



STATE OF ILLINOIS
**OFFICE OF THE
 AUDITOR GENERAL**

Frank J. Mautino, Auditor General

SUMMARY REPORT DIGEST

STATE OF ILLINOIS

**Financial Audit
 For the Year Ended June 30, 2024**

Release Date: February 10, 2026

FINDINGS THIS AUDIT: 3				AGING SCHEDULE OF REPEATED FINDINGS			
	<u>New</u>	<u>Repeat</u>	<u>Total</u>	<u>Repeated Since</u>	<u>Category 1</u>	<u>Category 2</u>	<u>Category 3</u>
Category 1:	0	3	3	2022	24-03		
Category 2:	0	0	0	2007	24-01		
Category 3:	0	0	0	2002	24-02		
TOTAL	0	3	3				
FINDINGS LAST AUDIT: 5							

INTRODUCTION

The Illinois Office of Comptroller prepares the State of Illinois’ Annual Comprehensive Financial Report. The Annual Comprehensive Financial Report is the State’s official annual report, which provides the readers with the financial position of the State as of June 30, 2024, and its results of operations during the fiscal year.

The financial section of the Annual Comprehensive Financial Report includes the Independent Auditor’s Report on the basic financial statements, management’s discussion and analysis, the basic financial statements, required supplementary information, and individual fund statements and schedules.

AUDITOR’S OPINIONS

The financial statements of the State of Illinois are fairly presented in all material respects.

The financial statements at June 30, 2024, reflect the following:

