controls for wage verifications during the year ended June 30, 2020.
Criteria or Requirement:
According to the USDOL’s Employment and Training Administration (ETA) and Office of the Solicitor Memorandum to the USDOL Inspector General dated June 5, 2020, Subject – Response to the Office of Inspector General’s (OIG) Alert Memorandum: The Pandemic Unemployment Assistance Program Needs Proactive Measures to Detect and Prevent Improper Payments and Fraud, Report Number: 19-20-002-03-315, IDES is required to obtain documentation of wages for any benefit amount above the minimum weekly benefit amount in accordance with the Disaster Unemployment Assistance (DUA) regulations within 21 days.

In addition, 2 CFR 200.303 requires nonfederal entities to, among other things, establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. Effective internal controls should include procedures to ensure required wage verifications are performed within the required timeframe.

Cause:
In discussing these conditions with IDES officials, they stated the reason for not performing wage verifications was a result of the expedited timeframe of the PUA program implementation in order to provide beneficiary payments to claimants as quickly as possible during the pandemic. In addition, there was a shortage of IDES personnel available to handle the volume of PUA claims and calls along with the wage verifications when the primary focus of IDES personnel was immediate disbursements of funds.

Possible Asserted Effect:
Failure to establish adequate processes and internal controls may result in noncompliance with program regulations and payments to ineligible recipients.

Repeat Finding:
A similar finding was not reported in the prior year audit. (Finding Code 2020-022)

Statistical Sampling:
The sample was not intended to be, and was not, a statistically valid sample.

Recommendation:
We recommend IDES review its current procedures and consider any changes necessary to ensure adequate processes are established to complete wage verification for all PUA recipients within 21 days based on the regulations change dated January 2021 requiring all wages to be verified. In addition, IDES should continue to perform wage verifications and send recoupment letters for those who received erroneous or excessive benefits from May to December 2020.

Views of IDES Officials:
Since June 30, 2020, IDES has made two procedural changes to address this audit issue. At the end of August 2020, IDES engaged an outside contractor to provide non-merit staff to assist with the massive PUA workflows in addition to other UI related areas of need. Even with this outside staff assisting, processing necessary claims information in PUA has proven challenging.
Beginning in January of 2021, all claims were started at the minimum Weekly Benefit Amount (WBA), pending income verification. This measure prevented establishing overpayments where subsequent income verification did not support a higher WBA.
Federal Agency: U.S. Department of Labor (USDOL)
Program Name: COVID-19 – Unemployment Insurance Program
CFDA # and Program Expenditures: 17.225 ($378,422,000 for PUA)
Award Numbers: Various – see table of award numbers
Federal Award Year: Various – see table of award numbers
Questioned Costs: None

Compliance Requirement: Eligibility

Finding 2020-023: Inadequate Controls over Determining Eligibility for the Pandemic Unemployment Assistance Program

Type of Finding: Material Weakness

Condition Found:
IDES did not establish adequate internal controls over its third-party service organization who administered the Unemployment Framework for Automated Claim & Tax Services (uFACTS) system used to determining eligibility for the Pandemic Unemployment Assistance (PUA) program.

The PUA program was established by the Coronavirus Aid, Relief, and Economic Security Act (CARES) enacted on March 27, 2020. The main provisions of the PUA program include providing up to 39 weeks of benefits to qualifying individuals who were otherwise able to work and available for work within the meaning of applicable state law, except that they were unemployed, partially unemployed, or unable or unavailable to work due to COVID-19 related reasons, as defined in the CARES Act. Benefit payments under PUA were retroactive, for weeks of unemployment, partial unemployment, or inability to work due to COVID-19 reasons starting on or after January 27, 2020 and through December 31, 2020.

IDES hired a third-party service organization to administer the uFACTS system. Specifically, the following was noted with regard to general information technology controls (GITC):

Segregation of Duties (SOD) – Controls were not in place to restrict access to migrate program or configuration changes into the production environment for the PUA system.

- For infrastructure changes, it was noted that 8 PUA Developers also had access to IL-PUA Production WinAdministrators.
- For application changes, we were unable to determine that SOD was enforced on the application level and no supporting evidence was available to demonstrate SOD.
Change Management – Changes to key systems/applications and any new development/implementations were not properly authorized, tested, validated, and approved prior to being placed into production by an appropriate level of management.

