



STATE OF ILLINOIS
**OFFICE OF THE
 AUDITOR GENERAL**

Frank J. Mautino, Auditor General

SUMMARY REPORT DIGEST

ILLINOIS FINANCE AUTHORITY

State Compliance Examination
 For the Two Years Ended June 30, 2025

Release Date: April 21, 2026

FINDINGS THIS AUDIT: 4				AGING SCHEDULE OF REPEATED FINDINGS			
	<u>New</u>	<u>Repeat</u>	<u>Total</u>	<u>Repeated Since</u>	<u>Category 1</u>	<u>Category 2</u>	<u>Category 3</u>
Category 1:	1	1	2	2021		3	
Category 2:	0	2	2	2013	2		
Category 3:	0	0	0	2010		4	
TOTAL	1	3	4				
FINDINGS LAST AUDIT: 6							

INTRODUCTION

This digest covers the Illinois Finance Authority’s (Authority) compliance examination for the two years ended June 30, 2025. A separate financial audit as of and for the year ended June 30, 2025, was previously released on December 16, 2025. A separate Single Audit for the year ended June 30, 2025, was previously released on February 24, 2026. In total, this report contains 4 findings, one of which was reported within the Single Audit report.

SYNOPSIS

- **(25-2)** The Authority did not have an appropriate full-time internal audit program in place during the examination period in accordance with the Fiscal Control and Internal Auditing Act.

Category 1: Findings that are material weaknesses in internal control and/or a qualification on compliance with State laws and regulations (material noncompliance).
Category 2: Findings that are significant deficiencies in internal control and noncompliance with State laws and regulations.
Category 3: Findings that have no internal control issues but are in noncompliance with State laws and regulations.

**FINDINGS, CONCLUSIONS, AND
RECOMMENDATIONS**

INTERNAL AUDIT

The Illinois Finance Authority (Authority) did not have an appropriate full-time internal audit program in place during the examination period in accordance with the Fiscal Control and Internal Auditing Act (Act).

The Authority entered into an intergovernmental agreement with CMS to act as the Chief Internal Auditor

On June 28, 2017, the Authority entered into an intergovernmental agreement with the Department of Central Management Services (CMS) to act as the internal auditor. As of April 1, 2019, we noted the CMS' Internal Auditor was acting as the Chief Internal Auditor for nine different State agencies, each of which was a designated State agency required to have a Chief Internal Auditor and to maintain a full-time program of internal audit under the Act. During the performance of examination procedures, it was determined CMS is still serving as the internal audit function for the Authority.

The Attorney General's Office stated that each internal auditor will serve only one designated State agency

In an opinion dated August 9, 2019, the Attorney General's Office stated that "it is clear that the Act contemplates that each chief internal auditor will serve only one designated State agency and will do so on a full-time basis. Accordingly, because a designated State agency may not share a chief internal auditor with CMS or any other designated State agency without contravening the Act, a designated State agency likewise may not enter into an intergovernmental agreement permitting the sharing of internal audit services without violating the Act."

The Act requires each designated State agency to maintain a full-time program of internal auditing (30 ILCS 10/2001(a)). The Authority is a designated State agency required to maintain a full-time program of internal auditing (30 ILCS 10/1003(a)).

The Act (30 ILCS 10/2002(a)) also requires the Executive Director to appoint a chief internal auditor.

The Attorney General ruled in Opinion No. 19-001, issued August 9, 2019, pg. 2, that, "multiple designated State agencies may not appoint the same individual as their chief internal auditor through the execution of an intergovernmental agreement". (Finding 2, pages 9-10) **This finding has been reported since 2013.**

We recommended the Authority's Executive Director appoint a chief internal auditor, who is not appointed by any other State agency as a chief internal auditor, and ensure a full-time program of internal auditing is in place and functioning at the Authority.

Authority agreed

Authority officials accepted our recommendations.

OTHER FINDINGS

The remaining findings pertain to internal controls over allowable costs/activities, weaknesses in cybersecurity programs and practices, and delinquent and inaccurate reporting of bond activity. We will review the Authority's progress towards the implementation of our recommendations in our next State compliance examination.

AUDITOR'S OPINIONS

The financial audit was previously released. The auditors stated the financial statements of the Authority as of and for the year ended June 30, 2025, are fairly stated in all material respects.

The Single Audit was previously released. The auditors also conducted a Single Audit of the Authority as required by the Uniform Guidance. The auditors stated the Authority complied, in all material respects, with the types of compliance requirements that could have a direct and material effect on the Authority's major federal programs for the year ended June 30, 2025.

ACCOUNTANT'S OPINION

The accountants conducted a State compliance examination of the Authority for the two years ended June 30, 2025, as required by the Illinois State Auditing Act. The accountants qualified their report on State compliance for Findings 2025-001 and 2025-002. Except for the noncompliance described in these findings, the accountants stated the Authority complied, in all material respects, with the requirements described in the report.

This State compliance examination was conducted by RSM US LLP.

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COURTNEY DZIERWA
Division Director

This report is transmitted in accordance with Section 3-14 of the Illinois State Auditing Act.

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FRANK J. MAUTINO
Auditor General

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