



STATE OF ILLINOIS
OFFICE OF THE
AUDITOR GENERAL

Christopher B. Meister, Auditor General

SUMMARY REPORT DIGEST

STATE OF ILLINOIS STATEWIDE SINGLE AUDIT REPORT

SINGLE AUDIT

For the Year Ended June 30, 2025

Release Date: October 22, 2026

FINDINGS THIS AUDIT: 53				AGING SCHEDULE OF REPEATED FINDINGS			
	New	Repeat	Total	Repeated Since	Category 1	Category 2	Category 3
Category 1:	20	30	50	2024	22, 23, 24, 26, 30, 53	9, 25	
Category 2:	0	3	3				
Category 3:	0	0	0				
TOTAL	20	33	53	2023	3, 10, 14, 15, 17, 18, 31, 33, 34, 40, 48, 50, 51	5	
FINDINGS LAST AUDIT: 51				2022	1, 11, 42, 43		
				2021	7, 12, 21, 36, 46		
				2011	35		
				2001	32		

SYNOPSIS

- The State expended approximately \$40.0 billion from federal awards in FY25.
- A total of 34 programs or program clusters were classified and audited as major programs at 11 State agencies. These programs constituted approximately 94.04% of all federal spending, or about \$37.6 billion. In addition, 39 State agencies expended federal financial assistance in FY25. Ten State agencies accounted for about 98.7% of federal dollars spent.

Statewide Finding – Financial Reporting

- The State of Illinois' decentralized financial reporting process prevents the timely preparation of a complete and accurate Schedule of Expenditures of Federal Awards (SEFA). 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.

STATE OF ILLINOIS
STATEWIDE SINGLE AUDIT
For the Year Ended June 30, 2025

FINANCIAL ACTIVITIES		
	Amount	Percent
EXPENDITURES BY PROGRAM		
Major Programs:		
Medicaid Cluster.....	\$ 20,821,414,891	52.10%
Supplemental Nutrition Assistance Program (SNAP Cluster).....	4,676,894,737	11.70%
Highway Planning and Construction.....	2,484,312,831	6.22%
Unemployment Insurance.....	2,467,054,918	6.17%
Education Stabilization Fund.....	968,653,091	2.42%
Title I Grants to Local Educational Agencies.....	841,918,401	2.11%
Special Education Cluster (IDEA).....	635,413,724	1.59%
Temporary Assistance for Needy Families (TANF).....	593,881,225	1.49%
Children's Health Insurance Program	583,280,105	1.46%
Child Care and Development Fund (CCDF) Cluster.....	424,695,722	1.06%
Disaster Grants - Public Assistance (Presidentially Declared Disasters).....	317,860,132	0.80%
Summer Electronic Benefit Transfer Program for Children.....	243,395,495	0.61%
Low-Income Home Energy Assistance.....	215,662,419	0.54%
WIC Special Supplemental Nutrition Program for Women, Infants, and Children (WIC).....	211,116,030	0.53%
Foster Care Title IV-E.....	190,740,988	0.48%
Child and Adult Care Food Program.....	173,768,929	0.43%
Rehabilitation Services Vocational Rehabilitation Grants to States.....	157,890,252	0.40%
Child Support Services.....	146,728,300	0.37%
WIOA Cluster.....	146,186,461	0.37%
Immunization Cooperative Agreements.....	140,960,195	0.35%
Drinking Water State Revolving Fund Cluster.....	119,453,692	0.30%
Adoption Assistance.....	114,759,333	0.29%
Block Grants for Prevention and Treatment of Substance Abuse.....	102,558,387	0.26%
Clean Water State Revolving Fund Cluster.....	98,866,713	0.25%
Student Support and Academic Enrichment Program.....	94,706,515	0.24%
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC).....	73,439,961	0.18%
Airport Improvement Program, COVID-19 Airports Programs, and Infrastructure Investment and Jobs		
Act Programs.....	77,848,146	0.19%
Supporting Effective Instruction State Grants	83,612,375	0.21%
Homeland Security Grant Program.....	80,821,527	0.20%
Disability Insurance/SSI Cluster.....	79,315,142	0.20%
Aging Cluster.....	67,630,897	0.17%
Food Distribution Cluster.....	50,371,063	0.13%
Twenty-First Century Community Learning Centers.....	44,018,938	0.11%
Social Services Block Grant.....	53,464,167	0.13%
Total Major Programs.....	\$ 37,582,695,702	94.04%
Non-Major Programs.....	2,379,900,955	5.96%
TOTAL EXPENDITURES.....	\$ 39,962,596,657	100.00%
FEDERAL AGENCIES PROVIDING FUNDING		
	Total	Major Program Expenditures
U.S. Department of Health and Human Services.....	\$ 24,016,178,492	\$ 23,529,216,590
U.S. Department of Agriculture.....	6,273,496,676	5,355,546,254
U.S. Department of Education.....	2,984,463,448	2,826,213,296
U.S. Department of Transportation.....	2,755,232,292	2,613,241,379
U.S. Department of Labor.....	2,670,754,778	2,562,160,977
U.S. Department of Homeland Security	454,292,193	398,681,659
U.S. Environmental Protection Agency.....	268,949,174	218,320,405
Social Security Administration	79,315,142	79,315,142
All Other Federal Agencies.....	459,914,462	-
TOTAL EXPENDITURES.....	\$ 39,962,596,657	\$ 37,582,695,702
STATISTICAL INFORMATION		
Total Number of Programs in the Schedule of Expenditures of Federal Awards.....	365	
Number of Federal Programs or Program Clusters Audited (including finding follow-up).....	35	
Total Number of State Agencies Spending Federal Funds and Subject to Single Audit Requirements.....	39	

Auditor's Adverse Opinion on Major Program

- The Illinois Department of Human Services (IDHS):
 - Did not adequately review the recipient agencies of the Food Distribution Cluster (FDC) program. (Finding 2025-030, pages 118-119)

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

- The Illinois State Board of Education (ISBE):
 - Did not calculate cash requests for the Twenty-First Century Community Learning Centers (21st Century) and Student Support and Academic Enrichment (SSAE) programs in accordance with the requirements of 31 CFR part 205 (Treasury Regulations). (Finding 2025-004, pages 50-51)
- The Department of Transportation (IDOT):
 - Did not adequately review single audit reports received from its subrecipients for the Highway Planning and Construction (Federal-Aid Highway Program) (HPC) program on a timely basis. (Finding 2025-008, pages 59-61)
- The Illinois Department of Employment Security (IDES):
 - Failed to follow established policies when making eligibility determinations for claimants of the Unemployment Insurance (UI) program. (Finding 2025-010, pages 64-66)
 - Did not have an adequate process in place to ensure that the ETA 9130 financial reports prepared for the UI program are complete and accurate. (Finding 2025-011, pages 67-69)
 - Did not complete the Benefit Accuracy Measurement (BAM) case file reviews in accordance with United States Department of Labor (USDOL) requirements for the UI program. (Finding 2025-013, pages 72-74)
- 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). (Finding 2025-017, pages 82-83)
 - Did not perform its cash draws in accordance with the funding technique prescribed in the Treasury State Agreement (TSA). (Finding 2025-018, pages 84-86)
- The Illinois Emergency Management Agency and Department of Homeland Security (IEMA-OHS):
 - Had not established effective internal controls or documented procedures to ensure subrecipients of the Disaster Grants - Public Assistance (Presidentially Declared Disasters) (Public Assistance) program perform audits required by the Uniform Guidance. (Finding 2025-020, pages 90-93)
- The Illinois Department on Aging (IDOA):
 - Did not issue management decision letters for single audit report findings for subrecipients of the Aging Cluster program within required timeframes. (Finding 2025-023, pages 100-102)
- The Illinois Department of Children and Family Services (DCFS):
 - 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 Temporary Assistance for Needy Families (TANF) programs. (Finding 2025-024, pages 103-105)
- The Illinois Board of Higher Education (IBHE):
 - Did not have an adequate process in place to ensure required award information is accurately communicated to subrecipients of the Child Care Development Fund Cluster (CCDF) program. (Finding 2025-028, pages 113-114)
- The Illinois Department of Human Services (IDHS):
 - Did not retain transaction-level detail for beneficiary payments under the Summer Electronic Benefits Transfer Program for Children (Summer EBT) program. (Finding 2025-029, pages 115-117)
 - Could not provide documentation to support payments made on behalf of beneficiaries of the TANF and CCDF Cluster programs. (Finding 2025-031, pages 120-123)

