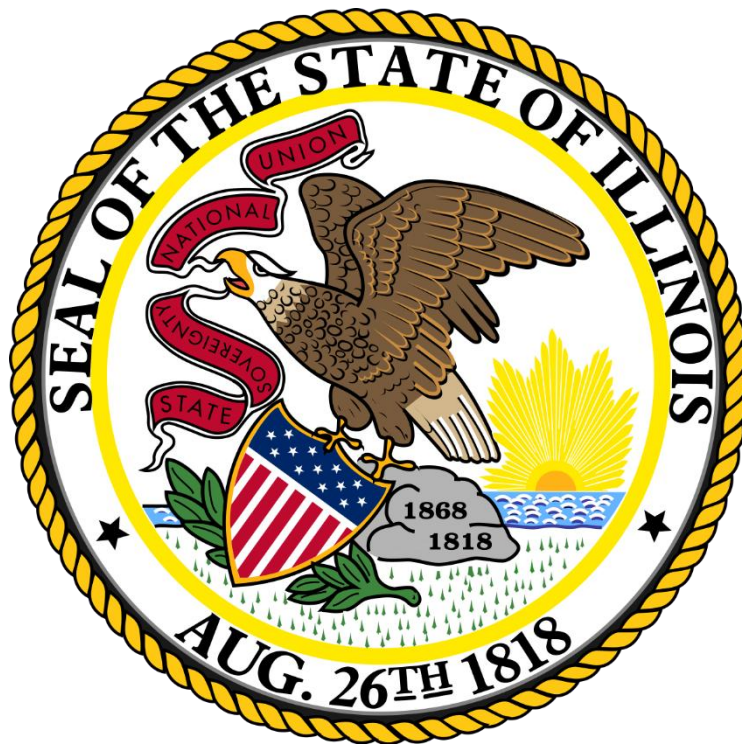


# LEGISLATIVE AUDIT COMMISSION



Review of  
Department of Commerce and Economic Opportunity  
Compliance Examination - Two Years Ended June 30, 2024  
620 Stratton Office Building  
Springfield, Illinois 62706  
217/782-7097

**REVIEW #4597  
DEPARTMENT OF COMMERCE AND ECONOMIC OPPORTUNITY  
TWO YEARS ENDED JUNE 30, 2024**

**RECOMMENDATIONS – 17**

**IMPLEMENTED/PARTIALLY IMPLEMENTED – 14  
UNDER STUDY - 3**

**REPEATED RECOMMENDATIONS – 11**

**PRIOR AUDIT FINDINGS/RECOMMENDATIONS – 18**

This review summarizes the auditors' report of the Department Commerce and Economic Opportunity (DCEO) for the two years ended June 30, 2024, filed with the Legislative Audit Commission on July 8, 2025. Auditors conducted a compliance examination in accordance with State law and Government Auditing Standards.

**Agency Narrative**

The mission of the Illinois Department of Commerce and Economic Opportunity (DCEO) is to create equitable economic opportunities across the State of Illinois. DCEO delivers programs and services through the following offices:

**Accountability**

The Office of Accountability (OA) enhances integrity, transparency and accountability across the Department of Commerce and Economic Opportunity's programs. The Grant Help Desk, within the Office of Accountability, provides valuable resources, training and guidance to entities who are interested in the Department's grant opportunities.

**Broadband Development**

The Office of Broadband (OBB) is responsible for administering broadband infrastructure grant programs. These programs include Connect IL and the federal Broadband Equity, Access, and Deployment (BEAD) program. From infrastructure to utilization, public funding to private deployment, the office strives to be a useful resource to individual consumers, local communities, various state agencies, and broadband providers alike. OBB seeks to make meaningful connections through thoughtful public-private partnerships, innovative cross-sector collaboration, and increased efficiency within state agency and across all levels of government.

### **Business Development**

The Office of Business Development (OBD) provides free and confidential services to companies seeking to locate or expand in Illinois. The primary focus of this office is to retain and create jobs in Illinois and spur capital investment by working with existing businesses and new businesses making expansion and location decisions. OBD administers a portfolio of tax incentives, grants, and programs to help companies develop, redevelop, expand, locate, and relocate in Illinois, and works closely with other DCEO offices and economic development partners like Illinois EDC, DCEO's business attraction and marketing partner.

### **Communication & Information**

DCEO's fast-paced Communications (COMM) team aims to advance DCEO's mission by raising awareness about key initiatives through communications and media strategies. The team communicates complicated topics to mass audiences via press release and social media channels, high-profile events with the Governor and other key stakeholders, and statements and interviews with DCEO leadership and the media.

### **Community Assistance**

Through state and federal-funded programs, the Office of Community Assistance (OCA) helps low-income individuals and families with job preparedness, education, income management, and emergency services. OCA helps low-income households in Illinois maintain utility services and reduce energy costs through improved energy efficiency. OCA provides funding to local Community Action Agencies to support their related programs that bolster the health and well-being of citizens and stabilize families in need.

### **Community Development**

The Office of Community Development (OCD) runs the Community Development Block Grant (CDBG) Program, and through this, they assist local governments in strengthening public infrastructure, improving housing rehabilitation, aiding in economic development, and funding disaster relief.

### **Economic Equity & Empowerment**

The Office of Economic Equity & Empowerment (OE3) advocates for equitable economic opportunities across the state of Illinois for minority, women, veteran-owned businesses, businesses owned by persons with disabilities, eligible not-for-profit corporations, and other underserved communities. Through targeted programs, resources, outreach and promotional activities, OE3 aims to create an inclusive and strong business ecosystem for communities that have traditionally faced systemic barriers to entry and growth.

### **Employment & Training**

The Office of Employment and Training (OET) supports innovative workforce programs and career training and employment services that connect employers to a highly skilled workforce. Helping job seekers access quality jobs, and employers access a ready workforce is central to Illinois' commitment to ensuring that businesses thrive in our state, and OET does this by partnering with local workforce professionals, community colleges, universities, and other stakeholders to implement state and federally-funded workforce programs.

### **Energy & Business Utility**

The Office of Energy & Business Utility (OEBU) has a mission to position Illinois communities to create economic opportunity in the green economy. OEBU works to create comprehensive access to resources that promote public health, safety, a cleaner environment, quality jobs, and sustainable economic opportunity. OEBU is responsible for overseeing DCEO's implementation of programs created by the Climate and Equitable Jobs Act. They work with peer offices throughout the department to implement policy and programs.

### **Entrepreneurship, Innovation & Technology**

The Office of Entrepreneurship, Innovation & Technology (EIT) supports entrepreneurs, innovators, and small businesses in Illinois by providing funding, concierge services, information, and technical support. Through multiple programs, different sized businesses are aided in business planning, financial analysis consulting, access to business capital, assistance with meeting compliance regulations, and so much more.

### **Equal Opportunity Monitoring & Compliance**

The Office of Equal Opportunity Monitoring and Compliance (EOMC) oversees the implementation, maintenance, and monitoring of policies and procedures to ensure DCEO and Illinois' workforce centers maintain compliance with state and federal Human Rights statutes, Affirmative Action Plans, as well as equal opportunity provisions under the Workforce Innovation and Opportunity Act (WIOA).

### **External Relations**

The Office of External Relations (OER) oversees DCEO projects that include engagement with external stakeholders such as community organizations, businesses, and other governmental entities. OER also collaborates with offices within DCEO for external facing projects such as the Make It in Illinois campaign designed to help promote manufacturing careers in IL. Currently, in collaboration with the City of Chicago, State of Illinois, businesses, and both public and private university partners, OER is leading community engagement activities associated with development of the Illinois Quantum and Microelectronics Park.

## **Film**

The Illinois Film Office (IFO) supports the growth and economic development of film, television and commercial productions within the state of Illinois. The office's primary focus is to recruit new business and create jobs through the administration of the film tax credit program. This office leads the marketing of Illinois' diverse and iconic locations, celebrated talent, highly skilled labor force, and comprehensive supply chain of industry vendors that support the film industry.

## **Financial Management**

The Office of Financial Management (OFM) is responsible for planning, controlling, implementing, tracking, and reporting on all expenditures and obligations of the department. This includes overseeing the over \$10 billion that DCEO issues through complex programs and grants. Through its systems of controls, the OFM aids in the Department's compliance with state, local, and federal rules and regulations in the deployment of public funds. The Office takes pride in its role to prevent waste, fraud, and abuse.

## **General Counsel**

The Office of the General Counsel (OGC) provides legal advice to each DCEO bureau and ensures programmatic compliance with applicable laws and regulations. The office conducts internal and external investigations; drafts and reviewing grants and contracts; interprets and updates policies and procedures; and provides guidance on ethical matters.

## **Grants Management**

The Office of Grants Management (OGM) provides grant management support for assigned line items, agency bureaus, and other agencies in state government. This support includes providing technical assistance or assisting grantees through the complete grant cycle. OGM administers grant awards to various Illinois entities, including government institutions, for-profit businesses, and non-profit organizations. Within the last fiscal year alone, OGM has obligated over 1400 grant agreements valued at over \$1 billion.

## **Human Resources**

The DCEO Office of Human Resources (HR) manages all aspects of the employee lifecycle, including recruiting, onboarding, training & development, payroll, benefit administration, leaves of absence, employee relations and offboarding.

## **Illinois Works**

The Office of Illinois Works (OIW), through its three main programs (Illinois Works Apprenticeship Initiative, Illinois Works Construction Pre-apprenticeship Program, and Illinois Works Bid Credit Program), sets out to expand equity in Illinois' construction workforce. The Illinois Works team aims to provide a career pathway for members of historically underrepresented communities and promote construction as a viable job industry for women, Veterans, and people of color. OIW aims to supply the construction industry with a skilled workforce for generations to come.

## **Information Management**

The Office of Information Management (OIM) is staffed in partnership with the Department of Innovation and Technology (DOIT), a peer state agency. OIM is leading a digital transformation toward an enterprise approach to technology at DCEO to gain efficiencies and improve service delivery to the residents of Illinois. This transformation is resulting in improved security and data protection, fewer redundant systems, and more efficient technology spending. DOIT/OIM's customer centric approach improves access to agency services by leveraging modern technologies.

## **Internal Audit**

The Office of Internal Audit (OIA) is responsible for providing independent and objective auditing and advisory services to DCEO. These audits help determine the adequacy of DCEO internal controls while ensuring compliance with State and Federal requirements. OIA also supports DCEO by making recommendations which help ensure regulatory compliance and reduce operating costs while increasing efficiency and operational effectiveness.

## **Legislative Affairs**

DCEO's Office of Legislative Affairs (OLA) leads legislative advocacy on behalf of DCEO: drafting, filing, and moving legislation and communicating the Department's position on legislation filed by external stakeholders. The Office of Legislative Affairs is also the key interface and liaison for members of the Illinois General Assembly and assists with constituent issues raised by various elected officials.

## **Management Operations**

The Office of Management Operations (MO) is responsible for many agency-wide functions such as mail and shipping, office supplies, print shop requests, record retention, building maintenance, telecommunications, and IT related equipment. Management Operations also reviews and approves all travel requests and manages the agency motor pool fleet.

## **Policy Development, Planning & Research**

The Office of Policy Development, Planning, and Research (PDPR) conducts research, develops policies, and collaborates with other DCEO offices and stakeholders to ensure programs align with the state's economic priorities and community needs. PDPR manages the Illinois Economic Growth Plan, determining long-term strategies for economic development. Additionally, PDPR acts as an incubator for new programs, designing and piloting new initiatives.

## **Regional Economic Development**

The Regional Economic Development (RED) team members are in each of the state's ten economic development regions (EDRs). Team members work directly with existing Illinois' employers, and with companies that may be considering Illinois for relocation or expansion projects. Members of the RED team provide concierge services to employers, sharing information regarding DCEO incentives, grants and programs, and bridging to other state, local or federal agencies that support business retention and attraction. RED works closely with Intersect Illinois, the state's business attraction partner, and with local and regional economic development professionals.

## **Strategic Sourcing & Procurement**

The Office of Strategic Sourcing & Procurement oversees the source selection and processing of all Agency contracts greater than \$2,000.00. Procurement adheres to the Illinois Procurement Code, and Chief Procurement Officer interpretations when determining the appropriate procurement methodology to utilize. The Office of Strategic Sourcing & Procurement also oversees inter-governmental agreements (IGAs) between DCEO and other state agencies.

## **Tourism**

The Illinois Office of Tourism (IOT) promotes Illinois as a premier travel destination for leisure travelers and for meetings, conventions, and special events, attracting domestic and international visitors. IOT partners closely with destination organizations across the state to promote the unique destination assets Illinois has to offer visitors and is responsible for developing statewide tourism marketing campaigns and the Enjoy Illinois brand.

## **Trade & Investment**

The Office of Trade and Investment (OTI) connects Illinois businesses to global opportunities. Through a network of trade specialist located in Chicago and six well established regional foreign offices, OTI provides businesses with lead generation support and connects companies to foreign governments, chambers of commerce and other strategic partners around the world.

**REVIEW #4597 DEPARTMENT OF COMMERCE AND ECONOMIC OPP. FY 23-24**

Director Kristin Richards led DCEO during the audit period. Prior to the DECO Directorship, she was the IDES Director.

