



STATE OF ILLINOIS

Single Audit Report

For the Year Ended June 30, 2022

Performed as Special Assistant Auditors for
the Auditor General, State of Illinois

Independent Auditors' Report on the
Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

Independent Auditors' Report on Internal Control Over Financial Reporting and on
Compliance and Other Matters Based on an Audit of the Schedule of Expenditures of Federal Awards
Performed in Accordance with *Government Auditing Standards*

Independent Auditors' Report on Compliance for Each Major Program and
Report on Internal Control Over Compliance Required by the Uniform Guidance

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Single Audit Report

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Other Reports Issued Applicable to the Single Audit:

The Annual Comprehensive Financial Report of the State of Illinois for the year ended June 30, 2022 was issued under separate cover by the Auditor General of the State of Illinois.

The Report on Internal Control over Financial Reporting and on Compliance and Other Matters and Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* for the year ended June 30, 2022 was issued under separate cover by the Auditor General of the State of Illinois.

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Summary

The compliance audit testing performed in this audit was conducted in accordance with auditing standards generally accepted in the United States of America, *Government Auditing Standards*, Single Audit Act Amendments of 1996, and Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the Uniform Guidance).

Auditors' Reports

The auditors' report on compliance and on internal control applicable to each major program contains modifications for the following programs:

Disclaimer:

Federal Family Education Loans – Guaranty Agencies (84.032G)

Adverse:

COVID-19 – Homeowner Assistance Fund (21.026)

Qualified (Noncompliance):

SNAP Cluster (10.551/10.561)

Crime Victim Assistance (16.575)

Unemployment Insurance (17.225)

COVID-19 – Airport Improvement Program (20.106)

COVID-19 – Coronavirus Relief Fund (21.019)

Aging Cluster (93.044/93.045/93.053)

Epidemiology and Laboratory Capacity for Infectious Diseases (ELC) (93.323)

Temporary Assistance for Needy Families (93.558)

CCDF Cluster (93.575/93.596)

Children's Health Insurance Program (93.767)

Medicaid Cluster (93.775/93.777/93.778)

Block Grants for Prevention and Treatment of Substance Abuse (93.959)

Summary of Audit Findings

	<u>This audit</u>	<u>Prior audit</u>
Number of audit findings:		
This audit	34	40
Repeated audit findings	16**	15*
Prior findings implemented or not repeated	21	11
Prior findings not corrected noted in summary schedule of prior year findings	3	4

* 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 included in the June 30, 2021 report were combined to be reported as one finding in the report for the year ended June 30, 2022. In addition, one of the repeat audit findings included in the June 30, 2022 report was

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Summary

reported in the June 30, 2021 Schedule of Prior Findings. The finding related to a compliance requirement that was not direct and material during the June 30, 2021 audit.



KPMG LLP
Aon Center
Suite 5500
200 E. Randolph Street
Chicago, IL 60601-6436

Independent Auditors' Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

Honorable Frank J. Mautino
Auditor General
State of Illinois

Report on the Audit of the Schedule of Expenditures of Federal Awards

Opinion

As special assistant auditors for the Auditor General, we have audited the accompanying schedule of expenditures of federal awards of the State of Illinois for the year ended June 30, 2022, and the related notes (the Schedule).

In our opinion, the accompanying schedule of expenditures of federal awards presents fairly, in all material respects, the expenditures of federal awards of the State of Illinois for the year ended June 30, 2022 in accordance with the cash basis of accounting described in note 1(c).

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of the Schedule section of our report.

We are required to be independent of the State of Illinois, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter – Basis of Accounting

We draw attention to note 1(c) of the Schedule, which describes the basis of accounting. The Schedule is prepared on the cash basis of accounting, which is a basis of accounting other than U.S. generally accepted accounting principles. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Schedule

Management is responsible for the preparation and fair presentation of the Schedule in accordance with the cash basis of accounting described in note 1(c), and for determining that the cash basis of accounting is an acceptable basis of accounting for the preparation of the Schedule in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the Schedule that is free from material misstatement, whether due to fraud or error.

Auditors' Responsibilities for the Audit of the Schedule

Our objectives are to obtain reasonable assurance about whether the Schedule as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit



conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the Schedule.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the Schedule, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the Schedule.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the State of Illinois' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the Schedule.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Other Matters

As described in note 1(a) to the Schedule, the Schedule does not include expenditures of federal awards for those agencies determined to be component units of the State of Illinois for financial statement purposes. Each of these agencies has their own independent audit in compliance with the Uniform Guidance, if required.

Also as described in note 1(a) to the Schedule, the Schedule does not include federal transactions related to loans held and serviced by the Illinois Designated Account Purchase Program (IDAPP), a division of the Illinois Student Assistance Commission, under the Federal Family Educational Loan program ALN 84.032L. IDAPP has elected to have a separate lender compliance audit performed in accordance with the U.S. Department of Education's *Compliance Audits (Attestation Engagements) for Lenders and Lender Servicers Participating in the Federal Family Education Loan Program* Audit Guide.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2023 on our consideration of the State of Illinois' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the State of Illinois' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the State of Illinois' internal control over financial reporting and compliance.

/s/KPMG LLP

Chicago, Illinois
December 18, 2023

STATE OF ILLINOIS
Schedule of Expenditures of Federal Awards
Year ended June 30, 2022

Federal Agency/Program or Cluster	Federal ALN	Expenditures (in whole \$)	Passed- to through subrecipients
U.S. Department of Agriculture:			
Plant and Animal Disease, Pest Control, and Animal Care	10.025	\$ 254,336	159,260
Conservation Reserve Program	10.069	200,218	—
Voluntary Public Access and Habitat Incentive Program	10.093	696,116	51,102
Market News	10.153	30,000	—
Market Protection and Promotion	10.163	57,000	—
Specialty Crop Block Grant Program – Farm Bill	10.170	687,292	614,612
Cooperative Agreements with States for Intrastate Meat and Poultry Inspection	10.475	7,525,097	—
Farm and Ranch Stress Assistance Network Competitive Grants Program	10.525	491,527	462,242
Child and Adult Care Food Program Meal Service Training Grants	10.534	17,850	—
Supplemental Nutrition Assistance Program (SNAP) Employment and Training (E&T) Data and Technical Assistance Grants	10.537	412,183	90,746
COVID-19 – Pandemic Electronic Benefit Transfer (EBT) Food Benefits	10.542	1,003,174,798	—
Supplemental Nutrition Assistance Program (SNAP) Cluster:			
Supplemental Nutrition Assistance Program	10.551	5,605,397,999	—
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	172,379,197	24,245,038
COVID-19 State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	23,793,585	307,217
Total SNAP Cluster		5,801,570,781	
Child Nutrition Cluster:			
School Breakfast Program	10.553	169,067,142	168,919,436
National School Lunch Program	10.555	736,161,085	735,778,711
COVID-19 – National School Lunch Program	10.555	49,368,175	49,368,172
Special Milk Program for Children	10.556	996,770	996,769
Summer Food Service Program for Children	10.559	70,214,076	70,169,007
Fresh Fruit and Vegetable Program	10.582	4,601,580	4,601,580
Total Child Nutrition Cluster		1,030,406,828	
Special Supplemental Nutrition Program for Women, Infants, and Children Program:			
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	139,037,561	70,613,189
COVID-19 – Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	3,758,024	—
Total Special Supplemental Nutrition Program for Women, Infants, and Children Program		142,795,585	
Child and Adult Care Food Program:			
Child and Adult Care Food Program	10.558	127,719,398	127,108,278
COVID-19 – Child and Adult Care Food Program	10.558	15,259,196	15,259,196
Total Child and Adult Care Food Program		142,978,594	
State Administrative Expenses for Child Nutrition			
Food Distribution Cluster:	10.560	12,604,422	—
Commodity Supplemental Food Program	10.565	5,054,429	5,054,429
Emergency Food Assistance Program (Administrative Costs)	10.568	8,224,467	5,871,301
COVID-19 – Emergency Food Assistance Program (Administrative Costs)	10.568	2,882,618	1,142,970
Emergency Food Assistance Program (Food Commodities)	10.569	39,559,667	39,559,667
Total Food Distribution Cluster		55,721,181	
WIC Farmers' Market Nutrition Program (FMNP)	10.572	94,494	82,435
Senior Farmers Market Nutrition Program	10.576	798,534	—
Child Nutrition Discretionary Grants Limited Availability	10.579	783,985	783,984
Supplemental Nutrition Assistance Program, Process and Technology Improvement Grants	10.580	658,705	—
Child Nutrition Direct Certification Perf Awards	10.589	35,821	35,821
Pandemic EBT Administrative Costs:			
Pandemic EBT Administrative Costs	10.649	6,878,100	—
COVID-19 – Pandemic EBT Administrative Costs	10.649	5,427,372	1,071,177
Total Pandemic EBT Administrative Costs		12,305,472	
Cooperative Forestry Assistance	10.664	34,869	—
Schools and Roads – Grants to States	10.665	523,274	—
Urban And Community Forestry Program	10.675	299,161	—
Forest Stewardship Program	10.678	157,640	—
State and Private Forestry Cooperative Fire Assistance	10.698	570,143	284,000
U.S. Department of Agriculture Total		8,215,885,906	1,322,428,339
U.S. Department of Commerce:			
Coastal Zone Management Administration Awards	11.419	2,188,736	1,952,885
U.S. Department of Commerce Total		2,188,736	1,952,885
U.S. Department of Defense:			
Procurement Technical Assistance For Business Firms	12.002	1,198,512	425,571
State Memorandum of Agreement Program for the Reimbursement of Technical Services	12.113	663,353	—
Military Construction, National Guard	12.400	18,908,106	—
National Guard Military Operations and Maintenance (O&M) Projects	12.401	21,982,488	—
National Guard Challenge Program	12.404	5,253,399	—
U.S. Department of Defense Total		47,705,858	425,571
U.S. Department of Housing and Urban Development:			
Community Development Block Grants/Entitlement Grants	14.218	929	—
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	23,634,998	22,216,828
COVID-19 – Emergency Solutions Grant Program	14.231	22,329,631	22,035,455
Housing Opportunities for Persons with AIDS:			
Housing Opportunities for Persons with AIDS	14.241	1,053,552	1,053,552
COVID-19 – Housing Opportunities for Persons with AIDS	14.241	20,323	20,323
Total Housing Opportunities for Persons with AIDS		1,073,875	
Fair Housing Assistance Program State and Local	14.401	834,956	—
Lead-Based Paint Hazard Control in Privately-Owned Housing	14.900	435,582	429,862
U.S. Department of Housing and Urban Development Total		48,309,971	45,756,020
U.S. Department of the Interior:			
Regulation of Surface Coal Mining and Surface Effects of Underground Coal Mining	15.250	3,205,092	213,483
Abandoned Mine Land Reclamation (AMLR)	15.252	13,244,689	—
Flood Control Act Lands	15.433	731,182	—
Fish and Wildlife Management Assistance	15.608	1,562,693	1,562,693
Fish and Wildlife Cluster:			
Sport Fish Restoration	15.605	6,237,383	1,992,375
Wildlife Restoration and Basic Hunter Education	15.611	13,457,300	5,807,507
Total Fish and Wildlife Cluster		19,694,683	
Cooperative Endangered Species Conservation Fund	15.615	180,191	84,242
Coastal	15.630	101,242	—
State Wildlife Grants	15.634	1,812,365	1,684,557
Great Lakes Restoration	15.662	6,515,882	3,933,653
White-nose Syndrome National Response Implementation	15.684	58,621	58,621
Historic Preservation Fund Grants-in-Aid	15.904	607,901	55,861
Outdoor Recreation Acquisition, Development and Planning	15.916	473,371	473,371
U.S. Department of the Interior Total		48,187,902	15,866,363

STATE OF ILLINOIS
Schedule of Expenditures of Federal Awards
Year ended June 30, 2022

Federal Agency/Program or Cluster	Federal ALN	Expenditures (in whole \$)	Passed-to through subrecipients
U.S. Department of Justice:			
Sexual Assault Services Formula Program	16.017	\$ 445,275	418,966
COVID-19 – Coronavirus Emergency Supplemental Funding Program	16.034	8,515,976	7,546,005
Services for Trafficking Victims	16.320	100,372	91,041
Education, Training, and Enhanced Services to End Violence Against and Abuse of Women with Disabilities	16.529	46,065	38,438
Juvenile Justice and Delinquency Prevention	16.540	1,132,965	901,416
Missing Children's Assistance	16.543	515,123	—
Title V Delinquency Prevention Program	16.548	118,040	118,040
State Justice Statistics Program for Statistical Analysis Centers	16.550	54,518	—
National Institute of Justice Research, Evaluation, and Development Project Grants	16.560	111,485	—
Crime Victim Assistance	16.575	86,803,479	83,375,712
Crime Victim Compensation	16.576	3,069,638	—
Crime Victim Assistance/Discretionary Grants	16.582	1,072,236	200,286
Drug Court Discretionary Program	16.585	144,612	—
Violence Against Women Formula Grants	16.588	4,257,437	3,888,310
Rural Domestic Violence, Dating Violence, Sexual Assault, and Stalking Assistance Program	16.589	112,165	—
Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program	16.590	150,160	24,199
Residential Substance Abuse Treatment for State Prisoners	16.593	537,792	115,542
Bulletproof Vest Partnership Program	16.607	6,925	6,925
Project Safe Neighborhoods	16.609	59,664	—
Public Safety Partnership and Community Policing Grants	16.710	45,000	—
Special Data Collections and Statistical Studies	16.734	456,989	—
Prison Rape Elimination Act (PREA) Program: Strategic Support for PREA Implementation	16.735	6,570	—
Edward Byrne Memorial Justice Assistance Grant Program	16.738	4,629,865	3,782,200
DNA Backlog Reduction Program	16.741	2,225,306	—
Paul Coverdell Forensic Sciences Improvement Grant Program	16.742	632,234	432,390
Harold Rogers Prescription Drug Monitoring Program	16.754	1,373,520	—
Second Chance Act Reentry Initiative	16.812	131,843	29,756
John R. Justice Prosecutors and Defenders Incentive Act	16.816	56,642	—
Comprehensive Opioid, Stimulant, and Substance Abuse Program	16.838	5,627	—
STOP School Violence	16.839	221,045	—
Equitable Sharing Program	16.922	382,734	380,271
U.S. Department of Justice Total	Total	117,421,302	101,349,498
U.S. Department of Labor:			
Labor Force Statistics	17.002	2,191,874	—
Compensation and Working Conditions	17.005	268,298	—
Employment Service Cluster:			
Employment Service/Wagner-Peyser Funded Activities	17.207	16,648,013	—
Jobs for Veterans State Grants	17.801	1,202,514	—
Total Employment Service Cluster		17,850,527	
Unemployment Insurance			
COVID-19 – Unemployment Insurance	17.225	2,236,535,243	—
COVID-19 – Unemployment Insurance – MEUC	17.225	30,289,267	—
COVID-19 – Unemployment Insurance – Federal Pandemic Unemployment Compensation	17.225	450,008	—
COVID-19 – Unemployment Insurance – Pandemic Emergency Unemployment Compensation	17.225	1,935,882,696	—
COVID-19 – Unemployment Insurance – Pandemic Unemployment Assistance	17.225	893,606,580	—
Total Unemployment Insurance	17.225	444,319,389	—
Total Unemployment Insurance		5,541,083,183	
Senior Community Service Employment Program	17.235	3,010,543	2,829,523
Trade Adjustment Assistance	17.245	4,233,394	3,006,063
Workforce Innovation and Opportunity Act (WIOA) Cluster:			
WIOA Adult Program	17.258	42,339,685	38,219,875
WIOA Youth Activities	17.259	45,013,201	40,609,635
WIOA Dislocated Worker Formula Grants	17.278	51,020,443	41,919,440
COVID-19 – WIOA Dislocated Worker Formula Grants	17.278	371,564	371,564
Total Workforce Investment Act Cluster		138,744,893	
WIOA Pilots, Demonstrations, and Research Projects	17.261	974,490	—
H-1B Job Training Grants	17.268	948,547	865,688
Work Opportunity Tax Credit Program (WOTC)	17.271	612,389	—
Temporary Labor Certification for Foreign Workers	17.273	654,046	—
WIOA National Dislocated Worker Grants / Workforce Investment Act National Emergency Grants	17.277	8,944,844	8,916,412
Apprenticeship USA Grants	17.285	1,423,791	1,114,755
Occupational Safety and Health State Program	17.503	1,134,781	—
Consultation Agreements	17.504	1,806,113	—
Mine Health and Safety Grants	17.600	261,185	—
Women's Bureau	17.700	184,755	171,755
Local Veterans' Employment Representative Program	17.804	4,603,620	—
U.S. Department of Labor Total	Total	5,728,931,273	138,024,710
U.S. Department of Transportation:			
Airport Improvement Program:			
Airport Improvement Program	20.106	71,707,010	70,360,913
COVID-19 – Airport Improvement Program	20.106	24,682,792	24,682,792
Total Airport Improvement Program		96,389,802	
Highway Research and Development Program			
Highway Planning and Construction Cluster:			
Highway Planning and Construction	20.205	1,616,199,991	157,469,873
COVID-19 – Highway Planning and Construction	20.205	22,503,025	—
Recreational Trails Program	20.219	1,162,218	836,196
Federal Lands Access Program	20.224	404,655	—
Total Highway Planning and Construction Cluster		1,640,269,889	
Highway Training and Education	20.215	160,000	—
Federal Motor Carrier Safety Assistance Cluster:			
Motor Carrier Safety Assistance	20.218	10,225,102	—
Motor Carrier Safety Assistance High Priority Activities Grants and Cooperative Agreements	20.237	57,467	—
Total Motor Carrier Safety Assistance Cluster		10,282,569	
Railroad Safety	20.301	1,994	—
Railroad Development	20.314	504,367	504,367
High-Speed Rail Corridors and Intercity Passenger Rail Service – Capital Assistance Grants	20.319	892,809	—
Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research	20.505	748,950	463,029
Formula Grants for Rural Areas and Tribal Transit Program:			
Formula Grants for Rural Areas and Tribal Transit Program	20.509	17,395,732	14,936,691
COVID-19 – Formula Grants for Rural Areas and Tribal Transit Program	20.509	26,697,431	26,697,431
Total Formula Grants for Rural Areas and Tribal Transit Program		44,093,163	
Transit Services Programs Cluster:			
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	1,553,737	—
Total Transit Services Programs Cluster		1,553,737	
Federal Transit Cluster:			
Buses and Bus Facilities Formula, Competitive, and Low or No Emissions Programs	20.526	1,050,589	—
Total Federal Transit Cluster		1,050,589	
Rail Fixed Guideway Public Transportation System State Safety Oversight Formula Grant Program	20.528	583,293	—
Highway Safety Cluster:			
State and Community Highway Safety	20.600	10,005,194	6,620,038
Incentive Grant Program to Prohibit Racial Profiling	20.611	128,030	—
National Priority Safety Programs	20.616	7,812,189	1,328,689
Total Highway Safety Cluster		17,945,413	

STATE OF ILLINOIS
Schedule of Expenditures of Federal Awards
Year ended June 30, 2022

Federal Agency/Program or Cluster	Federal ALN	Expenditures (in whole \$)	Passed-to through subrecipients
Pipeline Safety Program State Base Grant	20.700	\$ 1,650,104	—
Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703	653,716	624,068
PHMSA Pipeline Safety Program One Call Grant	20.721	57,522	—
PHMSA Pipeline Safety Underground Natural Gas Storage Grant	20.725	326,762	—
National Infrastructure Investments	20.933	(79,378)	—
U.S. Department of Transportation Total	Total	1,817,220,275	304,524,087
U.S. Department of the Treasury:			
COVID-19 – Coronavirus Relief Fund	21.019	190,168,889	24,432,342
Emergency Rental Assistance Program:			
Emergency Rental Assistance Program	21.023	300,374,246	223,846,167
COVID-19 – Emergency Rental Assistance Program	21.023	262,172,693	262,172,693
Total Emergency Rental Assistance Program	Total	562,546,939	—
COVID-19 – Homeowner Assistance Fund	21.026	209,795,189	209,795,189
COVID-19 – Coronavirus State And Local Fiscal Recovery Funds:			
COVID-19 – Coronavirus State And Local Fiscal Recovery Funds	21.027	3,552,870,667	336,176,469
COVID-19 – Coronavirus State And Local Fiscal Recovery Funds – Revenue Loss	21.027	1,342,391,728	—
Total COVID-19 – Coronavirus State And Local Fiscal Recovery Funds	Total	4,895,262,395	—
U.S. Department of the Treasury Total	Total	5,857,773,412	1,056,422,860
Equal Employment Opportunity Commission:			
Employment Discrimination State and Local Fair Employment	30.002	1,046,529	—
Equal Employment Opportunity Commission Total	Total	1,046,529	—
Federal Financial Institutions Examination Council Appraisal Subcommittee:			
State Appraiser Agency Support Grants	38.006	27,099	—
Federal Financial Institutions Examination Council Appraisal Subcommittee Total	Total	27,099	—
General Services Administration:			
Donation of Federal Surplus Personal Property	39.003	4,490,441	4,489,787
Election Reform Payments	39.011	50,882	—
General Services Administration Total	Total	4,541,323	4,489,787
Library of Congress:			
Teaching with Primary Resources	42.010	19,549	—
Library of Congress Total	Total	19,549	—
National Endowment for the Arts:			
Promotion of the Arts Partnership Agreements	45.025	1,862,013	1,862,013
National Endowment for the Arts Total	Total	1,862,013	1,862,013
Institute of Museum and Library Services:			
Grants to States:			
COVID-19 – Grants to States	45.310	5,264,369	3,465,263
COVID-19 – Grants to States	45.310	2,216,516	2,216,516
Total Grants to States	Total	7,480,885	—
National Endowment for the Arts Total	Total	7,480,885	5,681,779
U.S. Small Business Administration:			
Small Business Development Centers	59.037	5,617,832	4,361,790
State Trade Expansion	59.061	837,309	—
U.S. Small Business Administration Total	Total	6,455,141	4,361,790
U.S. Department of Veterans Affairs:			
Veterans State Domiciliary Care	64.014	333,683	—
Veterans State Nursing Home Care	64.015	28,583,453	—
Burial Expenses Allowance for Veterans	64.101	28,705	—
All-Volunteer Force Educational Assistance	64.124	1,434,122	—
U.S. Department of Veterans Affairs Total	Total	30,379,963	—
U.S. Environmental Protection Agency:			
State Indoor Radon Grants	66.032	304,110	261,469
Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities	66.034	1,306,689	—
Activities Relating to the Clean Air Act	66.204	172,664	—
Multipurpose Grants to States and Tribes	66.419	222,216	37,342
Water Pollution Control State, Interstate, and Tribal Program Support	66.433	16,900	—
State Underground Water Source Protection	66.436	58,502	—
Surveys, Studies, Investigations, Demonstrations, and Training Grants and Cooperative Agreements – Section 104(b)(3) of the Clean Water Act	66.444	731,171	696,858
Lead Testing in School and Child Care Program Drinking Water (SDWA 1464(d))	66.454	488,823	418,660
Water Quality Management Planning	66.458	71,861,000	71,861,000
Clean Water State Revolving Fund Cluster:			
Capitalization Grants for Clean Water State Revolving Funds	66.458	71,861,000	71,861,000
Total Clean Water State Revolving Fund Cluster	Total	71,861,000	—
Nonpoint Source Implementation Grants	66.468	4,339,749	2,700,502
Drinking Water State Revolving Fund Cluster:			
Capitalization Grants for Drinking Water State Revolving Funds	66.468	60,204,360	57,877,552
Total Drinking Water State Revolving Fund Cluster	Total	60,204,360	—
Great Lakes Program	66.469	793,947	358,187
Beach Monitoring and Notification Program Implementation Grants	66.472	315,012	52,649
Performance Partnership Grants	66.605	13,813,615	—
Environmental Information Exchange Network Grant Program and Related Assistance	66.608	43,124	—
Toxic Substances Compliance Monitoring Cooperative Agreements	66.701	72,505	—
TSCA Title IV State Lead Grants Certification of Lead-Based Paint Professionals	66.707	17,560	—
Superfund State, Political Subdivision, and Indian Tribe Site-Specific Cooperative Agreements	66.802	2,233,282	—
Underground Storage Tank Prevention, Detection, and Compliance Program	66.804	895,227	—
Leaking Underground Storage Tank Trust Fund Corrective Action Program	66.805	1,978,029	—
Superfund State and Indian Tribe Core Program Cooperative Agreements	66.809	97,729	—
State and Tribal Response Program Grants	66.817	617,928	—
Brownfields Multipurpose, Assessment, Revolving Loan Fund, and Cleanup Cooperative Agreements	66.818	201,962	—
U.S. Environmental Protection Agency Total	Total	160,847,004	134,264,319
U.S. Department of Energy:			
State Energy Program	81.041	2,056,824	1,208,139
Weatherization Assistance for Low-Income Persons	81.042	15,525,844	12,382,356
Conservation Research and Development	81.086	5,036	—
Transport of Transuranic Wastes to the Waste Isolation Pilot Plant: States and Tribal Concerns, Proposed Solutions	81.106	32,555	—
U.S. Department of Energy Total	Total	17,620,259	13,590,495
U.S. Department of Education:			
Adult Education – Basic Grants to States	84.002	22,255,224	20,922,318
Title I Grants to Local Educational Agencies	84.010	643,588,255	634,194,258
Migrant Education State Grant Program	84.011	1,687,762	1,007,248
Title I State Agency Program for Neglected and Delinquent Children and Youth	84.013	672,177	—
Special Education (Individuals with Disabilities Education Act) Cluster:			
Special Education Grants to States	84.027	554,024,289	537,504,109
COVID-19 – Special Education Grants to States	84.027	5,452,052	5,452,052
Special Education Preschool Grants	84.173	16,568,051	16,260,717
COVID-19 – Special Education Preschool Grants	84.173	367,364	367,364
Total Special Education (Individuals with Disabilities Education Act) Cluster	Total	576,409,756	—

