



Christopher B. Meister Auditor General

www.auditor.illinois.gov

Performance Audit of the Procurement and Administration of the Contract with Morneau Shepell Audit Follow-Up

In March 2019, the Office of the Auditor General released a performance audit of the Department of Central Management Services' (Department or CMS) Procurement and Administration of the Contract with Morneau Shepell. The audit contained nine recommendations to improve the procurement and administration process. As part of the Fiscal Years 2022 and 2023 financial audit and compliance examination of the Department, follow-up was performed on the two remaining recommendations, and it was determined the Department partially implemented the two recommendations. As part of the Fiscal Years 2024 and 2025 compliance examination of the Department, follow-up was performed on the two remaining recommendations, and it was determined that the Department partially implemented the recommendations. The current status of the recommendations is shown in the table below.

STATUS OF PERFORMANCE AUDIT RECOMMENDATIONS

As of June 30, 2025

Table with 6 columns: Rec. No., Recommendation Description, Agency, and Current Status (Implemented, Partially Implemented, Not Implemented). It lists 9 recommendations with their respective agencies and implementation statuses.

Source: Summary of OAG follow-up.

Recommendation 4: Need for the Custom Benefit Solution

CMS should conduct a cost-benefit analysis before procuring any new major system. This analysis should include an examination of whether the State currently has resources that could provide the services in a cost-effective manner.

Current Status: Partially Implemented

The Department implemented a procurement policy in October 2019, which includes a provision that the Bureau of Benefits conduct a cost-benefit analysis before procuring any new major system, including an examination of whether the State currently has resources that could provide services in a cost-effective manner.

During the current engagement, the Department reprocured a new contract for Benefit Administration Solution services, including a Benefit Administration Solution System for eligible members in the State Employee Group Insurance Program, Local Government Health Plan, College Insurance Plan, and Teacher's Retirement Insurance Plan. The Department stated they did not intend to use State resources to internally develop a Benefit Administration Solution System; therefore, no cost-benefit analysis was performed.

Recommendation 9: Custom Benefit Solution Performance Issues

CMS should develop a tool to be used in the procurement process to help identify the parties affected by the implementation of new procurements and document what role those parties played in the procurement to ensure all relevant parties are included in the process. CMS should also ensure all controls are tested prior to implementation of any major new system.

Current Status: Partially Implemented

During the current engagement, the Department began working with relevant stakeholders to obtain feedback on their needs for a custom benefit solution. During the current engagement, the Department reprocured a new contract for Benefit Administration Solution services, including a Benefit Administration Solution System for eligible members in the State Employee Group Insurance Program, Local Government Health Plan, College Insurance Plan, and Teacher's Retirement Insurance Plan. During the engagement period, the Department gathered feedback from relevant stakeholders on the current system. The stakeholders did not play a formal role in the procurement process other than providing feedback regarding the current system as users. However, the input was documented and incorporated as appropriate in the solicitation specifications. The legacy vendor was awarded the contract, and no new major system was implemented during the engagement period. Since no new major system was implemented during the engagement period, we were unable to test if all controls were tested prior to implementation.

Follow-up was conducted as part of the Fiscal Years 2024 and 2025 State compliance examination by our special assistant auditors, Sikich. This was the third time follow-up has been done on the recommendations from the March 2019 performance audit.