- Could not locate case file documentation supporting certain eligibility and special test requirements for beneficiaries of the TANF, Children's Health Insurance Program (CHIP), and Medicaid Cluster program. (Finding 2025-032, pages 124-127)
- Made improper payments to beneficiaries of the TANF program. (Finding 2025-033, pages 128-130)
- Did not have an adequate process for monitoring interagency expenditures claimed under or used to meet maintenance of effort (MOE) requirements of the WIC Special Supplemental Nutrition Program for Women, Infants, and Children (WIC), TANF and CCDF programs. (Finding 2025-034, pages 131-134)
- 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 2025-035, pages 135-139)
- Did not have an adequate process in place to ensure required award information is accurately communicated to subrecipients of the WIC, TANF, CCDF, SSBG, SAPT programs. (Finding 2025-037, pages 143-145)
- Did not perform monitoring reviews of health and safety requirements for providers of the CCDF program. (Finding 2025-038, pages 146-147)
- Did not have an adequate process in place to ensure the ACF-204, Annual special report for the TANF program is complete and accurate. (Finding 2025-039, pages 148-149)
- Did not maintain or 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 2025-040, pages 150-151)
- Did not have an adequate process in place to ensure the Case Service Report (RSA-911) performance report for the Rehabilitation Services Vocational Rehabilitation Grants to States (Vocational Rehabilitation) program is complete and accurate. (Finding 2025-041, pages 152-153)
- The Illinois Department of Healthcare and Family Services (DHFS):
 - Improperly continued providing benefits under the CHIP program to individuals who were over the age of 18. (Finding 2025-043, pages 158-159)
 - Could not provide sufficient supporting documentation to evidence that certain expenditures claimed under the CHIP and Medicaid Cluster programs were disbursed (paid) during the year ended June 30, 2025. (Finding 2025-044, pages 160-163)
 - Did not consistently and sufficiently document the rates charged for medical services expenditures charged to the CHIP and Medicaid Cluster programs. (Finding 2025-045, pages 164-166)
 - Has not established adequate procedures to ensure providers of the Medicaid Cluster program meet all of the State and Federal provider eligibility requirements. (Finding 2025-046, pages 167-169)
 - Did not properly report monetary recoveries of overpayments identified by the Medicaid Fraud Control Unit (MFCU) on its quarterly CMS-64 report. (Finding 2025-047, pages 170-171)
 - Did not ensure the annual financial audits prepared during the year ended June 30, 2025 for Managed Care Organizations (MCOs) of the CHIP and Medicaid Cluster programs met the requirements of the MCO contracts and federal regulations. (Finding 2025-048, pages 172-174)
 - Did not perform certain Medicaid Cluster program drug rebate activities within required timeframes. (Finding 2025-049, pages 175-177)
 - Did not accurately report certain Medicaid Cluster program drug rebates on quarterly federal financial (CMS 64) reports. (Finding 2025-050, pages 178-181)
 - Failed to conduct utilization reviews over HCBS services for the nine waivers contracted out to its vendor during fiscal year 2025. (Finding 2025-051, pages 182-184)
 - Could not locate case file documentation supporting certain eligibility requirements for beneficiaries of the CHIP and Medicaid Cluster program. (Finding 2025-053, pages 187-189)

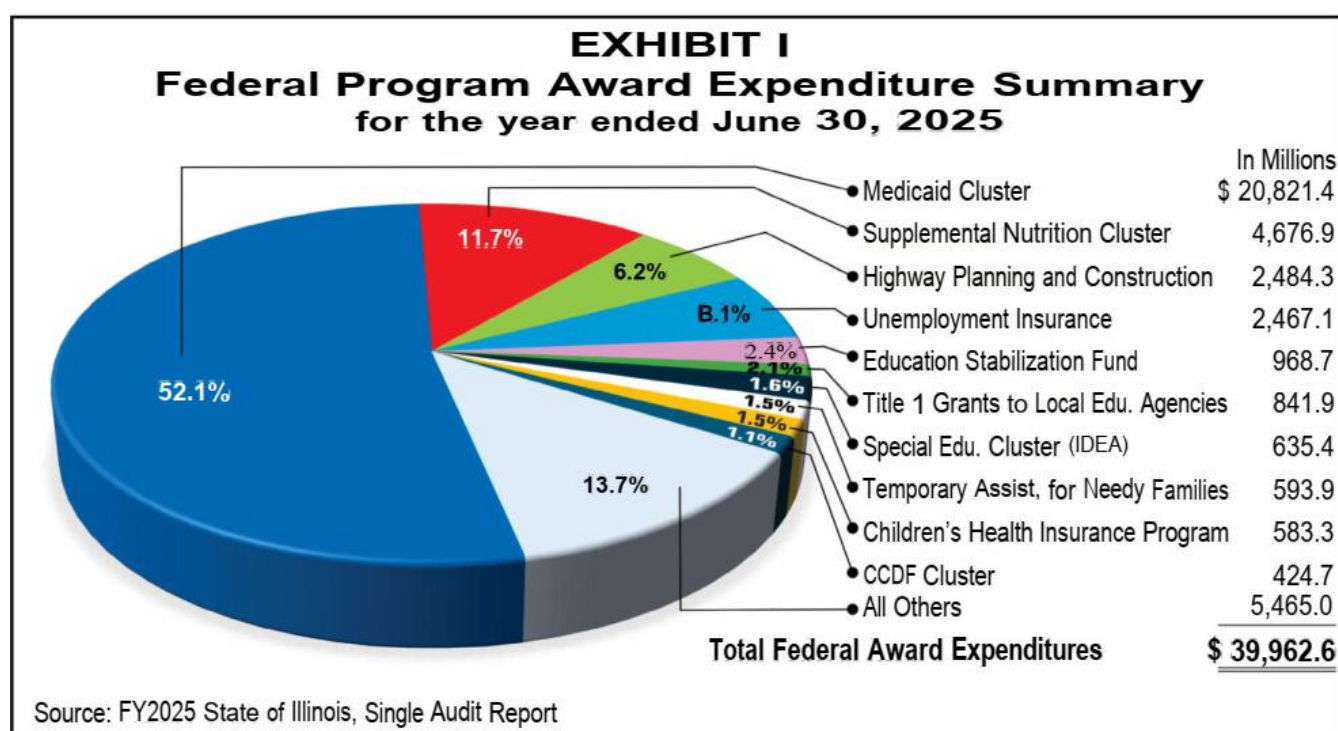
In addition, IDOT, IEMA-OHS, IDOA, Illinois Community College Board (ICCB), IBHE, and DHS failed to report information required by the Federal Funding Accountability and Transparency Act (FFATA) for awards granted to subrecipients of multiple programs. Additionally, the Department of Public Health (IDPH) and DCEO did not properly report information required by FFATA for grants awarded to subrecipients and did not have adequate internal controls in place to ensure all subawards were accurately reported within required timeframes.