- The net position of governmental activities continued to improve and the deficit decreased by \$10.9 billion from June 30, 2023, to June 30, 2024. Overall, the net position of governmental activities is reported as a deficit of \$159.3 billion. (Exhibit 1)
- The fund balance of the General Fund improved by \$1 billion from June 30, 2023, to June 30, 2024. The fund balance is \$4.2 billion. (Exhibit 2)

Category 1:	Findings that are material weaknesses in internal control and/or a qualification on compliance with State laws and regulations (material noncompliance).
Category 2:	Findings that are significant deficiencies in internal control and noncompliance with State laws and regulations.
Category 3:	Findings that have no internal control issues but are in noncompliance with State laws and regulations.

**REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE**

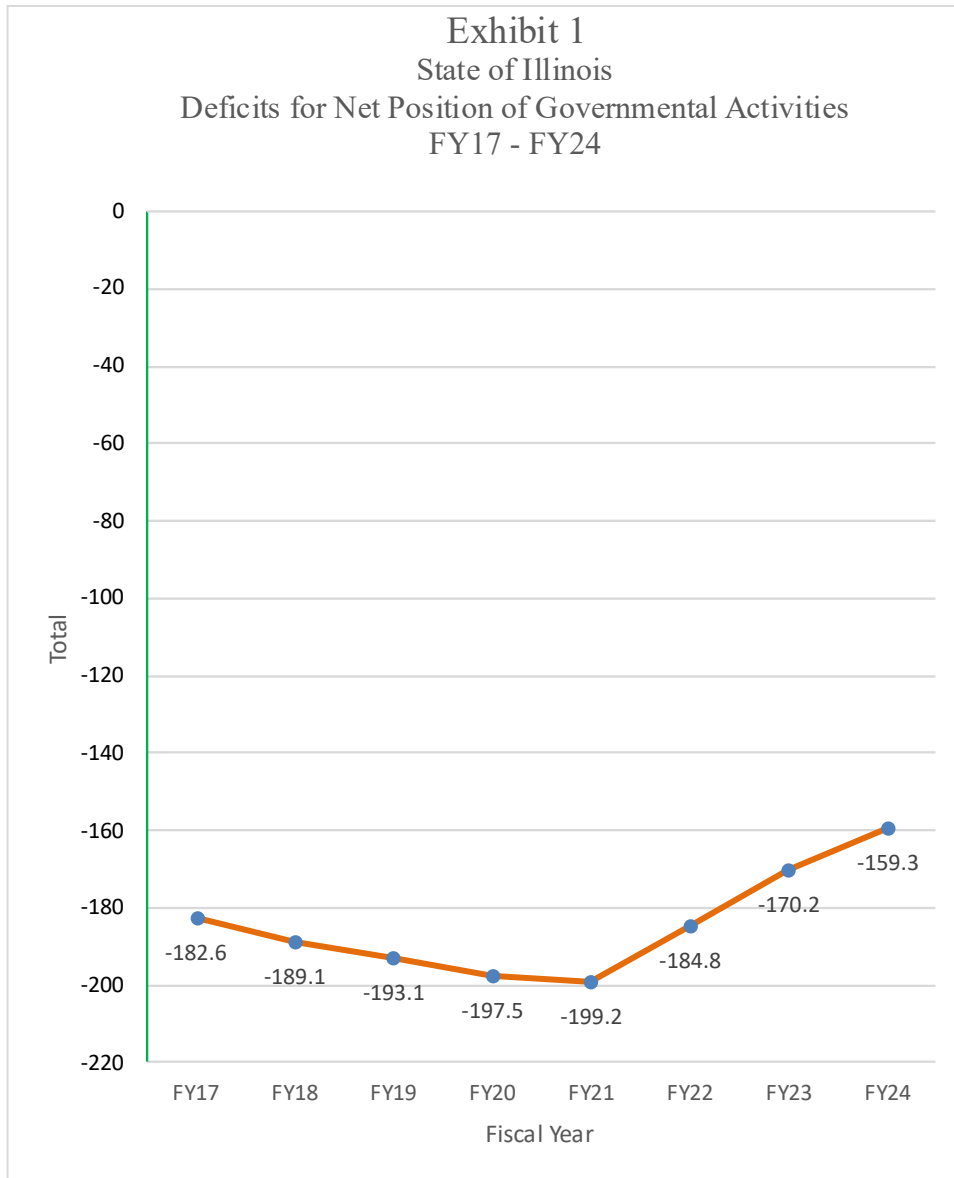
In accordance with Government Auditing Standards, a report on our consideration of the State of Illinois' internal control over financial reporting and our tests of its compliance is also issued as part of our financial statement audit. This report is a separate document and is summarized in this document. Our report noted the State's decentralized internal control system is not adequate. We also reported significant financial reporting deficiencies at several State agencies.