STATE OF ILLINOIS
Schedule of Expenditures of Federal Awards
Year ended June 30, 2022

Federal Agency/Program or Cluster	Federal ALN	Expenditures (in whole \$)	Passed- to through subrecipients
Federal Family Education Loans	84 032G	\$ 2,171,012,437	—
Career and Technical Education – Basic Grants to States:			
Career and Technical Education – Basic Grants to States	84 048	43,884,994	41,859,384
Career and Technical Education – Basic Grants to States	84 048A	45,886	—
Total Career and Technical Education – Basic Grants to States		43,930,880	
Rehabilitation Services Vocational Rehabilitation Grants to States	84 126	131,038,945	—
Migrant Education Coordination Program	84 144	57,391	—
Rehabilitation Services Client Assistance Program	84 161	412,690	—
Rehabilitation Services Independent Living Services for Older Individuals Who are Blind	84 177	1,471,985	1,426,556
Special Education-Grants for Infants and Families	84 181	19,904,044	—
Supported Employment Services for Individuals with the Most Significant Disabilities	84 187	698,250	689,050
Education for Homeless Children and Youth	84 196	5,202,668	4,834,702
Twenty-First Century Community Learning Centers	84 287	68,028,957	65,453,698
Special Education – State Personnel Development	84 323	1,735,302	10,248
Special Education Technical Assistance and Dissemination to Improve Services and Results for Children with Disabilities	84 326	297,628	297,628
Gaining Early Awareness and Readiness for Undergraduate Programs	84 334	5,949,827	930,818
Rural Education	84 358	1,100,562	1,088,329
English Language Acquisition State Grants	84 365	21,847,090	20,870,024
Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	84 367	75,068,837	73,702,360
Grants for State Assessments and Related Activities	84 369	7,837,850	—
School Improvement Grants	84 377	9,827,511	—
Preschool Development Grants	84 419	(44,632)	—
Student Support and Academic Enrichment Program	84 424	52,274,508	52,197,077
Education Stabilization Fund:			
COVID-19 – Education Stabilization Fund	84 425C	53,393,282	44,795,961
COVID-19 – Education Stabilization Fund	84 425D	1,233,447,338	1,221,845,887
COVID-19 – Education Stabilization Fund	84 425R	26,394,296	—
COVID-19 – Education Stabilization Fund	84 425U	558,454,533	558,454,533
COVID-19 – Education Stabilization Fund	84 425W	1,833,920	1,833,920
Total Education Stabilization Fund		1,873,523,369	
U.S. Department of Education Total		5,735,389,073	3,305,998,241
National Archives and Records Administration:			
National Historical Publications and Records Grants	89 003	50,666	28,222
National Archives and Records Administration Total		50,666	28,222
Election Assistance Commission:			
Help America Vote Act (HAVA) Requirements Payments	90 401	36,566	—
HAVA Election Security Grant	90 404	5,066,148	1,668,551
Election Assistance Commission Total		5,102,714	1,668,551
U.S. Department of Health and Human Services:			
Special Programs for the Aging, Title VII, Chapter 3, Programs for Prevention of Elder Abuse, Neglect, and Exploitation	93 041		174,871
Special Programs for the Aging, Title VII, Chapter 2, Long Term Care Ombudsman Services for Older Individuals:	93 042		174,871
Special Programs for the Aging, Title VII, Chapter 2, Long Term Care Ombudsman Services for Older Individuals	93 042	602,170	602,170
COVID-19 – Special Programs for the Aging, Title VII, Chapter 2, Long Term Care Ombudsman Services for Older Individuals	93 042	106,602	106,602
Total Special Programs for the Aging, Title VII, Chapter 2, Long Term Care Ombudsman Services for Older Individuals			708,772
Special Programs for the Aging, Title III, Part D, Disease Prevention and Health Promotion Services:			
Special Programs for the Aging, Title III, Part D, Disease Prevention and Health Promotion Services	93 043	803,771	803,771
COVID-19 – Special Programs for the Aging, Title III, Part D, Disease Prevention and Health Promotion Services	93 043	132,576	132,576
Total Special Programs for the Aging, Title III, Part D, Disease Prevention and Health Promotion Services			936,347
Aging Cluster:			
Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers	93 044	16,730,333	15,971,079
COVID-19 – Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers	93 044	2,044,111	2,044,110
Special Programs for the Aging, Title III, Part C, Nutrition Services	93 045	26,521,238	25,922,507
COVID-19 – Special Programs for the Aging, Title III, Part C, Nutrition Services	93 045	7,814,060	7,814,059
Nutrition Services Incentive Program	93 053	6,758,906	6,758,906
Total Aging Cluster			59,868,648
National Family Caregiver Support, Title III, Part E:			
National Family Caregiver Support, Title III, Part E	93 052	7,133,310	7,133,310
COVID-19 – National Family Caregiver Support, Title III, Part E	93 052	564,005	564,005
Total National Family Caregiver Support, Title III, Part E		7,697,315	
Public Health Emergency Preparedness (PHEP)	93 069	16,423,568	9,394,935
Environmental Public Health and Emergency Response	93 070	677,336	160,037
Medicare Enrollment Assistance Program	93 071	965,574	988,773
Lifespan Respite Care Program	93 072	32,751	32,751
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements	93 074	14,183	—
Cooperative Agreements to Promote Adolescent Health through School-Based HIV/STD Prevention and School-Based Surveillance	93 079	98,938	—
Guardianship Assistance	93 090	8,140,425	—
Affordable Care Act (ACA) Personal Responsibility Education Program	93 092	1,893,233	1,792,042
Food and Drug Administration Research	93 103	237,707	—
Maternal and Child Health Federal Consolidated Programs	93 110	166,120	27,069
Project Grants and Cooperative Agreements for Tuberculosis Control Programs:			
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93 116	1,435,577	—
Noncash – Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93 116	24,419	—
Total Project Grants and Cooperative Agreements for Tuberculosis Control Programs		1,459,996	
Cooperative Agreements to States/Territories for the Coordination and Development of Primary Care Offices	93 130	270,924	72,151
Injury Prevention and Control Research and State and Community Based Programs	93 136	5,416,761	2,597,898
Projects for Assistance in Transition from Homelessness (PATH)	93 150	2,444,244	2,405,890
COVID-19 – Rural Health Research Centers	93 155	15,760,936	—
Grants to States for Loan Repayment Program	93 165	857,500	—
Childhood Lead Poisoning Prevention Projects, State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children	93 197	625,130	—
Family Planning Services	93 217	182,684	—
Grants to States to Support Oral Health Workforce Activities	93 236	418,391	142,665
State Capacity Building	93 240	441,615	—
State Rural Hospital Flexibility Program	93 241	911,765	—
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93 243	5,635,782	4,492,971
Immunization Cooperative Agreements:			
Immunization Cooperative Agreements	93 268	9,022,428	1,247,908
Noncash – Immunization Cooperative Agreements	93 268	89,301,275	—
COVID-19 – Immunization Cooperative Agreements	93 268	92,118,449	37,162,392
Total Immunization Cooperative Agreements			190,442,152
Drug Abuse and Addiction Research Programs	93 279	8,445	—
Centers for Disease Control and Prevention Investigations and Technical Assistance	93 283	36,426	—
Teenage Pregnancy Prevention Program	93 297	966,082	843,500
Small Rural Hospital Improvement Grant Program	93 301	718,816	—
PPHF 2018: Office of Smoking and Health-National State-Based Tobacco Control Programs-Financed in part by 2018 Prevention and Public Health Funds (PPHF)	93 305	(4,846)	—
Early Hearing Detection and Intervention Information System (EHDI-IS) Surveillance Program	93 314	176,755	—
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC):			
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93 323	1,752,681	118,332
COVID-19 – Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93 323	246,653,290	133,533,458
Total Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)			248,405,971

STATE OF ILLINOIS
Schedule of Expenditures of Federal Awards
Year ended June 30, 2022

Federal Agency/Program or Cluster	Federal ALN	Expenditures (in whole \$)	Passed- to through subrecipients
Slate Health Insurance Assistance Program	93.324	\$ 2,056,680	—
Behavioral Risk Factor Surveillance System:			
Behavioral Risk Factor Surveillance System	93.336	441,217	—
COVID-19 – Behavioral Risk Factor Surveillance System	93.336	60,000	—
Total Behavioral Risk Factor Surveillance System			501,217
COVID-19 – Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response Public Health Crisis Response	93.354		6,148,589
Flexible Funding Model – Infrastructure Development and Maintenance for State Manufactured Food Regulatory Programs	93.367		274,060
Administration for Community Living (ACL) Independent Living State Grants	93.369		654,350
National and State Tobacco Control Program	93.387		1,563,199
COVID-19 – Activities to Support State, Tribal, Local and Territorial (STLT) Health Department Response to Public Health or Healthcare Crises	93.391		115,611
The State Flexibility to Stabilize the Market Grant Program	93.413		153,134
Improving the Health of Americans through Prevention and Management of Diabetes and Heart Disease and Stroke	93.426		2,385,652
Every Student Succeeds Act/Preschool Development Grants	93.434		20,417,025
Well-Integrated Screening and Evaluation For Women Across the Nation (WISEWOMAN)	93.436		487,654
ACL Assistive Technology	93.464		844,350
Preventing Maternal Deaths: Supporting Maternal Mortality Review Committees	93.478		661,886
Family Violence Prevention and Services/ Sexual Assault/Rape Crisis Services and Supports	93.497		23,518
COVID-19 – Provider Relief Fund	93.498		936,377
Low Income Household Water Assistance Program	93.499		5,268,002
MaryLee Allen Promoting Safe and Stable Families Program:			
MaryLee Allen Promoting Safe and Stable Families Program	93.556	29,868,197	6,248,792
COVID-19 – MaryLee Allen Promoting Safe and Stable Families Program	93.556	2,425,866	—
Total MaryLee Allen Promoting Safe and Stable Families Program			32,294,063
Temporary Assistance for Needy Families	93.558		606,030,110
Child Support Enforcement	93.563		124,082,601
Refugee and Entrant Assistance State/Replacement Designee Administered Programs	93.566		6,246,877
Low-Income Home Energy Assistance:			
Low-Income Home Energy Assistance	93.568	341,584,567	332,341,582
COVID-19 – Low-Income Home Energy Assistance	93.568	791,849	779,177
Total Low-Income Home Energy Assistance			342,376,416
Community Services Block Grant:			
Community Services Block Grant	93.569	35,835,863	33,827,649
COVID-19 – Community Services Block Grant	93.569	17,839,273	17,860,165
Total Community Services Block Grant			53,675,136
CCDF Cluster:			
Child Care and Development Block Grant	93.575	233,431,195	36,069,727
COVID-19 – Child Care and Development Block Grant	93.575	561,052,427	553,305,360
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	146,796,952	18,823,875
Total CCDF Cluster			941,280,574
Slate Court Improvement Program	93.586		867,987
Community-Based Child Abuse Prevention Grants:			
Community-Based Child Abuse Prevention Grants	93.590	1,204,036	1,063,134
COVID-19 – Community-Based Child Abuse Prevention Grants	93.590	939,874	—
Total Community-Based Child Abuse Prevention Grants			2,143,910
Grants to States for Access and Visitation Programs	93.597		312,436
COVID-19 – Chafee Education and Training Vouchers Program (ETV)	93.599		4,473,221
Head Start:			
Head Start	93.600	3,769,762	3,381,161
COVID-19 – Head Start	93.600	163,213	—
Total Head Start			3,932,975
Developmental Disabilities Basic Support and Advocacy Grants	93.630		2,894,651
Support for Ombudsman and Beneficiary Counseling Programs for States Participating in Financial Alignment Model Demonstrations for Dually Eligible Individuals	93.634		755,184
Children's Justice Grants to States	93.643		534,834
Stephanie Tubbs Jones Child Welfare Services Program	93.645		11,919,950
Foster Care Title IV-E	93.658		164,011,847
Adoption Assistance	93.659		95,153,644
Substance Use Disorder Prevention that Promotes Opioid Recovery and Treatment (SUPPORT) for Patients and Communities Act	93.664		418,698
COVID-19 – Emergency Grants To Address Mental And Substance Use Disorders During Covid-19	93.665		1,771,403
Social Services Block Grant	93.667		58,268,179
Child Abuse and Neglect State Grants	93.669		1,159,564
Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services:			
Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services	93.671	3,944,001	3,471,636
COVID-19 – Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services	93.671	349,620	349,620
Total Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services			4,293,621
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674		4,600,417
Elder Abuse Prevention Interventions Program:			
Elder Abuse Prevention Interventions Program	93.747	413,894	400,544
COVID-19 – Elder Abuse Prevention Interventions Program	93.747	1,404,823	1,404,823
Total Elder Abuse Prevention Interventions Program			1,818,717
State and Local Public Health Actions to Prevent Obesity, Diabetes, Heart Disease, and Stroke (Prevention and Public Health Fund, PPHF)	93.757		348
Preventive Health and Health Services Block Grant funded solely with Prevention and Public Health Funds (PPHF)	93.758		727
Children's Health Insurance Program:			
Children's Health Insurance Program	93.767	511,757,406	—
COVID-19 – Children's Health Insurance Program	93.767	32,751,962	—
Total Children's Health Insurance Program			544,509,368
Medicaid Cluster:			
State Medicaid Fraud Control Units	93.775	6,973,239	—
State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare	93.777	36,063,696	—
COVID-19 – State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare	93.777	1,274,381	—
Medical Assistance Program	93.778	17,499,829,554	68,238,339
American Recovery and Reinvestment Act (ARRA) Medical Assistance Program	93.778	7,723,263	—
COVID-19 – ARRA Medical Assistance Program	93.778	1,265,968,717	1,500,273
Total Medicaid Cluster			18,817,832,850
Opioid STR	93.788		50,549,459
Maternal, Infant and Early Childhood Home Visiting Grant	93.870		8,600,838
National Bioterrorism Hospital Preparedness Program:			
National Bioterrorism Hospital Preparedness Program	93.889	9,700,451	7,448,934
COVID-19 – National Bioterrorism Hospital Preparedness Program	93.889	1,239,316	1,239,316
Total National Bioterrorism Hospital Preparedness Program			10,939,767
Cancer Prevention and Control Programs for State, Territorial, and Tribal Organizations	93.898		8,502,067
Grants to States for Operation of State Offices of Rural Health	93.913		204,997
HIV Care Formula Grants	93.917		43,021,128
HIV Prevention Activities Health Department Based	93.940		4,983,542
HIV/AIDS Surveillance	93.944		458,460
Assistance Programs for Chronic Disease Prevention and Control	93.945		19
Cooperative Agreements to Support State-Based Safe Motherhood and Infant Health Initiative Programs	93.946		115,209
Block Grants for Community Mental Health Services	93.958		34,519,280
Block Grants for Prevention and Treatment of Substance Abuse:			
Block Grants for Prevention and Treatment of Substance Abuse	93.959	79,178,773	77,063,411
COVID-19 – Block Grants for Prevention and Treatment of Substance Abuse	93.959	2,229,807	2,229,807
Total Block Grants for Prevention and Treatment of Substance Abuse			81,408,580

STATE OF ILLINOIS
Schedule of Expenditures of Federal Awards
Year ended June 30, 2022

Federal Agency/Program or Cluster	Federal ALN	Expenditures (in whole \$)	Passed-to through subrecipients
Sexually Transmitted Diseases (STD) Prevention and Control Grants	93.977	\$ 1,381,539	166,748
COVID-19 – Mental Health Disaster Assistance and Emergency Mental Health	93.982	363,977	341,995
Preventive Health and Health Services Block Grant	93.991	2,708,494	369,254
Maternal and Child Health Services Block Grant to the States	93.994	22,419,782	21,393,277
U.S. Department of Health and Human Services Total	Total	<u>22,713,470,167</u>	<u>1,866,082,350</u>
Corporation for National and Community Service:			
State Commissions	94.003	294,849	—
AmeriCorps	94.006	5,162,882	5,467,615
Commission Investment Fund	94.008	22,475	—
Corporation for National and Community Service Total	Total	<u>5,480,206</u>	<u>5,467,615</u>
Social Security Administration:			
Disability Insurance/Social Security Insurance (SSI) Cluster:			
Social Security Disability Insurance	96.001	<u>68,759,392</u>	—
Total Disability Insurance/SSI Cluster		<u>68,759,392</u>	
Social Security Administration Total	Total	<u>68,759,392</u>	—
U.S. Department of Homeland Security:			
Non-Profit Security Program	97.008	2,251,732	2,251,732
Boating Safety Financial Assistance	97.012	3,019,583	—
Community Assistance Program State Support Services Element (CAP-SSSE)	97.023	248,522	—
Flood Mitigation Assistance	97.029	46,806	—
Disaster Grants – Public Assistance (Presidentially Declared Disasters):			
Disaster Grants – Public Assistance (Presidentially Declared Disasters)	97.036	4,681,232	1,479,770
COVID-19 – Disaster Grants – Public Assistance (Presidentially Declared Disasters)	97.036	<u>477,314,632</u>	<u>163,767,017</u>
Total Disaster Grants – Public Assistance (Presidentially Declared Disasters)		481,995,864	
Hazard Mitigation Grant	97.039	502,518	95,680
National Dam Safety Program	97.041	135,922	—
Emergency Management Performance Grants	97.042	12,285,667	3,431,480
Cooperating Technical Partners	97.045	50,000	—
BRIC: Building Resilient Infrastructure and Communities	97.047	1,517,610	1,211,406
Presidentially Declared Disaster Assistance to Individuals and Households – Other Needs	97.050	2,103,367	—
Homeland Security Grant Program	97.067	74,559,468	67,979,838
Earthquake Consortium	97.082	74,440	41,117
Homeland Security Biowatch Program	97.091	1,075,252	—
Preparing for Emerging Threats and Hazards	97.133	78,086	74,684
U.S. Department of Homeland Security Total	Total	<u>579,944,837</u>	<u>240,332,724</u>
Total Expenditures of Federal Awards		<u>\$ 51,222,101,455</u>	<u>8,370,578,219</u>

The accompanying notes to the Schedule of Expenditures of Federal Awards are an integral part of this Schedule.

STATE OF ILLINOIS

Notes to the Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2022

1) Summary of Significant Accounting Policies

a) Reporting Entity

The Schedule of Expenditures of Federal Awards (Schedule) includes all federal award programs administered by the State of Illinois (State), except for component units, for the fiscal year ended June 30, 2022. The State's financial reporting entity is described in Note 1a of the State's Annual Comprehensive Financial Report.

The entities listed below are discretely presented component units in the State's Annual Comprehensive Financial Report, which received federal financial assistance for the year ended June 30, 2022. Each of these entities is subject to separate audits in compliance with Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance).

The federal transactions of the following entities are not reflected in this Schedule:

University of Illinois	Governors State University
Illinois State University	Northeastern Illinois University
Northern Illinois University	Eastern Illinois University
Chicago State University	Southern Illinois University
Western Illinois University	Illinois Housing Development Authority
Illinois State Toll Highway Authority	Illinois Comprehensive Health Insurance Plan Board
Illinois Finance Authority	Illinois Medical District Commission
Southwestern Illinois Development Authority	Upper Illinois River Valley Development Authority

Additionally, the federal transactions related to loans held and serviced by the Illinois Designated Account Purchase Program (IDAPP), a division of the Illinois Student Assistance Commission under the Federal Family Education Loan program, ALN 84.032L, are not reflected in the Schedule. IDAPP has elected to have a separate lender compliance audit performed in accordance with the U.S. Department of Education's *Compliance Audits (Attestation Engagements) for Lenders and Lender Servicers Participating in the Federal Family Education Loan Program* Audit Guide.

STATE OF ILLINOIS

Notes to the Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2022

b) Basis of Presentation

The Schedule presents total federal awards expended for each individual federal program in accordance with the Uniform Guidance. Federal award program titles are reported as presented in the Assistance Listing Number (ALN). Federal award program titles not presented in the listing are identified by federal agency number followed by (.U01, .U02, etc.).

c) Basis of Accounting

The expenditures for each of the federal financial assistance programs are presented in the Schedule on a cash basis. Under the cash basis of accounting, expenditures are reported when paid by the State.

d) Matching Costs

Matching costs are the non-federal share of certain program costs and are not included in the Schedule, except for the State's share of unemployment insurance (Note 4).

e) Relationship to Federal Financial Reports

The regulations and guidelines governing the preparation of federal financial reports vary by federal agency and among programs administered by the same federal agency. Accordingly, the amounts reported in the federal financial reports submitted by the State may not agree with the amounts reported in the accompanying Schedule.

f) Indirect Cost

The State does not use the 10% de minimus indirect cost rate discussed in section 200.414 of the Uniform Guidance.

STATE OF ILLINOIS

Notes to the Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2022

2) Non-monetary Assistance

The State reports the following non-cash federal awards in the Schedule:

<u>ALN</u>	<u>Program Title</u>	<u>Non-cash Award</u>
10.555	National School Lunch Program	\$ 74,522,758
10.565	Commodity Supplemental Food Program (Food Commodities)	3,798,279
10.569	Emergency Food Assistance Program (Food Commodities)	39,559,667
39.003	Donation of Federal Surplus Personal Program Equipment	4,490,441
93.116	Tuberculosis Control Programs	24,419
93.268	Immunization Grants Vaccines	<u>89,301,275</u>
	Total non-cash federal awards	<u>\$ 211,696,839</u>

3) Federal Loan Guarantees

The Federal Family Education Loans (FFEL) Program - Guaranty Agencies (ALN 84.032G) had continuing compliance requirements during the reporting period. However, as of May 1, 2022, the State exited the program. As of that date, the loan portfolio was transferred to a third party. The original principal balance of the loans guaranteed by the Illinois Student Assistance Commission (ISAC), as well as the outstanding balance of defaulted loans held by ISAC under ALN 84.032G, were as follows:

	<u>July 1, 2021</u>	<u>June 30, 2022</u>
Beginning principal balance of loans guaranteed	\$ 1,757,612,000	-
New FFEL program loans during the audit period	-	-
Interest subsidy, cash, or administrative cost allowance received	-	-
Outstanding balance of default loans held	<u>277,614,000</u>	<u>-</u>
Total FFEL guaranteed loans	<u>\$ 2,035,226,000</u>	<u>-</u>

STATE OF ILLINOIS

Notes to the Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2022

4) Unemployment Insurance

The U.S. Department of Labor, in consultation with the Office of Management and Budget, has determined that for the purpose of audits and reporting under the Uniform Guidance, State unemployment insurance funds, as well as federal funds, should be considered federal awards for determining Type A programs. The State receives federal funds for administrative purposes. State unemployment taxes must be deposited into a State account within the federal Unemployment Trust Fund in the U.S. Treasury, used only to pay benefits under the federally approved State law. State unemployment funds, as well as federal funds, are included in the Schedule. The following schedule provides a breakdown of the State and federal portions of the total expended amount under the Unemployment Insurance program (ALN 17.225):

State Unemployment Insurance Funds – Benefits	\$ 2,038,574,443
State Unemployment Insurance – Benefits	2,280,142
COVID-19 – Unemployment Insurance – MEUC Benefits	450,008
COVID-19 – Unemployment Insurance – Federal Pandemic Unemployment Compensation Benefits	1,935,882,696
COVID-19 – Unemployment Insurance – Pandemic Emergency Unemployment Compensation Benefits	893,606,580
COVID-19 – Unemployment Insurance – Pandemic Unemployment Assistance Benefits	444,319,389
State Unemployment Insurance – Administrative	195,680,658
COVID-19 – Unemployment Insurance – Administrative	30,289,267
Total expenditures	<u><u>\$ 5,541,083,183</u></u>

5) Disaster Grants – Public Assistance (Presidentially Declared Disasters)

After a presidentially declared disaster, the Federal Emergency Management Agency (FEMA) provided a public assistance grant (ALN 97.036) to reimburse eligible costs associated with repair, replacement, or restoration of disaster damaged facilities. For the year ended June 30, 2022, approved eligible expenditures of \$476,724,103 included on the Schedule were incurred in the prior fiscal year (2021) and \$5,271,761 were incurred in the current fiscal year.