- For 4 out of 15 infrastructure changes inspected, we were unable to determine the approval and migration dates for the change ticket.
- For 1 out of 15 infrastructure changes inspected, the change was completed on May 30, 2020 while approvals were not given until June 1, 2020.

Access Provisioning – Supporting documentation was not available for new hires and terminated users.

- For 1 out of 5 inspected terminated users, the ticket requesting the deactivation of the user was not available. As a result, we were unable to determine the timeliness and appropriateness of the user termination.
- For 4 out of 5 of the inspected new hires, the tickets were either not available, or submitted after the user had been provided access.
- For 3 out of 5 inspected new hires, the user’s access was granted prior to the creation of the request ticket.
- For 1 out of 5 inspected new hires, the ticket requesting access was not available.
- User access reviews were not performed during the fiscal year under audit. IDES subsequently performed a user access review in October 2020.

With regard to uFACTS application edits, IDES did not include the self-certification question for claimants to certify they were “self-employed (including an independent contractor and gig worker) and experienced a significant reduction of my customary or usual services because of the COVID-19 public health emergency” (question kk) in the initial claim process application or continued claim process application as required per Section 2102(a)(3)(A)(ii)(I) of the CARES Act (question kk) . IDES subsequently corrected this PUA design error by including question (kk) in the initial and continued claim application in February 2021. IDES did include the other 10 COVID-19 related reasons in the initial and continued claim application.

Criteria or Requirement:

Unemployment Insurance Program Letter (UIPL) No. 16-20, issued on April 5, 2020, defined a PUA covered individual per Sec. 2102, Pandemic Unemployment Assistance (a)(3) as one who provides a self-certification that the individual is otherwise able to work and available for work within the meaning of applicable state law, except the individual is unemployed, partially unemployed, or unable or unavailable to work for a variety of COVID-19 related reasons such as diagnosed with COVID-19, self-quarantine, or place of employment is closed due to COVID-19.

In addition, 2 CFR 200.303 requires nonfederal entities to, among other things, establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. Effective internal controls should include procedures to ensure adequate monitoring controls over the PUA program are implemented, including oversight controls over its third-party service organization including user access provisioning, segregation of duties, and change management over uFACTS.
Cause:
In discussing these conditions with IDES officials, they stated the reason for the uFACTS inadequate system design was a result of the expedited timeframe of the PUA program implementation in order to provide beneficiary payments to claimants as quickly as possible during the pandemic.

Possible Asserted Effect:
Failure to establish adequate processes and internal controls may result in noncompliance with program regulations and payments to ineligible recipients.

Repeat Finding:
A similar finding was not reported in the prior year audit. (Finding Code 2020-023)

Statistical Sampling:
The sample was not intended to be, and was not, a statistically valid sample.

Recommendation:
We recommend IDES review its current procedures and consider any changes necessary to ensure adequate monitoring internal controls are established and implemented relating to the PUA program, including oversight controls over its third-party service organization to address adequate user access provisioning, segregation of duties, and change management controls over uFACTS.

Views of IDES Officials:
IDES accepts this audit finding. A comprehensive review of both procedures and documented internal controls relative to the PUA program is underway and expected to be completed soon. User access provisioning, segregation of duties, and change management controls are among a large set of controls that have been put into place for the operation of PUA as a result of this comprehensive review.
STATE OF ILLINOIS
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2020

Federal Agency: U.S. Department of Labor (USDOL)
Program Name: Unemployment Insurance Program
CFDA # and Program Expenditures: 17.225 ($3,984,199,000 for non-COVID)
Award Numbers: Various – see table of award numbers
Federal Award Year: Various – see table of award numbers
Questioned Costs: Cannot be determined
Compliance Requirement: Special Tests and Provisions – UI Program Integrity – Overpayments
Finding 2020-024: Failure to Implement UI Program Integrity and Overpayment Reduction Requirements
Type of Finding: Material Weakness and Material Non-Compliance
Condition Found:
IDES did not implement Federal requirements to improve program integrity and reduce overpayments.