STATE OFFICIALS
As of June 30, 2024

Governor	JB Pritzker
Comptroller	Susana A. Mendoza
Speaker of the House	Emanuel Chris Welch
President of the Senate	Don Harmon
House Republican Leader	Tony McCombie
Senate Republican Leader	John Curran

FINANCIAL ANALYSIS OF THE STATE

The net position of the State's governmental activities improved \$10.9 billion. The following condensed financial information was derived from the government-wide Statement of Net Position and reflects the State's governmental activities financial position as of June 30 for Fiscal Years 2017 through 2024.

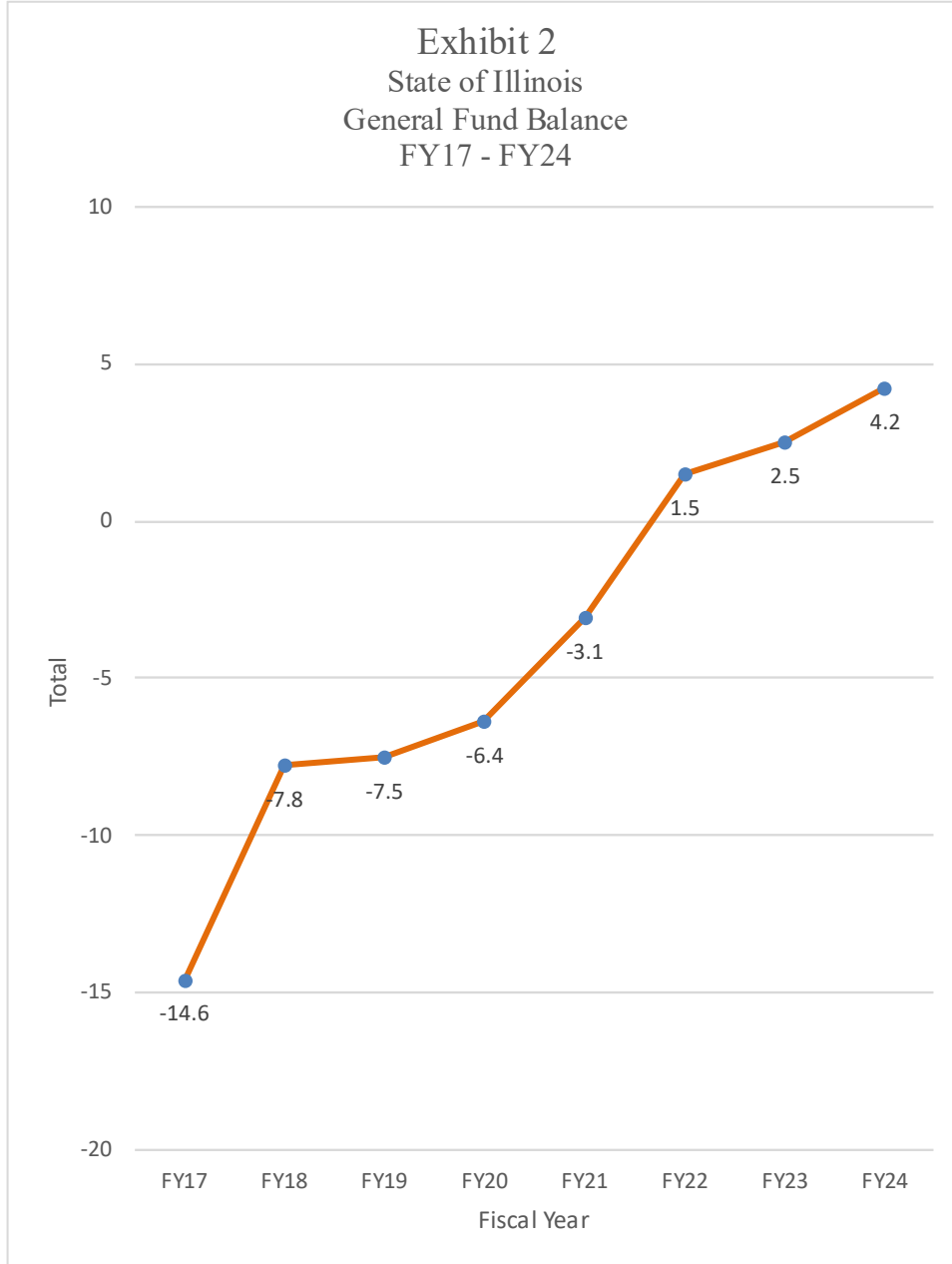


Source: State of Illinois' Annual Comprehensive Financial Report (2024)

The deficits reflected in Exhibit 1 are presented on an accrual basis and represent the excess of total liabilities and deferred inflows of resources over total assets and deferred outflows of resources at a given point in time. These deficits represent the deferral of current and prior year costs to future periods.