6) Donated Personal Protective Equipment (PPE) (unaudited)

During the emergency period of the COVID-19 pandemic, FEMA donated PPE purchased with federal assistance funds to the Illinois Emergency Management Agency for the COVID-19 response. The fair market value of the PPE at the time for receipt was approximately \$2.475 million. According to the 2022 Compliance Supplement addendum, this amount is not included in the Schedule and was not subject to audit. Therefore, this amount was unaudited.



KPMG LLP
Aon Center
Suite 5500
200 E. Randolph Street
Chicago, IL 60601-6436

Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Schedule of Expenditures of Federal Awards Performed in Accordance With *Government Auditing Standards*

Honorable Frank J. Mautino
Auditor General
State of Illinois

As special assistance auditors for the Auditor General, we have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the schedule of expenditures of federal awards (the Schedule) and related notes to the Schedule of the State of Illinois (the State) for the year ended June 30, 2022, and have issued our report thereon dated December 18, 2023.

Our report on the Schedule included an emphasis of matter paragraph describing the basis for accounting described in note 1(c) of the Schedule.

As described in note 1(a) to the Schedule, the Schedule does not include expenditures of federal awards for those agencies determined to be component units of the State of Illinois for financial statement purposes. Each of these agencies has their own independent audit in compliance with Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Also as described in note 1(a) to the Schedule, the Schedule does not include federal transactions related to loans held and serviced by the Illinois Designated Account Purchase Program (IDAPP), a division of the Illinois Student Assistance Commission, under the Federal Family Educational Loan program ALN 84.032L. IDAPP has elected to have a separate lender compliance audit performed in accordance with the U.S. Department of Education's *Compliance Audits (Attestation Engagements) for Lenders and Lender Servicers Participating in the Federal Family Education Loan Program* Audit Guide.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the Schedule, we considered the State's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the Schedule, but not for the purpose of expressing an opinion on the effectiveness of the State's internal control. Accordingly, we do not express an opinion on the effectiveness of the State's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.



Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2022-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the State's Schedule is free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the Schedule. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the State's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the State's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

/s/KPMG LLP

Chicago, Illinois
December 18, 2023



KPMG LLP
 Aon Center
 Suite 5500
 200 E. Randolph Street
 Chicago, IL 60601-6436

Independent Auditors’ Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance

Honorable Frank J. Mautino
 Auditor General
 State of Illinois

Report on Compliance for Each Major Federal Program

Adverse, Qualified, Unmodified, and Disclaimer of Opinions

We have audited the State of Illinois’ (the State) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the State’s major federal programs as listed in the Summary of Opinions section below for the year ended June 30, 2022, except for the Federal Family Education Loan – Guaranty program. We were also engaged to audit the State’s compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that should have a direct and material effect on the Federal Family Education Loan – Guaranty program. The State’s major federal programs are identified in the summary of auditors’ results section of the accompanying schedule of findings and questioned costs.

Summary of Opinions and Disclaimer of Opinion

Major program	Type of Opinion
COVID-19 – Pandemic EBT Food Benefits (10.542)	Unmodified
SNAP Cluster (10.551/10.561)	Qualified
Crime Victim Assistance (16.575)	Qualified
Unemployment Insurance (17.225)	Qualified
COVID-19 – Airport Improvement Program (20.106)	Qualified
COVID-19 – Coronavirus Relief Fund (21.019)	Qualified
Emergency Rental Assistance Program (21.023)	Unmodified
COVID-19 – Homeowner Assistance Fund Program (21.026)	Adverse
COVID-19 – Coronavirus State and Local Fiscal Recovery Funds (21.027)	Unmodified
Capitalization Grants for Clean Water State Revolving Funds (66.458)	Unmodified
Capitalization Grants for Drinking Water State Revolving Funds (66.468)	Unmodified
Education Stabilization Fund (84.425)	Unmodified
Aging Cluster (93.044/93.045/93.053)	Qualified
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC) (93.323)	Qualified
Temporary Assistance for Needy Families (93.558)	Qualified
CCDF Cluster (93.575/93.596)	Qualified



Major program	Type of Opinion
Adoption Assistance – Title IV-E (93.659)	Unmodified
Children’s Health Insurance Program (93.767)	Qualified
Medicaid Cluster (93.775/93.777/93.778)	Qualified
Block Grants for the Prevention and Treatment of Substance Abuse (93.959)	Qualified
Disaster Grants – Public Assistance (Presidentially Declared Disasters) (97.036)	Unmodified
Federal Family Education Loans – Guaranty Agencies (84.032G)	Disclaimer of opinion

Disclaimer of Opinion on Federal Family Education Loans – Guaranty Agencies program

We do not express an opinion on the State’s compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on Federal Family Education Loans – Guaranty Agencies program. Because of the significance of the matter described in the Basis for Disclaimer of Opinion on the Federal Family Education Loans – Guaranty Agencies program section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on Federal Family Education Loans – Guaranty Agencies program.

Adverse Opinion on COVID-19 – Homeowner Assistance Fund

In our opinion, because of the significance of the matter discussed in the Basis for Adverse, Qualified, and Unmodified Opinions section of our report, the State did not comply in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the COVID-19 – Homeowner Assistance Fund program for the year ended June 30, 2022.

Qualified (Noncompliance) Opinions on Major Federal Programs

In our opinion, except for the noncompliance described in the Basis for Adverse, Qualified, and Unmodified Opinions section of our report, the State complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the major federal programs listed in the Basis for Adverse, Qualified, and Unmodified Opinions section of our report for the year ended June 30, 2022.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, the State complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the summary of auditors’ results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2022.

Basis for Disclaimer of Opinion on Federal Family Education Loans – Guaranty Agencies program

As described in the accompanying schedule of findings and questioned costs, we were unable to obtain audit evidence supporting the State’s compliance with the Reporting and each of the Special Tests and Provisions applicable to the Assistance Listing Number 84.032G Federal Family Education Loans – Guaranty Agencies program as described in finding number 2022-002. As a result of these matters, we were unable to determine whether the State complied with the requirements applicable to the Federal Family Education Loans – Guaranty Agencies program.



Basis for Adverse, Qualified, and Unmodified Opinions

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors’ Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the State and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse, qualified, and unmodified opinions on compliance for each major federal program. Our audit does not provide a legal determination of the State’s compliance with the compliance requirements referred to above.

Matters Giving Rise to Adverse Opinion on COVID-19 – Homeowner Assistance Fund Program

As described in the accompanying schedule of findings and questioned costs, the State did not comply with requirements for the Assistance Listing Number 21.026 COVID-19 – Homeowner Assistance Fund program as described in finding numbers 2022-003 for Cash Management and 2022-004 for Subrecipient Monitoring. Compliance with such requirements is necessary, in our opinion, for the State to comply with the requirements applicable to that program.

Matters Giving Rise to Qualified (Noncompliance) Opinions on Major Federal Programs

As described in the accompanying schedule of findings and questioned costs, the State did not comply with requirements described in the specified finding numbers for the programs and compliance requirements, as follows:

State Administering Agency	Federal Program (ALN)	Compliance Requirement(s)	Finding Number
IL Department of Human Services	SNAP Cluster (10.551/10.561)	Special Tests and Provisions	2022-005
IL Department of Human Services	Temporary Assistance for Needy Families (93.558)	Eligibility and Special Tests and Provisions	2022-005
IL Department of Human Services	Block Grants for Prevention and Treatment of Substance Abuse (93.959)	Matching, Level of Effort, and Earmarking	2022-006
IL Department of Human Services	Temporary Assistance for Needy Families (93.558)	Reporting	2022-007
IL Department of Human Services	CCDF Cluster (93.575/93.596)	Reporting	2022-007
IL Department of Human Services	Block Grants for Prevention and Treatment of Substance Abuse (93.959)	Reporting	2022-007
IL Department of Human Services	Temporary Assistance for Needy Families (93.558)	Subrecipient Monitoring	2022-008
IL Department of Human Services	CCDF Cluster (93.575/93.596)	Subrecipient Monitoring	2022-008



State Administering Agency	Federal Program (ALN)	Compliance Requirement(s)	Finding Number
IL Department of Human Services	Block Grants for Prevention and Treatment of Substance Abuse (93.959)	Subrecipient Monitoring	2022-008
IL Department of Human Services	CCDF Cluster (93.575/93.596)	Special Tests and Provisions	2022-009
IL Department of Healthcare and Family Services	Children's Health Insurance Program Cluster (93.767)	Special Tests and Provisions	2022-013
IL Department of Healthcare and Family Services	Medicaid Cluster (93.775/93.777/93.778)	Special Tests and Provisions	2022-013
IL Department of Healthcare and Family Services	Medicaid Cluster (93.775/93.777/93.778)	Reporting	2022-014
IL Department of Healthcare and Family Services	Children's Health Insurance Program Cluster (93.767)	Eligibility	2022-016
IL Department of Public Health	COVID-19 – Epidemiology and Laboratory Capacity for Infectious Diseases (ELC) (93.323)	Reporting	2022-020
IL Criminal Justice Information Authority	Crime Victim Assistance (16.575)	Reporting	2022-022
IL Department of Employment Security	Unemployment Insurance (17.225)	Special Tests and Provisions	2022-025
IL Department of Transportation	COVID-19 – Airport Improvement Program (20.106)	Reporting	2022-029
IL Department on Aging	Aging Cluster (93.044/93.045/93.053)	Reporting	2022-030
IL Department on Aging	Aging Cluster (93.044/93.045/93.053)	Subrecipient Monitoring	2022-031
IL Department of Corrections	COVID-19 – Coronavirus Relief Fund (21.019)	Allowable Costs/Cost Principles and Period of Performance	2022-033

Compliance with such requirements is necessary, in our opinion, for the State to comply with the requirements applicable to that program.

Other Matter – Federal Expenditures Not Included in the Compliance Audit

The schedule of expenditures of federal awards (the Schedule) and our audit described above does not include expenditures of federal awards for those agencies determined to be component units of the State of Illinois for financial statement purposes. Each of these agencies has their own independent audit in compliance with Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). The Schedule and our audit described below also do



not include federal transactions related to loans held and serviced by the Illinois Designated Account Purchase Program (IDAPP), a division of the Illinois Student Assistance Commission, under the Federal Family Educational Loan program ALN 84.032L. IDAPP has elected to have a separate lender compliance audit performed in accordance with the U.S. Department of Education's *Compliance Audits (Attestation Engagements) for Lenders and Lender Servicers Participating in the Federal Family Education Loan Program* Audit Guide.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the State's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Auditors' Responsibilities for the Audit of Compliance for Federal Family Education Loans – Guaranty Agencies

Our responsibility is to conduct an audit of compliance in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance and to issue an auditors' report. However, because of the matter described in the Basis for Disclaimer of Opinion on Federal Family Education Loans – Guaranty Agencies section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on compliance.

We are required to be independent of the State and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit.

Auditors' Responsibilities for the Audit of Compliance for All Other Major Programs

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the State's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the State's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the State's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the State's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the State's internal control over compliance. Accordingly, no such opinion is expressed.



We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2022-010, 2022-011, 2022-012, 2022-015, 2022-018, 2022-019, 2022-021, 2022-023, 2022-026, and 2022-032. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on the State's responses to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The State is also responsible for preparing a corrective action plan to address each audit finding included in our auditors' report. The State's responses and corrective action plan were not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses or the corrective action plan.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

A deficiency in 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 material weakness in internal control over compliance is a deficiency, or a 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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2022-002 to 2022-023, 2022-025 to 2022-027, and 2022-029 to 2022-033 to be material weaknesses.

A significant deficiency in internal control over compliance is a deficiency, or a 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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2022-024, 2022-028, and 2022-034 to be significant deficiencies.

Our audit of the major programs referenced in the Basis for Adverse, Qualified, and Unmodified Opinions section of our report was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the State's responses to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The State is also responsible for preparing a corrective action plan to address each audit finding included in our auditors' report. The State's responses and corrective action plan were not



subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses or the corrective action plan.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

/s/KPMG LLP

Chicago, Illinois
December 18, 2023

STATE OF ILLINOIS

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2022

(1) Summary of Auditors' Results

- (a) The type of report issued by the Auditor General, State of Illinois, on whether the basic financial statements were prepared in accordance with generally accepted accounting principles:

Opinion Unit	Type of Opinion
Governmental Activities	Unmodified
Business-Type Activities	Qualified
Aggregate Discretely Presented Component Units	Unmodified
General Fund	Unmodified
Unemployment Compensation Trust Fund – Statement of Net Position	Qualified
Unemployment Compensation Trust Fund – Statements of Revenues, Expenses, and Changes in Net Position and Cash Flows	Disclaimer
Water Revolving Fund	Unmodified
Prepaid Tuition Fund	Unmodified
Aggregate Remaining Fund Information	Unmodified

- (b)(1) Internal control deficiencies over financial reporting disclosed by the audit of the basic financial statements by the Auditor General, State of Illinois:
- Material weaknesses: **Yes**
 - Significant deficiencies: **None reported**
- (b)(2) Internal control deficiencies over financial reporting disclosed by the audit of the schedule of expenditures of federal awards:
- Material weaknesses: **Yes**
 - Significant deficiencies: **None reported**
- (c)(1) Noncompliance which is material to the basic financial statements: **Yes**
- (c)(2) Noncompliance which is material to the schedule of expenditures of federal awards: **No**
- (d) Internal control deficiencies over major programs disclosed by the audit:
- Material weaknesses: **Yes**
 - Significant deficiencies: **Yes**
- (e) The type of report issued on compliance for major programs:

Disclaimer:

Federal Family Education Loans – Guaranty Agencies (84.032G)

Adverse:

COVID-19 – Homeowner Assistance Fund (21.026)

Qualified (Noncompliance):

SNAP Cluster (10.551/10.561)
 Crime Victim Assistance (16.575)
 Unemployment Insurance (17.225)
 COVID-19 – Airport Improvement Program (20.106)
 COVID-19 – Coronavirus Relief Fund (21.019)

STATE OF ILLINOIS

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2022

Qualified (Noncompliance), continued:

Aging Cluster (93.044/93.045/93.053)
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC) (93.323)
Temporary Assistance for Needy Families (93.558)
CCDF Cluster (93.575/93.596)
Children's Health Insurance Program (93.767)
Medicaid Cluster (93.775/93.777/93.778)
Block Grants for Prevention and Treatment of Substance Abuse (93.959)

Unmodified:

COVID-19 – Pandemic EBT Food Benefits (10.542)
Emergency Rental Assistance Program (21.023)
COVID-19 – Coronavirus State and Local Fiscal Recovery Funds (21.027)
Capitalization Grants for Clean Water State Revolving Funds (66.458)
Capitalization Grants for Drinking Water State Revolving Funds (66.468)
Education Stabilization Fund (84.425)
Adoption Assistance – Title IV-E (93.659)
Disaster Grants – Public Assistance (Presidentially Declared Disasters) (97.036)

(f) Audit findings which are required to be reported in accordance with 2 CFR 200.516(a): **Yes**

(g) Major programs:

U.S. Department of Agriculture

1. COVID-19 – Pandemic EBT Food Benefits (10.542)
2. SNAP Cluster (10.551/10.561)

U.S. Department of Justice

3. Crime Victim Assistance (16.575)

U.S. Department of Labor

4. Unemployment Insurance (17.225)

U.S. Department of Transportation

5. COVID-19 – Airport Improvement Program (20.106)

U.S. Department of Treasury

6. COVID-19 – Coronavirus Relief Fund (21.019)
7. Emergency Rental Assistance Program (21.023)
8. COVID-19 – Homeowner Assistance Fund Program (21.026)
9. COVID-19 – Coronavirus State and Local Fiscal Recovery Funds (21.027)

U.S. Environmental Protection Agency

10. Capitalization Grants for Clean Water State Revolving Funds (66.458)
11. Capitalization Grants for Drinking Water State Revolving Funds (66.468)

U.S. Department of Education

12. Federal Family Education Loans – Guaranty Agencies (84.032G)
13. Education Stabilization Fund (84.425)

STATE OF ILLINOIS

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2022

U.S. Department of Health and Human Services

- 14. Aging Cluster (93.044/93.045/93.053)
- 15. Epidemiology and Laboratory Capacity for Infectious Diseases (ELC) (93.323)
- 16. Temporary Assistance for Needy Families (93.558)
- 17. CCDF Cluster (93.575/93.596)
- 18. Adoption Assistance – Title IV-E (93.659)
- 19. Children’s Health Insurance Program (93.767)
- 20. Medicaid Cluster (93.775/93.777/93.778)
- 21. Block Grants for the Prevention and Treatment of Substance Abuse (93.959)

U.S. Department of Homeland Security

- 22. Disaster Grants – Public Assistance (Presidentially Declared Disasters) (97.036)

(h) Dollar threshold used to distinguish between Type A and Type B programs: \$76,833,152

(i) The State qualified as a low-risk auditee: **No**

(2)(a) Findings related to the basic financial statements reported in accordance with *Government Auditing Standards*:

Findings related to the basic financial statements for the year ended June 30, 2022 were reported in accordance with *Government Auditing Standards* by the Auditor General of the State of Illinois under separate cover.

STATE OF ILLINOIS

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2022

(2)(b) Findings related to the schedule of expenditures of federal awards reported in accordance with *Government Auditing Standards*:

State Agency: Illinois Governor's Office of Management and Budget

Federal Agency: All federal agencies

Finding 2022-001: *Inadequate Process for Compiling the Schedule of Expenditures of Federal Awards*

Type of Finding: Material weakness

Condition Found:

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.

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.

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 GAAP Coordinators who oversee the preparation of financial reporting forms and 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.

During fiscal year 2022, 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 2022 with several open items. A number of revised drafts were provided to update missing information and to correct for errors in information originally submitted by State agencies to the IOC. Specifically, we identified the following errors:

- On July 31, 2023, GOMB provided a revised draft SEFA which included approximately \$500 million of Medicaid expenditures which had not previously been reported and were required to be subjected to audit procedures.
- On November 21, 2023, GOMB provided a revised draft SEFA which removed approximately \$228 million of expenditures originally reported under the Coronavirus Relief Fund (CRF) program. The expenditures were incorrectly reported under the CRF program as they were already reported under separate federal programs.

The final SEFA and related notes were not finalized by the State until November 2023.

Criteria or Requirement:

According to 2 CFR 200.510(b), a recipient of federal awards is required to prepare a schedule of expenditures of Federal awards (SEFA) for the period covered by the entity's financial statements which

STATE OF ILLINOIS

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2022

must include the total Federal awards expended as determined in accordance with 2 CFR 200.502. Among other things required by 2 CFR 200.510(b), the SEFA must include the total amount provided to subrecipients from each Federal program.

Additionally, 2 CFR 200.303 requires non-Federal entities receiving Federal awards to establish and maintain internal controls designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements. Effective internal controls should include procedures to ensure federal expenditures and amounts provided to subrecipients are accurately reported on the SEFA and information provided for audit purposes is complete and accurate.

Cause:

In discussing these conditions with GOMB officials, they stated the issues noted above were due to the lack of a fully implemented enterprise-wide system for financial accounting and for Statewide grants management, which hindered the State's ability to compile a complete and accurate SEFA in a timely manner. During the audit period, these systems were under development and were not fully operational. GOMB also noted that issues arose due to a lack of sufficient internal control processes in the State agencies themselves related to the accumulation and reporting of financial information necessary to prepare the State's financial statements.

Possible Asserted Effect:

Failure to establish effective internal controls at all agencies regarding financial reporting for the preparation of the SEFA may prevent the State from completing an audit in accordance with timelines set forth by the Uniform Guidance and may result in the suspension of federal funding.

Repeat Finding:

A similar finding was not reported in the prior year audit. (Finding Code 2022-001)

Recommendation:

We recommend 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.

Views of GOMB on behalf of themselves and the Governor's Office:

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

STATE OF ILLINOIS

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2022

(3) Findings and Questioned Costs Relating to Federal Awards:

State Agency: Illinois Student Assistance Commission (ISAC)
Federal Agency: U.S. Department of Education (USDE)
Program Name: Federal Family Education Loans – Guaranty Agencies
ALN and Program Expenditures: 84.032G (\$2,171,012,437)
Federal Award Numbers: None
Federal Award Year: July 1, 2021 to June 30, 2022
Questioned Costs: None
Compliance Requirement: Reporting
Special Tests and Provisions - All
Finding 2022-002: Inability to Implement Dear Colleague Letter
Type of Finding: Disclaimer of opinion and material weakness

Condition Found:

ISAC was unable to implement all required elements of the Dear Colleague Letter GEN-21-03 for loans serviced under the Federal Family Education Loans – Guaranty Agencies (FFEL) program due to system limitations.

On May 12, 2021, USDE issued Dear Colleague Letter (DCL) GEN-21-03, with an update on May 24, 2021 titled “Expansion of Collections Pause to Defaulted FFEL Program Loans Managed by Guaranty Agencies.” The purpose of DCL GEN-21-03 was to help borrowers burdened by debt during the COVID-19 emergency. DCL GEN-21-03 had a significant impact on guaranty agency operations, including the following:

- Interest was required to be retroactively reduced to zero percent back to March 13, 2020 through May 1, 2022.
- Guaranty agencies were not allowed to charge and retain collection cost for loan rehabilitation, and for those rehabilitations which occurred during the period, the guarantor was required to make adjustments on the account before it was transferred to the new holder for interest and collection cost charged.
- Guaranty agencies were allowed to charge 2.8% collection cost to borrowers for consolidation loans, which represented a change from 18.5%, and any previous charges were required to be refunded to the Direct Loan consolidating servicer to adjust the borrower accounts.
- Guaranty agencies were required to make adjustments to interest and involuntary payments to loans which defaulted on/after March 13, 2020; these loans were required to be transferred to USDE under Special Mandatory Assignment.
- Guaranty agencies may transfer funds from the Federal Fund to the Operating Fund without prior permission from USDE to reimburse themselves for lost revenue and to make refunds to borrowers. Guaranty agencies who received additional funds from USDE were required to report that activity on their Annual Report.

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Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2022

As a direct result of the requirements established upon issuance of the DCL GEN-21-03, on July 29, 2021, ISAC notified USDE of its request to terminate its operations as a guaranty agency of the FFEL program. On September 22, 2021, USDE approved ISAC's request for termination as a guaranty agency of FFEL, and also informed ISAC of its decision to designate an unrelated third party to act as the guarantor for the State of Illinois. Effective May 1, 2022, the FFEL loan portfolio was transitioned to the third party loan servicer.

Although the loan portfolio was transitioned to a third party to act as guaranty agency, ISAC was responsible to service the outstanding FFEL loan portfolio and maintain compliance with USDE requirements through the May 1, 2022 transition date. Through discussions with ISAC officials, given the limitations of its legacy guaranty system, ISAC was unable to set interest rates for outstanding loans to 0% as required by the DCL.

Further, given the loan portfolio was transferred to the third party servicer on May 1, 2022, we were unable to test ISAC's compliance with requirements that are direct and material to the FFEL program.

The outstanding FFEL loan balance at July 1, 2021 for which ISAC was required to service and maintain compliance during the State fiscal year ended June 30, 2022 was \$2,035,226,000.

Criteria or Requirement:

Dear Colleague Letter GEN-21-03 imposes certain requirements that Guaranty Agencies were to implement into their operations, including actions on borrower communications, interest rates, involuntary collections, voluntary payments, collection attempts, loan rehabilitation and eligibility reinstatement, credit reporting, default aversion and default claims, National Student Loan Data System (NSLDS) reporting, mandatory assignment, consolidations, order of transactions, reimbursement of lost revenue, and waivers.