**Appropriations and Expenditures**

Appropriations (\$ thousands)	FY23		FY24	
	Approp	Expend	Approp	Expend
GENERAL FUNDS				
<b>Designated Purposes</b>				
Broadband Administration	1,000.0	921.1	1,018.8	1,016.9
Deposit for Enterprise Fund Grant Program	30,000.0	30,000.0	0.0	0.0
Deposit for Prime Sites Program	30,000.0	30,000.0	0.0	0.0
Deposit for Leverage for Fed. Prog. Grant Prog.	15,000.0	15,000.0	20,000.0	20,000.0
Deposit for Economic Research & Info. Fund	0.0	0.0	10,000.0	10,000.0
Deposit into Fast Track Program Fund	20,000.0	20,000.0	0.0	0.0
Illinois Works Administration	2,000.0	944.0	4,081.2	1,973.4
Office of Grants Management Admin. Expen.	4,000.0	1,868.8	4,212.5	3,705.6
Total Designated Purposes	102,000.0	98,733.9	39,312.5	36,695.9
<b>Grants</b>				
Admin. Exp. & Grants Assoc. w/ Workforce Innovation & Opportunity Act	0.0	0.0	5,000.0	4,853.5
Admin. Exp. & Grants for Office of Entrepreneurship & Small Business	1,500.0	1,480.3	3,335.0	2,800.4
Agency-wide Operational & Grant Expenses	10,141.5	9,959.3	13,529.0	13,456.2
AllenForce - Veterans Initiative	100.0	100.0	300.0	300.0
Alpha IL Leadership Foundation	0.0	0.0	250.0	177.4
Alternative Schools Network - Reapprop.	219.8	65.3	154.5	154.5
American Legion IL Premier Boys State	0.0	0.0	25.0	0.0
American Legion Post 52 Romeoville	0.0	0.0	25.0	0.0
Asian American Chamber of Commerce	250.0	0.0	250.0	250.0
Asian American Chamber of Commerce-Reapp.	250.0	250.0	250.0	39.1
Assyrian American Chamber of Commerce	0.0	0.0	250.0	0.0
Aurora Public Library - Reapprop.	150.0	150.0	0.0	0.0
Austin African American Business Networking Assoc.-Reapprop.	42.7	0.0	42.7	0.0
Austin Fresh Market - Reapprop.	150.0	0.0	150.0	0.0
Awards and Grants	50,975.0	0.0	35,362.5	2,926.9
Awards and Grants - Reapprop.	0.0	0.0	50,975.0	14,774.2
Back of the Yards Neighborhood Council - Reapp.	150.0	77.5	72.5	15.5
Barat Education Foundation - Reapprop.	90.0	0.0	90.0	88.5

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Berwyn Fire Dept. - Reapprop.	150.0	0.0	150.0	0.0
Beverly Arts Center - Reapprop.	250.0	250.0	0.0	0.0
Big Picture Peoria - Reapprop.	50.0	0.0	50.0	40.0
Black Business Alliance Peoria - Reapprop.	100.0	0.0	100.0	98.4
Black Chamber of Commerce of Lake Cty.- Reapp.	83.4	13.6	69.7	0.0
Black Chambers of Commerce	1,500.0	0.0	1,500.0	0.0
Black Oaks Center	0.0	0.0	200.0	0.0
Brookfield Fire Dept. - Reapprop.	100.0	0.0	100.0	0.0
Caritas Family Solutions - Reapprop.	55.0	0.0	55.0	43.0
Casa Central - Reapprop.	500.0	0.0	500.0	0.0
Central Stickney Fire Protection	200.0	200.0	0.0	0.0
Certified Convention Bureaus for Development of Tourism, Education, Preservation, and Promotion of the 100th Anniversary of Route 66	4,000.0	3,325.5	4,000.0	3,319.0
Chamber 57 (Matteson, Richton Park, Homewood, Flossmoor Areas) - Reapprop.	125.0	0.0	125.0	0.0
Chatham Business Assoc. - Reapprop.	250.0	0.0	250.0	0.0
Chatham Business Assoc. - Small Business Development, Inc. - Reapprop.	125.0	0.0	125.0	0.0
Chicago Federation of Labor	2,000.0	2,000.0	2,000.0	2,000.0
Chicago Southland Economic Development Corp.	0.0	0.0	1,000.0	0.0
Chicagoland Regional College Program	1,955.0	1,759.2	2,000.0	1,612.7
Cicero Fire Dept. - Reapprop.	150.0	0.0	150.0	0.0
City of Bedford Infrastructure - Reapprop.	150.0	0.0	150.0	0.0
City of Berwyn Infrastructure - Reapprop.	250.0	0.0	250.0	0.0
City of Bollingbrook - Reapprop.	500.0	0.0	500.0	215.3
City of Burbank Infrastructure - Reapprop.	250.0	0.0	250.0	0.0
City of Chicago Heights - Reapprop.	250.0	250.0	0.0	0.0
City of Des Plaines	0.0	0.0	250.0	0.0
City of East St. Louis	400.0	400.0	400.0	400.0
City of Elgin	0.0	0.0	1,500.0	0.0
City of Glencoe - Reapprop.	700.0	0.0	700.0	700.0
City of Lockport Grant - Reapprop.	1,200.0	0.0	1,200.0	0.0
City of Loves Park - Reapprop.	750.0	0.0	750.0	0.0
City of New Lenox - Reapprop.	100.0	0.0	100.0	0.0
City of Niles Salt Dome - Reapprop.	2,000.0	0.0	2,000.0	0.0
City of Park City - Reapprop.	250.0	239.4	10.6	8.8
City of Peoria - Reapprop.	250.0	250.0	0.0	0.0
City of Plainfield - Reapprop.	980.0	0.0	980.0	0.0

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City of Rock Island	0.0	0.0	100.0	0.0
City of Rock Island Quad Cities Regional Film Office - Reapprop.	65.0	8.3	56.7	37.5
City of Rockford - Reapprop.	250.0	0.0	250.0	241.3
City of Romeoville - Reapprop.	357.0	300.0	57.0	0.0
City of Springfield Grant - Reapprop.	1,200.0	0.0	1,200.0	1,200.0
City of Summit Streets - Reapprop.	200.0	0.0	200.0	200.0
City of Urbana - Reapprop.	3,000.0	0.0	3,000.0	0.0
Civic Build Feasibility Study	500.0	0.0	500.0	0.0
Clean Energy EV Career & Technical Education Pilot Program	0.0	0.0	10,000.0	0.0
Community Unit School District #300	0.0	0.0	300.0	0.0
Critical Health Network - Reapprop.	818.9	8.9	810.0	810.0
DCEO Job Training Programs	3,000.0	2,217.5	3,000.0	2,254.0
DCEO Technology Based Programs	2,500.0	0.0	2,500.0	268.2
Downers Grove Park District - Reapprop.	175.0	0.0	175.0	164.1
DREAAM Opportunity Center - Reapprop.	750.0	0.0	750.0	0.0
Education and Work Center in Hanover Park	636.0	574.9	636.0	561.3
Elmhurst Park District - Reapprop.	250.0	0.0	250.0	24.5
Enjoy IL Tourism	0.0	0.0	2,000.0	0.0
FBRK Brands	3,000.0	0.0	2,250.0	2,250.0
FBRK Brands Grant - Reapprop.	0.0	0.0	3,000.0	3,000.0
Food Insecurity Grant Program	0.0	0.0	20,000.0	20,000.0
Fox Valley Park District - Reapprop.	1,000.0	0.0	1,000.0	0.0
Frankfort Park District - Reapprop.	400.0	0.0	400.0	355.7
Good Samaritan House - Reapprop.	50.0	0.0	50.0	0.0
Grand O'Hare	0.0	0.0	750.0	0.0
Grand O'Hare Chamber of Commerce	0.0	0.0	750.0	0.0
Grants & Administrative Expenses Combined	0.0	0.0	7,500.0	4,632.1
Grants & Costs for Business Development Prog.	1,956.3	472.6	1,956.3	1,923.9
Grants to Intersect IL	3,000.0	3,000.0	6,400.0	6,133.9
Grants to Local Governments - Reapprop.	30,250.0	46.2	30,203.8	8,650.3
Grants to Non-Profits, Units of Local Gov't, and School Districts for Operating Expenses	0.0	0.0	2,500.0	0.0
Grants to Northwest IL Film Office	35.0	35.0	35.0	35.0
Grants to Veterans Assist. Commiss. Of Will Cty.	130.0	0.0	130.0	0.0
Grants to World Business Chicago	1,500.0	0.0	1,500.0	459.3
Grape Growers Grant - Reapprop.	500.0	0.0	500.0	500.0
Greater Auburn Gresham - Reapprop.	250.0	0.0	250.0	209.3
Greater Englewood Chamber of Commerce	0.0	0.0	1,000.0	0.0
Greater Roseland Chamber of Comm.-Reapprop.	250.0	0.0	250.0	0.0

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Harford Confluence Tower - Reapprop.	55.0	0.0	55.0	53.0
Heart of IL Port District - Reapprop.	500.0	247.3	252.7	252.7
Hegewisch Business Assoc. - Reapprop.	250.0	0.0	250.0	250.0
Hinsdale Community Services - Reapprop.	55.0	0.0	55.0	0.0
HIRE360 Workforce Hub	1,000.0	1,000.0	1,500.0	1,500.0
Hispanic American Construction Industry Assoc.	3,200.0	2,043.1	3,200.0	2,830.7
Hispanic Chamber of Commerce of IL	1,500.0	0.0	1,500.0	0.0
Hispanic Chamber of Commerce of IL - Reapprop.	500.0	0.0	500.0	500.0
Human Resources Develop. Institute, Inc.- Reapp.	250.0	250.0	0.0	0.0
Hyde Park Neighborhood Club - Reapprop.	350.0	0.0	350.0	350.0
Ice and Fire Mentor Program	0.0	0.0	5.0	0.0
IL Central College - Reapprop.	250.0	49.2	200.8	34.1
IL Hotel & Lodging Assoc. Educational Foundation	0.0	0.0	2,500.0	0.0
IL Manufacturers' Association	1,466.3	1,466.3	1,466.3	1,466.3
IL Manufacturing Excellence Center	2,170.6	2,170.6	2,000.0	2,000.0
IL National Main Street Center	400.0	140.7	400.0	201.1
IL National Main Street Center - Reapprop.	0.0	0.0	259.3	176.6
IL Retail Merchants Association	300.0	0.0	2,500.0	772.4
IL Retail Merchants Association - Reapprop.	0.0	0.0	300.0	0.0
Indo-American Center - Reapprop.	125.0	0.0	125.0	0.0
Innovation Vouchers Program	3,000.0	0.0	3,000.0	3,000.0
Irish American Heritage Center	0.0	0.0	500.0	0.0
Job Training for Richland Community College	1,500.0	1,197.3	1,500.0	1,500.0
Job Training for Chicagoland Chamber of Comm.	1,500.0	1,500.0	1,500.0	1,500.0
Job Training for Workforce Connection in Rockford - Reapprop.	905.0	905.0	0.0	0.0
Joliet Area Historical - Reapprop.	3,500.0	0.0	3,500.0	1,625.1
Joliet Area Historical Museum	1,000.0	0.0	3,500.0	0.0
Joliet Area Historical Museum - Reapprop.	0.0	0.0	1,000.0	1,000.0
Joliet Arsenal Development Authority	800.0	252.8	800.0	609.1
Kankakee County - Reapprop.	1,000.0	0.0	1,000.0	0.0
Lake Bluff Pedestrian Bridge - Reapprop.	1,250.0	0.0	1,250.0	0.0
Leadership Council Southwestern IL-Reapprop.	125.0	114.7	10.3	0.0
Little Village Chamber of Commerce/Little Village Community Foundation - Reapprop.	125.0	0.0	125.0	42.5
Lockport Township Highway - Reapprop.	50.0	0.0	50.0	50.0
Logan Square Chamber of Commerce - Reapprop.	100.0	61.0	39.0	22.3
Lyons Fire Department - Reapprop.	150.0	0.0	150.0	0.0

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Marion Airport Authority - Reapprop.	1,400.0	0.0	1,400.0	144.0
McCook Fire Department - Reapprop.	50.0	0.0	50.0	50.0
Metro East Business Incubator	100.0	84.2	150.0	0.0
Metropolitan Family Services	0.0	0.0	65.0	0.0
Midwest Career Source Vocational School- Reapp.	125.0	71.2	53.8	53.8
Mosque Foundation	0.0	0.0	125.0	0.0
Mount Greenwood Community & Business Association - Reapprop.	250.0	0.0	250.0	0.0
MTC Community Outreach Cooperation	0.0	0.0	500.0	0.0
Nat'l Mus. of Puerto Rican Arts & Culture-Reapp.	250.0	0.0	250.0	250.0
North Austin Counsel - Reapprop.	200.0	0.0	200.0	0.0
North Riverside - Reapprop.	300.0	0.0	300.0	0.0
Northeast DuPage Special Recreation Association	244.4	244.4	244.4	244.4
Nothern IL Ctr. For Nonprofit Excell.-Reapprop.	101.3	101.3	0.0	0.0
Northwest Hispanic Chamber of Commerce	0.0	0.0	150.0	150.0
Oak Park Art Council	0.0	0.0	350.0	0.0
Office of Rural Economic Development Programs	0.0	0.0	2,000.0	0.0
Orland Fire Protection District - Reapprop.	610.0	0.0	610.0	153.1
Orland Township Highway District - Reapprop.	100.0	0.0	100.0	0.0
OSF Saint Francis Medical Center for costs associated with medical equipment	0.0	0.0	338.0	0.0
OSF St. Elizabeth Medical Center	0.0	0.0	4,000.0	0.0
Our Lady of Good Council-Teen Reach/Teen Reach at Blessed Sacrament - Reapprop.	100.0	0.0	100.0	0.0
Pan Asian American Center - Reapprop.	300.0	0.0	300.0	60.0
Pearls of Power - Reapprop.	300.0	0.0	300.0	0.0
Peoria Civic Center - Reapprop.	500.0	0.0	500.0	0.0
Peoria Park District - Reapprop.	500.0	144.7	355.3	338.5
Peoria Riverfront Museum - Reapprop.	500.0	0.0	500.0	500.0
Puerto Rican Arts Alliance - Reapprop.	250.0	250.0	0.0	0.0
Quad County Urban League - Reapprop.	214.1	75.7	138.4	134.2
Reclaiming Chicago Grant - Reapprop.	1,000.0	0.0	1,000.0	0.0
Regional 911 - Reapprop.	100.0	0.0	100.0	0.0
Rich Township	0.0	0.0	4,000.0	200.0
Rich Township	500.0	0.0	500.0	15.0
Rich Township - Reapprop.	0.0	0.0	500.0	252.7
Rich Township Infrastructure - Reapprop.	250.0	0.0	250.0	238.4
Riverside Fire Department - Reapprop.	100.0	0.0	100.0	100.0
Rockford Area Convention Bureau	0.0	0.0	500.0	0.0