INTRODUCTION

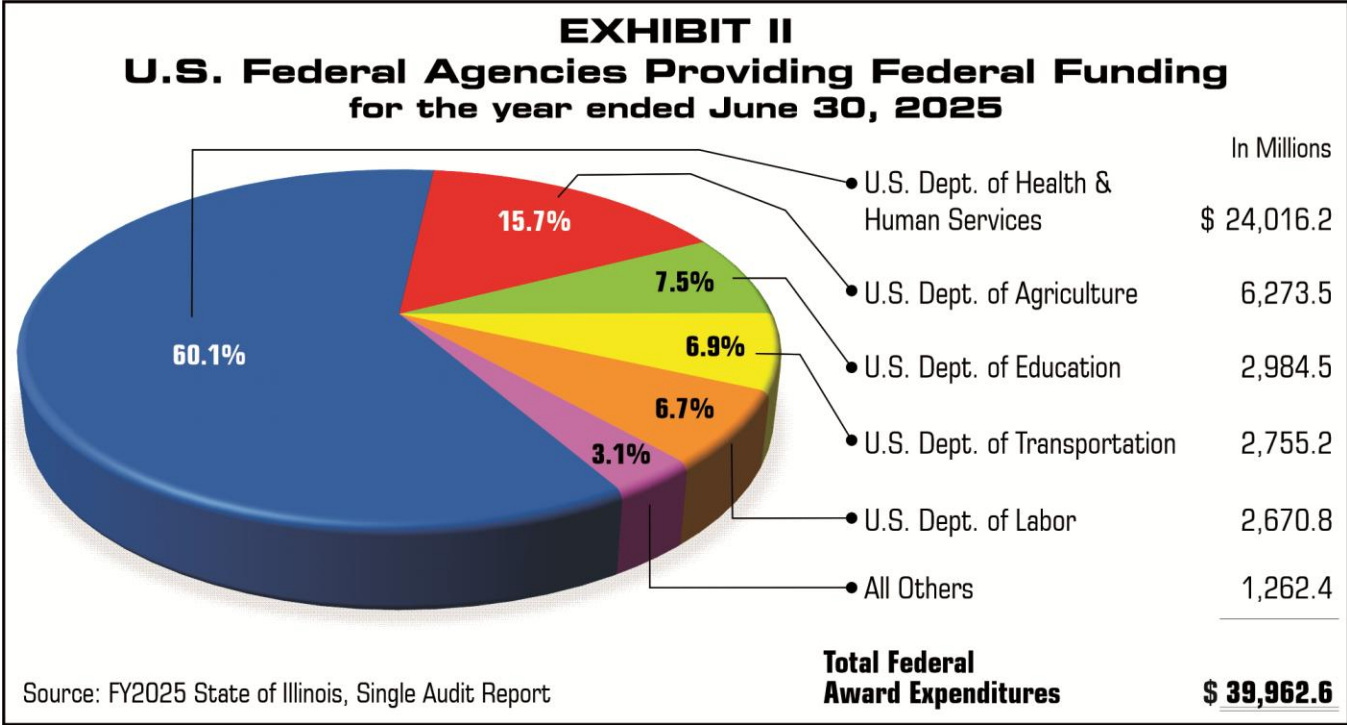
The Illinois Office of the Auditor General conducted a Statewide Single Audit of the FY25 federal grant programs. The audit was conducted in accordance with the Uniform Guidance (Title 2 U.S. Code of Federal Regulation Part 200, *Uniform Administration Requirements, Cost Principles, and Audit Requirements for Federal Awards*).

The Statewide Single Audit includes State agencies that are a part of the primary government and expend federal awards. In total, 39 State agencies expended federal financial assistance in FY25. 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 \$40.0 billion for the year ended June 30, 2025. Overall, the State participated in 365 different federal programs; however, 10 of these programs or program clusters accounted for approximately 86.3% of the total federal award expenditures. (See Exhibit I)



The funding for the 365 programs was provided by 25 different federal agencies. Exhibit II shows that five federal agencies provided Illinois with the vast majority of federal funding in FY25.

