ILLINOIS AUDIT INFORMATION

V1

In Recognition of Illinois Internal Audit Awareness Month (May 2026)

STATE OF ILLINOIS

EXECUTIVE DEPARTMENT

Proclamation

WHEREAS, internal auditing is a vital part of strengthening organizations and protecting stakeholders of both the public and private sectors; and,

WHEREAS, internal auditing helps identify and manage an organization's risks and ensure policies, procedures, and controls are in place and working appropriately; and,

WHEREAS, internal auditing is an increasingly sophisticated and complex activity requiring specialized knowledge, training, and education; and,

WHEREAS, internal auditing is an established profession with a globally recognized code of ethics and International Professional Practices Framework of Internal Auditing; and,

WHEREAS, historically, the global internal audit profession promotes awareness about its value during the month of May each year; and,

WHEREAS, the contributions of internal auditors to the success of organizations and the global economy at large deserve our recognition and commendations;

*THEREFORE, I, JB Pritzker, Governor of the State of Illinois, do hereby proclaim the month of May 2026 as **Internal Audit Awareness Month** in Illinois and invite all residents of Illinois to join me in recognizing professional internal auditors for their contributions to society.*

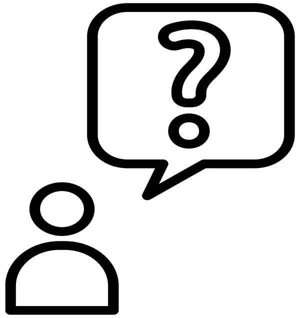
In Witness Whereof, *I have hereunto set my hand and caused the Great Seal of the State of Illinois to be affixed.*

Done at the Capitol in the City of Springfield, this FIRST *day of* MAY*, in the Year of Our Lord, two thousand and* TWENTY-SIX*, and of the State of Illinois, two hundred and* SEVENTH*.*

SECRETARY OF STATE

GOVERNOR

Governor JB Pritzker issued a proclamation declaring May 2026 as Internal Audit Awareness Month in the State of Illinois



Internal Audit Awareness Month **began globally in the 1990s** through the Institute of Internal Auditors (IIA) to promote the value of the auditing profession.

In Illinois, the month is recognized and supported by local IIA chapters and state leaders to highlight the importance of accountability and oversight.

Table of Contents

Overview

Audit Commission History

1957 – Origin & Consolidation of power

The Illinois General Assembly passed the Illinois Auditing Act (1957). Created:

- The Department of Audits
- The Legislative Audit Commission (LAC)

→ Aiming to strengthen financial oversight

1970 Constitution – Strengthened oversight

- Created independent Auditor General (1970)
- Shifted auditing power to the legislature

1974 - The Illinois State Auditing Act (1974)

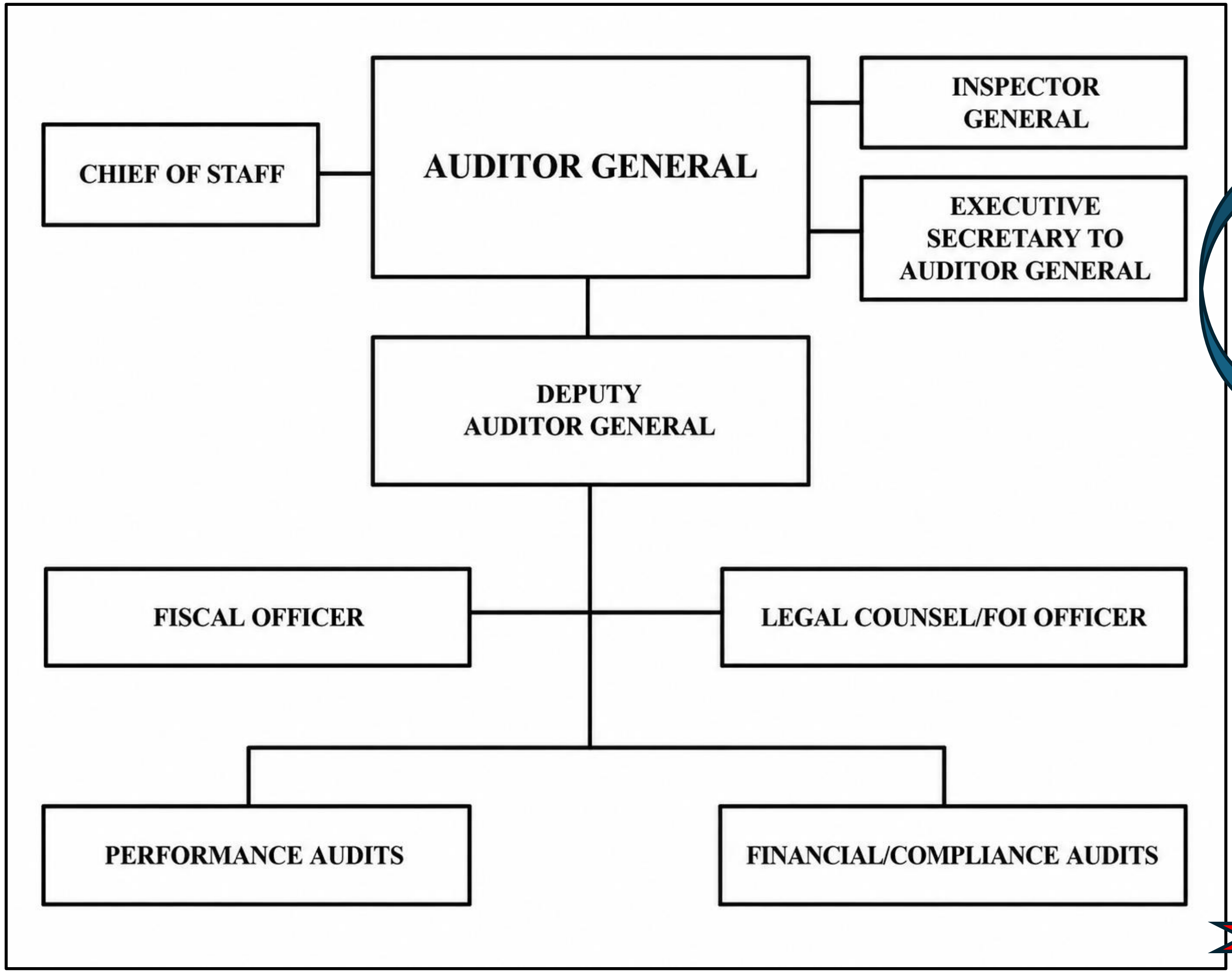
- Established a modern audit framework (financial, compliance, performance audits)
- Formalized the relationship between:
  - Auditor General (conducts audits)
  - Legislative Audit Commission (oversees and reviews them)

Today: Reviews audits and monitors corrective actions.

- Reviews audits from the **Illinois Auditor General**
- Holds hearings on audit findings
- Monitors agency corrective actions
- Ensures accountability and transparency in state government

Overview

Auditor General Organizational and Structure



The Illinois Auditor General is an independent legislative official created under the Illinois Constitution and selected by the Illinois General Assembly to serve a 10-year term

Roles

- **Providing** independent oversight of state government by auditing the use of public funds
- **Reporting** findings to the General Assembly and Governor.
- **Conducting** audits to ensure agencies follow laws, manage resources properly, and operate effectively.

Improve government accountability and transparency.

Overview

Legislative Audit Commission

The Legislative Audit Commission is **responsible for the oversight** of the State Audit Program, review of the stewardship of public funds, and the monitoring action to correct weaknesses disclosed by the audits of state agencies. The membership consists of 12 legislators appointed by the General Assembly leadership and is equally apportioned between the two houses and political parties.

The Legislative Audit Commission is mandated by law (25 ILCS 150/0.01-0.06) to review all audits conducted by the State Auditor General. Primary responsibilities of the Commission are:

- **Public hearings** on all major audits of State agencies to review problems, assess agency stewardship, and secure remedial action.
- **Initiation and review** of management and program audits and investigations.
- **Make recommendations** to the General Assembly and agency management for corrective legislation and other measures to remedy weaknesses disclosed through audits or at Commission hearings.
- **Monitoring agency progress** in implementing corrective action.

During 2024, the Commission reviewed 184 financial audits and compliance examinations, ten statewide single audit and five performance audits.

Overview

Legislative Audit Commission Membership

Representative Robert "Bob" Rita, Co-Chair
Senator Chapin Rose, Co-Chair

Senate Members:
Senator Chris Balkema
Senator Laura Ellman
Senator Doris Turner
Senator Celina Villanueva
Senator Craig Wilcox

House Members:
Representative Amy Elik
Representative Marcus Evans, Jr
Representative Natalie Manley
Representative Charles Meier
Representative Kyle Moore

Executive Members:

Executive Director: Jaimee Ray

Executive Assistant: Joyce Smith

Audit Analyst: Deanna Hannel

Overview

Audit Commission Process & Frequency

Legislative Audit Commission — Process

Receives audit reports

The Commission **receives reports** from the Auditor General and other financial statements from state departments, subdivisions, and agencies.

Reviews & Determines Remedial Action

Determines what remedial measures are needed based on the reports.

Directs Special Investigations

If deemed **necessary**, the Commission **can direct** the Auditor General to conduct special studies or investigations.

