



**OFFICE OF THE  
AUDITOR GENERAL**

May 19, 2026  
Performance Audit

**Follow-Up Report**

**Christopher B. Meister** Auditor General

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Performance Audit of the  
**Vendor Payment Program**  
**Audit Follow-Up**

In June 2021, the Office of the Auditor General released a performance audit of the Vendor Payment Program. The audit contained 11 recommendations: 3 recommendations were directed to the Department of Central Management Services (Department or CMS); 2 recommendations were directed to the Illinois Office of Comptroller (IOC); and 6 recommendations were directed to both CMS and the IOC. As part of the Fiscal Years 2022 and 2023 financial audit and compliance examination of the Department, follow-up was performed on the nine recommendations made to the Department, and it was determined the Department had implemented two recommendations, partially implemented three recommendations, and not implemented four recommendations. As part of the Fiscal Years 2024 and 2025 compliance examination of the Department, follow-up was performed on the seven remaining recommendations made to the Department, and it was determined the Department had implemented one recommendation, partially implemented four recommendations, and not implemented two recommendations. The current status of the recommendations is shown in the table below.

**STATUS OF PERFORMANCE AUDIT RECOMMENDATIONS**

As of June 30, 2025

| Rec. No. | Recommendation Description                                     | Agency    | Current Status |                       |                 |
|----------|--|-----------|----------------|-----------------------|-----------------|
|          |  |           | Implemented    | Partially Implemented | Not Implemented |
| 1        | Program Administrative Responsibilities                        | CMS & IOC |                | X                     |                 |
| 2        | Qualified Purchaser Application Period                         | CMS       |                |                       | X               |
| 3        | Lack of Documentation to Support Qualified Purchaser Decisions | CMS       |                |                       | X               |
| 4        | Deferred Payment Reserve Accounts                              | CMS & IOC |                | X                     |                 |
| 5        | Financial Backer Disclosures                                   | CMS & IOC |                | X                     |                 |
| 6        | Misdirected Payments   | IOC       |                | X                     |                 |
| 7        | Monthly Reporting Deficiencies                                 | CMS & IOC |                | X                     |                 |
| 8        | Ineligible Accounts Receivable                                 | CMS       | X              |                       |                 |
| 9        | Violation of Program Terms – Monitoring                        | CMS & IOC | X (CMS)        | X (IOC)               |                 |
| 10       | Vendors with More than One Qualified Purchaser                 | CMS & IOC | X              |                       |                 |
| 11       | Prompt Payment Interest  | IOC       |                |                       | X               |

Source: Summary of OAG follow-up.

**Recommendation 1: Program Administrative Responsibilities**

*CMS and the IOC should determine which activities each agency has responsibility for under the Vendor Payment Program and memorialize those responsibilities in an Intergovernmental Agreement.*

**Current Status: Partially Implemented**

During the 2021 performance audit, auditors noted the Department and the IOC, while having authority to administer the Vendor Payment Program (Program), do not have any agreement that details the responsibilities of each agency in administering the Program.

During the current examination, the Department continued to state, “PA 102-291 (eff. 8-6-21) clarified the Department as the program administrator by removing the IOC from the ‘authorized to establish and implement’ paragraph the Office of the Auditor General relied upon to produce this finding. Taking this into considering, the Department does not see a need for an Interagency Agreement (IGA).”

During the Vendor Payment Program Audit follow-up at the IOC, the IOC provided auditors with a copy of the draft IGA the IOC submitted to the Department, which outlined the roles of each agency in relation to the Program. However, the draft IGA is neither final nor executed.

Auditors continue to disagree with the Department’s assertion that the IGA is not necessary. The statute and Program Terms still include the IOC in several administrative functions in consultation with the Department, including performance reviews, the ability to terminate both qualified purchasers and/or sub-participants, and the ability to terminate the Program. In order to make any Program related decisions, the Department and the IOC would both need to be actively involved with the above administrative duties.

Additionally, the Department does not include all qualified purchasers’ financial backer disclosures on their website. The Department’s website defers to the IOC’s website for access to all qualified purchasers’ financial backer disclosures. The Department contends, “The Department’s website continues to redirect to the IOC website when searching for all qualified purchasers’ financial backer disclosures. The Department views the requirement that the disclosures be posted on both websites as unnecessarily duplicative. By maintaining one repository for these data sets and providing links to that repository, the Department and IOC are ensuring that there are no discrepancies in the data related to the program that is available to the public. The dual posting requirement that is recommended not only requires the Department to devote resources to a task that is duplicating a service already made available by another state agency, but it also creates an opportunity for discrepancy between the Department and IOC websites. CMS continues to believe providing a link [to] a single repository is in the best interests of the program, the agency, and the State.” Auditors believe redirecting to the IOC’s website is reasonable to implement this portion of the recommendation. As for the qualified purchasers’ monthly reporting, both the Department’s and IOC’s websites contain this information.

