



STATE OF ILLINOIS
 OFFICE OF THE
AUDITOR GENERAL

Frank J. Mautino, Auditor General

SUMMARY REPORT DIGEST

STATE OF ILLINOIS STATEWIDE SINGLE AUDIT REPORT

SINGLE AUDIT
For the Year Ended June 30, 2024

Release Date: April 15, 2026

FINDINGS THIS AUDIT: 51				AGING SCHEDULE OF REPEATED FINDINGS			
	New	Repeat	Total	Repeated Since	Category 1	Category 2	Category 3
Category 1:	14	35	49				
Category 2:	1	1	2				
Category 3:	0	0	0				
TOTAL	15	36	51	2023	2, 3, 4, 6, 8, 10, 11, 15, 19, 21, 25, 30, 33, 34, 35, 36, 37, 40, 42, 43, 44	26	
FINDINGS LAST AUDIT: 46				2022	1, 14, 16, 31, 45		
				2021	13, 20, 24, 32, 39, 46		
				2014	12		
				2011	7		
				2001	9		

SYNOPSIS

- The State expended approximately \$41.1 billion from federal awards in FY24.
- A total of 31 programs or program clusters were classified and audited as major programs at 11 State agencies. These programs constituted approximately 91.71% of all federal spending, or about \$37.7 billion. In addition, 41 State agencies expended federal financial assistance in FY24. Ten State agencies accounted for about 98.4% of federal dollars spent.

Statewide Finding – Financial Reporting

- The State of Illinois does not have an adequate process in place to permit the timely and accurate completion of the Schedule of Expenditures of Federal Awards. As a result, the State has a *material weakness* on all federal programs for financial reporting.

Category 1: Findings that are **material weaknesses** in internal control and/or a **qualification** on compliance with laws and regulations (material noncompliance).

Category 2: Findings that are **significant deficiencies** in internal control and **noncompliance** with laws and regulations.

Category 3: Findings that have **no internal control issues but are in noncompliance** with laws and regulations.

Auditor's Adverse Opinion on Major Programs

- The Illinois Department of Human Services (IDHS):
 - Did not adequately review the recipient agencies of the Food Distribution Cluster (FDC) program.
- The Illinois Criminal Justice Information Authority (ICJIA):
 - Did not follow its established program monitoring policies and procedures for subrecipients of the Crime Victim Assistance (CVA) program during fiscal year 2024.
 - Did not adequately review single audit reports received from its subrecipients for CVA program on a timely basis.
 - Did not follow its established policies and procedures for monitoring subrecipients of the CVA program.

Significant Agency Findings Classified as *Material Noncompliance* Resulting in an Auditor Qualification

- The Illinois Governor's Office of Management and Budget:
 - Did not prepare accurate federal project and expenditure reports (Paperwork Reduction Act (PRA) 1505-0271) for the COVID-19 – Coronavirus State and Local Fiscal Recovery Funds (CSLFRF) program.
- The Illinois Department of Human Services (IDHS):
 - Did not obtain and review periodic performance reports for subrecipients of the CSLFRF program during the year ended June 30, 2024.
 - Does not have an adequate process for monitoring interagency expenditures claimed under or used to meet maintenance of effort (MOE) requirements of the Temporary Assistance for Needy Families (TANF) and CCDF Cluster (CCDF) programs.
 - Could not provide documentation to support payments made on behalf of beneficiaries of the TANF and CCDF Cluster programs.
 - Did not follow its established program monitoring policies and procedures for subrecipients of the TANF, CCDF, Social Services Block Grant (SSBG), and Block Grants for Prevention and Treatment of Substance Abuse (SAPT) programs.
 - Failed to provide supporting documentation for the post-expenditure report including a key line item, the number of eligible individuals who received services paid for in part or in whole with federal funds under the SSBG program.
 - Could not locate case file documentation supporting certain eligibility and special test requirements for beneficiaries of the TANF program and Children's Health Insurance Program (CHIP).
 - Made improper payments to beneficiaries of the TANF program.
 - Did not maintain the required aggregate State expenditures for the maintenance of effort (MOE) requirements for the SAPT program.
- The Illinois Department of Healthcare and Family Services (DHFS):
 - Did not accurately report certain Medicaid Cluster program drug rebates on quarterly federal financial (CMS-64) reports.
 - Improperly continued providing benefits under the CHIP program to individuals who were over the age of 18.
 - Does not have adequate procedures to determine and document eligibility for beneficiaries of the CHIP and the Medicaid Cluster programs.
 - Incorrectly calculated qualified incentive payments charged to the Medicaid Cluster program using the enhanced federal medical assistance percentage (FMAP) rate applicable to payments under the Affordable Care Act (ACA) rather than its regular FMAP rate.
 - Did not ensure the annual financial audits prepared during the year ended June 30, 2024 for Managed Care Organizations (MCOs) of the CHIP and Medicaid Cluster programs met the requirements of the MCO contracts and federal regulations.
 - Did not adequately screen providers of the CHIP and Medicaid Cluster programs to ensure Medicaid providers were not on the United States Department of Health and Human Services Office of the Inspector General's (OIG) List of Excluded Individuals/Entities (LEIE) at the time the services were performed.
 - Failed to conduct utilization reviews over Home and Community Based Services for five of the nine waivers contracted out to their vendor during fiscal year 2024.
- The Illinois Department of Children and Family Services (DCFS):
 - Does not have an adequate process in place to ensure Foster Care daycare maintenance assistance payments are accurately paid based on its approved rate schedule.

- Could not provide adequate supporting documentation to substantiate payroll and related costs claimed for federal reimbursement under the Foster Care – Title IV-E (Foster Care), Adoption Assistance, and TANF programs.
- The Illinois State Board of Education (ISBE):
 - Did not adequately monitor and document program monitoring procedures performed over subrecipients of the 21st Century Community Learning Centers (21st Century) program.
- The Illinois Department of Employment Security (IDES):
 - Failed to follow established policies when making eligibility determinations for claimants of the Unemployment Insurance (UI) program.
- The Illinois Department of Commerce and Economic Opportunity (DCEO):
 - Did not properly review or re-certify the accuracy of the clearance pattern specified in the Treasury-State Agreement related to cash draws for the Low-Income Home Energy Assistance Program (LIHEAP).
 - Did not perform its cash draws in accordance with the funding technique prescribed in the Treasury State Agreement (TSA).
- The Illinois Department on Aging (IDOA):
 - Did not adequately document review of single audit reports received from its subrecipients for the Aging Cluster program on a timely basis.
 - Did not prepare accurate federal financial status reports for the Aging Cluster program.