The State is required to establish written procedures for: (1) identifying overpayments, (2) classifying overpayments into categories based on the reason the overpayment occurred (i.e. employer error, non-response from employers, beneficiary fraud, etc.), and (3) establishing appropriate methods for following up on each category of overpayment. In establishing these procedures, the State is required to enter into three agreements prior to commencing recoveries. The first agreement permits the State to offset State unemployment insurance (UI) from Federal UI overpayments (Cross Program Offset and Recovery Agreement). The second agreement permits the State to recover overpayments from benefits being administered by another State (Interstate Reciprocal Overpayment Recovery Agreement). The third agreement permits the State to utilize the Treasury Offset Program to recover overpayments that remain uncollected one year after the debt was determined to be due. Additionally, the State is (1) required to impose a monetary penalty (not less than 15 percent) on claimants whose fraudulent acts resulted in overpayments, and (2) prohibited from providing relief from charges to an employer’s UI account when overpayments are the result of the employer’s failure to respond timely or adequately to a request for information.

During our test work, we noted that while IDES has developed the written procedures relative to overpayments and has entered into the required agreements described in the previous paragraph, the written procedures did not address the requirement to impose a monetary penalty on fraud overpayments. Additionally, we noted the policies do not address the prohibition of providing employers relief resulting from an employer failing to provide timely or adequate information.

Criteria or Requirement:
42 U.S.C. 503(a)(11)(A) requires states to impose a monetary penalty (not less than 15 percent) on claimants whose fraudulent acts resulted in overpayment. In addition, 26 U.S.C. 3303(f)(1)(A) prohibits states from providing relief from charges to an employer’s UI account when overpayments are the result of the employer’s failure to respond timely or adequately to a request for information.
26 U.S.C. 3304(a)(4)(D) and 42 U.S.C. 503(g)(1) require states to recover overpayments through offset against unemployment compensation (UC) payments. In addition, 42 U.S.C. 503(m) requires states to utilize the Treasury Offset Program for overpayments that remain uncollected one year after the debt was determined to be due.

In addition, 2 CFR 200.303 requires nonfederal entities to, among other things, establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. Effective internal controls should include procedures to ensure program integrity and overpayment reduction requirements are implemented.

Cause:

In discussing these conditions with IDES officials, they stated although the 15% fraud penalty was implemented and is supported by Illinois statute, the fraud penalty was not incorporated into existing overpayment procedures due to oversight. Also, IDES had identified a process to implement the prohibition on non-charging due to employer fault and was scheduled to roll it out beginning in March 2020, but the roll-out was deferred by historic claim surges due to the pandemic.

Possible Asserted Effect:

Failure to implement federal requirements could result in noncompliance with laws, regulations, and the grant agreement.

Repeat Finding:

A similar finding was reported in the prior year audit as number 2019-063. (Finding Code 2020-024, 2019-063, 2018-052, 2017-053, 2016-061, 2015-056)

Statistical Sampling:

The sample was not intended to be, and was not, a statistically valid sample.

Recommendation:

We recommend IDES develop and implement written procedures to improve UI program integrity and reduce overpayments that incorporate the required monetary penalty on fraud overpayments and prohibit providing relief to employers who fail to provide timely and adequate responses to information requests.

Views of IDES Officials:

IDES accepts this finding. Written procedures regarding the 15% penalty will be incorporated into established procedure(s) covering overpayments. In CY2021, IDES will implement its identified process on the prohibition of non-charging due to employer fault.
STATE OF ILLINOIS
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2020

Federal Agency: U.S. Department of Labor (USDOL)
Program Name: Unemployment Insurance Program
CFDA # and Program Expenditures: 17.225 ($3,984,199,000 for non-COVID)
Award Numbers: Various – see table of award numbers
Federal Award Year: Various – see table of award numbers
Questioned Costs: None
Compliance Requirement: Special Tests and Provisions – UI Benefit Payments
Finding 2020-025: Failure to Complete UI BAM Case File Reviews
Type of Finding: Significant Deficiency and Non-Compliance
Condition Found:
IDES did not complete the Benefit Accuracy Measurement (BAM) case file reviews in accordance with USDOL requirements for the Unemployment Insurance (UI) program.