Handles Disagreements

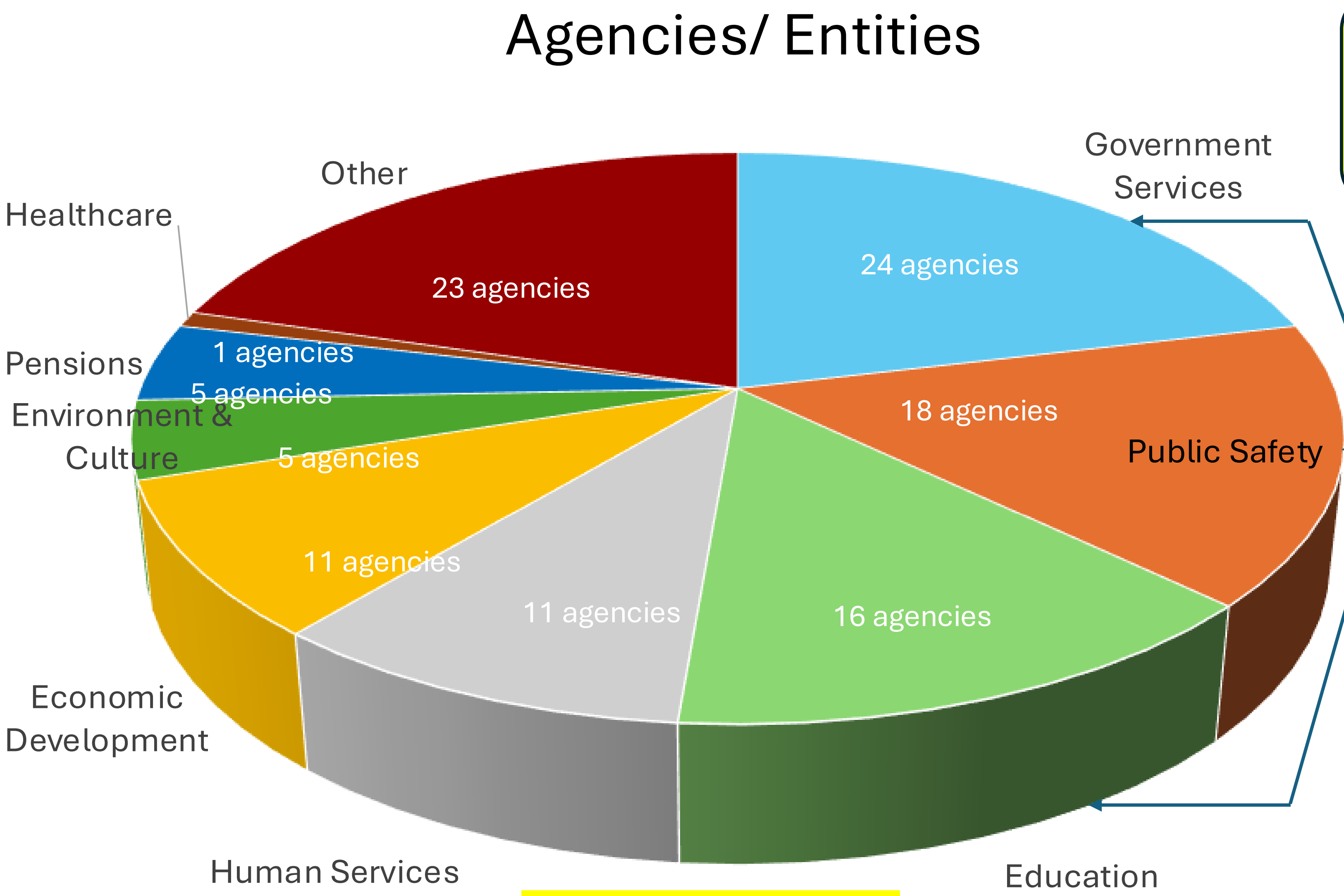
If a dispute arises between the Commission and a state agency, the responsible official (including the Governor) must respond within **60 days** with corrective action or reasons for inaction.

Reports to the General Assembly

Submits a report of its activities and recommendations **at least annually, no later than March 1** each year.

Source: Illinois Legislative Audit Commission Act (25 ILCS 150/).

Overview



Illinois oversees **more than 100 agencies** and entities across major public service sectors.

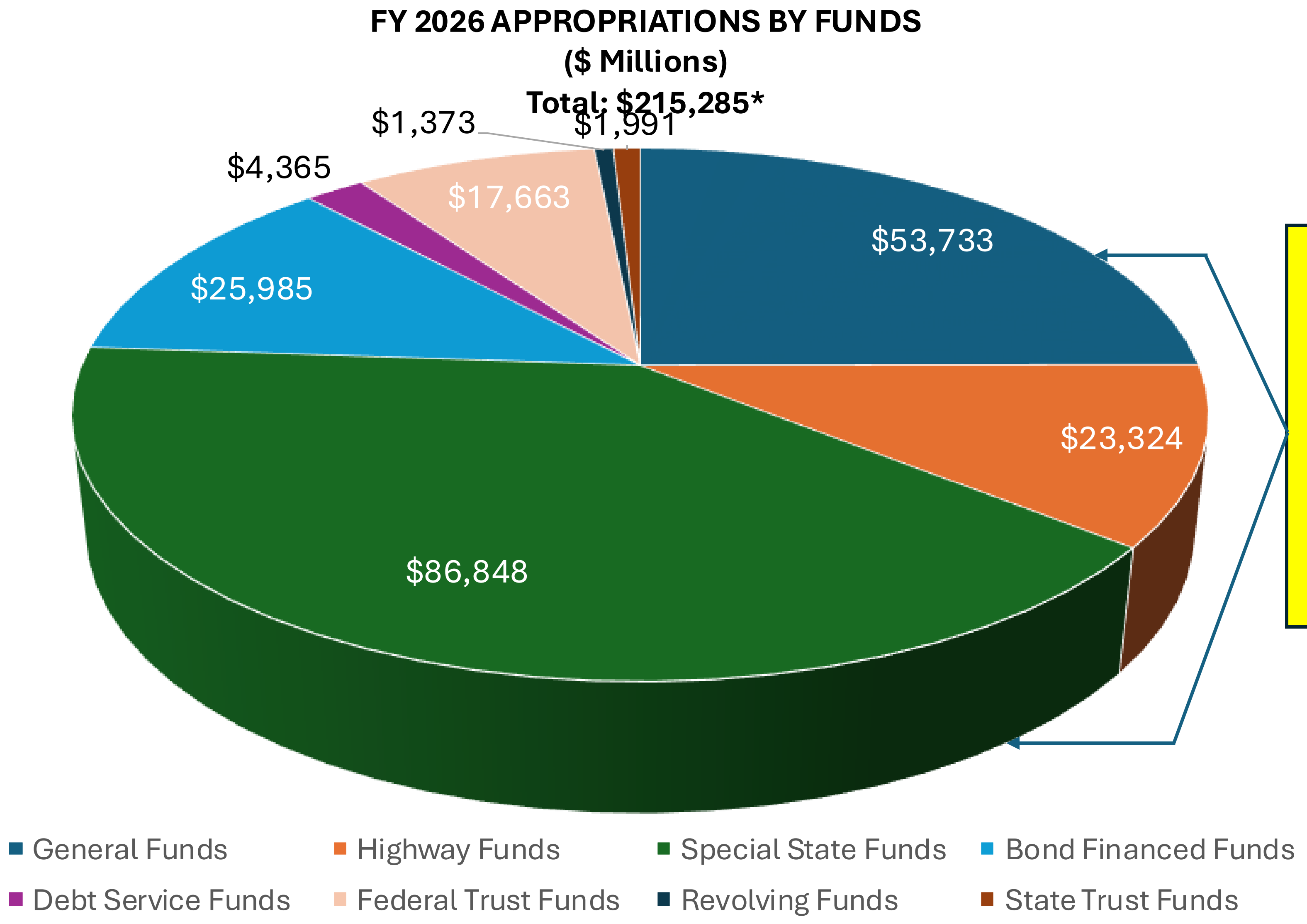
Government Services, Public Safety, and Education account for the **majority (51%)** of Illinois agencies and entities under state oversight and audit review.

Total: 113 agencies

Source: Commission on Government Forecasting & Accountability. *Note: Totals may vary depending on counting methods and agency classifications.

Overview

Sources of Agency Funding



Special State Funds and General Funds together account for approximately **$141 billion**, representing roughly **65%** of all funds shown in the table.

Source: Commission on Government Forecasting & Accountability. * preliminary appropriations data from the Statewide Accounting Management System Information Warehouse as of July 21, 2025.

Table of Contents

Findings & Trends

Types of Illinois Audits

- ## Financial Audits:

Financial audits examine whether agency financial statements are accurate and fairly presented according to accounting standards.

Frequency: At least once every 2 years (biennial)

- ## Compliance Audits:

Compliance audits examine whether state agencies follow laws, regulations, and spending requirements when using public funds.

Frequency: At least once every 2 years (biennial)

Source: Illinois State Auditing Act (30 ILCS 5)

- ## Performance Audits:

Performance audits evaluate the effectiveness, efficiency, and management of government programs and operations.

.

Frequency: As requested by General Assembly

- ## Special Audits:

"Special audit" means a financial audit, a compliance audit, or other attestation engagement of limited scope.