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SAAPRI for Costs Assoc. w/ Operating Expenses	0.0	0.0	250.0	0.0
Safer Foundation	0.0	0.0	100.0	0.0
SBIR and STTR Matching Funds Grant Program	5,000.0	37.5	5,000.0	2,150.0
Segundo Ruiz Belvis Cultural Center-Reapprop.	250.0	41.2	208.8	208.8
Six Corners Chamber of Commerce - Reapprop.	100.0	0.0	0.0	0.0
Skills USA - Reapprop.	100.0	0.0	100.0	100.0
South Asian American Chamber of Commerce	250.0	0.0	250.0	0.0
South Asian American Chamber of Comm.- Reapp.	250.0	184.8	315.2	90.1
South Asian American Policy & Research Institute - Reapprop.	75.0	0.0	75.0	75.0
South Central Community Services - Reapprop.	250.0	154.4	95.6	31.2
South Chicago Heights Police Dept.-Reapprop.	25.0	0.0	25.0	25.0
South Holland Business Assoc. - Reapprop.	125.0	0.0	125.0	0.0
South Side Help Center	0.0	0.0	500.0	372.4
Southeast Chicago Chamber of Commerce- Reapp.	250.0	0.0	250.0	127.0
Spanish Community Center - Reapprop.	250.0	0.0	250.0	250.0
St. Clair County	0.0	0.0	2,000.0	0.0
St. Clair Township Road District - Reapprop.	100.0	0.0	100.0	0.0
St. Joseph Academy - Reapprop.	360.0	0.0	360.0	0.0
Stickney Fire Department - Reapprop.	150.0	0.0	150.0	0.0
Sunshine Cultural Arts Center - Reapprop.	100.0	0.0	100.0	0.0
The Well Experience - Reapprop.	300.0	0.0	300.0	107.9
Tinley Park Park District	0.0	0.0	15,000.0	5,719.2
Triton Community College - Reapprop.	2,000.0	0.0	2,000.0	0.0
U-Two Mentorship Program, Inc. - Reapprop.	250.0	139.2	110.8	109.8
Unemployment Insurance Relief City of Rockford	0.0	0.0	1,500.0	1,047.6
Uprising Theater - Reapprop.	101.0	39.2	61.8	61.8
Utopia Connect Foundation - Reapprop.	312.0	0.0	312.0	312.0
Village of Bridgeview - Promotional Exp.-Reapp.	1,000.0	0.0	1,000.0	0.0
Village of Bridgeview - Reapprop.	2,000.0	0.0	2,250.0	0.0
Village of Bridgeview	250.0	0.0	0.0	0.0
Village of Burbank	0.0	0.0	500.0	0.0
Village of Cahokia - Reapprop.	125.0	0.0	125.0	0.0
Village of Countryside - Reapprop.	40.0	0.0	40.0	0.0
Village of Dolton	0.0	0.0	1,000.0	0.0
Village of Hazel Crest - Reapprop.	250.0	25.0	225.0	0.0
Village of Lincolnwood	0.0	0.0	250.0	0.0
Village of Matteson	200.0	200.0	0.0	0.0
Village of Morton Grove	0.0	0.0	500.0	0.0
Village of New Lenox	100.0	100.0	0.0	0.0

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Village of Orland Hills - Reapprop.	650.0	0.0	650.0	57.0
Village of Schaumburg for Municipal Convention Center & Sports Facil. Grant Prog. - Reapprop.	146.0	146.0	146.0	146.0
Village of Schaumburg for Municipal Convention Center & Sports Facil. Grant Prog.	146.0	0.0	0.0	0.0
Village of Washington Park - Equipment to Police & Fire Departments - Reapprop.	200.0	200.0	200.0	0.0
Village of Washington Park - Equipment to Police & Fire Departments	200.0	0.0	0.0	0.0
Washington Park Fire Department - Reapprop.	200.0	0.0	200.0	0.0
Washington Park Police/Fire - Reapprop.	200.0	0.0	200.0	0.0
Williamson Cty. Airport Authority dba Veterans Airport of Southern IL	0.0	0.0	1,400.0	1,400.0
WINGS Program Inc. - Reapprop.	550.0	0.0	550.0	550.0
Workforce Connection in Rockford for Job Training - Reapprop.	2,600.0	2,120.0	480.0	480.0
YMCA Youth & Government Program	0.0	0.0	50.0	0.0
Total Grants	194,842.3	43,190.3	332,614.8	138,224.6
<b>TOTAL GENERAL FUNDS</b>	<b>296,842.3</b>	<b>141,924.2</b>	<b>371,927.3</b>	<b>174,920.5</b>
OTHER STATE FUNDS				
<b>Designated Purposes</b>				
Admin. Exp. & Grants Assoc. w/ International & Promotional Products & Services	300.0	11.6	300.0	63.0
Admin. Exp. & Grants Assoc. w/ New and Expanding International Markets for IL Business & Industries	1,575.0	325.8	1,575.0	646.1
Cannabis Regulations	300.0	294.9	0.0	0.0
Capital Program Administrative Expenses	5,000.0	3,748.5	5,000.0	4,850.8
Economic Research in State of IL	150.0	1.0	150.0	0.0
Total Designated Purposes	7,325.0	4,381.8	7,025.0	5,559.9
<b>Grants</b>				
Admin. Exp. & Grants Assoc. w/ Article 10 of Build IL Act, Large Business Attraction Fund	500.0	0.0	500.0	0.0
Admin. Exp. & Grants Assoc. w/ Article 8 of Build IL Act, Public Infrastructure Construction Loan Revolving Fund	2,250.0	0.0	1,000.0	0.0
Admin. Exp. & Grants Assoc. w/ Small Business Development Act	3,900.0	0.0	3,900.0	0.0
Admin. Exp. & Grants for Local Tourism & Convention Bureau Program	550.0	191.9	550.0	131.2
Admin. Exp. & Grants for Small Business Environmental Assistance Program	500.0	267.9	500.0	480.7

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Admin. Exp. & Grants on Behalf of Eligible Recipients per Energy Assistance Act	250,000.0	212,048.3	300,000.0	144,034.3
Admin. Exp. For Cannabis Business Grant & Loan Program	0.0	0.0	1,530.0	1,417.5
Admin. Exp. For Office of Trade & Investment	2,747.0	2,583.6	3,857.0	3,521.8
Admin. Exp., Loans, and Grants for State Small Business Credit Initiative	312,000.0	27,802.5	312,000.0	57,576.6
Advertising & Promoting Tourism Throughout IL - Domestic & International	25,000.0	25,000.0	44,000.0	43,849.2
Cannabis Business Grant & Loan Program and Admin. Expenses	36,000.0	21,115.2	76,000.0	133.1
Coal to Solar and Energy Storage Grant Program & Admin. Expenses	28,005.0	0.0	28,005.0	0.0
Connect IL Digital Literacy, Adopt., & Equity Grts.	500.0	139.3	500.0	60.8
CRRSA - Admin. Exp. & Grants Assoc. w/ Fed. Emergency Rental Asst. Program - Reapprop.	352,383.8	16,203.8	0.0	0.0
DCEO Loan Guarantee Program	0.0	0.0	10,000.0	97.2
Economic Development & Business Attraction and Retention Purpose - Reapprop.	20,000.0	0.0	20,000.0	0.0
Employer Training Investment Program - Reapp.	38,000.0	0.0	34,000.0	0.0
Fast-Track Workforce Program	0.0	0.0	20,000.0	0.0
For Operational Expenses, Grants, Contracts, & Expend. Pursuant to the Energy Transition Act	200,000.0	1,057.3	200,000.0	12,477.4
General Administrative & Grant Expenses	11,000.0	5,222.2	11,000.0	4,198.8
Grant to Western IL University for Operating Rural Affairs Institute	160.0	136.6	160.0	160.0
Grants for International Tourism	4,000.0	1,440.0	4,000.0	1,864.4
Grants for Organizations Related to Workforce and Economic Development	2,000.0	0.0	2,000.0	0.0
Grants to Convention and Tourism Bureaus - Choose Chicago	16,228.5	16,228.5	5,000.0	3,967.0
Grants to Convention and Tourism Bureaus - Outside of Chicago	18,073.0	18,071.5	18,073.0	18,056.4
IL Manufacturers' Association	0.0	0.0	4,000.0	3,442.1
Invest in IL Act	500,000.0	0.0	500,000.0	125,000.0
Leverage for Federal Programs Grant Program	0.0	0.0	35,000.0	0.0
Manufacturing Marketing Campaign - Reapprop.	7,000.0	0.0	7,000.0	2,056.4
Office of Minority Economic Empowerment Small Business Support - Reapprop.	5,000.0	0.0	5,000.0	0.0
Office of Outdoor Recreation	0.0	0.0	2,500.0	0.0
One Stop Business Portal	0.0	0.0	10,000.0	0.0

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Private Sector Match Grants	600.0	0.0	600.0	100.6
Promotion of IL Film Production Admin. & Grants	1,390.0	1,389.8	1,585.0	1,559.9
South Suburban Brownfields Redevelopment	4,000.0	0.0	4,000.0	0.0
Tourism Attraction Develop. Grant Program	1,800.0	0.0	1,800.0	367.5
Tourism Matching Grant Prog.: Counties Over 1M	750.0	0.0	750.0	0.0
Tourism Matching Grant Prog.: Counties Under 1M	1,250.0	0.0	1,250.0	0.0
Tourism Promotion - TPF	0.0	0.0	15,000.0	527.1
Tourism Promotion ABC	0.0	0.0	15,000.0	0.0
Tourism Promotion Administration	4,088.0	3,551.9	4,143.0	3,132.2
Water and Sewer Low-Income Asst. Program	3,000.0	0.0	5,000.0	0.0
Workforce Training Programs	1,000.0	0.0	1,000.0	269.7
Total Grants	1,853,675.3	352,450.3	1,710,203.0	428,481.9
<b>TOTAL OTHER STATE FUNDS</b>	<b>1,861,000.3</b>	<b>356,832.1</b>	<b>1,717,228.0</b>	<b>434,041.8</b>
FEDERAL FUNDS				
<b>Designated Purposes</b>				
ARPA - Contingent & Admin. Expenses Associated w/ American Rescue Plan Act of 2021	1,354.3	571.1	991.9	524.7
ARPA - Research in IL to Spur Economic Recovery Program Contingent & Admin. Expenses-Reapp.	1,500.0	524.8	975.2	975.2
Total Designated Purposes	2,854.3	1,095.9	1,967.1	1,499.9
<b>Grants</b>				
Admin, Training, Tech Asst., Grants for Weatherization Programs	60,000.0	19,433.1	80,000.0	34,039.9
Admin. Exp. & Grants Associated w/ Workforce Innovation & Opportunity Act	315,000.0	152,305.3	325,000.0	156,456.5
Admin. Exp. & Grants of Procurement Technical Asst. Center Program	1,000.0	644.5	1,500.0	886.8
Admin. Exp. & Grants on Behalf of Eligible Recipients of Low-Income Home Energy Asst. Act	480,000.0	283,136.7	480,000.0	205,900.8
Admin. Exp. & Grants to Eligible Recipients of Community Services Block Grant Act	118,000.0	64,248.3	118,000.0	36,950.4
Admin. Exp. & Grants to Eligible Recipients of Community Development Act for IL Cities	100,000.0	0.0	100,000.0	0.0
Admin. Exp., Tech Asst., & Grants to Local Gov't for Community Development Act for Cities under 50K Population	231,000.0	31,527.6	231,000.0	18,786.2

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ARPA - American Rescue Plan Capital Assets Prog.	0.0	0.0	20,000.0	0.0
ARPA - ARPCAP - Reapprop.	45,000.0	0.0	45,000.0	1,863.8
ARPA - Asian American Family Commission	4,000.0	0.0	4,000.0	0.0
ARPA - City of Cahokia Heights	6,000.0	0.0	6,000.0	0.0
ARPA - Disadvantaged and Urban Farmers	2,500.0	0.0	2,500.0	2,500.0
ARPA - Don Moyer Boys & Girls Club-Genius Ctr.	350.0	0.0	350.0	87.9
ARPA - Grant to Donald E. Stephens Conv. Ctr.	15,000.0	15,000.0	0.0	0.0
ARPA - Grant to Navy Pier - Reapprop.	8,000.0	8,000.0	0.0	0.0
ARPA - Grant to Support State-Designated Cultural Districts	3,000.0	0.0	3,000.0	0.0
ARPA - Grant to African American Family Comm.	4,000.0	0.0	4,000.0	0.0
ARPA - Grant to Alternative School Network	1,000.0	0.0	1,000.0	919.6
ARPA - Grants, Contracts, Operational Costs Assoc. w/ Advertising IL as Tourism Destination	7,500.0	7,499.8	6,072.8	0.0
ARPA - Grants, Contracts, Operational Costs Assoc. w/ Local Chambers of Commerce Recovery Grants	5,000.0	0.0	5,000.0	5,000.0
ARPA - Here to Stay Community Land Trust	5,000.0	0.0	5,000.0	5,000.0
ARPA - Hotel Jobs Recovery Grant Program	75,000.0	73,801.8	73,822.5	138.8
ARPA - House of Miles Davis Museum	300.0	45.0	300.0	0.0
ARPA - Indep. Live Venue Operators, Performing or Presenting Arts Orgs., Arts Education Orgs., & Museums or Cultural Heritage Orgs.	50,000.0	49,471.4	48,822.5	138.8
ARPA - Job Training & Workforce Recovery Prog.	0.0	0.0	5,000.0	0.0
ARPA - Job Train. & Workforce Rec. Prog.-Reapp.	50,000.0	6,183.4	43,816.6	8,487.3
ARPA - Katherine Dunham Museum	300.0	0.0	300.0	65.6
ARPA - Lake Effect Community Development	2,000.0	0.0	2,000.0	200.0
ARPA - Latino Family Commission	4,000.0	0.0	4,000.0	0.0
ARPA - Low Income Home Water Asst. Prog.	55,000.0	29,369.8	55,000.0	6,459.2
ARPA - Peoria Chamber of Commerce	500.0	0.0	500.0	50.0
ARPA - Peoria Police Department	125.0	0.0	125.0	124.2
ARPA - Restaurant Employment & Stabilization Grant Program	50,000.0	26,952.5	48,822.5	12,151.4
ARPA - Small Business Micro-Loans	500.0	0.0	500.0	0.0
ARPA - Research in IL to Spur Economic Recovery Prog. Grants - Reapprop.	23,500.0	86.7	23,413.3	2,696.2
ARPA - Tourism Attraction Development Grant	15,000.0	0.0	15,000.0	6,645.6
ARPA - Tourism Attraction Devel. Grant - Reapp.	7,500.0	0.0	7,500.0	3,850.1
ARPA - Tourism Attraction Devel. Grant Prog. Pursuant to 20 ILCS 665/8a(3)	7,773.3	4,741.2	3,032.3	914.6
ARPA - Urbana-Champaign Indep. Media Center	448.0	448.0	79.6	0.0

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Business Interruption Grant Prog., Back to Business - Small Business	28,734.7	237.7	28,527.0	27,285.3
Carter Temple Comm. Develop. Corporation	0.0	0.0	1,000.0	0.0
Grants for Small Business Development Centers	15,000.0	9,108.0	15,000.0	3,896.5
Grants, Contracts, & Admin. Expenses Assoc. w/ National Telecommunications & Information Administration Broadband Infrastructure Prog.	25,000.0	1,333.3	25,000.0	909.8
Grants, Contracts, & Admin. Exp. Pursuant to 20 ILCS 605/605-30	8,500.0	1,753.9	8,500.0	1,202.3
IIJA - Broadband Equity, Access, & Deploy. Prog.	100,000.0	0.0	100,000.0	3,119.3
Intra-Agency Services Federal Overhead	19,209.2	13,816.7	19,209.2	10,643.3
Tech. Asst. Business Interruption Grant Prog., Back to Business Grant Prog. - Reapprop.	12,918.4	4,502.0	8,416.4	3,600.7
Tourism Marketing & Promotion	18,500.0	14,128.9	18,500.0	2,701.1
Total Grants	1,981,158.6	817,775.6	1,993,609.7	563,672.0
<b>TOTAL FEDERAL FUNDS</b>	<b>1,984,012.9</b>	<b>818,871.5</b>	<b>1,995,576.8</b>	<b>565,171.9</b>
<b>TOTAL</b>	<b>4,141,855.5</b>	<b>1,317,627.8</b>	<b>4,084,732.1</b>	<b>1,174,134.2</b>

**DCEO Locations**

DCEO offices are located at:

- 607 East Adams – Springfield;
- 1 West Old State Capital Plaza - Springfield;
- 1020 S. Spring St. – Springfield;
- 1011 S. 2<sup>nd</sup> St. – Springfield; and
- 555 W. Monroe, 12<sup>th</sup> Floor – Chicago;

**Accountants’ Findings and Recommendations**

Condensed below are the 17 findings and recommendations included in the audit report. Of these, 11 are repeated from the previous audit. The following recommendations are classified on the basis of information provided by DCEO, via electronic mail received September 15, 2025.

