

*Management Advisory Report*

Single Audit of the State of Illinois  
for the Fiscal Year Ended  
June 30, 2018

# Single Audit of the State of Illinois for the Fiscal Year Ended June 30, 2018

## A-77-19-00011



September 2019

**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.

### Background

A single audit is an organization-wide financial statement and Federal awards audit of a non-Federal entity that expends \$750,000 or more in Federal funds in 1 year. It is intended to assure the Government that a non-Federal entity has adequate internal controls in place and is generally in compliance with program requirements. Non-Federal entities typically include State governments, local governments, Indian tribes, universities, and nonprofit organizations.

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.

### Findings

The single audit reported IDHS did not have adequate controls to ensure secured access to its information systems. We recommended corrective action to SSA on this finding in a prior report. In September 2019, SSA informed us corrective actions were taken to ensure secured information system access. Therefore, we are not making a recommendation.

In addition, the single audit reported IDHS

- inaccurately reported Federal expenditures to the Illinois Office of the Comptroller for several programs, including SSA, and
- did not return refunded retirement costs to Federal programs, including SSA, on a timely basis.

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 25, 2019 **Refer To:**

**To:** Trae Sommer  
Acting Director  
Audit Liaison Staff

**From:** Assistant Inspector General for Audit

**Subject:** Single Audit of the State of Illinois for the Fiscal Year Ended June 30, 2018 (A-77-19-00011)

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, 2018.<sup>1</sup> 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.

## **BACKGROUND**

A single audit is an organization-wide financial statement and Federal awards audit of a non-Federal entity that expends \$750,000 or more in Federal funds in 1 year. It is intended to assure the Government that a non-Federal entity has adequate internal controls in place and is generally in compliance with program requirements. Non-Federal entities typically include State governments, local governments, Indian tribes, universities, and nonprofit organizations.

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 and Supplemental Security Income programs. 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. SSA reimburses the DDS 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> Auditor General, State of Illinois, *State of Illinois Single Audit Report For the Year Ended June 30, 2018* (August 22, 2019).

## RESULTS

The single audit reported IDHS did not have adequate controls to ensure secured access to its information systems.<sup>2</sup> We recommended corrective action to SSA on this finding in a prior report.<sup>3</sup> The corrective action plan indicated IDHS will enhance necessary procedures to ensure access to its information systems are adequately secured. In September 2019, SSA informed us corrective actions were taken to ensure secured information systems access. Therefore, we are not making a recommendation.

In addition, the single audit reported IDHS

- inaccurately reported Federal expenditures to the Illinois Office of the Comptroller for several programs, including SSA,<sup>4</sup> and
- did not return refunded retirement costs to Federal programs, including SSA, on a timely basis.<sup>5</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.

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 September 4, 2019.

Please send copies of the final Audit Clearance Document to [OIG.Audit.Kansas.City@ssa.gov](mailto:OIG.Audit.Kansas.City@ssa.gov).



Rona Lawson

Attachment

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<sup>2</sup> See Footnote 1, finding 2018-006.

<sup>3</sup> SSA, OIG, *Single Audit of the State of Illinois for the Fiscal Year Ended June 30, 2016, A-77-17-00007* (April 21, 2017). A similar finding was identified in the Single Audit for the Fiscal Year Ended June 30, 2017; see SSA, OIG, *Single Audit of the State of Illinois for the Fiscal Year Ended June 30, 2017, A-77-18-00011* (July 10, 2018).

<sup>4</sup> See Footnote 1, finding 2018-010.

<sup>5</sup> See Footnote 1, finding 2018-015.

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