In addition, 2 CFR 200.303 requires nonfederal entities to, among other things, establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. Effective internal controls should include procedures to ensure all elements of the Dear Colleague Letter GEN-21-03 are implemented.

Cause:

In discussing these conditions with ISAC officials, they stated certain requirements of the DCL were not implemented due to limitations with its legacy guaranty system.

Possible Asserted Effect:

ISAC's inability to implement all the requirements of the Dear Colleague Letter GEN-21-03 prior to the transition date results in noncompliance with USDE requirements.

Repeat Finding:

A similar finding was not reported in the prior year audit. (Finding Code 2022-002)

Statistical Sampling:

The sample was not intended to be, and was not, a statistically valid sample.

STATE OF ILLINOIS

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2022

Recommendation:

With the transition of the loan portfolio to a third party guaranty agency, we recommend ISAC work with USDE to finalize closeout of the FFEL program.

Views of ISAC Officials:

ISAC converted its FFEL loan population to a new guarantor. As part of the conversion, all remedies required by the DCL were identified and completed either prior to the loans being transferred or once they were uploaded by the new guarantor. ISAC and the successor guarantor scrubbed the data and the successor guarantor ensured that on May 1, 2022 all balances were correct. The US Department of Education was involved in all the bi-weekly meetings with ISAC and the successor guarantor and upon conversion agreed that all steps were correctly handled.

The final federal reporting was completed and all reconciliations accepted by the US Department of Education as of May 11, 2023. ISAC received the approval to transfer close the federal fund back and transfer the balance to the US Treasury to officially exit the FFEL program. No further action was required.

STATE OF ILLINOIS

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2022

State Agency: Illinois Department of Revenue (IDOR)
Federal Agency: U.S. Department of Treasury (Treasury)
Program Name: COVID-19 – Homeowner Assistance Fund
ALN and Program Expenditures: 21.026 (\$209,795,189)
Award Numbers: Various – See schedule of award numbers
Federal Award Year: Various – See schedule of award numbers
Questioned Costs: None
Compliance Requirement: Cash Management
Finding 2022-003: Failure to Monitor Subrecipient Cash Draws
Type of Finding: Adverse opinion and material weakness

Condition Found:

IDOR passed through most of the advance drawn funds to its subrecipient while reporting no activity had occurred for the COVID-19 – Homeowner Assistance Fund (HAF) program in the special report prepared during fiscal year 2022.

The State designated IDOR as the State agency responsible for fiscal activities of the COVID-19 – HAF program. IDOR passed funding through to the Illinois Housing Development Authority (IHDA) (a component unit of the State) who works directly with program beneficiaries (eligible homeowners or subrecipients).

During our audit procedures, we noted the State received \$211,309,688 of COVID-19 – HAF program funding from the U.S. Treasury in January 2022. At the time of the January 2022 cash receipt, we noted IDOR had passed through \$32,886,765 to IHDA. During our review of subrecipient payments (totaling \$209,795,189) made to IHDA during the year ended June 30, 2022, we noted IHDA had only reported expenditures of \$6,901,019 during the year ended June 30, 2022. Accordingly, IDOR had provided HAF program advances totaling \$202,894,170 during the year ended June 30, 2022. IDOR did not have procedures in place to monitor whether IHDA had incurred or would be incurring program expenditures to minimize federal cash on hand.

Additionally, the State prepared and submitted a one-time special report (Interim Report 1505-0269) that covered the reporting period beginning on the date of the COVID-19 – HAF program award (May 3, 2021) through January 31, 2022. The key line items in the special report included the following:

- Number of unique Homeowners that received HAF assistance and subset(s) that are classified as Socially Disadvantaged and 100 percent Area Median Income (AMI) or less
- Homeowners that received HAF assistance disaggregated by Program Design Element
- Amount of assistance provided to Homeowners disaggregated by Program Design Element

During our testing of the COVID-19 – HAF program special report, we noted the State did not report activity data for any of the key line items.

Total subrecipient expenditures for the HAF program administered by the State were \$209,795,189 during the year end June 30, 2022.

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Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2022

Criteria or Requirement:

Pass-through entities must monitor cash drawdowns by their subrecipients to ensure that the time elapsing between the transfer of federal funds to the subrecipient and their disbursement for program purposes is minimized as required by the applicable cash management requirements in the federal award to the recipient (2 CFR section 200.305(b)(1)).

In addition, 2 CFR 200.303 requires non-federal entities receiving Federal awards to establish and maintain internal control designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements. Effective internal controls should include establishing procedures to minimize the time elapsing between the transfer of funds to subrecipients and the subrecipient's actual cash outlay for program costs.

Cause:

The State's relationship with IHDA is a multi-agency initiative. IDOR's role has historically been statutorily limited to funding agent. This role does not include expenditure monitoring or reporting responsibilities. There was confusion in fiscal year 2022 regarding which state agency would perform these tasks for the COVID grant money awarded to IHDA.

Possible Asserted Effect:

Failure to monitor whether subrecipients minimize the time between the receipt of federal funds and expenditure for program purposes may result in advance funding in excess of immediate cash needs. Additionally, failure to properly report program activities in required special reports inhibits the U.S. Treasury from properly monitoring program activities and progress.

Repeat Finding:

A similar finding was not reported in a prior year audit. (Finding Code No. 2022-003)

Statistical Sampling:

The sample was not intended to be, and was not, a statistically valid sample.

Recommendation:

We recommend IDOR implement procedures to monitor subrecipients to ensure funds are requested only for expenditures which have been incurred or will be incurred within a reasonable time period to minimize federal cash on hand. Additionally, the State should implement procedures to ensure the COVID-19 – HAF program special report completely and accurately describes required program activities.

Views of IDOR Officials:

The IHDA Act was updated to allow IDOR to disburse COVID money. However, the language for the tasks to be performed by the funding agent was left unchanged. This ambiguity along with the reporting IHDA does to other agencies contributed to confusion regarding which agency was responsible for the grant expenditure monitoring and reporting. IDOR pursued legislative clarification. This resulted in the decision to transition the funding agent role to DHS.

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Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2022

State Agency: Illinois Department of Human Services (IDHS)
Federal Agency: U.S. Department of the Treasury (Treasury)
Program Name: COVID-19 – Homeowner Assistance Fund
ALN and Program Expenditures: 21.026 (\$209,795,189)
Award Numbers: Various – see table of award numbers
Federal Award Year: Various – see table of award numbers
Questioned Costs: Cannot be determined
Compliance Requirement: Subrecipient Monitoring
Finding 2022-004: Failure to Establish Subrecipient Monitoring Procedures
Type of Finding: Adverse opinion and material weakness

Condition Found:

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, 2022.

The State designated IDHS as the State agency responsible for monitoring of the HAF program subrecipient, Illinois Housing Development Authority (IHDA), a discretely presented component unit of the State.

As a pass-through entity, IDHS was responsible for:

- Identifying the award and applicable requirements,
- Evaluating IHDA’s risk of noncompliance for purposes of determining the appropriate monitoring procedures related to the subaward,
- Monitoring the activities of IHDA as necessary to ensure the subaward is used for authorized purposes, IHDA complies with the terms and conditions of the subaward, and IHDA achieves performance goals, and
- Issuing a management decision for audit findings pertaining to the federal award provided to IHDA, if applicable.

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, 2022. Amounts passed through to IHDA totaled \$209,795,189 for the year ended June 30, 2022.

Criteria or Requirement:

According to 2 CFR 200.332(b), a pass-through entity must evaluate each subrecipient's risk of noncompliance for purposes of determining the appropriate subrecipient monitoring related to the subaward. According to 2 CFR 200.332(d), a pass-through entity is required to monitor the activities of subrecipients as necessary to ensure that federal awards are used for authorized purposes in compliance with laws, regulations, and the provisions of contracts or grant agreements and that performance goals are achieved. 2 CFR 200.332(d)(3) requires pass-through entities to issue management decisions for applicable

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Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2022

audit findings pertaining to the federal awards provided to the subrecipient and 2 CFR 200.332(d)(4) requires pass through entities to resolve audit findings through corrective action plans (CAP).

In addition, 2 CFR 200.303 requires non-Federal entities receiving Federal awards to establish and maintain internal controls designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements. Effective internal controls should include establishing and performing monitoring procedures in accordance with Uniform Guidance and program requirements.

Cause:

In discussing these conditions with IDHS officials, management stated this program is administered in collaboration with the Illinois Department of Revenue, the Illinois Emergency Management Agency (IEMA), the Governor's Office of Management and Budget, and the Illinois Housing Development Authority (a component unit of the State). Delays encountered in launching the program resulted in a delay in executing interagency agreements to establish roles and responsibilities for the program.

Possible Asserted Effect:

Failure to perform required risk assessments and to adequately monitor subrecipients may result in the subrecipient not properly administering the federal program in accordance with laws, regulations, and the grant agreement.

Repeat Finding:

A similar finding was not reported in the prior year audit. (Finding Code 2022-004)

Statistical Sampling:

The sample was not intended to be, and was not, a statistically valid sample.

Recommendation:

We recommend IDHS implement subrecipient monitoring procedures in accordance with federal regulations.

Views of IDHS Officials:

IDHS accepts the recommendation. IDHS has subrecipient monitoring procedures and has kicked off subrecipient monitoring with IHDA on the Homeowners Assistance Fund program.

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Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2022

State Agency: Illinois Department of Human Services (IDHS)

Federal Agency: U.S Department of Agriculture (USDA)
U.S. Department of Health and Human Services (USDHHS)

Program Name: SNAP Cluster
Temporary Assistance for Needy Families

ALN and Program Expenditures: 10.551/10.561 (\$5,801,570,781)
93.558 (\$606,030,110)

Award Numbers: Various – see table of award numbers

Federal Award Year: Various – see table of award numbers

Questioned Costs: Cannot be determined

Compliance Requirement: Eligibility, Special Tests and Provisions – Child Support Non-Cooperation, Special Tests and Provisions – Penalty for Refusal to Work, and Special Tests and Provisions – ADP System for SNAP

Finding 2022-005: *Missing Documentation in Beneficiary Files*

Type of Finding: Material noncompliance and material weakness

Condition Found:

IDHS could not locate case file documentation supporting eligibility determinations and special test requirements for beneficiaries of the SNAP Cluster and/or Temporary Assistance for Needy Families (TANF) program.

Details of the beneficiary payments selected in our samples for the SNAP and TANF programs are as follows:

Case Type	Number of Cases Tested	Total Amount of Payments for Cases Tested	Total Amount of Payments Made on Behalf of Beneficiaries for Fiscal Year 2022	Total Fiscal Year 2022 Program Expenditures
TANF	50	\$17,978	\$35,244,564	\$606,030,110
SNAP Cluster			\$5,605,397,999	\$5,801,570,781

During our test work, we selected eligibility files to review for compliance with eligibility requirements of the related benefits provided. Specifically, in 1 of 50 TANF/SNAP cases (with a payment sampled of \$239), IDHS did not obtain the beneficiary’s assignment of rights to the State. TANF cash assistance paid to this beneficiary during the year ended June 30, 2022 was \$2,656.

During our test work, we also selected Child Support Non-Cooperation (Non-Cooperation) files to review for compliance with the respective special tests and provisions. We noted in 6 of 40 TANF Non-Cooperation special test cases, IDHS could not provide evidence that notice for good cause non-cooperation was obtained, or subsequent timely action on the case was taken once the case was determined non-cooperating. TANF cash assistance paid to these beneficiaries during the year ended June 30, 2022 totaled \$40,670.

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Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2022

During our test work, we also selected Penalty for Refusal to Work (Refusal to Work) files to review for compliance with the respective special tests and provisions. We noted in 9 of 40 TANF Refusal to Work cases, IDHS could not provide evidence that a responsibility service plan (RSP) was obtained and signed by the beneficiary. Further we noted that the control to ensure the RSPs are collected (i.e. completeness) in accordance with policy is not effectively designed. TANF cash assistance paid to these beneficiaries during the year ended June 30, 2022 totaled \$33,881.

Criteria or Requirement:

According to 42 USC 602(a)(1)(B)(iii) (the State Plan for TANF/SNAP), IDHS is required to determine client eligibility in accordance with eligibility requirements defined in the approved State Plans. The TANF State Plan amended April 1, 2020, Section L Personal Responsibility, requires all adults and minor parents applying for or receiving assistance with be required to sign a Responsibility and Services Plan (RSP) and follow through with its provisions. TANF/SNAP State Plan also required an application to be completed to apply for assistance.

For non-cooperation, if an individual is not cooperating with the state establishing paternity or enforcing a support order with respect to a child of the individual, the state must apply a sanction or deny assistance (45 CFR sections 264.30).

For refusal to work, the State must reduce or terminate the assistance payable to the family if an individual in a family receiving assistance refuses to work, subject to any good cause or other exemptions established by the State (42 USC 609(a)(14); 45 CFR sections 261.14, 261.16, and 261.54).

In addition, 2 CFR 200.303 requires nonfederal entities to, among other things, establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. Effective internal controls should include maintaining adequate controls over beneficiary eligibility case files to ensure all required documentation is received and appropriate sanctions applied.

Cause:

In discussing these conditions with IDHS officials, management stated that the exceptions noted were due to oversight to secure or upload supporting documentation adequately and to follow up on notices of non-cooperation or good cause for refusal to work.

Possible Asserted Effect:

Failure to maintain RSPs, applications, or other eligibility documentation may result in inadequate documentation of a recipient's eligibility and in federal funds being awarded to ineligible beneficiaries. Payments beyond the eligibility period can result in unallowable costs. Inability to demonstrate if a sanction has been appropriately applied also may result in federal funds being awarded to an ineligible beneficiary.

Repeat Finding:

A similar finding was reported in prior year audit as finding number 2021-011. (Finding Code 2022-005, 2021-011, 2020-010, 2019-005, 2018-004, 2017-004, 2016-004, 2015-004, 2014-004, 2013-004, 12-04, 11-04, 10-06, 09-06, 08-08, 07-19, 06-16, 05-30, 04-18, 03-20, 02-26, 01-15)

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Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2022

Statistical Sampling:

The sample was not intended to be, and was not, a statistically valid sample.

Recommendation:

We recommend IDHS review its current process for collecting and maintaining TANF/SNAP eligibility support and documentation to support the appropriate TANF application of sanctions.

Views of IDHS Officials:

IDHS accepts the recommendation. IDHS will work to ensure support for all eligibility items are properly retained in the record.

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Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2022

State Agency: Illinois Department of Human Services (IDHS)
Federal Agency: U.S. Department of Health and Human Services (USDHHS)
Program Name: Block Grants for Prevention and Treatment of Substance Abuse
ALN and Program Expenditures: 93.959 (\$81,408,580)
Award Numbers: Various – See schedule of award numbers
Federal Award Year: Various – See schedule of award numbers
Questioned Costs: Cannot be determined
Compliance Requirement: Matching, Level of Effort, Earmarking
Finding 2022-006: Failure to Provide Adequate Documentation for the SAPT MOE Requirement

Type of Finding: Material noncompliance and material weakness

Condition Found:

IDHS was unable to provide adequate documentation to substantiate the maintenance of effort (MOE) requirements were met for the Block Grants for Prevention and Treatment of Substance Abuse (SAPT) program for award year 2020 that closed during State fiscal year 2022.

As a condition of receiving federal funding under the SAPT program, USDHHS requires the State to maintain the level of State and locally funded expenditures for substance abuse prevention and treatment activities at an amount that is at least equal to the average level of these same amounts for the prior two years.

During the current fiscal year, we noted IDHS was required to maintain aggregate State expenditures for State fiscal year June 30, 2020 (SFY20) of \$128,854,228. IDHS reported actual aggregate State expenditures for State fiscal year June 30, 2020 of \$159,761,708. However, included in the total MOE reported expenditures were \$94,207,294 of managed care organization (MCO) billings in SFY20. The MCO billings represented MCO encounter data amounts, and IDHS could not provide evidence or reconcile MCO encounter data to actual State paid expenditures. Accordingly, these expenditures are not allowable for purposes of meeting the maintenance of effort requirement. IDHS appears to be approximately \$63 million short of the \$129 million MOE requirement.

Criteria or Requirement:

According to 45 CFR 96.30(a), the fiscal control and accounting procedures of the State must be sufficient to permit tracing funds to a level of expenditure adequate to establish that such funds have not been used in violation of the restrictions and prohibitions of the statute authorizing the block grant. Further, 45 CFR 96.134(a) states with respect to the principal agency of a State for carrying out authorized activities, the agency shall for each fiscal year maintain aggregate State expenditures by the principal agency for authorized activities at a level that is not less than the average level of such expenditures maintained by the State for the two-year period preceding the fiscal year for which the State is applying for the grant.

In addition, 2 CFR 200.303 requires non-Federal entities receiving Federal awards to establish and maintain internal control designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements. Effective internal controls should include establishing procedures to ensure MOE requirements are achieved with allowable expenditures.

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Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2022

Cause:

In discussing these conditions with IDHS officials, management stated IDHS believed its methodology was compliant and was awaiting a decision from USDHHS on this matter.

Possible Asserted Effect:

Failure to maintain required State expenditure levels for MOE and maintain adequate supporting documentation to support expenditures used to meet the MOE requirements results in noncompliance with program requirements.

Repeat Finding:

A similar finding was reported in the prior year audit as finding number 2021-012. (Finding Code 2022-006, 2021-012, 2020-012, 2019-009, 2018-007, 2017-008, 2016-008, 2015-009, 2014-010)

Statistical Sampling:

The sample was not intended to be, and was not, a statistically valid sample.

Recommendation:

We recommend IDHS review its process for identifying allowable expenditures to achieve the SAPT MOE, including receiving input from the Substance Abuse and Mental Health Services Administration (SAMHSA) regarding the applicability of MCO encounter data expenditures.

Views of IDHS Officials:

IDHS accepts the recommendation. IDHS received confirmation on November 8, 2023, that they may not continue to use Encounter Data to meet the MOE requirement unless they can demonstrate that they can trace the use of those funds to the level of expenditure and ensure the use of those funds do not violate the restrictions and prohibitions of the statute authorizing the block grant. IDHS will seek SAMHSA approval of an alternate MOE methodology that does not include encounter data. IDHS will confirm the process for amending previous MOE numbers reported and submit any required waivers to SAMHSA.

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Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2022

State Agency: Illinois Department of Human Services (IDHS)
Federal Agency: U.S. Department of Health and Human Services (USDHHS)
Program Name: Temporary Assistance for Needy Families Cluster
CCDF Cluster
Block Grants for Prevention and Treatment of Substance Abuse

ALN and Program Expenditures: 93.558 (\$585,590,187)
93.575/93.596 (\$910,712,554)
93.959 (\$81,408,580)

Award Numbers: Various – See schedule of award numbers

Federal Award Year: Various – See schedule of award numbers

Questioned Costs: Cannot be determined

Compliance Requirement: Reporting

Finding 2022-007: Failure to Report Subaward Information Required by FFATA

Type of Finding: Material noncompliance and material weakness

Condition Found:

IDHS failed to report information required by the Federal Funding Accountability and Transparency Act (FFATA) for awards granted to subrecipients of the Temporary Assistance for Needy Families (TANF), CCDF Cluster (Child Care), and Block Grants for Prevention and Treatment of Substance Abuse (SAPT) programs.

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

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Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2022

During our testing, we noted that IDHS did not establish control procedures to submit FFATA reports for all subawards as required by federal regulations. During our testwork of 59 subawards and 78 amendments, we noted the following exceptions:

Program Name	FFATA Non-compliance Exceptions				
	Subawards Tested	Subaward or Amendment not reported	Report not timely	Subaward amount or obligation date incorrect	Subaward missing key elements (DUNS number)
TANF	18 + 17 (35)	22	-	-	-
CCDF	10 + 25 (35)	-	13	-	14
SAPT	31 + 36 (67)	36	31	31	-
	Dollar Amount of Subawards Tested	Subaward or Amendment not reported	Report not timely	Subaward amount or obligation date incorrect	Subaward missing key elements (report month incorrect)
TANF	\$7,318,998	\$7,593,186	-	-	-
CCDF	686,703,619	-	\$82,262,604	-	\$82,262,604
SAPT	65,361,083	65,361,083	65,361,083	\$65,361,083	-

IDHS' subrecipient expenditures under the federal programs for the year ended June 30, 2022 were approximately as follows:

Program	Total Fiscal Year 2022 Subrecipient Expenditures	Total Fiscal Year 2022 Program Expenditures
TANF	\$4,303,299	\$585,590,187
Child Care	160,105,631	910,712,554
SAPT	79,293,218	81,408,580

Criteria or Requirement:

In accordance with 2 CFR 170.200, Federal awarding agencies are required to publicly report Federal awards that equal or exceed the micro-purchase threshold and publish the required information on a public-facing, OMB-designated, governmentwide website and follow OMB guidance to support Transparency Act implementation. Consistent with the Federal Acquisition Register (FAR) threshold for subcontract reporting, OMB raised the reporting threshold for subawards that equal or exceed \$30,000.

2 CFR 200.303 requires non-Federal entities receiving Federal awards to establish and maintain internal control designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements. Effective internal controls should include complying with FFATA.

Cause:

In discussing these conditions with IDHS officials, management stated the exceptions noted are due to inaccuracies in the manual entry of subawards, and not all awards were being identified through the existing

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Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2022

information process flow. The Division of Substance Use, Prevention, and Recovery (SUPR) stated that there was not adequate staff for reporting and a misunderstanding of how often reporting was required.

Possible Asserted Effect:

Failure to identify awards subject to FFATA and to report subawards in accordance with FFATA results in noncompliance with federal requirements.

Repeat Finding:

A similar finding was reported in the prior year audit as finding numbers 2021-014 and 2021-015. (Finding Code 2022-007, 2021-014, 2021-015)

Statistical Sampling:

The sample was not intended to be, and was not, a statistically valid sample.

Recommendation:

We recommend IDHS establish procedures to identify awards subject to FFATA reporting requirements and report required subaward information in accordance with the FFATA.

Views of IDHS Officials:

IDHS accepts the recommendation. IDHS is continuing to establish automated procedures to identify all awards that are subject to FFATA reporting requirements and to report required subaward information in accordance with the FFATA.

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For the Year Ended June 30, 2022

State Agency: Illinois Department of Human Services (IDHS)
Federal Agency: U.S. Department of Health and Human Services (USDHHS)
Program Name: Temporary Assistance for Needy Families Cluster
CCDF Cluster
Block Grants for Prevention and Treatment of Substance Abuse

ALN and Program Expenditures: 93.558 (\$585,590,187)
93.575/93.596 (\$910,712,554)
93.959 (\$81,408,580)

Award Numbers: Various – See schedule of award numbers

Federal Award Year: Various – See schedule of award numbers

Questioned Costs: Cannot be determined

Compliance Requirement: Subrecipient Monitoring

Finding 2022-008: Failure to Follow Established Program Subrecipient Monitoring Procedures

Type of Finding: Material noncompliance and material weakness

Condition Found:

IDHS did not follow its established program monitoring policies and procedures for subrecipients of the Temporary Assistance for Needy Families (TANF) Cluster, CCDF Cluster (Child Care), and Block Grants for Prevention and Treatment of Substance Abuse (SAPT) programs.

IDHS has implemented procedures whereby program staff perform periodic program on-site and desk reviews of IDHS subrecipient compliance with regulations applicable to the federal programs administered by IDHS. Generally, these reviews are formally documented and include the issuance of a report of the review results to the subrecipient summarizing the procedures performed, results of the procedures, and any findings or observations for improvement noted. IDHS’s policies require the subrecipient to respond to each finding by providing a written corrective action plan. Additionally, IDHS program staff perform reviews of expenditure reports submitted by subrecipients. IDHS subrecipient monitoring procedures are subject to the review and approval of a supervisor.

During our test work over program on-site review procedures performed for 59 subrecipients of the TANF Cluster, CCDF Cluster, and SAPT programs, we noted IDHS did not follow its established program monitoring procedures as follows:

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For the Year Ended June 30, 2022

- IDHS did not provide timely notification (within 60 days) of the results of the programmatic on-site reviews. We noted the following exceptions:

Federal Program	Number of Late Communications	Number of Subrecipients Tested	Number of Days Late (Range)
SAPT	7	31	69 - 176

- IDHS did not complete their quality review on a timely basis (within 60 days). We noted the following exceptions:

Federal Program	Number of Late Quality Reviews	Number of Subrecipients Tested	Number of Days Late (Range)
TANF	1	18	167
SAPT	5	31	63 - 97

- Additionally, for 1 of 28 SAPT subrecipient expenditures sampled, IDHS could not provide supporting documentation that reconciled to the sampled amount.

