



STATE OF ILLINOIS
OFFICE OF THE
AUDITOR GENERAL

Frank J. Mautino, Auditor General

SUMMARY REPORT DIGEST

STATE OF ILLINOIS STATEWIDE SINGLE AUDIT REPORT

SINGLE AUDIT

For the Year Ended June 30, 2023

Release Date: September 22, 2025

FINDINGS THIS AUDIT: 46				AGING SCHEDULE OF REPEATED FINDINGS			
	New	Repeat	Total	Repeated Since	Category 1	Category 2	Category 3
Category 1:	27	18	45	2022	23-01, 23-04, 23-11, 23-12, 23-22, 23-24, 23-36, 23-40		
Category 2:	1	0	1	2021	23-09, 23-20, 23-21, 23-32, 23-37, 23-41, 23-43		
Category 3:	0	0	0	2014	23-08		
TOTAL	28	18	46	2011	23-10		
FINDINGS LAST AUDIT: 34				2001	23-07		

SYNOPSIS

- The State expended approximately \$44.8 billion from federal awards in FY23.
- A total of 29 programs or program clusters were classified and audited as major programs at 10 State agencies. These programs constituted approximately 87.9% of all federal spending, or about \$39.4 billion. In addition, 44 State agencies expended federal financial assistance in FY23. Ten State agencies accounted for about 96.6% of federal dollars spent.

Statewide Finding – Financial Reporting

- The State of Illinois does not have an adequate process in place to permit the timely and accurate completion of the Schedule of Expenditures of Federal Awards. As a result, the State has a *material weakness* on all federal programs for financial reporting.

Category 1: Findings that are **material weaknesses** in internal control and/or a **qualification** on compliance with laws and regulations (material noncompliance).

Category 2: Findings that are **significant deficiencies** in internal control and **noncompliance** with laws and regulations.

Category 3: Findings that have **no internal control issues but are in noncompliance** with laws and regulations.

STATE OF ILLINOIS
STATEWIDE SINGLE AUDIT
For the Year Ended June 30, 2023

FINANCIAL ACTIVITIES			Amount	Percent
EXPENDITURES BY PROGRAM				
Major Programs:				
Medicaid Cluster.....		\$	20,820,349,431	46.45%
Supplemental Nutrition Assistance Program (SNAP Cluster).....			5,991,938,129	13.37%
COVID-19 Coronavirus State and Local Recovery Funds			2,804,581,453	6.26%
COVID-19 Education Stabilization Fund			2,227,152,891	4.97%
Unemployment Insurance			1,931,585,889	4.31%
Child Nutrition Cluster			912,072,133	2.03%
CCDF Cluster			783,907,069	1.75%
Title I Grants to Local Educational Agencies			704,235,726	1.57%
Temporary Assistance for Needy Families			578,867,422	1.29%
Children's Health Insurance Program			497,921,432	1.11%
Low-Income Home Energy Assistance Program			288,503,657	0.64%
COVID-19 Emergency Rental Assistance Program			179,355,381	0.40%
COVID-19 Homeowner Assistance Fund Program			177,107,928	0.40%
Special Supplemental Nutrition Program for Women, Infants, and Children.....			168,740,425	0.38%
Child and Adult Care Food Program			156,353,139	0.35%
WIOA Cluster			141,177,677	0.31%
Child Support Enforcement			131,300,355	0.29%
Rehabilitation Services - Vocational Rehabilitation Grants to States.....			127,053,406	0.28%
Block Grants for Prevention and Treatment of Substance Abuse			101,011,200	0.23%
Adoption Assistance-Title IV-E.....			99,478,209	0.22%
COVID-19 Airport Improvement Program			96,207,991	0.21%
Highway Planning and Construction			87,331,680	0.19%
Crime Victim Assistance			78,169,419	0.17%
Twenty First Century Community Learning Centers.....			77,436,583	0.17%
Supporting Effective Instruction State Grants			76,537,613	0.17%
Disability Insurance/SSI Cluster			72,937,910	0.16%
Social Services Block Grant.....			57,147,970	0.13%
Immunization Cooperative Agreements			10,370,317	0.02%
Epidemiology and Laboratory Capacity for Infectious Diseases			3,280,923	0.01%
Total Major Programs.....		\$	39,382,113,358	87.86%
Non-Major Programs.....			5,443,098,952	12.14%
TOTAL EXPENDITURES.....		\$	44,825,212,310	100.00%
FEDERAL AGENCIES PROVIDING FUNDING				
			Total	Major Program Expenditures
U.S. Department of Health and Human Services.....		\$	24,389,438,907	\$ 23,372,137,985
U.S. Department of Agriculture.....			7,957,721,528	7,229,103,826
U.S. Department of Education.....			4,015,150,310	3,212,416,219
U.S. Department of Treasury.....			3,176,676,285	3,161,044,762
U.S. Department of Labor.....			2,131,628,327	2,072,763,566
U.S. Department of Transportation.....			2,117,150,003	183,539,671
U.S. Department of Justice.....			108,282,271	78,169,419
Social Security Administration			72,937,910	72,937,910
All Other Federal Agencies.....			856,226,769	-
TOTAL EXPENDITURES.....		\$	44,825,212,310	\$ 39,382,113,358
STATISTICAL INFORMATION				
Total Number of Programs in the Schedule of Expenditures of Federal Awards.....			348	
Number of Federal Programs or Program Clusters Audited (including finding follow-up).....			33	
Total Number of State Agencies Spending Federal Funds.....			44	
Number of State Agencies for Single Audit Requirements (including finding follow-up).....			13	

Auditor's Adverse Opinion on Major Program

- The Department of Human Services:
 - Did not perform a risk assessment or subrecipient monitoring procedures for the subrecipient of the COVID-19 – Homeowner Assistance Fund (HAF) program for the year ended June 30, 2023.
 - Did not prepare accurate federal financial reports (Paperwork Reduction Act (PRA) 1505-0269) for the HAF program.
- The Illinois Criminal Justice Information Authority:
 - Did not follow its established program monitoring policies and procedures for subrecipients of the Crime Victim Assistance (CVA) program for fiscal year 2023.
 - Did not adequately review single audit reports received from its subrecipients for the CVA program on a timely basis.
 - Did not follow its established policies and procedures for monitoring subrecipients of the CVA program.
 - Failed to report subaward information required by the Federal Funding Accountability and Transparency Act (FFATA) for awards granted to subrecipients of the CVA program.

