

APPENDICES

APPENDIX A
House Resolution 671

HOUSE RESOLUTION

WHEREAS, the Department of Commerce and Economic Opportunity (DCEO) is the lead State agency for economic development in Illinois; and

WHEREAS, in that capacity, DCEO expended over \$800 million in Fiscal Year 2002 appropriations for community and business development, technology and industrial competitiveness, tourism, coal development and marketing, and Illinois First; and

WHEREAS, Executive Order Number 11 (2003) transferred responsibility for administering the federal Workforce Investment Act of 1998, Title I, the federal Illinois Trade Adjustment Assistance Program, and the federal and State funded Welfare to Work program from the Department of Employment Security to DCEO; and

WHEREAS, Executive Order Number 11 (2003) also vested in DCEO certain duties of the Illinois Community College Board and the Prairie State 2000 Authority and abolished the latter agency; and

WHEREAS, efficient and effective management of the State's economic development programs is critical to the fiscal soundness of the State, local communities, business, and Illinois workers; therefore, be it

RESOLVED, BY THE HOUSE OF REPRESENTATIVES OF THE NINETY-THIRD GENERAL ASSEMBLY OF THE STATE OF ILLINOIS, that the Auditor General is directed to conduct a management and program audit of the Department of Commerce and Economic Opportunity's administration of its economic development programs; and be it further

RESOLVED, That the audit include, but need not be limited to, the following determinations: (i) whether DCEO's economic development programs are operated in conformity with applicable federal and State requirements; (ii) whether DCEO has established and implemented procedures to periodically review both the efficiency and effectiveness of its economic development programs; (iii) whether DCEO has in place appropriate monitoring and reporting procedures to ensure that it receives timely and accurate information from its grant and loan recipients; (iv) whether DCEO's reported performance measures are periodically reviewed and adequately supported by underlying documentation; and (v) whether DCEO's performance measures indicate that its economic development programs are effective in accomplishing their stated purposes; and be it further

RESOLVED, That the Department of Commerce and Economic Opportunity and its predecessor agencies, recipients of State funds, and any other entity or person that may have information relevant to this audit cooperate fully and promptly with the Auditor General's Office in the conduct of this audit; and be it further

RESOLVED, That the Auditor General commence this audit as soon as possible and distribute the report upon completion in accordance with Section 3-14 of the Illinois State Auditing Act; and be it further

RESOLVED, That a copy of this resolution be delivered to the Auditor General and to the Director of Commerce and Economic Opportunity.

APPENDIX B

Audit Sampling and Methodology

APPENDIX B

AUDIT SAMPLING AND METHODOLOGY

This audit was conducted in accordance with generally accepted government auditing standards and the audit standards promulgated by the Office of the Auditor General at 74 Ill. Adm. Code 420.310.

Fieldwork for this audit was conducted between May and August 2005. We interviewed representatives of the Illinois Department of Commerce and Economic Opportunity and the Illinois Comptroller's Office. We reviewed documents at DCEO including grant agreements, case files, audits of grantees, and policies and procedures of the various bureaus and programs. We tested samples and reviewed documents related to the objectives and covered the 11 bureaus of DCEO which contain the various programs.

We reviewed the previous financial audits and compliance attestation engagements released by the Office of the Auditor General for the Department of Commerce and Economic Opportunity and its predecessor agency the Department of Commerce and Community Affairs. This included reviewing audit working papers for the most recent compliance attestation engagement for fiscal year 2004. We also reviewed sections of the Illinois Statewide Single Audit that related to federal programs that are located at DCEO.

We reviewed risk and internal controls at DCEO related to the audit's objectives. The audit objectives are contained in House Resolution 671 (see Appendix A). This audit identified some weaknesses in those controls, which are included as findings in this report.

In conducting the audit, we reviewed applicable State and federal statutes and rules. We reviewed compliance with applicable laws as directed by the resolution. Any instances of non-compliance we identified are noted in this report.

TESTING AND ANALYTICAL PROCEDURES

For grants we reviewed a sample of 99 grant files covering programs in 9 of the Department's 11 bureaus. The Film Office and the Trade Office issue different types of grants and were examined separately. The sample was selected judgmentally in an effort to examine at least one grant from each of the Department's programs. Grant files were examined to determine, among other things, whether:

- Grant agreements contained monitoring and reporting requirements;
- Required reports were received;
- Reports were submitted in a timely manner; and
- Site visits were performed.

We also reviewed eight projects that were mentioned in DCEO press releases during the first half of calendar year 2003. These were all of the projects announced by the administration in press releases during that time period. These projects typically involved multiple incentives provided by DCEO and the press releases mentioned jobs to be created or retained. Grant files were examined for the same types of information as mentioned above. We also attempted to determine the status of the project and whether projected jobs created had been achieved.

For performance measures we reviewed a sample of 40 measures that were reported in the Comptroller's Public Accountability Report or in quarterly reports to the Governor's Office of Management and Budget. We tested 40 performance measures, some of which had data reported in two or three periods. As a result, a total of 78 reported figures for performance measures were tested to supporting documentation. Measures tested included 31 Public Accountability Report measures plus 12 Governor's Office of Management and Budget. Our review necessitated some duplication since some measures are included in different years and both reports. A total of 40 unique measures were tested. Appendix D of the report lists all performance measures tested including where the measure was reported.

From the Public Accountability report we judgmentally selected the sample by selecting all of DCEO's reported performance measures identified as "efficiency/cost effectiveness" measures. In addition, we selected some "outcome" indicators from each program with an emphasis on measures that addressed specific goals and objectives.

For the Governor's Office of Management and Budget reported measures, we judgmentally selected 12 measures from the 18 total measures reported. Performance measures were selected to cover all of the priorities identified in the quarterly reports.

The performance measures were examined to determine if the reported amounts were supported by underlying documentation. We also determined whether the measures could be used to assess the effectiveness of DCEO's economic development programs.

For statutory compliance we examined over 60 statutorily required mandates. We judgmentally selected mandates so that we could include at least five (or as many possible) mandates for each of the 11 DCEO program areas. We selected all mandates with reporting requirements, and also selected mandates to cover specific programs, and tax credits, and mandates relevant to the audit scope.

Results from samples used in this audit have not been projected to the universe and should not be projected.

Analytical procedures were performed on all DCEO performance measures reported in the Comptroller's Public Accountability Reports. These analytical procedures included:

1. Reviewing whether the reported performance measures were consistent from year to year or if new ones were added and others omitted;
2. Determining if the data was reported consistently from year to year;

3. Examining the targets to determine if they were being increased from year to year so that higher goals were being set; and
4. Examining the targets to see if the target goals were being reached.

APPENDIX C
**Sample DCEO Quarterly Management
Report to the Governor's Office of
Management and Budget (GOMB)**

ILLINOIS DEPARTMENT OF COMMERCE & ECONOMIC OPPORTUNITY

Jack Lavin, Director

Quarterly Management Report

Report as of December 31, 2004

Agency Mission

Deploying an integrated regional economic and workforce development strategy, the Department of Commerce and Economic Opportunity provides leadership in creating private sector jobs, training workers and expanding economic opportunities by helping firms, communities and regions become more competitive in the national and global economy.