IDHS’s subrecipient expenditures under the federal programs for the year ended June 30, 2022 were approximately as follows:

Program	Total Fiscal Year 2022 Subrecipient Expenditures	Total Fiscal Year 2022 Program Expenditures	%
TANF Cluster	\$4,303,299	\$585,590,187	0.7%
CCDF Cluster	160,105,631	910,712,554	17.6%
SAPT	79,293,218	81,408,580	97.4%

Criteria or Requirement:

According to 2 CFR 200.332(d), a pass-through entity is required to monitor the activities of subrecipients as necessary to ensure that federal awards are used for authorized purposes in compliance with laws, regulations, and the provisions of contracts or grant agreements and that performance goals are achieved. According to 2 CFR 200.332(b), a pass-through entity must evaluate each subrecipient’s risk of noncompliance for purposes of determining the appropriate subrecipient monitoring related to the subaward.

In addition, 2 CFR 200.303 requires nonfederal entities to, among other things, establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. Effective internal controls should include ensuring on-site program procedures and expenditure reviews are performed in a timely manner and adequate documentation is maintained.

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Cause:

In discussing these conditions with IDHS officials, management stated that the program monitoring deficiencies noted are due to misplaced or misfiled documentation, untimely monitoring, inadequate staffing, and lack of consistent application in each program division.

Possible Asserted Effect:

Failure to adequately perform and document program on-site monitoring reviews of subrecipients and notify subrecipients of findings in a timely manner may result in subrecipients not properly administering the Federal programs in accordance with laws, regulations, and the grant agreement. Failure to properly review subrecipient expenditures may result in inaccurate payments or unallowable costs.

Repeat Finding:

A similar finding was reported in the prior year audit as finding number 2021-017. (Finding Code 2022-008, 2021-017, 2020-015, 2019-013, 2018-012, 2017-013, 2016-012, 2015-011, 2014-008, 2013-009, 12-07, 11-09)

Statistical Sampling:

The sample was not intended to be, and was not, a statistically valid sample.

Recommendation:

We recommend IDHS ensure programmatic on-site and expenditure report reviews are performed and documented for subrecipients in accordance with established policies and procedures. In addition, we recommend IDHS review its process for reporting and following up on program findings relative to subrecipient on-site reviews to ensure timely corrective action and quality control is taken.

Views of IDHS Officials:

IDHS accepts the recommendation. IDHS will seek to ensure programmatic monitoring reviews are performed and accurately documented for subrecipients in accordance with established policies and procedures.

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For the Year Ended June 30, 2022

State Agency:	Illinois Department of Human Services (IDHS)
Federal Agency:	U.S. Department of Health and Human Services (USDHHS)
Program Name:	CCDF Cluster
ALN and Program Expenditures:	93.575/93.596 (\$941,280,574)
Award Numbers:	Various – See schedule of award numbers
Federal Award Year:	Various – See schedule of award numbers
Questioned Costs:	\$7,699,780
Compliance Requirement:	Special Tests and Provisions – Child Care Provider Eligibility for American Rescue Plan Act Stabilization Funds
Finding 2022-009:	<u>Failure to Obtain Required Certifications for Child Care Providers Receiving American Rescue Plan Act Stabilization Funds</u>
Type of Finding:	Material noncompliance and material weakness

Condition Found:

IDHS did not obtain the required certifications at the time of application for certain providers of the CCDF (Child Care) Cluster receiving American Rescue Plan (ARP) Act stabilization funds.

Child care providers must provide the following certifications to receive ARP Act stabilization funding under the Child Care Cluster:

1. The provider will, when open and providing services, implement policies in line with guidance and orders from corresponding state, territorial, tribal, and local authorities and, to the greatest extent possible, implement policies in line with guidance from the Centers for Disease Control (CDC).
2. For each employee, the provider must pay at least the same amount in weekly wages and maintain the same benefits for the duration of stabilization funding.
3. The provider will provide relief from copayments and tuition payments for families enrolled in the provider's program, to the extent possible, and prioritize such relief for families struggling to make either type of payment.

During our test work over 40 child care providers receiving ARP Act stabilization funds (totaling \$545,843,265), we noted IDHS could not provide the required certifications for ARP Act stabilization funds for 39 providers who are noted as 'license-exempt' providers by IDHS. Upon further review, we noted IDHS did not obtain certifications for any 'license-exempt' providers. Child Care ARP Act Stabilization funds passed through to license-exempt providers totaled \$7,699,780 during the year ended June 30, 2022. IDHS passed through a total of \$553,500,145 of Child Care ARP Act stabilization funds for the year ended June 30, 2022.

Criteria or Requirement:

ARP Act Section 2202(d)(2)(D) requires the State to make available on its website an application for qualified child care providers that includes the certifications above.

Additionally, 2 CFR 200.303 requires nonfederal entities to, among other things, establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal

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entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. Effective internal controls should include ensuring child care providers who receive ARP Act stabilization funds meet the eligibility criteria and provide all required certifications at the time of application.

Cause:

In discussing these conditions with IDHS officials, management stated the reason certifications /attestations were not collected for these providers was because they are License-Exempt Family Child Care providers who receive scheduled health and safety monitoring and procedures were not established to obtain certifications from child care providers receiving ARP Act stabilization funds.

Possible Asserted Effect:

Failure to obtain required certifications for child care providers receiving ARP Act stabilization funds may result in inadequate documentation of a provider's eligibility under ARP Act and in federal funds being awarded to ineligible providers.

Repeat Finding:

A similar finding was not reported in the prior year audit. (Finding Code 2022-009)

Statistical Sampling:

The sample was not intended to be, and was not, a statistically valid sample.

Recommendation:

We recommend IDHS establish procedures for verifying provider eligibility under ARP Act Stabilization funds, including ensuring all child care providers provide the required certifications.

Views of IDHS Officials:

IDHS accepts the recommendation. IDHS will establish procedures for verifying provider eligibility under ARP Act Stabilization funds, including ensuring all Child Care providers provide the required certifications.

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For the Year Ended June 30, 2022

State Agency: Illinois Department of Human Services (IDHS)
Federal Agency: U.S Department of Agriculture (USDA)
U.S. Department of Health and Human Services (USDHHS)
Program Name: Supplemental Nutrition Assistance Program Cluster
Coronavirus State and Local Fiscal Recovery Funds
Temporary Assistance for Needy Families Cluster
CCDF Cluster
Medicaid Cluster
Block Grants for Prevention and Treatment of Substance Abuse

ALN and Program Expenditures: 10.551/10.561 (\$5,801,570,781)
21.027 (\$4,895,262,395)
93.558 (\$606,030,110)
93.575/93.596 (\$941,280,574)
93.775/93.777/93.778 (\$18,817,832,850)
93.959 (\$81,408,580)

Award Numbers: Various – See schedule of award numbers

Federal Award Year: Various – See schedule of award numbers

Questioned Costs: Cannot be determined

Compliance Requirement: None

Finding 2022-010: Inaccurate Reporting of Federal Expenditures

Type of Finding: Noncompliance and material weakness

Condition Found:

IDHS did not accurately report Federal expenditures, including amounts provided to subrecipients, under the Supplemental Nutrition Assistance (SNAP) Cluster, Coronavirus State and Local Fiscal Recovery Funds (SLFRF), Temporary Assistance for Needy Families (TANF) Cluster, Child Care Development Funds (CCC) Cluster, Medicaid Cluster, and Block Grants for Prevention and Treatment of Substance Abuse (SAPT) programs.

Federal expenditures, including amounts provided to subrecipients, reported to the Illinois Office of Comptroller (IOC) which were used to prepare the schedule of expenditure of federal awards (SEFA) did not agree to IDHS’ financial records provided for audit. Specifically, we noted the following differences between amounts provided for audit by IDHS and the SEFA amounts reported to the IOC for each program for the year ended June 30, 2022:

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For the Year Ended June 30, 2022

Federal Program	Federal Expenditures Reported in IDHS' Records	Federal Expenditures Initially Reported on the SEFA	\$ Difference	% Difference
SNAP	\$5,777,783,410	\$5,800,259,691	\$(22,476,281)	0.42%
CCC	946,038,898	941,280,574	4,758,324	0.50%

Additionally, the following differences were identified relative to amounts provided to subrecipients for the following major programs:

Federal Program	Amounts Provided to Subrecipients Reported in IDHS's Records	Amounts Provided to Subrecipients Initially Reported to the IOC	\$ Difference	% Difference
SNAP	\$24,245,038	\$24,552,255	\$(307,217)	1.25%
CCC	608,070,335	607,998,962	(71,373)	0.01%

Additionally, we noted the cash basis expenditures provided by IDHS for our audit procedures included accrued (not paid) expenditures. We also noted these same amounts were reported to the IOC and were used to prepare the SEFA. Specifically, we noted expenditures that were not paid as of June 30, 2022, were erroneously reported as cash basis expenditures for the year ended June 30, 2022:

Federal Program	Amounts Accrued (Not Paid)	Expenditures Reported on the SEFA	%
SNAP Cluster	\$2,883,331	\$5,801,570,781	0.05%
TANF	18,238	606,030,110	0.01%
Child Care	62,685	941,280,574	0.01%
SAPT	990,045	81,408,580	1.22%
SLFRF	328,024	141,345,523	0.23%

Additionally, we noted in January 2023 IDHS discovered expenditures under its Home and Community Based Services (HCBS) waiver program had not been reported to the Illinois Department of Healthcare and Family Services (DHFS) for claiming under the Medicaid Cluster program since January 1, 2021. As a result, DHFS did not report expenditures totaling \$508,822,206 paid by the State during the year ended June 30, 2022 on quarterly financial reports submitted to USDHHS. On July 31, 2023 the State provided a revised SEFA for the year ended June 30, 2022 which included a correction to add the previously unreported \$508,822,206 of Medicaid Cluster HCBS expenditures. The addition of these expenditures delayed the completion of the State's 2022 single audit.

Finally, we noted IDHS' controls over reporting federal expenditures were not designed at a sufficient level of precision to ensure complete and accurate reporting in a timely manner.

Criteria or Requirement:

According to 2 CFR 200.510(b), a recipient of federal awards is required to prepare a schedule of expenditures of Federal awards (SEFA) for the period covered by the entity's financial statements which

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must include the total Federal awards expended as determined in accordance with 2 CFR 200.502. Among other things required by 2 CFR 200.510(b), the SEFA must include the total amount provided to subrecipients from each Federal program.

Additionally, 2 CFR 200.303 requires non-Federal entities receiving Federal awards to establish and maintain internal controls designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements. Effective internal controls should include procedures to ensure federal expenditures are accurately reported on the SEFA and to other State agencies, where applicable.

Cause:

In discussing these conditions with IDHS officials, management stated that differences in the amounts of federal expenditures and amounts passed through to subrecipients were due to the Department's conversion to a new financial accounting system, which included creation of new database queries and reports derived from the new financial system data sources that were used for financial reporting.

Possible Asserted Effect:

Failure to accurately report federal expenditures prohibits the completion of an audit in accordance with the Uniform Guidance which may result in the suspension of federal funding.

Repeat Finding:

A similar finding was not reported in the prior year audit. (Finding Code 2022-010)

Statistical Sampling:

The sample was not intended to be, and was not, a statistically valid sample.

Recommendation:

We recommend IDHS establish procedures to accurately report federal expenditures (including subrecipient expenditures) used to prepare the SEFA to the IOC.

Views of IDHS Officials:

IDHS accepts the recommendation. IDHS will establish procedures to accurately report federal expenditures (including subrecipient expenditures) used to prepare the SEFA to the IOC as required.

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For the Year Ended June 30, 2022

State Agency: Illinois Department of Human Services (IDHS)
Federal Agency: U.S. Department of Health and Human Services (USDHHS)
Program Name: Block Grants for Prevention and Treatment of Substance Abuse
ALN and Program Expenditures: 93.959 (\$81,408,580)
Award Numbers: Various – See schedule of award numbers
Federal Award Year: Various – See schedule of award numbers
Questioned Costs: None
Compliance Requirement: Reporting
Finding 2022-011: Inaccurate Financial Report for the SAPT program
Type of Finding: Noncompliance and material weakness

Condition Found:

IDHS did not prepare an accurate financial report for the Block Grants for Prevention and Treatment of Substance Abuse (SAPT) program.

IDHS is required to prepare a federal financial report (SF-425) for the SAPT program on an annual basis. During our testwork over the SF-425 report for the federal fiscal year ending September 30, 2021, we noted IDHS inaccurately reported the following items:

Report Line Item	Reported Amount	Actual Amount	Difference
10e – Federal share of expenditures	\$66,387,022	\$66,471,138	\$84,116

Additionally, in considering the reporting process for the SF-425 report, we noted IDHS does not perform analytical or other procedures during the report preparation process to ensure amounts reported are reasonable in relation to previously reported information or expectations relative to current program activities.

Criteria or Requirement:

According to 45 CFR 96.30(a), the State's fiscal control and accounting procedures must be sufficient to permit preparation of reports required by the statute authorizing the block grant. In addition, 2 CFR 200.303 requires non-Federal entities receiving Federal awards establish and maintain internal controls designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements. Effective internal controls should include procedures to ensure expenditures are accurately reported in the federal financial report.

Cause:

In discussing these conditions with IDHS officials, management stated that the inaccurate financial reporting for the SAPT Block Grant (Substance Abuse and Treatment) was due to refunds being recorded in the wrong grant fiscal year.

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Possible Asserted Effect:

Failure to accurately prepare financial reports prevents the USDHHS from effectively monitoring the SAPT program.

Repeat Finding:

A similar finding was not reported in the prior year audit. (Finding Code 2022-011)

Statistical Sampling:

The sample was not intended to be, and was not, a statistically valid sample.

Recommendation:

We recommend IDHS review the process and procedures in place to prepare financial reports required for the SAPT program and implement procedures necessary to ensure the reports are accurate.

Views of IDHS Officials:

IDHS accepts the recommendation. The process and procedures to prepare financial reports required for the SAPT program will be reviewed. Necessary steps will be added to ensure that the financial reports are accurate and that refunds received from SAPT providers have been applied to the correct grant fiscal year/grant.

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For the Year Ended June 30, 2022

State Agency: Illinois Department of Human Services (IDHS)
Federal Agency: U.S. Treasury Department (TREAS)
Program Name: COVID-19 – Coronavirus State and Local Fiscal Recovery Funds
ALN and Program Expenditures: 21.027 (\$4,895,262,395)
Award Numbers: Various – See schedule of award numbers
Federal Award Year: Various – See schedule of award numbers
Questioned Costs: Cannot be determined
Compliance Requirement: Subrecipient Monitoring
Finding 2022-012: Failure to Notify Subrecipients of Federal Funding
Type of Finding: Noncompliance and material weakness

Condition Found:

IDHS did not communicate required federal program information to subrecipients at the time of disbursement for the Coronavirus State and Local Fiscal Recovery Funds (SLFRF) program.

During our testing of 43 SLFRF subrecipient payments, we noted IDHS did not communicate the Assistance Listing Number (ALN) at the time of disbursement for 15 of the subrecipients tested.

Amounts passed through to subrecipients by IDHS under the SLFRF program totaled \$60,364,704 during the year ended June 30, 2022. Amounts passed through to subrecipients by the State under the SLFRF program totaled \$336,176,469 during the year ended June 30, 2022.

Criteria or Requirement:

Per 2 CFR 200.332(a)(1)(xii), all pass-through entities must identify the dollar amount made available under each Federal award and the ALN at the time of disbursement.

Additionally, 2 CFR 200.303 requires non-Federal entities receiving Federal awards to establish and maintain internal control designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements. Effective internal controls should include controls to ensure ALN notifications are made at the time of subrecipient disbursement.

Cause:

In discussing these conditions with IDHS officials, management stated some staff were not aware of the requirement to notify subrecipients of ALNs at the time of disbursement.

Possible Asserted Effect:

Failure to communicate ALNs at the time of disbursement can hamper the subrecipient's ability to correctly prepare their schedule of expenditures of federal awards.

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Repeat Finding:

A similar finding was not reported in the prior year audit. (Finding Code 2022-012)

Statistical Sampling:

The sample was not intended to be, and was not, a statistically valid sample.

Recommendation:

We recommend IDHS add to their warrant description the ALN for each disbursement made to subrecipients.

Views of IDHS Officials:

IDHS accepts the recommendation. IDHS will work to ensure that the description of the Assistance Listing Numbers (ALN) is properly communicated to subrecipients at the time of disbursement.

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For the Year Ended June 30, 2022

State Agency: Illinois Department of Healthcare and Family Services (DHFS)

Federal Agency: U.S. Department of Health and Human Services (USDHHS)

Program Name: Children's Health Insurance Program
Medicaid Cluster

ALN and Program Expenditures: 93.767 (\$544,509,368)
93.775/93.777/93.778 (\$18,817,832,850)

Award Numbers: Various – see table of award numbers

Federal Award Year: Various – see table of award numbers

Questioned Costs: Cannot be determined

Compliance Requirement: Special Tests and Provisions – Managed Care Financial Audit

Finding 2022-013: *Failure to Perform Periodic Audits of Encounter Data*

Type of Finding: Material noncompliance and material weakness

Condition Found:

DHFS 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 our testing, we noted DHFS did not conduct or contract for an independent audit of the accuracy, truthfulness, and completeness of the encounter and financial data submitted by, or on behalf of each its MCOs with contracts starting on or after July 1, 2017, during fiscal year 2022 or in the past three years. Accordingly, no audit results were available to be posted on DHFS' website.

Additionally, we noted DHFS has not established internal control procedures to ensure the encounter data audits are performed and posted as required.

Criteria or Requirement:

Per 42 CFR 438.602(e), the State must periodically, but no less frequently than once every 3 years, conduct, or contract for the conduct of, an independent audit of the accuracy, truthfulness, and completeness of the encounter and financial data submitted by, or on behalf of, each MCO, Prepaid Inpatient Health Plan (PIHP) or Prepaid Ambulatory Health Plan (PAHP). Additionally, per 42 CFR 438.602(g), the State must post on its website the results of any audits under 42 CFR 438.602(e).

Additionally, 2 CFR 200.303 requires non-Federal entities receiving Federal awards to establish and maintain internal controls designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements. Effective internal controls should include implementing procedures to perform periodic audits of encounter and financial data submitted by, or on behalf of each of its MCOs.

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Cause:

In discussing these conditions with DHFS officials, they stated that although the contracts with each MCO were amended to include independent periodic audits of encounter data, no audits have been completed to-date.

Possible Asserted Effect:

Failure to perform periodic audits of encounter data submitted by, or on behalf of each of its MCOs may result in inaccurate capitation rate setting for the respective MCOs.

Repeat Finding:

A similar finding was reported in the prior year audit as finding number 2021-009. (Finding Code 2022-013, 2021-009)

Statistical Sampling:

The sample was not intended to be, and was not, a statistically valid sample.

Recommendation:

We recommend DHFS implement procedures to perform periodic audits of encounter and financial data submitted by, or on behalf of each of its MCOs. Additionally, information should be made publicly available as required.

Views of DHFS Officials:

The Department accepts the recommendation. The Department has a robust encounter utilization management (EUM) process that is managed by our consulting actuary, Milliman. The Department has also contracted with its external quality review organization (EQRO) to audit the MCOs encounter data. The EQRO completed and submitted the draft EDV report to the Department on June 15, 2023. The report is currently pending review and approval by the Department. The Department will proceed with posting the final report as required once it has been reviewed and approved by all internal reviewing entities. The Department is working toward having the final, approved report posted on the Program web page no later than August 31, 2023.

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State Agency: Illinois Department of Healthcare and Family Services (DHFS)

Federal Agency: U.S. Department of Health and Human Services (USDHHS)

Program Name: Medicaid Cluster

ALN and Program Expenditures: 93.775/93.777/93.778 (\$18,817,832,850)

Award Numbers: Various – See schedule of award numbers

Federal Award Year: Various – See schedule of award numbers

Questioned Costs: None

Compliance Requirement: Reporting

Finding 2022-014: Failure to Report Expenditures on the Medicaid CMS-64 Report in a Timely Manner

Type of Finding: Material noncompliance and material weakness

Condition Found:

DHFS did not report certain Medicaid Cluster program expenditures on quarterly federal financial (CMS-64) reports in a timely manner.

DHFS is the State Medicaid agency and is responsible for determining whether payments made to providers were for permissible services on behalf of eligible beneficiaries. The Illinois Department of Human Services (IDHS) is responsible for determining the eligibility of certain Medicaid Cluster beneficiaries and for administering certain Medicaid waiver programs, including certain Home and Community Based Services provided by the State.

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 had not reported expenditures totaling \$508,822,205 paid by the State during the year ended June 30, 2022 on any of the quarterly reports filed for this period. Specifically, we noted the following expenditure amounts were not reported timely:

Quarter end date	Actual expenditures
June 30, 2021	\$38,415,519
September 30, 2021	104,193,665
December 31, 2021	128,004,030
March 31, 2022	118,598,493
June 30, 2022 (filed in fiscal year 2023)	158,026,017

On July 31, 2023, the State provided a revised Schedule of Expenditures of Federal Awards (SEFA) for the year ended June 30, 2022 which included a correction to add the previously unreported \$508,822,205 of Medicaid Cluster Home and Community Based Services expenditures. The addition of these expenditures delayed the completion of the State's single audit.

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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.

Criteria or Requirement:

42 CFR 430.30(c) requires States to submit Form CMS-64 (Quarterly Medicaid Statement of Expenditures for the Medical Assistance Program) to the central office not later than 30 days after the end of each quarter. This report is the State's accounting of actual recorded expenditures.

2 CFR 200.303 requires non-Federal entities receiving Federal awards to establish and maintain internal controls designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements. Effective internal controls should include procedures to ensure financial and other award information reported in required financial reports is accurate prior to submission.

Cause:

In discussing these conditions with DHFS officials, programming errors related to a system change at IDHS resulted in incomplete Home and Community Based Services expenditure information being transferred to DHFS for claiming.

Possible Asserted Effect:

Failure to timely report expenditures on the CMS-64 inhibits USDHHS' ability to monitor the Medicaid Cluster program. Additionally, failure to report federal expenditures in a timely manner prohibits the completion of an audit in accordance with the Uniform Guidance which may result in the suspension of federal funding.

Repeat Finding:

A similar finding was not reported in the prior year audit. (Finding Code 2022-014)

Statistical Sampling:

The sample was not intended to be, and was not, a statistically valid sample.

Recommendation:

We recommend DHFS evaluate its process for preparing and reviewing its financial reports and implement the procedures necessary to ensure quarterly CMS-64 reports are complete and accurate.

Views of DHFS Officials:

DHFS accepts the recommendation.

As noted by the auditors, management of the Developmentally Disabled (DD) waiver program is shared between IDHS and DHFS. IDHS administers the DD waiver program and pays provider billings. DHFS, as the federally designated single state Medicaid agency, is tasked with claiming federal reimbursement.

While DHFS acknowledges current internal controls did not result in timely identification of the DD waiver automated file transfer issue, DHFS did utilize two existing DD waiver tracking reports

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(acceptance/rejection report and federal revenue summary report) produced by DHFS and shared with IDHS for purposes of verifying DD waiver billing information received by DHFS and the resulting amount of federal revenue claimed. This longstanding inter-agency reporting process has historically served as an effective internal control but given the DD waiver issue, the entire system of internal controls will be revisited.

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State Agency: Illinois Department of Healthcare and Family Services (DHFS)
Federal Agency: U.S. Department of Health and Human Services (USDHHS)
Program Name: Children's Health Insurance Program
Medicaid Cluster
ALN and Program Expenditures: 93.767 (\$544,509,368)
93.775/93.777/93.778 (\$18,316,425,586)
Award Numbers: Various – see table of award numbers
Federal Award Year: Various – see table of award numbers
Questioned Costs: Cannot be determined
Compliance Requirement: Special Tests and Provisions – Provider Eligibility (Screening and Enrollment)
Finding 2022-015: Inadequate Procedures to Determine Provider Eligibility
Type of Finding: Noncompliance and material weakness

Condition Found:

DHFS did not adequately screen providers of the Children's Health Insurance Program (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.