Frequency: As requested by General Assembly

Audit Category Meaning

State Compliance Examination
For the Two Years Ended June 30, 2023

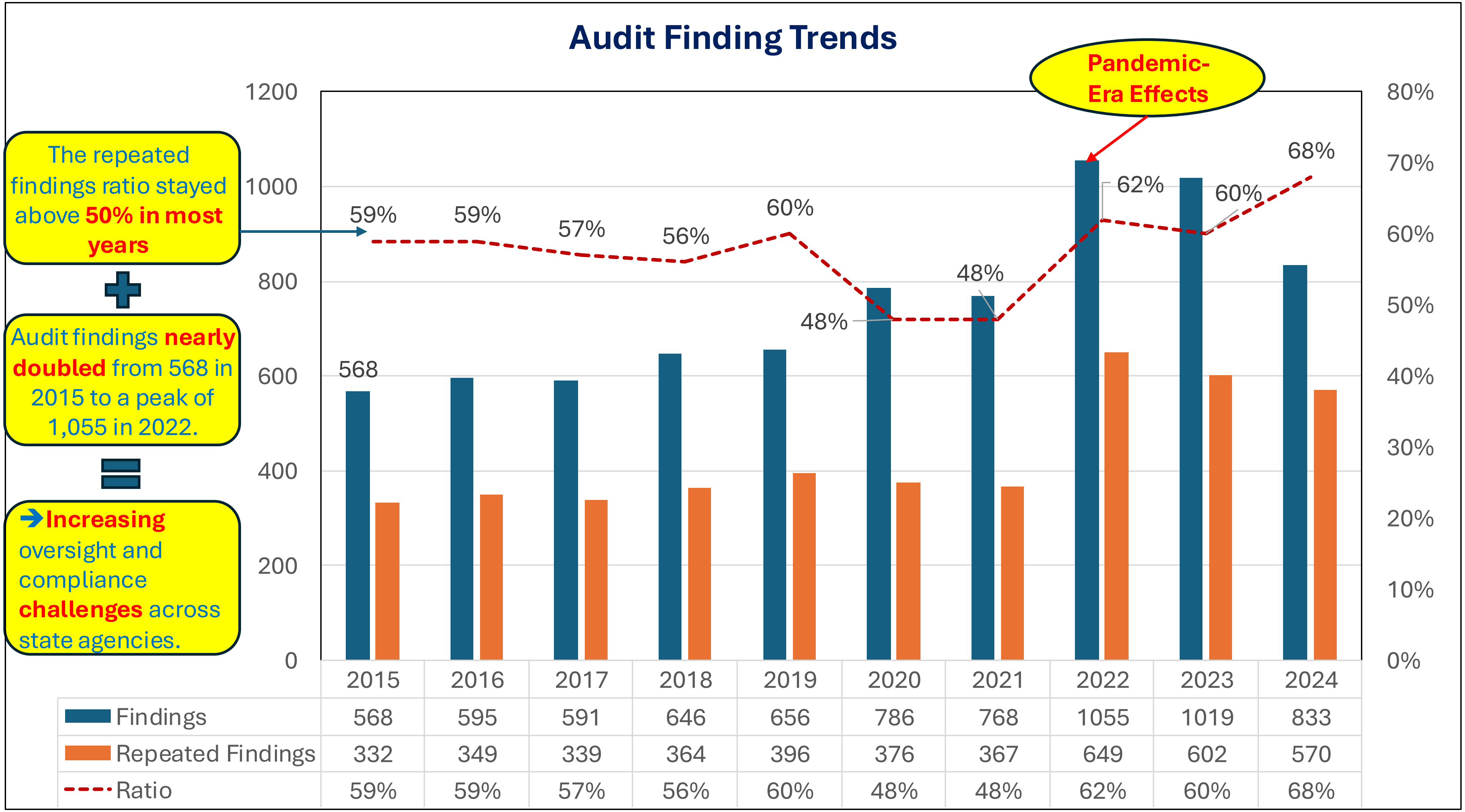
FINDINGS THIS AUDIT: 17

	New	Repeat	Total
Category 1:	3	2	5
Category 2:	5	6	11
Category 3:	0	1	1
TOTAL	8	9	17

FINDINGS LAST AUDIT: 11

Findings & Trends

Audit Findings (2015–2025)

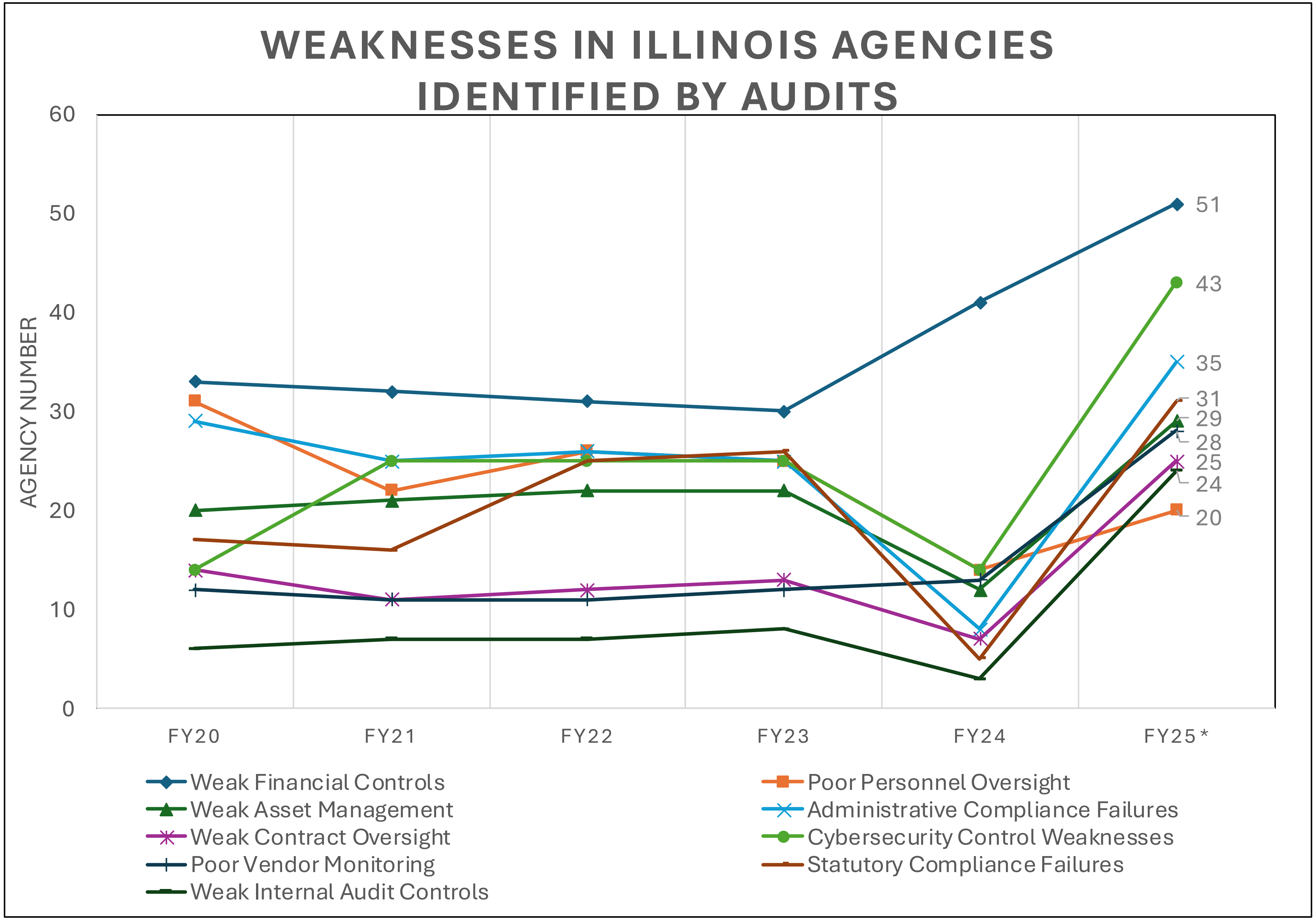


	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Findings	568	595	591	646	656	786	768	1055	1019	833
Repeated Findings	332	349	339	364	396	376	367	649	602	570
Ratio	59%	59%	57%	56%	60%	48%	48%	62%	60%	68%

Source: Legislative Audit Commission

Findings & Trends

Key Weaknesses in Illinois Agencies



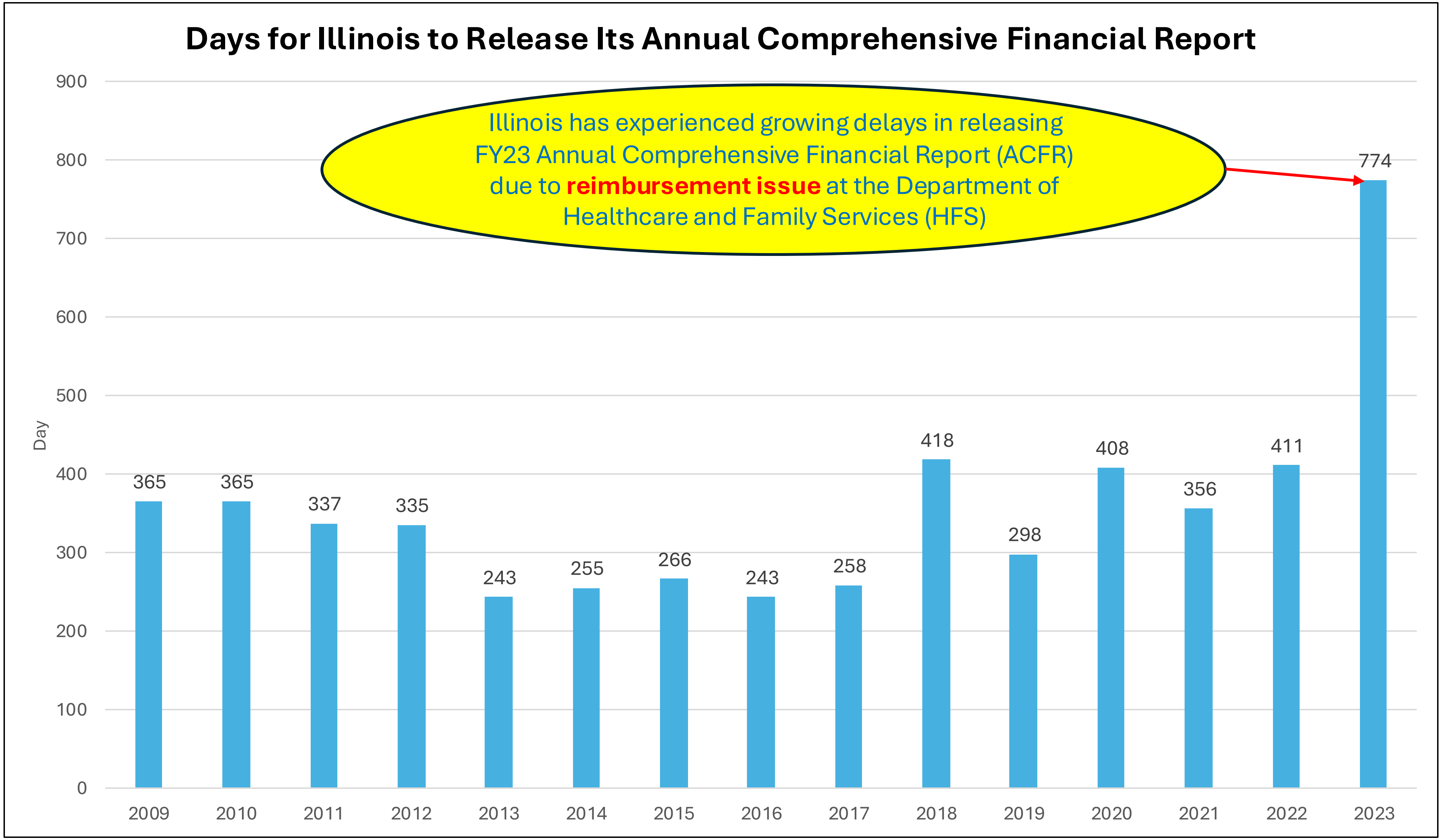
Major Points:

The majority of identified weaknesses in Illinois agencies **show an upward trend** (except Poor Personnel Oversight weakness)

Weak Internal Audit Control issues **quadrupled** from 6 agencies in 2020 to 24 in 2025.