Significant Agency Findings Classified as Material Noncompliance Resulting in an Auditor Qualification

- The Illinois Governor's Office of Management and Budget:
 - Did not prepare accurate federal project and expenditure reports for the COVID-19 – Coronavirus State and Local Fiscal Recovery Funds (CSLFRF) Program.
- The Department of Human Services:
 - Failed to provide supporting documentation for the post-expenditure report including a key line item, the number of eligible individuals who received services paid for in part or in whole with federal funds under the Social Services Block Grant (Title XX) program.
 - Could not locate case file documentation supporting certain eligibility and special tests requirements for beneficiaries of the Temporary Assistance for Needy Families (TANF) program.
 - Did not maintain the required aggregate State expenditures for the Maintenance of Effort (MOE) requirements for the Block Grants for Prevention and Treatment of Substance Abuse (SAPT) program.
 - Did not follow its established program monitoring policies and procedures for subrecipients of the TANF, Child Care and Developmental Fund (CCDF) Cluster, Social Services Block Grant (SSBG), and SAPT programs.
 - Did not obtain the required certifications at the time of application for certain providers of the CCDF Cluster receiving American Rescue Plan (ARP) Act stabilization funds.
 - Could not provide documentation to support payments made on behalf of the beneficiaries of the TANF and CCDF Cluster programs.
 - Did not adequately review single audit reports received from its subrecipients for the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC), TANF, CCDF Cluster, SSBG, and SAPT programs on a timely basis.
 - Made improper payments to beneficiaries of the TANF program.
 - Did not have an adequate process for monitoring interagency expenditures claimed under or used to meet Maintenance of Effort (MOE) requirements of the TANF and CCDF Cluster programs.
 - Did not obtain and review periodic performance reports for subrecipients of Emergency Rental Assistance (ERA) and CSLFRF programs during the year ended June 30, 2023.
- The Department of Healthcare and Family Services:
 - Did not accurately report certain Medicaid Cluster program drug rebates on quarterly federal financial (CMS-64) reports.
 - Did not perform periodic audits of the accuracy, truthfulness, and completeness of the encounter and financial data submitted by, or on behalf of each Managed Care Organization (MCO) for the Children's Health Insurance Program (CHIP) and Medicaid Cluster programs during the fiscal year.
 - Did not adequately screen providers of the CHIP and Medicaid Cluster programs to ensure that Medicaid providers were not on the USDHHS Office of the Inspector General's (OIG) List of Excluded Individuals/Entities (LEIE) at the time the voucher for the related services performed was paid.
 - Improperly continued providing benefits under the CHIP program to individuals who were over the age of 19 prior to the start of the Public Health Emergency (PHE) on March 13, 2020.

- Did not initiate any recovery audits over Medicaid claims during the year ended June 30, 2023.
 - Did not report certain Medicaid Cluster program expenditures on CMS-64 reports in a timely manner.
 - Failed to conduct utilization reviews over Home and Community Based Waiver Services (HCBS) for five of the nine waivers contracted out to their vendor during fiscal year 2023.
- The Illinois Department of Commerce and Economic Opportunity:
 - Did not maintain adequate documentation to substantiate the amounts reported on the Low Income Home Energy Assistance Program (LIHEAP) Performance Data Form.
 - Did not properly review or re-certify the accuracy of the clearance pattern specified in the Treasury-State Agreement (TSA) related to cash draws for the LIHEAP.
 - Did not perform its cash draws in accordance with the funding technique prescribed in the TSA.
 - Did not follow its established policies and procedures for monitoring subrecipients of the LIHEAP.
 - Did not maintain supporting documentation for key line items or prepare accurate special reports for the LIHEAP.
- The Illinois Department of Employment Security:
 - Failed to follow established policies when making eligibility determinations for claimants of the Unemployment Insurance (UI) program.
 - Did not complete the Benefit Accuracy Measurement (BAM) case file reviews in accordance with United States Department of Labor (USDOL) requirements for the UI program.
- The Illinois State Board of Education:
 - Did not adequately monitor and document program monitoring procedures performed over subrecipients of the Twenty-First Century Community Learning Centers (21st Century) program.

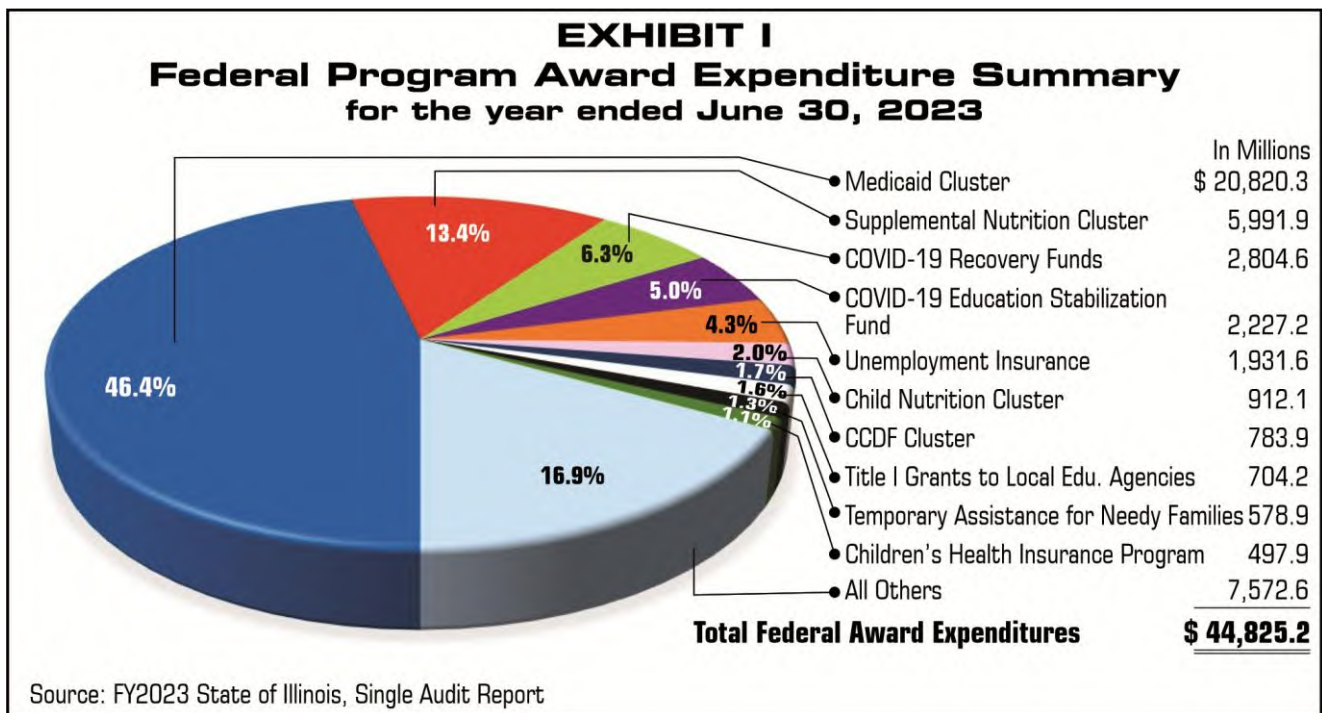
In addition, the Department of Human Services, the Department of Public Health, the Illinois Criminal Justice Information Authority, and the Department of Transportation failed to report information required by the Federal Funding Accountability and Transparency Act (FFATA) for awards granted to subrecipients of various programs. Additionally, the Department of Commerce and Economic Opportunity failed to maintain updated procedures which resulted in filing inaccurate FFATA reports.