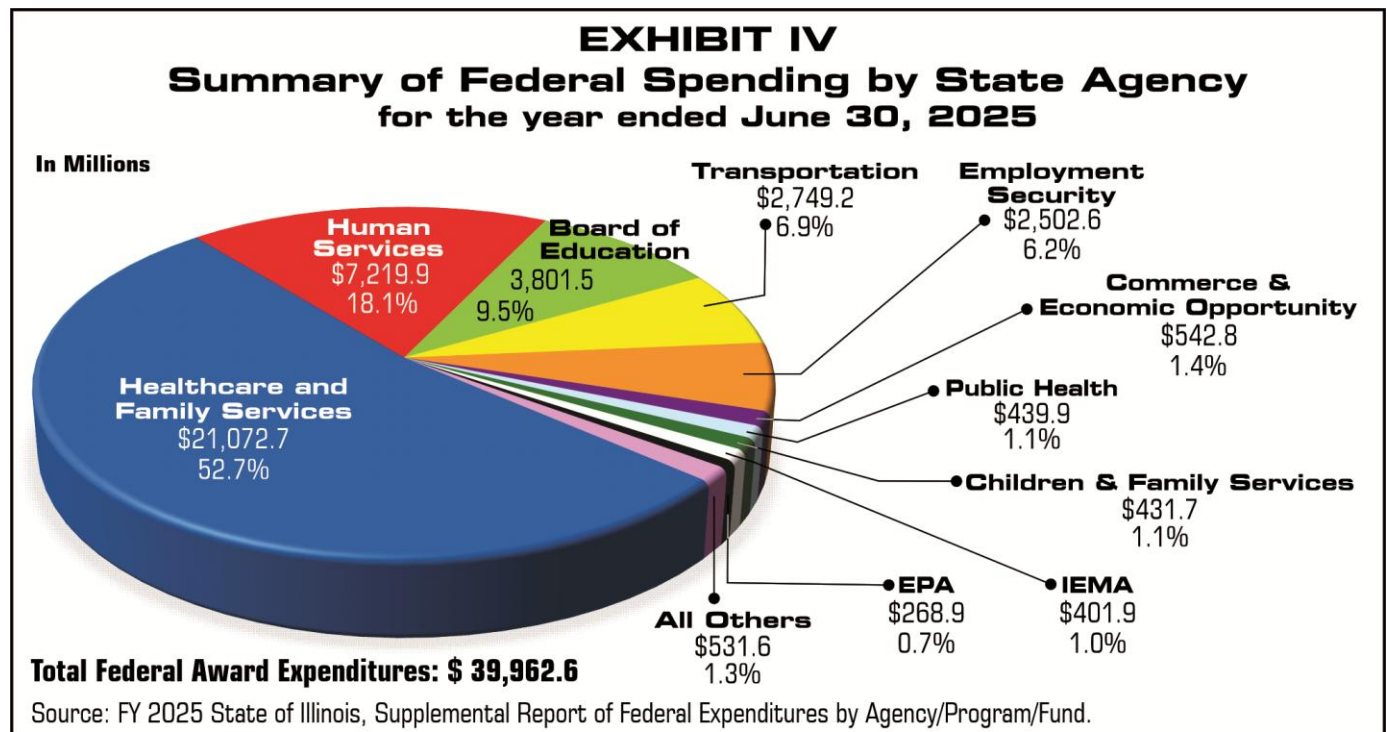


A total of 34 federal programs or program clusters were identified as major programs in FY25. A major program was defined in accordance with the Uniform Guidance as any program with federal awards expended that meets certain criteria when applying the risk-based approach. Exhibit III provides a brief 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, 2025

Audit Coverage	No.	Expenditures (in millions)	%
Major Programs (or clusters)	34	\$37,582.7	94.04%
Non-Major Programs (or clusters)	331	2,379.9	5.96%
Total	365	\$39,962.6	100.0%

Ten State agencies accounted for approximately 98.7% of all federal dollars spent during FY25 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 26-34 of the audit.

Adverse Opinion

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

State Administering Agency	Federal Program	Compliance Requirement	Finding Number	Page Numbers
IL Department of Human Services	Food Distribution Cluster (10.565/10.568/10.569)	Special Tests and Provisions	2025-030	118-119

Qualifications

The auditors qualified their report on major programs for the following major program 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 Human Services	Summer Electronic Benefits Transfer Program for Children (10.646)	Activities Allowed/Unallowed, Allowable Costs/Cost Principles, and Eligibility	2025-029	115-117

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 State Board of Education	Twenty-First Century Community Learning Centers (84.287)	Cash Management	2025-004	50-51
IL State Board of Education	Student Support and Academic Enrichment (84.424)	Cash Management	2025-004	50-51
IL Department of Transportation	Airport Improvement Program, Infrastructure Investment and COVID-19 Airports Programs (20.106)	Reporting	2025-007	56-58
IL Department of Transportation	Highway Planning and Construction Program (Federal-Aid Highway Program) (20.205)	Subrecipient Monitoring	2025-008	59-61
IL Department of Employment Security	Unemployment Insurance Program (17.225)	Eligibility	2025-010	64-66
IL Department of Employment Security	Unemployment Insurance Program (17.225)	Reporting	2025-011	67-69
IL Department of Employment Security	Unemployment Insurance Program (17.225)	Special Tests and Provisions	2025-013	72-74
IL Department of Commerce and Economic Opportunity	Workforce Innovation and Opportunity Act (WIOA) Cluster (17.258/17.259/17.278)	Reporting	2025-015	77-79
IL Department of Commerce and Economic Opportunity	Low-Income Home Energy Assistance	Reporting	2025-015	77-79

State Administering Agency	Federal Program	Compliance Requirement(s)	Finding Number	Page Numbers
	Program (LIHEAP) (93.568)			
IL Department of Commerce and Economic Opportunity	Low-Income Home Energy Assistance Program (LIHEAP) (93.568)	Cash Management	2025-017	82-83
IL Department of Commerce and Economic Opportunity	Low-Income Home Energy Assistance Program (LIHEAP) (93.568)	Cash Management	2025-018	84-86
IL Emergency Management Agency and Office of Homeland Security	Disaster Grants – Public Assistance (Presidentially Declared Disasters) (97.036)	Reporting	2025-019	87-89
IL Emergency Management Agency and Office of Homeland Security	Homeland Security Grant Program (97.067)	Reporting	2025-019	87-89
IL Emergency Management Agency and Office of Homeland Security	Disaster Grants – Public Assistance (Presidentially Declared Disasters) (97.036)	Subrecipient Monitoring	2025-020	90-93
IL Department of Public Health	COVID-19 - Immunization Cooperative Agreements (93.268)	Reporting	2025-021	94-96
IL Department of Public Health	COVID-19 - Epidemiology and Laboratory Capacity for Infectious Diseases (93.323)	Reporting	2025-021	94-96
IL Department on Aging	Aging Cluster (93.044/93.045/93.053)	Reporting	2025-022	97-99
IL Department on Aging	Aging Cluster (93.044/93.045/93.053)	Subrecipient Monitoring	2025-023	100-102
IL Department of Children and Family Services	Foster Care Title IV-E (93.658)	Activities Allowed/Unallowed and Allowable Costs/Cost Principles	2025-024	103-105
IL Department of Children and Family Services	Adoption Assistance (93.659)	Activities Allowed/Unallowed and Allowable Costs/Cost Principles	2025-024	103-105
IL Department of Children and Family Services	Temporary Assistance for Needy Families (93.558)	Activities Allowed/Unallowed and Allowable Costs/Cost Principles	2025-024	103-105
IL Community College Board	Child Care and Development Fund (CCDF) Cluster (93.575/93.596)	Reporting	2025-026	108-110

State Administering Agency	Federal Program	Compliance Requirement(s)	Finding Number	Page Numbers
IL Board of Higher Education	Child Care and Development Fund (CCDF) Cluster (93.575/93.596)	Reporting	2025-027	111-112
IL Board of Higher Education	Child Care and Development Fund (CCDF) Cluster (93.575/93.596)	Subrecipient Monitoring	2025-028	113-114
IL Department of Human Services	Temporary Assistance for Needy Families (93.558)	Activities Allowed/Unallowed and Allowable Costs/Cost Principles	2025-031	120-123
IL Department of Human Services	Child Care and Development Fund (CCDF) Cluster (93.575/93.596)	Activities Allowed/Unallowed, Allowable Costs/Cost Principles, Period of Performance, and Special Tests and Provisions	2025-031	120-123
IL Department of Human Services	SNAP Cluster (10.551/10.561)	Special Tests and Provisions	2025-032	124-127
IL Department of Human Services	Temporary Assistance for Needy Families (93.558)	Eligibility and Special Tests and Provisions	2025-032	124-127
IL Department of Human Services	Children's Health Insurance Program (93.767)	Eligibility	2025-032	124-127
IL Department of Human Services	Medicaid Cluster (93.775/93.777/93.778)	Eligibility	2025-032	124-127
IL Department of Human Services	Temporary Assistance for Needy Families (93.558)	Eligibility	2025-033	128-130
IL Department of Human Services	WIC Special Supplemental Nutrition Program for Women, Infants and Children (10.557)	Activities Allowed/Unallowed and Allowable Costs/Cost Principles	2025-034	131-134
IL Department of Human Services	Temporary Assistance for Needy Families (93.558)	Activities Allowed/Unallowed and Allowable Costs/Cost Principles	2025-034	131-134
IL Department of Human Services	Child Care and Development Fund (CCDF) Cluster (93.575/93.596)	Activities Allowed/Unallowed, Allowable Costs/Cost Principles, and Special Tests and Provisions	2025-034	131-134
IL Department of Human Services	Temporary Assistance for Needy Families (93.558)	Subrecipient Monitoring	2025-035	135-139

