OFFICE OF THE AUDITOR GENERAL

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Performance Audit
Follow-Up Report

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Performance Audit of the
IDES Unemployment Insurance Programs

Audit Follow-Up

In July 2023, the Office of the Auditor General (OAG) released a performance audit of the unemployment programs administered by the Illinois Department of Employment Security (IDES or Department) during the period of March 1, 2020, to September 6, 2021. The audit was conducted pursuant to Legislative Audit Commission Resolution Number 158. The audit contained a total of seven recommendations directed toward IDES. This is the first follow-up conducted. The current status of the recommendations is shown in the table below. Five recommendations were implemented, and two were partially implemented.

STATUS OF PERFORMANCE AUDIT RECOMMENDATIONS
As of June 30, 2025

Rec. No.	Recommendation Description	Agency	Current Status: Implemented	Current Status: Partially Implemented	Current Status: Not Implemented
1	Contract Signing	IDES	X		
2	UI Recession Plan	IDES	X		
3	Payment Tracer Affidavit Form Procedure	IDES	X		
4	Additional Cross-match Opportunities	IDES	X		
5	Fraud Reporting Requirements	IDES		X	
6	Identifying and Recouping Payments Made to Ineligible Individuals	IDES	X		
7	Quick Payment of Backdated Benefits	IDES		X	

Source: Summary of OAG follow-up.

Recommendation 1: Contract Signing

The Illinois Department of Employment Security should ensure contracts and amendments are signed prior to the effective date of the contract or amendment.

Current Status: Implemented

Auditors reviewed a sample of contracts entered into during FY24 and FY25 and found that the sampled contracts were all signed prior to the effective date of the contract.

Recommendation 2: UI Recession Plan

The Illinois Department of Employment Security should develop a Recession Plan, including lessons learned during the COVID-19 pandemic, for future reference in times of rapidly increasing claim volumes.

Current Status: Implemented

Auditors reviewed the IDES Contingency Plan, which IDES developed as a Recession Plan effective November 2025. The IDES Contingency Plan includes a summary of issues highlighted during the COVID-19 pandemic, changes IDES implemented since the start of the pandemic, ongoing improvements, economic and customer service monitoring metrics, and an economic priority list to assist senior staff to prioritize actions to respond quickly when an increase in claims occurs.

Recommendation 3: Payment Tracer Affidavit Form Procedure

The Illinois Department of Employment Security should update its procedure for handling payment tracer affidavit forms to allow the Department to better handle a large influx of forms. This update should include a process for tracking the submission of payment tracer affidavit forms. If possible, the Department should explore best practices in this area to determine if more efficient methods and tools are available.

Current Status: Implemented

IDES created Policy and Procedure 5812 on April 5, 2024, that includes a general process overview, an explanation of forms needed, and additional specific procedures for various divisions/units that are a part of the Payment Tracer Affidavit process. IDES officials noted that they streamlined the process and improved efficiency through revisions of the IDES investigation procedures, and the redesign of the payment tracer form to be more concise and user-friendly. The payment tracer form pre-populates when possible to reduce incomplete and erroneous forms; the form is also trackable in the Illinois Benefits Information System (IBIS). Additionally, according to IDES, it improved the internal processing by instituting a triaging approach and other quality assurance activities.

Recommendation 4: Additional Cross-match Opportunities

The Illinois Department of Employment Security should research and implement further cross-match and fraud prevention tools that may be available. The Department should specifically consider implementing the Prisoner Update Processing System data match and the Bank Account Verification service. These tools would provide the Department with more opportunities to identify and prevent payment of fraudulent claims.

Current Status: Implemented

According to IDES officials, there were new cross-match and fraud prevention tools implemented during FY24-FY25, including a Benefit Payment Control Tableau Dashboard (implemented in August 2024) and the Prisoner Update Processing System (implemented June 2025). Two additional tools were implemented in July 2025 (FraudNet by Experian and One Time Passcode), and one was scheduled to be implemented in September 2025 (Experian's CrossCore Doc Capture). IDES also has access to and uses the Bank Account Verification service through the Integrity Data Hub.

Recommendation 5: Fraud Reporting Requirements

The Illinois Department of Employment Security should submit all overdue ETA 9178-P and ETA 9178-F quarterly progress reports as required by UIPL 16-20 Change 1 and UIPL 28-20 and continue to submit the reports on a timely basis.

Current Status: Partially Implemented

According to IDES, several of the oldest reports were excused by the U.S. Department of Labor. The ETA 9178-P and ETA 9178-F reports are required to be submitted within 45 days after each quarter's end. Only one of the reports submitted for quarters ending in FY24 or FY25 met this requirement. The remaining 13 reports were submitted late, ranging from 15 days late to 488 days late. The most overdue reports were for the period ended March 31, 2024. Five of the 9178-F reports and five of the 9178-P reports for FY24-FY25 were not submitted until September 15, 2025; prior to this date, the last submittal date was February 29, 2024.

Recommendation 6: Identifying and Recouping Payments Made to Ineligible Individuals

The Illinois Department of Employment Security should seek to identify and recoup as appropriate any payments for applicants who received inappropriate benefits. In addition, the Department should specifically target any payments made to applicants who were deceased or ineligible due to incarceration. IDES should pay special attention to overpayment balances that only considered January 2021 moving forward.

Current Status: Implemented

IDES reports identifying additional overpayments in FY24 and FY25 and reporting overpayments and recovery totals in the ETA-227 and ETA-902P reports. IDES has made efforts to recoup benefits, offset payments, and recover monies based on the goals noted below:

- Recouping 25 percent of net benefits of non-fraud overpayments;
- Recouping 100 percent of net benefits of fraud overpayments;
- Recouping 5-10 percent of the overpayment amount per month;
- Payment offsets from the Illinois Office of the Comptroller;
- Payment offsets from the Internal Revenue Service;
- Repayment arrangements per a court's judgement or Attorney General Civil Prosecution and Criminal Prosecutions;
- Payments from Chapter 7 and Chapter 13 bankruptcy trusts; and
- Increasing ability to recover benefits due to legislative efforts.

According to IDES officials, IDES has assessed overpayments on IBIS and Pandemic Unemployment Assisstance incarcerated and death data. During the original audit, auditors identified claimants that appeared to be ineligible due to incarceration or a match within death data and provided this information to IDES. In the original report, the total amount of payments to deceased individuals was noted as $6.0 million, and the total amount of payments to incarcerated individuals was $40.5 million. IDES reported assessing overpayments of $5.8 million on claims for deceased individuals and $12.5 million on claims for incarcerated individuals. Assessed overpayments are minus any amounts that were written off as ID theft. According to IDES, the amount recovered from these categories is approximately $61,000.

Recommendation 7: Quick Payment of Backdated Benefits

The Illinois Department of Employment Security should consider instituting additional controls/holds on payments exceeding a determined amount to minimize loss from fraud when issuing payments for backdated claims and/or large benefit payment amounts.

Current Status: Partially Implemented

As of September 10, 2025, IDES began using a threshold amount for putting a hold on payments for backdated claims and/or large payments. IDES designated the threshold as four times the Weekly Benefit Amount. IDES created a backdating decision tree, a backdating checklist, and supplemental backdating questions. IDES officials noted that there was not a change to the Administrative Rules because the infrastructure was already in place through 57 Ill. Adm. Code 2720.105. Auditors noted that none of the documents provided by IDES discuss or refer to the threshold amount or the process if a claim exceeds the threshold.

Follow-up was conducted by staff from the Office of the Auditor General. This was the first time follow-up has been done on the recommendations from the July 2023 performance audit.