INTRODUCTION

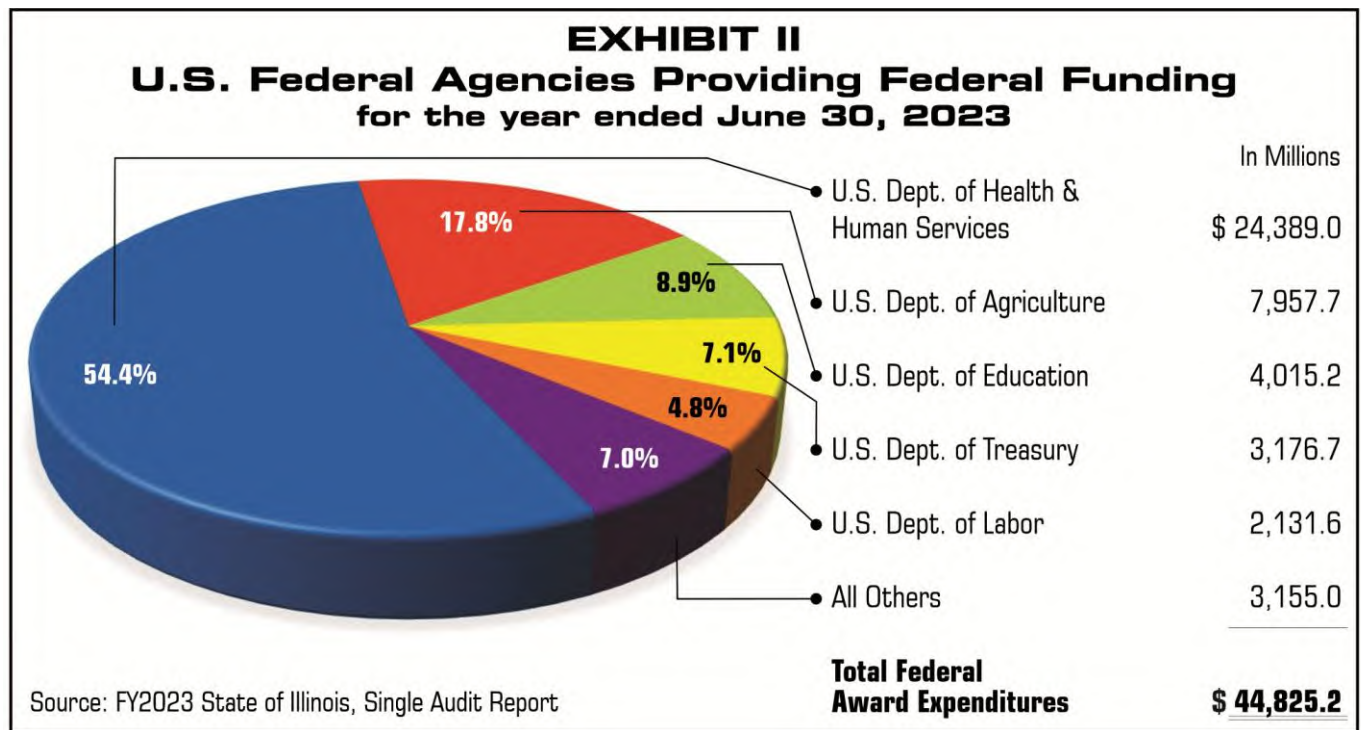
The Illinois Office of the Auditor General conducted a Statewide Single Audit of the FY23 federal grant programs. The audit was conducted in accordance with the Uniform Guidance (Title 2 U.S. Code of Federal Regulation Part 200, *Uniform Administration Requirements, Cost Principles, and Audit Requirements for Federal Awards*).

The Statewide Single Audit includes State agencies that are a part of the primary government and expend federal awards. In total, 44 State agencies expended federal financial assistance in FY23. A separate supplemental report has been compiled by the Governor's Office of Management and Budget and provides summary information on federal spending by State agency. The Statewide Single Audit does not include those agencies that are defined as component units such as the State universities and finance authorities. The component units continue to have separate single audits when required.

The Schedule of Expenditures of Federal Awards (SEFA) reflects total expenditures of approximately \$44.8 billion for the year ended June 30, 2023. Overall, the State participated in 348 different federal programs; however, 10 of these programs or program clusters accounted for approximately 83.1% of the total federal award expenditures. (See Exhibit I)



The funding for the 348 programs was provided by 25 different federal agencies. Exhibit II shows that five federal agencies provided Illinois with the vast majority of federal funding in FY23.

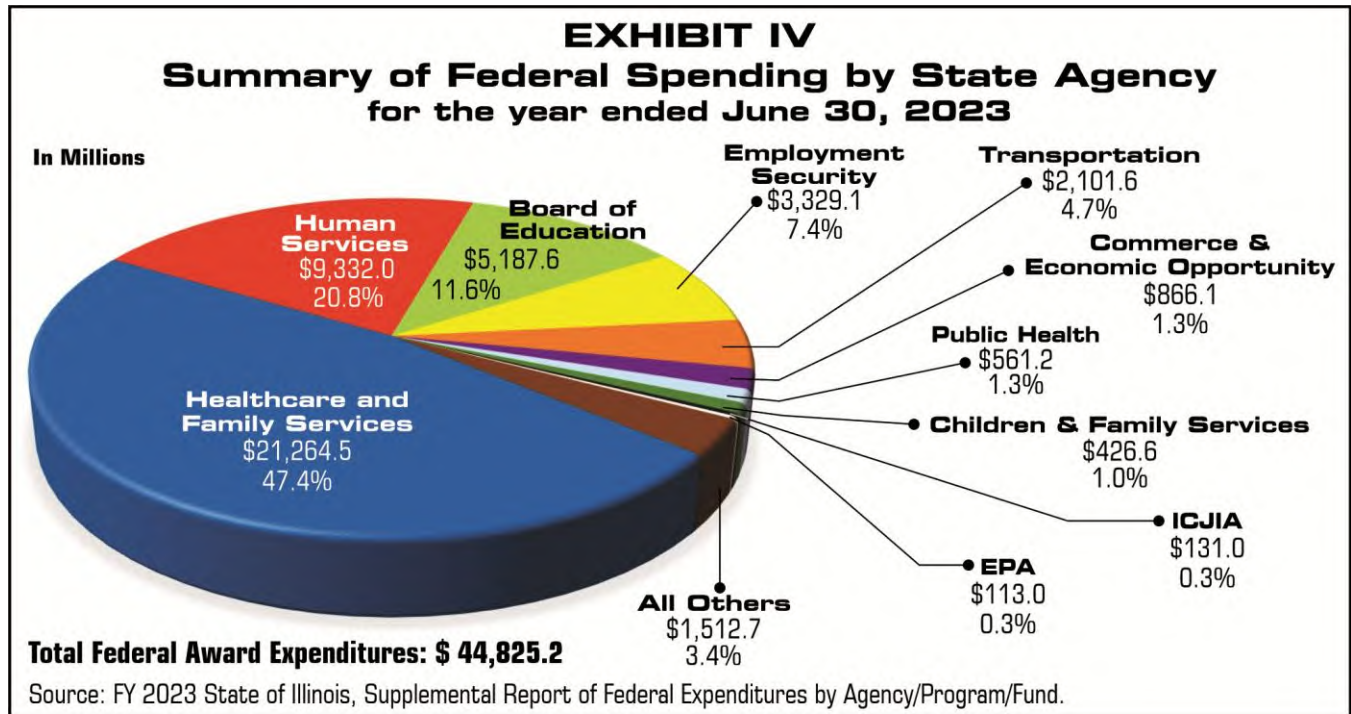


A total of 29 federal programs or program clusters were identified as major programs in FY23. A major program was defined in accordance with the Uniform Guidance as any program with federal awards expended that meets certain criteria when applying the risk-based approach. Exhibit III provides a brief summary of the number of programs classified as “major” and “non-major” and related federal award expenditures.