Strategic Priorities

- Business Retention, Expansion and Creation
- Workforce Preparedness
- Innovation and Entrepreneurship
- Economic Opportunity

Summary of Agency Operations

The Illinois Department of Commerce and Economic Opportunity (DCEO) is charged with enhancing Illinois' competitiveness by providing technical and financial assistance to businesses, local governments, workers and families. As the state's lead economic development agency, DCEO works to capitalize on Illinois' strengths as a center of transportation, manufacturing and technology development. DCEO administers a wide range of programs and services in the areas of small business, workforce and community development, technology, international trade, tourism, energy, recycling, coal development, and film production.

Key Initiatives

- *Help Entrepreneurs and Small Business*
- *Modernize and Expand Local Businesses*
- *Strengthen Education and Workforce Training*
- *Build Public Infrastructure*
- *Increase Energy Independence*

Key Performance Metrics

In this section, the agency will highlight 3-5 key performance measures that are integral to its core functions.

	Previous FY	Current YTD	Benchmark
Jobs Created and Retained	94,016	24,888	100,000
% New Business Starts	19%	20%	20%
State of Illinois Employment Rate	93.6%	94.1%	94.5%
New Businesses Started	459	172	500

Performance Overview and Progress Toward Goals

The department continues to focus its efforts on the implementation of the regional development strategy known as Opportunity Returns. All departmental efforts are now redirected toward this fundamental policy change. Significant reorganization of DCEO's workforce program(s) is underway which will include filling several vacancies necessary for the efficient operation of the program. The employment rate increased by .3% over the first quarter and jobs created and retained increased over 15,000 during the same period.

ILLINOIS DEPARTMENT OF COMMERCE & ECONOMIC OPPORTUNITY

Quarterly Management Report

Report as of December 31, 2004

Performance Measure Comments

Please provide general comments on the performance measures in this section. Specifically discuss metrics that indicate high performance and those which highlight preexisting or emerging management concerns. In the chart below describe the steps you are taking to improve lagging agency performance on up to three metrics.

Performance Metric	What Problem Does This Metric Indicate	Plan of Action
<i>Jobs created and retained</i>	<i>This comment is offered for information purposes only.</i>	<i>The job numbers have been modified for FY04 because the risk of a double count was discovered with a program. Future reporting will utilize this new data collection adjustment.</i>
<i>Dollar value of export sales by client companies.</i>	<i>This comment of offered for informational purposes only.</i>	<i>DCEO seeks to remove this measure from regions that do not house an International Trade Center (ITC).</i>
<i>Plant Output</i>	<i>This comment of offered for informational purposes only.</i>	<i>DCEO seeks to remove this measure from regions that do not have an ethanol production facility.</i>

Quarterly Budget Information

	Current Quarter				Year-To-Date			
	Date		Variance		Date		Variance	
	Budget	Actual	(\$000's)	(%)	Budget	Actual	(\$000's)	(%)
General Funds								
Other State Funds								
Federal Funds								
All Funds Expenditures								
All Funds Detail								
Personal Services & Related								
Contractual Services								
Other Operations								
Lump Sums								
Grants								
Permanent Improvements								
Other								
Total Expenditures								

Agency Resources Employed

	FY04	FY05
Appropriations (\$ MM)	\$2,119.9	\$1,052.9
- General Funds	\$65.2	\$56.1
- Other Funds	\$1,207.1	\$374.6
- Federal	\$847.5	\$622.3
Headcount (FTE)	531.0	527.0
Capital Appropriations	\$865.7	\$204.0

Comments on Budget Variances

The comments in this section should focus on explaining any budget variances in excess of 5% for the quarter and YTD, and detailing the corrective action that will take place.

Fund Type	Object	% Variance	\$ Variance	What Caused the Variance	Corrective Action Plan

ILLINOIS DEPARTMENT OF COMMERCE AND ECONOMIC OPPORTUNITY

Key Performance Measures

Performance Metric	Actual							Target	Benchmark		Mgmt Control ¹	Status ²
	Q2 FY 04	Q3 FY 04	Q4 FY 04	Q1 FY 05	Q2 FY 05	FY 2004 Total	FY 2005 YTD		Value	Source		
DCEO Statewide												
Priority: Business Retention, Expansion and Creation												
<i>Jobs Created and Retained</i>	5,216	33,509	59,845	14,018	10,870	105,859	24,888	100,000	100,000	DCEO	High	Med
<i>State of Illinois Employment Rate</i>	93.70%	93.10%	94%	93.80%	94.30%	93.60%	94.10%	94.50%	94.50%	USDOL	Low	Med
<i>Export Sales from Client Companies (in millions)</i>	\$15.00	\$15.00	\$15.50	\$23.40	\$2.20	\$60.50	\$25.60	\$60.00	\$60.00	DCEO	Low	Low
<i>Win Rate *</i>	85%	75%	81.25%	97%	68%	77.90%	85%	70%	70%	DCEO	High	Med
Priority: Workforce Preparedness												
<i>Adult Employment Retention Rate</i>	86.60%	84.87%	81.02%	80.71%	83.04%	83.89%	81.60%	82%	82%	GPRA	High	Med
<i>Dislocated Worker Employment Retention Rate</i>	84.80%	93.40%	89.71%	90.14%	91.69%	91.46%	90.88%	86%	86%	GPRA	High	Med
<i>Older Youth Employment Retention Rate</i>	80.70%	85.71%	87.42%	78.14%	89.31%	82.90%	83.53%	78%	78%	GPRA	High	Med
Priority: Innovation and Entrepreneurship												
<i>% New Business Starts</i>	18%	11%	14%	32%	16%	19%	20%	20%	20%	DCEO	High	Med
<i>% New Tech Companies Still in Bus 1, 2, 3 yrs</i>	N/A	95.90%	87%	84.80%	80.40%	87%	80.40%	85%	85%	DCEO	Low	Med
<i>New Businesses Started</i>	137	118	109	98	74	459	172	500	500	DCEO	High	Med
Priority: Economic Opportunity												
<i>Visitors Assisted at Tourism Information Centers</i>	313,432	238,284	475,863	294,630	208,904	1,466,221	503,534	1,500,000	1,500,000	DCEO	Mod	Med
<i>Tourism Expenditures (millions)</i>	N/A	N/A	\$21,594.76	N/A	N/A	\$21,594.76	N/A	\$22,500	\$22,500	TIA	Mod	Med
<i>Plant Output (in millions of gallons of fuel)</i>	200	200	200	212	212	800	414	848	848	DCEO	High	Med
<i>Low-to-Moderate Income Persons Served with Water/Sewer Infrastructure</i>	3,269	436	68,947	6,033	1,292	102,573	7,325	100,000	100,000	DCEO	High	Med
<i>Number of Families/Households Receiving Quality of Life Services</i>	93,850	97,732	91,210	109,404	83,684	370,633	193,638	370,000	370,000	DCEO	High	Med
<i>% Dollar Savings from Energy Programs*</i>	13.75%	13.25%	8.60%	N/A	N/A	48.35%	N/A	N/A	N/A	N/A	Mod	Med