The Illinois Medicaid Program Advanced Cloud Technology (IMPACT) system is used by DHFS for the enrollment and screening of CHIP and Medicaid providers. On a monthly basis, IMPACT automatically checks providers enrolled within IMPACT to the LEIE to verify the provider is not on the LEIE. During our testing of 60 CHIP and 120 Medicaid beneficiary payments (totaling \$351,494 and \$327,392, respectively) to ensure the providers were not on the LEIE at the time the voucher for the related services performed was paid, we identified 11 CHIP payments (totaling \$23,071) and 20 Medicaid payments (totaling \$40,430) to providers for services where the providers were not checked against the LEIE to verify they were not on the LEIE for the month when the voucher was paid.

Payments made to providers on behalf of beneficiaries of the CHIP and Medicaid Cluster programs totaled approximately \$528,680,095 and \$17,630,174,846, respectively, during the year ended June 30, 2022.

Criteria or Requirement:

2 CFR 455.436(a) requires the State Medicaid agency to confirm the identify and determine the exclusion status of providers and any person with an ownership or control interest or who is an agent or managing employee of a provider through routine checks of federal databases. Additionally, 42 CFR 455.436(b) requires the State Medicaid agency to check the Social Security Administration's Death Master File, the National Plan and Provider Enumeration System, the LEIE, the Excluded Parties List System (EPLS), and any such other databases as the Secretary may prescribe. 42 CFR 455.436(c) requires the State Medicaid agency to consult the appropriate databases to confirm identity upon enrollment and reenrollment and check the LEIE and EPLS no less frequently than monthly.

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Additionally, 2 CFR 200.303 requires non-Federal entities receiving Federal awards establish and maintain internal controls designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements. Effective internal controls should include establishing adequate procedures to screen providers of the CHIP and Medicaid Cluster programs, specifically, to ensure the providers were not on the LEIE for the month when the voucher was paid.

Cause:

In discussing these conditions with DHFS officials, they stated the providers were not checked against the LEIE on a monthly basis due to a processing error within the IMPACT system.

Possible Asserted Effect:

Failure to adequately screen CHIP and Medicaid Cluster program providers may result in federal funds being paid to providers that should have been denied, which are unallowable costs.

Repeat Finding:

A similar finding was reported in the prior year audit as finding number 2021-006. (Finding Code 2022-015, 2021-006)

Statistical Sampling:

The sample was not intended to be, and was not, a statistically valid sample.

Recommendation:

We recommend DHFS address the IMPACT processing error for screening CHIP and Medicaid Cluster program providers, specifically, the process to check, on a monthly basis, that providers are not on the LEIE.

Views of DHFS Officials:

DHFS accepts the recommendation. The system defect that caused this screening error was corrected on March 23, 2023. There haven't been any screening issues since the correction was made.

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Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2022

State Agency: Illinois Department of Healthcare and Family Services (DHFS)

Federal Agency: U.S. Department of Health and Human Services (USDHHS)

Program Name: Children's Health Insurance Program Cluster

ALN and Program Expenditures: 93.767 (\$544,509,368)

Award Numbers: Various – See schedule of award numbers

Federal Award Year: Various – See schedule of award numbers

Questioned Costs: \$3,218,270

Compliance Requirement: Eligibility

Finding 2022-016: Failure to Discontinue CHIP Benefits for Ineligible Individuals

Type of Finding: Material noncompliance and material weakness

Condition Found:

DHFS improperly continued providing benefits under the Children's Health Insurance Program (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.

The CHIP program provides benefits to children under the age of 19 at an enhanced federal participation (FFP) rate. CHIP benefits should be discontinued when a beneficiary turns 19; however, if they meet all other eligibility criteria, these beneficiaries are allowed to transition to benefits under the Medicaid Cluster program.

During our testing of payments (totaling \$351,494) made on behalf of 60 CHIP beneficiaries, we identified three beneficiaries (with sampled medical payments of \$3,246) who were over the age of 19 on or before March 13, 2020 (the beginning of the PHE). The total medical payments made on behalf of these three beneficiaries during the year ended June 30, 2022, were \$264,418. DHFS performed a review of medical payments made during the year ended June 30, 2022 and identified a total of 1,330 CHIP beneficiaries who attained the age of 19 prior to the beginning of the PHE for whom medical payments totaling \$3,218,270 were made during the year ended June 30, 2022.

We also noted DHFS has not established adequate controls to identify and remove individuals over the age of 19 (who did not meet the eligibility requirements for the CHIP program) prior to the PHE to determine if they were eligible for the Medicaid Cluster program.

Medical payments made on behalf of CHIP beneficiaries during the year ended June 30, 2022, totaled \$528,680,095.

Criteria or Requirement:

In accordance with 42 CFR 435.10 and the OMB Compliance Supplement, dated May 2022, the State is required to determine client eligibility in accordance with eligibility requirements defined in the approved State Plans for the CHIP program. Specifically, 42 CFR 457.320(a) requires the State CHIP agency to provide benefits for groups of children up to, but not including the age 19 in addition to other eligibility

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criteria. State Plan Amendment IL-14-0009 includes general eligibility considerations which allows benefits to be provided for children up to the age of 19 which is consistent with 42 CFR 457.320(a).

In addition, 2 CFR 200.303 requires nonfederal entities to, among other things, establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. Effective internal controls should include establishing and maintaining adequate controls over processes to perform and document beneficiary eligibility determinations.

Cause:

In discussing these conditions with DHFS officials, they stated the benefits were provided due to untimely processing of redeterminations prior to the COVID-19 pandemic. After the pandemic, DHFS officials believed they had to continue providing benefits to these individuals under the CHIP program.

Possible Asserted Effect:

Failure to properly perform eligibility determinations in accordance with State Plans may result in federal funds being awarded to ineligible beneficiaries, which are unallowable costs.

Repeat Finding:

A similar finding was not reported in the prior year audit. (Finding Code 2022-016)

Statistical Sampling:

The sample was not intended to be, and was not, a statistically valid sample.

Recommendation:

We recommend DHFS review its current process for performing eligibility decisions and consider changes necessary to ensure all initial and redetermination decisions are performed in accordance with guidelines set forth by the State Plan and temporary guidance set forth by COVID-19 waivers and announcements.

Views of DHFS Officials:

DHFS accepts the recommendation. In accordance with Federal CMS' directive, DHFS resumed normal operations regarding eligibility and redeterminations as of April 1, 2023. States can now terminate individuals no longer eligible; Federal CMS has given states up to 14 months to return to normal eligibility operations.

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For the Year Ended June 30, 2022

State Agency: Illinois Department of Healthcare and Family Services (DHFS)

Federal Agency: U.S. Department of Health and Human Services (USDHHS)

Program Name: Medicaid Cluster

ALN and Program Expenditures: 93.775/93.777/93.778 (\$18,817,832,850)

Award Numbers: Various – see table of award numbers

Federal Award Year: Various – see table of award numbers

Questioned Costs: None

Compliance Requirement: Earmarking – 1915(c) Waivers

Finding 2022-017: Inadequate Segregation of Duties over Medicaid Earmarking Requirement

Type of Finding: Material weakness

Condition Found:

DHFS does not have an adequate segregation of duties in place relative to the compilation and review of the Center for Medicare and Medicaid Services (CMS) 372 report used to report earmarking requirements applicable to Home and Community Based Services (HCBS) provided under section 1915(c) waivers.

The CMS 372 report details program information and data applicable to the HCBS waivers operated under the Medicaid Cluster program. This report is used by USDHHS to monitor the State's compliance with HCBS waiver requirements.

During our review of the process for preparing and submitting the CMS 372 report, we noted the same individual is responsible for the compilation, review, approval, and submission of the report. A supervisory review of the report and related earmarking requirement is not performed by anyone other than the preparer.

Criteria or Requirement:

2 CFR 200.303 requires non-Federal entities receiving Federal awards establish and maintain internal controls designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements. Effective internal controls should include a supervisory review of all reports prepared and filed with a federal agency.

Cause:

In discussing these conditions with DHFS officials, they stated there was not an individual appointed as Deputy Administrator to review the CMS 372 reports prior to their submission.

Possible Asserted Effect:

An inadequate segregation of duties may result in inaccurate reporting which may prevent USDHHS from properly monitoring and evaluating the HCBS waiver earmarking requirements.

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Repeat Finding:

A similar finding was not reported in the prior year audit. (Finding Code 2022-017)

Statistical Sampling:

The sample was not intended to be, and was not, a statistically valid sample.

Recommendation:

DHFS should implement procedures to require an independent review of the CMS 372 report and supporting schedules from a person knowledgeable of the earmarking requirement prior to the submission of the report.

Views of DHFS Officials:

DHFS accepts the recommendation. A Deputy Administrator has been appointed and reviews all CMS 372 reports prior to their submission.

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Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2022

State Agency: Illinois Department of Healthcare and Family Services (DHFS)
Federal Agency: U.S. Department of Health and Human Services (USDHHS)
Program Name: Medicaid Cluster
ALN and Program Expenditures: 93.775/93.777/93.778 (\$18,817,832,850)
Award Numbers: Various – see table of award numbers
Federal Award Year: Various – see table of award numbers
Questioned Costs: Cannot be determined
Compliance Requirement: Special Tests and Provisions – Medicaid National Correct Coding Initiative
Finding 2022-018: *Failure to Download and Implement Medicaid NCCI Edit Files*
Type of Finding: Noncompliance and material weakness

Condition Found:

DHFS did not download quarterly Medicaid National Correct Coding Initiative (NCCI) edit files from the Medicaid Integrity Institute and implement the edit files in their Medicaid Management Information System (MMIS) for the Medicaid Cluster program.

State Medicaid agencies are required to apply NCCI edits to Medicaid fee-for-service claims. These NCCI edits are intended to improve the accuracy of Medicaid payments and reduce improper Medicaid payments. DHFS currently manages and operates the MMIS system to support claims processing for the Illinois Medicaid Enterprise. During our testing, we noted DHFS has added edits to MMIS to address the six Medicaid NCCI methodologies for fee for service claims; however, MMIS does not have the capability to download Medicaid NCCI edit files from the Medicaid Integrity Institute. As a result, DHFS was unable to download the quarterly Medicaid NCCI edit files for States during fiscal year 2022.

Criteria or Requirement:

Section 6507 of the Affordable Care Act (ACA) requires States to use compatible NCCI methodologies in paying applicable Medicaid claims. The Center for Medicaid and CHIP Services (CMCS) requires that the Medicaid Enterprise Systems (MES), formerly known as the MMIS, in each State completely and correctly implement and use in paying applicable Medicaid claims the Medicaid NCCI methodologies. Specifically, according to the NCCI Medicaid Technical Guidance Manual Section 2, States are required to implement, and use in paying all applicable Medicaid claims, the new quarterly Medicaid NCCI edit files for States on the first day of every calendar quarter corresponding to the effective date of the files.

Additionally, 2 CFR 200.303 requires non-Federal entities receiving Federal awards establish and maintain internal controls designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements. Effective internal controls should include implementing procedures required by the Medicaid NCCI to download and implement edit files in DHFS's MMIS.

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For the Year Ended June 30, 2022

Cause:

In discussing these conditions with DHFS officials, they stated the current MMIS system does not have the functionality built in to incorporate the NCCI edit files and enforce the rules.

Possible Asserted Effect:

Failure to download and implement quarterly edit files from the Medicaid Integrity Institute can result in coding errors and improper payments for procedures and services.

Repeat Finding:

A similar finding was reported in the prior year audit as finding number 2021-008. (Finding Code 2022-018, 2021-008, 2020-009).

Statistical Sampling:

The sample was not intended to be, and was not, a statistically valid sample.

Recommendation:

DHFS should make the necessary process changes to ensure quarterly Medicaid NCCI edit files from the Medicaid Integrity Institute can be downloaded as required by the Affordable Care Act.

Views of DHFS Officials:

DHFS accepts the recommendation. While DHFS has implemented several custom edits to enforce the NCCI rules and refers to the NCCI code on code rules for proper editing along with the enforcement of medically unlikely edits, the functionality is not programmed against the quarterly files.

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For the Year Ended June 30, 2022

State Agency: Illinois Department of Children and Family Services (DCFS)

Federal Agency: U.S. Department of Health and Human Services (USDHHS)

Program Name: Adoption Assistance

ALN and Program Expenditures: 93.659 (\$95,153,644)

Award Numbers: Various – See schedule of award numbers

Federal Award Year: Various – See schedule of award numbers

Questioned Costs: Cannot be determined

Compliance Requirement: Eligibility

Finding 2022-019: *Inadequate Procedures to Reasonably Ensure Children are in the Continued Care of Their Adoptive Parent*

Type of Finding: Noncompliance and material weakness

Condition Found:

DCFS does not have adequate procedures to reasonably ensure adoptive children for which adoption assistance subsidies are paid are in the continued care of their adoptive parent(s).

The Adoption Assistance program provides funds to states to support the payment of subsidies and non-recurring expenses on behalf of eligible children with special needs. A child's eligibility for the program is determined initially at the time of adoption proceedings. However, it is the State's responsibility to establish a process to ensure that children on behalf of whom the State is making subsidy payments are in the continued care of their adoptive parent(s).

Prior to fiscal year 2019, the State sent a recertification form to the adoptive parent(s) of a child on behalf of whom the parent is receiving adoption subsidy payments on an annual basis. The form contained a series of questions concerning the parents' legal and financial responsibility for the child. The adoptive parent(s) were required to answer the questions and then sign and return the form to DCFS to demonstrate their continued legal and financial responsibility for the adopted child. Effective January 29, 2018, the State amended DCFS's policy guide to eliminate the requirement for the adoptive parent to complete the recertification form. DCFS has not implemented new procedures or controls since the elimination of the requirement to address the continued care eligibility requirement. While adoptive parents are told they should inform DCFS of any change in the child's care, DCFS does not have a process or control to validate that all children remain in the care of their adoptive parents.

Adoption subsidies paid during the year ended June 30, 2022 totaled \$71,769,651.

Criteria or Requirement:

According to 42 USC 673(a)(4), payments are discontinued when the state determines that the adoptive parents are no longer legally responsible for the support of the child. Parents must keep the state agency informed of circumstances that would make the child ineligible for adoption assistance payments or eligible for assistance payments in a different amount.

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2 CFR 200.303 requires non-Federal entities receiving Federal awards to establish and maintain internal controls designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements. Effective internal controls should include establishing procedures to monitor and validate whether an adoptive child is in the continued care of their adoptive parent.

Cause:

In discussing these conditions with DCFS officials, they stated DCFS officials misinterpreted the federal guidelines as well as the prior auditor recommendation when eliminating the completion of the recertification form, which led to an incomplete solution to the control issues identified.

Possible Asserted Effect:

Failure to establish adequate procedures to identify and validate changes in the care of adoptive children could result payments for ineligible beneficiaries which are unallowable costs.

Repeat Finding:

A similar finding was reported in prior year audit as finding number 2021-002. (Finding Code 2022-019, 2021-002, 2020-003, 2019-029, 2018-031)

Statistical Sampling:

The sample was not intended to be, and was not, a statistically valid sample.

Recommendation:

We recommend DCFS implement a process and controls to ensure payments made to adoptive parents are only on behalf of eligible children in the continued care of their adoptive parents.

View of DCFS Officials:

DCFS agrees with the auditors' recommendation. DCFS is currently working with USDHHS' Childrens' Bureau (CB) on a Program Improvement Plan (PIP) related to Adoption Assistance subsidy payments. The PIP requires significant changes to Policy that are still being vetted by CB and DCFS management, which will have a significant impact on how this program is carried out. As soon as the Policy changes are completed, DCFS will finalize procedures consistent with Policy, the Social Security Act and Title IV-E. These procedures will include controls to ensure payments made are appropriate per the subsidy agreements with the adoptive parents and federal requirements.

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For the Year Ended June 30, 2022

State Agency: Illinois Department of Public Health (IDPH)
Federal Agency: U.S. Department of Health and Human Services (USDHHS)
Program Name: COVID-19 – Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)

ALN and Program Expenditures: 93.323 (\$248,405,971)

Award Numbers: Various – see table of award numbers.

Federal Award Year: Various – see table of award numbers.

Questioned Costs: None

Compliance Requirement: Reporting

Finding 2022-020: Failure to Report Subaward Information Required by FFATA

Type of Finding: Material noncompliance and material weakness

Condition Found:

IDPH failed to report information required by the Federal Funding Accountability and Transparency Act (FFATA) for awards granted to subrecipients of the Epidemiology and Laboratory Capacity for Infectious Diseases (ELC) program.

FFATA requires the State to report certain identifying information related to awards made to subrecipients in amounts greater than or equal to \$30,000. During our testing, we noted that IDPH did not establish control procedures to submit FFATA reports for all subawards as required by federal regulations. As a result, FFATA reports were not prepared or submitted for any subawards of the ELC program for the period July 1, 2021, through June 30, 2022. Of the information required to be reported, the following key data elements are required to be audited:

1. Subaward Name
2. Subaward 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

Amounts passed through to subrecipients under the ELC program totaled \$133,533,458 during the year ended June 30, 2022.

Criteria or Requirement:

In accordance with 2 CFR 170.200, Federal awarding agencies are required to publicly report Federal awards that equal or exceed the micro-purchase threshold and publish the required information on a public-facing, OMB-designated, governmentwide website and follow OMB guidance to support Transparency Act

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implementation. Consistent with the Federal Acquisition Register (FAR) threshold for subcontract reporting, OMB raised the reporting threshold for subawards that equal or exceed \$30,000.

2 CFR 200.303 requires non-Federal entities receiving Federal awards to establish and maintain internal control designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements. Effective internal controls should include complying with FFATA.

Cause:

In discussing these conditions with IDPH officials, IDPH stated that a new procedure was developed by the previous CFO but required staffing to fully implement.

Possible Asserted Effect:

Failure to identify award subject to FFATA and to report subawards in accordance with FFATA results in noncompliance with federal requirements.

Repeat Finding:

A similar finding was reported in the prior year audit as finding number 2021-021. (Finding Code 2022-020, 2021-021)

Statistical Sampling:

The sample was not intended to be, and was not, a statistically valid sample.

Recommendation:

We recommend IDPH establish procedures to identify awards subject to FFATA reporting requirements and report required subaward information in accordance with FFATA.

Views of IDPH Officials:

We agree with the recommendations of the auditor.

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For the Year Ended June 30, 2022

State Agency: Illinois Department of Public Health (IDPH)
Federal Agency: U.S. Department of Health and Human Services (USDHHS)
Program Name: COVID-19 – Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)

ALN and Program Expenditures: 93.323 (\$248,405,971)

Award Numbers: Various – see table of award numbers

Federal Award Year: Various – see table of award numbers

Questioned Costs: Cannot be determined

Compliance Requirement: Subrecipient Monitoring

Finding 2022-021: Failure to Notify Subrecipients of Federal Funding

Type of Finding: Noncompliance and material weakness

Condition Found:

IDPH did not communicate required federal program information to subrecipients at the time of disbursement for the Epidemiology and Laboratory Capacity for Infectious Diseases (ELC) program.

During our testing of 46 ELC subrecipient payments (totaling \$18,040,567), we noted IDPH did not communicate the Assistance Listing Number (ALN) at the time of disbursement for 7 of the subrecipient payments tested (totaling \$2,284,855). Further, we noted IDPH did not have effective controls to ensure the ALN number was communicated at the time of payment.

Amounts passed through to subrecipients under the ELC program totaled \$133,533,458 during the year ended June 30, 2022.

Criteria or Requirement:

Per 2 CFR 200.332(a)(1)(xii), all pass-through entities must identify the dollar amount made available under each Federal award and the ALN at the time of disbursement.

Additionally, 2 CFR 200.303 requires non-Federal entities receiving Federal awards to establish and maintain internal control designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements. Effective internal controls should include controls to ensure ALN notifications are made at the time of subrecipient disbursement.

Cause:

In discussing these conditions with IDPH officials, IDPH stated that once the deficiency was brought to their attention in November of 2021, the corrective action was implemented, but the payments noted above were before the deficiency was identified.

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Possible Asserted Effect:

Failure to communicate ALNs at the time of disbursement may inhibit the subrecipient's ability to correctly prepare their schedule of expenditures of federal awards.

Repeat Finding:

A similar finding was reported in the prior year audit as finding number 2021-022. (Finding Code 2022-021, 2021-022)

Statistical Sampling:

The sample was not intended to be, and was not, a statistically valid sample.

Recommendation:

We recommend IDPH add the ALN to the warrant description for each subrecipient disbursement made. We also recommend IDPH implement additional control procedures necessary to ensure subrecipients are provided information in accordance with Uniform Guidance requirements.

Views of IDPH Officials:

We agree with the auditor's recommendation and have implemented the recommendations during the audit period under review.

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For the Year Ended June 30, 2022

State Agency: Illinois Criminal Justice Information Authority (ICJIA)

Federal Agency: U.S. Department of Justice (USDOJ)

Program Name: Crime Victim Assistance

ALN and Program Expenditures: 16.575 (\$86,803,479)

Award Numbers: Various – See schedule of award numbers

Federal Award Year: Various – See schedule of award numbers

Questioned Costs: None

Compliance Requirement: Reporting

Finding 2022-022: Failure to Report Subaward Information Required by FFATA

Type of Finding: Material noncompliance and material weakness

Condition Found:

ICJIA failed to report subaward amendment information required by the Federal Funding Accountability and Transparency Act (FFATA) for awards granted to subrecipients of the Crime Victim Assistance (CVA) program.

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

During State fiscal year 2022, ICJIA did not have adequate controls in place to identify and report subaward amendment information required by FFATA. For 16 FFATA reports tested, six had amendments that were required to be reported. ICJIA did not report the correct amounts for two amendments tested. ICJIA was unable to identify the number of contract amendments made during the year ended June 30, 2022.

ICJIA passed through approximately \$83,376,000 to subrecipients of the CVA program during the year ended June 30, 2022.

Criteria or Requirement:

In accordance with 2 CFR 170.200, Federal awarding agencies are required to publicly report Federal awards that equal or exceed the micro-purchase threshold and publish the required information on a public facing, OMB-designated, governmentwide website and follow OMB guidance to support Transparency Act implementation. Consistent with the Federal Acquisition Regulation (FAR) threshold for subcontract reporting, OMB raised the reporting threshold for subawards that equal or exceed \$30,000.

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2 CFR 200.303 requires non-Federal entities receiving Federal awards to establish and maintain internal control designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements. Effective internal controls should include implementing procedures to ensure all FFATA reports are accurately prepared and submitted in accordance with federal regulations.

Cause:

In discussing these conditions with ICJIA officials, they stated they did not have a policy in place to report amendment to subawards until October 2022.

Possible Asserted Effect:

Failure to report subaward amendments in accordance with FFATA results in noncompliance with federal requirements.

Repeat Finding:

A similar finding was reported in the prior year audit as finding number 2021-028. (Finding Code 2022-022, 2021-028)

Statistical Sampling:

The sample was not intended to be, and was not, a statistically valid sample.

Recommendation:

We recommend ICJIA establish procedures and controls to identify awards and amendments subject to FFATA reporting requirements and report required subaward information in accordance with FFATA.

Views of ICJIA Officials:

ICJIA accepts the recommendation. Prior to receipt of this finding, in calendar year 2022, ICJIA developed a new internal procedure that assisted agency personnel in identifying awards and amendments subject to FFATA reporting requirements and report required subaward information in accordance with FFATA.

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For the Year Ended June 30, 2022

State Agency: Illinois Criminal Justice Information Authority (ICJIA)

Federal Agency: U.S. Department of Justice (USDOJ)

Program Name: Crime Victim Assistance

ALN and Program Expenditures: 16.575 (\$86,803,479)

Award Numbers: Various – see table of award numbers

Federal Award Year: Various – see table of award numbers

Questioned Costs: None

Compliance Requirement: Reporting

Finding 2022-023: *Inaccurate Performance Report*

Type of Finding: Noncompliance and material weakness

Condition Found:

ICJIA did not prepare an accurate performance report for the Crime Victim Assistance program.

ICJIA is required to prepare an annual Victims of Crime Act (VOCA) performance report for the Crime Victim Assistance program. During our testwork over the VOCA report for the federal fiscal year ended September 30, 2021, we noted the following errors:

Report Line Item	Reported Amount	Actual Amount	Difference Over (Under) -stated
Administrative Funds Amount (Grant # 2018-V2-GX-0070)	–	\$5,616,662	(\$5,616,662)
Administrative Funds Amount (Grant # 2019-V2-GX-0024)	–	730,795	(730,795)

Additionally, in considering the reporting process for the VOCA performance report, we noted ICJIA did not perform analytical or other procedures during the report preparation process to ensure amounts reported were reasonable in relation to previously reported information or expectations relative to current program activities.