EXHIBIT III
Classification of Federal Programs
“Major vs. Non-Major”
and Related Federal Award Expenditures
for the year ended June 30, 2023

Audit Coverage	No.	Expenditures (in millions)	%
Major Programs (or clusters)	29	\$39,382.1	87.9%
Non-Major Programs (or clusters)	319	5,443.1	12.1%
Total	<u>348</u>	<u>\$44,825.2</u>	<u>100.0%</u>

Ten State agencies accounted for approximately 96.6% of all federal dollars spent during FY23 as depicted in Exhibit IV.



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH
MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

The auditors' report contained adverse opinions and qualifications on compliance as summarized below. The complete text of the Auditors' Report may be found on pages 17-25 of the audit.

Adverse Opinion

The auditors expressed an adverse opinion on compliance for the following major programs:

State Administering Agency	Federal Program	Compliance Requirement(s)	Finding Number	Page Numbers
IL Department of Human Services	COVID-19 – Homeowner Assistance Fund Program (21.026)	Subrecipient Monitoring	2023-004	39-40
IL Department of Human Services	COVID-19 – Homeowner Assistance Fund Program (21.026)	Reporting	2023-005	41-42
IL Criminal Justice Information Authority	Crime Victim Assistance (16.575)	Subrecipient Monitoring	2023-033, 2023-034, 2023-035	107-113

Illinois Criminal Justice Information Authority	Crime Victim Assistance (16.575)	Reporting	2023-037	116-117
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Qualifications

The auditors qualified their report on major programs for the following noncompliance findings:

State Administering Agency	Federal Program	Compliance Requirement(s)	Finding Number	Page Numbers
IL Governor's Office of Management and Budget	COVID-19 – Coronavirus State and Local Fiscal Recovery Funds (21.027)	Reporting	2023-003	36-38
IL Department of Human Services	Social Services Block Grant (93.667)	Reporting	2023-006	43-44
IL Department of Human Services	SNAP Cluster (10.551/10.561)	Special Tests and Provisions	2023-007	45-47
IL Department of Human Services	Temporary Assistance for Needy Families (93.558)	Eligibility and Special Tests and Provisions	2023-007	45-47
IL Department of Human Services	Children's Health Insurance Program (93.767)	Eligibility	2023-007	45-47
IL Department of Human Services	Medicaid Cluster (93.775/93.777/9.778)	Eligibility	2023-007	45-47
IL Department of Human Services	Block Grants for Prevention and Treatment of Substance Abuse (93.959)	Matching, Level of Effort, and Earmarking	2023-008	48-49
IL Department of Human Services	Temporary Assistance for Needy Families (93.558)	Reporting	2023-009	50-52
IL Department of Human Services	CCDF Cluster (93.575/93.596)	Reporting	2023-009	50-52
IL Department of Human Services	Block Grants for Prevention and Treatment of Substance Abuse (93.959)	Reporting	2023-009	50-52
IL Department of Human Services	Social Services Block Grant (93.667)	Reporting	2023-009	50-52
IL Department of Human Services	Temporary Assistance for Needy Families (93.558)	Subrecipient Monitoring	2023-010	53-56
IL Department of Human Services	CCDF Cluster (93.575/93.596)	Subrecipient Monitoring	2023-010	53-56
IL Department of Human Services	Social Services Block Grant (93.667)	Subrecipient Monitoring	2023-010	53-56
IL Department of Human Services	Block Grants for Prevention and	Subrecipient Monitoring	2023-010	53-56

	Treatment of Substance Abuse (93.959)			
IL Department of Human Services	CCDF Cluster (93.575/93.596)	Eligibility and Special Tests and Provisions	2023-011	57-58
IL Department of Human Services	Temporary Assistance for Needy Families (93.558)	Allowable Costs/Cost Principles and Matching, Level of Effort and Earmarking	2023-014	64-66
IL Department of Human Services	CCDF Cluster (93.575/93.596)	Allowable Costs/Cost Principles and Matching, Level of Effort and Earmarking	2023-014	64-66
IL Department of Human Services	Special Supplemental Nutrition Program for Women, Infants, and Children (10.557)	Subrecipient Monitoring	2023-015	67-69
IL Department of Human Services	Temporary Assistance for Needy Families (93.558)	Subrecipient Monitoring	2023-015	67-69
IL Department of Human Services	CCDF Cluster (93.575/93.596)	Subrecipient Monitoring	2023-015	67-69
IL Department of Human Services	Social Services Block Grant (93.667)	Subrecipient Monitoring	2023-015	67-69
IL Department of Human Services	Block Grants for Prevention and Treatment of Substance Abuse (93.959)	Subrecipient Monitoring	2023-015	67-69
IL Department of Human Services	Temporary Assistance for Needy Families (93.558)	Eligibility	2023-016	70-71
IL Department of Human Services	Temporary Assistance for Needy Families (93.558)	Allowable Costs/Cost Principles	2023-017	72-74
IL Department of Human Services	CCDF Cluster (93.575/93.596)	Allowable Costs/Cost Principles	2023-017	72-74
IL Department of Human Services	COVID-19 – Emergency Rental Assistance Program (21.023)	Subrecipient Monitoring	2023-018	75-76
IL Department of Human Services	COVID-19 – Coronavirus State and Local Fiscal Recovery Funds (21.027)	Subrecipient Monitoring	2023-018	75-76
IL Department of Healthcare and Family Services	Medicaid Cluster (93.775/93.777/93.778)	Reporting	2023-019	77-79
IL Department of Healthcare and Family Services	Children’s Health Insurance Program (93.767)	Special Tests and Provisions	2023-020 and 2023-021	80-81 and 82-83