GENERAL FUND

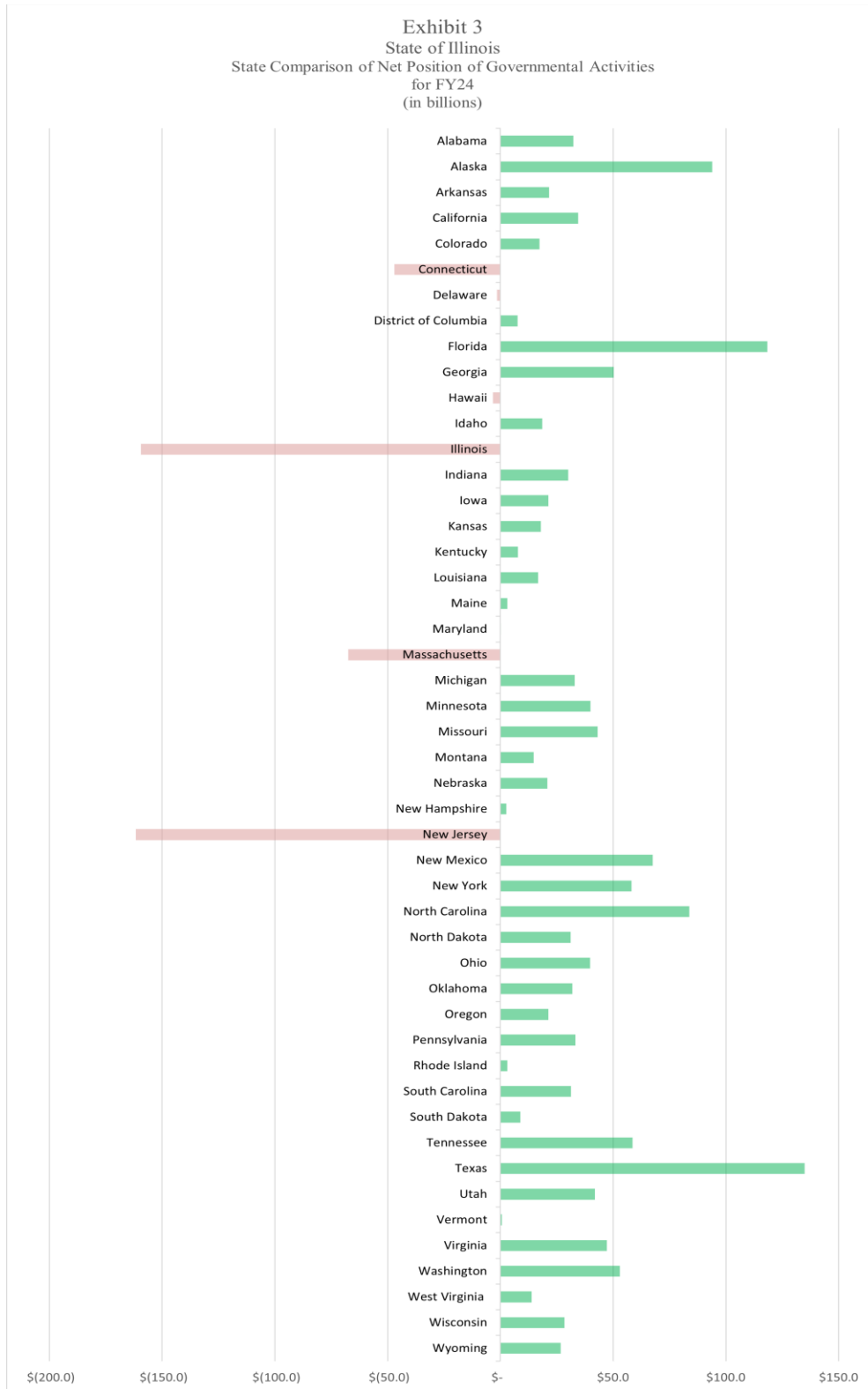
Many programs are accounted for in the General Fund. The GAAP basis financial position of the General Fund improved at June 30, 2024, from June 30, 2023. The fund balance in the State's General Fund improved by \$1.7 billion on a GAAP basis. The June 30, 2024, balance was \$4.2 billion. Exhibit 2 reflects the General Fund balance for Fiscal Years 2017 through 2024.



Source: State of Illinois' Annual Comprehensive Financial Report (2024)

STATE COMPARISON

Exhibit 3 provides an analysis of the State’s governmental activities net position at June 30, 2024, compared to other States.



Source: Compiled by the Illinois Auditor General’s Office from Annual Comprehensive Financial Reports for each state and the District of Columbia, excluding Arizona, Mississippi, and Nevada, which were not available at January 30, 2026.

**FINDINGS, CONCLUSIONS, AND
RECOMMENDATIONS**

INADEQUATE FINANCIAL REPORTING PROCESS

The State of Illinois' (State) current financial reporting process does not allow the State to prepare a complete and accurate Annual Comprehensive Financial Report (ACFR) in a timely manner. Reporting issues at various individual agencies caused delays in finalizing the financial statements. The lack of timely financial reporting limits effective oversight of State finances.

Financial reporting problems continue

Accurate and timely financial reporting problems continue to exist even though the auditors have (1) continuously reported numerous findings on the internal controls (material weaknesses and significant deficiencies), (2) commented on the inadequacy of the financial reporting process of the State, and (3) regularly proposed adjustments to the financial statements year after year. These findings have been directed primarily towards major State agencies under the organizational structure of the Governor and towards the Comptroller.

Financial reporting process dependent on post audits

The Comptroller has made significant changes to the system used to compile financial information; however, the State has not solved all the problems to effectively remediate these financial reporting weaknesses. The State has a highly decentralized financial reporting process due to the use of numerous financial reporting systems, many of which are not interrelated and require manual intervention to convert data. The process is also overly dependent on the post audit program, even though the Office of the Auditor General has repeatedly informed State agency officials that the post audit function **is not** a substitute for appropriate internal controls at State agencies.