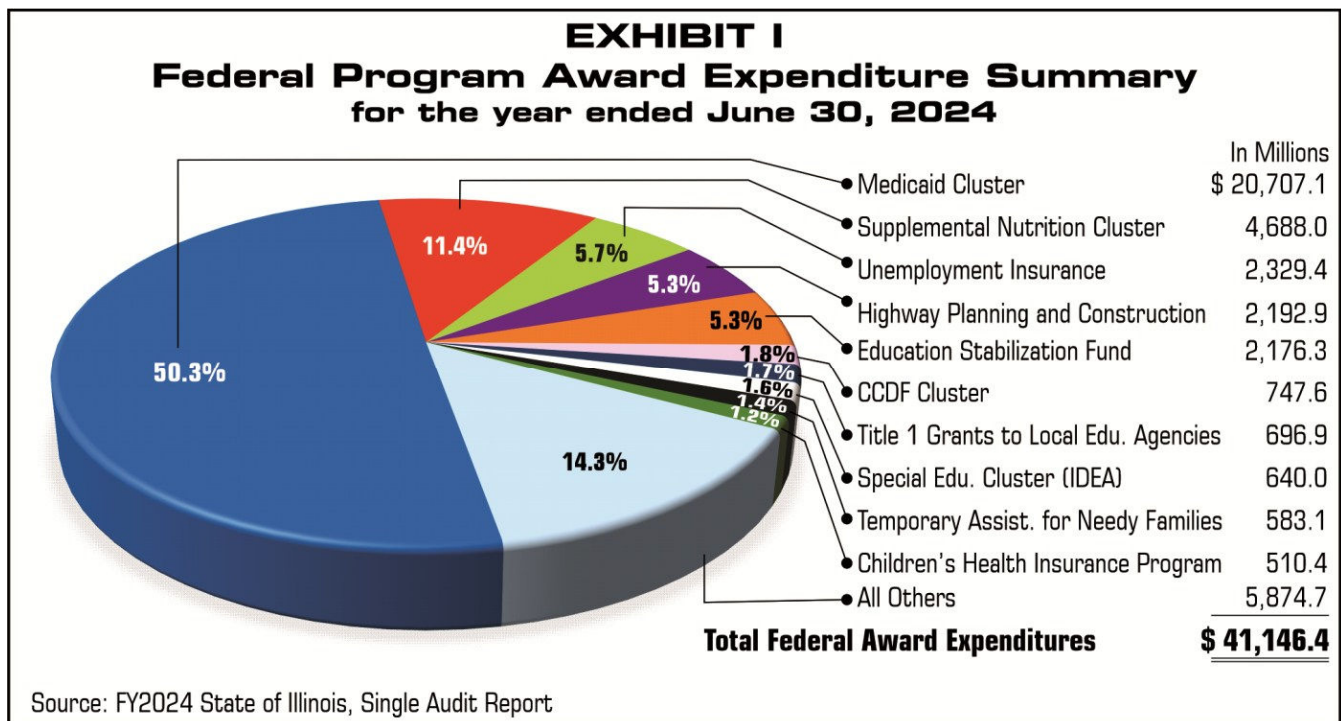
In addition, IDHS, ISBE, Illinois Community College Board (ICCB), the Illinois Department of Transportation (IDOT), and IDOA (collectively, the agencies) failed to report information required by the Federal Funding Accountability and Transparency Act (FFATA) for awards granted to subrecipients of multiple programs. Additionally, the Department of Public Health (IDPH) did not maintain documentation to evidence information required to reported by FFATA was submitted within required timeframes for awards. Lastly, DCEO failed to maintain updated procedures which resulted in filing inaccurate FFATA reports. The findings at ICCB and IDPH gave rise to a qualified (scope limitation) opinion on the related program, as sufficient appropriate audit evidence supporting compliance was unable to be obtained.

INTRODUCTION

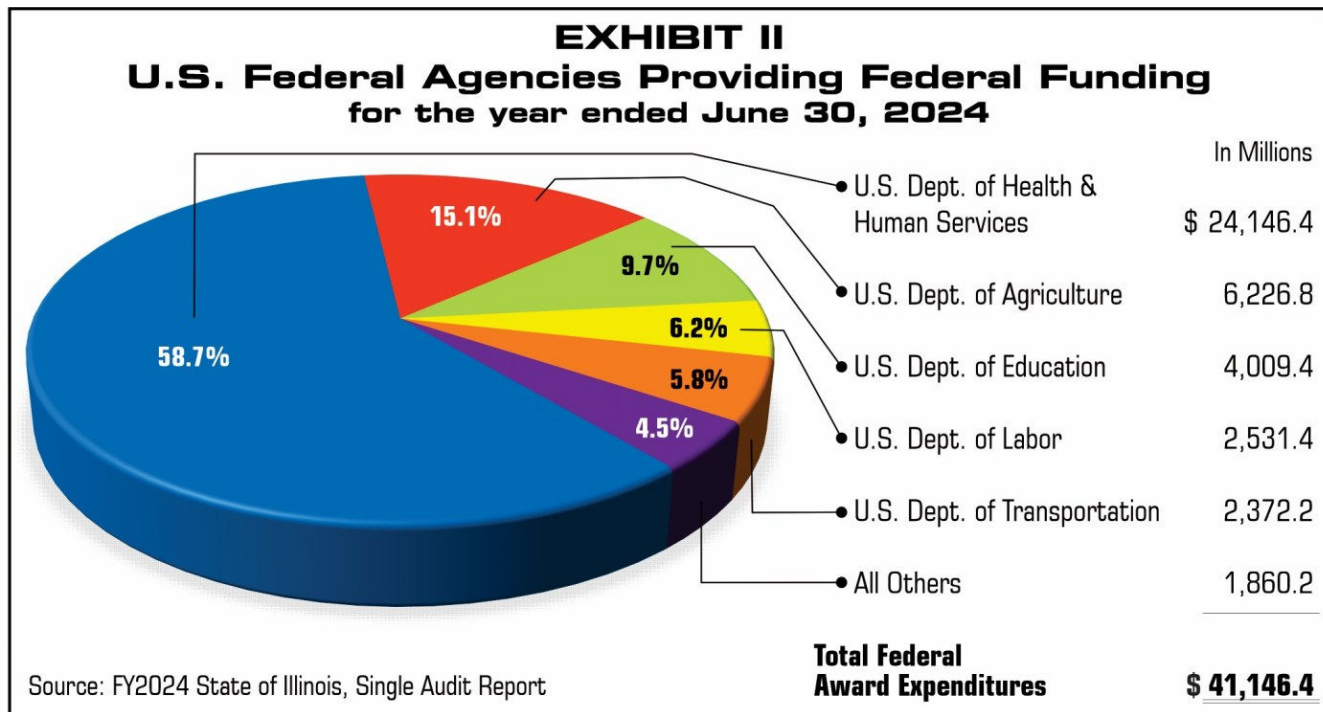
The Illinois Office of the Auditor General conducted a Statewide Single Audit of the FY24 federal grant programs. The audit was conducted in accordance with the Uniform Guidance (Title 2 U.S. Code of Federal Regulation Part 200, *Uniform Administration Requirements, Cost Principles, and Audit Requirements for Federal Awards*).

