



Office of the Inspector General

SOCIAL SECURITY ADMINISTRATION

MEMORANDUM

Date: May 4, 2026

Refer To: 772635

To: Amy Gao
Director
Audit Liaison Staff

From: Michelle L. Anderson *Michelle L. Anderson*
Assistant Inspector General for Audit

Subject: Single Audit of the State of Illinois for the Fiscal Year Ended June 30, 2024

This memorandum presents the Social Security Administration's (SSA) portion of the single audit of the State of Illinois for the Fiscal Year ended June 30, 2024.¹ The audit firm 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 \$1 million or more in Federal funds in 1 year. It is intended to assure the Government that the non-Federal entity has adequate internal controls in place and is generally complying with program requirements. Non-Federal entities typically include state and local governments, Indian tribes, universities, and nonprofit organizations.

For single audit purposes, the General Services Administration maintains a list of all Federal programs in the Federal Assistance Listing. SSA's Disability Insurance and Supplemental Security Income programs are identified under listing number 96. SSA is responsible for resolving single audit findings reported under this listing 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.

¹ KPMG LLP, *State of Illinois Single Audit Report for the Year Ended June 30, 2024*, (March 31, 2026).

RESULTS

The single audit found IDHS did not accurately report expenditures under several Federal programs, including SSA's disability programs.² Specifically, expenditures in IDHS financial records did not agree with amounts reported to the Illinois Office of Comptroller on the Schedule of Expenditure of Federal Awards (SEFA). For SSA's programs, IDHS reported approximately \$147,000 less on the SEFA than it reported in its financial records. This occurred because IDHS used different reporting methodologies for its financial records than it did for the SEFA. While the single audit did not identify incorrect expenditures, failure to accurately report Federal expenditures may result in the suspension of Federal funding.

In response to the single audit finding, IDHS will hire additional staff to ensure accurate review, reconciliation, and presentation of its Federal grant expenditure data. Additionally, IDHS has written draft procedures that will include (1) identifying appropriate expenditures for reporting as well as (2) reviewing and validating Federal expenditures.

PRIOR SINGLE AUDIT FINDINGS

During the single audit for the Fiscal Year ended June 30, 2023, the auditors identified the same issue related to IDHS' inaccurate reporting of Federal expenditures under several Federal programs, including SSA.³ In January 2026, we recommended SSA work with IDHS to ensure it accurately charges expenditures related to SSA programs.⁴ In April 2026, in response to our recommendation, SSA reported that the IDHS implemented several corrective measures to address inaccurate reporting of federal expenditures for SSA programs. Specifically, IDHS finalized written procedures for reviewing, validating, and reconciling Federal expenditures, including identifying and resolving discrepancies as follows.

- Revised its reporting methodology (effective Fiscal Year 2025) to ensure Federal expenditures are reported on a cash basis thereby preventing discrepancies.
- Created a spreadsheet with expenditure data that compared Office of Comptroller and IDHS expenditure data to identify and research any discrepancies.
- Hired additional staff in November 2025 to support the review and reconciliation of Federal expenditure data.
- Corrected the Fiscal Year 2023 reporting error.

Because SSA confirmed IDHS took actions after the period covered by the subject audit, and those actions address a similar finding, we are bringing this matter to SSA's attention but are not making a recommendation.

² KPMG LLP, *State of Illinois Single Audit Report for the Year Ended June 30, 2024*, (March 31, 2026), Finding 2024-014.

³ KPMG LLP, *State of Illinois Single Audit Report for the Year Ended June 30, 2023* (September 15, 2025), Finding 2023-012.

⁴ SSA OIG: *Single Audit of the State of Illinois for the Fiscal Year Ended June 30, 2023* (772608), January 22, 2026.

The Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards requires that Federal awarding agencies issue a management decision letter on single audit 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 April 16, 2026. If you have questions, contact OIG.Audit.Division.7@ssa.gov.