The Improper Payments Elimination and Recovery Act (IPERA) of 2010 codified the requirement for valid statistical estimates of improper payments. State Workforce Agencies (SWAs) are required by 20 CFR section 602.11(d) to operate and maintain a quality control system. The BAM program is USDOL’s quality control system designed to assess the accuracy of UI benefit payments and denied claims, unless the SWA is excepted from such requirement (20 CFR section 602.22). The program estimates error rates, that is, numbers of claims improperly paid or denied and dollar amounts of benefits improperly paid or denied, by projecting the results from investigations of small random samples to the universe of all claims paid and denied in a state. Specifically, the SWA’s BAM unit is required to draw a weekly sample of payments and denied claims, and to complete prompt, in-depth investigations to determine the degree of accuracy in the administration of the state unemployment compensation (UC) and federal law (20 CFR section 602.21(c)). DOL has promulgated investigational requirements and instructions in its ET Handbook (the Handbook) No. 395, pursuant to 20 CFR section 602.30(a). The Handbook states that for paid cases, a minimum of (1) 70% of cases must be completed within 60 days of the week-ending date of the batch, (2) 95% of cases must be completed within 90 days of the week-ending date of the batch, and (3) 98% of cases for the calendar year must be completed within 120 days of the ending date of the calendar year.

During our test work of paid claims, we noted that IDES did not achieve the required percentage of case reviews within the required timeframes. Specifically, for batch range 201927 – 201952, IDES failed to meet the 90-day time lapse standard of 95 percent complete as only 91.25 percent of case reviews were complete. Further, we noted that IDES did not notify USDOL of the failed case completion percentage requirement nor receive a waiver of the requirement from USDOL.
Criteria or Requirement:
According to 20 CFR section 602.11(d), State Workforce Agencies (SWAs) are required to operate and maintain a quality control system. In addition, 20 CFR section 602.11(a) requires States provide such methods of administration as will reasonably ensure prompt and full payment of unemployment benefits to eligible claimants, and collection and handling of income for the State unemployment fund, with the greatest accuracy feasible. In addition, according to ET Handbook No. 395, 5th Edition, IDES is required to submit BAM case file data to USDOL when case files are completed.

Further, 2 CFR 200.303 requires nonfederal entities to, among other things, establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

Cause:
There are only two BAM investigators who are responsible for most of the case reviews. Due to time constraints, leaves of absence, and competing priorities, the investigators were not able to complete the reviews within the required timeframe.

Possible Asserted Effect:
Failure to complete BAM case file reviews timely prevents the USDOL from effectively monitoring the State of Illinois UI program and results in noncompliance with program regulations.

Repeat Finding:
A similar finding was not reported in the prior year audit. (Finding Code 2020-025)

Statistical Sampling:
The sample was not intended to be, and was not, a statistically valid sample.

Recommendation:
We recommend IDES review its procedures for completing BAM case file reviews to ensure they are completed in accordance with program regulations. Effective internal controls should include establishing and maintaining adequate controls to ensure the BAM case file reviews are completed in accordance with required timeframes established by USDOL.

Views of IDES Officials:
IDES accept this finding and has instituted plans to change how we ask for and receive the information. For some time, we have conducted the claimant interview by phone. This helps to limit rebuttals and allows us to get accurate information that may be missing upon sending the questionnaire. Gathering information from the employers has proved to be a challenge at times. We have changed our process to rely more on emails to employers to obtain the required forms. This has proven successful. IDES has created a way for the investigators to show in real time how their case is developing. The use of share point was put in place, but its use was not being enforced. Enforcement began in late 2020.
STATE OF ILLINOIS
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2020

Federal Agency: U.S. Department of Labor (USDOL)
Program Name: Unemployment Insurance Program
CFDA # and Program Expenditures: 17.225 ($3,984,199,000 for non-COVID)
Award Numbers: Various – see table of award numbers
Federal Award Year: Various – see table of award numbers
Questioned Costs: $1,440
Compliance Requirement: Eligibility

Finding 2020-026: Inadequate Documentation to Support Eligibility Determinations for UI Beneficiaries and Employer Liability

Type of Finding: Significant Deficiency and Non-Compliance

Condition Found:
IDES did not maintain adequate documentation to support eligibility and employer liability determinations for beneficiaries of the Unemployment Insurance (UI) program.

The UI program administered by IDES provides benefits to eligible individuals that are unemployed and able and available to work. The structure of the Federal-State UI Program partnership is based upon Federal law; however, it is implemented through State law, specifically the Illinois Unemployment Insurance Act (the Act) (820 ILCS 405). IDES has also developed a comprehensive policies and procedures manual available to all employees on their intranet to allow for the consistent and proper administration of the UI program.