The Statewide Single Audit includes State agencies that are a part of the primary government and expend federal awards. In total, 41 State agencies expended federal financial assistance in FY24. A separate supplemental report has been compiled by the Governor’s Office of Management and Budget and provides summary information on federal spending by State agency. The Statewide Single Audit does not include those agencies that are defined as component units such as the State universities and finance authorities. The component units continue to have separate single audits when required.

The Schedule of Expenditures of Federal Awards (SEFA) reflects total expenditures of approximately \$41.1 billion for the year ended June 30, 2024. Overall, the State participated in 340 different federal programs; however, 10 of these programs or program clusters accounted for approximately 85.7% of the total federal award expenditures. (See Exhibit I)



The funding for the 340 programs was provided by 26 different federal agencies. Exhibit II shows that five federal agencies provided Illinois with the vast majority of federal funding in FY24.

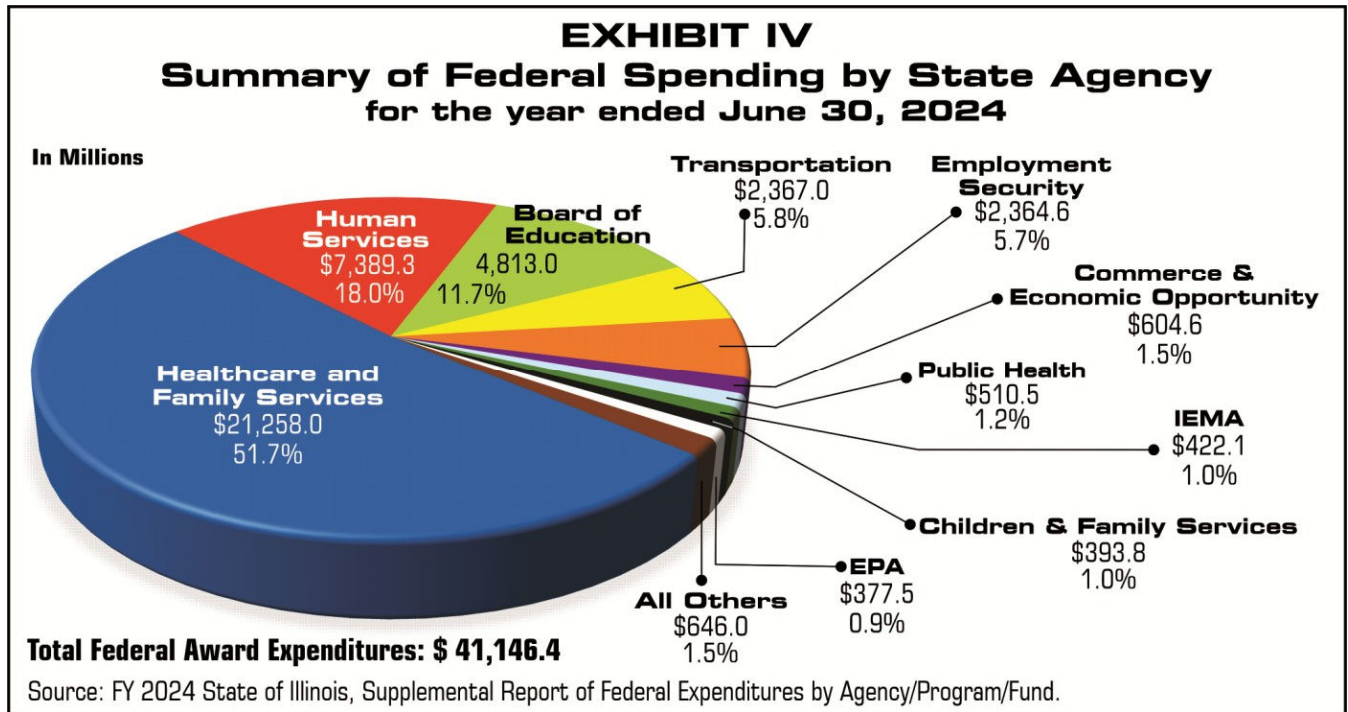


A total of 31 federal programs or program clusters were identified as major programs in FY24. A major program was defined in accordance with the Uniform Guidance as any program with federal awards expended that meets certain criteria when applying the risk-based approach. Exhibit III provides a brief summary of the number of programs classified as “major” and “non-major” and related federal award expenditures.