State Administering Agency	Federal Program	Compliance Requirement(s)	Finding Number	Page Numbers
IL Department of Human Services	Child Care and Development Fund (CCDF) Cluster (93.575/93.596)	Subrecipient Monitoring	2025-035	135-139
IL Department of Human Services	Social Services Block Grant (93.667)	Subrecipient Monitoring	2025-035	135-139
IL Department of Human Services	Block Grants for Prevention and Treatment of Substance Abuse (93.959)	Subrecipient Monitoring	2025-035	135-139
IL Department of Human Services	Temporary Assistance for Needy Families (93.558)	Reporting	2025-036	140-142
IL Department of Human Services	Child Care and Development Fund (CCDF) Cluster (93.575/93.596)	Reporting	2025-036	140-142
IL Department of Human Services	Social Services Block Grant (93.667)	Reporting	2025-036	140-142
IL Department of Human Services	Block Grants for Prevention and Treatment of Substance Abuse (93.959)	Reporting	2025-036	140-142
IL Department of Human Services	Temporary Assistance for Needy Families (93.558)	Subrecipient Monitoring	2025-037	143-145
IL Department of Human Services	Child Care and Development Fund (CCDF) Cluster (93.575/93.596)	Subrecipient Monitoring	2025-037	143-145
IL Department of Human Services	Social Services Block Grant (93.667)	Subrecipient Monitoring	2025-037	143-145
IL Department of Human Services	Block Grants for Prevention and Treatment of Substance Abuse (93.959)	Subrecipient Monitoring	2025-037	143-145
IL Department of Human Services	WIC Special Supplemental Nutrition Program for Women, Infants and Children (10.557)	Subrecipient Monitoring	2025-037	143-145
IL Department of Human Services	Child Care and Development Fund (CCDF) Cluster (93.575/93.596)	Special Tests and Provisions	2025-038	146-147
IL Department of Human Services	Temporary Assistance for Needy Families (93.558)	Reporting	2025-039	148-149
IL Department of Human Services	Social Services Block Grant (93.667)	Reporting	2025-040	150-151

State Administering Agency	Federal Program	Compliance Requirement(s)	Finding Number	Page Numbers
IL Department of Human Services	Rehabilitation Services – Vocational Rehabilitation (84.126A)	Reporting	2025-041	152-153
IL Department of Healthcare and Family Services	Children’s Health Insurance Program (93.767)	Eligibility	2025-043	158-159
IL Department of Healthcare and Family Services	Children’s Health Insurance Program (93.767)	Activities Allowed/Unallowed and Allowable Costs/Cost Principles	2025-044	160-163
IL Department of Healthcare and Family Services	Medicaid Cluster (93.775/93.777/93.778)	Activities Allowed/Unallowed and Allowable Costs/Cost Principles	2025-044	160-163
IL Department of Healthcare and Family Services	Children’s Health Insurance Program (93.767)	Activities Allowed/Unallowed and Allowable Costs/Cost Principles	2025-045	164-166
IL Department of Healthcare and Family Services	Medicaid Cluster (93.775/93.777/93.778)	Activities Allowed/Unallowed and Allowable Costs/Cost Principles	2025-045	164-166
IL Department of Healthcare and Family Services	Medicaid Cluster (93.775/93.777/93.778)	Special Tests and Provisions	2025-046	167-169
IL Department of Healthcare and Family Services	Medicaid Cluster (93.775/93.777/93.778)	Special Tests and Provisions	2025-047	170-171
IL Department of Healthcare and Family Services	Children’s Health Insurance Program (93.767)	Special Tests and Provisions	2025-048	172-174
IL Department of Healthcare and Family Services	Medicaid Cluster (93.775/93.777/93.778)	Special Tests and Provisions	2025-048	172-174
IL Department of Healthcare and Family Services	Medicaid Cluster (93.775/93.777/93.778)	Activities Allowed/Unallowed and Allowable Costs/Cost Principles	2025-049	175-177
IL Department of Healthcare and Family Services	Medicaid Cluster (93.775/93.777/93.778)	Reporting	2025-050	178-181
IL Department of Healthcare and Family Services	Medicaid Cluster (93.775/93.777/93.778)	Special Tests and Provisions	2025-051	182-184
IL Department of Healthcare and Family Services	Children’s Health Insurance Program (93.767)	Eligibility	2025-053	187-189
IL Department of Healthcare and Family Services	Medicaid Cluster (93.775/93.777/93.778)	Eligibility	2025-053	187-189

Internal Control Over Financial Reporting

We noted matters involving internal control over financial reporting for the Schedule of Expenditures of Federal Awards (Schedule) that were considered to be material weaknesses. 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. Additionally, the auditors recommended the Illinois State Board of Education (ISBE) adhere strictly to federal cash management regulations and the State's Cash Management Improvement Act agreement, regardless of external concerns surrounding federal funding status.

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, 3 of the 53 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, 50 of the 53 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	2	2	38-40, 44-49
Illinois State Board of Education	3	1	41-43, 50-53
Illinois Environmental Protection Agency	1	0	54-55
Transportation	3	2	56-63
Employment Security	5	4	64-76
Commerce and Economic Opportunity	4	3	77-86
Illinois Emergency Management Agency and Department of Homeland Security	2	0	87-93
Public Health	1	1	94-96
Aging	2	2	97-102
Children and Family Services	2	2	103-107
Illinois Community College Board	1	1	108-110
Illinois Board of Higher Education	2	0	111-114
Human Services	14	9	115-157
Healthcare and Family Services	11	6	158-189
Totals	<u>53</u>	<u>33</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
2025	53	33	62%
2024	51	36	71%
2023	46	18	39%
2022	34	16****	47%
2021	40	15***	38%
2020*	29	19**	66%
2019	69	51	74%
2018	80	59	74%
2017	72	53	74%
2016	73	49	67%

*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 decentralized process does not allow for timely reporting

The State of Illinois' decentralized financial reporting process prevents the timely preparation of a complete and accurate Schedule of Expenditures of Federal Awards (SEFA). A lack of centralized grants reporting, combined with data accumulation issues at individual agencies, caused significant delays in finalizing the Statewide SEFA.

Currently, State agencies prepare financial reporting packages designed by the Illinois Office of Comptroller (IOC). However, the accounting personnel completing these packages within each agency have varying levels of knowledge, experience, and understanding of IOC policies. Furthermore, these personnel are not under the organizational control of the IOC.

Late adjustments to the SEFA continue

Although the IOC reviews these packages during the Annual Comprehensive Financial Report (ACFR) preparation, and the Governor's Office of Management and Budget (GOMB) performs supervisory reviews over the compiled cash basis SEFA data, the current process lacks sufficient internal controls to ensure timeliness and accuracy. Consequently, late adjustments to the SEFA continue to occur.

Significant reconciliation differences identified

Additionally, during our audit procedures over major programs, we frequently identified significant reconciliation differences between the expenditure amounts reported on the SEFA, the cash basis schedules and expenditure populations provided to us for audit, and the cash basis amounts reported on required federal financial reports. The State lacks a centralized grant management or oversight function to identify, reconcile, monitor, and resolve these structural reporting discrepancies.