Findings & Trends

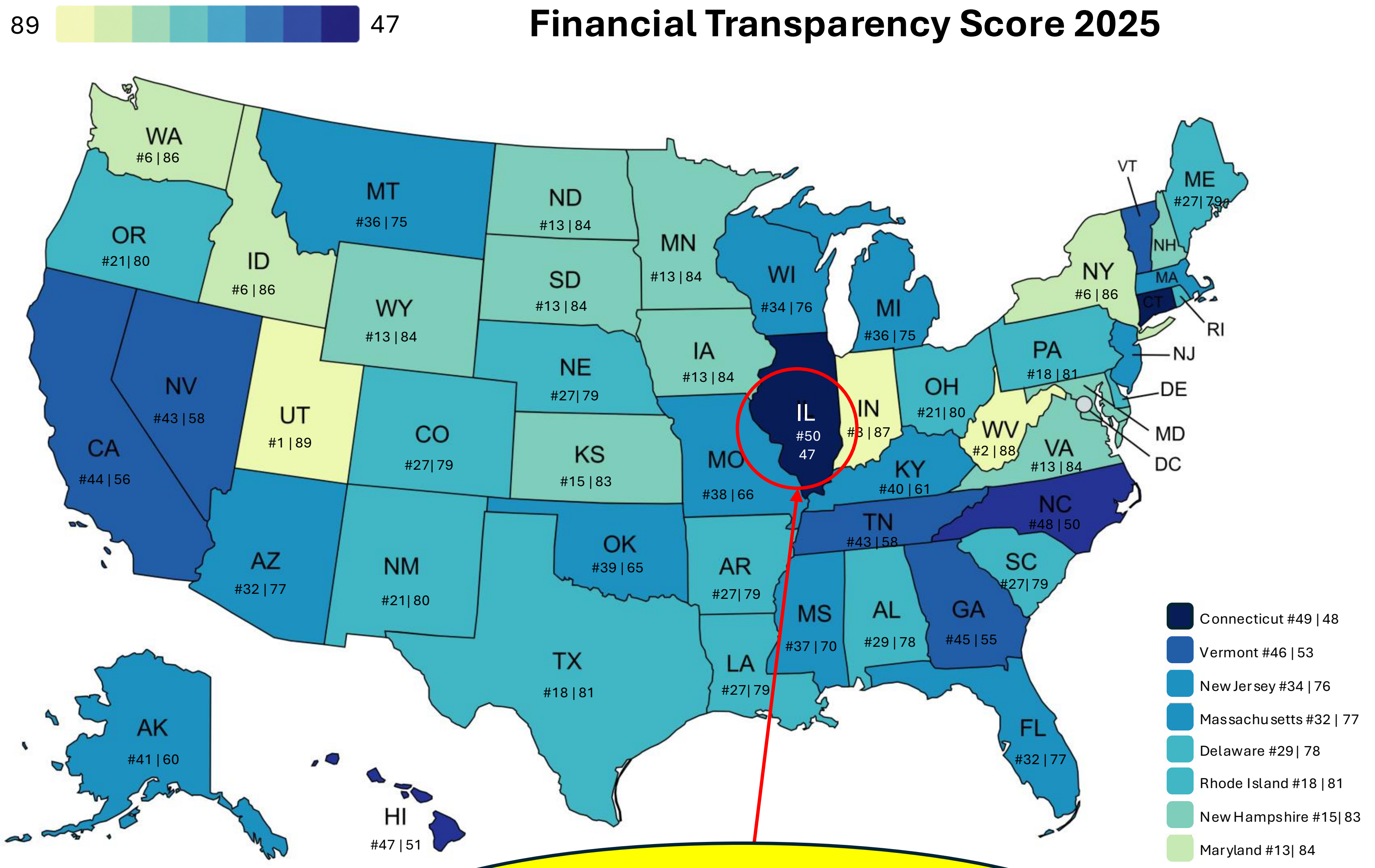
Illinois Financial Report Delays



Source: Truth in Accounting

Findings & Trends

Transparency Score



Illinois **ranks last** among U.S. states in financial transparency.

Source: Truth in Accounting

Created with mapchart.net

Struggled with **timely financial** reporting

+

Failed to receive a **clean** independent audit opinion

+

Missed the 100-day deadline for annual financial reporting

+

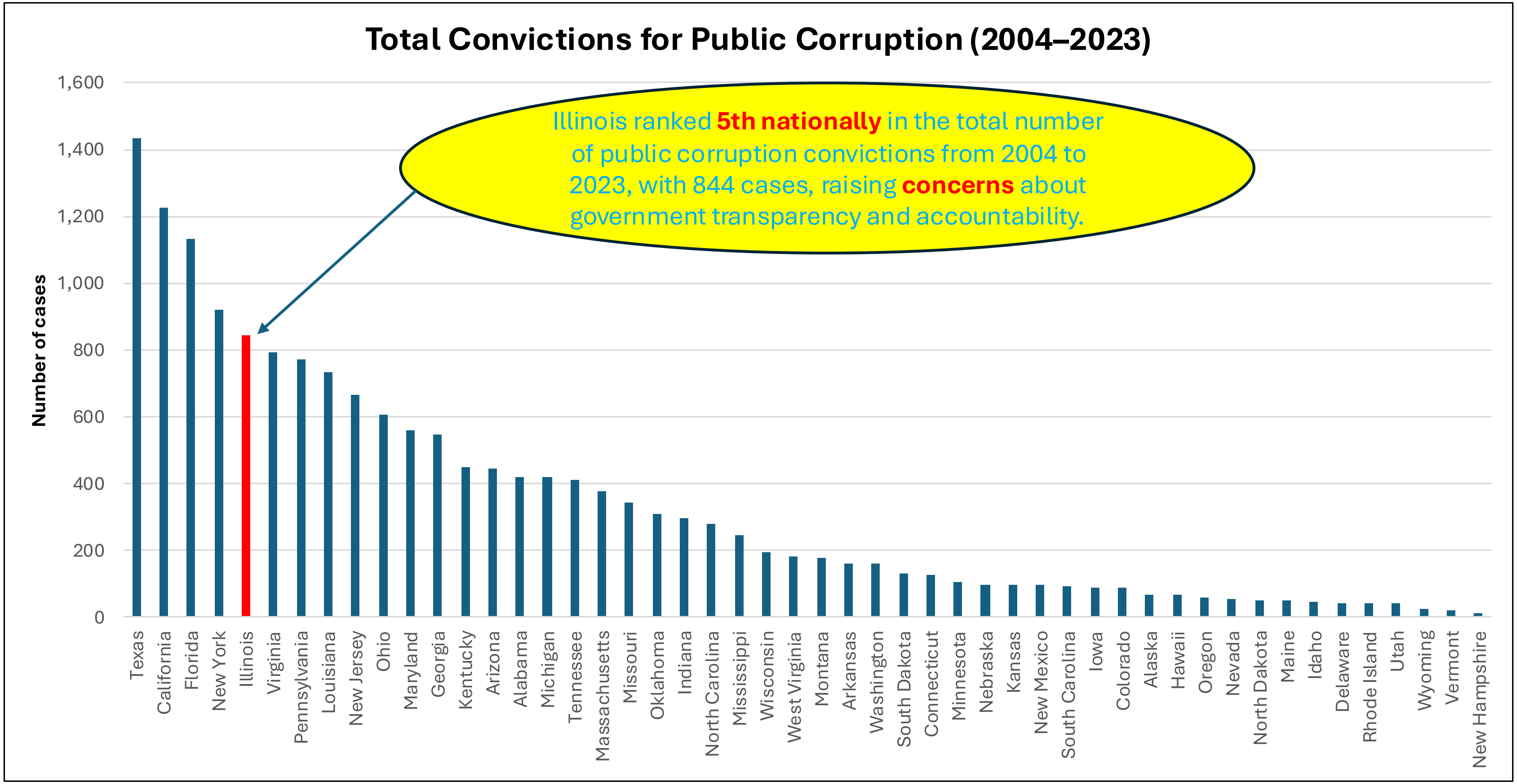
Ongoing Weaknesses in accountability and transparency