During our testing of 65 claimants who received $71,584 of non-COVID UI benefits, we noted the following exceptions:

- One claimant was flagged for not providing proof of wages to establish monetary eligibility, and the claims investigator did not complete the 500E interview required per IDES policies and procedures to clear the flag. As a result, we were unable to verify if the claimant was monetarily eligible to receive UI benefits. Total UI benefits paid to this individual were $1,440.
- For the UI benefits paid to the claimant above, IDES could not provide supporting documentation to substantiate the employer charged for the claim was correct. Further, the claims investigator did not follow internal policies to investigate whether the employer held liable for the UI claim was appropriate. As a result, we were unable to verify if the employer charged the UI claim was the liable employer.

IDES’ control to ensure the 550E interview process was completed was not operating effectively. UI benefits paid to non-COVID beneficiaries totaled approximately $3.7 billion during the year ended June 30, 2020.
STATE OF ILLINOIS
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2020

Criteria or Requirement:
The Illinois Unemployment Insurance Act requires a claimant to be monetary eligible to receive UI benefits. In addition, 2 CFR 200.303 requires nonfederal entities to, among other things, establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. Effective internal controls should include procedures in place to ensure adequate documentation is maintained to support beneficiary eligibility and employer liability determinations.

2 CFR 200.403 establishes principles and standards for determining costs for federal awards carried out through grants, cost reimbursement contracts, and other agreements with state and local governments. To be allowable under federal awards, costs must meet certain general criteria. Those criteria require, among other things, that the expenditure be adequately documented.

Cause:
In discussing these conditions with IDES officials, they stated staff did not follow established procedure.

Possible Asserted Effect:
Failure to properly document and perform eligibility and employer liability determinations in accordance with internal policy and federal regulations may result in federal funds being awarded to ineligible beneficiaries, which are unallowable costs.

Repeat Finding:
A similar finding was not reported in the prior year audit. (Finding Code 2020-026)

Statistical Sampling:
The sample was not intended to be, and was not, a statistically valid sample.

Recommendation:
We recommend IDES review its current procedures and consider any changes necessary to ensure eligibility and employer liability determinations are documented and performed in accordance with internal policy and federal regulations, including evidence of review.

Views of IDES Officials:
IDES accepts this audit finding and will have the regional management team(s) review applicable procedures with staff who perform 500E adjudication, wage affidavits, and referrals for assessment of employer liability. Also, during FY2022, IDES will do random samples of wage affidavits, and of 500E determinations to ensure quality standards are being met and procedures are being followed.
STATE OF ILLINOIS
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2020

State Agency: Illinois Department of Transportation (IDOT)
Federal Agency: U.S. Department of Transportation (USDOT)
Program Name: Highway Planning and Construction Cluster

CFDA # and Program Expenditures: 20.205/20.219 ($1,617,404,000)
Award Numbers: Various – see table of award numbers
Federal Award Year: Various – see table of award numbers
Questioned Costs: None

Compliance Requirement: Subrecipient Monitoring

Finding 2020-027: Failure to Review Subrecipient Single Audit Reports and Notify CFDA Numbers
Type of Finding: Significant Deficiency and Non-Compliance

Condition Found:
IDOT did not review single audit reports for subrecipients for the Highway Planning and Construction Cluster (Highway Planning).

The State of Illinois established the Grant Accountability Transparency Unit (GATU) to implement the provisions of the State’s Grant Accountability and Transparency Act (GATA) on a centralized basis. GATU has established standardized reporting requirements for subrecipients of the various Federal programs administered by the State through its various departments. Subrecipients of the State are required to certify whether they expended more than $750,000 in federal awards during the fiscal year and submitted their single audit reporting packages to the Federal Audit Clearinghouse (FAC), if required. IDOT staff are responsible for ensuring single audit reports are received from subrecipients and reviewing the reports to determine the need for issuing management decisions letters (MDL) within required time frames and receiving corrective action plans (CAP).

During our test work, the following was noted with regard to 41 subrecipients:

- Two single audit reports with December 2018 and April 2019 year-ends have not been received.
- Six single audit reports were not received within 9 months of year-end.
- Eight single audit reports included findings that required a MDL, of which 6 were not issued and 2 were issued late.
- Seven of the eight single audit reports required CAPs, of which 4 were late and 3 have not been received.