EXHIBIT III
Classification of Federal Programs
“Major vs. Non-Major”
and Related Federal Award Expenditures
for the year ended June 30, 2024

Audit Coverage	No.	Expenditures (in millions)	%
Major Programs (or clusters)	31	\$37,734.12	91.7%
Non-Major Programs (or clusters)	<u>309</u>	<u>3,412.24</u>	<u>8.3%</u>
Total	<u>340</u>	<u>\$41,146.36</u>	<u>100.0%</u>

Ten State agencies accounted for approximately 98.4% of all federal dollars spent during FY24 as depicted in Exhibit IV.



**INDEPENDENT AUDITORS’ REPORT ON COMPLIANCE FOR EACH
MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

The auditors’ report contained adverse opinions and qualifications on compliance as summarized below. The complete text of the Auditors’ Report may be found on pages 17-24 of the audit.

Adverse Opinion

The auditors expressed an adverse opinion on compliance for the following major programs:

State Administering Agency	Federal Program	Compliance Requirement(s)	Finding Number	Page Numbers
IL Department of Human Services	Food Distribution Cluster (10.565/10.568/10.569)	Special Tests and Provisions	2024-005	41-42
IL Criminal Justice Information Authority	Crime Victim Assistance (16.575)	Subrecipient Monitoring	2024-042, 2024-043, 2024-044	141-142, 143-146, 147-149

Qualifications

The auditors qualified their report on major programs for the following major programs due to a scope limitation. The auditors were unable to obtain sufficient appropriate audit evidence supporting the compliance of the State with requirements described below.

State Administering Agency	Federal Program	Compliance Requirement(s)	Finding Number	Page Numbers
IL Department of Public Health	Immunization Cooperative Agreements (ICA) (93.268)	Reporting	2024-024	97-99
IL Department of Public Health	Epidemiology and Laboratory Capacity for Infectious Diseases (ELC) (93.323)	Reporting	2024-024	97-99
IL Community College Board	Child Care and Development Fund (CCDF) Cluster (93.575/93.596))	Reporting	2024-029	111-112

The auditors qualified their report on major programs for the following noncompliance findings:

State Administering Agency	Federal Program	Compliance Requirement(s)	Finding Number	Page Numbers
IL Governor's Office of Management and Budget	COVID-19 – Coronavirus State and Local Fiscal Recovery Funds (21.027)	Reporting	2024-003	35-37
IL Department of Human Services	COVID-19 – Coronavirus State and Local Fiscal Recovery Funds (21.027)	Subrecipient Monitoring	2024-004	38-40
IL Department of Human Services	Temporary Assistance for Needy Families (93.558)	Allowable Costs/Cost Principles	2024-006, 2024-011	43-46, 59-61
IL Department of Human Services	Child Care and Development Fund (CCDF) Cluster (93.575/93.596)	Activities Allowed/Unallowed and Allowable Costs/Cost Principles	2024-006, 2024-011	43-46, 59-61
IL Department of Human Services	Temporary Assistance for Needy Families (93.558)	Subrecipient Monitoring	2024-007	47-50
IL Department of Human Services	Child Care and Development Fund (CCDF) Cluster (93.575/93.596)	Subrecipient Monitoring	2024-007	47-50
IL Department of Human Services	Social Services Block Grant (93.667)	Subrecipient Monitoring	2024-007	47-50

IL Department of Human Services	Block Grants for Prevention and Treatment of Substance Abuse (93.959)	Subrecipient Monitoring	2024-007	47-50
IL Department of Human Services	Social Services Block Grant (93.667)	Reporting	2024-008	51-52
IL Department of Human Services	SNAP Cluster (10.551/10.561)	Special Tests and Provisions	2024-009	53-55
IL Department of Human Services	Temporary Assistance for Needy Families (93.558)	Eligibility and Special Tests and Provisions	2024-009	53-55
IL Department of Human Services	Children's Health Insurance Program (93.767)	Eligibility	2024-009	53-55
IL Department of Human Services	Medicaid Cluster (93.775/93.777/9.778)	Eligibility	2024-009	53-55
IL Department of Human Services	Temporary Assistance for Needy Families (93.558)	Eligibility	2024-010	56-58
IL Department of Human Services	Block Grants for Prevention and Treatment of Substance Abuse (93.959)	Level of Effort	2024-012	62-64
IL Department of Human Services	Temporary Assistance for Needy Families (93.558)	Reporting	2024-013	65-68
IL Department of Human Services	Child Care and Development Fund (CCDF) Cluster (93.575/93.596)	Reporting	2024-013	65-68
IL Department of Human Services	Social Services Block Grant (93.667)	Reporting	2024-013	65-68
IL Department of Human Services	Block Grants for Prevention and Treatment of Substance Abuse (93.959)	Reporting	2024-013	65-68
IL Department of Healthcare and Family Services	Medicaid Cluster (93.775/93.777/93.778)	Reporting	2024-015	73-75
IL Department of Healthcare and Family Services	Children's Health Insurance Program (93.767)	Eligibility	2024-016, 2024-017	76-77, 78-80
IL Department of Healthcare and Family Services	Medicaid Cluster (93.775/93.777/93.778)	Eligibility	2024-017	78-80
IL Department of Healthcare and Family Services	Medicaid Cluster (93.775/93.777/93.778)	Activities Allowed/Unallowed, Allowable Costs/Cost Principles and Matching	2024-018	81-83
IL Department of Healthcare and Family Services	Children's Health Insurance Program (93.767)	Special Tests and Provisions	2024-019, 2024-020	84-86, 87-88