=

Illinois' Worst Financial Transparency Performance

Findings & Trends

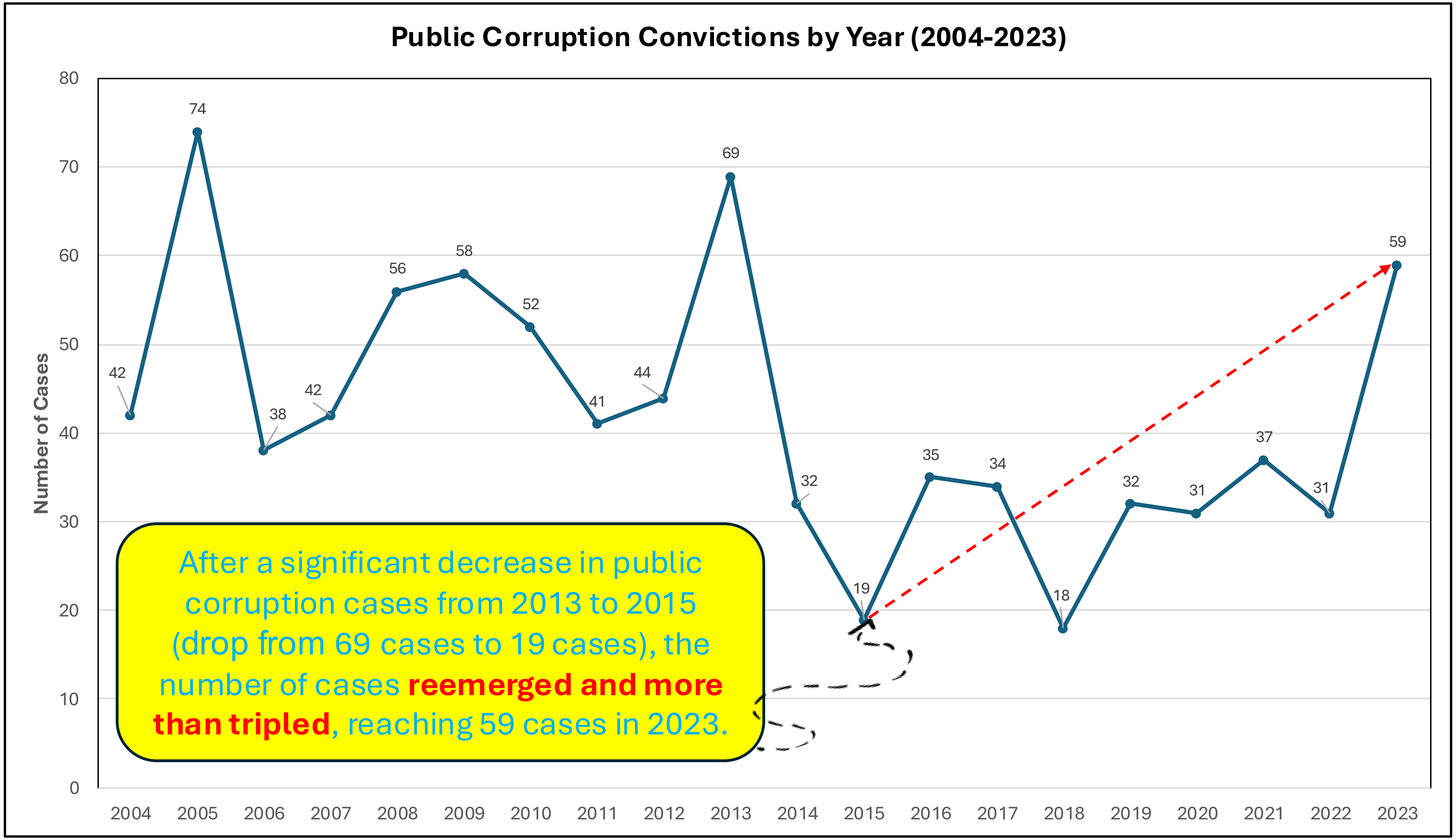
Trends in Public Corruption Convictions (2004–2023)



Source: Department of Justice

Findings & Trends

Annual Public Corruption Convictions



Source: Department of Justice

Findings & Trends

Illinois Audit & Transparency Overview

- **Audit findings** have nearly **doubled** since 2015
- **The Repeated Findings** rate has consistently **remained above 50%**
- **Illinois' Annual Comprehensive Financial Report** (ACFR) has experienced **reporting delays**
- **Public corruption convictions** in Illinois have nearly **tripled** since 2015

Table of Contents

Process & Corrective Actions

Proposed Standard Work

01 Collect Audit Data

- Gather audit reports from the Illinois Auditor General.
- Review Financial Audits, Compliance Examinations, Single Audits, and Performance Audits.

02 Categorize Audit Findings

Classify findings into major categories:

- Category 1: Material Internal Control Weaknesses
- Category 2: Significant Compliance & Control Issues
- Category 3: Noncompliance Without Internal Control Issues

03 Review Recent Agency Audits

- Analyze the most recent audit reports for Illinois agencies.
- Identify agencies with the largest number of findings.
- Examine agencies with high repeated-finding rates.

04 Conduct Agency Follow-Up

Reach out to agencies to obtain updates on outstanding audit findings:

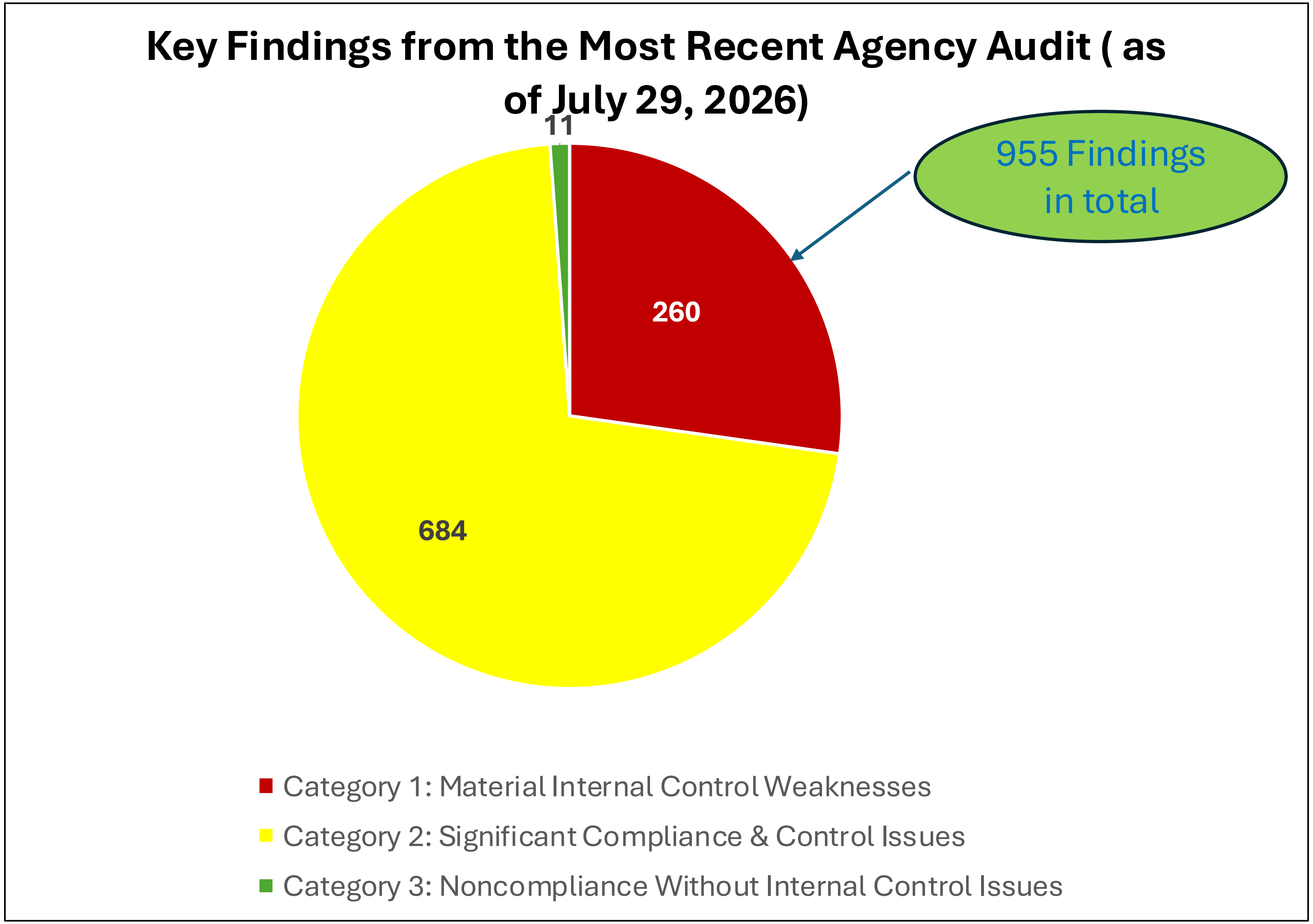
- Collect Green / Yellow / Red status reports.
- Verify corrective actions, implementation timelines, and unresolved issues.

05 Develop Conclusions

- Identify major statewide weaknesses.
- Evaluate agency progress in resolving findings.