In addition, we noted IDOT has not established adequate monitoring controls to ensure subrecipient audit reports are reviewed and any management decisions are issued as required by the Uniform Guidance.

Further, IDOT did not provide any notification of assistance living numbers (or CFDA numbers) during fiscal year 2020.

We noted IDOT passed through approximately $142,935,000 to subrecipients of the Highway Planning program during the year ended June 30, 2020.
Criteria or Requirement:

2 CFR 200.332(d)(3) requires pass-through entities to issue management decisions for applicable audit findings pertaining to the federal awards provided to the subrecipient. (Note to the reader, 2 CFR 200.332X references were renumbered November 2020 and were previously cited as 2 CFR 200.331X.)

2 CFR 200.303 requires non-Federal entities receiving Federal awards establish and maintain internal control designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements. Effective internal controls should include procedures to ensure (1) federal awards passed through to subrecipients have been properly included in the subrecipient’s single audits, (2) subrecipients expending $750,000 or more in Federal awards during the subrecipient’s fiscal year have met the audit requirements of Uniform Guidance, including that the audits are completed within nine months after the end of the subrecipient’s fiscal year end, (3) the subrecipient audit reports are reviewed in a timely manner, and (4) management decisions on reported findings are issued within six months after acceptance of the subrecipient’s audit reports by the FAC.

Additionally, all pass-through entities must identify the dollar amount made available under each Federal award and the CFDA number at the time of disbursement per 2 CFR 200.332(a)(1)(xii).

Cause:

In discussing these conditions with IDOT officials, they stated that due to staffing issues, the resources have not been available to adequately review the single audit reports mentioned in the finding.

In addition, the practice of entering the CFDA number in the description field of the accounts payable system when a subrecipient invoice is entered for payment had not been implemented across all IDOT organizational units.

Possible Asserted Effect:

Failure to review subrecipient single audit reports in a timely manner could result in federal funds being expended for unallowable purposes and subrecipients not properly administering the federal programs in accordance with laws, regulations, and the grant agreement. Not communicating CFDA numbers can hamper subrecipients ability to correctly prepare their schedule of federal awards.

Repeat Finding:

A similar finding was reported in the prior year audit as finding number 2019-049. (Finding Code 2020-027, 2019-049, 2018-068, 2017-061)

Statistical Sampling:

The sample was not intended to be, and was not, a statistically valid sample.

Recommendation:

We recommend IDOT establish controls to ensure single audit reports are received timely and to ensure desk reviews are completed and documented in a timely manner to evidence whether MDLs should be issued by IDOT within six months. In addition, we recommend IDOT establish controls to ensure any required CAP is also received. Further, IDOT should add to their warrant description the CFDA number associated with each disbursement.
Views of IDOT Officials:

With regard to single audit reviews:

IDOT agrees with the finding. Due to staffing issues in the Bureau of Investigation and Compliance’s (BIC) Audit Compliance Unit, the resources have not been available to adequately review the audits mentioned in the finding. BIC is still seeking to fill vacant positions. Two additional auditors were brought in under the auditing services contract which has allowed us to make significant progress with the subrecipient monitoring process; however, we are still adjusting the process in order to ensure all requirements for subrecipient monitoring are performed in a timely manner.

With regard to notification of CFDA numbers:

IDOT agrees with the finding. The Highway Planning and Construction areas will be instructed to include the CFDA number in the description field of related invoices when they are initially entered in the accounts payable system (FOA). This will be an additional entry to the data field already being used for CFDA numbers.
STATE OF ILLINOIS
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2020

State Agency: Illinois Emergency Management Agency (IEMA)
Federal Agency: Federal Emergency Management Agency (FEMA)
Program Name: Homeland Security Grant Program (HGSP)
CFDA # and Program Expenditures: 97.067 ($65,713,000)
Award Numbers: Various – see table of award numbers
Federal Award Year: Various – see table of award numbers
Questioned Costs: None
Compliance Requirement: Subrecipient Monitoring
Finding 2020-028: Inadequate Review of Single Audit Reports
Type of Finding: Significant Deficiency and Non-Compliance
Condition Found:

IEMA did not adequately review single audit reports received from its subrecipients for the Homeland Security Grant program on a timely basis.