### **Recommendation 2: Qualified Purchaser Application Period**

*CMS should comply with State rules and define an application period when it seeks to add qualified purchasers to the Vendor Payment Program.*

#### **Current Status: Not Implemented**

During the 2021 performance audit, the Department failed to document the application periods for those seeking to become qualified purchasers in the Program. The failure led to the Department to inform an Illinois-based minority-owned firm that attempted to become a potential qualified purchaser that the application period was closed. However, the Department subsequently approved four other qualified purchasers over the next three months immediately following this communication.

During the current examination period, the Department continued to state that they have not pursued additional qualified purchasers for some time and has no plan to do so in the future. The Department also stated, should circumstances change, a documented selection process will be developed at that time.

### **Recommendation 3: Lack of Documentation to Support Qualified Purchaser Decisions**

*CMS should perform the review necessary and document the selection process, including testing of applicant information technology capabilities, for qualified purchasers in the Vendor Payment Program.*

#### **Current Status: Not Implemented**

During the 2021 performance audit, the Department identified criteria for selection; however, the criteria were not consistently followed. In addition, the Department could not tell auditors who specifically made the decisions to approve entities seeking to become qualified purchasers, and the Department had not maintained documentation to support how qualified purchasers for the Program were selected. Furthermore, from what documentation was available, it appeared the Department allowed and facilitated the purchase of receivables by a qualified purchaser that did not have all formalized documentation submitted for selection to the Program.

During the current examination period, the Department continued to state that they have not pursued additional qualified purchasers for some time and have no plan to do so in the future. The Department also stated, should circumstances change, a documented selection process will be developed at that time.

#### **Recommendation 4: Deferred Payment Reserve Accounts**

*CMS and the IOC should enforce the requirement of the maintenance and review of Deferred Payment Reserve Accounts under the Vendor Payment Program. Additionally, the IOC and CMS should make a definite determination as to whether the existing qualified purchasers are exempt from maintaining a Deferred Payment Reserve Account.*

#### **Current Status: Partially Implemented**

During the 2021 performance audit, the Department and the IOC did not enforce Program Terms relative to Deferred Payment Reserve Accounts for the Program.

During the current examination period, the Department stated that the Deferred Payment Reserve Account is a Program requirement but is not mandated by law or rule. Qualified purchasers are required to set aside 10 percent from the initial transaction. The Department further stated if other arrangements are made later where the qualified purchaser wants to release more to the vendor, that would be between the vendor and the qualified purchaser. Only one qualified purchaser had activity during the engagement period. This vendor established a Deferred Payment Reserve Account. The Department believes the review requirement is currently in place and being met through the annual qualified purchasers' financial disclosures. The Department also stated that the accounts reported as part of the disclosures are trust funds set up to illustrate available funds for investment and collateralization.

Auditors agree that the Deferred Payment Reserve Account is a Program requirement not found in law or rule. Auditors also note that the Deferred Payment Reserve Account requirement found in the Program Terms was the criteria used in the original recommendation and those Terms remain unchanged. However, auditors disagree with the Department's position that the trust fund information detailed in the financial backer disclosures meets the Deferred Payment Reserve Account requirement. Auditors also note that the Department's current position was not mentioned during the original performance audit. The requirements, as reported in the original audit, includes that the account: will be maintained as a not-interest-bearing account; will be maintained and tracked by the qualified purchaser with an ongoing accounting of the funds; and will **have a copy of accounting promptly furnished to the Department and the IOC on a monthly basis, no later than 30 days after the end of each month** and otherwise upon request of the Department and/or the IOC from time to time. The trust information reported in the disclosures does not contain the level of detail as required by the Program Terms, and the monthly requirement detailed above cannot be met with the annually filed financial backer disclosures.