Criteria or Requirement:

The *Clarification for Victim Assistance Grantee PMT Reporting* guidance from the Office for Victims of Crime (OVC) in April 2020 communicates that "States should enter the amount of each federal award that is allocated for administrative and training purposes on the Administration: Federal Award List page. Administrative and training allocations should be updated at least annually, before the annual report is submitted via Grant Management System (GMS)."

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In addition, 2 CFR 200.303 requires non-Federal entities receiving Federal awards to establish and maintain internal controls designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements. Effective internal controls should include procedures to ensure amounts are accurately reported in the VOCA performance report.

Cause:

In discussing these conditions with ICJIA officials, they stated the administrative expenditures for each award are tracked in their grants management system, however, none were reported in the annual performance report.

Possible Asserted Effect:

Failure to accurately prepare the annual performance report prevents the USDOJ from effectively monitoring the Crime Victim Assistance Program.

Repeat Finding:

A similar finding was not reported in the prior year audit. (Finding Code 2022-023)

Statistical Sampling:

The sample was not intended to be, and was not, a statistically valid sample.

Recommendation:

We recommend ICJIA accurately report data and information in its VOCA performance report. Additionally, we recommend ICJIA review the process and procedures in place to prepare the annual VOCA performance report required for the Crime Victim Assistance program and implement procedures necessary to ensure the report is accurate.

Views of ICJIA Officials:

ICJIA accepts the recommendation. ICJIA will review its processes and procedures for the preparation of the annual VOCA performance report and will update the processes and procedures to ensure accurate reporting.

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For the Year Ended June 30, 2022

State Agency: Illinois Criminal Justice Information Authority (ICJIA)
Federal Agency: U.S. Department of Justice (USDOJ)
Program Name: Crime Victim Assistance
ALN and Program Expenditures: 16.575 (\$86,803,479)
Award Numbers: Various – See schedule of award numbers
Federal Award Year: Various – See schedule of award numbers
Questioned Costs: None
Compliance Requirement: Subrecipient Monitoring
Finding 2022-024: Inadequate Controls over the Communication of Subrecipient Monitoring Results
Type of Finding: Significant deficiency

Condition Found:

ICJIA did not consistently document supervisory reviews of the communication of on-site monitoring review results in accordance with ICJIA's control procedures.

ICJIA internal control procedures require a supervisory review and approval of program site visit reports prior to providing the results to subrecipients. During our testing of 7 on-site reviews, we noted ICJIA could not provide evidence a supervisory review of the site visit reports or communications of on-site monitoring results to subrecipients had been performed for 3 on-site reviews tested in accordance with ICJIA's policies.

ICJIA passed through approximately \$83,376,000 to subrecipients of the CVA program during the year ended June 30, 2022.

Criteria or Requirement:

2 CFR 200.303 requires non-Federal entities receiving Federal awards to establish and maintain internal control designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements. Effective internal controls should include ensuring supervisory reviews of on-site monitoring results and communications are performed.

Cause:

In discussing these conditions with ICJIA officials, they stated there was a timing issue between the report approvals and sending of the follow up letters due to oversight.

Possible Asserted Effect:

Failure to properly review and approve monitoring reports may result inaccurate monitoring information and results being communicated to subrecipients.

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Repeat Finding:

A similar finding was not reported in the prior year audit. (Finding Code 2022-024)

Statistical Sampling:

The sample was not intended to be, and was not, a statistically valid sample.

Recommendation:

We recommend ICJIA review its current process for ensuring on-site monitoring results and communications are properly reviewed and approved before they are sent to the subrecipients.

Views of ICJIA Officials:

ICJIA accepts the recommendation. The ICJIA Site Visit Policy requires approval of the site visit report by the program supervisor prior to submission of a follow-up letter to subrecipients. ICJIA will review the Site Visit Policy to ensure the language describing the timing of submissions is clear and will train staff on the current policy, or any updates identified as part of the agency's review.

STATE OF ILLINOIS

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2022

State Agency:	Illinois Department of Employment Security (IDES)
Federal Agency:	U.S. Department of Labor (USDOL)
Program Name:	Unemployment Insurance Program
ALN and Program Expenditures:	17.225 (\$2,236,535,243 for non-COVID)
Award Numbers:	Various – see table of award numbers
Federal Award Year:	Various – see table of award numbers
Questioned Costs:	Cannot be determined
Compliance Requirement:	Special Tests and Provisions – UI Program Integrity – Overpayments
Finding 2022-025:	<u>Failure to Implement UI Program Integrity and Overpayment Reduction Requirements</u>
Type of Finding:	Material noncompliance and material weakness
Condition Found:	

IDES did not implement Federal requirements to improve program integrity and reduce overpayments.

The State is required to establish written procedures for: (1) identifying overpayments, (2) classifying overpayments into categories based on the reason the overpayment occurred (i.e. employer error, non-response from employers, beneficiary fraud, etc.), and (3) establishing appropriate methods for following up on each category of overpayment. In establishing these procedures, the State is required to enter into three agreements prior to commencing recoveries. The first agreement permits the State to offset State unemployment insurance (UI) from Federal UI overpayments (Cross Program Offset and Recovery Agreement). The second agreement permits the State to recover overpayments from benefits being administered by another State (Interstate Reciprocal Overpayment Recovery Agreement). The third agreement permits the State to utilize the Treasury Offset Program to recover overpayments that remain uncollected one year after the debt was determined to be due. Additionally, the State is (1) required to impose a monetary penalty (not less than 15 percent) on claimants whose fraudulent acts resulted in overpayments, and (2) prohibited from providing relief from charges to an employer's UI account when overpayments are the result of the employer's failure to respond timely or adequately to a request for information.

During our testwork, we noted that while IDES has developed the written procedures relative to overpayments and has entered into the required agreements described in the previous paragraph, the written procedures did not address the requirement to impose a monetary penalty on fraud overpayments. Additionally, we noted the policies do not address the prohibition of providing employers relief resulting from an employer failing to provide timely or adequate information.

Criteria or Requirement:

42 U.S.C. 503(a)(11)(A) requires states to impose a monetary penalty (not less than 15 percent) on claimants whose fraudulent acts resulted in overpayment. In addition, 26 U.S.C. 3303(f)(1)(A) prohibits states from providing relief from charges to an employer's UI account when overpayments are the result of the employer's failure to respond timely or adequately to a request for information.

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Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2022

26 U.S.C. 3304(a)(4)(D) and 42 U.S.C. 503(g)(1) require states to recover overpayments through offset against unemployment compensation (UC) payments. In addition, 42 U.S.C. 503(m) requires states to utilize the Treasury Offset Program for overpayments that remain uncollected one year after the debt was determined to be due.

In addition, 2 CFR 200.303 requires nonfederal entities to, among other things, establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. Effective internal controls should include procedures to ensure program integrity and overpayment reduction requirements are implemented.

Cause:

In discussing these conditions with IDES officials, they stated although the 15% fraud penalty was implemented and is supported by Illinois statute, the fraud penalty was not incorporated into existing overpayment procedures due to oversight. Also, IDES had identified a process to implement the prohibition on non-charging due to employer fault which was delayed by the historic unemployment claim surges due to the pandemic.

Possible Asserted Effect:

Failure to implement federal requirements could result in noncompliance with laws, regulations, and the grant agreement.

Repeat Finding:

A similar finding was reported in the prior year audit as number 2021-033. (Finding Code 2022-025, 2021-033, 2020-024, 2019-063, 2018-052, 2017-053, 2016-061, 2015-056)

Statistical Sampling:

The sample was not intended to be, and was not, a statistically valid sample.

Recommendation:

We recommend IDES develop and implement written procedures to improve UI program integrity and reduce overpayments that incorporate the required monetary penalty on fraud overpayments and prohibit providing relief to employers who fail to provide timely and adequate responses to information requests.

Views of IDES Officials:

The Department accepts this recommendation.

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Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2022

State Agency: Illinois Department of Employment Security (IDES)

Federal Agency: U.S. Department of Labor (USDOL)

Program Name: Unemployment Insurance Program

ALN and Program Expenditures: 17.225 (\$2,236,535,243 for non-COVID)

Award Numbers: Various – see table of award numbers

Federal Award Year: Various – see table of award numbers

Questioned Costs: Cannot be determined

Compliance Requirement: Reporting

Finding 2022-026: *Inadequate Process for Preparing ETA 9130 Financial Reports*

Type of Finding: Noncompliance and material weakness

Condition Found:

IDES does not have an adequate process in place to ensure the ETA 9130 financial reports are prepared for the Unemployment Insurance (UI) program are complete and accurate.

On a quarterly basis, IDES is required to report program and administrative expenditure information for each grant award which they operate, including standard program and pilot, demonstration, and evaluation projects, on the *ETA 9130, Financial Status Report, UI Programs*. Financial data is required to be reported cumulative from grant inception through the end of each reporting period.

During our test work of 40 ETA 9130 reports covering the December 2021 and June 2022 quarters, we noted certain grant awards had inaccurate amounts reported for key line items for the December 31, 2021 reporting quarter. Specifically, we noted IDES inaccurately reported the following line items:

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Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2022

Federal grant number	Recipient account number	Report line item	Reported amount	Actual amount	Difference
UI-34056-20-55-A17 UI34056V70	21020	Line g. – Federal Share of Unliquidated Obligations	\$7,059,527	\$7,159,527	(\$100,000)
UI-34056-20-55-A17 UI34056V70	21020	Line h. – Total Federal Obligations	110,521,672	110,621,672	(100,000)
UI-34056-20-55-A17 UI34056V70	21020	Line i. – Unobligated Balance of Federal Funds	26,827,692	26,727,692	100,000
UI-35646-21-55-A-17 UI35646DO0	21021	Line g. – Federal Share of Unliquidated Obligations	–	13,006,896	(13,006,896)
UI-35646-21-55-A-17 UI35646DO0	21021	Line h. – Total Federal Obligations	119,847,645	132,854,541	(13,006,896)
UI-35646-21-55-A-17 UI35646DO0	21021	Line i. – Unobligated Balance of Federal Funds	10,368,313	(2,638,583)	13,006,896
UI-37221-22-55-A-17 UI37221PU0	21022	Line k. – Recipient Share of Expenditures	–	57,240,110	(57,240,110)
UI-37221-22-55-A-17 UI37221PU0	21022	Line l. – Remaining Recipient Share to be Provided	–	(57,240,110)	57,240,110
UI-35646-21-55-A-17 UI35646JT0	21095	Line a. – Cash Receipts	77,040,793	86,220,116	(9,179,323)
UI-35646-21-55-A-17 UI35646JT0	21095	Line b. – Cash Disbursements	77,040,793	75,582,702	1,458,091
UI-35646-21-55-A-17 UI35646JT0	21095	Line c. – Cash on Hand	–	10,637,414	(10,637,414)

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Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2022

Federal grant number	Recipient account number	Report line item	Reported amount	Actual amount	Difference
UI-35646-21-55-A-17 UI35646JT0	21095	Line g. – Federal Share of Unliquidated Obligations	–	5,447,220	(5,447,220)
UI-35646-21-55-A-17 UI35646JT0	21095	Line h. – Total Federal Obligations	77,040,793	82,488,013	(5,447,220)
UI-35646-21-55-A-17 UI35646JT0	21095	Line i. – Unobligated Balance of Federal Funds	–	(5,447,220)	5,447,220
UI-34713-20-55-A-17 UI34713CA0	45321	Line k. – Recipient Share of Expenditures	–	255,213	(255,213)
UI-34713-20-55-A-17 UI34713CA0	45321	Line l. – Remaining Recipient Share to be Provided	–	(255,213)	255,213

IDES reported corrections to the errors identified for recipient account numbers 21021, 21022, and 21095 in the subsequent quarterly report submissions to USDOL. As of the date of our testing, (May 30, 2023), IDES has not submitted revised reports for the errors identified for recipient grant numbers 21020 and 45321.

We also noted IDES does not perform analytical or other procedures over previously reported information or expectations relative to current program activities. Additionally, supervisory review procedures are not designed to operate at a level of precision to identify errors of this nature.

Criteria or Requirement:

According to OMB Number 1205-0461, IDES is responsible for submitting a quarter ETA 9130 report at the completion of each quarter. Each quarter should correspond to the following calendar quarter and dates: March 31, June 30, September 30, and December 31. Additionally, the primary contact person, the designated authorized official in the recipient’s organization, is responsible for certifying the accuracy of the data reported to USDOL.

In addition, 2 CFR 200.303 requires nonfederal entities to, among other things, establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. Effective internal control should include procedures to ensure the completeness and accuracy of information reported in required financial reports.

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Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2022

Cause:

In discussing with IDES officials, they indicated these conditions occurred as a result of increased workloads due to the COVID-19 programs and numerous audits that occurred over the same time period.

Possible Asserted Effect:

Failure to prepare accurate ETA 9130 reports may inhibit the USDOL from effectively monitoring the UI program.

Repeat Finding:

A similar finding was not reported in the prior year audit. (Finding Code 2022-026)

Statistical Sampling:

The sample was not intended to be, and was not, a statistically valid sample.

Recommendation:

We recommend IDES review its procedures for preparing ETA 9130 financial reports required for the UI program and implement analytical and any other procedures considered necessary to ensure the reports are complete and accurate prior to submission to the USDOL.

Views of IDES Officials:

IDES accepts the audit finding and will work to ensure the ETA 9130 financial reports are complete and accurate.

STATE OF ILLINOIS

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2022

State Agency: Illinois Department of Employment Security (IDES)
Federal Agency: U.S. Department of Labor (USDOL)
Program Name: COVID-19 – Unemployment Insurance Program
ALN and Program Expenditures: 17.225 (\$444,319,389 for PUA)
Award Numbers: Various – see table of award numbers
Federal Award Year: Various – see table of award numbers
Questioned Costs: None
Compliance Requirement: Eligibility
Finding 2022-027: Inadequate Controls over Determining Eligibility for the Pandemic Unemployment Assistance Program
Type of Finding: Material weakness

Condition Found:

IDES did not establish adequate internal controls over its third-party service organization who administered the Unemployment Framework for Automated Claim & Tax Services (uFACTS) system used to determine eligibility for claimants under the Pandemic Unemployment Assistance (PUA) program.

The PUA program was established by the Coronavirus Aid, Relief, and Economic Security Act (CARES) enacted on March 27, 2020. The main provisions of the PUA program include providing up to 39 weeks of benefits to qualifying individuals who were otherwise able to work and available for work within the meaning of applicable state law, except that they were unemployed, partially unemployed, or unable or unavailable to work due to COVID-19 related reasons, as defined in the CARES Act. Benefit payments under PUA were retroactive, for weeks of unemployment, partial unemployment, or inability to work due to COVID-19 reasons starting on or after January 27, 2020 and through December 26, 2020. The Continued Assistance Act, enacted on December 27, 2020, provided an additional 11 weeks of benefits to qualifying individuals (increasing the duration from 39 to 50 weeks). Further, the American Rescue Plan Act (ARP), enacted on March 11, 2021, provided an additional 29 weeks of benefits to qualifying individuals, increasing the duration from 50 to 79 weeks.

IDES hired a third-party service organization to administer the uFACTS system. Specifically, the following was noted with regard to general information technology controls (GITC):

Segregation of Duties (SOD) – Controls were not in place to restrict access to migrate program or configuration changes into the production environment for the PUA system. For application changes, we were unable to determine that SOD was enforced on the application level and no supporting evidence was available to demonstrate SOD.

Given the segregation of duties issues identified above, no further testing of the GITC environment was performed and uFACTS was not able to be relied on for control or compliance testing of PUA transactions.

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Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2022

Criteria or Requirement:

2 CFR 200.303 requires nonfederal entities to, among other things, establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. Effective internal controls should include procedures to ensure adequate monitoring controls over the PUA program are implemented, including oversight controls over its third-party service organization including user access provisioning, segregation of duties, and change management over uFACTS.

Cause:

In discussing these conditions with IDES officials, they stated the reason for the uFACTS inadequate system design was a result of the expedited timeframe of the PUA program implementation in order to provide beneficiary payments to claimants as quickly as possible during the pandemic.

Possible Asserted Effect:

Failure to establish adequate processes and internal controls may result in noncompliance with program regulations and payments to ineligible recipients.

Repeat Finding:

A similar finding was reported in the prior year audit as finding number 2021-031. (Finding Code 2022-027, 2021-031, 2020-023)

Statistical Sampling:

The sample was not intended to be, and was not, a statistically valid sample.

Recommendation:

We recommend IDES review its current procedures and consider any changes necessary to ensure adequate monitoring internal controls are established and implemented relating to the PUA program, including oversight controls over its third-party service organization to address adequate segregation of duties over uFACTS.

Views of IDES Officials:

The Department accepts the recommendation.

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Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2022

State Agency: Illinois Department of Employment Security (IDES)

Federal Agency: U.S. Department of Labor (USDOL)

Program Name: Unemployment Insurance Program

ALN and Program Expenditures: 17.225 (\$2,236,535,243 for non-COVID)

Award Numbers: Various – see table of award numbers

Federal Award Year: Various – see table of award numbers

Questioned Costs: None

Compliance Requirement: Reporting

Finding 2022-028: Failure to Follow Established Controls for ETA 2208A Special Report

Type of Finding: Significant deficiency

Condition Found:

IDES did not follow its established policies and procedures for the preparation and review of the ETA 2208A special reports prepared for the Unemployment Insurance (UI) program.

On a quarterly basis, IDES is required to report information on staff years worked and paid by program category on the *ETA 2208A – Quarterly UI Above-Base* (ETA 2208A) report. The information required to be reported includes UI program staff year usage (Section A), regular contingency entitlement certification (Section B), trade above-base entitlement certification (Section C), and additional benefits above-base entitlement certification (Section D). Key line items required for testing include items one through seven in Section A. IDES has implemented procedures whereby IDES program staff prepare the quarterly reports and a supervisor reviews and approves the reports prior to submission to the USDOL.

During our testwork of two quarterly ETA 2208A reports, we noted IDES was unable to produce adequate evidence of review and approval of the December 31, 2021 report by a supervisor.

Criteria or Requirement:

According to ET Handbook No. 336, 18th edition, IDES is required to submit quarterly UI above-base reports (known as ETA 2208A reports) by the first day of the second month after the quarter of reference.

In addition, 2 CFR 200.303 requires nonfederal entities to, among other things, establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. Effective internal controls include following established policy for program staff to prepare and a supervisor to review the special reports prior to submission to the USDOL.

STATE OF ILLINOIS

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2022

Cause:

In discussing these conditions with IDES officials, they stated the lack of evidence of review was due to IDES personnel not properly documenting approval of the special reports prior to submission to the USDOL. IDES officials stated this issue was exacerbated by staff turnover.

Possible Asserted Effect:

Failure to follow established reporting controls may result in inaccurate reports which prevents the USDOL from effectively monitoring the UI program.

Repeat Finding:

A similar finding was reported in the prior year audit as finding number 2021-032. (Finding Code 2022-028, 2021-032)

Statistical Sampling:

The sample was not intended to be, and was not, a statistically valid sample.

Recommendation:

We recommend IDES ensure the preparation and review of special reports prior to submission to the USDOL is documented in accordance with its established policies and procedures.

Views of IDES Officials:

IDES accepts this audit finding and will implement an internal process to include supervisory review.

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Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2022

State Agency: Illinois Department of Transportation (IDOT)
Federal Agency: U.S. Department of Transportation (USDOT)
Program Name: COVID-19 – Airport Improvement Program
ALN and Program Expenditures: 20.106 (\$96,389,802)
Award Numbers: Various – See schedule of award numbers
Federal Award Year: Various – See schedule of award numbers
Questioned Costs: None
Compliance Requirement: Reporting
Finding 2022-029: Failure to Report Subaward Information Required by FFATA
Type of Finding: Material noncompliance and material weakness

Condition Found:

IDOT failed to report information required by the Federal Funding Accountability and Transparency Act (FFATA) for awards granted to subrecipients of the Airport Improvement Program.

FFATA requires the State to report certain identifying information related to awards made to subrecipients in amounts greater than or equal to \$30,000. During our testing, we noted that IDOT did not establish control procedures to submit FFATA reports for all subawards as required by federal regulations. As a result, FFATA reports were not prepared or submitted for any subawards of the Airport Improvement Program for the period July 1, 2021 through May 1, 2022 and the following information was not submitted:

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

IDOT passed through approximately \$95,044,000 to subrecipients of the COVID-19 – Airport Improvement Program during the year ended June 30, 2022.

Criteria or Requirement:

In accordance with 2 CFR 170.200, Federal awarding agencies are required to publicly report Federal awards that equal or exceed the micro-purchase threshold and publish the required information on a public-facing, OMB-designated, governmentwide website and follow OMB guidance to support Transparency Act implementation. Consistent with the Federal Acquisition Regulation (FAR) threshold for subcontract reporting, OMB raised the reporting threshold for subawards that equal or exceed \$30,000.

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Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2022

2 CFR 200.303 requires non-Federal entities receiving Federal awards to establish and maintain internal control designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements. Effective internal controls should include complying with FFATA.

Cause:

In discussing these conditions with IDOT officials, IDOT stated missing FFATA reporting was due to staffing transition combined with a lack of appropriate staffing resources.

Possible Asserted Effect:

Failure to identify awards subject to FFATA and to report subaward in accordance with FFATA results in noncompliance with federal requirements.

Repeat Finding:

A similar finding was reported in the prior year audit as number 2021-036. (Finding Code 2022-029, 2021-036)

Statistical Sampling:

The sample was not intended to be, and was not, a statistically valid sample.

Recommendation:

We recommend IDOT establish procedures to identify awards subject to FFATA reporting requirements and report required subaward information in accordance with FFATA.

Views of IDOT Officials:

IDOT agrees with the finding and recommendation.

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Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2022

State Agency: Illinois Department on Aging (IDOA)
Federal Agency: U.S. Department of Health and Human Services (USDHHS)
Program Name: Aging Cluster
ALN and Program Expenditures: 93.044/93.045/93.053 (\$59,868,648)
Award Numbers: Various – see table of award numbers
Federal Award Year: Various – see table of award numbers
Questioned Costs: None
Compliance Requirement: Reporting
Finding 2022-030: Failure to Report Subaward Information Required by FFATA
Type of Finding: Material noncompliance and material weakness

Condition Found:

IDOA failed to report information required by the Federal Funding Accountability and Transparency Act (FFATA) for awards granted to subrecipients of the Aging Cluster program.

FFATA requires the State to report certain identifying information related to awards made to subrecipients in amounts greater than or equal to \$30,000. During our testing, we noted that IDOA did not establish control procedures to submit FFATA reports for all subawards as required by federal regulations. As a result, FFATA reports were not prepared or submitted for any subawards of the Aging Cluster program for the period July 1, 2021, through June 30, 2022. Of the information required to be reported, the following key data elements are required to be audited:

1. Subaward Name
2. Subaward 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

Amounts passed through to subrecipients under the Aging Cluster program totaled \$58,510,661 during the year ended June 30, 2022.

Criteria or Requirement:

In accordance with 2 CFR 170.200, Federal awarding agencies are required to publicly report Federal awards that equal or exceed the micro-purchase threshold and publish the required information on a public-facing, OMB-designated, governmentwide website and follow OMB guidance to support Transparency Act

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For the Year Ended June 30, 2022

implementation. Consistent with the Federal Acquisition Register (FAR) threshold for subcontract reporting, OMB raised the reporting threshold for subawards that equal or exceed \$30,000.

2 CFR 200.303 requires non-Federal entities receiving Federal awards to establish and maintain internal control designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements. Effective internal controls should include complying with FFATA.

Cause:

In discussing these conditions with IDOA officials, they stated that the FFATA reports had been started within the 30-day requirement, but unfortunately were not completed due to the federal awards being receive in pieces over a 12 to 16 month timeframe.

Possible Asserted Effect:

Failure to identify awards subject to FFATA and to report subawards in accordance with FFATA results in noncompliance with federal requirements.

Repeat Finding:

A similar finding was not reported in the prior year audit. (Finding Code 2022-030)

Statistical Sampling:

The sample was not intended to be, and was not, a statistically valid sample.

Recommendation:

We recommend IDOA establish procedures to identify awards subject to FFATA reporting requirements and report required subaward information in accordance with FFATA.

Views of IDOA Officials:

Aging concurs with this finding and will adjust our procedures to complete the full FFATA report based on estimates until the full award is received.