Lack of centralized grant management or oversight function

Initial draft of SEFA provided October 2025

During fiscal year 2025, the State's SEFA compilation timeline again did not permit the State to meet the March 31st single audit filing deadline. GOMB provided an initial draft of the SEFA on October 31, 2025; however, due to errors identified during the completion of our audit procedures across several agencies, the final version of the SEFA was not completed until July 31, 2026. The notes to the SEFA were provided for audit on July 14, 2026. (Finding 1, pages 38-40). **This finding has been reported since 2022.**

SEFA finalized July 2026

We recommended GOMB collaborate with the State agencies and the IOC to establish and execute a formal corrective action plan to address the issues noted above.

GOMB accepted our recommendation

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

ILLINOIS STATE BOARD OF EDUCATION (ISBE)

We noted ISBE, as the administering State agency, did not materially comply with specific compliance requirements described on page 29 of the Single Audit Report. Additionally, ISBE had a material weakness in internal controls over financial reporting.

Cash requests not calculated in accordance with Treasury Regulations

Specifically, ISBE did not calculate cash requests for the Twenty-First Century Community Learning Centers (21st Century) and Student Support and Academic Enrichment (SSAE) programs in accordance with the requirements of 31 CFR part 205 (Treasury Regulations).

Cash requests represented entire remaining amount of grant funding

During our testing of cash requests performed by ISBE during the year ended June 30, 2025, we noted ISBE did not perform its cash requests in accordance with Treasury Regulations. Specifically, in January 2025, ISBE requested \$29,029,722 and \$101,819,263 for the 21st Century and SSAE programs, respectively. These requests represented the entire remaining amount of available grant funding and did not reflect the immediate cash needs of the programs at the time the requests were made. Consequently, ISBE held significant excess federal cash balances in its accounts for most of the remainder of the fiscal year. (Finding 2, pages 41-43; Finding 4, pages 50-51)

Significant excess federal cash held

Qualified opinion

The material noncompliance noted resulted in a qualified opinion on compliance for the 21st Century and SSAE programs. The weakness noted was also reported as a material weakness in internal control over financial reporting for all of ISBE's federal programs. ISBE accepted our recommendations.

Material weakness in financial reporting

ISBE accepted our recommendations

ILLINOIS DEPARTMENT OF TRANSPORTATION (IDOT)

We noted IDOT, as the administering State agency, did not materially comply with specific compliance requirements described on page 29 of the Single Audit Report.

Inadequate review of subrecipient single audit reports

Specifically, IDOT did not adequately review single audit reports received from its subrecipients for the Highway Planning and Construction (HPC) program on a timely basis. Additionally, IDOT 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 8, pages 59-61)

Qualified opinion

The material noncompliance noted resulted in a qualified opinion on compliance for the HPC program. IDOT accepted our recommendations.

IDOT accepted our recommendations

ILLINOIS DEPARTMENT OF EMPLOYMENT SECURITY (IDES)

We noted IDES, as the administering State agency, did not materially comply with specific compliance requirements described on page 29 of the Single Audit Report. Specifically, we noted the following:

Failure to follow established policies for eligibility determinations

- 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 10, pages 64-66) **This finding has been reported since 2023.**

**Inadequate process for preparing
ETA 9130 financial reports**

- IDES does not have an adequate process in place to ensure that the ETA 9130 financial reports prepared for the UI program are complete and accurate. During our test work of 25 ETA 9130 reports, we noted certain grant awards had inaccurate amounts reported for key line items for the September 30, 2024, reporting quarter. 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. (Finding 11, pages 67-69) **This finding has been reported since 2022.**

**Case file reviews not completed in
accordance with requirements**

- IDES did not complete the Benefit Accuracy Measurement (BAM) case file reviews in accordance with United States Department of Labor (USDOL) requirements for the UI program. Further, we noted IDES has not established adequate controls to ensure BAM case file review procedures are completed within timeframes established by the USDOL. (Finding 13, pages 72-74)

Qualified opinion

The material noncompliance noted resulted in a qualified opinion on compliance for the UI program. IDES accepted our recommendations.

**IDES accepted our
recommendations**

**DEPARTMENT OF COMMERCE AND ECONOMIC
OPPORTUNITY (DCEO)**

We noted DCEO, as the administering State agency, did not materially comply with specific compliance requirements described on page 29 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 related to cash draws for the Low Income Home Energy Assistance Program (LIHEAP). Additionally, we noted internal controls have not been established to ensure clearance patterns are calculated and recertified in accordance with Treasury regulations. (Finding 17, pages 82-83) **This finding has been reported since 2023.**

**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 Treasury-State Agreement (TSA). Additionally, we noted internal controls have not been established to ensure cash draws are calculated and requested in accordance with Treasury regulations and the funding technique prescribed by the TSA. (Finding 18, pages 84-86) **This finding has been reported since 2023.**

Qualified opinion

The material noncompliance noted resulted in a qualified opinion on compliance for the LIHEAP program. DCEO accepted our recommendations.

**DCEO accepted our
recommendations**

ILLINOIS EMERGENCY MANAGEMENT AGENCY AND DEPARTMENT OF HOMELAND SECURITY (IEMA-OHS)

We noted IEMA-OHS, as the administering State agency, did not materially comply with specific compliance requirements described on page 29 of the Single Audit Report.

Inadequate process for subrecipient audit reviews

Specifically, we noted IEMA-OHS has not established effective internal controls or documented procedures to ensure subrecipients of the Disaster Grants - Public Assistance (Public Assistance) program perform audits required by the Uniform Guidance. As a result of these deficiencies, IEMA-OHS could not demonstrate whether its subrecipients complied with Uniform Guidance audit requirements, nor could it verify whether required management decisions on subrecipient audit findings were issued within the federally mandated timeframes. (Finding 20, pages 90-93)

Qualified opinion

IEMA-OHS accepted our recommendations

The material noncompliance noted resulted in a qualified opinion on compliance for the Public Assistance program. IEMA-OHS 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 30 of the Single Audit Report.

Inadequate review of subrecipient single audit reports

Specifically, IDOA did not issue management decision letters for single audit report findings for subrecipients of the Aging Cluster program within required timeframes. Additionally, IDOA had not established controls over subrecipient single audit reviews at an adequate level of precision to ensure single audit reporting requirements and the issuance of management decision letters are performed within required timeframes. (Finding 23, pages 100-102)

Qualified opinion

IDOA accepted our recommendations

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

DEPARTMENT OF CHILDREN AND FAMILY SERVICES (DCFS)

We noted DCFS, as the administering State agency, did not materially comply with specific compliance requirements described on page 30 of the Single Audit Report.

Failure to provide supporting documentation for payroll and related costs

Specifically, we noted DCFS 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 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 24, pages 103-105)

Qualified opinions

DCFS accepted our recommendations

The material noncompliance noted resulted in a qualified opinion on compliance for the Foster Care, Adoption Assistance, and TANF programs. DCFS accepted our recommendations.

ILLINOIS BOARD OF HIGHER EDUCATION (IBHE)

We noted IBHE, as the administering State agency, did not materially comply with specific requirements described on page 30 of the Single Audit Report.

Inadequate process to communicate award information to subrecipients

IBHE did not have an adequate process in place to ensure required award information is accurately communicated to subrecipients of the Child Care Development Fund (CCDF) Cluster (CCDF Cluster) program. (Finding 28, pages 113-114)

Qualified opinion

IBHE accepted our recommendation

The material noncompliance noted resulted in a qualified opinion on compliance for the CCDF program. IBHE accepted our recommendation.

