



OFFICE OF
INSPECTOR GENERAL

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

June 26, 2023

**MEMORANDUM FOR JESSICA MILANO, ACTING CHIEF RECOVERY OFFICER,
DEPARTMENT OF THE TREASURY**

FROM: Deborah L. Harker /s/
Assistant Inspector General for Audit

SUBJECT: Desk Review of State of Illinois' Use of Coronavirus
Relief Fund Proceeds (OIG-CA-23-019)

Please find the attached desk review memorandum¹ on State of Illinois' use of Coronavirus Relief Fund (CRF) proceeds. The CRF is authorized under Title VI of the Social Security Act, as amended by Title V, Division A of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). Under a contract monitored by our office, Castro & Company, LLC (Castro), a certified independent public accounting firm, performed the desk review. Castro performed the desk review in accordance with the Council of the Inspectors General on Integrity and Efficiency, *Quality Standards for Federal Offices of Inspector General* standards of independence, due professional care, and quality assurance.

In its desk review, Castro found that the State of Illinois personnel timely completed the required quarterly Financial Progress Reports (FPR) for Cycles 1² through 5.³ Castro personnel reviewed documentation for a selection of 82 transactions reported in the quarterly reports.

Based on the results of Castro's desk review, Illinois' documentation supporting the uses of CRF proceeds comply with the CARES Act and Treasury's Guidance. Additionally, Castro determined Illinois' risk of unallowable use of funds to be low. As such, Castro is not recommending Treasury Office of Inspector General perform an audit of the State of Illinois.

In connection with our contract with Castro, we reviewed Castro's desk review memorandum and related documentation and inquired of its representatives. Our review, as differentiated from an audit performed in accordance with generally

¹ The Coronavirus Aid, Relief, and Economic Security Act (CARES Act) assigned the Department of the Treasury Office of Inspector General with responsibility for compliance monitoring and oversight of the receipt, disbursement, and use of Coronavirus Relief Fund (CRF) payments. The purpose of the desk review is to perform monitoring procedures of the prime recipient's receipt, disbursement, and use of CRF proceeds as reported in the grants portal on a quarterly basis.

² Calendar quarter ending June 30, 2020.

³ Calendar quarter ending June 30, 2021.

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accepted government auditing standards, was not intended to enable us to express an opinion on the State of Illinois' use of the CRF proceeds. Castro is responsible for the attached desk review memorandum and the conclusions expressed therein. Our review found no instances in which Castro did not comply in all material respects with the *Quality Standards for Federal Offices of Inspector General*.

We appreciate the courtesies and cooperation provided to Castro and our staff during the desk review. If you have any questions or require further information, please contact me at (202) 486-1420, or a member of your staff may contact Lisa DeAngelis, Deputy Assistant Inspector General for Audit, at (202) 487-8371.

Attachment

cc: Michelle. A. Dickerman, Deputy Assistant General Counsel, Department of the Treasury
Victoria Collin, Chief Compliance & Finance Officer, Office of Recovery Programs, Department of the Treasury
Alicia Tate-Nadeau, Director, Illinois Emergency Management
Wayne Ference, Partner, Castro & Company, LLC

Desk Review of the State of Illinois

June 26, 2023

OIG-CA-23-019

MEMORANDUM FOR DEBORAH L. HARKER,
ASSISTANT INSPECTOR GENERAL FOR AUDIT

FROM: Wayne Ference
Partner, Castro & Company, LLC

SUBJECT: Desk Review of the State of Illinois

On September 3, 2021, we initiated a desk review of the State of Illinois' (Illinois) use of the Coronavirus Relief Fund (CRF) authorized under Title VI of the Social Security Act, as amended by Title V Division A of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act).¹ The objective of our desk review was to evaluate Illinois' documentation supporting its uses of CRF proceeds as reported in the GrantSolutions² portal and to assess the risk of unallowable use of funds. The scope of our desk review was limited to obligation and expenditure data for the period of March 1, 2020 through June 30, 2021 as reported in Cycles 1³ through 5⁴ in the GrantSolutions portal.

As part of our desk review, we performed the following:

- 1) reviewed Illinois' quarterly Financial Progress Reports (FPRs) submitted in the GrantSolutions portal through June 30, 2021;
- 2) reviewed the *Department of the Treasury's (Treasury) Coronavirus Relief Fund Guidance* as published in the Federal Register on January 15, 2021;⁵

¹ P.L. 116-136 (March 27, 2020).

² GrantSolutions, a grant and program management Federal shared service provider under the U.S. Department of Health and Human Services, developed a customized and user-friendly reporting solution to capture the use of CRF payments from recipients.

³ Calendar quarter ending June 30, 2020.