- 1. Auditors recommend the Department address its staffing limitations and conduct internal audits of major systems and administrative controls at least once every two years in compliance with the FCIAA.**

**FINDING:** *(Noncompliance with the Fiscal Control and Internal Auditing Act) – This finding has been repeated since FY2011-2012.*

## **REVIEW #4597 DEPARTMENT OF COMMERCE AND ECONOMIC OPP. FY 23-24**

The Department of Commerce and Economic Opportunity's (Department) internal auditing program did not fully comply with the Fiscal Control and Internal Auditing Act (FCIAA).

The Department's Office of Internal Audit (OIA) failed to complete any internal audits during Fiscal Year 2023 and Fiscal Year 2024. The Department did not ensure internal audits of the eleven FCIAA major event/transaction cycles as identified by the Statewide Accounting Management System (SAMS) applicable to the Department were reviewed at least once every two years.

This finding was first noted during the Department's compliance examination for the two years ended June 30, 2012. In the subsequent years, the Department has been unsuccessful in implementing a corrective action plan.

The FCIAA (30 ILCS 10/2003) requires the chief executive officer of each designated State agency ensure the internal auditing program includes audits of major systems of internal accounting and administrative control conducted on a periodic basis so that all major systems are reviewed at least once every two years. SAMS (Procedure 02.50.20) identifies the eleven FCIAA major event/transaction cycles as organization and management; administrative support services; budgeting, accounting and reporting; purchasing, contracting, and leasing; expenditure control; personnel and payroll; property, equipment, and inventories; revenues and receivables; petty cash and local funds; grant administration; and electronic data processing.

The Department's management team is responsible for implementing timely corrective action on all of the findings identified during a State compliance examination.

Department management indicated the failure to comply with the FCIAA was due to continued staffing constraints.

The major areas of internal control must be audited by internal audit on a regular basis to ensure adherence to an effective internal control system. Failure to perform regular internal audits of major systems of internal accounting and administrative controls may result in weaknesses in internal control not being timely detected.

### **DEPARTMENT RESPONSE:**

The Department agrees with the finding and recommendation. During the audit period, the Department backfilled Chief Internal Auditor position and filled other positions in the Office of Internal Audit. The Department is now in compliance with FCIAA.

### **UPDATED RESPONSE:**

#### **Implemented.**

The Department agrees with the finding and recommendation. The Department has backfilled both the Chief Internal Auditor and the Deputy Chief Internal Auditor positions and additional staff have been hired.

2. **Auditors recommend the Department ensure necessary information is collected and required reports are submitted timely to the Governor and General Assembly or published to the Department’s website.**

**FINDING:** *(Failure to Submit Required Reports, Timely Submit Required Reports, or Meet All Reporting Requirements) – This finding has been repeated since FY2009-2010.*

The Department of Commerce and Economic Opportunity (Department) did not submit required reports, timely submit required reports, or meet all reporting requirements in accordance with the mandates set forth in State Law.

During testing of statutes applicable to the Department, noted the following:

Opportunities for At-Risk Women Act

- The Department did not ensure the Task Force on Opportunities for At-Risk Women (Task Force) submitted an annual report for Calendar Year 2022 to the Governor and General Assembly by January 1, 2023. The report was submitted on January 23, 2023, 22 days late. Additionally, the Task Force only met once during the examination period.

The Opportunities for At-Risk Women Act (20 ILCS 5075/5) mandates the Department provide administrative support, technical assistance, meeting space, and funding for the Task Force. The Opportunities for At-Risk Women Act also requires the Task Force to meet at the call of the chair, but not less than quarterly. In addition, the Opportunities for At-Risk Women Act (20 ILCS 5075/15) requires the Task Force, on or before January 1 of each year, to report to the Governor and the General Assembly on its activities and include any recommendations for legislation or rulemaking to facilitate its work in the targeted areas of assistance and outsourcing.

Department management indicated the noncompliance was caused by the Task Force having limited meetings during the audit period, and the limited meetings were a result of competing priorities.

Cannabis Regulation and Tax Act

- The Department failed to timely submit the Fiscal Year 2023 annual report to the Governor and the General Assembly. The report was submitted on February 15, 2023, 45 days late.

The Cannabis Regulation and Tax Act (410 ILCS 705/7-15(e)) states, beginning January 1, 2021, and each year thereafter, the Department shall annually report to the Governor and the General Assembly on the outcomes and effectiveness of this Section.

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Department management indicated the noncompliance was due to employee turnover in key positions related to this report.

### Illinois Income Tax Act

- The Department failed to timely submit an annual report for Calendar Year 2022 to the Governor and General Assembly by March 1, 2023. The report was submitted on March 22, 2023, 21 days late.

The Illinois Income Tax Act (35 ILCS 5/220(h)) requires the Department, on or before March 1 of each year, to report to the Governor and to the General Assembly on the tax credit certificates awarded under this Section for the prior calendar year.

Department management indicated the report was submitted late due to competing priorities.

### Energy Community Reinvestment Act

- The Department failed to ensure the Energy Transition Workforce Reports (Reports) submitted during the examination period included an estimate of worker impacts due to early retirements.

The Energy Community Reinvestment Act (20 ILCS 735/10-15(d)) requires the Energy Transition Workforce Commission to produce a Report in consultation with the Illinois Department of Revenue and the Illinois Environmental Protection Agency. The Report is to address the anticipated impact of the energy transition and a comprehensive set of recommendations to address changes to the Illinois workforce during the period of 2020 through 2050, or a later year. The Report, designed to be used for the programs created in the Energy Community Reinvestment Act, is to contain the following elements: information related to the impact on current workers, information regarding impact on communities and local governments, and information on emerging industries and State economic development opportunities in regions that have historically been the site of fossil fuel power plants, nuclear power plants, and coal mining. Specific to the impact on current workers, the Energy Community Reinvestment Act further delineates information to be reported, including an estimate of worker impacts due to scheduled closures, including layoffs, early retirements, salary changes, and other factors the Commission finds relevant.

Department management indicated insufficient data was available to make statements regarding the impact of early retirements on the energy workforce.

- The Department failed to timely submit an annual report in Fiscal Year 2023 by September 15, 2022. The report was published on September 19, 2022, four days late. Additionally, the Department did not timely submit an annual report in

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calendar year 2023. The report was submitted on January 18, 2024, 18 days late. Furthermore, both of the reports filed during the examination period lacked information on program metrics, demographics of participants, and recommendations for future modification to the services by the Department under these programs.

The Energy Community Reinvestment Act (20 ILCS 735/10-40) requires the Department to create or commission the creation of a report on the energy worker and transition programs created under this Act by September 15, 2022, and at least once each calendar year thereafter. The report shall, at a minimum, contain information on program metrics, the demographics of participants, program impact, and recommendations for future modifications to the services provided by the Department under these programs.

Department management indicated they were unable to comply with this portion of the Energy Community Reinvestment Act due to competing priorities.

### Reimagining Energy and Vehicles in Illinois Act

- The Department did not include statements on the progress made by each taxpayer in meeting the terms of the original agreement or the wages paid to new or retained employees in the annual reports submitted to the Governor and General Assembly. Additionally, the Calendar Year 2023 report did not contain links to the original agreements executed during that year. While the Calendar Year 2023 report does not contain links or mention these links, links are available through the Department's website.

The Reimagining Energy and Vehicles in Illinois Act (20 ILCS 686/75) requires the Department to submit a report on the tax credit programs that includes the original estimates of the value of the credit and the number of new employee jobs to be created and, if applicable, the number of retained employee jobs; any relevant modifications to existing agreements; a statement of the progress made by each taxpayer in meeting the terms of the original agreement; a statement of wages paid to new employees and, if applicable, retained employees in the State; and a copy of the original agreement or link to the agreement on the Department's website.

Department officials indicated the noncompliance was a result of oversight.

Failure to submit, timely submit, or include all required report components inhibits accumulation of meaningful oversight information for the Governor and General Assembly, as well as the general public.

### **DEPARTMENT RESPONSE:**

The Department agrees with the finding and recommendation. The Department worked on filling the Opportunities for At-Risk Women Task Force's membership positions and relaunched the meetings on April 24, 2024.

**UPDATED RESPONSE:**

**Partially Implemented.**

The Department agrees with the finding and recommendation. The Department developed and is utilizing a tracking database to ensure required reports are collected and submitted timely to the Governor and General Assembly.

**3. Auditors recommend the Department address its staffing limitations and conduct internal audits of major systems and administrative controls at least once every two years in compliance with the FCIAA.**

**FINDING:** *(Boards, Commissions, Committees, and Councils Not Fully Staffed) – This finding has been repeated since FY2011-2012.*

The Department of Commerce and Economic Opportunity (Department) did not ensure certain boards, commissions, committees, or councils mandated to provide guidance to the Department had the required number of members or met as required during the engagement period.

During testing of statutes applicable to the Department requiring various boards, commissions, committees and councils to be staffed, auditors noted the following:

Illinois Promotion Act

- The Department did not ensure the Coordinating Committee of State Agencies (Committee) met as required. In addition, the Director did not serve as the Committee's chairman.

The Illinois Promotion Act (20 ILCS 665/4b) created the Coordinating Committee of State Agencies involved with tourism in the State of Illinois. The Department's Director is to be the chairman of the Committee. The Committee is to meet at least quarterly and at other times as called by the chair.

Department management indicated it has been working to get the Committee active and, while these efforts are underway, the Committee was unable to meet.

Cannabis Regulation and Tax Act

- The Director or designee of the Department was not present at three of six (50%) of the Restore, Reinvest, and Renew Program Board meetings held during the engagement period.

The Cannabis Regulation and Tax Act (410 ILCS 705/10-40) states the Director of the Department, or his or her designee, shall serve as an ex-officio member of the Restore, Reinvest, and Renew Program Board.

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Department management indicated it was unable to comply with the Cannabis Regulation and Tax Act due to turnover at the Director level and scheduling conflicts.

### Illinois Commission on Amateur Sports Act

- The Department did not provide administrative and other support to the Illinois Commission on Amateur Sports (Commission) due to vacancies in membership roles which resulted in the Commission being inactive during the engagement period.

The Commission was created by the Illinois Commission on Amateur Sports Act (20 ILCS 4107/5). The Illinois Commission on Amateur Sports Act (20 ILCS 4107/5 through 4107/15) defines the membership of the Commission, term limits, and meeting requirements. The vacant members of the Commission were required to be appointed by the Governor. The Department was identified in the Illinois Commission on Amateur Sports Act to provide administrative and other support to the Commission.

Department management indicated the Commission was inactive because members were not appointed by the Governor's office.

### Illinois Forestry Development Act

- The Director or designee of the Department was not present at five of 11 (45%) Illinois Forestry Development Council meetings.

The Forestry Development Act (525 ILCS 15/6b) states the Director of the Department, or his or her designee, shall serve as a member of the Illinois Forestry Development Council.

Department management indicated they were unable to comply with the Forestry Development Act due to scheduling conflicts.

### Illinois South Asian American Advisory Council Act

- The Department did not appoint a liaison to the Illinois South Asian American Advisory Council (Council). Additionally, the Council did not hold any meetings or issue semi-annual reports on policy recommendations to the Governor and General Assembly during the examination period.

The Illinois South Asian American Advisory Council Act (20 ILCS 4120/15 through 4120/25) states that the Department shall appoint a liaison to serve as an ex officio, nonvoting member of the Council. Furthermore, the Council shall meet at least once per calendar quarter. Lastly, the Council shall issue semi-annual reports on

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its policy recommendations to the Governor and General Assembly by June 30th and December 31st.

Department management indicated they were unable to comply with the Illinois South Asian American Advisory Council Act due to competing priorities.

### Hydrogen Economy Act

- The Hydrogen Economy Task Force (Task Force) did not meet during the first quarter of Fiscal Year 2023. Additionally, the 2022 annual report was submitted timely, but did not contain recommendations on government policies nor did it discuss findings. Furthermore, the 2023 annual report was submitted 56 days late. Lastly, the Task Force had one vacancy regarding the member representing a non-profit energy research organization.
- The Hydrogen Economy Act (20 ILCS 4122/5) mandates the Department provide administrative support to the Task Force and include one member representing a non-profit energy research organization, appointed by the Governor. In addition, the Hydrogen Economy Act requires the Task Force to meet at least quarterly to fulfill its duties under the Act. Further, the Hydrogen Economy Act (20 ILCS 4122/15) requires the Task Force to report to the Governor and the General Assembly by December 1 of each year on its activities, findings, and recommendations.

Department management stated the issues noted above were the result of the lengthy recruitment and board member evaluation process. Department management notes the effective date of the Hydrogen Economy Act was June 10, 2022.

Failure to appoint representatives, communicate vacancies, or ensure regular attendance at meetings was first noted during the compliance examination for the two years ended June 30, 2012. In the subsequent years, the Department has been unsuccessful in implementing corrective action for this noted weakness. The Department's management team is responsible for implementing timely corrective action on all of the findings identified during a State compliance examination.

In the previous examination, auditors noted noncompliance regarding the Illinois African-American Family Commission Act (20 ILCS 3903/20), the Illinois Latino Family Commission Act (20 ILCS 3983/20), the Illinois Muslim American Advisory Council Act (20 ILCS 5110/20(e)) and the Southern Illinois University Management Act (110 ILCS 520/6.6). In the current examination, these noncompliance matters were not repeated due to the corrective action implemented by the Department.