The State of Illinois established the Grant Accountability Transparency Unit (GATU) to implement the provisions of the State’s Grant Accountability and Transparency Act (GATA) on a centralized basis. GATU has established standardized reporting requirements for subrecipients of the various Federal programs administered by the State through its various departments. Subrecipients of the State are required to certify whether they expended more than $750,000 in federal awards during the fiscal year and submitted their single audit reporting packages to the Federal Audit Clearinghouse (FAC), if required. IEMA staff are responsible for ensuring single audit reports are received from subrecipients and reviewing the reports to determine the need for issuing management decisions letters (MDL) within required time frames and receiving corrective action plans (CAP).

During our review of a sample of 7 subrecipient single audit desk review files, we noted IEMA did not issue management decisions for 3 subrecipients’ reported findings within 6 months of acceptance of the single audit report by the FAC as required nor require a CAP. IEMA passed through approximately $61,958,000 to subrecipients during the year ended June 30, 2020. In addition, during fiscal year 2020 IEMA did not have a dedicated individual to monitor subrecipients single audit reports and the issuance of MDLs and/or CAPs.

Criteria or Requirement:

2 CFR 200.332(d)(3) and 2 CFR 200.521 state that a pass-through entity is required to issue a management decision on audit findings within six months of acceptance of the audit report by the FAC and ensure that the subrecipient takes timely and appropriate corrective action on all audit findings. (Note to the reader, 2 CFR 200.332X references were renumbered November 2020 and were previously cited as 2 CFR 200.331X.)
In addition, 2 CFR 200.303 requires nonfederal entities to, among other things, establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

**Cause:**

In discussing these conditions with IEMA officials, they stated that the magnitude of two federally declared disasters during the audit period, reassignment of staff for the response and recovery efforts, and limited ability to augment agency headcount contributed to the delayed audit reviews.

**Possible Asserted Effect:**

Failure to obtain and review subrecipient single audit reports in a timely manner could result in federal funds being expended for unallowable purposes and subrecipients not properly administering the federal programs in accordance with laws, regulations, and the grant agreement.

**Repeat Finding:**

A similar finding was reported in prior year audit as finding number 2019-053. (Finding Code 2020-028, 2019-053)

**Statistical Sampling:**

The sample was not intended to be, and was not, a statistically valid sample.

**Recommendation:**

We recommend IEMA to establish procedures to ensure: (1) subrecipient single audit reports are obtained and reviewed within established deadlines, (2) management decisions are issued for all findings affecting its federal programs in accordance with the Uniform Guidance, and (3) follow up procedures are performed to ensure subrecipients have taken timely and appropriate corrective action.

**Views of IEMA Officials:**

IEMA has taken immediate action to rectify the late issuance of MDLs. IEMA agrees the three subrecipient audit report reviews and the issuance of management decision letters (MDLs) were untimely. IEMA will formalize internal procedures to ensure single audits are reviewed and MDLs are issued timely. IEMA has hired two employees, a contractual employee, and a full-time employee, to review subrecipient single audits, review corrective action plans, issued MDLs and follow-up on audit findings to ensure they are resolved.
State Agency: Illinois State Board of Education (ISBE)
Federal Agency: U.S. Department of Education (USDE)
Program Name: Special Education Cluster (IDEA)
CFDA # and Program Expenditures: 84.027/84.173 ($549,891,000)
Award Numbers: Various – see table of award numbers
Federal Award Year: Various – see table of award numbers
Questioned Costs: Cannot be determined
Compliance Requirement: Subrecipient Monitoring
Finding 2020-029: Inadequate Monitoring of Special Education Subrecipients
Type of Finding: Material Weakness and Material Non-Compliance
Condition Found:
ISBE did not perform adequate monitoring procedures over subrecipients of the Special Education Cluster (IDEA) (Special Education) program.

ISBE selects subrecipients of certain USDE programs to perform on-site fiscal and administrative monitoring procedures using a risk-based approach. ISBE’s risk assessments are based on the funding level received by the entity, the financial status, the improvement status, any past audit findings, and the type of entity. Once the higher risk subrecipients are selected for monitoring, ISBE selects programs and individual locations within each subrecipient for additional reviews which may consist of on-site reviews, desk reviews, or analytical procedures.