IL Department of Healthcare and Family Services	Medicaid Cluster (93.775/93.777/93.778)	Special Tests and Provisions	2023-020 and 2023-021	80-81 and 82-83
IL Department of Healthcare and Family Services	Children's Health Insurance Program (93.767)	Eligibility	2023-022	84-85
IL Department of Healthcare and Family Services	Medicaid Cluster (93.775/93.777/93.778)	Special Tests and Provisions	2023-023	86-87
IL Department of Healthcare and Family Services	Medicaid Cluster (93.775/93.777/93.778)	Reporting	2023-024	88-89
IL Department of Healthcare and Family Services	Medicaid Cluster (93.775/93.777/93.778)	Special Tests and Provisions	2023-025	90-91
IL Department of Commerce and Economic Opportunity	Low-Income Home Energy Assistance Program (93.568)	Reporting	2023-026, 2023-029, and 2023-031	92-93, 98-99, and 102-103
IL Department of Commerce and Economic Opportunity	Low-Income Home Energy Assistance Program (93.568)	Cash Management	2023-027 and 2023-028	94-95 and 96-97
IL Department of Commerce and Economic Opportunity	WIOA Cluster (17.258/17.259/17.278)	Reporting	2023-029	98-99
IL Department of Commerce and Economic Opportunity	Low-Income Home Energy Assistance Program (93.568)	Subrecipient Monitoring	2023-030	100-101
IL Department of Public Health	COVID-19 – Immunization Cooperative Agreements (93.268)	Reporting	2023-032	104-106
IL Department of Public Health	COVID-19 – Epidemiology and Laboratory Capacity for Infectious Diseases (93.323)	Reporting	2023-032	104-106
IL Department of Employment Security	Unemployment Insurance Program (17.225)	Eligibility	2023-038	118-120
IL Department of Employment Security	Unemployment Insurance Program (17.225)	Special Tests and Provisions	2023-039	121-122
IL Department of Transportation	Airport Improvement Program (20.106)	Reporting	2023-043	130-131
IL State Board of Education	Twenty-First Century Community Learning Centers (84.287)	Subrecipient Monitoring	2023-045	134-136

Internal Control Over Financial Reporting

We noted a matter involving internal control over financial reporting for the Schedule of Expenditures of Federal Awards (Schedule) that was considered to be a material weakness. A material weakness is a deficiency, or

combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the entity's Schedule will not be prevented, or detected and corrected on a timely basis. The auditors recommended the Governor's Office of Management and Budget (GOMB) work together with the State agencies to establish a corrective action plan to address the quality of accounting information provided to the Illinois Office of Comptroller (IOC) which is used by GOMB to prepare the Schedule.

Internal Control Over Compliance

We noted certain matters involving internal control over compliance that were considered to be significant deficiencies. A control deficiency in an entity's 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 significant deficiency in internal control over compliance is a deficiency, or 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. Overall, 1 of the 46 findings reported in the single audit was classified as a compliance significant deficiency.

Material weaknesses were also disclosed in our report. A material weakness in internal control over compliance is a deficiency, or 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. Overall, 44 of the 46 findings reported in the single audit were classified as material weaknesses.

FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS

Exhibit V summarizes the number of report findings by State agency, identifies the number of repeat findings, and references the findings to specific pages in the report.

EXHIBIT V Summary Schedule of Findings by Agency

State Agency	Number of Findings	Number of Repeat Findings	Page References to Findings
Governor's Office of Management and Budget	3	1	29-38
Human Services	15	7	39-76
Healthcare and Family Services	7	4	77-91
Commerce and Economic Opportunity	6	0	92-103
Public Health	1	1	104-106
Illinois Criminal Justice Information Authority	5	2	107-117
Employment Security	5	2	118-129
Transportation	2	1	130-133
Illinois State Board of Education	2	0	134-138
Totals	<u>46</u>	<u>18</u>	

Exhibit VI summarizes the total number of findings, number of repeated findings, and the percentage of repeated findings for the past ten years.

EXHIBIT VI
Ten Year Analysis of Number of Findings, Number of Findings Repeated and Percentage of Repeat Findings

Year	Number of Findings	Number of Repeated Findings	Percentage of Repeated Findings
2023	46	18	39%
2022	34	16****	45%
2021	40	15***	38%
2020*	29	19**	66%
2019	69	51	74%
2018	80	59	74%
2017	72	53	74%
2016	73	49	67%
2015	75	51	68%
2014	69	47	68%
2013	74	59	80%
2012	91	63	69%

*Beginning in Fiscal Year 2020, we have implemented a change in our presentation of the results of prior year finding follow up. The Code of Federal Regulations (2 CFR 200.511) requires a summary schedule of prior audit findings to report the status of all audit findings included in the prior audit's schedule of findings and questioned costs. The current year summary schedule of prior audit findings is included in the separately bound *Supplemental Report of Federal Expenditures*, prepared by the Governor's Office of Management and Budget. In addition, beginning with the 2019 Compliance Supplement, federal agencies were mandated by the federal Office of Management and Budget to limit the number of compliance requirements subject to the compliance audit to six. These changes resulted in an overall decrease in the number of findings reported in the scope of our compliance audit for Fiscal Year 2020 and impact the comparability of Fiscal Year 2020 to preceding years in Exhibit VI.

**Two of the findings presented in the 2019 report were combined and presented as a single repeated finding in the 2020 report.

***One of the repeat audit findings included in the June 30, 2021 report was reported in the June 30, 2020 Schedule of Prior Findings. The finding related to a compliance requirement that was not direct and material during the June 30, 2020 audit.

****Two of the findings presented in the 2021 report were combined and presented as a single repeated finding in the 2022 report. In addition, one of the repeat audit findings included in this June 30, 2022 report was reported in the June 30, 2021 Schedule of Prior Findings. This finding related to a compliance requirement that was not direct and material during the June 30, 2020 and June 30, 2021 audits.

INADEQUATE PROCESS FOR COMPILING THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Current process does not allow for timely reporting

We noted the State of Illinois' current financial reporting process does not allow the State to prepare a complete and accurate Schedule of Expenditures of Federal Awards (SEFA) in a timely manner. Reporting issues at various individual agencies caused delays in finalizing the Statewide SEFA.

Highly decentralized financial reporting process

The State of Illinois has a highly decentralized financial reporting process. The system requires State agencies to prepare financial reporting packages designed by the Illinois Office of Comptroller (IOC). These financial reporting packages are completed by accounting personnel within each State agency who have varying levels of knowledge, experience, and understanding of IOC accounting policies and procedures. Agency personnel involved with this process are not under the organizational control or jurisdiction of the IOC.

Late adjustments to the SEFA continue

Although these financial reporting packages are subject to review by the IOC's financial reporting staff during the Annual Comprehensive Financial Report (ACFR) preparation process and there are minimum qualifications recommended for all new generally accepted accounting principles (GAAP) Coordinators who oversee the preparation of financial reporting forms and the Governor's Office of Management and Budget (GOMB) compiles the SEFA data and performs certain supervisory review procedures over the SEFA and evaluates errors identified, the current process still lacks sufficient internal controls to permit timely and accurate reporting. As a result, late adjustments relative to the SEFA continue to occur.

First draft of the SEFA not provided until December 2023

During fiscal year 2023, the State's process for compilation of the SEFA continued to be performed on a timeline that does not permit the State to meet the March 31st single audit filing deadline. The first official draft of the SEFA was provided in December 2023. The final SEFA and related notes were not finalized by the State until August 2025 due to errors identified in several agencies. (Finding 1, pages 29-30)

SEFA finalized August 2025

We recommended GOMB work together with the State agencies to establish a corrective action plan to address the quality of accounting information provided to the IOC which is used by GOMB to prepare the SEFA.

GOMB accepted our recommendation

GOMB accepted our recommendation and stated it will continue to work with the State agencies to produce timely and accurate financial reporting for the preparation of the SEFA.

FAILURE TO ACCURATELY PREPARE PERFORMANCE REPORTS FOR THE COVID-19 CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS PROGRAM

GOMB did not prepare accurate federal project and expenditure reports (Paperwork Reduction Act (PRA) 1505-0271) for the

Inaccurate federal project and expenditure reports

COVID-19 – Coronavirus State and Local Fiscal Recovery Funds (CSLFRF) program.

