Office of the Inspector General
SOCIAL SECURITY ADMINISTRATION

MEMORANDUM

Date: November 19, 2026 **Refer To:** 772712

To: Amy Gao
Director
Audit Liaison Staff

From: Michelle L. Anderson
Assistant Inspector General for Audit

Subject: Single Audit of the State of Illinois for the Fiscal Year Ended June 30, 2025

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, 2025.[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, 2025* (October 15, 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 the amounts it reported to the Illinois Office of Comptroller on the *Schedule of Expenditures of Federal Awards* (SEFA). This occurred because IDHS used different reporting methodologies for its financial records than it did for the SEFA. In addition, IDHS' controls over reporting Federal expenditures were not designed to ensure complete, accurate, and timely reporting.

In response to the single audit finding, IDHS reported it had established the following procedures to ensure Federal expenditures are accurately reported.

1. IDHS' General Accounting and Federal Reporting staffs met to discuss how they treat accrued expenditures, vouchers in transit, and cash or refunds in transit at the end of both the prior, and current, year.

2. General Accounting hired additional staff to ensure Federal expenditure data are thoroughly reviewed and reconciled under a tight deadline.

3. General Accounting finalized written procedures for staff to follow when they compare supporting documentation to the total amount of Federal expenditures.

4. General Accounting finalized a checklist for staff to use while they review Federal expenditures contained in IDHS fund reports.

PRIOR SINGLE AUDIT FINDINGS

During the single audits for the State Fiscal Years ended June 30, 2023 and 2024, 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's programs.[4] In response to our recommendation, in April 2026, SSA reported IDHS had implemented several corrective measures to address inaccurate reporting of Federal expenditures for SSA programs, including procedures described in items 1 through 4 above.

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.

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[2] KPMG LLP, *State of Illinois Single Audit Report for the Year Ended June 30, 2025,* (October 15, 2026), Finding 2025-042.

[3] KPMG LLP, *State of Illinois Single Audit Report for the Year Ended June 30, 2023* (September 15, 2025) and KPMG LLP, *State of Illinois Single Audit Report for the Year Ended June 30, 2024* (March 31, 2026).

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

The Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards require that Federal awarding agencies issue a management decision letter on single audit findings within 6 months of the Federal Audit Clearinghouse accepting the audit report. The Clearinghouse accepted the single audit of the State of Illinois on October 22, 2026

If you have questions, contact OIG.Audit.Division.7@ssa.gov.