Process & Corrective Actions

Key Findings from Recent Agency Audit Reports



Key Findings

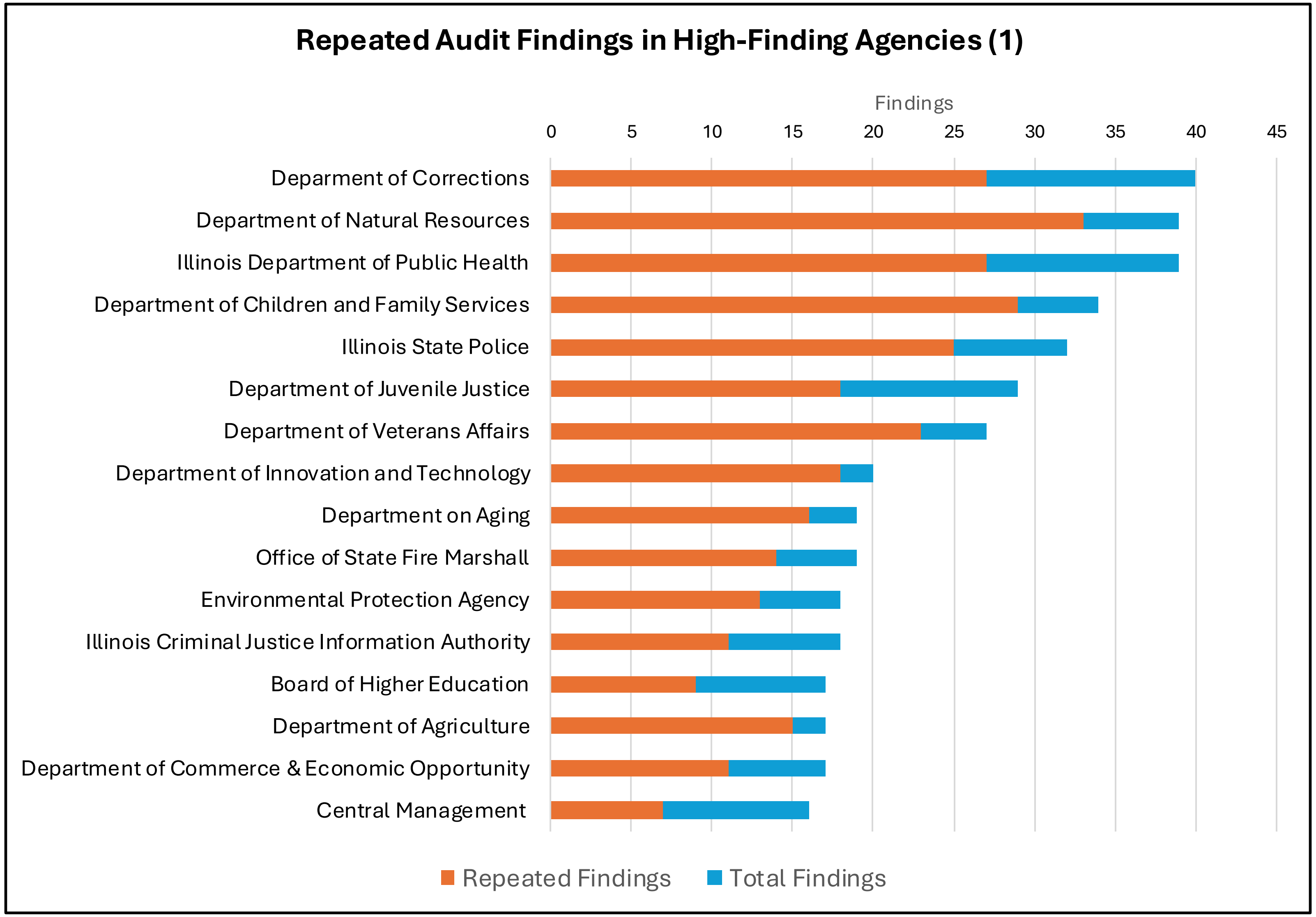
Category 2 accounted for the majority of findings, representing approximately **72%** of all audit findings.

Overall Repeated Findings Rate: **approximately 70%**

Indicate **recurring weaknesses** in a specific operational or compliance area.

Process & Corrective Actions

Repeat Audit Findings in Agencies with 10+ Findings (cont.)



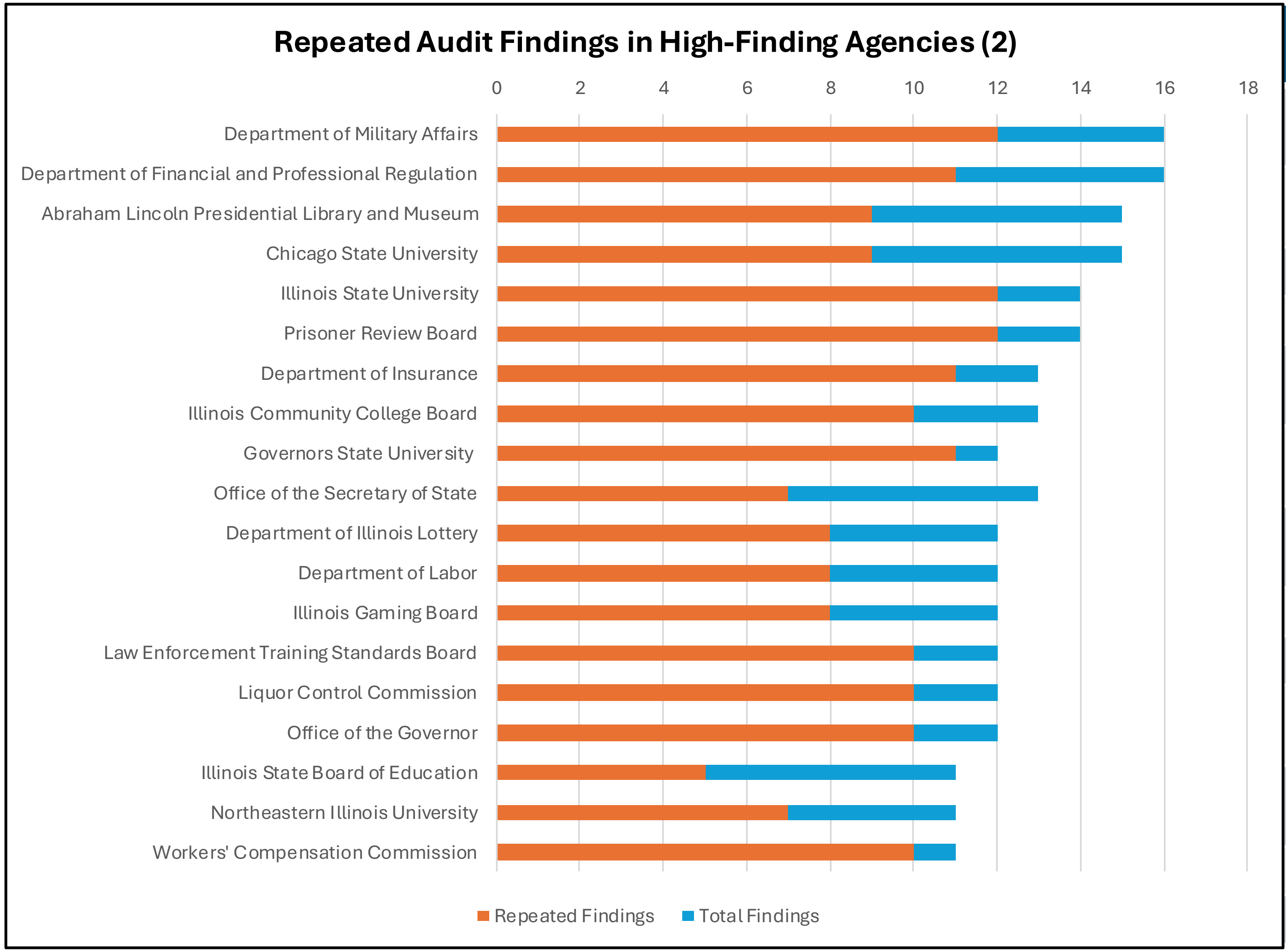
Several Illinois agencies continue to report very **high repeated** finding rates:

19 out of 35 (54%) agencies reported repeated findings rates exceeding **70%.**

Source: General Auditor

Process & Corrective Actions

Repeat Audit Findings in Agencies with 10+ Findings (cont.)

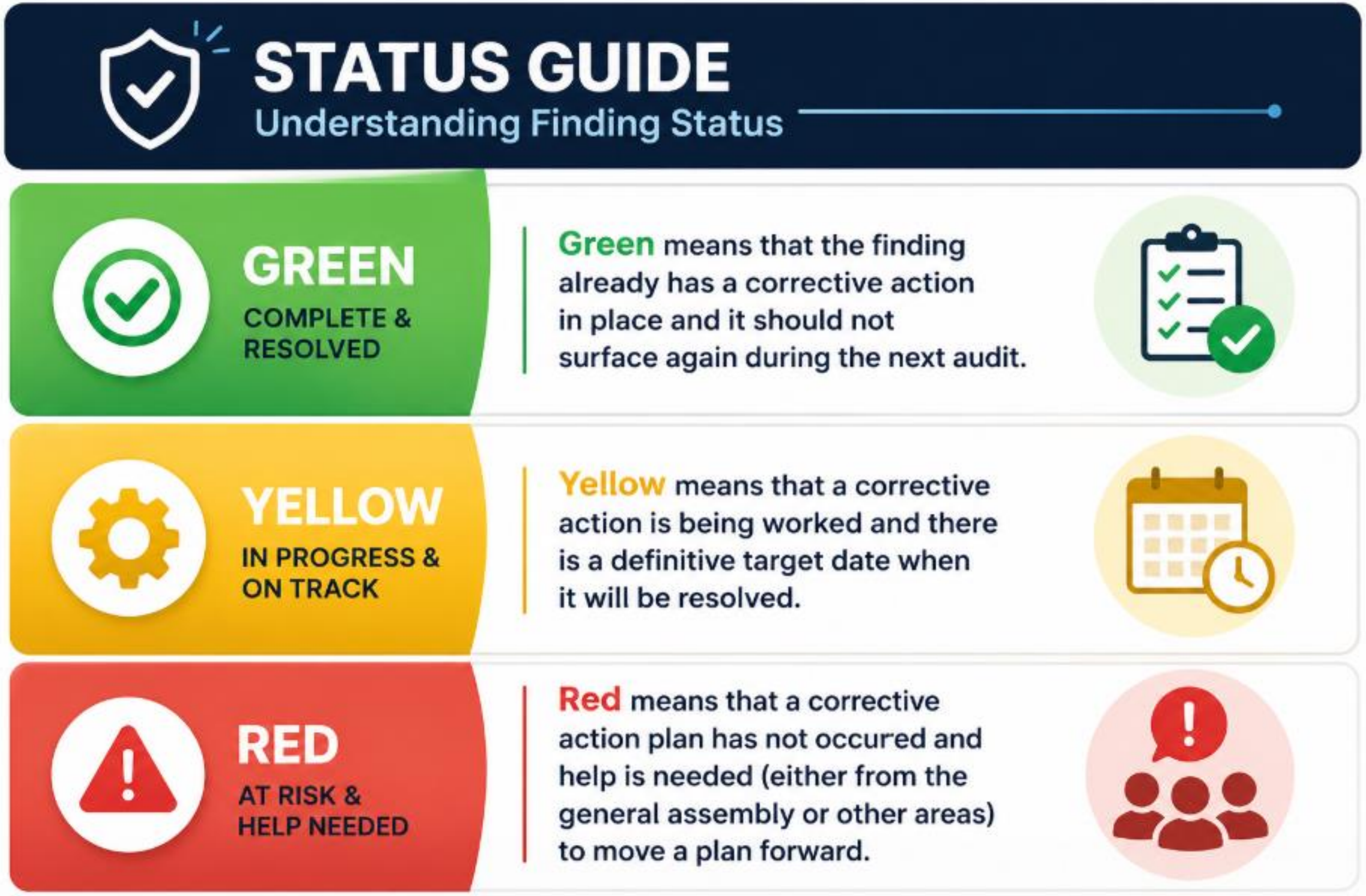


Agencies with Over 80% Repeated Findings	
WCC	Workers' Compensation Commission
DoIT	Department of Innovation and Technology
IDOA	Illinois Department of Agriculture
ISU	Illinois State University
DCFS	Department of Children and Family Services
IDVA	Illinois Department of Veterans' Affairs
IDNR	Illinois Department of Natural Resources
DOI	Department of Insurance
IDoA	Department on Aging
ILETSB	Illinois Law Enforcement Training and Standards Board
ILCC	Illinois Liquor Control Commission
OOG	Office of the Governor
GSU	Governor State University

