

**Review: 4445  
Statewide Single Audit  
Year Ended June 30, 2014  
Department of Commerce and Economic Opportunity**

**FINDINGS/RECOMMENDATIONS – 2  
Repeated – 2**

**Implemented – 1  
Accepted and Partially Implemented – 1**

**14-54. The auditors recommend DCEO establish procedures to accurately report federal expenditures used to prepare the SEFA to the IOC. (Repeated-2013)**

**Findings:** DCEO did not accurately report Federal expenditures under the CDBG – State-Administered Small Cities Program (CDBG) Cluster.

Federal expenditures reported to the Illinois Office of the Comptroller (IOC) which were used to prepare the schedule of expenditures of federal awards (SEFA) did not agree to DCEO's financial records. Specifically, auditors noted the following difference for the year ended June 30, 2014:

<b>Program</b>	<b>Federal Expenditures Reported in DCEO's Records</b>	<b>Federal Expenditures Reported on the Final SEFA</b>	<b>Difference</b>
CDBG Cluster	\$88,877,000	\$89,756,000	\$879,000

In discussing this with DCEO officials, they stated the <1% discrepancy noted is intentional and offsets an identical adjustment made in prior years.

**Response:** DCEO acknowledges the recommendation and will review financial reporting processes and procedures to determine if further refinement is necessary. To improve the accountability of state funds, a recharacterization of a state program transaction was made to show a clear definition between state and federal funds. This adjustment reflects the financial reporting entries necessary to accomplish this goal. Since the Departmental adjustment is not a material change to the prior year financial statements of the State as a whole, the adjustment is shown in the current year activity for the Department.

**Updated Response:** Implemented.

**14-55. The auditors recommend DCEO review its current procedures for monitoring Weatherization subrecipients to ensure monitoring tools adequately**

**document the compliance requirements and fiscal/administrative controls being reviewed. (Repeated-2012)**

**Findings:** DCEO did not adequately document its performance of on-site monitoring procedures to review subrecipient compliance with programmatic requirements or the fiscal and administrative capabilities of any of the subrecipients of the Weatherization program. Specifically, checklists used for the Weatherization program were highly summarized and do not adequately document the compliance requirements being reviewed or the procedures being performed.

In discussing these conditions with DCEO personnel, they stated the Office of Energy Assistance (OEA) staff had implemented revised monitoring documentation tools and checklists in response to the previous year's finding. However, during this review, the revised monitoring documentation tools and checklists were determined inadequate to effectively document the monitoring process.

**Updated Response:** Accepted and Partially Implemented. DCEO accepts the recommendation and has revised its procedures and monitoring tools to better capture appropriate programmatic details. Additional training has been provided to staff and refinements may be made as the enhanced tools are utilized.