⁴ Calendar quarter ending June 30, 2021.

⁵ Coronavirus Relief Fund Guidance as published in the Federal Register (January 15, 2021) https://home.treasury.gov/system/files/136/CRF-Guidance-Federal-Register_2021-00827.pdf

Desk Review of the State of Illinois

- 3) reviewed Treasury's Office of Inspector General (OIG) *Coronavirus Relief Fund Frequently Asked Questions Related to Reporting and Recordkeeping*;⁶
- 4) reviewed Treasury OIG's monitoring checklists⁷ of Illinois' quarterly FPR submissions for reporting deficiencies;
- 5) reviewed other audit reports issued, such as Single Audit reports, and those issued by the Government Accountability Office and other applicable Federal agency OIGs for internal control or other deficiencies that may pose risk or impact Illinois' uses of CRF proceeds;
- 6) reviewed Treasury OIG Office of Investigations (OI), the Council of the Inspectors General on Integrity and Efficiency Pandemic Response Accountability Committee (PRAC),⁸ and Treasury OIG Office of Counsel input on issues that may pose risk or impact Illinois' uses of CRF proceeds;
- 7) interviewed key personnel responsible for preparing and certifying Illinois' GrantSolutions portal quarterly FPR submissions, as well as officials responsible for obligating and expending CRF proceeds;
- 8) made a non-statistical selection of Contracts, Grants, Transfers,⁹ Direct Payments, Aggregate Reporting,¹⁰ and Aggregate Payments to Individuals¹¹ data identified through GrantSolutions reporting; and
- 9) evaluated documentation and records used to support Illinois' quarterly FPRs.

⁶ Department of the Treasury Office of Inspector General *Coronavirus Relief Fund Frequently Asked Questions Related to Reporting and Recordkeeping* OIG-20-028R; March 2, 2021.

⁷ The checklists are used by Treasury OIG to monitor the progress of prime recipient reporting in the GrantSolutions portal. GrantSolutions quarterly submission reviews are designed to identify material omissions and significant errors, and where necessary, include procedures for notifying prime recipients of misreported data for timely correction. Treasury OIG follows the *CRF Prime Recipient Quarterly GrantSolutions Submissions Monitoring and Review Procedures Guide*, OIG-CA-20-029R to monitor the prime recipients quarterly.

⁸ Section 15010 of P.L. 116-136 established the Pandemic Response Accountability Committee within the Council of the Inspectors General on Integrity and Efficiency to promote transparency and conduct and support oversight of covered funds (see Footnote 18 for a definition of covered funds) and the coronavirus response to (1) prevent and detect fraud, waste, abuse, and mismanagement; and (2) mitigate major risks that cut across program and agency boundaries.

⁹ A transfer to another government entity is a disbursement or payment to a government entity that is legally distinct from the prime recipient.

¹⁰ Recipients are required to report CRF transactions greater than or equal to \$50,000 in detail in the GrantSolutions portal. Transactions less than \$50,000 can be reported as an aggregate lump-sum amount by type (contracts, grants, loans, direct payments, and transfers to other government entities).

¹¹ Obligations and expenditures for payments made to individuals, regardless of amount, are required to be reported in the aggregate in the GrantSolutions portal to prevent inappropriate disclosure of personally identifiable information.

Desk Review of the State of Illinois

Based on the results of our desk review, Illinois' documentation supporting the uses of CRF proceeds complies with the CARES Act and Treasury's Guidance. Additionally, we determined that Illinois' risk of unallowable use of funds to be low. As such, Castro is not recommending Treasury OIG perform an audit of Illinois.

Non-Statistical Transaction Selection Methodology

Treasury issued a CRF payment to Illinois of \$3,518,945,365.70. As of June 30, 2021, the State of Illinois' cumulative obligations and expenditures were \$3,010,760,293.59 and \$2,158,279,242.22, respectively. The State of Illinois' cumulative obligations and expenditures by payment type as reported in GrantSolutions through Cycle 5¹² are summarized below:

Payment Type	Cumulative	Cumulative
	Obligations	Expenditures
Contracts >= \$50,000	\$ 472,875,684.10	\$ 374,097,408.31
Grants >= \$50,000	\$ 621,517,798.15	\$ 572,182,532.10
Loans >= \$50,000	\$ -	\$ -
Transfers >= \$50,000	\$ 136,533,114.10	\$ 134,278,492.32
Direct Payments >= \$50,000	\$ 685,987,252.45	\$ -
Aggregate Reporting < \$50,000	\$ 456,234,758.42	\$ 443,599,212.20
Aggregate Payments to Individuals (Any Amount)	\$ 637,611,686.37	\$ 634,121,597.29
Totals	\$ 3,010,760,293.59	\$ 2,158,279,242.22

