

*Management Advisory Report*

Single Audit of the State of Illinois  
for the Fiscal Year Ended  
June 30, 2014

# Single Audit of the State of Illinois for the Fiscal Year Ended June 30, 2014 **A-77-15-00008**



August 2015

## 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

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' (DDS) parent agency.

### Findings

The single audit reported IDHS:

- Did not have adequate controls over payroll costs charged to Federal programs. Specifically, the salary costs charged to Federal programs for some employees did not agree with salary documentation in employee personnel files.
- Did not have adequate controls over information systems to ensure systems access is secured.

The single audit also reported

- The Governor's Office of Management and Budget does not have adequate procedures to ensure the Treasury State Agreement (TSA) is amended in accordance with Federal regulations. Therefore, the disability program was not included in the TSA as required.
- IDHS inaccurately reported Federal expenditures to the Illinois Office of the Comptroller.

The single audit identified multiple Federal programs, including SSA, responsible for resolving these findings. However, as the cognizant agency, 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 are not making recommendations.

### Recommendations

We recommend that SSA:

1. Ensure IDHS implemented adequate controls over payroll costs charged to its programs.
2. Verify that IDHS implemented adequate controls to ensure secured access to information systems.

## MEMORANDUM

**Date:** August 6, 2015 **Refer To:**

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

**From:** Inspector General

**Subject:** Single Audit of the State of Illinois for the Fiscal Year Ended June 30, 2014 (A-77-15-00008)

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, 2014.<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.

KPMG LLP performed the audit. The results of the desk review conducted by the Department of Health and Human Services (HHS) 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 KPMG LLP and the reviews performed by HHS. 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 (DI) and Supplemental Security Income (SSI) 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 DI and SSI 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.

---

<sup>1</sup> State of Illinois, *Single Audit Report For the Year Ended June 30, 2014* <http://www.auditor.illinois.gov/Audit-Reports/Performance-Special-Multi/Statewide-Single-Audit/FY14-Single-Audit-Full.pdf> (Last viewed July 20, 2015).

The single audit reported IDHS:

- Did not have adequate controls over payroll costs charged to Federal programs. 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 started double-checking employee salaries against information in employee personnel files.
- Did not have adequate controls over information systems to ensure systems access is secured.<sup>3</sup> The corrective action plan indicated system user accounts will be reviewed annually.

We recommend that SSA:

1. Ensure IDHS implemented adequate controls over payroll costs charged to its programs.
2. Verify that IDHS implemented adequate controls to ensure secured access to information systems.

The single audit also reported

- The Governor's Office of Management and Budget does not have adequate procedures to ensure the Treasury State Agreement (TSA) is amended in accordance with Federal regulations. Therefore, the disability program was not included in the TSA as required.<sup>4</sup> The corrective action plan indicated the State is in the process of ensuring the TSA is revised as appropriate.
- IDHS inaccurately reported Federal expenditures to the Illinois Office of the Comptroller (IOC).<sup>5</sup> The corrective action plan indicated IDHS implemented a process to ensure accurate reporting of expenditures to the IOC.

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

---

<sup>2</sup> Id. at finding 2014-011.

<sup>3</sup> Id. at finding 2014-013.

<sup>4</sup> Id. at finding 2014-069.

<sup>5</sup> Id. at finding 2014-006.

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).



Patrick P. O'Carroll, Jr.

Attachment

cc:

Lynn Bernstein

## MISSION

By conducting independent and objective audits, evaluations, and investigations, the Office of the Inspector General (OIG) inspires public confidence in the integrity and security of the Social Security Administration's (SSA) programs and operations and protects them against fraud, waste, and abuse. We provide timely, useful, and reliable information and advice to Administration officials, Congress, and the public.

## CONNECT WITH US

The OIG Website (<http://oig.ssa.gov/>) gives you access to a wealth of information about OIG. On our Website, you can report fraud as well as find the following.

- OIG news
- audit reports
- investigative summaries
- Semiannual Reports to Congress
- fraud advisories
- press releases
- congressional testimony
- an interactive blog, “[Beyond The Numbers](#)” where we welcome your comments

In addition, we provide these avenues of communication through our social media channels.



[Watch us on YouTube](#)



[Like us on Facebook](#)



[Follow us on Twitter](#)



[Subscribe to our RSS feeds or email updates](#)

## OBTAIN COPIES OF AUDIT REPORTS

To obtain copies of our reports, visit our Website at <http://oig.ssa.gov/audits-and-investigations/audit-reports/all>. For notification of newly released reports, sign up for e-updates at <http://oig.ssa.gov/e-updates>.

## REPORT FRAUD, WASTE, AND ABUSE

To report fraud, waste, and abuse, contact the Office of the Inspector General via

**Website:** <http://oig.ssa.gov/report-fraud-waste-or-abuse>

**Mail:** Social Security Fraud Hotline  
P.O. Box 17785  
Baltimore, Maryland 21235

**FAX:** 410-597-0118

**Telephone:** 1-800-269-0271 from 10:00 a.m. to 4:00 p.m. Eastern Standard Time

**TTY:** 1-866-501-2101 for the deaf or hard of hearing