IL Department of Healthcare and Family Services	Medicaid Cluster (93.775/93.777/93.778)	Special Tests and Provisions	2024-019, 2024-020, 2024-021	84-86, 87-88, 89-90
IL Department of Children and Family Services	Foster Care—Title IV-E (93.658)	Activities Allowed/Unallowed, Allowable Costs/Cost Principles	2024-022, 2024-023	91-93, 94-96
IL Department of Children and Family Services	Adoption Assistance (93.659)	Activities Allowed/Unallowed, Allowable Costs/Cost Principles	2024-023	94-96
IL Department of Children and Family Services	Temporary Assistance for Needy Families (93.558)	Activities Allowed/Unallowed, Allowable Costs/Cost Principles	2023-023	94-96
IL State Board of Education	Twenty-First Century Community Learning Centers (84.287)	Subrecipient Monitoring	2024-025	100-102
IL State Board of Education	COVID-19 – Education and Stabilization Fund (ESF) (84.425)	Reporting	2024-027	105-107
IL Department of Employment Security	Unemployment Insurance Program (17.225)	Eligibility	2024-030	113-115
IL Department of Commerce and Economic Opportunity	Low-Income Home Energy Assistance Program (LIHEAP) (93.568)	Cash Management	2024-034, 2024-035	123-124, 125-126
IL Department of Commerce and Economic Opportunity	WIOA Cluster (17.258/17.259/17.278)	Reporting	2024-036	127-129
IL Department of Commerce and Economic Opportunity	Low-Income Home Energy Assistance Program (LIHEAP) (93.568)	Reporting	2024-036	127-129
IL Department of Transportation	Airport Improvement Program, COVID-19 Airports Programs, and Infrastructure Investment and Jobs Act Program (AIP) (20.106)	Reporting	2024-039	134-135
IL Department on Aging	Aging Cluster (93.044/93.045/93.053)	Subrecipient Monitoring	2024-049	158-160
IL Department on Aging	Aging Cluster (93.044/93.045/93.053)	Reporting	2024-050, 2024-051	161-163, 164-165

Internal Control Over Financial Reporting

We noted a matter involving internal control over financial reporting for the Schedule of Expenditures of Federal Awards (Schedule) that was considered to be a material weakness. A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the entity’s Schedule will not be prevented, or detected and corrected, on a timely

basis. The auditors recommended the Governor’s Office of Management and Budget (GOMB) work together with the State agencies to establish a corrective action plan to address the quality of accounting information provided to the Illinois Office of Comptroller (IOC) which is used by GOMB to prepare the Schedule.

Internal Control Over Compliance

We noted certain matters involving internal control over compliance that were considered to be significant deficiencies. A control deficiency in an entity’s 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 significant deficiency in internal control over compliance is a deficiency, or 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. Overall, 2 of the 51 findings reported in the single audit were classified as significant deficiencies.

Material weaknesses were also disclosed in our report. A material weakness in internal control over compliance is a deficiency, or 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. Overall, 48 of the 51 findings reported in the single audit were classified as material weaknesses.

FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS

Exhibit V summarizes the number of report findings by State agency, identifies the number of repeat findings, and references the findings to specific pages in the report.

**EXHIBIT V
Summary Schedule of Findings by Agency**

State Agency	Number of Findings	Number of Repeat Findings	Page References to Findings
Governor’s Office of Management and Budget	3	3	28-37
Human Services	11	10	38-72
Healthcare and Family Services	7	5	73-90
Children and Family Services	2	0	91-96
Public Health	1	1	97-99
Illinois State Board of Education	3	2	100-107
Student Assistance Commission	1	0	108-110
Illinois Community College Board	1	0	111-112
Employment Security	4	4	113-122
Commerce and Economic Opportunity	4	4	123-131
Transportation	4	2	132-140
Illinois Criminal Justice Information Authority	7	5	141-157
Aging	3	0	158-165
Totals	<u>51</u>	<u>36</u>	

Exhibit VI summarizes the total number of findings, number of repeated findings, and the percentage of repeated findings for the past ten years.

EXHIBIT VI
Ten Year Analysis of Number of Findings, Number of Findings Repeated and Percentage of Repeat Findings

Year	Number of Findings	Number of Repeated Findings	Percentage of Repeated Findings
2024	51	36	71%
2023	46	18	39%
2022	34	16****	45%
2021	40	15***	38%
2020*	29	19**	66%
2019	69	51	74%
2018	80	59	74%
2017	72	53	74%
2016	73	49	67%
2015	75	51	68%

*Beginning in Fiscal Year 2020, we have implemented a change in our presentation of the results of prior year finding follow up. The Code of Federal Regulations (2 CFR 200.511) requires a summary schedule of prior audit findings to report the status of all audit findings included in the prior audit’s schedule of findings and questioned costs. The current year summary schedule of prior audit findings is included in the separately bound *Supplemental Report of Federal Expenditures*, prepared by the Governor’s Office of Management and Budget. In addition, beginning with the 2019 Compliance Supplement, federal agencies were mandated by the federal Office of Management and Budget to limit the number of compliance requirements subject to the compliance audit to six. These changes resulted in an overall decrease in the number of findings reported in the scope of our compliance audit for Fiscal Year 2020 and impact the comparability of Fiscal Year 2020 to preceding years in Exhibit VI.

**Two of the findings presented in the 2019 report were combined and presented as a single repeated finding in the 2020 report.

***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 presented in the 2021 report were combined and presented as a single repeated finding in the 2022 report. In addition, one of the repeat audit findings included in this June 30, 2022 report was reported in the June 30, 2021 Schedule of Prior Findings. This finding related to a compliance requirement that was not direct and material during the June 30, 2020 and June 30, 2021 audits.

INADEQUATE PROCESS FOR COMPILING THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Current process does not allow for timely reporting

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.

Highly decentralized financial reporting process

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.

Late adjustments to the SEFA continue

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.

First draft of the SEFA not provided until December 2024

During fiscal year 2024, 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. An initial draft of the SEFA was provided to us in December 2024. The final SEFA and related notes were not finalized by the State until February 2026 due to errors identified in several agencies (Finding 1, pages 28-29). **This finding has been reported since 2022.**

SEFA finalized February 2026

We recommended 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.

GOMB accepted our recommendation

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

FAILURE TO ACCURATELY PREPARE PERFORMANCE REPORTS FOR THE COVID-19 CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS PROGRAM

Inaccurate federal project and expenditure reports

GOMB did not prepare accurate federal project and expenditure reports (Paperwork Reduction Act (PRA) 1505-0271) for the COVID-19 – Coronavirus State and Local Fiscal Recovery Funds (CSLFRF) program.