#### **Recommendation 5: Financial Backer Disclosures**

*CMS and the IOC should clarify when the General Assembly expects financial backer disclosures to be filed for the Vendor Payment Program. Additionally, CMS and the IOC should consider revising the joint administrative rules to codify financial backer disclosures, including when those disclosures need to be filed. Finally, CMS and the IOC should ensure that all qualified purchasers are submitting all required information on the financial backer disclosures, and in a timely manner.*

#### **Current Status: Partially Implemented**

During the 2021 performance audit, the Department and the IOC allowed qualified purchasers to submit financial backer disclosures after the fact. Disclosures due July 1, 2020, had yet to be published by the Department by March 31, 2021. The IOC published the disclosures on March 31, 2021. Therefore, the public had 639 days of not knowing who was providing financial backing for qualified purchasers participating in the Program. Auditors found that disclosures were not always filed timely and that the Department and the IOC do not know whether the disclosures are accurate.

Public Act 102-289 made changes to 30 ILCS 540/9 for the financial backer filing requirements. Specifically, the filing deadline was changed from July 1 to August 1 to allow for accurate and timely reporting by the qualified purchasers. Additionally, Public Act 102-289 added the following language, "for the previous fiscal year" regarding what information is to be reported. Due to the fact that the deadline is incorporated into the statutory text providing for the financial disclosure requirement, the Department is of the opinion that further codifying the statutory change into the Administrative Code would be redundant and an unnecessary use of agency resources. We believe this position is reasonable.

During testing auditors found 3 of 8 (38%) disclosures were not timely filed. The disclosures were filed between 5 and 32 days late. It is worth noting the qualified purchasers that did not file their disclosures timely did not have any activity during the engagement period.

### **Recommendation 7: Monthly Reporting Deficiencies**

*CMS and the IOC should take the steps necessary to make all monthly reporting criteria consistent for the Vendor Payment Program. Additionally, CMS and the IOC should confirm that all required information is submitted by the qualified purchasers on the monthly reports.*

#### **Current Status: Partially Implemented**

During the 2021 performance audit, the Department and the IOC did not take the necessary actions to confirm that all qualified purchasers have complied with the monthly reporting requirements for the Program. This resulted in missing data on the monthly reporting that occurred during FY19 and FY20. Additionally, the guidance on what should be reported is inconsistent with the directives from the State Prompt Payment Act (Act).

Auditors reviewed the Act, joint IOC and Department administrative rules, and the Program Terms and found that the monthly reporting criteria continue to remain inconsistent. As previously reported, the joint IOC and Department administrative rules and the Program Terms did not include the criteria from the Act relative to the aggregate number and dollar value of invoices purchased by the qualified purchaser for which no voucher has been submitted. Auditors reviewed the June 2025 monthly report and found the reporting requirements, including State contract numbers and vouchers numbers, were present in the reports.

During the previous examination, the Department stated they were working on an electronic application that will allow vendors to upload information directly. According to the Department, this application will electronically pull the needed contract numbers that were once inaccessible via the State's Enterprise Resource Planning system. This project has been abandoned due to the reduced utilization of the Program.

### **Recommendation 9: Violation of Program Terms – Monitoring**

*CMS and the IOC, as the parties responsible for the Vendor Payment Program, should ensure that qualified purchasers operate under the Program Terms relative to the payment process.*

#### **Current Status: Implemented**

During the 2021 performance audit, the Department and the IOC allowed qualified purchasers to operate the payment process under the Program in violation of the Program Terms. This can result in one qualified purchaser having a competitive advantage over another if its payment terms are more generous than another qualified purchaser.

During the current engagement, the Department noted there was one qualified purchaser that met the criteria per the Program Terms during the engagement period. The Program Terms allow a qualified purchaser to utilize a three-payment process but **only if the qualified purchaser is able to demonstrate to the Department that it can accurately estimate each of the penalty amounts prior to payment.**

During our review of the June 2025 Vendor Assistance Program Monthly report, auditors found the qualified purchaser could demonstrate to the Department that it can accurately estimate each of the penalty amounts prior to payment. Auditors tested the payment process utilized for 40 receivables assigned to the only qualified purchaser having receivables assigned in Fiscal Years 2024 and 2025. Auditors found that the three-payment process was utilized for all receivables tested. Auditors found that the qualified purchaser made the initial payment of 90 percent of the receivable to the vendor. The State then paid the total amount of the receivable to the qualified purchaser but did not include the prompt pay interest. The qualified purchaser made a second payment to the vendor toward the remaining 10 percent of the receivable in the amount of interest accrued at the time the receivable was paid to the qualified purchaser. The qualified purchaser then made the third and final payment to the vendor for the balance of the receivable when the State paid the qualified purchaser the entire amount of the prompt pay penalty.

*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 second time follow-up has been done on the recommendations from the June 2021 performance audit.*