Failure to appoint representatives, communicate vacancies, or ensure regular attendance at meetings prevents or hinders the boards, commissions, committees, or councils, which

are mandated to provide guidance to or from the Department, from carrying out their duties in accordance with the statutes.

**DEPARTMENT RESPONSE:**

The Department agrees with the finding and recommendation. The Hydrogen Task Force used the first quarter of Fiscal Year 2023 to make appointments, and the first meeting was held on November 29, 2022. The 2022 annual report did not contain recommendations on government policies or findings as the Task Force had not had time to develop those items. The Task Force voted to postpone the 2023 annual report submission until adequate insight was provided by members.

**UPDATED RESPONSE:**

**Partially Implemented.**

The Department agrees with the finding and recommendation. The Department is identifying designees to attend meetings when the appointment is unable to make it and is working with the Governor's Office to ensure that required appointments are made.

**4. Auditors recommend the Department seek or allocate resources to comply with its statutory requirements or seek a legislative remedy as appropriate.**

**FINDING:** *(Noncompliance with Statutory Mandates) – This finding has been repeated since FY2011-2012.*

The Department of Commerce and Economic Opportunity (Department) did not comply with various statutory mandates.

During testing, auditors noted the following:

**Department of Commerce and Economic Opportunity Law**

- The Department did not make any annual modifications to the five-year plan that was drafted in 2019. The Department also did not consult with the representatives of the private sector, other State agencies, academic institutions, and local economic development organizations in the development of the annual economic development plan since no modifications were made to the five-year plan.

The Department of Commerce and Economic Opportunity Law (Law) (20 ILCS 605/605-300) states the Department shall develop a strategic economic development plan for the State by July 1, 2014, and that by no later than July 1, 2015, and by July 1 annually thereafter, the Department shall make modifications to the plan as modifications are warranted by changes in economic conditions or by other factors, including changes in policy.

Department management indicated informal measures were taken to determine if modifications were warranted; however, this documentation was not retained due to oversight.

The failure to modify the five-year plan and consult with representatives of the private sector, other State agencies, academic institutions, and local economic development organizations represents noncompliance with the Law and impairs the Department's ability to ensure the strategic economic development plan is current related to present economic conditions. Additionally, failure to maintain documentation supporting the Department's internal assessments to determine whether the plan requires modification impairs the Department's ability to provide evidence that it assessed the need for modification and complied with the Law.

- The Department failed to comply with the Law regarding the Office of Urban Assistance. Since 2016, the Department's Office of Urban Assistance has been inactive, and has not fulfilled the duties listed in the Law.

The Law (20 ILCS 605/605-400) requires the Department to provide for, staff, and administer an Office of Urban Assistance, which shall plan and coordinate existing State programs designed to aid and stimulate the economic growth of depressed urban areas.

Department management indicated the Office of Urban Assistance is inactive because the programming it was primarily created to address is no longer funded. Department management stated other duties of the Office of Urban Assistance have been absorbed by and supported through existing DCEO offices.

Failure to use the Office of Urban Assistance to aid and stimulate economic growth of depressed urban areas represents statutory noncompliance.

- The Department's official website did not contain a comprehensive list of State, local, and federal economic benefits available to businesses in each of the State's counties and municipalities.

The Law (20 ILCS 605/605-465) requires the Department's official website to contain a comprehensive list of State, local, and federal economic benefits available to businesses in each of the State's counties and municipalities that the Department includes on its website.

Department management indicated the noncompliance was due to the lack of sufficient funding to accomplish the objectives of the statute.

The failure to comply with this requirement of the Law prevents the State from providing the public a comprehensive list of economic benefits available to Illinois businesses in a centralized location using the Department's website.

- The Department did not establish a freight rate information service for U.S. and foreign shippers in cooperation with the Department of Agriculture and the International Trade and Port Promotion Advisory Committee.

The Law (20 ILCS 605/605-625) requires the Department to establish a freight rate information service for U.S. and foreign shippers in cooperation with the Department of Agriculture and the International Trade and Port Promotion Advisory Committee.

Department management indicated the failure to comply with the requirements of the Law occurred as a result of the Department not controlling freight rates and instead working to support Illinois companies with transportation information and solutions through logistics providers. Department officials indicated that they were working to amend the Law through the legislative process.

Failure to establish a proper freight rate information service could result in increases in freight costs and increase the risk of accidents happening due to unintentional overloading.

- The Department did not create the Clean Water Workforce Pipeline Program (Program) as required by the Law.

The Law (20 ILCS 605/605-913(b)) requires the Department to create the Program to provide grants and other financial assistance to prepare and support individuals for careers in water infrastructure. Grants and other financial assistance may be made available on a competitive annual basis to organizations that demonstrate the capacity to recruit, support, train, and place individuals in water infrastructure careers.

Department officials indicated they are in discussions with the sponsoring member about how the legislation should be revised.

Failure to carry out the duties described in the Law results in lost financial assistance opportunities for individuals searching for careers in water infrastructure.

- The Department failed to comply with the Law (20 ILCS 605/605-940(10) through 605/605-940(16)). The Law states the Department shall prepare uniform budgetary forms for use by the local governments of the State, be a repository for financial reports and statements required by law of local governments of the State, and publish financial summaries of those reports and statements. The Law states the Department shall prepare proposals and advise on the investment of idle government funds, and administer the program of grants, loans, and loan guarantees under the federal Public Works and Economic Development Act of 1965, and receive and disburse State and federal funds provided for that program and moneys received as repayments of loans made under the program. The Law states the Department shall, upon the request of local governments, prepare and provide model financial statement forms designed to communicate to taxpayers, service consumers, voters, government employees, and news media, in a non-

technical manner, all significant financial information regarding a particular local government, and to prepare and provide to local governments a summary of local governments' obligations concerning the adoption of an annual operating budget. The Department did not perform these activities during the engagement period.

Department officials indicated that they were working to amend the Law through the legislative process.

Failure by the Department to provide the information, services, and tools to local governments as required by the Law could negatively impact multiple local governments and their financial situations.

- During the engagement period, auditors noted the Department created policies to provide relief to Economic Development for a Growing Economy (EDGE) agreement holders in wake of the COVID-19 pandemic, but did not adopt formal rules in consultation with the Illinois Department of Revenue (IDOR). The policies created did not address the requirement that allows the extension of credits for at least five years and up to ten years after the last statewide COVID-19 related disaster declaration ended. The policies instead addressed extending the Place-In-Service date.

The Law (20 ILCS 605/605-1070) requires the Department to adopt rules, in consultation with IDOR, to identify any and all EDGE tax credits that are earned, existing, and unused by the taxpayer in any tax year where there is a statewide COVID-19 public health emergency, as evidenced by an effective disaster declaration of the Governor covering all counties in the State. The rules adopted shall allow for the extension of credits for at least five years and up to ten years after the last statewide COVID-19 related disaster declaration has ended, that are earned, existing, or set to expire during a tax year where there is a statewide COVID-19 public health emergency as evidenced by an effective disaster declaration of the Governor covering all counties.

Department management indicated it is in the process of working with IDOR to develop rules that comply with the statute.

Failure to consult with the IDOR on changes prevents IDOR from expressing input on these changes. Additionally, failure to adopt policies allowing the extension of credits for at least five years and up to ten years after the last statewide COVID-19 related disaster declaration ended could result in tax credits not being available.

#### Illinois Home Grown Business Opportunity Act

- The Department did not create the economic plan to assist businesses and municipalities located geographically close to bordering states as required.

The Illinois Home Grown Business Opportunity Act (20 ILCS 725/5 and 15) states its purpose is to establish resources for businesses and municipalities located geographically close to bordering states, so that those businesses and municipalities can identify existing State services and resources to help them be more competitive with bordering states. The Illinois Home Grown Business Opportunity Act outlines the required elements of the economic plan and indicates the information and resources collected and established by the Department is to be available to the public and posted on the Department's Internet website.

Department management indicated it is currently in the process of completing the economic plan.

The failure to create this economic plan could result in a lack of assistance and representation for the businesses and municipalities located geographically close to bordering states.

#### Illinois Works Jobs Program Act

- During the engagement period, the Department did not submit the number of bid credits awarded by the Department, the number of bid credits submitted by the contractor or subcontractor to the agency administering the public works contract, or the number of bid credits accepted by the agency for such contracts to the Illinois Works Review Panel. Additionally, the Department drafted rules to administer the Illinois Works Jobs Program; however, the rules were still in draft status during the engagement period. Furthermore, the Department did not administer the Illinois Works Bid Credit Program. Lastly, the Illinois Works Review Panel failed to meet for one of eight (13%) quarterly meetings.

The Illinois Works Jobs Program Act (Act) (30 ILCS 559/20-15) requires the Department to submit the number of bid credits awarded by the Department, the number of bid credits submitted by the contractor or subcontractor to the agency administering the public works contract, and the number of bid credits accepted by the agency for such contracts to the Illinois Works Review Panel. The Act further requires the Department to adopt any rules deemed necessary to implement the Act. The Act indicates the Illinois Works Bid Credit Program shall provide economic incentives, through bid credits, to encourage contractors and subcontractors to provide contracting and employment opportunities to historically underrepresented populations in the construction industry. The bid credit rate is to be established by the Department, and the Department was to establish the rate by rule and publish it on their website. The Act also stated the Department was to administer the Illinois Works Credit Bank to track the bid credits from the program. The Act (30 ILCS 559/20-25) requires the Illinois Works Review Panel to meet at least quarterly.

Department management indicated that the requirements of the Act were not met because the rules had not yet been approved by the Joint Commission on Administrative Rules.

The failure to publish the required information limits public transparency. Failure to administer the Illinois Works Bid Credit Program prevents the State from providing economic incentives. Failure of the Illinois Works Review Panel to meet quarterly could result in delaying actions being taken.

#### Reimagining Electric Vehicles in Illinois Act

- The Department failed to comply with the Reimagining Electric Vehicles in Illinois Act (20 ILCS 686/45). During their testing, auditors noted the following exceptions:
  - Two of six (33%) agreements tested listed the number of new employees hired, but did not list the occupation and payroll information of full-time jobs to be created or retained because of the project.
  - One of six (17%) agreements tested listed the number of employees and occupation type to be hired, but did not list any payroll information.

The Reimagining Electric Vehicles in Illinois Act requires each agreement with an applicant that is awarded the credit to include a detailed description of the number of new employees to be hired, and the occupation and payroll of full-time jobs to be created or retained because of the project.

Department management indicated the issues noted were due to oversight.

Failure to include all requirements in the agreements reduces public transparency into the businesses receiving the credits.

#### Public Utilities Act

- The Department failed to timely notify three of four (75%) electric utilities tested of the amount of the Department's estimated obligations for grant payments during the delivery year as required. The notifications varied from one to six days late.

The Public Utilities Act (220 ILCS 5/16-108(i-5)) requires, on or before November 1 of each year beginning November 1, 2022, the Department to notify the electric utilities of the amount of the Department's estimated obligations for grant payments during the delivery year beginning the following June 1 pursuant to grant contracts entered into pursuant to subsection (c-5) of Section 1-75 of the Illinois Power Agency Act.

Department officials indicated the deadline was missed due to the necessary time needed to develop the process by which to determine utility estimates, attain the necessary Department approvals, and/or required recipients to send the letters.

Failure to notify electric utilities by the required deadline could result in the utilities lacking the information needed to allocate funds which could disrupt grant payments.

This finding was first noted during the compliance examination for the two years ended June 30, 2012. In the subsequent years, the Department has been unsuccessful in implementing a corrective action plan. The Department's management team is responsible for implementing timely corrective action on all of the findings identified during a State compliance examination. In the previous examination, the Department did not comply with certain portions of the Department of Commerce and Economic Opportunity Law (20 ILCS 605/605-456), the Illinois Emergency Employment Development Act (20 ILCS 630), the Industrial Development Assistance Law (30 ILCS 720/4) and the Broadband Advisory Council Act (220 ILCS 80/25). Auditors noted the Department implemented corrective action regarding this noncompliance during the engagement period.

**DEPARTMENT RESPONSE:**

The Department agrees with the finding and recommendation. Bill HB3187 passed both chambers on May 22, 2025 making legislative changes to both Law (20 ILCS 605/605-625)-freight rate information and Law (20 ILCS 605/605-940(10) through 605/605-940(16)-uniform budgetary forms. The Illinois Work Review Panel was unable to meet on July 26, 2023 due to lack of a majority of a quorum.

**UPDATED RESPONSE:**

**Partially Implemented.**

The Department agrees with the finding and recommendation. The Department has complied with some of the statutory mandates, has sought and is seeking legislative remedy for other statutory mandates, and is determining best approaches to comply with the remaining statutory mandates.

- 5. Auditors recommend the Department develop, administer, and implement all of the required aspects of the Clean Jobs Workforce Network Program, the Clean Energy Primes Contractor Accelerator Program, the Clean Jobs Workforce Program, and the Clean Jobs training program, and all other required aspects of the Act.**

**FINDING:** *(Noncompliance with the Energy Transition Act) - New*

The Department of Commerce and Economic Opportunity (the Department) did not comply with the Energy Transition Act (Act) (20 ILCS 730).

During testing, auditors noted the following:

**Clean Jobs Workforce Network Program**

- The Department did not dedicate at least one-third of program placements to applicants who reside in a geographic area impacted by economic and environmental changes, with priority given to applicants facing barriers to

employment. In addition, Regional Administrators did not dedicate at least two-thirds of program to applicants that reside in Chicago (South Side), Chicago (Southwest and West Sides), Waukegan, Rockford, Aurora, Joliet, Peoria, Champaign, Danville, Decatur, Carbondale, East St. Louis, and Alton or who reside in an environmental justice community, as defined by the Illinois Power Agency. Regional Administrators also did not prioritize remaining program placements for applicants who are displaced energy workers, persons who face barriers to employment, and those who have been enrolled in the foster care system as required by the Act. Additionally, they could not verify if the Department and Regional Administrators protected the confidentiality of any personal information provided by program applicants.