Financial reporting process lacks sufficient internal controls

Annual financial reporting to the Comptroller requires the State's agencies to prepare a series of financial reporting forms (SCO forms) designed by the Comptroller, which are utilized to prepare the ACFR. Although these SCO forms are subject to review by the Comptroller's financial reporting staff during the ACFR preparation process and there are recommended minimum qualifications for all new generally accepted accounting principles (GAAP) coordinators who oversee the preparation of the SCO forms, the current process still lacks sufficient internal controls at individual agencies (Finding 1, pages 7-9). **This finding has been reported since 2007.**

We recommended the Governor and the Comptroller continue to work together to resolve the State's inability to produce timely and accurate GAAP-basis financial information.

Governor’s Office agreed with auditors

The Office of the Governor agreed with the recommendation, and stated they will continue to work with the Comptroller and individual state agencies that have the most pressing challenges to produce timelier and more accurate GAAP-basis financial information. The state agencies under the Governor are continuing the multi-year implementation of an Enterprise Resource Planning (ERP) system—an integrated enterprise-wide system that includes a financial accounting component. All state agencies under the Governor’s purview are using the financial accounting component of the ERP system. Further, the Governor anticipates that all state agencies subject to the Grant Accountability and Transparency Act will join the Statewide grants management system currently under development. The grants management system will pull data from the ERP system, promoting consistency across state systems. Upon full implementation, the two systems are expected to improve internal controls and will better support the agencies’ production of accurate and timely financial statements. The Governor notes that he has no authority to direct or control the financial reporting processes employed by other constitutional offices. Finally, the Governor has taken steps to increase staffing of and training for agency fiscal offices to improve processes.

Comptroller’s Office agreed with auditors

The Comptroller accepted the recommendation and stated the State still faces several roadblocks in the timely completion of the Annual Comprehensive Financial Report. The General Assembly enacted Public Act 96-1501, which extended the lapse period to October 31 for fiscal year 2021 and future fiscal years for medical payments of the Department of Veterans’ Affairs and medical, childcare, and substance abuse treatment payments of the Department of Human Services. Public Act 102-0291 extended lapse period from August 31 to October 31 for fiscal year 2022 and future fiscal years for medical assistance payments of the Department of Healthcare and Family Services. More importantly, the Annual Comprehensive Financial Report completion continues to be delayed because of financial reporting issues identified during individual State agency financial and compliance audits. The report cannot be finalized until these issues are resolved at the individual State agency reporting level.

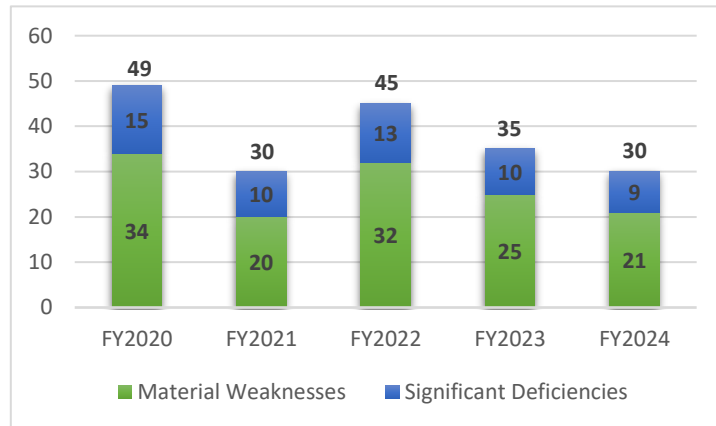
The Comptroller will continue to work with the Governor’s Office, the Auditor General’s Office, and agency GAAP coordinators to improve the timeliness and quality of reporting.

FINANCIAL REPORTING WEAKNESSES

The State of Illinois (State) did not have adequate controls to address the risk of primary government agencies reporting

incorrect information or information noncompliant with generally accepted accounting principles (GAAP). The Office of the Auditor General performed 25 audits at agencies of the primary government, including the five pension systems and the Illinois State Board of Investment. During these audits, we noted a total of 21 material weaknesses and 9 significant deficiencies related to the internal controls over the financial reporting process at 12 of the agencies.

