



JB Pritzker
Governor

Kristin A. Richards
Acting Director

November 10, 2021

Ms. Katie Madonia
325 West Adams Street
Springfield, IL 62704-1871

Dear Ms. Madonia,

Thank you for the letter dated November 4, 2021 regarding financial information necessary for the Annual Comprehensive Financial Report (ACFR). The Illinois Department of Employment Security (IDES) takes its role in providing information essential to completing the ACFR seriously, and we appreciate the opportunity to provide an action plan. The circumstances that caused the delay in the submission of our draft financial statements, footnotes, and Form SCO-599, Contingencies, Commitments and Related Party Transactions, are described below as well as the estimated timeline to complete.

As a result of the COVID-19 pandemic, the time to complete the prior year audit and the complexity and volume of the financial transactions were significant, and on average 2-3 times as many transactions than in the normal course of the Department's operations. This resulted in a delay in the posting of the initial SFY 2021 Trust Fund transactions to the general ledger. In addition, the Department's Trust Fund software application prohibits the user from having two years open concurrently, and although we were current in preparing and recording journal entries on our worksheets, we could not upload any journal entries or prepare reconciliations until SFY 2020 was closed.

It is also important to note that our financial operations and Department of Innovation and Technology (DOIT) staffing resources are stretched across five concurrent audits, and we are preparing to begin a sixth:

- RSM Financial Audit
- RSM Compliance Audit
- KPMG Single Audit
- Emergency Unemployment Relief for Government Entities and Non-Profit Organization (EURGENO) Audit
- Department of Labor: Bureau of Labor Statistic Audit
- OAG Performance Review Audit (entrance conference was 10/27/2021)



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IBIS Accrual – DOIT resources have been strained due to high volume processing in our benefit system (IBIS), implementation of seven complex new programs, subsequent system adjustments as a result of new and updated federal laws and guidance, and requests from multiple audits. While the IBIS accrual data has been verified, the auditors have requested that the accrual be documented with a daily match to our benefit payment reports.

PUA Accrual – Given the complexity of the Pandemic Unemployment Assistance (PUA) program accrual and the fact the Department will need to restate the beginning accrual amounts as a result of the last audit, numbers will need to be pulled internally. The DOIT employee who is qualified and able to do this is currently working on a large data file request for the OAG. Once completed, he will start pulling the data for the PUA accrual.

Overpayments – Due to the complexity and volume of transactions, the process for pulling the data has become far more challenging than in the past. In addition, the new processes for waiving recovery of overpayments in both federal and non-federal programs will require that overpayments be placed in different risk buckets to determine the allowance associated with these receivables.

Cash Reconciliations – Due to the extended length of the last audit and staff shortages, the Department contracted an outside public accounting firm, Crowe LLP, to assist in preparing cash reconciliations.

IDES' Estimated Timetable to Completion:

IBIS Accrual – The Department is building the IBIS accrual by day per the auditor's request. We anticipate this will be completed and verified no later than **November 12, 2021**.

PUA Accrual – DOIT is currently pulling large amounts of data for the OAG for the RSM Financial Audit. Once completed, pulling the data for the PUA accrual will begin. We anticipate this will be completed and verified no later than **November 17, 2021**.

IBIS Overpayments – The Department is reviewing this large data file for accuracy. We anticipate this will be completed and verified no later than **November 12, 2021**.

PUA Overpayments – The Department is reviewing this large data file for accuracy. We anticipate this will be completed and verified no later than **November 12, 2021**.

Cash Reconciliations – The Department is working with staff from Crowe LLP to complete the cash reconciliations. We anticipate these reconciliations will be completed and verified no later than **November 17, 2021**.



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Once these tasks are completed, the Department will prepare and post journal entries to submit to the IOC for GAAP. The Department will then prepare Form SCO-599, the financial statements, and footnotes. We anticipate this to be completed by **end of day November 30, 2021.**

Please contact me with any questions at 312-590-2193.

Sincerely,

A handwritten signature in dark ink, appearing to read "Kristin A. Richards".

Kristin A. Richards
Acting Director

cc: J.B. Pritzker, Governor
Emanuel Chris Welch, Speaker of the House
Jim Durkin, House Minority Leader
Don Harmon, Senate President
Dan McConchie, Senate Minority Leader
Frank J. Mautino, Auditor General
Ellen Andres, Assistant Comptroller - Operations
Internal Audit