Basis of accounting not consistently applied

The State was required to prepare quarterly federal project and expenditure reports (PRA 1505-0271) for the CSLFRF program. To assist the State agencies, GOMB prepared these reports. According to the U.S. Treasury’s SLFRF Compliance and Reporting Guidance, expenditures may be reported on a cash or accrual basis, as long as the methodology is disclosed and consistently applied. During our testing of two quarterly PRA 1505-0271 reports submitted during State fiscal year ended June 30, 2023, we noted that GOMB did not consistently apply cash or accrual basis for reporting and noted multiple errors on the cash basis.

Review procedures not properly designed

Supervisory review procedures of the PRA 1505-0271 reports have not been designed to operate at an appropriate level of precision to ensure the financial reports are accurately prepared. (Finding 3, pages 36-38)

We recommended GOMB implement more precise review procedures to ensure the reports submitted to the U.S. Treasury are complete, accurate, and agree or reconcile to its financial records.

GOMB accepted our recommendation

GOMB accepted our recommendation and stated it will continue to work with the State agencies to produce accurate financial reporting for the CSLFRF program.

DEPARTMENT OF HUMAN SERVICES (IDHS)

We noted IDHS, as the administering State agency, did not materially comply with specific compliance requirements described on page 19-21 of the Single Audit Report.

Specifically, we noted the following:

Risk assessment and subrecipient monitoring procedures not performed

- IDHS did not perform a risk assessment or subrecipient monitoring procedures for the subrecipient of the COVID-19 – Homeowner Assistance Fund (HAF) program for the year ended June 30, 2023. The State designated IDHS as the State agency responsible for monitoring of the HAF program’s subrecipient, the Illinois Housing Development Authority (IHDA), a discretely presented component unit of the State. During our testing, we noted IDHS did not perform any subrecipient monitoring procedures over IHDA with respect to the HAF program during the year ended June 30, 2023. (Finding 4, pages 39-40)

Inaccurate federal financial reports

- IDHS did not prepare accurate federal financial reports for the HAF program. During our testing of two quarterly federal financial reports (PRA 1505-0269) submitted during State fiscal year ended June 30, 2023, we noted the 9/30/22 report, Administrative Expenses line item, was understated by \$3,190,823. Supervisory review procedures of the PRA 1505-0269 reports have not been designed to operate at an

appropriate level of precision to ensure the financial reports are accurately prepared. (Finding 5, pages 41-42)

Lack of support for the post-expenditure report

- IDHS failed to provide supporting documentation for the post-expenditure report including a key line item, the number of eligible individuals who received services paid for in part or in whole with federal funds under the Social Services Block Grant (SSBG) program. (Finding 6, pages 43-44)

Case file documentation could not be located

- IDHS could not locate case file documentation supporting certain eligibility and special test requirements for beneficiaries of the Temporary Assistance for Needy Families (TANF) program. We also noted IDHS does not have adequate resources to perform and document eligibility determinations. Additionally, IDHS has not established appropriate monitoring procedures to ensure eligibility determinations are properly documented in accordance with program requirements. Because the State uses a single application and eligibility determination process for the Supplemental Nutrition Assistance Program Cluster (SNAP), TANF, Medicaid Cluster, and State Children's Health Insurance Program (CHIP) programs, certain of the TANF compliance exceptions and the inadequate internal control matters discussed above also impact the SNAP Cluster, Medicaid Cluster, and CHIP programs. (Finding 7, pages 45-47) **Similar findings on this issue have been reported since 2001.**

Inadequate resources to perform and document eligibility determinations

Inadequate monitoring procedures

Required MOE expenditures not maintained

- IDHS did not maintain the required aggregate State expenditures for the maintenance of effort (MOE) requirements for the Block Grants for Prevention and Treatment of Substance Abuse (SAPT) program. The shortfall totaled \$11,528,128. In addition, IDHS has not established internal control procedures to monitor whether MOE requirements are met. (Finding 8, pages 48-49). **Similar findings on this issue have been reported since 2014.**

Program monitoring policies and procedures not followed

- IDHS did not follow its established program monitoring policies and procedures for subrecipients of the TANF, Child Care and Developmental Fund (CCDF) Cluster, SSBG, and SAPT programs. (Finding 10, pages 53-56) **Similar findings on this issue have been reported since 2011.**

Required certifications not obtained

- IDHS did not obtain the required certifications at the time of application for certain providers of the CCDF Cluster receiving American Rescue Plan (ARP) Act stabilization funds. During our test work over 20 child care providers (totaling \$244,746,902), we noted IDHS could not provide the required certifications for 6 providers who are noted as "license-exempt" providers. (Finding 11, pages 57-58)

Supporting documentation for payments made not provided

- IDHS could not provide documentation to support payments made on behalf of beneficiaries of the TANF and CCDF Cluster programs. During our testing of Child Care

Monitoring review not performed	<p>Assistance Program (CCAP) beneficiary payments claimed under the TANF program (40 payments totaling \$8,463 in federal claim and \$22,307 in MOE claim) and CCDF (40 payments totaling \$184,226 in federal claim and \$2,385 in MOE claim), we noted 3 TANF payments and 3 CCDF payments for which IDHS could not provide documentation supporting the services provided to eligible beneficiaries which are unallowable costs. Additionally, we noted IDHS has not performed a monitoring review in 2023 or either of the previous two fiscal years to ensure billing information provided by the child care providers is accurate for any of the 58 unique providers sampled. As a result, IDHS does not have adequate controls in place to ensure information provided by providers is accurate and the related child care payments made were appropriate. (Finding 14, pages 64-66)</p>
Single audit reports not adequately reviewed	<ul style="list-style-type: none"> • IDHS did not adequately review single audit reports received from its subrecipients for the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC), TANF, CCDF Cluster, SSBG, and SAPT programs on a timely basis. (Finding 15, pages 67-69)
Improper payments to TANF beneficiaries	<ul style="list-style-type: none"> • IDHS made improper payments to beneficiaries of the TANF program. During our testwork of 50 beneficiary payments (with total payments sampled of \$19,844), we noted four beneficiaries (with payments of \$1,747) received payments that were improperly calculated using amounts inconsistent with information contained in the beneficiary's case file. In addition, IDHS identified a system error in June 2025 impacting beneficiaries whose benefit payments were calculated using diverted income. We further noted IDHS did not establish control procedures at an adequate level of precision to ensure TANF program benefits were accurately calculated based on the beneficiary's case file supporting documentation. (Finding 16, pages 70-71)
Inadequate process for monitoring interagency expenditures	<ul style="list-style-type: none"> • IDHS does not have an adequate process for monitoring interagency expenditures claimed under or used to meet MOE requirements of the TANF and CCDF Cluster programs. (Finding 17, pages 72-74)
Performance reports not obtained and reviewed	<ul style="list-style-type: none"> • IDHS did not obtain and review periodic performance reports for subrecipients of the Emergency Rental Assistance (ERA) and COVID-19 – Coronavirus State and Local Fiscal Recovery Funds (CSLFRF) programs during the year ended June 30, 2023. (Finding 18, pages 75-76)
Adverse and qualified opinions IDHS accepted our recommendations	<p>The material noncompliance noted resulted in an adverse opinion on compliance for the HAF program and qualified opinions on compliance for the SSBG, SNAP Cluster, TANF, CHIP, Medicaid Cluster, SAPT, CCDF Cluster, WIC, ERA, and CSLFRF programs. IDHS accepted our recommendations.</p>

DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES (DHFS)

We noted DHFS, as the administering State agency, did not materially comply with specific compliance requirements described on page 21-22 of the Single Audit Report.