The Department received appropriations for section 20 ILCS 730/5-20(a) thru 730/5-20(c) of the Act during the engagement period but did not implement this section of the Act until after June 30, 2024. The Act (20 ILCS 730/5-20(a) thru 730/5-20(c)) requires for each workforce Hub Site, the Regional Administrator shall dedicate at least one-third of program placements to applicants who reside in a geographic area impacted by economic and environmental changes, with priority given to applicants facing barriers to employment; dedicate at least two-thirds of program placements to applicants who reside in Chicago (South Side), Chicago (Southwest and West Sides), Waukegan, Rockford, Aurora, Joliet, Peoria, Champaign, Danville, Decatur, Carbondale, East St. Louis, and Alton or who reside in an environmental justice community, as defined by the Illinois Power Agency; and prioritize remaining program placements for applicants who are displaced energy workers, persons who face barriers to employment, and those who have been enrolled in the foster care system. The Act also states the Department and Regional Administrators shall protect the confidentiality of any personal information provided by the program applicants.

Department management indicated a lengthy implementation phase was necessary to create the foundation for the Energy Transition Program Administrators.

Failure to implement the required aspects of the Clean Jobs Workforce Network Program hinders the ability to admit qualified program participants.

#### Energy Transition Navigators Program

- The Department's scoring mechanism for community-based organizations that receive funding from the Department as an Energy Transition Navigator does not specifically prioritize awarding grants to those organizations that have experience serving populations impacted by climate change.

The Act (20 ILCS 730/5-35(h)) states that priority in awarding grants under the Energy Transition Navigators Program will be given to organizations that also have experience serving populations impacted by climate change.

- Department management indicated the Department emphasizes organizations' demonstrated capacity to serve those communities who are most vulnerable to environmental injustices which typically includes populations experiencing higher levels of poverty, health disparities, and environmental hazards linked to climate change.

Failure to prioritize organizations that have experience serving populations impacted by climate changes results in those communities not receiving the full benefits of the Program.

#### Clean Energy Contractor Incubator Program

- The Department did not administer the Clean Energy Contractor Incubator Program to be delivered through 13 local community-based organizations at designated Hub Sites.

The Act (20 ILCS 730/5-45(b)) requires the Department to develop, and through the Regional Administrators, administer the Clean Energy Contractor Incubator Program to create a network of 13 Program delivery Hub Sites with program elements delivered by community-based organizations and their subcontractors geographically distributed across the State, including at least one Hub Site located in or near each of the following areas: Chicago (South Side), Chicago (Southwest and West Sides), Waukegan, Rockford, Aurora, Joliet, Peoria, Champaign, Danville, Decatur, Carbondale, East St. Louis, and Alton.

Department management indicated the Department solicited applications for 13 locations through a competitive Notice of Funding Opportunity (NOFO); however, no awards were made. Additionally, Department management stated that seven program delivery Hub Sites were selected as awardees during the initial posting of the competitive NOFO; however, no grants were executed by the end of the examination period. Further, Department management indicated it extended the opportunity twice during Fiscal Year 2024 to solicit applications from the additional six sites.

Failure to develop and administer the Clean Energy Contractor Incubator Program at the required Hub Sites hinders the delivery of the Clean Energy Contractor Incubator Program.

#### Returning Residents Clean Jobs Training Program

- The Department did not administer the Returning Residents Clean Jobs Training Program during the engagement period since the Program had yet to begin and grantees were still in the planning phase despite this mandate being in effect since September 15, 2021.

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The Act (20 ILCS 730/5-50(a) thru 730/5-50(f)), requires the Department to develop and, in coordination with the Department of Corrections, administer the Returning Residents Clean Jobs Training Program. Program Administrators shall connect Program graduates with potential employers in the clean energy jobs industries.

- The Department did not select and approve Program Administrators for the Returning Residents Clean Jobs Training Program during the engagement period and could not complete the requirements of the Program Administrators as required by the Act (20 ILCS 730/5-50).

The Act (20 ILCS 730/5-50) requires the Department to select a Program Administrator for each Program Delivery Area to administer and coordinate the Returning Residents Clean Jobs Training Program. The Act further requires the Department to publish an annual report containing performance metrics.

Department management indicated the delay in administering the program was due to the necessary lead time required to set up and administer the program.

Failure to develop and administer the Returning Residents Clean Jobs Training Program prevents the connection of graduates with potential employers in the industry.

### Clean Energy Primes Contractor Accelerator Program

- The Department has not administered the Clean Energy Primes Contractor Accelerator Program through a Primes Program Administrator and Regional Primes Program Leads. The Department did not develop scoring criteria to select contractors for the Clean Energy Primes Contractor Accelerator Program.

The Act (20 ILCS 730/5-55(b)) requires the Department to develop, and through a Primes Program Administrator and Regional Primes Program Leads, administer the Clean Energy Primes Contractor Accelerator Program. The Act (20 ILCS 730/5-55(c-5)) further requires the Department to develop scoring criteria to select contractors which shall consider projected hiring and industry job creation, including wage and benefit expectations; a clear vision of strategic business growth and how increased capitalization would benefit the business; past project work quality and demonstration of technical knowledge; capacity the applicant is anticipated to bring to project development; willingness to assume risk; anticipated revenues from future projects; history of commitment to advancing equity as demonstrated by, among other things, employment of or ownership by equity investment eligible persons and a history of partnership with equity focused community organizations or government programs; and business models that build wealth in the larger underserved community.

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- The Department did not hire a Primes Program Administrator. Additionally, a cohort of participant contractors from each Program Delivery Area was not selected.

The Act (20 ILCS 730/55(d)-(e)) required the Department, in consultation with the Primes Program Administrator and Regional Primes Program Leads, to select a cohort of participant contractors from each Program Delivery Area every 18 months. Additionally, the Department shall hire a Primes Program Administrator with experience in leading a large contractor-based business in Illinois; coaching and mentoring; the Illinois clean energy industry; and working with equity investment eligible community members, organizations, and businesses.

Department management indicated the delay in administering the Clean Energy Primes Contractor Accelerator Program was due to the necessary lead time required to set up and administer the Clean Energy Primes Contractor Accelerator Program.

Failure to administer the Clean Energy Primes Contractor Accelerator Program and failure to develop a scoring criterion to select contractors may result in a reduced number of clean energy contractors. Failure to select a cohort of participant contractors and Primes Program Administrator hinders the implementation of the Clean Energy Primes Contractors Accelerator Program.

### Energy Workforce Advisory Council

- Nine total vacancies existed on the Energy Workforce Advisory Council (Council) out of 30 required positions (30%) as of June 30, 2024. Four of these nine (44%) vacancies were related to appointees from labor unions, workforce development programs, environmental justice, and a small business policy expert. Five of these nine (56%) vacancies relate to the appointees from the President of the Senate, the Minority Leader of the Senate, or the Minority Leader of the House of Representatives. Due to the vacancies on the Council, no meetings were conducted and the required initiatives were not acted upon.

The Act (20 ILCS 730/5-65) created the Energy Workforce Advisory Council (Council) within the Department, to consist of voting members appointed by the Governor with the advice and consent of the Senate. The Council is required to be comprised of voting members appointed by the Governor and non-voting members appointed by the President of the Senate, Speaker of the House of Representatives, Minority Leader of the Senate, and the Minority Leader of the House of Representatives. The Council is required to meet at least quarterly.

Department management indicated that while the efforts to staff the Council were underway, the committee was unable to meet or comply with the required initiative outlined by the Act.

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Failure to carry out the duties described in the Act results in recommendations not being made to the Department, resulting in lost opportunities to better improve the energy programs within the State.

**DEPARTMENT RESPONSE:**

The Department agrees with the finding and recommendation. The Department appointed an internal staff member as the Primes Program Administrator until a permanent hire is identified.

**UPDATED RESPONSE:**

**Partially Implemented.**

The Department agrees with the finding and recommendation. The Department established many of the requirements of this Act after the audit engagement period ended and is continuing to implement all requirements of the Act.

**6. Auditors recommend the Department annually evaluate and update its organizational chart to reflect the true reporting lines and programs of the Department.**

**FINDING:** *(Excessive Vacancies on the Organizational Chart) – This audit has been repeated since FY2019-2020.*

The Department of Commerce and Economic Opportunity's (Department) organizational chart contains excessive vacancies and no longer reflects a usable representation of the organizational structure of the Department.

During the examination, auditors obtained the Department's most recently compiled organizational chart. For the two years ended June 30, 2024, the Department's organizational chart depicts 785 positions, of which 390 were filled and 395 were vacant (50%). A tabular analysis by office within the Department is below:

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DCEO Offices	Number of		Filled Positions	% Positions Vacant
	Positions	Vacancies		
Director's Office	22	12	10	55%
Assistant Director's Office	12	4	8	33%
Senior Economic Advisors	4	0	4	0%
Chief Operating Officer's Office	11	3	8	27%
Chief of Staff's Office	9	2	7	22%
Office of Accountability	36	27	9	75%
Office of Financial Management	45	25	20	56%
Office of Information Management	5	5	0	100%
Office of Internal Audits	8	6	2	75%
Office of Policy Development Planning & Research	15	13	2	87%
Office of Human Resources	14	4	10	29%
Office of General Counsel	12	4	8	33%
Office of Management Operations	10	3	7	30%
Office of Legislative Affairs	4	3	1	75%
Office of Equal Opportunity Monitoring & Compliance	4	3	1	75%
Office of Grants Management	57	2	55	4%
Office of Broadband Development	9	0	9	0%
Office of Minority Economic Empowerment	25	15	10	60%
Office of Tourism	15	10	5	67%
Office of Employment & Training	141	87	54	62%
Office of Regional Economic Development	54	37	17	69%
Office of Business Development	44	28	16	64%
Office of Communication & Information	5	2	3	40%
Office of Business Attraction and Development	12	1	11	8%
Office of External Relations	3	2	1	67%
Information Technology	63	37	26	59%
Illinois Film Office	10	3	7	30%
Office of Trade & Investment	23	15	8	65%
Office of Community Assistance	74	30	44	41%
Office of Community Development	21	3	18	14%
Office of Urban Assistance	2	2	0	100%
Office of Illinois Works	13	7	6	54%
Office of Energy and Utility	3	0	3	0%
	785	395	390	50%

The Department’s headcount, going back approximately 20 years, was highest in Fiscal Year 2004 at 519 employees. During inquiry with Department management during the auditor’s examination, Department management stated it does not view “vacant” positions on the organizational chart as needed to be filled in a specific time frame. Rather, vacancies on the organizational chart are placeholders for positions that can be filled and are part of the approved headcount.

This finding was first noted during the Department’s compliance examination for the two years ended June 30, 2020. As such, Department management has been unsuccessful in implementing a corrective action plan to remedy this deficiency.

An organizational chart is a pictorial representation of an agency’s structure which should indicate clearly the reporting relationship between the employees within the organization.

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The organizational chart graphically should illustrate the concept known as a “chain of command” and show the flow of authority, responsibility, and communication.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Department to establish and maintain a system, or systems, of internal fiscal and administrative controls, to provide assurance that resources are utilized efficiently, effectively, and in compliance with applicable law.

The Department’s management team is responsible for implementing timely corrective action on all of the findings identified during a State compliance examination.

Department management stated to be agile and swiftly responsive to new or changing legislation, the Department strategically maintains positions in the organization chart because lead times for establishing positions have historically been very long. Department management indicated that lead times for many of the position types have recently been reduced.

Failing to utilize and maintain an up-to-date organizational chart with true reporting lines and programs existing within the Department diminishes the usefulness of the organizational chart as an element of internal control.

### **DEPARTMENT RESPONSE:**

The Department agrees with the finding and recommendation. This is already a standard practice. In Fiscal Year 2024, the agency removed more than 120 vacant positions from the organizational chart. Despite annual reviews, there will continue to be a large number of vacant positions needed on the org chart relating to trainee roles, intern and student worker roles, and series where an incumbent starts as a trainee and then promotes over time into higher level roles within the series. These positions are necessary for internal growth, development, and agility.

### **UPDATED RESPONSE:**

#### **Partially Implemented.**

The Department agrees with the finding and recommendation. The Department continues to examine and eliminate many of the vacant positions on the organization chart.

### **7. Auditors recommend the Department timely complete employee performance evaluations and continue to monitor compliance with the Illinois Administrative Code and Department policy.**

**FINDING:** *(Employee Performance Evaluations were Not Completed Annually and Timely) – This finding has been repeated since FY2005-2006.*

The Department of Commerce and Economic Opportunity (Department) did not perform annual employee performance evaluations for all employees and did not perform certain employee performance evaluations on a timely basis.

During testing of employee files for performance evaluations, auditors noted the following:

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- Two of 40 (5%) employees tested did not have an annual performance evaluation completed in either Fiscal Year 2023 or 2024.
- Evaluations for four of 40 (10%) employees tested were completed three to 60 days after they were due.

This finding was first noted during the compliance examination for the two years ended June 30, 2006. In the subsequent years, the Department has been unsuccessful in implementing corrective action.

The Illinois Administrative Code (Code) (80 Ill. Admin. Code 302.270) requires performance records to include an evaluation of employee performance prepared by each agency not less often than annually. The Department's Employee Policy Manual Section 2.13 (Employee Evaluations) states, "Evaluations must take place no less than every twelve (12) months unless otherwise specified under the Illinois Personnel Rules."

The Department's management team is responsible for implementing timely corrective action on all of the findings identified during a State compliance examination.

The Department management indicated the noncompliance was due to employees' and supervisors' competing priorities.

Employee performance evaluations are a systematic and uniform approach used for the development of employees and communication of performance expectations to employees. Without timely completion of an employee performance evaluation, the employee would not be provided with formal feedback or assessment of his or her performance, and areas for improvements and current year's performance goals and objectives may not be identified and communicated in a timely manner. Employee performance evaluations should serve as a foundation for salary adjustments, promotions, demotions, discharges, layoff, recall, or reinstatement decisions.

### **DEPARTMENT RESPONSE:**

The Department agrees with the finding and recommendation.

### **UPDATED RESPONSE:**

#### **Implemented.**

The Department agrees with the finding and recommendation. The Department has developed tracking and monitoring procedures to ensure timely completion of performance evaluations.

- 8. Auditors recommend the Department ensure employees' time records are completed and submitted timely. Additionally, they recommend the Department ensure the original Form I-9 is properly and timely completed and retained in employee personnel files.**

**FINDING:** *(Weaknesses Related to Personal Services) – This finding has been repeated since FY2015-2016.*

The Department of Commerce and Economic Opportunity (Department) demonstrated weaknesses related to personal services.

During testing, auditors noted the following:

- During their testing of 40 timesheets, they noted three (8%) were not submitted by employees timely. The timesheets were submitted between one and 22 business days late after the timesheet period end date.

This finding was first noted during the compliance examination for the two years ended June 30, 2016. In the subsequent years, the Department has been unsuccessful in implementing corrective action.

The State Officials and Employees Ethics Act (5 ILCS 430/5-5(c)) requires State employees to periodically submit time sheets documenting the time spent each day on official State business to the nearest quarter hour.