Source: General Auditor

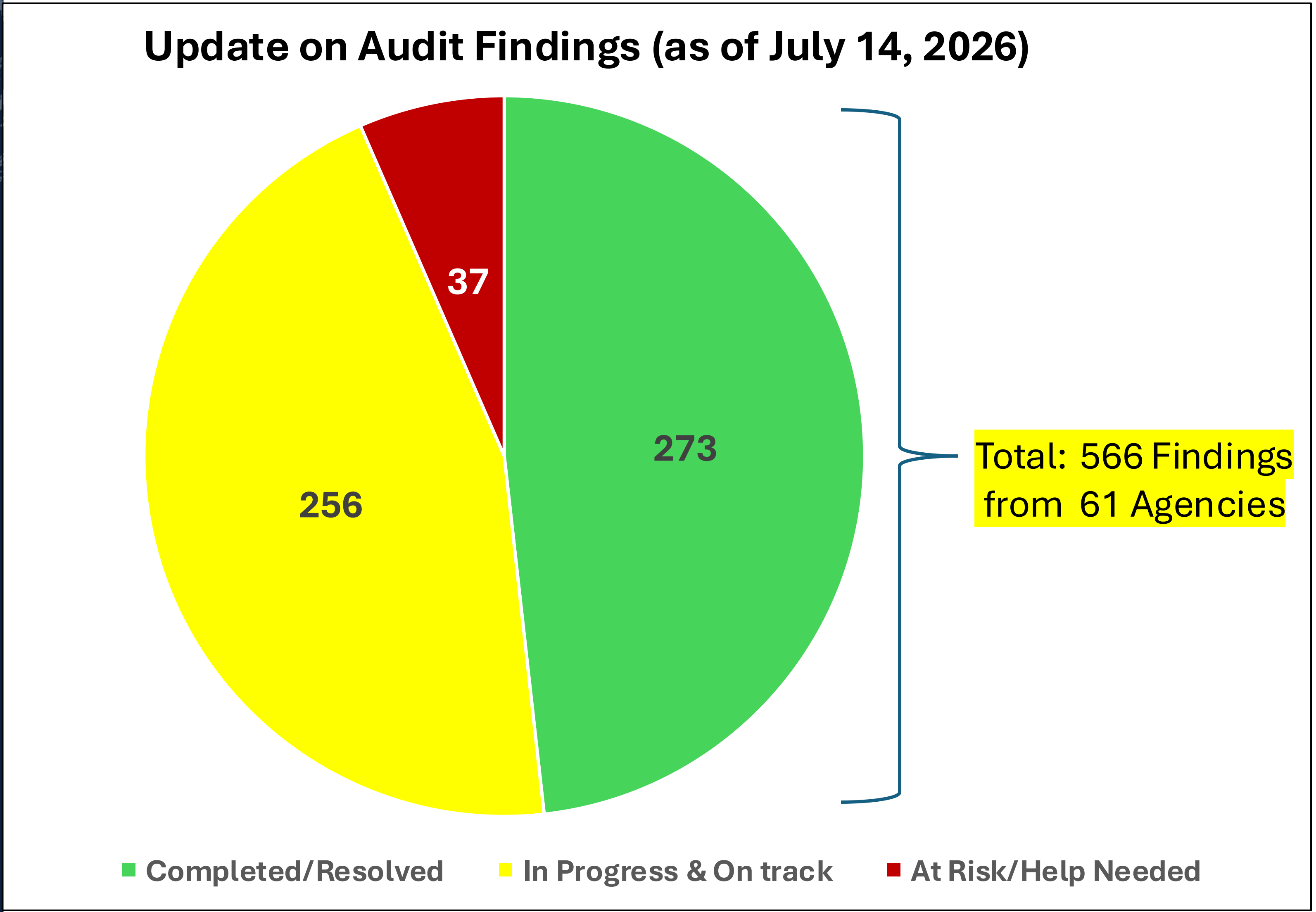
Process & Corrective Actions

Audit Color Definition



Process & Corrective Actions

Audit Findings Update



- 273 findings **(49%)** have been resolved.

- 256 findings **(45%)** remain in progress and are currently on track for completion.

- 37 findings **(6%)** remain unresolved or require additional assistance

Findings & Trends

Types of Audit Opinions

Unmodified Opinions

The auditor concludes that the financial statements of a given entity are presented fairly, in all material respects, in accordance with generally accepted accounting principles.

Source: NM Office of the State Auditor

The **most severe** audit opinion an auditor can issue

Modified Opinions

A qualified opinion, an adverse opinion, or a disclaimer of opinion.

Adverse Opinion

The auditor determines, based on sufficient audit evidence, that misstatements are both material and pervasive, causing the financial statements to be significantly misstated and unreliable.

Qualified Opinion

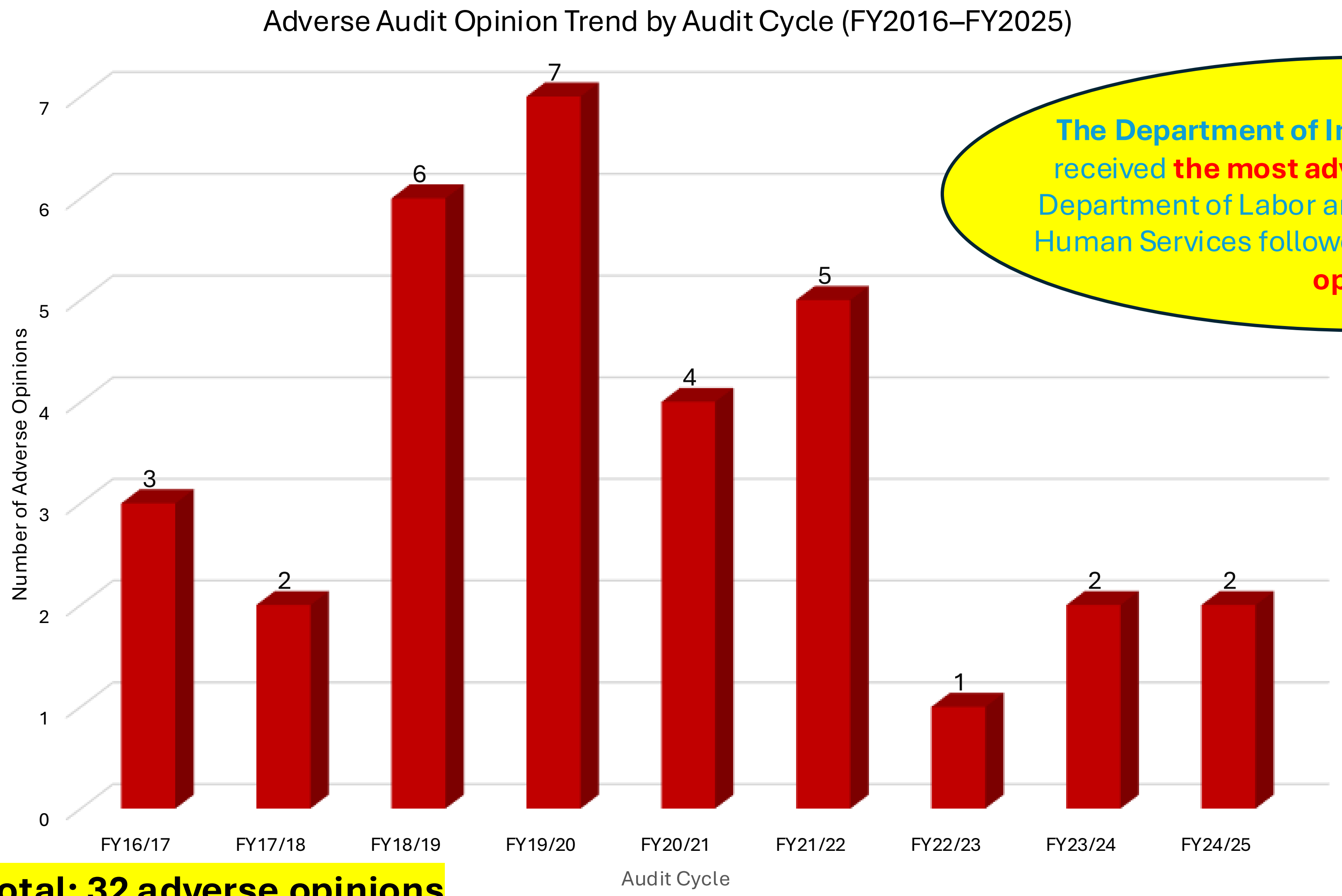
A **qualified opinion** is issued when material misstatements exist, or sufficient audit evidence cannot be obtained, but the effects are material yet limited and not pervasive to the financial statements.

