STATE OF ILLINOIS
OFFICE OF THE
AUDITOR GENERAL
Frank J. Mautino, Auditor General

SUMMARY REPORT DIGEST

DEPARTMENT OF EMPLOYMENT SECURITY

Financial Audit
For the Year Ended June 30, 2024

Release Date: October 30, 2025

FINDINGS THIS AUDIT: 5	New	Repeat	Total
Category 1:	**0**	**3**	**3**
Category 2:	**0**	**2**	**2**
Category 3:	**0**	**0**	**0**
TOTAL	**0**	**5**	**5**
FINDINGS LAST AUDIT: 8			

AGING SCHEDULE OF REPEATED FINDINGS			
Repeated Since	**Category 1**	**Category 2**	**Category 3**
2023	**1**	**4, 5**	
2020	**2, 3**		

INTRODUCTION

This digest covers the financial statement audit of the Unemployment Compensation Trust Fund of the State of Illinois, Department of Employment Security (Department) as of and for the year ended June 30, 2024.

SYNOPSIS

- (**24-1**) The Department improperly recorded refunds received related to both federal and non-federal programs.
- (**24-2**) The Department did not prepare its year-end bank reconciliations timely.

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.

DEPARTMENT OF EMPLOYMENT SECURITY
FINANCIAL AUDIT
For the Year Ended June 30, 2024

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION **Unemployment Compensation Trust Fund (in thousands)**		**FY 2024**
Operating Revenues		
Contributions - unemployment taxes	$	2,344,054
Total operating revenues		2,344,054
Operating Expenses		
Benefit payments and refunds		2,240,958
Total operating expenses		2,240,958
Operating Income (Loss)		103,096
Nonoperating Revenues		
Interest and investment income		43,957
Federal revenue		11,690
FUTA credit		2,536
Miscellaneous revenue		22,038
Total nonoperating revenues		80,221
Income Before Transfers		183,317
Transfers in		-
Transfers out		15,273
Change in Net Position		168,044
Net Position (deficit) July 1		1,961,865
Net Position (deficit) June 30	$	2,129,909

STATEMENT OF NET POSITION **Unemployment Compensation Trust Fund (in thousands)**		**June 30, 2024**
Assets		
Cash and cash equivalents	$	1,879,513
Receivables:		
Taxes, net		453,118
Due from other government - Federal		4,113
Due from other government - Local		35,555
Other receivables, net		412,447
Due from other Department and State funds		4,503
Due from component units of the State		124
Total assets	$	2,789,373
Liabilities		
Benefits payable and accrual		67,723
Accounts payable and accrued liabilities		89,314
Due to other government - Federal		91,030
Due to other government - Local		4,125
Due to other State funds		47,272
Due to other State funds - noncurrent		360,000
Total liabilities		659,464
Net Position		
Restricted for payment of benefits		2,129,909

AGENCY DIRECTOR
During Audit Period: Raymond Marchiori
Currently: Raymond Marchiori

FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS

INADEQUATE CONTROLS OVER RECORDING OF REFUNDS

The Department of Employment Security (Department) improperly recorded refunds received related to both federal and non-federal programs.

Erroneously booked negative revenue and expense

The Department was returned approximately $266 million related to unclaimed debit cards and other amounts that were funded during the pandemic, but the claimants were later determined to be ineligible for benefits. Of this amount, $239 million related to federally funded programs and was returned through the Treasury, $5 million is still owed to the federal government and is reflected as a liability at year-end, and $22 million relates to non-federal programs, which is reflected as miscellaneous revenue. In recording the related transactions, the Department erroneously booked a large amount of negative revenue and negative expense, resulting in an overstatement of intergovernmental receivables, net by $2 million, contributions for unemployment taxes by $25 million, and an understatement of benefit payments and refunds by $246 million, federal revenue by $22 million, and miscellaneous revenues by $247 million. An adjustment was recorded to correct these errors. (Finding 1, page 20)

We recommended the Department strengthen controls to ensure that refunds are properly recorded within the financial statements.

Department agreed

The Department accepted our recommendation.

INADEQUATE CONTROLS OVER CASH RECONCILIATIONS

The Department did not prepare its year-end bank reconciliations timely.

Reconciliations were not prepared timely

As part of our audit, we requested copies of the June 30, 2024 bank reconciliations. The reconciliations are between cash as recorded in the Department's general ledger, and cash as reported by the bank for each account. The Department did not have the reconciliations prepared timely for audit fieldwork and we received final versions of the June 2024 reconciliations on November 20, 2024. (Finding 2, page 21) **This finding has been reported since 2020.**

We recommended the Department prepare a monthly reconciliation for every cash account, reconciling the bank and general ledger balances. We also recommended each monthly bank reconciliation be timely completed and reviewed and approved by a supervisor.

Department agreed

The Department accepted our recommendations.

OTHER FINDINGS

The remaining findings pertain to inadequate controls over service providers, weaknesses in IBIS application, and inadequate controls over estimated receivables. We will review the Department's progress towards the implementation of our recommendations in our next engagement.

AUDITOR'S OPINION

The auditors stated the financial statements of the Unemployment Compensation Trust Fund of the Department of Employment Security as of and for the year ended June 30, 2024, are fairly stated in all material respects.

This financial audit was conducted by RSM US 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:dmg