Castro made a non-statistical selection of Contracts greater than or equal to \$50,000, Grants greater than or equal to \$50,000, Transfers greater than or equal to \$50,000, Direct Payments greater than or equal to \$50,000, Aggregate Reporting less than \$50,000, and Aggregate Payments to Individuals. Selections were made using auditor judgment based on information and risks identified in reviewing audit reports, the GrantSolutions portal reporting anomalies¹³ identified by the Treasury OIG CRF monitoring team, and review of Illinois' FPR submissions. Castro noted Illinois did not obligate or expend CRF proceeds to Loans greater than or equal to \$50,000, therefore, we did not make a selection of transactions from this category.

The number of transactions (34) we selected to test were based on Illinois' total CRF award amount and our overall risk assessment of Illinois. To allocate the number of transactions (34) by obligation type (Contracts greater than or equal to

¹² Calendar quarter ending June 30, 2021.

¹³ Treasury OIG has a pre-defined list of risk indicators that are triggered based on data submitted by recipients in the FPR submissions that meet certain criteria. Castro reviewed these results provided by Treasury OIG for Illinois.

Desk Review of the State of Illinois

\$50,000, Grants greater than or equal to \$50,000, Direct Payments greater than or equal to \$50,000, Aggregate Reporting less than \$50,000, and Aggregate Payments to Individuals), we compared the obligation type dollar amounts as a percentage of cumulative obligations for Cycle 5.¹⁴

Additionally, Treasury OIG identified 48 anomaly transactions which we tested, for a total of 82 transactions tested. Forty-six (46) of the anomalies were potential duplicate payments, and two of the anomalies were outliers. We included two potential duplicate payments from the Contracts greater than or equal to \$50,000 obligation type and 44 potential duplicate payments from the Grants greater than or equal to \$50,000 obligation type. The two outlier payments¹⁵ were related to the Contracts greater than or equal to \$50,000 obligation type.

Background

The CARES Act appropriated \$150 billion to establish the CRF. Under the CRF, Treasury made payments for specified uses to States and certain local governments; the District of Columbia and U.S. Territories, including the Commonwealth of Puerto Rico, the United States Virgin Islands, Guam, American Samoa, and the Commonwealth of the Northern Mariana Islands; and Tribal governments. Treasury issued a CRF payment to Illinois for \$3,518,945,365.70. The CARES Act stipulates that a recipient may only use the funds to cover costs that—

- (1) are necessary expenditures incurred due to the public health emergency with respect to the coronavirus disease 2019 (COVID-19);
- (2) were not accounted for in the budget most recently approved as of March 27, 2020; and
- (3) were incurred between March 1, 2020 and December 31, 2021.¹⁶

¹⁴ Calendar quarter ending June 30, 2021.

¹⁵ The two outliers for the Contracts greater than or equal to \$50,000 obligation type related to funds used for configuration of a contact tracing system in response to mitigation of COVID-19. These were identified by the Treasury OIG CRF monitoring team as outliers because the transactions were identified as having high dollar amounts relative to transactions at similar points in time, with similar award descriptions, and that were disbursed by the same prime recipient.

¹⁶ P.L. 116-260 (December 27, 2020). The period of performance end date of the CRF was extended through December 31, 2021 by the Consolidated Appropriations Act, 2021. The period of performance end date for tribal entities was further extended to December 31, 2022 by the State, Local, Tribal, and Territorial Fiscal Recovery, Infrastructure, and Disaster Relief Flexibility Act, Division LL of the Consolidated Appropriations Act, 2023, P.L. 117-328, December 29, 2022, 136 Stat. 4459.

Desk Review of the State of Illinois

Section 15011 of the CARES Act, requires each covered recipient¹⁷ to submit to Treasury and the PRAC, no later than 10 days after the end of each calendar quarter, a report that contains (1) the total amount of large covered funds^{18,19} received from Treasury; (2) the amount of large covered funds received that were expended or obligated for each project or activity; (3) a detailed list of all projects or activities for which large covered funds were expended or obligated; and (4) detailed information on any level of subcontracts or sub-grants awarded by the covered recipient or its sub-contractees or sub-grantees.

The CARES Act assigned Treasury OIG the responsibility for compliance monitoring and oversight of the receipt, disbursement, and use of CRF proceeds. Treasury OIG also has authority to recoup funds in the event that it is determined a recipient failed to comply with requirements of subsection 601(d) of the Social Security Act, as amended, (42 U.S.C. 801(d)).