ILLINOIS DEPARTMENT OF COMMERCE AND ECONOMIC OPPORTUNITY

Key Performance Measures

Performance Metric	Actual							Target	Benchmark		Mgmt Control ¹	Status ²
	Q2 FY 04	Q3 FY 04	Q4 FY 04	Q1 FY 05	Q2 FY 05	FY 2004 Total	FY 2005 YTD		Value	Source		
<i>Cost Per Ton of Recyclable Commodities Used *</i>	\$541	\$96	\$130	\$166	\$771	\$17	\$217	\$100	\$100	DCEO	Low	Low
<i>% USDOE Discretionary Funding Awarded to Illinois *</i>	4.08%	0%	0%	N/A	N/A	5.23%	N/A	N/A	N/A	N/A	Mod	Mod

Northern Stateline Region

Performance Metric	Actual							Target	Benchmark		Mgmt Control ¹	Status ²
	Q2 FY 04	Q3 FY 04	Q4 FY 04	Q1 FY 05	Q2 FY 05	FY 2004 Total	FY 2005 YTD		Value	Source		
Priority: Business Retention, Expansion and Creation												
<i>Jobs Created and Retained</i>	104	912	1,832	879	328	3,253	1,207	3,000	3,000	DCEO	High	Med
<i>State of Illinois Employment Rate</i>	92.10%	91.20%	92.40%	93.60%	93.10%	91.90%	92.60%	94.50%	94.50%	USDOL	Low	Med
<i>Export Sales (WISER) (in millions \$)</i>	N/A	N/A	N/A	N/A	N/A	N/A	N/A	\$3	\$3	DCEO	Mod	Med
Priority: Workforce Preparedness												
<i>Adult Employment Retention Rate</i>	N/A	76%	75%	70%	83.50%	79.59%	79.08%	N/A	N/A	N/A	High	Med
<i>Dislocated Worker Employment Retention Rate</i>	N/A	91.35%	86.67%	85.06%	91.01%	88.92%	89.06%	N/A	N/A	N/A	High	Med
<i>Older Youth Employment Retention Rate</i>	N/A	77.78%	100%	50%	89.66%	77.50%	87.10%	N/A	N/A	N/A	High	Med
Priority: Innovation and Entrepreneurship												
<i>% New Business Starts</i>	66%	0%	50%	0%	6%	40%	3%	40%	40%	DCEO	High	Med
<i>% New Tech Companies Still in Bus 1, 2, 3 yrs</i>	N/A	94.90%	89.70%	87.20%	82.10%	89.70%	82.10%	90%	90%	DCEO	Low	Med
<i>New Businesses Started</i>	N/A	0	2	0	1	6	1	10	10	DCEO	High	Med
Priority: Economic Opportunity												
<i>Visitors Assisted at Tourism Information Centers</i>	N/A	7,868	21,087	30,328	7,269	62,170	37,597	63,413	63,413	DCEO	Mod	Med
<i>Plant Output (in millions of gallons of fuel)</i>	10	10	10	10	10	40	20	40	40	DCEO	High	Med

ILLINOIS DEPARTMENT OF COMMERCE AND ECONOMIC OPPORTUNITY

Key Performance Measures

Performance Metric	Actual							Target	Benchmark		Mgmt Control ¹	Status ²
	Q2 FY 04	Q3 FY 04	Q4 FY 04	Q1 FY 05	Q2 FY 05	FY 2004 Total	FY 2005 YTD		Value	Source		
<i>Low-to-Moderate Income Persons Served with Water/Sewer Infrastructure</i>	N/A	0	0	665	0	0	665	1,000	1,000	DCEO	High	Med
<i>Number of Families/Households Receiving Quality of Life Services</i>	N/A	2,287	907	2,511	1,237	5,016	3,748	5,000	5,000	DCEO	High	Med
<i>% Dollar Savings from Energy Programs*</i>	0	0%	0%	N/A	N/A	0%	N/A	N/A	N/A	N/A	Mod	Med
<i>Cost Per Ton of Recyclable Commodities Used *</i>	0	0	0	\$300	0	0	\$300	\$100	\$100	DCEO	Low	Low
<i>% USDOE Discretionary Funding Awarded to Illinois *</i>	0	0%	0%	N/A	N/A	0%	N/A	N/A	N/A	N/A	Mod	Mod

Northwest Region

Performance Metric	Actual							Target	Benchmark		Mgmt Control ¹	Status ²
	Q2 FY 04	Q3 FY 04	Q4 FY 04	Q1 FY 05	Q2 FY 05	FY 2004 Total	FY 2005 YTD		Value	Source		
Priority: Business Retention, Expansion and Creation												
<i>Jobs Created and Retained</i>	105	1,901	2,462	654	1,116	4,743	1,770	5,000	5,000	DCEO	High	Med
<i>State of Illinois Employment Rate</i>	93.30%	92.20%	93.90%	93.70%	94.80%	93.30%	94.70%	94.50%	94.50%	USDOL	Low	Med
<i>Export Sales (WISER) (in millions \$)</i>	N/A	N/A	N/A	N/A	N/A	N/A	N/A	\$0.50	\$0.50	DCEO	Mod	Med
Priority: Workforce Preparedness												
<i>Adult Employment Retention Rate</i>	N/A	84.62%	73.81%	65.33%	71.11%	81.17%	67.50%	N/A	N/A	N/A	High	Med
<i>Dislocated Worker Employment Retention Rate</i>	N/A	94.44%	92.44%	95.45%	91.50%	94.18%	93.06%	N/A	N/A	N/A	High	Med
<i>Older Youth Employment Retention Rate</i>	N/A	100%	50%	60%	100.00%	90.91%	71.43%	N/A	N/A	N/A	High	Med
Priority: Innovation and Entrepreneurship												
<i>% New Business Starts</i>	12%	4%	7%	3%	14%	10%	7%	10%	10%	DCEO	High	Med
<i>% New Tech Companies Still in Bus 1, 2, 3 yrs</i>	N/A	96.90%	87.50%	87.50%	90.60%	87.50%	90.60%	90%	90%	DCEO	Low	Med
<i>New Businesses Started</i>	N/A	2	2	1	2	13	3	15	15	DCEO	High	Med