Disclaimer of Opinion

The auditor cannot obtain sufficient appropriate audit evidence and concludes that potential undetected misstatements could be both material and pervasive, preventing the auditor from expressing an opinion on the financial statements.

Findings & Trends

Number of Adverse Audit Opinions by Audit Cycle



Total: 32 adverse opinions

The Department of Innovation and Technology received **the most adverse opinions**. The Illinois Department of Labor and the Illinois Department of Human Services followed, each receiving **4 adverse opinions.**

From the FY16/17 through FY24/25 audit cycles, **15 agencies** received at least one adverse audit opinion.

Source: General Auditor

Audit Process & Corrective Actions Overview

In the **most recent** audit reports:

- Illinois agencies reported **955 findings**, a slight increase from 833 findings in the FY2024 audit cycle.
- The percentage of repeated findings increased **to 70%,** up from 68% in FY2024

→ Continued difficulties in resolving internal issues.

13 agencies with more than 10 audit findings reported a **repeat finding rate above 80%.**

Based on agency follow-up updates (as of June 25, 2026), **49% of findings (273 findings)** have been resolved, while **45% (256 findings)** remain in progress and are currently on track for completion.

How This Affects Illinoisans

Repeated Findings

- Delayed Reporting
- Unresolved Findings
- **Management Gaps**
- Delayed Corrections

+

Weak Controls

- Operational Issues
- Limited Transparency
- Compliance Failures
- Weak Monitoring

=

OUTCOME $

- Reduced Trust
- Less Accountability
- Lower Efficiency
- Taxpayer Risk

Path Forward

Achieve 100% Agency Compliance
Strengthen Internal Controls Across State Agencies

Greater Transparency and Public Trust

Reduce Repeated Findings

Increase Timely Corrective Action Implementation

Acknowledgments

- This presentation was made possible through the cooperation and support of Illinois state agencies and entities that provided audit finding updates, and corrective action information. Their cooperation and transparency were essential in assessing the status of audit findings and evaluating progress toward resolution.

Table of Contents

Illinois Bills Filed in 104th Assembly Legislation

Bill Number	Description
HB0762	This bill requires the Illinois Department of Insurance to survey liability insurance practices for foster care and adoption service providers and report findings on the insurance market. A final report must be completed by April 1, 2026 and shared with state leaders and stakeholders, and the Act will be repealed on November 1, 2026.
HB1082	This bill updates municipal auditing requirements starting in FY2026. Municipalities with 1,000+ residents must file annual audit and financial reports, while smaller municipalities must file annual financial reports and periodic audits depending on debt, utilities, and audit findings. It also sets a 180-day deadline to submit reports to the Comptroller, with possible extensions.
HB2065	This bill sets eligibility requirements for organizations seeking grants under the Charitable Trust Stabilization Act. Applicants must be in good standing, properly registered with the Attorney General, file recent annual reports, follow nondiscrimination laws, and have either a full-time employee or a fiscal agent with a physical office providing services.
HB2142	This bill allows emergency services districts focused on ambulance service to be formed within fire protection districts if the fire district stops levying ambulance taxes and the new district provides service in that area. It also updates formation procedures, including notice and hearing rules, removes some court-related requirements, and expands district powers such as borrowing money, holding property, and operating ambulance services.
HB2196	This bill updates rules for poultry raisers selling exempt home-raised poultry. It requires clearer, larger-font safety signage and adds new food safety standards for sales at farmers' markets, including providing safe handling information, maintaining proper temperature control, and requiring poultry products to be sealed in leakproof packaging.

Illinois Bills Filed in 104th Assembly Legislation

Bill Number	Description
HB5166	This bill revises procedures for dissolving certain sanitary and drainage districts, limiting its application to districts in counties with populations between 650,000 and 1,000,000. It removes changes to several other district laws and updates reporting requirements to the Department of Revenue after dissolution.
SB0023	This bill requires the Illinois Auditor General to conduct periodic performance audits (in 2025, 2030, 2035, 2040, and 2045) of Illinois Power Agency renewable energy programs, including the Renewable Portfolio Standard and Adjustable Block solar program. The audits must include site inspections, expert consultation, and public reports, and the requirement sunsets in 2046.
SB0029	This bill allows municipalities to publish legal notices online instead of in newspapers, as long as they are also posted on a certified searchable database website. It updates related laws to reflect this change and removes a requirement for posting notices on a statewide website.
SB0053	This bill prohibits lobbyists from offering or promising anything of value, including campaign contributions or endorsements, in exchange for specific legislative or executive actions. It also bars lobbying activity that encourages officials or state employees to violate ethics laws, while still allowing lawful voluntary political contributions.
SB0082	This bill updates municipal auditing rules starting in FY2026. Municipalities with 1,000+ residents must file annual audit and financial reports, while smaller municipalities must file annual financial reports and periodic audits depending on debt, utilities, and audit results. All reports must be submitted to the Comptroller within 180 days after the fiscal year ends, with possible extensions.

Illinois Bills Filed in 104th Assembly Legislation

Bill Number	Description
SB0642	This bill raises and gradually increases the income limits for the Low-Income Senior Citizens property tax freeze exemption from $75,000 in 2026 to $79,000 in 2028 and beyond. It also updates rules for property tax delinquencies and allows county clerks to create payment plans during redemption periods, including the option to waive interest penalties when payments are made under the plan.
SB1599	Amends the Solicitation of Charity Act and the Charitable Trust Act. Requires the Attorney General to accept reports that are required under these Acts electronically. Effective immediately.
SB1600	Amends the Time Standardization Act. Provides that daylight saving time shall be the year-round standard time of the entire State. Makes other changes. Effective January 1, 2026.
SB1719	Amends the Local Records Act. Provides that a unit of local government required to store public records under the Act may satisfy the requirements of the Act by storing the public records in an electronic form.
SB1815	This bill strengthens revolving door ethics rules by prohibiting employers from offering jobs or compensation to individuals barred from accepting them under state ethics laws. It also gives ethics commissions authority to enforce the rule and impose penalties of up to three times the annual compensation offered in violation.

Illinois Bills Filed in 104th Assembly Legislation

Bill Number	Description
SB1935	This bill requires the Governor's Office of Management and Budget to review state regulatory agencies two years before their scheduled termination and evaluate their performance. The review must also consider how similar professions or industries are regulated in other states when deciding whether to continue, modify, or end the agency or program.
SB2044	Creates the Web-Based Signatures Act. Provides that a unit of local government may allow a person to sign any document with a web-based signature if the unit of local government uses a secure web-based platform.
SB2094	Amends the Fiscal Note Act. Provides that no rule of either house may authorize or require a note request to be deemed inapplicable. Effective immediately.
SB2114	Amends various Acts. Removes the requirement that the Senate provides advise and consent to specified nominations.
SB3378	This bill allows legally required public notices to be published on qualified online or digital news platforms instead of newspapers, as long as the platform regularly publishes local content and meets specified activity requirements. It applies to notices published on or after the effective date of the Act.

Illinois Bills Filed in 104th Assembly Legislation

Bill Number	Description
SB3431	This bill changes the Regulatory Sunset Act review process so that the Governor's Office of Management and Budget evaluates agencies only in the year two years before they are set to expire. The Governor must then issue recommendations on whether to continue, modify, or terminate each program by December 1 of the year before its scheduled termination.
SB3610	This bill raises the revenue threshold for simplified audit requirements starting in FY2027, allowing more small governmental units to reduce the frequency of full audits or submit financial reports instead. It also updates reporting and public disclosure rules for larger units and increases the audit-related reporting threshold to $1.5 million beginning in FY2028.
SB3620	Amends the Regulatory Sunset Act. Changes the repeal date of the Boiler and Pressure Vessel Repairer Regulation Act and the Petroleum Equipment Contractors Licensing Act from January 1, 2027 to January 1, 2032.

Sources

- **Cato Institute**
  Public Corruption by State
  https://www.cato.org/blog/public-corruption-state

- **Commission on Government Forecasting & Accountability**
  FY2026 Budget Summary, July 31 2025.
  https://cgfa.ilga.gov/Upload/FY2026BudgetSummary.pdf

- **Department of Justice**
  Conviction rate Annual Reports
  https://www.justice.gov/criminal/criminal-pin/annual-reports

- **Global Investigation & Forensic Accounting Services**
  Celebrate in May: International Internal Audit Awareness Month
  https://sdccpa.com/hot-topics/celebrate-in-may-international-internal-audit-awareness-month/

- **Legislative Audit Commission**
  Audit commission member, May 15, 2025.
  https://lac.ilga.gov/Commission/LAC/104th%20GA%20LAC%20Members.pdf

- **Illinois General Assembly**
  (25 ILCS 150/) Legislative Audit Commission Act.
  https://www.ilga.gov/Legislation/ILCS/Articles?ActID=461&ChapterID=6&Print=True

- **Illinois General Assembly**
  (30 ILCS 5/) Illinois State Auditing Act.
  https://www.ilga.gov/Legislation/ILCS/Articles?ActID=466&ChapterID=7&Chapter=FINANCE&MajorTopic=GOVERNMENT

Sources

- **Illinois Policy**
  Illinois ranks last in U.S. for financial transparency
  https://www.illinoispolicy.org/illinois-ranks-last-in-u-s-for-financial-transparency/

- **Illinois Policy**
  Illinois sets U.S. record: over 2 years late with state spending audit
  https://www.illinoispolicy.org/illinois-sets-u-s-record-over-2-years-late-with-state-spending-audit/

- **Truth in Accounting**
  Financial Transparency Score
  https://www.truthinaccounting.org/news/detail/financial-transparency-score-2025

- **Gallup News**
  Illinois Residents Least Trusting of Their State Government
  https://news.gallup.com/poll/168251/illinois-residents-least-trusting-state-government.aspx

- **NM Office of the State Auditor**
  Types of Audit Opinions
  https://www.osa.nm.gov/wp-content/uploads/2019/07/OSA_Audit_Overview_Jan_19_2016-1.pdf

THANK YOU!