Basis of accounting not consistently applied

The State was required to prepare quarterly federal project and expenditure reports (PRA 1505-0271) for the CSLFRF program. To assist the State agencies, GOMB prepared these reports. According to the U.S. Treasury’s SLFRF Compliance and Reporting Guidance, expenditures may be reported on a cash or accrual basis, as long as the methodology is disclosed and consistently applied. During our testing of two quarterly PRA 1505-0271 reports submitted during State fiscal year ended June 30, 2024, we noted that GOMB did not consistently apply cash or accrual basis for reporting and noted multiple errors on the cash basis.

Multiple errors noted

Review procedures not properly designed

Supervisory review procedures of the PRA 1505-0271 reports have not been designed to operate at an appropriate level of precision to ensure the financial reports are accurately prepared. (Finding 3, pages 35-37)

We recommended GOMB implement more precise review procedures to ensure the reports submitted to the U.S. Treasury are complete, accurate, and agree or reconcile to its financial records.

GOMB accepted our recommendation

GOMB accepted our recommendation and stated it will continue to work with the State agencies to produce accurate financial reporting for the CSLFRF program.

ILLINOIS DEPARTMENT OF HUMAN SERVICES (IDHS)

We noted IDHS, as the administering State agency, did not materially comply with specific requirements described on page 19-21 of the Single Audit Report. Specifically, we noted the following:

Performance reports not obtained and reviewed

- IDHS did not obtain and review periodic performance reports for subrecipients of the COVID-19 – Coronavirus State and Local Fiscal Recovery Funds (CSLFRF) program during the year ended June 30, 2024. (Finding 4, pages 38-40)

Recipient agencies not adequately reviewed

- IDHS did not adequately review the recipient agencies of the Food Distribution Cluster (FDC) program. During State fiscal year 2024, we noted IDHS did not perform annual reviews for five recipient agencies (with food commodities of \$61,824,064), including the two largest recipients of United States Department of Agriculture (USDA) food commodities in the State (with food commodities of \$40,050,222). Additionally, during our testing of the annual reviews for two recipient agencies (with food commodity expenditures of \$5,786,867), we noted IDHS’ review procedures did not include a reconciliation of the annual inventory count performed by the recipient agency to USDA food records as required by program regulations. (Finding 5, pages 41-42)

Inadequate monitoring of interagency expenditures

- IDHS does not have an adequate process for monitoring interagency expenditures claimed under or used to meet maintenance of effort (MOE) requirements of the Temporary Assistance for Needy Families (TANF) and CCDF Cluster (CCDF) programs. (Finding 6, pages 43-46)

Program monitoring policies and procedures not followed

- IDHS did not follow its established program monitoring policies and procedures for subrecipients of the TANF, CCDF, Social Services Block Grant (SSBG), and Block Grants for Prevention and Treatment of Substance Abuse (SAPT) programs. (Finding 7, page 47-50) **Similar findings on this issue have been reported since 2011.**

Supporting documentation not provided for the post-expenditure report

- IDHS failed to provide supporting documentation for the post-expenditure report including a key line item, the number of eligible individuals who received services paid for in part or in whole with federal funds under the SSBG program. (Finding 8, pages 51-52)

Case file documentation not found

- IDHS could not locate case file documentation supporting certain eligibility and special test requirements for beneficiaries of the TANF program and Children’s Health Insurance Program (CHIP). Because the State uses a single application and eligibility determination process for the Supplemental Nutrition Assistance Program Cluster (SNAP), TANF, Medicaid Cluster, and State Children’s Health Insurance Program (CHIP) programs, the TANF and CHIP eligibility compliance exceptions and the inadequate internal control matters discussed above also impact the SNAP Cluster and Medicaid Cluster programs. (Finding 9, pages 53-55) **Similar findings on this issue have been reported since 2001.**

Improper payments to beneficiaries

- IDHS made improper payments to beneficiaries of the TANF program. We further noted IDHS did not establish control procedures at an adequate level of precision to ensure TANF program benefits were accurately calculated based on the beneficiary’s case file supporting documentation. (Finding 10, pages 56-58)

Payment support could not be provided

- IDHS could not provide documentation to support payments made on behalf of beneficiaries of the TANF and CCDF programs. (Finding 11, pages 59-61)

Maintenance of effort not maintained

- IDHS did not maintain the required aggregate State expenditures for the MOE requirements for the SAPT program. In addition, IDHS has not established internal control procedures to monitor whether MOE requirements are met. (Finding 12, pages 62-64) **Similar findings on this issue have been reported since 2014.**

Adverse and Qualified opinions

The material noncompliance noted resulted in an adverse opinion on the FDC and qualified opinions on the CSLFRF, TANF, CCDF, SSBG, SAPT, SNAP, CHIP, and Medicaid Cluster programs. IDHS accepted our recommendations.

IDHS accepted our recommendations

ILLINOIS DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES (DHFS)

We noted DHFS, as the administering State agency, did not materially comply with specific requirements described on page 21 of the Single Audit Report. Specifically, we noted the following:

Drug rebates not accurately reported

Internal controls not established to ensure complete and accurate data

Failure to discontinue CHIP benefits

Inadequate procedures to determine and document CHIP and Medicaid eligibility

Incorrect calculation of qualified incentive payments

MCO audit reports did not meet contract and federal regulation requirements

Providers not adequately screened

- DHFS did not accurately report certain Medicaid Cluster program drug rebates on quarterly federal financial (CMS-64) reports. We also noted adequate internal controls have not been established to ensure the data used to calculate drug rebates reported on the quarterly CMS-64 reports are complete and accurate. Specifically, the supervisory reviews and analytical procedures performed over the quarterly CMS-64 reports were not designed at an appropriate level of precision to detect the drug rebates errors. (Finding 15, pages 73-75)
- DHFS improperly continued providing benefits under the Children’s Health Insurance Program (CHIP) program to individuals who were over the age of 18. In addition, we noted DHFS has not established adequate controls to identify and remove individuals over the age of 18 from the CHIP program and to determine if they are eligible for benefits under the Medicaid Cluster program. (Finding 16, pages 76-77) **Similar findings on this issue have been reported since 2022.**
- DHFS does not have adequate procedures to determine and document eligibility for beneficiaries of the CHIP and the Medicaid Cluster programs. We also noted DHFS does not have adequate resources to perform and document eligibility determinations. Additionally, DHFS has not established appropriate monitoring procedures to ensure eligibility determinations are properly documented in accordance with program requirements. (Finding 17, pages 78-80)
- DHFS incorrectly calculated qualified incentive payments charged to the Medicaid Cluster program using the enhanced federal medical assistance percentage (FMAP) rate applicable to payments under the Affordable Care Act (ACA) rather than its regular FMAP rate. Additionally, we noted the supervisory review procedures related to the calculation of the qualified incentive payments were not designed to and did not operate at a level of precision to identify an error of this nature. (Finding 18, pages 81-83)
- DHFS did not ensure the annual financial audits prepared during the year ended June 30, 2024 for Managed Care Organizations (MCOs) of the CHIP and Medicaid Cluster programs met the requirements of the MCO contracts and federal regulations. We also noted DHFS did not perform follow up procedures during fiscal year 2024 related to the MCO audit reports with adverse opinions. Accordingly, we noted DHFS has not established internal control procedures to ensure the financial reports are prepared in accordance with Generally Accepted Accounting Procedures (GAAP). (Finding 19, pages 84-86)
- DHFS did not adequately screen providers of the CHIP and Medicaid Cluster program to ensure Medicaid providers were not on the United States Department of Health and Human

Services Office of the Inspector General’s (OIG) List of Excluded Individuals/Entities (LEIE) at the time the services were performed. (Finding 20, pages 87-88) **Similar findings on this issue have been reported since 2021.**

Failure to conduct utilization reviews

- DHFS failed to conduct utilization reviews over Home and Community Based Waiver Services (HCBS) for five of the nine waivers contracted out to their vendor during fiscal year 2024. The failure to perform reviews from July 1, 2023 through June 30, 2024 resulted in \$2,754,254,430 in Medicaid claims that were not subject to contractor reviews during fiscal year 2024. (Finding 21, pages 89-90)

Qualified opinions

The material noncompliance noted resulted in qualified opinions on the Medicaid Cluster and CHIP. DHFS accepted our recommendations.

DHFS accepted our recommendations

DEPARTMENT OF CHILDREN AND FAMILY SERVICES (DCFS)

We noted DCFS, as the administering State agency, did not materially comply with specific requirements described on page 21 of the Single Audit Report. Specifically, we noted the following:

Inadequate controls over Foster Care daycare maintenance assistance payments

- DCFS does not have an adequate process in place to ensure Foster Care – Title IV-E (Foster Care) daycare maintenance assistance payments are accurately paid based on its approved rate schedule. (Finding 22, pages 91-93)

Inadequate documentation to substantiate payroll and related costs

- DCFS could not provide adequate supporting documentation to substantiate payroll and related costs claimed for federal reimbursement under the Foster Care, Adoption Assistance, and Temporary Assistance for Needy Families (TANF) programs. Additionally, we noted the controls to ensure required documentation is obtained to support payroll and related costs and maintained to evidence management approval of payroll information were not operating effectively. We also noted adequate internal controls have not been established to ensure the data included in the timekeeping system and used to allocate personal services expenditures to Foster Care, Adoption Assistance, TANF, and other programs operated by DCFS is consistent with the hours reported on manual timesheets prepared by the employees and approved by supervisor. (Finding 23, pages 94-96)

Qualified opinions

The material noncompliance noted resulted in qualified opinions on the Foster Care and Adoption Assistance programs. DCFS accepted our recommendations.

DCFS accepted our recommendations

ILLINOIS STATE BOARD OF EDUCATION (ISBE)

We noted ISBE, as the administering State agency, did not materially comply with specific requirements noted on page 21 of the Single Audit Report.

Inadequate monitoring of 21st Century recipients

Specifically, we noted ISBE did not adequately monitor and document program monitoring procedures performed over subrecipients of the 21st Century Community Learning Centers (21st Century) program. In addition, we noted ISBE’s internal controls over subrecipient on-site monitoring are not designed at an appropriate level of precision to ensure monitoring of subrecipients is completed, documented, and retained as required by ISBE policies and procedures. (Finding 25, pages 100-102)

Qualified opinion

The material noncompliance noted resulted in a qualified opinion on the 21st Century program. ISBE accepted our recommendation.

ISBE accepted our recommendation

ILLINOIS DEPARTMENT OF EMPLOYMENT SECURITY (IDES)

We noted IDES, as the administering State agency, did not materially comply with specific requirements described on page 22 of the Single Audit Report.

Unemployment benefit payments to ineligible claimants

Specifically, we noted IDES failed to follow established policies when making eligibility determinations for claimants of the Unemployment Insurance (UI) program. Additionally, we noted adequate internal controls have not been established to ensure necessary changes resulting from the conclusion of pandemic related provisions are made to UI eligibility procedures in a timely manner. (Finding 30, pages 113-115)

Qualified opinion

The material noncompliance noted resulted in a qualified opinion on the UI Program. IDES accepted our recommendation.

IDES accepted our recommendation

DEPARTMENT OF COMMERCE AND ECONOMIC OPPORTUNITY (DCEO)

We noted DCEO, as the administering State agency, did not materially comply with specific requirements described on page 22 of the Single Audit Report. Specifically, we noted the following:

Failure to re-certify to the accuracy of the clearance pattern

- DCEO did not properly review or re-certify the accuracy of the clearance pattern specified in the Treasury-State Agreement (TSA) related to cash draws for the Low-Income Home Energy Assistance Program (LIHEAP). During our testwork over cash management requirements, we noted the clearance pattern included in the TSA in place for the year ended June 30, 2024 had not been recertified since 2016 (more than 5 years since previous recertification). Additionally, we noted internal controls have not been established to ensure clearance patterns are calculated and recertified in accordance with Treasury regulations. (Finding 34, pages 123-124)

Failure to perform cash draws in accordance with the TSA

- DCEO did not perform its cash draws in accordance with the funding technique prescribed in the TSA. Additionally, we noted internal controls have not been established to ensure cash draws are calculated and recertified in accordance with Treasury regulations and the funding

technique prescribed by the TSA. (Finding 35, pages 125-126)

Qualified opinions

DCEO accepted our recommendations

The material noncompliance noted resulted in qualified opinions on the LIHEAP Program and the Workforce Innovation and Opportunity Act (WIOA) Cluster. DCEO accepted our recommendations.