Specifically, we noted the following:

Drug rebates inaccurately reported

- DHFS did not accurately report certain Medicaid Cluster program drug rebates on quarterly federal financial (CMS-64) reports. In October 2024, DHFS determined the data used to calculate drug rebates beginning in the quarter ended September 30, 2019 through June 30, 2024 erroneously included Medicare Part D drug data which did not pertain to beneficiaries of the Medicaid Cluster program. The data error resulted in drug rebates billed to and paid by pharmaceutical companies reported on the quarterly CMS-64 reports being overstated. Consequently, Medicaid Cluster expenditures were understated on both the quarterly CMS-64 reports and on the State's Schedule of Expenditures of Federal Awards (SEFA) for fiscal year 2023. We also noted the supervisory reviews and analytical procedures performed over the quarterly CMS-64 reports were not designed at an appropriate level of precision to detect the drug rebates errors. (Finding 19, pages 77-79)

Periodic audits of encounter data not performed

- HFS did not perform periodic audits of the accuracy, truthfulness, and completeness of the encounter and financial data submitted by, or on behalf of each Managed Care Organization (MCO) for the CHIP and Medicaid Cluster programs during the fiscal year. (Finding 20, pages 80-81) **Similar findings on this issue have been reported since 2021.**

Providers not adequately screened

- DHFS did not adequately screen providers of the CHIP and Medicaid Cluster programs to ensure that Medicaid providers were not on the United States Department of Health and Services Office of the Inspector General's (OIG) List of Excluded Individuals/Entities (LEIE) at the time the voucher for the related services performed was paid. (Finding 21, pages 82-83) **Similar findings on this issue have been reported since 2021.**

Failure to discontinue CHIP benefits

- DHFS improperly continued providing benefits under the CHIP program to individuals who were over the age of 19 prior to the start of the Public Health Emergency (PHE) on March 13, 2020. (Finding 22, pages 84-85)

Recovery audits not performed

- DHFS did not initiate any recovery audits over Medicaid claims during the year ended June 30, 2023. We noted the DHFS Office of Inspector General (OIG)'s pre-existing contract with the Recovery Audit Contractor (RAC) expired

at the end of fiscal year 2022. OIG executed a new RAC contract effective August 12, 2022. Throughout fiscal year 2023, OIG and the RAC worked to established audit protocols and processes for the new contract. As a result, no audits were initiated during the year ended June 30, 2023. (Finding 23, pages 86-87)

Expenditures not reported in a timely manner

- DHFS did not report certain Medicaid Cluster program expenditures CMS- 64 reports in a timely manner. In January 2023, DHFS and IDHS discovered expenditures under the Home and Community Based Services waiver program operated by IDHS had not been claimed since January 1, 2021. As a result, DHFS reported expenditures totaling \$508,822,205 paid by the State in prior periods on the CMS 64 reports submitted in the year ended June 30, 2023. Additionally, we noted the supervisory review and analytical procedures performed over the quarterly CMS-64 reports were not designed at a sufficient level of precision to identify that these expenditures had not been provided by IDHS for reporting on the CMS-64 report. (Finding 24, pages 88-89)

Utilization reviews not conducted

- DHFS failed to conduct utilization reviews over Home and Community Based Waiver Services (HCBS) for five of the nine waivers contracted out to their vendor during fiscal year 2023. During our audit procedures and based on inquiries with DHFS officials, the vendor contract came to an end on February 28, 2023 and a new contract had not been in place to cover the remainder of the fiscal year. As a result, we identified no reviews performed from March 1, 2023, through the end of the fiscal year. (Finding 25, pages 90-91)

Qualified opinions

The material noncompliance noted resulted in qualified opinions on compliance for the CHIP and Medicaid Cluster programs. DHFS accepted our recommendations.

DHFS accepted our recommendations

DEPARTMENT OF COMMERCE AND ECONOMIC OPPORTUNITY (DCEO)

We noted DCEO, as the administering State agency, did not materially comply with specific compliance requirements described on page 22 of the Single Audit Report. Specifically, we noted the following:

Failure to maintain adequate documentation for reporting

- DCEO did not maintain adequate documentation to substantiate the amounts reported on the Low-Income Home Energy Assistance Program (LIHEAP) Performance Data Form. (Finding 26, pages 92-93)

Failure to recertify the accuracy of the clearance pattern

- DCEO did not properly review or re-certify the accuracy of the clearance pattern specified in the Treasury-State Agreement (TSA) related to cash draws for the LIHEAP. During our testwork over cash management requirements, we noted the clearance pattern included in the TSA in place for

the year ended June 30, 2023 had not been recertified since 2016 (more than 5 years since previous recertification). Additionally, we noted internal controls have not been established to ensure clearance patterns are calculated and recertified in accordance with Treasury regulations. (Finding 27, pages 94-95)

Failure to perform cash draws in accordance with the TSA

- DCEO did not perform its cash draws in accordance with the funding technique prescribed in the Treasury-State Agreement (TSA). During our testwork over 12 cash draws (totaling \$72,635,351) for program (subrecipient) expenditures of the LIHEAP program during the year ended June 30, 2023, we noted the expenditures supporting the cash draws were not disbursed in accordance with the timeframe required by the prescribed funding technique. During our testing of 25 subrecipient payments (totaling \$32,294,005) we noted federal funds were requested 1 to 13 days earlier than permitted by the funding technique. (Finding 28, pages 96-97)

Failure to communicate award information to subrecipients

- DCEO did not follow its established policies and procedures for monitoring subrecipients of the LIHEAP. During our review of the award communication files for a sample of 35 awards, we noted the Federal Award Identification Number (FAIN) was not communicated in the subrecipient award agreement for two of the subrecipients (with payments totaling \$1,192,330). Upon further review by the agency, an additional 36 awards (with payments totaling \$2,727,317) did not communicate the FAIN in the subrecipient award agreement. (Finding 30, pages 100-101)

Inaccurate special report

- DCEO did not maintain supporting documentation for key line items or prepare accurate special reports for the LIHEAP. (Finding 31, pages 102-103)

Qualified opinion

The material noncompliance noted resulted in a qualified opinion on noncompliance for the LIHEAP Program. DCEO accepted our recommendations.