Desk Review Results

Our review of Illinois' quarterly FPR submissions through June 30, 2021 did not identify any issues with timeliness of FPR submissions. Transactions selected for detailed review were supported by documentation and were allowable expenditures in accordance with the CARES Act and Treasury's guidance. We also noted that the Contracts greater than or equal to \$50,000, Grants greater than or equal to \$50,000, Transfers greater than or equal to \$50,000, Direct Payments greater than or equal to \$50,000, Aggregate Reporting less than \$50,000, and Aggregate Payments to Individuals tested were necessary expenditures due to the COVID-19 public health emergency, were not accounted for in the budget most recently approved as of March 27, 2020, and were incurred during the covered period. The transactions selected for testing were not selected statistically, and therefore results cannot be extrapolated to the total universe of transactions.

The following table includes the total cumulative expenditure population amount and the cumulative expenditure amount tested. Additionally, this table includes a summary of Castro's testing results over cumulative expenditure transaction balances. Within the "Exception Noted: IPA [Independent Public Accountant] Recommended for Treasury OIG Follow-up" section of this table, we have

¹⁷ Section 15011 of P.L. 116-136 defines a covered recipient as any entity that receives large covered funds and includes any State, the District of Columbia, and any territory or possession of the United States.

¹⁸ Section 15010 of P.L. 116-136 defines covered funds as any funds, including loans, that are made available in any form to any non-Federal entity, not including an individual, under Public Laws 116-123, 127, and 136, as well as any other law which primarily makes appropriations for Coronavirus response and related activities.

¹⁹ Section 15011 of P.L. 116-136 defines large covered funds as covered funds that amount to more than \$150,000.

Desk Review of the State of Illinois

included that there were no unsupported and ineligible exceptions noted or identified as questioned costs as a result of our desk review. Additionally, in the far-right column, we have identified the cumulative expenditures that Castro tested without exceptions noted.

Summary of Expenditure Testing and Recommended Results As of Cycle 5 ²⁰					
Payment Type	Cumulative Expenditures Amount	Cumulative Expenditures Tested Amount	Exception Noted: IPA Recommended for Treasury OIG Follow up		Castro Reviewed Value Without Exception (per support)
			Unsupported	Ineligible	
Contracts >= \$50,000	\$ 374,097,408.31	\$ 95,241,763.83	\$ -	\$ -	\$ 95,241,763.83
Grants >= \$50,000	\$ 572,182,532.10	\$ 61,255,133.57	\$ -	\$ -	\$ 61,255,133.57
Loans >= \$50,000	\$ -	\$ -	\$ -	\$ -	\$ -
Transfers >= \$50,000	\$ 134,278,492.32	\$ 4,744,387.00	\$ -	\$ -	\$ 4,744,387.00
Direct Payments >= \$50,000 ²¹	\$ -	\$ 103,493,426.74	\$ -	\$ -	\$ 103,493,426.74
Aggregate Reporting < \$50,000	\$ 443,599,212.20	\$ 135,499.60	\$ -	\$ -	\$ 135,499.60
Aggregate Payments to Individuals (in any amount)	\$ 634,121,597.29	\$ 108,937,153.30	\$ -	\$ -	\$ 108,937,153.30
Totals	\$ 2,158,279,242.22	\$ 373,807,364.04	\$ -	\$ -	\$ 373,807,364.04

²⁰ Calendar quarter ending June 30, 2021.

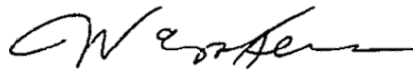
²¹ The expenditures for this payment type were zero as of June 30, 2021, but Castro tested the balance as of March 31, 2022 in order to get expenditure testing coverage for our desk review.

Conclusion

Based on our review of Illinois' documentation supporting the uses of CRF proceeds as reported in the GrantSolutions portal, we determined that Contracts greater than or equal to \$50,000, Grants greater than or equal to \$50,000, Direct Payments greater than or equal to \$50,000, Transfers greater than or equal to \$50,000, Aggregate Reporting less than \$50,000, and Aggregate Payments to Individuals complied with the CARES Act and Treasury's Guidance. Additionally, we determined Illinois' risk of unallowable use of funds to be low. As such, Castro is not recommending Treasury OIG perform an audit of Illinois.

All work completed with this letter complies with the Council of the Inspectors General on Integrity and Efficiency's *Quality Standards for Federal Offices of Inspectors General*, which require that the work adheres to the professional standards of independence, due professional care, and quality assurance to ensure the accuracy of the information presented.²² We appreciate the courtesies and cooperation provided to our staff during the desk review.

Sincerely,



Wayne Ference
Partner, Castro & Company, LLC

²² <https://www.ignet.gov/sites/default/files/files/Silver%20Book%20Revision%20-%208-20-12r.pdf>