

*Management Advisory Report*

Single Audit of the State of Illinois  
for the Fiscal Year Ended  
June 30, 2015

# Single Audit of the State of Illinois for the Fiscal Year Ended June 30, 2015

## A-77-16-00014



September 2016

**Office of Audit Report Summary**

### Objective

To report internal control weaknesses, noncompliance issues, and unallowable costs identified in the single audit to the Social Security Administration (SSA) for resolution action.

### Background

Illinois Office of the Auditor General and KPMG LLP conducted the single audit of the State of Illinois. SSA is responsible for resolving single audit findings related to its disability programs. Illinois Department of Human Services (IDHS) is the Illinois Disability Determination Services' parent agency.

### Findings

The single audit reported IDHS did not have adequate controls over the following.

- Payroll costs charged to Federal programs for some employees. Specifically, the salary costs charged to Federal programs for some employees did not agree with salary documentation in employee personnel files.
- Information systems to ensure systems access were secured.

We made recommendations to SSA in a prior report for corrective action on these findings. We confirmed that SSA had taken appropriate corrective action. Therefore, we will not repeat the recommendations in this report.

The single audit also reported the following.

- IDHS inaccurately reported expenditures to the Illinois Office of the Comptroller for several Federal programs, including SSA.
- The Governor's Office of Management and Budget did not have adequate procedures to ensure the Treasury State Agreement was amended in accordance with Federal regulations.

The Department of Health and Human Services will resolve these findings on the Government's behalf. Therefore, we are bringing these matters to your attention, but we are not making recommendations.

## MEMORANDUM

**Date:** September 13, 2016 **Refer To:**

**To:** Gary S. Hatcher  
Senior Advisor  
Audit Liaison Staff

**From:** Assistant Inspector General for Audit

**Subject:** Single Audit of the State of Illinois for the Fiscal Year Ended June 30, 2015 (A-77-16-00014)

This report presents the Social Security Administration's (SSA) portion of the single audit of the State of Illinois for the Fiscal Year ended June 30, 2015.<sup>1</sup> Our objective was to report internal control weaknesses, noncompliance issues, and unallowable costs identified in the single audit to SSA for resolution action.

The Illinois Office of the Auditor General and KPMG LLP conducted the audit. The Department of Health and Human Services' desk review concluded that the audit met Federal requirements. In reporting the results of the single audit, we relied entirely on the internal control and compliance work performed by the Illinois Office of the Auditor General and KPMG LLP and the Department of Health and Human Services' reviews. We conducted our review in accordance with the Council of the Inspectors General on Integrity and Efficiency's *Quality Standards for Inspection and Evaluation*.

For single audit purposes, the Office of Management and Budget assigns Federal programs a Catalog of Federal Domestic Assistance (CFDA) number. SSA's Disability Insurance and Supplemental Security Income programs are identified by CFDA number 96. SSA is responsible for resolving single audit findings reported under this CFDA number.

The Illinois Disability Determination Services (DDS) performs disability determinations under SSA's Disability Insurance and Supplemental Security Income programs in accordance with Federal regulations. The DDS is reimbursed for 100 percent of allowable costs. The Illinois Department of Human Services (IDHS) is the Illinois DDS' parent agency.

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<sup>1</sup> State of Illinois *Single Audit Report For the Year Ended June 30, 2015* (April 12, 2016).

The single audit reported IDHS did not have adequate controls over the following.

- Payroll costs charged to Federal programs for some employees. Specifically, the salary costs charged to Federal programs for some employees did not agree with salary documentation in employee personnel files.<sup>2</sup> The corrective action plan indicated payroll staff would review and analyze supporting payroll documentation and reports and correct discrepancies as soon as identified.
- Information systems to ensure systems access was secured.<sup>3</sup> The corrective action plan indicated system user accounts would be reviewed annually.

We made recommendations to SSA in a prior report for corrective action on these findings.<sup>4</sup> We confirmed that SSA had taken appropriate corrective action. Therefore, we will not repeat the recommendations in this report.

The single audit also reported the following.

- IDHS inaccurately reported expenditures to the Illinois Office of the Comptroller for several Federal programs, including SSA.<sup>5</sup> The corrective action plan indicated IDHS had implemented a process to ensure expenditures were accurately reported to the Illinois Office of the Comptroller.
- The Governor's Office of Management and Budget (GOMB) did not have adequate procedures to ensure the Treasury State Agreement is amended in accordance with Federal regulations.<sup>6</sup> The corrective action plan indicated GOMB will revise existing procedures to ensure the Treasury State Agreement is timely amended for any necessary changes in accordance with Federal regulations.

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<sup>2</sup> See Footnote 1, finding 2015-015.

<sup>3</sup> See Footnote 1, finding 2015-018.

<sup>4</sup> SSA OIG, *Management Advisory Report: Single Audit of the State of Illinois for the Fiscal Year Ended June 30, 2014*, (A-77-15-00008), August 6, 2015.

<sup>5</sup> See Footnote 1, finding 2015-008.

<sup>6</sup> See Footnote 1, finding 2015-075.

The single audit identified multiple Federal programs, including SSA, responsible for resolving these findings. However, the Department of Health and Human Services will resolve these findings on behalf of the Federal Government. Therefore, we are bringing these matters to your attention, but we are not making recommendations.

If you have questions, contact Shannon Agee at (877) 405-7694, extension 18802 or [Shannon.Agee@ssa.gov](mailto:Shannon.Agee@ssa.gov).

A handwritten signature in black ink, appearing to read "Rona Lawson".

Rona Lawson

Attachment

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