

*Management Advisory Report*

Single Audit of the State of Illinois  
for the Fiscal Year Ended  
June 30, 2016

# **Single Audit of the State of Illinois for the Fiscal Year Ended June 30, 2016 A-77-17-00007**



April 2017

**Office of Audit Report Summary**

<b>Objective</b>	<b>Findings</b>
<p>To report internal control weaknesses, noncompliance issues, and unallowable costs identified in the single audit to the Social Security Administration (SSA) for resolution action.</p> <p><b>Background</b></p> <p>The audit firm of KPMG LLP conducted the single audit of the State of Illinois. SSA is responsible for resolving single audit findings related to its disability programs. The Illinois Department of Human Services (IDHS) is the Illinois Disability Determination Services' parent agency.</p>	<p>The single audit reported IDHS did not have adequate controls to ensure secured information systems access. In addition, the single audit reported IDHS</p> <ul style="list-style-type: none"><li>● inaccurately reported Federal expenditures to the Illinois Office of the Comptroller for several programs, including SSA and</li><li>● did not charge fringe benefits to Federal programs, including SSA, consistent with rates approved in the cost allocation plan.</li></ul> <p>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 the Government's behalf.</p>
	<p><b>Recommendations</b></p> <p>We recommend that SSA ensure IDHS implemented adequate controls to ensure secured information systems access.</p>

## MEMORANDUM

**Date:** April 21, 2017 **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, 2016 (A-77-17-00007)

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, 2016.<sup>1</sup> The Audit firm of KPMG LLP conducted the audit. Our objective was to report internal control weaknesses, noncompliance issues, and unallowable costs identified in the single audit to SSA for resolution action.

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

The Illinois Disability Determination Services (DDS) conducts disability determinations under SSA's DI and SSI programs in accordance with Federal regulations. SSA reimburses the DDS for 100 percent of allowable costs. The Illinois Department of Human Services (IDHS) is the Illinois DDS' parent agency.

The single audit reported IDHS did not have adequate controls to ensure secured information systems access.<sup>2</sup> The corrective action plan indicated IDHS would review system user accounts annually. We recommend that SSA ensure IDHS implemented adequate controls to ensure secured information systems access.

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<sup>1</sup> State of Illinois, *Single Audit Report for the Year Ended June 30, 2016* (March 17, 2017).

<sup>2</sup> See Footnote 1, finding 2016-007.

In addition, the single audit reported IDHS

- inaccurately reported Federal expenditures to the Illinois Office of the Comptroller for several programs, including SSA<sup>3</sup> and
- did not charge fringe benefits to Federal programs, including SSA, consistent with rates approved in the cost allocation plan.<sup>4</sup>

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 the Government's behalf. Therefore, we are bringing these matters to your attention, but we are not making recommendations based on these additional findings.

The Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards requires that Federal awarding agencies issue a management decision on findings within 6 months of acceptance of the audit report by the Federal Audit Clearinghouse. The Federal Audit Clearinghouse accepted the single audit of the State of Illinois on March 31, 2017.

Please send copies of the final Audit Clearance Document to Shannon Agee. If you have questions, contact Shannon Agee at (877) 405-7694, extension 18802 or [Shannon.Agee@ssa.gov](mailto:Shannon.Agee@ssa.gov).



for

Rona Lawson

Attachment

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<sup>3</sup> See Footnote 1, finding 2016-010.

<sup>4</sup> See Footnote 1, finding 2016-016.

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