ILLINOIS DEPARTMENT OF COMMERCE AND ECONOMIC OPPORTUNITY

Key Performance Measures

Performance Metric	Actual							Target	Benchmark		Mgmt Control ¹	Status ²
	Q2 FY 04	Q3 FY 04	Q4 FY 04	Q1 FY 05	Q2 FY 05	FY 2004 Total	FY 2005 YTD		Value	Source		
Priority: Economic Opportunity												
Visitors Assisted at Tourism Information Centers	N/A	8,578	21,274	32,817	8,492	67,388	41,309	68,736	68,736	DCEO	Mod	Med
Plant Output (in millions of gallons of fuel)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	High	Med
Low-to-Moderate Income Persons Served with Water/Sewer Infrastructure	N/A	0	3,643	0	0	3,643	0	3,000	3,000	DCEO	High	Med
Number of Families/Households Receiving Quality of Life Services	N/A	7,586	8,476	6,593	6,839	31,547	13,432	32,000	32,000	DCEO	High	Med
% Dollar Savings from Energy Programs*	0	0.72%	3.70%	N/A	N/A	4.40%	N/A	N/A	N/A	N/A	Mod	Med
Cost Per Ton of Recyclable Commodities Used *	0	0	0	0	0	\$67	0	\$100	\$100	DCEO	Low	Low
% USDOE Discretionary Funding Awarded to Illinois *	0	0%	0%	N/A	N/A	0%	N/A	N/A	N/A	N/A	Mod	Mod

Southern Region

Performance Metric	Actual							Target	Benchmark		Mgmt Control ¹	Status ²
	Q2 FY 04	Q3 FY 04	Q4 FY 04	Q1 FY 05	Q2 FY 05	FY 2004 Total	FY 2005 YTD		Value	Source		
Priority: Business Retention, Expansion and Creation												
Jobs Created and Retained	157	904	1,627	428	417	4,078	845	4,500	4,500	DCEO	High	Med
State of Illinois Employment Rate	93.90%	93.10%	93.60%	93.30%	94.20%	93.40%	93.80%	94.50%	94.50%	USDOL	Low	Med
Export Sales (WISER) (in millions \$)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	\$0.50	\$0.50	DCEO	Mod	Med
Priority: Workforce Preparedness												
Adult Employment Retention Rate	N/A	87.93%	85.42%	85.71%	83.78%	88.44%	84.88%	N/A	N/A	N/A	High	Med
Dislocated Worker Employment Retention Rate	N/A	94.87%	96.43%	76.19%	93.33%	95.56%	83.33%	N/A	N/A	N/A	High	Med
Older Youth Employment Retention Rate	N/A	100%	92.31%	100.00%	100%	84%	100%	N/A	N/A	N/A	High	Med
Priority: Innovation and Entrepreneurship												

ILLINOIS DEPARTMENT OF COMMERCE AND ECONOMIC OPPORTUNITY

Key Performance Measures

Performance Metric	Actual							Target	Benchmark		Mgmt Control ¹	Status ²
	Q2 FY 04	Q3 FY 04	Q4 FY 04	Q1 FY 05	Q2 FY 05	FY 2004 Total	FY 2005 YTD		Value	Source		
% New Business Starts	21%	10%	13%	18%	10%	14%	14%	20%	20%	DCEO	High	Med
% New Tech Companies Still in Bus 1, 2, 3 yrs	N/A	100%	95%	95%	95%	95%	95%	95%	95%	DCEO	Low	Med
New Businesses Started	N/A	17	15	9	5	54	14	60	60	DCEO	High	Med
Priority: Economic Opportunity												
Visitors Assisted at Tourism Information Centers	N/A	58,118	105,675	115,098	47,595	326,878	162,693	333,415	333,415	DCEO	Mod	Med
Plant Output (in millions of gallons of fuel)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	High	Med
Low-to-Moderate Income Persons Served with Water/Sewer Infrastructure	N/A	0	27,646	2,666	261	36,173	2,927	30,000	30,000	DCEO	High	Med
Number of Families/Households Receiving Quality of Life Services	N/A	5,503	9,089	5,294	3,990	24,236	9,284	25,000	25,000	DCEO	High	Med
% Dollar Savings from Energy Programs*	0	2%	0%	N/A	N/A	2%	N/A	N/A	N/A	N/A	Mod	Med
Cost Per Ton of Recyclable Commodities Used *	0	0	0	0	0	0	0	\$100	\$100	DCEO	Low	Low
% USDOE Discretionary Funding Awarded to Illinois *	0	0%	0%	N/A	N/A	0%	N/A	N/A	N/A	N/A	Mod	Mod

North Central Region

Performance Metric	Actual							Target	Benchmark		Mgmt Control ¹	Status ²
	Q2 FY 04	Q3 FY 04	Q4 FY 04	Q1 FY 05	Q2 FY 05	FY 2004 Total	FY 2005 YTD		Value	Source		
Priority: Business Retention, Expansion and Creation												
Jobs Created and Retained	1,515	721	1,722	1,255	548	4,001	1,803	4,000	4,000	DCEO	High	Med
State of Illinois Employment Rate	95.40%	94.70%	95.50%	94.60%	95.20%	95.20%	95.30%	94.50%	94.50%	USDOL	Low	Med
Export Sales (WISER) (in millions \$)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	\$3	\$3	DCEO	Mod	Med
Priority: Workforce Preparedness												
Adult Employment Retention Rate	N/A	78.95%	84.62	88%	90.32%	86.96%	89.29%	N/A	N/A	N/A	High	Med

ILLINOIS DEPARTMENT OF COMMERCE AND ECONOMIC OPPORTUNITY

Key Performance Measures

Performance Metric	Actual							Target	Benchmark		Mgmt Control ¹	Status ²
	Q2 FY 04	Q3 FY 04	Q4 FY 04	Q1 FY 05	Q2 FY 05	FY 2004 Total	FY 2005 YTD		Value	Source		
<i>Dislocated Worker Employment Retention Rate</i>	N/A	100%	100%	92.31%	96%	95.90%	94.74%	N/A	N/A	N/A	High	Med
<i>Older Youth Employment Retention Rate</i>	N/A	83.33%	83.33%	0%	0%	83.33%	0%	N/A	N/A	N/A	High	Med
Priority: Innovation and Entrepreneurship												
<i>% New Business Starts</i>	36%	0%	0%	65%	52%	9%	58%	40%	40%	DCEO	High	Med
<i>% New Tech Companies Still in Bus 1, 2, 3 yrs</i>	N/A	96.40%	89.10%	83.60%	74.50%	89.10%	74.50%	85%	85%	DCEO	Low	Med
<i>New Businesses Started</i>	N/A	7	46	17	15	35	32	40	40	DCEO	High	Med
Priority: Economic Opportunity												
<i>Visitors Assisted at Tourism Information Centers</i>	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	Mod	Med
<i>Plant Output (in millions of gallons of fuel)</i>	112.5	112.5	112.5	112.5	112.5	450	250	450	450	DCEO	High	Med
<i>Low-to-Moderate Income Persons Served with Water/Sewer Infrastructure</i>	N/A	0	5,558	147	0	8,304	147	8,000	8,000	DCEO	High	Med
<i>Number of Families/Households Receiving Quality of Life Services</i>	N/A	1,409	1,474	1,297	2,003	6,767	3,300	7,000	7,000	DCEO	High	Med
<i>% Dollar Savings from Energy Programs*</i>	0	0.24%	0%	N/A	N/A	0.24%	N/A	N/A	N/A	N/A	Mod	Med
<i>Cost Per Ton of Recyclable Commodities Used *</i>	0	0	0	0	0	0	0	\$100	\$100	DCEO	Low	Low
<i>% USDOE Discretionary Funding Awarded to Illinois *</i>	0	0%	0%	N/A	N/A	0%	N/A	N/A	N/A	N/A	Mod	Mod