12 of 25 agencies had 30 internal control findings over financial reporting



Specifically, some of the more significant issues noted included the following:

- The Department of Healthcare and Family Services and the Department of Human Services failed to perform revalidations required for ongoing provider enrollment within the State of Illinois’ Illinois Medicaid Program Advanced Cloud Technology system (IMPACT).
- The Department of Healthcare and Family Services and the Department of Human Services lacked controls over eligibility determinations and redeterminations for Federal programs where such determination is documented using the Integrated Eligibility System (IES).
- The Department of Healthcare and Family Services’ year-end financial reporting in accordance with GAAP contained inaccuracies and omitted amounts affecting balances.
- The Department of Human Services did not have sufficient internal controls over accounting for grant transactions resulting in material misstatements to their draft financial statements. In addition, the Department of Human Services did not have an adequate understanding of the suitability of the design of internal control or the operating effectiveness of internal control in place over all data recorded in its

financial statements for transactions initiated by other State agencies and recorded in the DHS financial statements.

Internal control deficiencies extend financial reporting timelines

- The Department of Transportation did not establish adequate internal controls over accurately recording capital asset activity for financial reporting purposes. The Department of Transportation did not accurately account for capital assets. The effect of this misstatement in the Department of Transportation’s government-wide financial statement was an understatement of infrastructure assets of \$2,600,138,000, an understatement of accumulated depreciation of \$54,593,000, and an understatement of net position of \$2,545,545,000 as of June 30, 2024.
- The Department of Employment Security improperly recorded refunds received related to both federal and non-federal programs. The Department of Employment Security erroneously booked a large amount of negative revenue and negative expense, resulting in an overstatement of intergovernmental receivables, net by \$2 million, contributions for unemployment taxes by \$25 million, and an understatement of benefit payments and refunds by \$246 million, federal revenue by \$22 million, and miscellaneous revenues by \$247 million. In addition, the Department of Employment Security did not prepare its year-end bank reconciliations timely. The final versions of the June 2024 reconciliations were provided to the auditors on November 20, 2024.

Material weaknesses and significant deficiencies further extend financial reporting timelines since additional measurements and reporting are required. Completion or substantial completion of these audits is necessary for the Auditor General to issue an opinion on the State’s basic financial statements.

In addition to the deficiencies noted above, material misstatements were identified by the auditors at three agencies. The adjustments totaled \$1.6 billion for the Governmental Activities; \$25.5 million for the Business-Type Activities and Unemployment Compensation Trust Fund; and \$186.9 million for General Fund (Finding 2, pages 10-15). **This finding has been reported since 2002.**

We recommended the State continue its efforts to improve internal control procedures in order to assess the risk of material misstatements to the financial statements and to identify such misstatements during the financial statement preparation process. We further recommended the internal control procedures include a formal evaluation of prior

problems and implementation of procedures to reduce the risk of these problems reoccurring.

Governor's Office agreed with auditors

The Office of the Governor agreed with our recommendation and stated they will continue to work with the Office of the Comptroller and the state agencies under his jurisdiction to improve statewide internal control procedures and reduce the likelihood of material misstatements to the financial statements. The state agencies under the Governor are continuing the multi-year implementation of an Enterprise Resource Planning (ERP) system—an integrated enterprise-wide system that includes a financial accounting component. All state agencies under the Governor's purview are using the financial accounting component of the ERP system. Agencies will continue to assess how ERP can support them, assist in assessing the risk of material misstatements, and identify such misstatements during the reporting process. Further, the Governor anticipates that all agencies subject to the Grant Accountability and Transparency Act will join the Statewide grants management system, currently under development. The grants management system will pull data from the ERP system, promoting consistency across state systems. Upon full implementation, the two systems are expected to improve internal controls and will better support the ability of agencies to avoid misstatements in the financial reporting process. Further, the Governor has taken steps to increase staffing of and training for agency fiscal offices to improve the accuracy and timeliness of financial reporting processes such as accounts receivable and capital assets documentation. Finally, the Governor will work with DHFS and DHS to strengthen internal controls to improve the revalidations of providers and eligibility determinizations processed in the IMPACT system and IES, respectively. The Governor notes that he has no authority to direct or control the accounting policies and processes employed by other constitutional offices.

Comptroller's Office agreed with auditors

The Office of Comptroller accepted our recommendation and stated they will continue to assist the Governor's Office in their efforts to increase the quality of GAAP packages by providing enhanced training and technical assistance to State agencies and encouraging more stringent internal controls at the agency level.

OTHER FINDING

The remaining finding pertains to failure to implement adequate Information Technology controls. We will review the State's progress towards the implementation of our recommendations in our next financial audit.

This financial audit was conducted by the Office of the Auditor General's staff.

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

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