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For the Year Ended June 30, 2022

State Agency: Illinois Department on Aging (IDOA)
Federal Agency: U.S. Department of Health and Human Services (USDHHS)
Program Name: Aging Cluster
ALN and Program Expenditures: 93.044/93.045/93.053 (\$59,868,648)
Award Numbers: Various – see table of award numbers
Federal Award Year: Various – see table of award numbers
Questioned Costs: None
Compliance Requirement: Subrecipient Monitoring
Finding 2022-031: Inadequate Review of Subrecipient Single Audit Reports
Type of Finding: Material noncompliance and material weakness

Condition Found:

IDOA did not adequately document review over single audit reports received from its subrecipients for the Aging Cluster program on a timely basis.

The State of Illinois established the Grant Accountability Transparency Unit (GATU) to implement the provisions of the State's Grant Accountability and Transparency Act (GATA) on a centralized basis. GATU has established standardized reporting requirements for subrecipients of the various Federal programs administered by the State through its various departments. Subrecipients of the State are required to certify whether they expended more than \$750,000 in federal awards during the fiscal year and submitted their single audit reporting packages to the Federal Audit Clearinghouse (if required). GATU is then responsible for obtaining the single audit reporting package, verifying the report meets the single audit requirements, and assigning, to the applicable state agency, any findings attributable to amounts passed through to the subrecipient(s) by the State.

IDOA staff are responsible for reviewing the reports assigned to them by GATU and determining whether: (1) federal funds reported in the schedule of expenditures of federal awards (SEFA) reconcile to IDOA records and (2) issuing management decisions on findings reported within required time frames.

During our testing of a sample of single audit desk review files for four subrecipients (with expenditures of \$36,828,349 in the fiscal year), we noted IDOA did not document the reconciliation of the subrecipient SEFAs to IDOA records within the GATA Audit Report Review Management System (ARRMS) and did not issue management decision letters to each subrecipient as of the date of our testing (June 2023).

IDOA's subrecipient expenditures under the Aging Cluster program for the year ended June 30, 2022 were \$58,503,162.

Criteria or Requirement

According to 2 CFR 200.332(d), a pass-through entity must monitor the activities of the subrecipient as necessary to ensure that the subaward is used for authorized purposes, in compliance with Federal statutes, regulations and the terms and conditions of the subaward, and that the subaward performance goals are achieved. Additionally, 2 CFR 200.332(d)(3) and 2 CFR 200.521 state that a pass-through entity is required

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to issue a management decision on federal awards audit findings within six months of the acceptance of the report by the Federal Audit Clearinghouse and ensure the subrecipient takes timely and appropriate corrective action on all audit findings.

Additionally, 2 CFR 200.303 requires non-Federal entities receiving Federal awards to establish and maintain internal controls designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements. Effective internal controls should include procedures to ensure Single Audit reports are reviewed in a timely manner and management decisions are issued within required timeframes.

Cause:

In discussing these conditions with IDOA officials, they stated the area agency on aging (AAA) audit reviews are completed, however resolution of the reconciliation items and management decisions letters were not completed timely due to a lack of staffing.

Possible Asserted Effect:

Failure to complete and document reviews of subrecipient single audit reports in a timely manner may result in federal funds being expended for unallowable purposes and subrecipients not administering the federal programs in accordance with laws, regulations and the grant agreement.

Repeat Finding:

A similar finding was reported in the 2019 Single Audit as finding number 2019-039. (Finding Code 2022-031)

Statistical Sampling:

The sample was not intended to be, and was not, a statistically valid sample.

Recommendation:

We recommend IDOA establish procedures to ensure subrecipient single audit report reviews are completed and documented in a timely manner. Additionally, IDOA should ensure procedures will permit issuance of management decisions within required timeframes.

Views of IDOA Officials:

Aging has posted and scheduled interviews for the vacant position that will oversee this process.

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Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2022

State Agency: Illinois Department on Aging (IDOA)
Federal Agency: U.S. Department of Health and Human Services (USDHHS)
Program Name: Aging Cluster
ALN and Program Expenditures: 93.044/93.045/93.053 (\$59,868,648)
Award Numbers: Various – see table of award numbers
Federal Award Year: Various – see table of award numbers
Questioned Costs: Cannot be determined
Compliance Requirement: Reporting

Finding 2022-032: Failure to Accurately Prepare Financial Reports for the Aging Cluster

Type of Finding: Noncompliance and material weakness

Condition Found:

IDOA did not prepare accurate federal financial status reports (SF-425) for the Aging Cluster program.

IDOA is required to prepare semiannual federal financial status reports (SF-425) for each active federal grant in the Aging Cluster. During our testing of five SF-425 report(s) submitted during the State fiscal year ended June 30, 2022, we noted the following errors:

Award and Period for Report	Report line item	Reported amount	Actual amount	Difference
2201ILOANS-00 3/31/2022	Cash receipts	\$967,108	\$988,751	\$21,643
2201ILOACM 3/31/2022	Cash receipts	\$2,072,261	\$2,095,949	\$23,688

In addition, the 3/31/2022 report for award 2101ILSCC6 did not contain the recipient share field or required supplemental schedule. As the amounts were not tracked at the time, the actual amount and difference is indeterminable.

Supervisory review procedures for the SF-425 reports were not documented and have not been designed to operate at an appropriate level of precision to ensure the financial reports are accurately prepared.

Criteria or Requirement:

Aging Cluster grants require grantees to submit SF-425 and Administration on Aging (AoA) Title III supplemental forms on a semi-annual basis. Reports are due within 30 days for the periods ending March 31 and September 30 and are based on the accrual basis.

2 CFR 200.303 requires non-Federal entities receiving Federal awards to establish and maintain internal controls designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements. Effective internal controls should include procedures to ensure financial and other award information reported in required financial reports is accurate prior to submission.

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For the Year Ended June 30, 2022

Cause:

In discussing these conditions with IDOA officials, when the semi-annual SF-425 was prepared in the payment management system for the Title III ARPA, the system does not contain the supplemental form and therefore the supplemental form was accidentally overlooked. Our ACL Fiscal contact let us know that the supplemental form was missing, and we prepared it, submitted it, and will continue to do so until the grant closes. The SF-425s for 2201ILOANS and 2201ILOACM had underdraw's reported on them which was noted in box 12.

Possible Asserted Effect:

Failure to establish adequate controls may result in inaccurate financial reports which prevents the USDHHS from effectively monitoring the Aging Cluster. In addition, non-compliance could occur with regards to required matching specified in the grant awards.

Repeat Finding:

A similar finding was not reported in prior years. (Finding Code 2022-032)

Statistical Sampling:

The sample was not intended to be, and was not, a statistically valid sample.

Recommendation:

We recommend IDOA maintain documentation of the report reviews demonstrating reports are complete, accurate, and agree or reconcile to financial records. We also recommend the review of the matching information be enhanced to a greater precision level to address data input errors and be retained to substantiate completion.

Views of IDOA Officials:

The Department agrees with the finding. However, the Department does have procedures for review of the SF-425 as follows: the SF-425s are prepared internally by Department on Aging, reviewed by a CPA firm, and submitted by the Agency through the payment management system. The SF-425 supplemental form has been completed although after the audit was complete.

STATE OF ILLINOIS

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2022

State Agency: Illinois Department of Corrections (DOC)

Federal Agency: U.S. Treasury Department (TREAS)

Program Name: COVID-19 – Coronavirus Relief Fund
COVID-19 – Coronavirus State and Local Fiscal Recovery Funds

ALN and Program Expenditures: 21.019 (\$190,168,889)
21.027 (\$4,895,262,395)

Award Numbers: Various – see table of award numbers

Federal Award Year: Various – see table of award numbers

Questioned Costs: \$219,695

Compliance Requirement: Allowable Costs/Cost Principles and Period of Performance

Finding 2022-033: Unallowable Costs Charged to the Coronavirus Relief Fund Program

Type of Finding: Material noncompliance and material weakness (CRF)
Material weakness (SLFRF)

Condition Found:

DOC charged subrecipient expenditures to the Coronavirus Relief Fund (CRF) program which were incurred prior to the period of performance.

The CRF program was enacted by Congress to provide direct payments to state, territorial, tribal, and certain eligible local governments to cover: (1) necessary expenditures incurred due to the public health emergency with respect to COVID-19; (2) costs that were not accounted for in the governments approved budget as of March 27, 2020; and (3) costs that were incurred during the period from March 1, 2020 through December 31, 2021. During our testing of 19 expenditures (totaling \$3,869,083) charged to the CRF program during the year ended June 30, 2022, we noted two expenditures for payments to subrecipients (totaling \$219,695) for which the underlying expenditures submitted to the DOC for reimbursement pertained to expenditures incurred by the subrecipient prior to March 1, 2020. As these expenditures were incurred prior to the beginning of the period of performance for the CRF program, they are not allowable costs.

Additionally, we noted seven CRF expenditures (totaling \$2,007,224) from the 19 tested that were not paid by the State until after June 30, 2022, but were included in the 2022 Schedule of Expenditures of Federal Awards (SEFA). As the State prepares its SEFA using the cash basis of accounting, these expenditures were erroneously reported on the 2022 SEFA. Further, in review of the expenditures claimed under the CRF program by DOC, we noted 69 expenditures (totaling \$18,080,783) that were not paid by the State until after June 30, 2022. The State's 2022 SEFA was not corrected for this error.

Further, we noted DOC has not established supervisory review controls over expenditures for the CRF and SLFRF programs at an adequate level of precision to ensure: (1) expenditures reimbursed to subrecipients are within the period of performance or (2) expenditures reported on the SEFA are reported in accordance with the cash basis of accounting.

STATE OF ILLINOIS

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2022

DOC expenditures for the CRF program and SLFRF program totaled \$128,426,203 and \$304,791,247, respectively, during the year ended June 30, 2022.

Criteria or Requirement:

The Federal Register Volume 86, Number 10 (dated January 15, 2021) states “the CARES Act provides that payments from the Fund may only be used to cover costs that:

1. are necessary expenditures incurred due to the public health emergency with respect to the Coronavirus Disease 2019 (COVID-19);
2. were not accounted for in the budget most recently approved as of March 27, 2020 (the date of enactment of the CARES Act) for the State or government; and
3. were incurred during the period that begins on March 1, 2020 and ends on December 31, 2021.”

According to 2 CFR 200.510(b), a recipient of federal awards is required to prepare a schedule of expenditures of Federal awards (SEFA) for the period covered by the entity’s financial statements which must include the total Federal awards expended as determined in accordance with 2 CFR 200.502.

2 CFR 200.303 requires non-Federal entities receiving Federal awards to establish and maintain internal control designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements. Effective internal controls should include procedures to ensure: (1) expenditures are reimbursed by the State are within the period of performance and (2) are reported on the SEFA in accordance with cash basis of accounting.

Cause:

In discussing these conditions with DOC officials, they stated that when the expenses were selected for reimbursement, the posting date of the transaction was inadvertently reviewed and used. All posting dates fell on or before June 30, 2022. As noted in the finding, the actual warrant date should have been reviewed and used for cash basis.

Possible Asserted Effect:

Failure to ensure payments to subrecipients are only for expenditures incurred during the period of performance results in noncompliance and unallowable costs. Additionally, failure to report expenditures in accordance with the cash basis of accounting inhibits the auditors ability to properly determine major programs in accordance with the Uniform Guidance.

Repeat Finding:

A similar finding was not reported in the prior year audit. (Finding Code 2022-033)

Statistical Sampling:

The sample was not intended to be, and was not, a statistically valid sample.

Recommendation:

We recommend DOC implement procedures to properly review detail expenditures at the appropriate level of precision to ensure federal expenditures: (1) are within the period of performance and (2) are reported on the State’s SEFA in accordance with the cash basis of accounting.

STATE OF ILLINOIS

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2022

Views of DOC Officials:

DOC agrees with the recommendation. DOC will ensure appropriate reviews are completed prior to submission of information related to expenditures of Federal Awards.

STATE OF ILLINOIS

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2022

State Agency: Illinois Department of Commerce and Economic Opportunity (DCEO)

Federal Agency: U.S. Treasury Department (TREAS)

Program Name: COVID-19 – Coronavirus Relief Fund

ALN and Program Expenditures: 21.019 (\$190,168,889)

Award Numbers: Various – see table of award numbers

Federal Award Year: Various – see table of award numbers

Questioned Costs: None

Compliance Requirement: Subrecipient Monitoring

Finding 2022-034: Inadequate Review of Subrecipient Single Audit Reports

Type of Finding: Significant deficiency

Condition Found:

DCEO did not adequately review single audit reports received from its subrecipients for the Coronavirus Relief Fund (CRF) program on a timely basis.

The State of Illinois established the Grant Accountability Transparency Unit (GATU) to implement the provisions of the State's Grant Accountability and Transparency Act (GATA) on a centralized basis. GATU has established standardized reporting requirements for subrecipients of the various Federal programs administered by the State through its various departments. Subrecipients of the State are required to certify whether they expended more than \$750,000 in federal awards during the fiscal year and submit their single audit reporting packages to the Federal Audit Clearinghouse (if required). GATU is then responsible for obtaining the single audit reporting package, verifying the report meets the single audit requirements, and assigning, to the applicable state agency, any findings attributable to amounts passed through to the subrecipient(s) by the State.

DCEO staff are responsible for reviewing the reports assigned to them by GATU and determining whether:

(1) federal funds reported in the schedule of expenditures of federal awards (SEFA) reconcile to DCEO records and (2) issuing management decisions on findings reported within required time frames.

During our testing of a sample of single audit desk review files for one subrecipient (with expenditures of \$10,180 in the fiscal year) out of 60 tested (with expenditures of \$8,356,958), we noted DCEO did not issue management decision letters to the subrecipient within the required time frame. The delay in issuing this management decision was 5 days beyond the required timeframe. Further, we noted DCEO has not established controls over subrecipient single audit reviews at an adequate level of precision to ensure management decision letters are issued within required timeframes.

DCEO's subrecipient expenditures under the CRF program for the year ended June 30, 2022 were \$18,502,818. Amounts passed through to subrecipients by the State under the CRF program totaled \$24,432,342.

Criteria or Requirement:

According to 2 CFR 200.332(d), a pass-through entity must monitor the activities of the subrecipient as necessary to ensure that the subaward is used for authorized purposes, in compliance with Federal statutes,

STATE OF ILLINOIS

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2022

regulations and the terms and conditions of the subaward, and that the subaward performance goals are achieved. Additionally, 2 CFR 200.332(d)(3) and 2 CFR 200.521 state that a pass-through entity is required to issue a management decision on federal awards audit findings within six months of the acceptance of the report by the Federal Audit Clearinghouse and ensure the subrecipient takes timely and appropriate corrective action on all audit findings.

Additionally, 2 CFR 200.303 requires non-Federal entities receiving Federal awards to establish and maintain internal controls designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements. Effective internal controls should include procedures to ensure Single Audit reports are reviewed in a timely manner and management decisions are issued within required timeframes.

Cause:

In discussing these conditions with DCEO officials, they stated the 5 day delay (which includes two weekend days and a holiday) in issuing the management decision letter was caused by human error.

Possible Asserted Effect:

Failure to complete and document reviews of subrecipient single audit reports in a timely manner may result in federal funds being expended for unallowable purposes and subrecipients not administering the federal programs in accordance with laws, regulations and the grant agreement.

Repeat Finding:

A similar finding was not reported in the prior year audit. (Finding Code 2022-034)

Statistical Sampling:

The sample was not intended to be, and was not, a statistically valid sample.

Recommendation:

We recommend DCEO establish procedures to ensure subrecipient single audit report reviews are completed and documented in a timely manner. Additionally, DCEO should ensure procedures will permit issuance of management decisions within required timeframes.

Views of DCEO Officials:

DCEO agrees with the auditor's recommendation. DCEO has a system and procedures in place to assist with the compliance of 2 CFR 200.332(d)(3) and 2 CFR 200.521. Unfortunately, due to human error, the automatic reminder for ensuring issuance of the MDL was missed. At the time, the position responsible for issuing MDLs was vacant and the unit supervisor was completing those responsibilities in addition to her other duties. The position responsible for issuing MDLs has since been filled (June 2023) and DCEO does not expect this issue to repeat as now there is a primary person responsible and a backup person (the supervisor).

STATE OF ILLINOIS
 Schedule of Findings and Questioned Costs
 Table of Award Numbers
 Year Ended June 30, 2022

Name of Federal Program or Cluster (ALN):

COVID-19 - Pandemic EBT Food Benefits (10.542):

Award Number (Federal Fiscal Year/Award Year)

no award number (2022)

SNAP Cluster (10.551/10.561):

Award Number (Federal Fiscal Year/Award Year)

2020IQ390342 (2020)	2021IS901842 (2021)	2021IS803642	2021IF100342 (2021)
2021IQ750342 (2021)	2021IS251442 (2021)	2021IS251942 (2021)	2021IS252042 (2021)
2021IQ390342 (2021)	2022IQ750342 (2022)	2022IS251442 (2022)	2022IS251942 (2022)
2022IS252042 (2022)	2022IF100342 (2022)		

Crime Victim Assistance (16.575):

Award Number (Federal Fiscal Year/Award Year)

15POVC-21-GG-00624-ASSI (20 2018-V2-GX-0070 (2018)	2019-V2-GX-0024 (2019)	2020-V2-GX-0017 (2020)
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Unemployment Insurance (17.225):

Award Number (Federal Fiscal Year/Award Year)

UI34056V70	UI37221PU0	UI34713C80	UI34713Z70
UI34056310	UI35942JU0	UI34713MT0	UI34713C10
UI35646DO0	UI38016PW0	UI34713Z50	UI34713NJ0
UI35646JT0	UI34713Z30	UI34713CA0	UI34713KD0
UI35646JT1			

COVID-19 - Airport Improvement Program (20.106):

Award Number (Federal Fiscal Year/Award Year)

3-17-0065-036	3-17-0016-035	3-17-SBGP-168	3-17-SBGP-186-2022
3-17-0000-010	3-17-0088-086	3-17-SBGP-170	3-17-SBGP-187-2022
3-17-0025-096	3-17-0022-174	3-17-SBGP-171	3-17-SBGP-188-2022
3-17-0088-083	3-17-0088-085	3-17-SBGP-173	3-17-SBGP-191-2022
3-17-0068-089	3-17-0016-036	3-17-SBGP-174	3-17-SBGP-193-2022
3-17-0033-040	3-17-0088-084	3-17-SBGP-175	3-17-SBGP-194-2022
3-17-SBGP-157	3-17-0096-074	3-17-SBGP-176	3-17-SBGP-195-2022
3-17-SBGP-158	3-17-0016-037	3-17-SBGP-177	3-17-0000-011-2022
3-17-SBGP-160	3-17-0085-042	3-17-SBGP-178	3-17-0146-045-2022
3-17-0096-073	3-17-0146-037	3-17-SBGP-179	3-17-0006-077-2022
3-17-0016-034	3-17-0146-038	3-17-SBGP-180	3-17-0033-045-2022
3-17-0080-066	3-17-SBGP-163	3-17-0146-042	3-17-0080-074-2022
3-17-0146-035	3-17-SBGP-165	3-17-0006-075	3-17-0088-096-2022
3-17-0085-040	3-17-SBGP-166	3-17-0068-094	3-17-0096-082-2022
3-17-SBGP-161	3-17-SBGP-167	3-17-0068-096	3-17-0085-049-2022
3-17-SBGP-159	3-17-SBGP-169	3-17-0068-090	3-17-SBGP-184-2022
3-17-SBGP-156	3-17-0006-071	3-17-0022-180	3-17-SBGP-183-2022
3-17-0146-036	3-17-0068-091	3-17-0080-069	3-17-SBGP-189-2022
3-17-0006-070	3-17-0065-038	3-17-0088-092	3-17-SBGP-182-2022
3-17-0068-090	3-17-0080-068	3-17-0096-076	3-17-SBGP-190-2022
3-17-0025-098	3-17-0088-088	3-17-0096-078	3-17-0088-097-2022
3-17-SBGP-162	3-17-0146-039	3-17-0085-044	3-17-0096-083-2022
3-17-SBGP-164	3-17-0088-090	3-17-0085-045	
3-17-0033-041	3-17-0088-089	3-17-SBGP-185-2022	

COVID-19 - Coronavirus Relief Fund (21.019)

Award Number (Federal Fiscal Year/Award Year)

no award number (2022)

COVID-19 - Emergency Rental Assistance Program (21.023):

Award Number (Federal Fiscal Year/Award Year)

ERA-2101112275

COVID-19 - Homeowner Assistance Fund Program (21.026):

Award Number (Federal Fiscal Year/Award Year)

21-026

COVID-19 - Coronavirus State and Local Fiscal Recovery Funds (21.027)

Award Number (Federal Fiscal Year/Award Year)

SLT-3381

Capitalization Grants for Clean Water State Revolving Funds (66.458):

Award Number (Federal Fiscal Year/Award Year)

CS17000121

STATE OF ILLINOIS
 Schedule of Findings and Questioned Costs
 Table of Award Numbers
 Year Ended June 30, 2022

Name of Federal Program or Cluster (ALN):

Capitalization Grants for Drinking Water State Revolving Funds (66.458):

Award Number (Federal Fiscal Year/Award Year)

FS98577720 FS98577721

Federal Family Education Loans (Guaranty Agencies) (84.032):

Award Number (Federal Fiscal Year/Award Year)

no award number (2022)

Education Stabilization Fund (84.425):

Award Number (Federal Fiscal Year/Award Year)

S425D200041 (2020) S425D210041 (2021) S425U210041 - 21A (2021)

Aging Cluster (93.044/93.045/93.053):

Award Number (Federal Fiscal Year/Award Year)

1901ILOASS (2019)	1901ILOACM (2019)	1901ILOANS (2019)	2001ILOASS (2020)
2001ILSSC3 (2020)	2001ILOACM (2020)	2001ILCMC3 (2020)	2001ILOAHD (2020)
2001ILHDC3 (2020)	2001ILOANS (2020)	2101ILOASS (2021)	2101ILVAC5 (2021)
2101ILSSC6 (2021)	2101ILOACM (2021)	2101ILOAHD (2021)	2101ILHDC5 (2021)
2101ILCMC6 (2021)	2101ILHDC6 (2021)	2101ILOANS (2021)	2201ILOASS (2022)
2201ILOACM (2022)	2201ILOAHD (2022)	2201ILOANS (2022)	

Epidemiology and Laboratory Capacity for Infectious Diseases (ELC) (93.323):

Award Number (Federal Fiscal Year/Award Year)

6NU50CK000559-01-04 (2021)	6NU50CK000559-01-12 (2020)	6NU50CK000559-01-13 (2021)	6NU50CK000559-02-08 (2021)
6NU50CK000559-02-10 (2021)	6NU50CK000559-02-11 (2021)	6NU50CK000559-02-12 (2021)	6NU50CK000559-02-13 (2021)
6NU50CK000559-02-14 (2021)	6NU50CK000559-03-01 (2022)	6NU50CK000559-03-02 (2022)	6NU50CK000559-03-03 (2022)
6NU50CK000559-03-04 (2022)	6NU50CK000559-03-05 (2022)	6NU50CK000559-03-07 (2022)	

Temporary Assistance for Needy Families (93.558):

Award Number (Federal Fiscal Year/Award Year)

2102ILTANF (2021) 2202ILTANF (2022)

COVID-19 - CCDF Cluster (93.575/93.596):

Award Number (Federal Fiscal Year/Award Year)

2001ILCCC3 (2020) 2101ILCSC6 (2021) 2101ILCCC5 (2021) 2101ILCCDF (2021)
 2201ILCCDF (2022)

Adoption Assistance (93.659):

Award Number (Federal Fiscal Year/Award Year)

2101ILADPT (2021) 2201ILADPT (2022)

Children's Health Insurance Program (93.767):

Award Number (Federal Fiscal Year/Award Year)

1905IL5021 (2019) 2005IL5021 (2020) 2105IL5021 (2021) 2022IL5021 (2022)

Medicaid Cluster (93.775/93.777/93.778):

Award Number (Federal Fiscal Year/Award Year)

2105IL5ADM (2021) 2105ILIMPL (2021) 2105ILINCT (2021) 2105IL5MAP (2021)
 2205IL5ADM (2022) 2205ILIMPL (2022) 2205ILINCT (2022) 2205ILMAP (2022)

Block Grants for Prevention and Treatment of Substance Abuse (93.959):

Award Number (Federal Fiscal Year/Award Year)

6B08TI083071-01M004 6B08TI083445-01M005 1B08TI083497-01 (2021) 1B08TI083937-01 (2022)
 1B08TI084576-01 (2022)

Disaster Grants – Public Assistance (Presidentially Declared Disasters) (97.036)

Award Number (Federal Fiscal Year/Award Year)

no award number (2022)