West Central Region

Performance Metric	Actual							Target	Benchmark		Mgmt Control ¹	Status ²
	Q2 FY 04	Q3 FY 04	Q4 FY 04	Q1 FY 05	Q2 FY 05	FY 2004 Total	FY 2005 YTD		Value	Source		
Priority: Business Retention, Expansion and Creation												
<i>Jobs Created and Retained</i>	80	489	24	223	152	680	375	700	700	DCEO	High	Med
<i>State of Illinois Employment Rate</i>	94.60%	93.90%	95.10%	94.80%	95.30%	94.60%	95.30%	94.50%	94.50%	USDOL	Low	Med

ILLINOIS DEPARTMENT OF COMMERCE AND ECONOMIC OPPORTUNITY

Key Performance Measures

Performance Metric	Actual							Target	Benchmark		Mgmt Control ¹	Status ²
	Q2 FY 04	Q3 FY 04	Q4 FY 04	Q1 FY 05	Q2 FY 05	FY 2004 Total	FY 2005 YTD		Value	Source		
<i>Export Sales (WISER) (in millions \$)</i>	N/A	N/A	N/A	N/A	N/A	N/A	N/A	\$2	\$2	DCEO	Mod	Med
Priority: Workforce Preparedness												
<i>Adult Employment Retention Rate</i>	N/A	83.67%	75%	78.57%	85.19%	82.41%	82.93%	N/A	N/A	N/A	High	Med
<i>Dislocated Worker Employment Retention Rate</i>	N/A	96.15%	92.16%	95.56%	86.11%	93.08%	91.36%	N/A	N/A	N/A	High	Med
<i>Older Youth Employment Retention Rate</i>	N/A	66.67%	100%	78.57%	91.67%	81.82%	84.62%	N/A	N/A	N/A	High	Med
Priority: Innovation and Entrepreneurship												
<i>% New Business Starts</i>	53%	8%	0%	30%	13%	21%	21%	20%	20%	DCEO	High	Med
<i>% New Tech Companies Still in Bus 1, 2, 3 yrs</i>	N/A	100%	100%	100%	88.90%	100%	88.90%	80%	80%	DCEO	Low	Med
<i>New Businesses Started</i>	N/A	1	0	7	3	15	10	20	20	DCEO	High	Med
Priority: Economic Opportunity												
<i>Visitors Assisted at Tourism Information Centers</i>	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	Mod	Med
<i>Plant Output (in millions of gallons of fuel)</i>	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	High	Med
<i>Low-to-Moderate Income Persons Served with Water/Sewer Infrastructure</i>	N/A	0	3,709	508	502	9,712	1,010	9,000	9,000	DCEO	High	Med
<i>Number of Families/Households Receiving Quality of Life Services</i>	N/A	2,955	6,161	5,430	2,235	12,747	7,665	12,000	12,000	DCEO	High	Med
<i>% Dollar Savings from Energy Programs*</i>	0	0%	1.80%	N/A	N/A	1.80%	N/A	N/A	N/A	N/A	Mod	Med
<i>Cost Per Ton of Recyclable Commodities Used *</i>	\$1,134	0	0	0	0	\$1,134	0	\$100	\$100	DCEO	Low	Low
<i>% USDOE Discretionary Funding Awarded to Illinois *</i>	0	0%	0%	N/A	N/A	0%	N/A	N/A	N/A	N/A	Mod	Mod

Central Region

Performance Metric	Actual							Target	Benchmark		Mgmt Control ¹	Status ²
	Q2 FY 04	Q3 FY 04	Q4 FY 04	Q1 FY 05	Q2 FY 05	FY 2004 Total	FY 2005 YTD		Value	Source		

ILLINOIS DEPARTMENT OF COMMERCE AND ECONOMIC OPPORTUNITY

Key Performance Measures

Performance Metric	Actual							Target	Benchmark		Mgmt Control ¹	Status ²
	Q2 FY 04	Q3 FY 04	Q4 FY 04	Q1 FY 05	Q2 FY 05	FY 2004 Total	FY 2005 YTD		Value	Source		
Priority: Business Retention, Expansion and Creation												
<i>Jobs Created and Retained</i>	137	645	633	723	1,073	2,000	1,796	2,000	2,000	DCEO	High	Med
<i>State of Illinois Employment Rate</i>	94.10%	93.40%	94.50%	94.20%	94.50%	94%	94.30%	94.50%	94.50%	USDOL	Low	Med
<i>Export Sales (WISER) (in millions \$)</i>	N/A	N/A	N/A	N/A	N/A	N/A	N/A	\$3	\$3	DCEO	Mod	Med
Priority: Workforce Preparedness												
<i>Adult Employment Retention Rate</i>	N/A	85.11%	85.92%	85.51%	84.09%	86.67%	84.96%	N/A	N/A	N/A	High	Med
<i>Dislocated Worker Employment Retention Rate</i>	N/A	92%	93.75%	87.63%	94.32%	91.32%	90.81%	N/A	N/A	N/A	High	Med
<i>Older Youth Employment Retention Rate</i>	N/A	85.71%	75%	100%	100%	84.62%	100%	N/A	N/A	N/A	High	Med
Priority: Innovation and Entrepreneurship												
<i>% New Business Starts</i>	33%	17%	40%	0%	20%	45%	9%	40%	40%	DCEO	High	Med
<i>% New Tech Companies Still in Bus 1, 2, 3 yrs</i>	N/A	93.80%	81.30%	81.30%	72.90%	81.30%	72.90%	80%	80%	DCEO	Low	Med
<i>New Businesses Started</i>	N/A	4	4	0	2	18	2	20	20	DCEO	High	Med
Priority: Economic Opportunity												
<i>Visitors Assisted at Tourism Information Centers</i>	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	Mod	Med
<i>Plant Output (in millions of gallons of fuel)</i>	77.5	77.5	77.5	77.5	77.5	310	155	310	310	DCEO	High	Med
<i>Low-to-Moderate Income Persons Served with Water/Sewer Infrastructure</i>	N/A	73	5,966	475	0	16,125	475	16,000	16,000	DCEO	High	Med
<i>Number of Families/Households Receiving Quality of Life Services</i>	N/A	6,211	6,521	2,555	3,272	22,617	5,827	20,000	20,000	DCEO	High	Med
<i>% Dollar Savings from Energy Programs*</i>	2.98%	0%	0%	N/A	N/A	4.20%	N/A	N/A	N/A	N/A	Mod	Med
<i>Cost Per Ton of Recyclable Commodities Used *</i>	0	0	\$130	0	\$4,386	\$130	\$4,386	\$100	\$100	DCEO	Low	Low
<i>% USDOE Discretionary Funding Awarded to Illinois *</i>	0	0%	0%	N/A	N/A	0.58%	N/A	N/A	N/A	N/A	Mod	Mod

