



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

Frank J. Mautino, Auditor General

SUMMARY REPORT DIGEST

ILLINOIS HOUSING DEVELOPMENT AUTHORITY

State Compliance Examination
 For the Two Years Ended June 30, 2024

Release Date: April 8, 2025

FINDINGS THIS AUDIT: 10				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:	0	0	0	2022		24-6	
Category 2:	4	6	10	2021		24-10	
Category 3:	0	0	0	2020		24-4, 24-5, 24-9	
TOTAL	4	6	10	2019		24-3	
FINDINGS LAST AUDIT: 11							

INTRODUCTION

This digest covers our Compliance Examination of the Illinois Housing Development Authority (Authority) for the two years ended June 30, 2024. A separate Financial Audit as of and for the year ended June 30, 2024, was previously released on December 12, 2024. A separate Single Audit for the year ended June 30, 2024, was previously released on February 25, 2025. In total, this report contains 10 findings, one of which was reported in the Financial Audit and Single Audit.

SYNOPSIS

- (24-5) The Authority has not established adequate controls over contracts to ensure goods and services receive prior approval and comply with all applicable State laws, regulations and internal policies and procedures.
- (24-8) The Authority did not properly accrue for compensated employee absences.

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**

INADEQUATE CONTROLS OVER CONTRACTS

Controls over contracts need improvement

The Authority has not established adequate internal controls over contracts to ensure goods and services receive prior approval and comply with all applicable State laws, regulations and internal policies and procedures.

During our review of 40 contracts (totaling \$38,356,702) for the two-years ending June 30, 2024, we noted the following:

Authority did not initiate purchase requisitions

- For twenty-three contracts (58%) totaling \$34,470,111 the Authority did not initiate a purchase requisition with the proper approvals prior to incurring services.
- For two contracts (5%) totaling \$358,445 services were incurred prior to the execution date of the contract.
- For one contract (3%) totaling \$298,874, the contract exceeded \$250,000 but was not signed or approved in writing by Chief Executive Officer, Chief Legal Counsel, and Chief Fiscal Officer. **This finding has been reported since 2020.** (Finding 5, pages 15-16)

Authority agreed with the auditors

We recommended the Authority establish and maintain internal control procedures to ensure the purchase requisition/purchase order is in place prior to the receipt of goods and services. We further recommended that contracts are executed prior to the receipt of goods and services, including all required approvals.

Authority officials agreed with the recommendation.

IMPROPER ACCRUAL OF COMPENSATED ABSENCES

The Authority did not properly accrue for compensated employee absences.

During our testwork of 30 employees' accrued compensated absences (i.e. vacation and sick leave) liability balances during the two years ended June 30, 2024, we noted the following:

Regarding the FY23 Vacation and Sick accrual schedules:

26 employees were mistakenly excluded from the sick accrual schedule

- Twenty-six employees were mistakenly excluded from the sick accrual schedule, resulting in an understatement to sick liability. Specifically, we noted the hours ranged from 4.5 to 45 and in total 619.25 hours and \$22,486.
- One terminated employee was mistakenly included on the sick accrual schedule, resulting in the sick balance

being overstated. Specifically, we noted the overstatement to be 70.63 hours and \$2,537.

- One employee was mistakenly excluded from the sick accrual schedule. Additionally, this employee used more sick time than what was accrued. We noted the total was 5.5 hours and \$402.
- Four vacation accruals were calculated incorrectly resulting in the vacation balance being understated. Specifically, we noted the hours ranged from 10.5 to 30 and in total 83.5 and \$4,363.
- Seventeen employees were mistakenly excluded from the vacation accrual schedule, resulting in an understatement to vacation liability. Specifically, we noted the hours ranged from 0 to 56.25 and totaling 489.25 hours and \$19,848.
- One terminated employee was mistakenly included on the vacation schedule, resulting in an overstatement to vacation liability. Specifically, the overstatement was 37.5 hours and \$1,207.
- Four employees were mistakenly excluded from the vacation accrual schedule. Additionally, these employees used more vacation time than what was accrued. We noted the hours ranged from 1.5 to 22.5 and totaling 51.5 hours and \$1,343.

17 employees were mistakenly excluded from the vacation accrual schedule

Regarding the FY24 Vacation and Sick accrual schedules:

- One sick accrual was calculated incorrectly resulting in the sick balance being overstated. Specifically, the overstatement was 93 hours and \$2,141.
- Three employees were mistakenly excluded from the sick accrual schedule, resulting in an understatement to sick liability. Specifically, we noted the hours ranged from 17 to 45 and totaling 87.5 hours and \$6,154.
- Eight vacation accruals were calculated incorrectly resulting in the vacation balance being understated. Specifically, we noted the hours ranged from 5.5 to 37.5 and totaling 142.25 and \$6,045.
- Three employees were mistakenly excluded from the vacation accrual schedule resulting in an understatement to vacation liability. Specifically, we noted the hours ranged from 33.63 to 78.13 and totaling 175.5 and \$7,425. (Finding 8, pages 19-20)

8 vacation accruals were calculated incorrectly

We recommended the Authority enforce existing policies and procedures to ensure proper review of the calculation of accrued compensated absences.

Authority agreed with the auditors

Authority officials agreed with the recommendation.

OTHER FINDINGS

The remaining findings are reportedly being given attention by Authority personnel. We will review the Authority's progress toward the implementation of our recommendations in our next compliance examination.

AUDITOR'S OPINIONS

The auditors stated the financial statements of the Authority as of and for the year ended June 30, 2024, are fairly stated in all material respects.

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 programs for the year ended June 30, 2024.

ACCOUNTANT'S OPINION

The accountants conducted a compliance examination of the Authority for the year ended June 30, 2024, as required by the Illinois State Auditing Act. The accountants stated the Authority complied, in all material respects, with the requirements described in the report.

This State Compliance Examination was conducted by CliftonLarsonAllen LLP.

SIGNED ORIGINAL ON FILE

COURTNEY DZIERWA
Division Director

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

SIGNED ORIGINAL ON FILE

FRANK J. MAUTINO
Auditor General

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