ILLINOIS CRIMINAL JUSTICE INFORMATION AUTHORITY (ICJIA)

We noted ICJIA, as the administering State agency, did not materially comply with the specific requirements described on page 19 of the Single Audit Report. Specifically, we noted the following:

Failure to adequately monitor subrecipients

- ICJIA did not follow its established program monitoring policies and procedures for subrecipients of the Crime Victim Assistance (CVA) program during fiscal year 2024. (Finding 42, pages 141-142)

Inadequate review of subrecipient single audit reports

- ICJIA did not adequately review single audit reports received from its subrecipients for the CVA program on a timely basis. ICJIA has not established controls over subrecipient single audit reviews at an adequate level of precision to ensure single audit reporting requirements, including obtaining and reviewing single audit reporting packages, issuing management decision letters, reconciling consolidated year-end financial reports to agency records, and invoking stop payment actions, are performed within required timeframes. (Finding 43, pages 143-146)

Inadequate fiscal monitoring of subrecipients

- ICJIA did not follow its established policies and procedures for monitoring subrecipients of the CVA program. During our audit procedures, we noted three CVA subrecipients (with expenditures of \$582,277) were designated for high oversight and did not have a fiscal audit performed over their CVA program grants. Agency personnel indicated additional risk assessment criteria were considered to reduce the number of high oversight subrecipients; however, these additional criteria are not documented in the fiscal monitoring policy or risk score documentation. (Finding 44, pages 147-149)

Qualified opinion

ICJIA accepted our recommendations

The material noncompliance resulted in an adverse opinion on the CVA Program. ICJIA accepted our recommendations.

ILLINOIS DEPARTMENT ON AGING (IDOA)

We noted IDOA, as the administering State agency, did not materially comply with specific compliance requirements described on page 22 of the Single Audit Report. Specifically, we noted the following:

Inadequate review of subrecipient single audit reports

- IDOA did not adequately document review of single audit reports received from its subrecipients for the Aging Cluster program on a timely basis. IDOA has not established controls over subrecipient single audit reviews at an adequate level of precision to ensure single audit reporting requirements,

including obtaining and reviewing single audit reporting packages, issuing management decision letters, and invoking stop payment actions are performed within required timeframes. (Finding 49, pages 158-160)

Failure to accurately prepare financial reports

- IDOA did not prepare accurate federal financial status reports for the Aging Cluster (Aging) program. We further noted the supervisory review procedures performed for this report were not designed to operate at an appropriate level of precision to ensure financial reports are accurately prepared. Additionally, IDOA does not perform analytical procedures to identify potential errors or unusual fluctuations in reported amounts. (Finding 50, pages 161-163)

Qualified opinion

The material noncompliance noted resulted in a qualified opinion on compliance for the Aging Cluster. IDOA accepted our recommendations.

IDOA accepted our recommendations

FAILURE TO REPORT SUBAWARD INFORMATION REQUIRED BY FFATA

Failure to report information required by FFATA

IDHS, ISBE, Illinois Community College Board, the Illinois Department of Transportation (IDOT), and IDOA (collectively, the agencies) failed to report information required by the Federal Funding Accountability and Transparency Act (FFATA) for awards granted to subrecipients of multiple programs. Additionally, the Department of Public Health (IDPH) did not maintain documentation to evidence information required to be reported by FFATA was submitted within required timeframes for awards. Lastly, DCEO failed to maintain updated procedures which resulted in filing inaccurate FFATA reports.

Documentation not maintained to evidence FFATA submission

Failure to maintain updated procedures

8 key data elements are required to be reported

The State is required 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 Unique Entity Identifier
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

Failure to identify awards subject to FFATA and to report subawards in accordance with FFATA results in noncompliance with federal requirements. (Finding 13, pages 65-68; Finding 24, pages 97-99; Finding 27, pages 105-106; Finding 29, pages 111-112; Finding 36, pages 127-129; Finding 39, pages 134-135; Finding 51, pages 164-165)

The material noncompliance described above resulted in qualified opinions on the TANF, CCDF, SSBG, SAPT, Education and

Qualified and Qualified – scope limitation opinions

Stabilization Fund – Elementary and Secondary Education (ESF), Airport Improvement Program, COVID-19 Airports Programs, and Infrastructure Investment and Jobs Act Programs (AIP), Aging Cluster, LIHEAP, and WIOA programs. Additionally, the material noncompliance described above resulted in a qualified opinion – scope limitation for the COVID-19 – Immunization Cooperative Agreements (ICA) and COVID-19 – Epidemiology and Laboratory Capacity for Infectious Diseases (ELC) programs.

We recommended the agencies establish procedures and DCEO update its procedures to identify awards subject to FFATA reporting requirements and report required subaward information in accordance with FFATA. Additionally, we recommended IDPH establish procedures to maintain documentation to evidence information required by FFATA is reported within required timeframes.

Agencies accepted our recommendations

The agencies, DCEO, and IDPH accepted our recommendations.

OTHER FINDINGS

The remaining findings pertain to other noncompliance and internal control matters. We will follow up on the status of corrective action on all findings in our next Statewide Single Audit for the year ended June 30, 2025.

AUDITORS’ OPINION

The auditors stated the Schedule of Expenditures of Federal Awards for the State of Illinois as of and for the year ended June 30, 2024, is presented fairly in all material respects.

This single audit was conducted by KPMG LLP.

SIGNED ORIGINAL ON FILE

COURTNEY DZIERWA
Division Director

This report is transmitted in accordance with Section 3-14 of the Illinois State Auditing Act.

SIGNED ORIGINAL ON FILE

FRANK J. MAUTINO
Auditor General

FJM:MEG