ILLINOIS DEPARTMENT OF COMMERCE AND ECONOMIC OPPORTUNITY

Key Performance Measures

Performance Metric	Actual							Target	Benchmark		Mgmt Control ¹	Status ²
	Q2 FY 04	Q3 FY 04	Q4 FY 04	Q1 FY 05	Q2 FY 05	FY 2004 Total	FY 2005 YTD		Value	Source		

East Central Region

Performance Metric	Actual							Target	Benchmark		Mgmt Control ¹	Status ²
	Q2 FY 04	Q3 FY 04	Q4 FY 04	Q1 FY 05	Q2 FY 05	FY 2004 Total	FY 2005 YTD		Value	Source		

Priority: Business Retention, Expansion and Creation

Jobs Created and Retained	35	539	1,361	754	836	3,549	1,590	3,500	3,500	DCEO	High	Med
State of Illinois Employment Rate	95.50%	94.60%	95.40%	95.20%	95.70%	95.20%	95.50%	94.50%	94.50%	USDOL	Low	Med
Export Sales (WISER) (in millions \$)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	\$0.50	\$0.50	DCEO	Mod	Med

Priority: Workforce Preparedness

Adult Employment Retention Rate	N/A	80.77%	92.86%	84.85%	110%	82.56%	88.16%	N/A	N/A	N/A	High	Med
Dislocated Worker Employment Retention Rate	N/A	92%	88.89%	92.31%	94.29%	90.30%	92.86%	N/A	N/A	N/A	High	Med
Older Youth Employment Retention Rate	N/A	100%	100%	89.47%	100%	87.50%	90%	N/A	N/A	N/A	High	Med

Priority: Innovation and Entrepreneurship

% New Business Starts	9%	0%	100%	38%	0%	44%	20%	40%	40%	DCEO	High	Med
% New Tech Companies Still in Bus 1, 2, 3 yrs	N/A	96.20%	92.30%	92.30%	84.60%	92.30%	84.60%	90%	90%	DCEO	Low	Med
New Businesses Started	N/A	5	12	3	0	30	3	35	35	DCEO	High	Med

Priority: Economic Opportunity

Visitors Assisted at Tourism Information Centers	N/A	3,559	8,484	9,046	1,763	28,686	10,809	29,260	29,260	DCEO	Mod	Med
Plant Output (in millions of gallons of fuel)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	High	Med
Low-to-Moderate Income Persons Served with Water/Sewer Infrastructure	N/A	0	2,071	1,219	0	2,559	1,219	2,000	2,000	DCEO	High	Med
Number of Families/Households Receiving Quality of Life Services	N/A	1,706	1,719	3,326	1,204	5,507	4,530	5,000	5,000	DCEO	High	Med
% Dollar Savings from Energy Programs*	0	0%	94.70%	N/A	N/A	94.70%	N/A	N/A	N/A	N/A	Mod	Med

ILLINOIS DEPARTMENT OF COMMERCE AND ECONOMIC OPPORTUNITY

Key Performance Measures

Performance Metric	Actual							Target	Benchmark		Mgmt Control ¹	Status ²
	Q2 FY 04	Q3 FY 04	Q4 FY 04	Q1 FY 05	Q2 FY 05	FY 2004 Total	FY 2005 YTD		Value	Source		
<i>Cost Per Ton of Recyclable Commodities Used *</i>	0	0	0	0	0	0	0	\$100	\$100	DCEO	Low	Low
<i>% USDOE Discretionary Funding Awarded to Illinois *</i>	0	0%	0%	N/A	N/A	0%	N/A	N/A	N/A	N/A	Mod	Mod

Southeastern Region

Performance Metric	Actual							Target	Benchmark		Mgmt Control ¹	Status ²
	Q2 FY 04	Q3 FY 04	Q4 FY 04	Q1 FY 05	Q2 FY 05	FY 2004 Total	FY 2005 YTD		Value	Source		
Priority: Business Retention, Expansion and Creation												
<i>Jobs Created and Retained</i>	632	1,396	1,575	786	80	4,005	866	4,000	4,000	DCEO	High	Med
<i>State of Illinois Employment Rate</i>	93.70%	92.70%	94%	93.40%	94.10%	93.50%	94%	94.50%	94.50%	USDOL	Low	Med
<i>Export Sales (WISER) (in millions \$)</i>	N/A	N/A	N/A	N/A	N/A	N/A	N/A	\$0.50	\$0.50	DCEO	Mod	Med
Priority: Workforce Preparedness												
<i>Adult Employment Retention Rate</i>	N/A	93.75%	100%	92.68%	96.15%	93.40%	94.03%	N/A	N/A	N/A	High	Med
<i>Dislocated Worker Employment Retention Rate</i>	N/A	93.10%	86.62%	86.67%	91.96%	91.67%	89.60%	N/A	N/A	N/A	High	Med
<i>Older Youth Employment Retention Rate</i>	N/A	80%	100%	50%	83.33%	81.25%	75%	N/A	N/A	N/A	High	Med
Priority: Innovation and Entrepreneurship												
<i>% New Business Starts</i>	0%	11%	0%	0%	8%	7%	3%	10%	10%	DCEO	High	Med
<i>% New Tech Companies Still in Bus 1, 2, 3 yrs</i>	N/A	94.40%	88.90%	88.90%	77.80%	88.90%	77.80%	85%	85%	DCEO	Low	Med
<i>New Businesses Started</i>	N/A	3	0	0	1	5	1	7	7	DCEO	High	Med
Priority: Economic Opportunity												
<i>Visitors Assisted at Tourism Information Centers</i>	N/A	30,687	89,733	57,347	27,886	226,844	85,233	231,381	231,381	DCEO	Mod	Med
<i>Plant Output (in millions of gallons of fuel)</i>	N/A	N/A	N/A	12	12	N/A	24	48	48	DCEO	High	Med