ILLINOIS DEPARTMENT OF HUMAN SERVICES (IDHS)

We noted IDHS, as the administering State agency, did not materially comply with specific compliance requirements described on pages 30-31 of the Single Audit Report. Specifically, we noted the following:

Failure to retain detailed transactions for beneficiary payments

- IDHS did not retain transaction-level detail for beneficiary payments under the Summer Electronic Benefits Transfer Program for Children (Summer EBT) program. Due to the absence of transaction-level records, we were unable to conclude on IDHS' compliance with federal requirements applicable to the Summer EBT program. (Finding 29, pages 115-117)

Inadequate review of recipient agencies

- IDHS did not adequately review the recipient agencies of the Food Distribution Cluster (FDC) program. (Finding 30, pages 118-119)

Unallowable costs charged to TANF and CCDF programs

- IDHS could not provide documentation to support payments made on behalf of beneficiaries of the Temporary Assistance for Needy Families (TANF) and Child Care and Development Fund (CCDF) Cluster programs. As a result, we identified these items as unallowable costs. Additionally, DHS was unable to provide documentation supporting that an advance payment to a subrecipient was expended within the federal period of performance. (Finding 31, pages 120-123) **This finding has been reported since 2023.**

Missing documentation in beneficiary files

- IDHS could not locate case file documentation supporting certain eligibility and special test requirements for beneficiaries of the TANF, Children's Health Insurance Program (CHIP), and Medicaid Cluster program. We also noted the State does not have adequate resources to perform and document eligibility

determinations. Additionally, the State has not established appropriate monitoring procedures to ensure eligibility determinations are properly documented in accordance with program requirements. Because the State uses a single application and eligibility determination process for the Supplemental Nutrition Assistance Program Cluster (SNAP), TANF, Medicaid Cluster, and CHIP programs, the TANF and CHIP eligibility compliance exceptions and the inadequate internal control matters discussed above also impact the SNAP Cluster program. (Finding 32, pages 124-127) **This finding has been reported since 2001.**

Improper TANF beneficiary payments

- 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 33, pages 128-130) **This finding has been reported since 2023.**

Inadequate process for monitoring 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 WIC Special Supplemental Nutrition Program for Women, Infants, and Children (WIC), TANF and CCDF programs. (Finding 34, pages 131-134) **This finding has been reported since 2023.**

Failure to follow established subrecipient monitoring procedures

- 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. Further, IDHS did not have adequate policies or procedures to ensure fiscal and administrative reviews were completed timely to detect potential noncompliance. (Finding 35, pages 135-139) **This finding has been reported since 2011.**

Inadequate process to communicate award information to subrecipients

- IDHS does not have an adequate process in place to ensure required award information is accurately communicated to subrecipients of the WIC, TANF, CCDF, SSBG, and SAPT programs. (Finding 37, pages 143-145)

Failure to monitor child care provider health and safety requirements

- IDHS did not perform monitoring reviews of health and safety requirements for providers of the CCDF program. We also noted IDHS has not established monitoring or other control activities to ensure health and safety monitoring reviews are performed for all child care providers as required by State and Federal law. Additionally, as of the date of our testing, IDHS has not evaluated the population of providers to determine if there are other providers for which reviews were not performed. (Finding 38, pages 146-147)

Inaccurate annual TANF ACF-204 special report

- IDHS does not have an adequate process in place to ensure the ACF-204, Annual special report for the TANF program is complete and accurate. We also 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. Additionally, supervisory review procedures are not designed to operate at a level of precision to identify errors of this nature. (Finding 39, pages 148-149)

Inadequate procedures to determine accuracy of the post expenditure report

- IDHS did not maintain or 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. Effective internal controls have not been established to ensure supporting documentation is maintained for data reported in the post-expenditure report key line items. (Finding 40, pages 150-151) **This finding has been reported since 2023.**

Inaccurate RSA-911 performance reports for the Vocational Rehabilitation program

- IDHS does not have an adequate process in place to ensure the Case Service Report (RSA-911) performance report for the Rehabilitation Services Vocational Rehabilitation Grants to States (Vocational Rehabilitation) program is complete and accurate. We further noted the supervisory review procedures performed for this report were not designed to operate at an appropriate level of precision to ensure the special report was accurately prepared. (Finding 41, pages 152-153)

Adverse opinion on compliance

Qualified opinions on compliance

The material noncompliance noted resulted in an adverse opinion on compliance for the FDC and qualified opinions on compliance for the Summer EBT, TANF, CCDF, CHIP, Medicaid Cluster, WIC, SSBG, SAPT, and Vocational Rehabilitation programs.

IDHS disagreed with Finding 29

IDHS disagreed with Finding 29, stating the IDHS and its partners maintain detailed records of beneficiaries and the data will be made available in future inquiries. The auditors commented the transaction level detail requested was not available prior to completion of the audit.

Auditor Comment

IDHS partially accepted Finding 31

IDHS partially accepted the recommendation for Finding 31, stating it does not agree that an evaluation of the criteria for monitoring child care providers is necessary. The auditors commented that IDHS relies on supporting organizations to monitor providers and monitors the supporting organizations on a cyclical basis. IDHS has not updated its risk assessments or evaluated the nature and frequency of monitoring processes in response to increased risk in the CCDF Cluster program.

Auditor Comment

IDHS accepted our recommendations for all other findings

IDHS accepted our recommendations for findings 30, 32-35, and 37-41.

ILLINOIS DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES (DHFS)

We noted DHFS, as the administering State agency, did not materially comply with specific compliance requirements described on page 31-32 of the Single Audit Report. Specifically, we noted the following:

Failure to discontinue CHIP benefits for ineligible individuals

- 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 43, pages 158-159) **This finding has been reported since 2022.**

**Failure to Adequately Document
Payment of Medical Expenditures**

- DHFS could not provide sufficient supporting documentation to evidence that certain expenditures claimed under the CHIP and Medicaid Cluster programs were disbursed (paid) during the year ended June 30, 2025. We also noted DHFS has not established internal controls at a sufficient level of precision to ensure evidence supporting amounts claimed under the CHIP and Medicaid Cluster programs were paid by the IOC during the fiscal year. In addition to the exception items noted above, we noted significant time and effort was spent by DHFS and other State agencies to provide payment information for several transactions sampled in our testing because DHFS' records did not include sufficient detail to identify the payment in the IOC's records which delayed the completion of our audit procedures. (Finding 44, pages 160-163)

**Unallowed costs charged to the
CHIP and Medicaid Cluster
programs**

- DHFS did not consistently and sufficiently document the rates charged for medical services expenditures charged to the CHIP and Medicaid Cluster programs. We also noted DHFS' controls over the determination of the rates used for medical services provided under the CHIP and Medicaid Cluster programs do not operate at an appropriate level of precision to ensure they are properly calculated and supported. DHFS also lacks adequate systemic or manual internal controls to ensure claims are automatically or manually routed to the correct DRG pricing calculator based on the applicable service date. (Finding 45, pages 164-166)

**Inadequate procedures to
determine provider eligibility**

- DHFS has not established adequate procedures to ensure providers of the Medicaid Cluster program meet all of the State and Federal provider eligibility requirements. (Finding 46, pages 167-169) **This finding has been reported since 2021.**