During the year ended June 30, 2020, ISBE’s programmatic monitoring procedures only included requirements pertaining to the Title I and Title II federal programs, as well as select fiscal requirements applicable to certain federal programs. Accordingly, program requirements pertaining to the Special Education program were not included in the on-site reviews, desk reviews, or analytical procedures performed for ISBE’s higher risk subrecipients during the year ended June 30, 2020. ISBE has represented that certain monitoring procedures were performed however the procedures are not correlated with the risk assessment nor consistently applied to the subrecipients based on risk ratings.

In addition, ISBE did not establish adequate controls to ensure its subrecipient risk assessment procedures properly addressed each of ISBE’s federal programs as required by the Uniform Guidance.

ISBE’s payments to subrecipients of the Special Education program during the year ended June 30, 2020 totaled $535,716,000.
Criteria or Requirement:
According to 2 CFR section 200.332(d), a pass-through entity must monitor the activities of the subrecipient as necessary to ensure that the subaward is used for authorized purposes, in compliance with Federal statutes, regulations and the terms and conditions of the subaward, and that the subaward performance goals are achieved. According to 2 CFR section 200.332(b), a pass-through entity must evaluate each subrecipient’s risk of noncompliance for purposes of determining the appropriate subrecipient monitoring related to the subaward. (Note to the reader, 2 CFR 200.332X references were renumbered November 2020 and were previously cited as 2 CFR 200.331X.)

Additionally, 2 CFR 200.303 requires non-Federal entities receiving Federal awards to establish and maintain internal controls designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements. Effective internal controls should include implementing the risk assessment procedures required by the Uniform Guidance and ensuring adequate monitoring procedures are performed for subrecipients.

Cause:
In discussing these conditions with ISBE officials, they indicated revised risk assessment procedures and related documentation were still being formalized during fiscal year 2020.

Possible Asserted Effect:
Failure to execute approved risk assessments such that program monitoring is performed based on the risk assessment could result in subrecipients not properly administering the federal programs in accordance with laws, regulations, and the terms and conditions of the award.

Repeat Finding:
A similar finding was reported in prior year audit as finding number 2019-041. (Finding Code 2020-029, 2019-041, 2018-042, 2017-041)

Statistical Sampling:
The sample was not intended to be, and was not, a statistically valid sample.

Recommendation:
We recommend ISBE execute the Special Education risk assessment and perform the program monitoring as denoted in the risk assessment.

Views of ISBE Officials:
ISBE agrees with the finding. The LEA performance on compliance indicators included in the LEA Determinations served as the foundation for the risk-based approach in FY20 in determining those higher risk subrecipients in need of further monitoring and support. The special education risk-based accountability and support system being developed for FY21 expands the factors considered for determining higher risk subrecipients under LEA Determinations by using both compliance and results (outcomes) indicators.
STATE OF ILLINOIS
Schedule of Findings and Questioned Costs
Table of Award Numbers
Year Ended June 30, 2020

<table>
<thead>
<tr>
<th>Name of Federal Program or Cluster (CFDA #):</th>
<th>Award Number (Federal Fiscal Year/Award Year)</th>
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<tbody>
<tr>
<td>SNAP Cluster (10.551/10.561):</td>
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<tr>
<td>2020IS803642 (2020)</td>
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<tr>
<td>Crime Victim Assistance (16.575):</td>
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<td>Employment Service Cluster (17.207/17.801/17.804):</td>
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<td>Immunization Cooperative Agreements (93.268):</td>
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<td>1-NH23IP922637-01-60 (2020)</td>
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<td>Temporary Assistance for Needy Families Cluster (93.558):</td>
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<td>CCDF Cluster (93.575/93.596):</td>
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<td>2005IL5021 (2020)</td>
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<td>Medicaid Cluster (93.775/93.777/93.778):</td>
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<td>Block Grants for Prevention and Treatment of Substance Abuse (93.959):</td>
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<td>Homeland Security Grant Program (97.067):</td>
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(Continued)
Highway Planning and Construction Cluster (20.205/20.219):

Schedule of Findings and Questioned Costs
Table of Award Numbers

STATE OF ILLINOIS
Schedule of Findings and Questioned Costs
Table of Award Numbers
Year Ended June 30, 2020
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<tr>
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