ILLINOIS DEPARTMENT OF COMMERCE AND ECONOMIC OPPORTUNITY

Key Performance Measures

Performance Metric	Actual							Target	Benchmark		Mgmt Control ¹	Status ²
	Q2 FY 04	Q3 FY 04	Q4 FY 04	Q1 FY 05	Q2 FY 05	FY 2004 Total	FY 2005 YTD		Value	Source		
<i>Low-to-Moderate Income Persons Served with Water/Sewer Infrastructure</i>	N/A	0	18,005	0	0	19,357	0	20,000	20,000	DCEO	High	Med
<i>Number of Families/Households Receiving Quality of Life Services</i>	N/A	10,530	11,832	7,175	8,421	38,774	15,596	30,000	30,000	DCEO	High	Med
<i>% Dollar Savings from Energy Programs*</i>	2.50%	0%	0%	N/A	N/A	5%	N/A	N/A	N/A	N/A	Mod	Med
<i>Cost Per Ton of Recyclable Commodities Used *</i>	0	0	0	0	0	0	0	\$100	\$100	DCEO	Low	Low
<i>% USDOE Discretionary Funding Awarded to Illinois *</i>	0	0%	0%	N/A	N/A	0%	N/A	N/A	N/A	N/A	Mod	Mod

Southwestern Region

Performance Metric	Actual							Target	Benchmark		Mgmt Control ¹	Status ²
	Q2 FY 04	Q3 FY 04	Q4 FY 04	Q1 FY 05	Q2 FY 05	FY 2004 Total	FY 2005 YTD		Value	Source		
Priority: Business Retention, Expansion and Creation												
<i>Jobs Created and Retained</i>	213	3,019	5,961	299	299	9,557	598	9,500	9,500	DCEO	High	Med
<i>State of Illinois Employment Rate</i>	93.80%	93.10%	93.80%	93%	93.80%	93.60%	93.50%	94.50%	94.50%	USDOL	Low	Med
<i>Export Sales (WISER) (in millions \$)</i>	N/A	N/A	N/A	N/A	N/A	N/A	N/A	\$2	\$2	DCEO	Mod	Med
Priority: Workforce Preparedness												
<i>Adult Employment Retention Rate</i>	N/A	88.89%	90.70%	91.57%	86.54%	90.29%	89.63%	N/A	N/A	N/A	High	Med
<i>Dislocated Worker Employment Retention Rate</i>	N/A	92.11%	96.67%	92.59%	92.68%	91.84%	92.63%	N/A	N/A	N/A	High	Med
<i>Older Youth Employment Retention Rate</i>	N/A	100%	86.96%	71%	114.29%	90%	85.71%	N/A	N/A	N/A	High	Med
Priority: Innovation and Entrepreneurship												
<i>% New Business Starts</i>	44%	47%	8%	27%	9%	28%	16%	25%	25%	DCEO	High	Med
<i>% New Tech Companies Still in Bus 1, 2, 3 yrs</i>	N/A	92.20%	86.30%	80.40%	84.30%	86.30%	84.30%	80%	80%	DCEO	Low	Med
<i>New Businesses Started</i>	N/A	8	2	4	2	14	6	17	17	DCEO	High	Med

ILLINOIS DEPARTMENT OF COMMERCE AND ECONOMIC OPPORTUNITY

Key Performance Measures

Performance Metric	Actual							Target	Benchmark		Mgmt Control ¹	Status ²
	Q2 FY 04	Q3 FY 04	Q4 FY 04	Q1 FY 05	Q2 FY 05	FY 2004 Total	FY 2005 YTD		Value	Source		
Priority: Economic Opportunity												
Visitors Assisted at Tourism Information Centers	N/A	33,591	97,854	78,050	33,715	303,211	111,765	309,275	309,275	DCEO	Mod	Med
Plant Output (in millions of gallons of fuel)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	High	Med
Low-to-Moderate Income Persons Served with Water/Sewer Infrastructure	N/A	363	1,934	0	529	4,906	529	5,000	5,000	DCEO	High	Med
Number of Families/Households Receiving Quality of Life Services	N/A	9,732	5,576	6,951	6,092	28,616	13,043	25,000	25,000	DCEO	High	Med
% Dollar Savings from Energy Programs*	4.58%	2.29%	2.50%	N/A	N/A	13.95%	N/A	N/A	N/A	N/A	Mod	Med
Cost Per Ton of Recyclable Commodities Used *	\$197	0	0	0	0	\$197	0	\$100	\$100	DCEO	Low	Low
% USDOE Discretionary Funding Awarded to Illinois *	0	0%	0%	N/A	N/A	0%	N/A	N/A	N/A	N/A	Mod	Mod

Northeast Region

Performance Metric	Actual							Target	Benchmark		Mgmt Control ¹	Status ²
	Q2 FY 04	Q3 FY 04	Q4 FY 04	Q1 FY 05	Q2 FY 05	FY 2004 Total	FY 2005 YTD		Value	Source		
Priority: Business Retention, Expansion and Creation												
Jobs Created and Retained	2,238	15,915	29,508	8,017	6,021	49,902	14,038	50,000	50,000	DCEO	High	Med
State of Illinois Employment Rate	93.50%	93.10%	93.80%	93.80%	94.30%	93.40%	94%	94.50%	94.50%	USDOL	Low	Med
Export Sales (WISER) (in millions \$)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	\$45	\$45	DCEO	Mod	Med
Priority: Workforce Preparedness												
Adult Employment Retention Rate	N/A	85.44%	80.29%	80.02%	81.90%	82.87%	80.69%	N/A	N/A	N/A	High	Med
Dislocated Worker Employment Retention Rate	N/A	94.58%	89.73%	90.04%	91.34%	91.65%	90.48%	N/A	N/A	N/A	High	Med
Older Youth Employment Retention Rate	N/A	88.12%	86.36%	77.73%	86.17%	82.03%	81.53%	N/A	N/A	N/A	High	Med
Priority: Innovation and Entrepreneurship												

ILLINOIS DEPARTMENT OF COMMERCE AND ECONOMIC OPPORTUNITY

Key Performance Measures

Performance Metric	Actual							Target	Benchmark		Mgmt Control ¹	Status ²
	Q2 FY 04	Q3 FY 04	Q4 FY 04	Q1 FY 05	Q2 FY 05	FY 2004 Total	FY 2005 YTD		Value	Source		
% New Business Starts	12%	12%	14%	29%	16%	21%	22%	25%	25%	DCEO	High	Med
% New Tech Companies Still in Bus 1, 2, 3 yrs	N/A	96%	86.80%	84.60%	80.10%	86.80%	80.10%	80%	80%	DCEO	Low	Med
New Businesses Started	N/A	71	61	57	37	267	94	285	285	DCEO	High	Med
Priority: Economic Opportunity												
Visitors Assisted at Tourism Information Centers	N/A	95,883	131,756	151,336	80,384	451,044	231,720	460,065	460,065	DCEO	Mod	Med
Plant Output (in millions of gallons of fuel)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	High	Med
Low-to-Moderate Income Persons Served with Water/Sewer Infrastructure	N/A	0	756	0	0	1,512	0	1,500	1,500	DCEO	High	Med
Number of Families/Households Receiving Quality of Life Services	N/A	49,813	39,455	68,272	47,969	194,806	116,241	200,000	200,000	DCEO	High	Med
% Dollar Savings from Energy Programs*	4.58%	4.80%	4.90%	N/A	N/A	18.90%	N/A	N/A	N/A	N/A	Mod	Med
Cost Per Ton of Recyclable Commodities Used *	\$1,203	\$96	0	\$155	\$371	\$14	\$173	\$100	\$100	DCEO	Low	Low
% USDOE Discretionary Funding Awarded to Illinois *	4.08%	0%	0%	N/A	N/A	4.65%	N/A	N/A	N/A	N/A	Mod	Mod

APPENDIX D
Performance Measures
Tested

APPENDIX D

PERFORMANCE MEASURES TESTED

To address the two determinations related to performance measures, a judgmental sample of reported performance measures was selected. A total of 40 measures were tested. Some of the measures were reported in quarterly management reports to the Governor's Office of Management and Budget, some were reported in the Public Accountability Report published by the Comptroller, and some were reported in both. We selected measures from each bureau at DCEO.