**Failure to properly report
Medicaid overpayments identified
by the MFCU**

- DHFS did not properly report monetary recoveries of overpayments identified by the Medicaid Fraud Control Unit (MFCU) on its quarterly CMS-64 report. We also noted DHFS has not established internal controls at a sufficient level of precision to ensure all overpayments identified and recovered by the MFCU are communicated, tracked, and properly reported on the quarterly CMS-64 report. Specifically, there is no formal reconciliation process between the Attorney General's recovery records, the MFCU closed-case database, and the overpayment amounts reported on the CMS-64 report. (Finding 47, pages 170-171)

**Failure to ensure MCOs properly
prepare financial reports**

- DHFS did not ensure the annual financial audits prepared during the year ended June 30, 2025 for Managed Care Organizations (MCOs) of the Children's Health Insurance Program (CHIP) and Medicaid Cluster programs met the requirements of the MCO contracts and federal regulations. (Finding 48, pages 172-174) **This finding has been reported since 2023.**

Failure to perform drug rebate activities within required timeframes	DHFS did not perform certain Medicaid Cluster program drug rebate activities within required timeframes. We also noted DHFS has not established adequate internal control procedures to ensure drug rebate activities are performed within required timeframes and appropriate corrective actions are taken. (Finding 49, pages 175-177)
Failure to report drug rebates on the Medicaid CMS-64 report in a timely manner	DHFS did not accurately report certain Medicaid Cluster program drug rebates on quarterly federal financial (CMS-64) reports. Additionally, in considering the reporting process for the CMS-64 report, we noted DHFS does not perform analytical or other procedures during the report preparation process at a level of precision to ensure amounts reported are reasonable in relation to previously reported information or expectations relative to current program activities. (Finding 50, pages 178-181) This finding has been reported since 2023.
Failure to perform reviews over HCBS	DHFS failed to conduct utilization reviews over Home and Community Based Waiver Services (HCBS) services for the nine waivers contracted out to its vendor during fiscal year 2025. (Finding 51, pages 182-184) This finding has been reported since 2023.
Inadequate procedures to determine and document beneficiary eligibility	DHFS could not locate case file documentation supporting certain eligibility requirements for beneficiaries of the Children's Health Insurance Program (CHIP) and Medicaid Cluster program. We also noted the State does not have adequate resources to perform and document eligibility determinations. Additionally, the State has not established appropriate monitoring procedures to ensure eligibility determinations are properly documented in accordance with program requirements. (Finding 53, pages 187-189)
Qualified opinions on compliance	The material noncompliance noted resulted in qualified opinions on compliance for the Medicaid Cluster and CHIP.
DHFS accepted recommendations	DHFS accepted our recommendations for findings 43, 47, 49, 51, and 53.
DHFS partially accepted recommendation for Finding 44	DHFS partially accepted the recommendation for Finding 44, stating it believes it can support the proper payment and federal claiming; however, due to time pressures further audit procedures were foregone. The auditors commented the documentation provided for the transactions was not sufficient to permit the auditors to ascertain accurate payments were made during the audit period. The State spent significant time and effort to research and provide documentation supporting payment details during the audit process which should have been readily available in accordance with federal requirements.
Auditor comment	
DHFS partially accepted recommendation for Finding 45	DHFS partially accepted the recommendation for Finding 45, stating the audit requests were received late in the audit process and involved significant research and cooperation with other State agencies, and therefore, were not able to be resolved prior to established deadlines for audit completion. DHFS further stated that as of the date of this response, DHFS believes it can support the rates in question; however,

Auditor comment

due to external time pressures further audit procedures were forgone. Auditors commented the documentation provided was not sufficient to permit us to ascertain accurate payment rates were used during the audit period. The State spent significant time and effort to research and provide documentation supporting payment details during the audit process. Documentation should be readily available to support the payments rates used for expenditures charged to federal programs.

DHFS partially accepted recommendation for Finding 46

Auditor comment

DHFS partially accepted the recommendation for Finding 46, stating that the Illinois Department of Public Health is charged with licensing and surveying of facilities. Auditors commented DHFS is designated by the State of Illinois as the Statewide Medicaid Agency and is responsible for ensuring expenditures charged to the Medicaid program meet all applicable federal requirements, including provider eligibility requirements. Documentation to support a valid license as of the date of the service was not provided for all sample items selected for our audit procedures.

For Finding 48, DHFS believes it complied with federal regulations

Auditor comment

DHFS stated it accepts the recommendation for Finding 48 but also stated it believes it acted in accordance with federal regulations. Auditors commented that DHFS has not received fully compliant GAAP reports for the past several years and did not seek to obtain corrected reports for previous periods during State fiscal year 2025. Our audit procedures cover compliance activities during the State's fiscal year and do not extend to future periods.

DHFS disagreed with Finding 50

Auditor comment

DHFS disagreed with the recommendation for Finding 50, stating it believes it received the necessary federal approvals for its CMS-64 report via a Good Cause Waiver. The auditors commented the good cause waiver did not approve the reporting methodology used and the instructions for the CMS-64 report do not prescribe reporting requirements for the types of errors reported by DHFS.

FAILURE TO REPORT SUBAWARD INFORMATION REQUIRED BY FFATA

Failure to report information required by FFATA

FFATA information not accurately and timely reported

IDOT, IEMA-OHS, IDOA, Illinois Community College Board (ICCB), IBHE, and DHS 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) and DCEO did not properly report information required by FFATA for grants awarded to subrecipients and did not have adequate internal controls in place to ensure all subawards were accurately reported within required timeframes.

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:

8 key data elements are required to be reported

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 7, pages 56-58; Finding 15, pages 77-79; Finding 19, pages 87-89; Finding 21, pages 94-96; Finding 22, pages 97-99; Finding 26, pages 108-110; Finding 27, pages 111-112; Finding 36, pages 140-142)

Qualified opinions on compliance

The material noncompliance described above resulted in qualified opinions on the Airport Improvement, Workforce Innovation and Opportunity Act (WIOA) Cluster, LIHEAP, Homeland Security Grant, Public Assistance, Immunization Cooperative Agreements, and Epidemiology and Laboratory Capacity for Infectious Diseases, Aging Cluster, CCDF, TANF, SSBG, and SAPT programs.

We recommended the agencies establish procedures to identify awards subject to FFATA reporting requirements and report required subaward information in accordance with FFATA. Additionally, we recommended IDPH and DCEO establish and formalize procedures and controls to identify awards and amendments subject to FFATA reporting requirements and ensure the required subaward information is reported accurately and timely in accordance with FFATA.

ICCB disagreed

ICCB disagreed with the finding and recommendation, stating the failure to report is not attributable to ICCB. The auditors commented ICCB is part of the primary government of the State of Illinois and executed subawards relative to a first-tier award under the CCDF Cluster which are required to be reported by the State according to 2 CFR 170.200.

Auditor comment

Agencies accepted our recommendations

The other 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, 2026.

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, 2025, is presented fairly in all material respects.

This single audit was conducted by KPMG LLP.

SIGNED ORIGINAL ON FILE

DENNIS M. GIBBONS
Division Director

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

SIGNED ORIGINAL ON FILE

CHRISTOPHER B. MEISTER
Auditor General

CBM:MEG