The Department's Employee Policy Manual Section 2.5 states, "All employees are required to submit their Daily Time Report within the eTime system for approval. The report must accurately reflect: (a) time spent on official State business, and (b) authorized leave to the nearest quarter hour. Employees submitting the Daily Time Reports do not have to account for authorized break times, but lunch periods should be accurately recorded. The Daily Time Report must be submitted in a reasonable time to ensure accurate attendance and use of benefit time." Further, the Manual (Section 2.5.1) requires each employee to electronically submit their Daily Time Report to verify its accuracy and submit to their immediate supervisor for approval. Per Department officials, the Department follows an informal policy that allows for a 10-day grace period for submission of timesheets.

The Department's management team is responsible for implementing timely corrective action on all of the findings identified during a State compliance examination.

- The Department failed to maintain and timely complete the *Employment Eligibility Verification Form* (Form I-9).
  - Form I-9 was absent for one of 40 (3%) employees tested.
  - Form I-9 was not signed by the employee at the time of hire for one (3%) of 40 employees tested. The Form I-9 was signed one day late.

The Immigration Reform and Control Act of 1986 (8 U.S. Code § 1324a) Part 274a: Control and Employment of Aliens (8 C.F.R. § 274a.2) states that a person or entity that hires an individual for employment must ensure the individual properly completes Section 1 of Form I-9 at the time of hire and sign Section 2 of Form I-9 within three business days of the hire. Section 274a.2 further states a paper (with original handwritten signatures),

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electronic, original paper scanned into an electronic format, or a combination of paper and electronic, or microfilm or microfiche copy of the original signed version of Form I-9 must be retained by an employer for three years after the date of the hire or one year after the date the individual's employment is terminated, whichever is later.

Department management indicated the noncompliance with the timesheet submissions was the result of oversight from Department personnel and their supervisors. Also, Department officials indicated I-9 issues were caused by oversight and competing priorities.

Not ensuring the timesheets of employees are submitted timely can result in the Department lacking documentation supporting the time spent by the employees on official State business as required by the State Officials and Employees Ethics Act. Failure to comply with U.S. Department of Homeland Security regulations could subject the State to unnecessary legal costs and penalties.

### **DEPARTMENT RESPONSE:**

The Department agrees with the finding and recommendation.

### **UPDATED RESPONSE:**

#### **Implemented.**

The Department agrees with the finding and recommendation. The Department has developed tracking and monitoring procedures to ensure timely submission of employee time records. Also, the Department updated procedures to include a secondary review of the completed I-9 forms.

- 9. Auditors recommend the Department improve controls to ensure Agency Workforce Reports are accurately completed and submitted timely. In addition, they recommend the Department file amended Agency Workforce Reports with the Office of the Governor and the Secretary of State within 30 days after the release of the compliance report.**

**FINDING:** *(Agency Workforce Reports Not Accurately Completed) – This finding has been repeated since FY2019-2020.*

The Department of Commerce and Economic Opportunity (Department) Agency Workforce Reports (Reports) were not accurately or timely completed in accordance with the State Employment Records Act (Act).

Auditors tested both Reports required to be filed during the engagement period and noted the Fiscal Year 2023 Report did not present materially accurate information. During the auditor's recalculation, they noted seven instances where recalculated amounts did not agree to the amount on the Department's Report. Additionally, they noted 58 instances of incorrect percentages reported.

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Furthermore, the Department did not file the amended Fiscal Year 2020 and Fiscal Year 2021 Reports with the Governor's Office or Secretary of State within 30 days of the release of the prior compliance report. The previous compliance report was released on April 18, 2023, and the amended Reports were submitted on July 25, 2023, making them 68 days late.

This finding was first noted during the compliance examination for the two years ended June 30, 2020. In the subsequent years, the Department has been unsuccessful in implementing corrective action.

The Act (5 ILCS 410/5) states the purpose of this Act is to require and develop within existing State administrative processes a comprehensive procedure to collect, classify, maintain, and publish, for State and public use, information that provides the General Assembly and the People of this State with adequate information of the number of minorities, women, and persons with physical disabilities employed by State government within the State work force. Additionally, the Act states that to provide State officials, administrators and the People of the State with information to help guide efforts to achieve a more diversified State work force, the total number of persons employed within the State work force shall be tabulated in a comprehensive manner to provide meaningful review of the number and percentage of minorities, women, and persons with physical disabilities employed as part of the State work force.

The Illinois State Auditing Act (30 ILCS 5/3-2.2) states the required compliance audit of each State agency shall include a determination of whether that agency has complied with the requirements of the State Employment Records Act. If the Auditor General determines that a State agency has materially failed to comply with the requirements of the State Employment Records Act, the State agency, within 30 days after release of the audit by the Auditor General, shall prepare and file with the Governor and the Office of the Secretary of State corrected reports covering the periods affected by the noncompliance.

The Department's management team is responsible for implementing timely corrective action on all of the findings identified during a State compliance examination.

Department management indicated internal control weaknesses led to the misreporting and failure to timely submit amended Reports.

The State relies on agencies to report accurate demographic information in order to help guide efforts to achieve a more diversified State workforce. Inaccuracies in the information reported provide an incomplete picture of the State's workforce demographics.

### **DEPARTMENT RESPONSE:**

The Department agrees with the finding and recommendation.

### **UPDATED RESPONSE:**

**Implemented.**

The Department agrees with the finding and recommendation. The Department has updated the standard operating procedures to ensure future compliance. Additionally, the Department has submitted revised reports as recommended.

- 10. Auditors recommend the Department timely approve proper bills and obligations due. Additionally, they recommend the Department include the phrase “Printed by Authority of the State of Illinois”, the date of each publication, the number of copies printed, and the printing order number on all printing publications.**

**FINDING:** *(Voucher Processing Weaknesses) - New*

The Department of Commerce and Economic Opportunity (Department) did not timely submit its vouchers for payment to the Office of Comptroller and approve for payment all interest due to vendors during the examination period.

Due to their ability to rely upon the processing integrity of the Enterprise Resource Planning System (ERP) operated by the Department of Innovation and Technology (DoIT), auditors were able to limit their voucher testing at the Department to determine whether certain key attributes were properly entered by the Department’s staff into ERP. In order to determine the operating effectiveness of the Department’s internal controls related to voucher processing and subsequent payment of interest; they selected a sample of key attributes (attributes) to determine if the attributes were properly entered into the State’s Enterprise Resource Planning (ERP) System based on supporting documentation. The attributes tested were 1) vendor information, 2) expenditure amount, 3) object(s) of expenditure, and 4) the later of the receipt date of the proper bill or the receipt date of the goods and/or services.

Auditors then conducted an analysis of the Department’s expenditures data for Fiscal Years 2023 and 2024 and noted the following:

- The Department did not timely approve 501 of 12,369 (4%) vouchers processed during the engagement period, totaling \$67,754,859 in Fiscal Year 2023. They noted these late vouchers were submitted by the Department to the Comptroller’s Office between 31 and 659 days after receipt of a proper bill or other obligating document.
- The Department did not timely approve 464 of 14,002 (3%) vouchers processed during the engagement period, totaling \$40,462,349 in Fiscal Year 2024. They noted these late vouchers were submitted by the Department to the Comptroller’s Office between 31 and 396 days late.

The Illinois Administrative Code (Code) (74 Ill. Admin. Code 900.70) requires the Department to timely review each vendor’s invoice and approve proper bills within 30

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days after receipt. The Code (74 Ill. Admin. Code 1000.50) also requires the Department to process payments within 30 days after physical receipt of Internal Service Fund bills.

The Fiscal Control and Internal Auditing Act (FCIAA) (30 ILCS 10/3001) requires all State agencies to establish and maintain a system, or systems, of internal fiscal and administrative controls, which shall provide assurance that revenues, expenditures, and transfers of assets, resources, or funds applicable to operations are properly recorded and accounted for to permit the preparation of accounts and reliable financial and statistical reports and to maintain accountability over the State's resources.

Additionally, during their testing of 35 vouchers, auditors noted two of 35 (6%) vouchers tested were printing vouchers. One of two (50%) printing materials from the printing vouchers tested did not include the phrase "Printed by Authority of the State of Illinois", the date of the publication, the number of copies printed, or the printing order number.

The Illinois Procurement Code (30 ILCS 500/20-105) requires that all books, pamphlets, documents, and reports published through or by the State have printed on each document "Printed by the authority of the State of Illinois", the date of each publication, the number of copies printed, and the printing order number.

Department management indicated a portion of the exceptions noted above are for grant payments, which grant refunds are later netted against through a process in the ERP which alters the approval date on the original grant payment. Department management stated the untimeliness of the remaining vouchers was a result of unfamiliarity with the ERP system during the first two years of implementation. Additionally, Department management stated a break-down in internal controls resulted in the failure to include the phrase "Printed by Authority of the State of Illinois", the date of each publication, the number of copies printed, and the printing order number on the printing publication.

Failure to timely process proper bills and obligations due may result in noncompliance, unnecessary interest charges, and cash flow challenges for payees. Failure to include the required elements of the Illinois Procurement Code on all printed materials could permit documents to be reproduced or modified by other sources.

### **DEPARTMENT RESPONSE:**

The Department agrees with the finding and recommendation.

### **UPDATED RESPONSE:**

#### **Under Study.**

The Department agrees with the finding and recommendation. The Department is reviewing current procedures to determine an appropriate corrective action plan.

- 11. Auditors recommend the Department strengthen internal controls over its reconciliation of obligations, appropriations, and cash expenditures to ensure they are performed timely and accurately.**

**FINDING:** (*Weaknesses in Performing Monthly Reconciliations*) – New

The Department of Commerce and Economic Opportunity (Department) demonstrated weaknesses in performing reconciliations during the engagement period.

During their testing of various reconciliations of Department and Office of Comptroller (Comptroller) records, auditors noted the following:

- During their testing of the Department's reconciliation of its monthly records to the monthly *Cash Report* (SB05), the Department failed to reconcile internal monthly cash balances to the Comptroller's SB05 for any of its non-shared funds.

The Statewide Accounting Management System (SAMS) Procedure 09.40.30 requires monthly cash reconciliations and the Comptroller must be notified of any unreconcilable differences so that the necessary corrective action can be taken to locate the differences and correct the accounting records. This reconciliation must be completed within 60 days of the month end.

- During their testing of the *Agency Contract Report* (SC14) and the *Obligation Activity Report* (SC15) reconciliations, they noted the Department did not perform reconciliations for four of four (100%) months selected for testing.

SAMS (Procedure 15.30.30) states the SC14 or the SC15 must be reconciled within 60 days of the month end. It is the responsibility of each agency to compare the information contained on these reports to their internal records.

- During their testing of the Department's reconciliation of its monthly expenditure records to the *Monthly Appropriation Status Report* (SB01), they noted two of the four (50%) reconciliations tested were not prepared in accordance with SAMS. The Department prepared the reconciliations at the fund level rather than for each appropriation account.

SAMS (Procedure 11.40.20) requires each State Agency to reconcile the unexpended budget authority balance per agency records with the unexpended budget authority balance per the Comptroller for each appropriation account balance.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Department to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance that revenues, expenditures and transfers of assets, resources, or funds applicable to operations are properly recorded and accounted for to permit the preparation of accounts and reliable financial and statistical reports and to maintain accountability over the State's resources.

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Department management indicated the internal reports during the engagement period did not contain the required information to perform a reconciliation between agency records and the Comptroller's SB05. The Department has not yet been able to establish procedures to reconcile cash in the ERP System to the Comptroller's cash balance. Additionally, Department management indicated that due to staffing shortages and the implementation of ERP the Department has been unable to routinely complete the SC14 or SC15 reconciliations. Lastly, Department management indicated they were unable to perform the SB01 reconciliations on each appropriation line due to competing priorities.

Failure to perform or timely and accurately complete reconciliations is noncompliance with SAMS and increases the risk differences will go undetected and uncorrected.

### **DEPARTMENT RESPONSE:**

The Department agrees with the finding and recommendation.

### **UPDATED RESPONSE:**

#### **Partially implemented.**

The Department agrees with the finding and recommendation. The Department has revised policies and procedures to strengthen internal controls and is working to fully implement the reconciliation of obligations, appropriations, and cash expenditures.

#### **12. Auditors recommend the Department ensure all interagency agreements are approved by an authorized signer prior to the effective date of the agreement and executed prior to the commencement of services.**

### **FINDING:** *(Inadequate Monitoring of Interagency Agreements) – New*

The Department of Commerce and Economic Opportunity's (Department) process to monitor interagency agreements was inadequate.

During their testing of interagency agreements, auditors noted one of three (33%) interagency agreements tested was not signed by all parties prior to the start date of services. The agreement was signed 12 days late.

The Intergovernmental Cooperation Act (5 ILCS 220/5) states that an agency may contract with another agency to transfer authority or privileges, provided that the contract is approved by both agencies. The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires that agencies establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance that resources, obligations, and costs are in compliance with applicable laws. Good internal controls require the approval of agreements prior to the effective date.

Department officials indicated the noncompliance was a result of difficulties encountered with multi-agency collaboration.

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In order to assess whether the agreements are reasonable, appropriate, and sufficiently document the responsibilities of the appropriate parties, contracts and agreements need to be approved prior to the effective date and executed before the commencement of services.

### **DEPARTMENT RESPONSE:**

The Department agrees with the finding and recommendation.

### **UPDATED RESPONSE:**

#### **Under Study.**

The Department agrees with the finding and recommendation. The Department is reviewing current policies to determine an appropriate corrective action plan.

### **13. Auditors recommend the Department strengthen internal controls over the recording and reporting of State property by strengthening its inventory and recordkeeping practices.**

#### **FINDING:** *(Weaknesses in State Property Controls) – New*

The Department of Commerce and Economic Opportunity (Department) had weaknesses in their controls over State property.

- During their testing of Department property records, auditors noted:
  - One of nine (11%) assets valued at \$512 was unable to be located by the Department. The item not located was a 24-inch monitor.
  - Three of nine (33%) assets valued at \$6,801 assets were located, but were no longer in use. The items no longer in use were a 27-inch IMAC 5K Retina computer, an infrared camera imager and a 19-inch monitor.
- During their testing of items located at the Department, auditors noted:
  - One of nine items (11%) valued at \$1,246 was not in use by the Department and therefore should have been deemed transferable property. The item no longer in use was a digital camera.
- During their testing of the Department's fiscal year 2023 Annual Certification of Inventory Reports, they noted the Department inaccurately reported the total value of property items that were reported as missing or stolen. The reported amount of \$491 was \$92 less than the actual amount of \$583.
- The Department failed to submit the Fiscal Year 2023 Annual Real Property Utilization Report (Report) in a timely manner. The Report was due July 31, 2023, but was not submitted until October 13, 2023, making it 74 days late.