DCEO accepted our recommendation

ILLINOIS CRIMINAL JUSTICE INFORMATION AUTHORITY (ICJIA)

We noted ICJIA, as the administering State agency, did not materially comply with specific compliance requirements described on page 19 of the Single Audit report. Specifically, we noted the following:

Failure to adequately monitor subrecipients

- ICJIA did not follow its established program monitoring policies and procedures for subrecipients of the Crime Victim Assistance (CVA) program for fiscal year 2023. Based upon ICJIA's monitoring criteria, we noted ICJIA should have conducted site visits with 9 subrecipients (with expenditures of \$1,542,221) from shorter term programs and 35 subrecipients (with expenditures of \$41,777,962) from longer term programs during the year ended June 30, 2023. During

our review of the subrecipient site visits conducted during State fiscal year 2023, we noted none of the 9 subrecipients from shorter term programs were subjected to site visits and 19 of the 35 subrecipients from longer term programs (with expenditures of \$9,561,899 during the year ended June 30, 2023) were not subjected to site visits. (Finding 33, pages 107-108)

Inadequate review of subrecipient single audit reports

- ICJIA did not adequately review single audit reports received from its subrecipients for the CVA program on a timely basis. (Finding 34, pages 109-111)

Inadequate fiscal monitoring of subrecipients

- ICJIA did not follow its established policies and procedures for monitoring subrecipients of the CVA program. We noted 21 sub-grantees who received CVA program funds were designated for high oversight for which the monitoring policy generally requires a fiscal audit. Of the 21 high oversight designated subrecipients, only two subrecipients had a fiscal audit performed over their CVA program grants. Agency personnel indicated additional risk assessment criteria were considered to reduce the number of high oversight subrecipients; however, these additional criteria are not documented in the fiscal monitoring policy or risk score documentation. (Finding 35, pages 112-113)

Adverse opinion

The material noncompliance noted resulted in an adverse opinion on noncompliance for the CVA Program. ICJIA accepted our recommendations.

ICJIA accepted our recommendations

DEPARTMENT OF EMPLOYMENT SECURITY (IDES)

We noted IDES, as the administering State agency, did not materially comply with specific compliance requirements described on page 22 of the Single Audit Report. Specifically, we noted the following:

Failure to follow eligibility determination policies

- IDES failed to follow established policies when making eligibility determinations for claimants of the Unemployment Insurance (UI) program. IDES utilizes the Illinois Benefits Information System (IBIS) to perform and document claimant eligibility determinations, to process claims for unemployment insurance benefits, and to assist IDES in complying with the requirements of the Illinois UI Act and rules, policies, and procedures applicable to employment benefits. Because of the volume and claims and suspension of requirements during the pandemic public health emergency, we noted IDES had disabled certain edit checks in IBIS to allow claims to process and failed to re-establish the edit checks with the conclusion of the public health emergency provisions. As a result, certain ineligible claimants were identified in our testing. Additionally, we noted adequate internal controls have not been established to ensure necessary changes resulting from the conclusion of the pandemic related provisions are made to UI eligibility procedures in a timely manner. (Finding 38, pages 118-120)

Failure to complete case file reviews within required timeframes

- IDES did not complete the Benefit Accuracy Measurement (BAM) case file reviews in accordance with United States Department of Labor (USDOL) requirements for the Unemployment Insurance (UI) program. During our testwork of paid claims, we noted IDES did not achieve either of the required percentage of case reviews within the required timeframes. Specifically, for batch range 20227-202326, IDES failed to meet the 60-day time lapse standard of 70% complete as only 60.41% of case reviews were complete. Additionally, IDES failed to meet the 90-day time lapse standard of 95% complete as only 81.22% of case reviews were complete. We also noted that IDES did not notify the USDOL of the failed case completion percentage requirements nor receive a waiver of the requirements from the USDOL. Further, we noted IDES has not established adequate controls to ensure BAM case file review procedures are completed within timeframes established by the USDOL. (Finding 39, pages 121-122)

Qualified opinion

IDES accepted our recommendations

The material noncompliance noted resulted in a qualified opinion on compliance for the Unemployment Insurance program. IDES accepted our recommendations.

ILLINOIS STATE BOARD OF EDUCATION (ISBE)

We noted ISBE, as the administering State agency, did not materially comply with specific compliance requirements described on page 22 of the Single Audit Report.

Inadequate monitoring of subrecipients

Specifically, we noted ISBE did not adequately monitor and document program monitoring procedures performed over subrecipients of the Twenty-First Century Community Learning Centers (21st Century) program. During the year ended June 30, 2023, ISBE passed through 21st Century Program funding (totaling \$75,983,860) to 139 subrecipients. We noted ISBE did not follow its subrecipient monitoring procedures or conclusions were not retained or prepared. In other instances, monitoring documentation was missing required checklists, reports, corrective action plans, or evidence of supervisory review procedures. We also noted that ISBE's controls for monitoring are not designed at an appropriate level of precision to ensure monitoring of subrecipients is completed as required. (Finding 45, pages 134-136)

Qualified opinion

ISBE accepted our recommendation

The material noncompliance noted resulted in a qualified opinion on compliance for the Twenty-First Century Community Learning Centers Program. ISBE accepted our recommendation.

FAILURE TO REPORT SUBAWARD INFORMATION REQUIRED BY FFATA

IDHS, the Department of Public Health (IDPH), ICJIA, and Illinois Department of Transportation (IDOT) (collectively, the agencies)

Failure to report information required by FFATA

failed to report information required by the Federal Funding Accountability and Transparency Act (FFATA) for awards granted to subrecipients of multiple programs. Additionally, DCEO failed to maintain updated procedures which resulted in filing inaccurate FFATA reports.

FFATA requires 8 key data elements to be reported

FFATA requires the State to report certain identifying information related to awards made to subrecipients in amounts greater than or equal to \$30,000. Of the information required to be reported, the following key data elements are required to be audited:

1. Subawardee Name
2. Subawardee DUNS number
3. Amount of subaward
4. Subaward obligation or action date
5. Date of report submission
6. Subaward number
7. Subaward project description
8. Subawardee names and compensation of highly compensated officers

Failure to identify awards subject to FFATA and to report subawards in accordance with FFATA results in noncompliance with federal requirements. (Finding 9, pages 50-52; Finding 29, pages 98-99; Finding 32, pages 104-106; Finding 37, pages 116-117; Finding 43, pages 130-131)

Qualified opinions

The material noncompliance described above resulted in qualified opinions on the TANF, CCDF, SAPT, SSBG, LIHEAP, WIOA, COVID-19 – Immunization Cooperative Agreements, COVID-19 – Epidemiology and Laboratory Capacity for Infectious Diseases, and Airport Improvement programs. Additionally, the material noncompliance described above resulted in an adverse opinion on the CVA program.

Agencies accepted our recommendations

We recommended the agencies establish procedures and DCEO update its procedures to identify awards subject to FFATA reporting requirements and report required subaward information in accordance with FFATA.

The agencies and DCEO accepted our recommendations.

OTHER FINDINGS

The remaining findings pertain to other noncompliance and internal control matters. We will follow up on the status of corrective action on all findings in our next Statewide Single Audit for the year ended June 30, 2024.

AUDITORS' OPINION

The auditors stated the Schedule of Expenditures of Federal Awards for the State of Illinois as of and for the year ended June 30, 2023, is presented fairly in all material respects.

This single audit was conducted by KPMG 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

FJM:MEG