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The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires all State agencies to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance that funds, property, and other assets and resources are safeguarded against waste, loss, unauthorized use, and misappropriation.

The State Property Control Act (30 ILCS 605/4) requires the Department to be accountable for the supervision, control and inventory of all items under its jurisdiction and control.

The Illinois Administrative Code (44 Ill Admin Code 5010.460) states when an agency completes its inventory, the agency head or his or her designee shall complete and sign the "Certification of Inventory" and "Discrepancy Report" and forward the completed certificate, with a complete inventory listing, including a listing of all vehicles, to the Department of Central Management Services.

The Illinois Administrative Code (44 Ill Admin Code 5000.720) requires each agency to submit the Annual Real Property Utilization Report to the Department of Central Management Services by July 31 of each year.

Department management indicated the issues noted were a result of key positions experiencing turnover and human error.

Failure to exercise adequate controls over property and maintain accurate property control records increases the potential for fraud and possible loss or theft of State property. Inaccurate property reporting reduces the reliability of Statewide property information.

### **DEPARTMENT RESPONSE:**

The Department agrees with the finding and recommendation.

### **UPDATED RESPONSE:**

#### **Partially Implemented.**

The Department agrees with the finding and recommendation. The Department is working to implement new policies and procedures to ensure adequate internal controls over the recording of State property.

#### **14. Auditors recommend the Department:**

- **Establish policies and procedures for the onboarding of staff and contractors.**
- **Develop formal documentation of the review of policies and procedures.**
- **Ensure that staff and contractors acknowledged their understanding of Department policies and procedures.**

- **Ensure that the risk management assessment or Business Impact Analysis identifies confidential and personal information that is susceptible to attack.**
- **Maintain documentation of vulnerability reports.**

**FINDING:** *(Weaknesses in Cybersecurity Programs and Practices) – This finding has been repeated since FY2019-2020*

The Department of Commerce and Economic Opportunity (Department) had not implemented adequate internal controls related to cybersecurity programs and practices.

The Department is responsible for supporting and maintaining a climate that enables a strong economy for the Department's customers, which include taxpayers, businesses, workers, and communities, by keeping, attracting, and growing businesses, maintaining a skilled workforce, and enhancing communities so the climate in Illinois is one in which businesses, small and large, and workers, can succeed to the greatest extent possible.

As a result of the Department's mission to administer the State's laws, the Department maintains computer systems that contain large volumes of confidential or personal information such as names, addresses, and Social Security numbers of the citizens of the State.

The Illinois State Auditing Act (30 ILCS 5/3-2.4) requires the Auditor General to review State agencies and their cybersecurity programs and practices. During their examination of the Department's cybersecurity program, practices, and control of confidential information, auditors noted the Department:

- Had not established policies and procedures for the onboarding of staff and contractors.
- Had not developed formal documentation of the review of policies and procedures.
- Had not ensured that staff and contractors acknowledged their understanding of Department policies and procedures.
- Had not ensured that its risk management assessment or Business Impact Analysis identified confidential and personal information that is susceptible to attack.
- Was unable to provide documentation of vulnerability reports, therefore they were unable to verify that management has taken timely corrective action to remediate identified vulnerabilities.

This finding was first noted during the compliance examination for the two years ended June 30, 2020. In the subsequent years, the Department has been unsuccessful in implementing corrective action.

The *Framework for Improving Critical Infrastructure Cybersecurity* and the *Security and Privacy Controls for Information Systems and Organizations* (Special Publication 800-53, Fifth Revision) published by the National Institute of Standards and Technology requires entities to consider risk management practices, threat environments, legal and regulatory requirements, mission objectives and constraints in order to ensure the security of their applications, data, and continued business mission.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Department to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance funds, property, and other assets and resources are safeguarded against waste, loss, unauthorized use and misappropriation and maintain accountability over the State's resources.

The Department's management team is responsible for implementing timely corrective action on all of the findings identified during a State compliance examination.

Department management indicated the Department works with the Department of Innovation and Technology (DoIT) to provide cybersecurity controls and other IT resources to the Department. Department management indicated noncompliance resulted from the complexity in roles between the Department's responsibilities, DoIT's oversight of the Department's Information Technology, and the DoIT staff assigned to the Department. Department management also indicated the conditions in the intergovernmental agreement and inability to hire internal IT staff create barriers in addressing cybersecurity internal controls.

Failure to implement internal controls related to cybersecurity programs, practices and control of confidential information could result in unidentified risks and vulnerabilities and ultimately lead to the Department's volumes of personal information being susceptible to cyber-attacks and unauthorized disclosure.

**DEPARTMENT RESPONSE:**

The Department agrees with the finding and recommendation.

**UPDATED RESPONSE:**

**Partially Implemented.**

The Department agrees with the finding and recommendation. The Department developed formal documentation of the review of policies and procedures and ensured that staff and contractors acknowledged their understanding of Department policies and procedures after the audit period closed. The Department is currently working to implement the recommendations regarding establishing policies and procedures for the onboarding of staff and contractors, ensuring that the risk management assessment, or Business Impact Analysis, identifies confidential and personal information that is susceptible to attack and maintaining documentation of vulnerability reports.

- 15. Auditors recommend the Department improve its employee policies and procedures over processing internship separations.**

**FINDING:** *(Exceptions Identified in Employment Separation with Interns) – This finding has been repeated since FY2019-2020.*

The Department of Commerce and Economic Opportunity (Department) did not have adequate controls to ensure administrative procedures were timely completed in relation to interns' separation.

During testing of controls over separated interns' access to the Department's equipment and information systems, auditors noted the following:

- The Department was unable to provide support for the system access revocation for two of six (33%) interns.
- Two of six (33%) system access revocations were not performed timely. Network access was revoked 53 and 74 days late.
- Three of six (50%) sampled interns' security badge access were not deactivated timely. The badges were deactivated between 23 and 382 days after the interns' separation from the Department.
- The Department was unable to provide support one of six (17%) intern security badge access was deactivated.

This finding was first noted during the compliance examination for the two years ended June 30, 2020. In the subsequent years, the Department has been unsuccessful in implementing corrective action.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Department to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance that funds, property, and other assets and resources are safeguarded against waste, loss, unauthorized use, and misappropriation.

The *Framework for Improving Critical Infrastructure Cybersecurity* and the *Security and Privacy Controls for Information Systems and Organizations* (Special Publication 800-53, Fifth Revision) published by the National Institute of Standards and Technology, Access Control section, requires entities to timely deactivate system access when no longer required.

The Department's management team is responsible for implementing timely corrective action on all of the findings identified during a State compliance examination.

Department management indicated that interns are not entered into the same systems as employees and are more difficult to track.

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Failure to ensure adequate controls over the separation of interns increases the risk of unauthorized access and misuse of the Department's resources.

### **DEPARTMENT RESPONSE:**

The Department agrees with the finding and recommendation.

### **UPDATED RESPONSE:**

#### **Partially implemented.**

The Department agrees with the finding and recommendation. The Department is in the process of developing standard operating procedures and a tracking system to ensure proper offboarding of interns.

- 16. Auditors recommend the Department develop a detailed disaster recovery plan to recover all its applications and data. Additionally, they recommend the Department conduct detailed recovery testing at least annually.**

**FINDING:** *(Recovery Plan Weaknesses) – This finding has been repeated since FY2021-2022.*

The Department of Commerce and Economic Opportunity (Department) did not have adequate internal controls for the planning and recovery of its applications and data.

The Department utilizes various applications in order to carry out its mission. During their review of the Department's disaster recovery policy, auditors noted the Department did not document detailed recovery scripts for each of its applications.

In addition, the Department had not conducted disaster recovery testing during the engagement period.

The *Contingency Planning Guide for Information Technology Systems* published by the National Institute of Standards and Technology requires entities to have an updated and regularly tested disaster recovery plan to ensure the timely recovery of applications and data.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Department to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance funds, property, and other assets and resources are safeguarded against waste, loss, unauthorized use and misappropriation and maintain accountability over the State's resources.

Department management indicated, per their intergovernmental agreement with the Department of Innovation and Technology (DoIT), DoIT was responsible for conducting and maintaining disaster recovery testing.

Failure to adequately plan for the recovery of applications and data could result in the loss of data and the inability to recover within an acceptable time period.

**DEPARTMENT RESPONSE:**

The Department agrees with the finding and recommendation.

**UPDATED RESPONSE:**

**Implemented.**

The Department agrees with the finding and recommendation. A recovery plan policy has been developed which includes annual testing.

**17. Auditors recommend the Department pursue collection efforts or work with the appropriate parties to write-off accounts receivables that have been deemed uncollectible.**

**FINDING:** *(Inadequate Follow Up on Uncollectible Receivables) – New*

The Department of Commerce and Economic Opportunity (Department) did not adequately follow-up on accounts receivables.

During their testing of accounts receivables, auditors noted 10 of 24 (42%) instances totaling \$2.7 million, where the Department did not apply adequate procedures in reviewing their collectability. They noted no significant changes in the accounts listed as uncollectible from their prior engagement for the period ending June 30, 2022 through their current engagement. The Department could not provide documentation to substantiate they pursued the removal of these accounts, some of which dated back to 1995, by having them certified as uncollectible by the Attorney General's Office. In addition, the Department could not provide documentation for three of 24 (13%) accounts receivables tested regarding the authorization or existence of the receivable.

The Statewide Accounting Management System (SAMS) (Procedure 26.40.10) requires collection efforts and documentation of these efforts. If an agency believes that a past due account is uncollectible, it must certify the account as such under the guidelines in SAMS Procedure 26.40.40. An agency may write-off debts from its records that have been certified as uncollectible by either the agency when less than \$1,000 or the Attorney General when greater than \$1,000. SAMS (Procedure 26.40.80) requires when debts are less than \$1,000, the agency may write them off immediately upon certification. Debts which have been certified and are greater than \$1,000 and less than five years old, the agency may write them off if it determines that is in the best economic interest of the State. If debts are over five years old, greater than \$1,000, and certified by the Attorney General, they may be removed from the agency's records immediately.

The Uncollected State Claims Act (30 ILCS 205/2) states that after an agency has undertaken all reasonable and appropriate procedures to effectuate collection, the agency shall request the Attorney General to certify the claim or account receivable if \$1,000 or more to be uncollectible. When the Attorney General has determined the accounts receivable uncollectible, the Agency should write-off the uncollectible receivable.

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The State Records Act (5 ILCS 160/9) requires the head of each agency to establish and maintain an active, continuing program for the economical and efficient management of the records of the agency.

Department management indicated some of the receivables are collection matters that are currently being litigated by the Attorney General's Office and others may relate to criminal matters handled by the U.S. Attorney's Office and the Federal Bureau of Investigation. Department management further stated the vast majority of the receivables are over 20 years old and because the staff that worked on these matters have left, the Department lacks knowledge of the basis for their inclusion on the receivables list. Additionally, Department management stated the Department undertook, in the second quarter of 2022, a project to request write-offs for most of these old, uncollectible accounts, which requires approval of the Attorney General for receivables of \$1,000 or more. Department management indicated for the last few years, the Attorney General's Office has not accepted write-off requests due to lack of staffing; therefore, the project was temporarily put on hold.

Failure to follow up on accounts receivable in a timely manner may result in a delay or loss of revenue to the State. Failure to accurately account for receivables and uncollectible amounts may lead to incorrect or misleading financial records and noncompliance with SAMS.

### **DEPARTMENT RESPONSE:**

The Department agrees with the finding and recommendation.

### **UPDATED RESPONSE:**

#### **Under Study.**

The Department agrees with the finding and recommendation. The Department is reviewing the policy and procedures governing the collection efforts and writing-off uncollectible accounts receivable to determine an appropriate corrective action plan.

## **Emergency Purchases**

The Illinois Procurement Code (30 ILCS 500/) states, "It is declared to be the policy of the state that the principles of competitive bidding and economical procurement practices shall be applicable to all purchases and contracts...." The law also recognizes that there will be emergency situations when it will be impossible to conduct bidding. It provides a general exemption when there exists a threat to public health or public safety, or when immediate expenditure is necessary for repairs to State property in order to protect against further loss of or damage to State property, to prevent or minimize serious disruption in critical State services that affect health, safety, or collection of substantial state revenues, or to ensure the integrity of state records; provided, however that the term of the emergency purchase shall not exceed 90 days. A contract may be extended beyond 90 days if the Chief Procurement Officer determines additional time is necessary and that the contract scope and duration are limited to the emergency. Prior to the

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execution of the extension, the chief procurement officer must hold a public hearing and provide written justification for all emergency contracts. Members of the public may present testimony.

Notice of all emergency procurement shall be provided to the Procurement Policy Board and published in the online electronic bulletin no later than five business days after the contract is awarded. Notice of intent to extend an emergency contract shall be provided to the Procurement Policy Board and published in the online electronic Bulletin at least 14 days before the public hearing.

A Chief Procurement Officer making such emergency purchases is required to file a statement with the Procurement Policy Board and the Auditor General to set forth the circumstance requiring the emergency purchase. The Legislative Audit Commission receives quarterly reports of all emergency purchases from the Office of the Auditor General. The Legislative Audit Commission is directed to review the purchases and to comment on abuses of the exemption.

DCEO had the following emergency purchases during the audit period:

### FY23 Q2

- Estimated Cost - \$400,000 in federal funds to support continued service by the statewide, in person call center for the Low-Income Home Energy Assistance Program (ILHEAP) and the Community Services Block Grant (CSBGP program). The vendor under emergency contract was selected under competitive bidding, but didn't meet the required BEP goal, so another solicitation is underway.

### FY23 Q3

- Estimated Cost – \$58,615 in state funds to pay DCEO's portion of membership fees with the Delta Regional Authority, a State-Federal partnership established by Congress to address poverty assistance to 16 distress counties in IL. Failure to pay membership dues would result in a loss of \$1.5 million.

### FY23 Q4

- Estimated Cost - \$400,000 in federal funds to provide for continued call center services until a new competitive solicitation is awarded. The statewide call center is crucial for utility bill assistance for services such as the Low-Income Home Energy Assistance Program (LIHEAP) and Community Services Block Grant (CSBG) program.

## Headquarters Designations

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The State Finance Act requires all state agencies to make semiannual headquarters reports to the Legislative Audit Commission. Each state agency is required to file reports of all its officers and employees for whom official headquarters have been designated at any location other than that at which official duties require them to spend the largest part of their working time.

As of June 2024, DCEO had 48 employees assigned to locations other than official headquarters.