We classified the measures into one of three categories: a good measure, a poor measure, or could be a good measure if not for some problem with the measure. When making this assessment we considered several factors such as:

- Whether the measure was appropriately titled so that the title reflects what was being measured;
- Whether the measure was defined properly;
- Whether the measure was calculated properly according to the definition;
- Whether this measure could be used to determine if DCEO's economic development programs were effective; and
- Whether there were other problems with the measure that brought into question the validity of the measure.

The first table in this Appendix, D-1, lists all measures we tested along with various characteristics of the measures. The second table in the Appendix, D-2, lists the measures that we classified as a poor measure or could be a good measure if not for some problem. It includes, for each measure, a reason for our classification.

Appendix D-1
PERFORMANCE MEASURES TESTED

#	Performance Measure	Bureau	Description	Reported to GOMB	Reported to Comptroller
1	Number of grantees monitored (desk and on-site)	Illinois FIRST	The number of grantees who received an on-site monitoring visit, or were desk-monitored.		Yes
2	Cost per job created - Community Services Block Grant (CSBG)	Community Development	The amount loaned divided by the number of jobs created.		Yes
3	Average cost per person to improve water/sewer service - Community Development Assistance Program (CDAP)	Community Development	The amount awarded for grants divided by the number of persons served.		Yes
4	Average cost per house to rehabilitate to Section 8 standards - CDAP	Community Development	The amount of CDAP housing dollars awarded divided by the number of proposed units to be rehabilitated.		Yes
5	Jobs created - CSBG	Community Development	The number of jobs created as a result of the CSBG loan.		Yes
6	Win Rate	Business Development	The number of projects successfully completed divided by the number of projects worked.	Yes	Yes
7	Jobs Created and Retained	Business Development	The total number of jobs created and retained as a result of agency assistance.	Yes	
8	% New Business Starts	Business Development	The percentage of new businesses started in Illinois with assistance from the SBDCs.	Yes	
9	% New Technology Companies still in business after 1-3 years	Business Development	The number of new technology companies still in business after 3 years divided by the number of new technology companies started in 2001, 2002, or 2003.	Yes	
10	New Businesses Started	Business Development; Technology & Industrial Competitiveness	The number of small business start-ups resulting from agency assistance.	Yes	

Appendix D-1
PERFORMANCE MEASURES TESTED

FY03 Amount Reported	FY03 Amount Documented	FY04 Amount Reported	FY04 Amount Documented	FY05 YTD Amount Reported	FY05 YTD Amount Documented	Classification	#
636	697	673	685	N/A	N/A	Poor measure	1
\$17,632.91	\$17,633.75	\$13,528.00	\$14,081.65	N/A	N/A	Could be good measure but...	2
\$287.73	\$288.52	\$229.04	\$229.04	N/A	N/A	Could be good measure but...	3
\$30,676.00	\$28,399.31	\$26,357.83	\$26,357.83	N/A	N/A	Good measure	4
110	110	178	171	N/A	N/A	Could be good measure but...	5
67%	62.9%	77.9%	70.7%	85%	83.6%	Poor measure	6
N/A	N/A	105,589	31,694.5	24,888	18,953	Could be good measure but...	7
N/A	N/A	19%	20%	20%	20%	Poor measure	8
N/A	N/A	87%	87%	80.40%	80.40%	Good measure	9
N/A	N/A	459	377	172	202	Good measure	10

Appendix D-1
PERFORMANCE MEASURES TESTED

#	Performance Measure	Bureau	Description	Reported to GOMB	Reported to Comptroller
11	Private investment leveraged for each dollar of public investment	Business Development	The total dollar amount of private investment leveraged divided by the total dollar amount of public investment.		Yes
12	Jobs created through Market Development Division (MDD)	Business Development	The number of jobs to be created by businesses assisted by the Market Development staff.		Yes
13	Jobs retained through MDD	Business Development	The number of jobs to be retained by businesses assisted by the Market Development staff.		Yes
14	PTAC jobs created/retained	Business Development	The number of jobs created and retained as the result of assistance provided by counseling/training at Procurement Technical Assistance Centers.		Yes
15	SBDC jobs created/retained	Business Development	The number of jobs created and retained as the result of assistance provided by counseling/training at Small Business Development Centers.		Yes
16	SBDC new businesses started	Business Development	The number of new business starts throughout specific city, county, region or Statewide as verified by client.		Yes
17	ITP cost per trainee (Expenditures/Trainee)	Technology & Industrial Competitiveness	The total cost of Employer Training Investment Program (ETIP) programs divided by the total number of trainees.		Yes
18	Jobs created- ITEC	Technology & Industrial Competitiveness	The number of jobs created or retained by firms which have been assessed and/or enrolled by the Illinois Technology Enterprise Centers (ITEC).		Yes
19	Number of jobs created and retained through ETIP	Technology & Industrial Competitiveness	Employees who receive training through the grant funds provided to their employers by ETIP.		Yes
20	Adult Employment Retention Rate	Workforce Development	The number of adults exiting from the program with post quarter 3 wages divided by the number of adult registrant exiters with post quarter 1 wages.	Yes	Yes

Appendix D-1
PERFORMANCE MEASURES TESTED

FY03 Amount Reported	FY03 Amount Documented	FY04 Amount Reported	FY04 Amount Documented	FY05 YTD Amount Reported	FY05 YTD Amount Documented	Classification	#
\$14	\$13.57	\$10	\$10.48	N/A	N/A	Could be good measure but...	11
7,526	7,526	6,231	6,231	N/A	N/A	Could be good measure but...	12
7,864	7,864	12,257	12,257	N/A	N/A	Could be good measure but...	13
1,100	1,162	1,646	1,596	N/A	N/A	Good measure	14
4,893	5,228	6,255	6,294	N/A	N/A	Good measure	15
337	364	321	314	N/A	N/A	Good measure	16
\$314.00	\$302.28	\$248.26	\$286.23	N/A	N/A	Good measure	17
N/A	N/A	545	539.5	N/A	N/A	Could be good measure but...	18
68,236	71,528	78,466	65,592	N/A	N/A	Poor measure	19
86.81%	86.81%	83.96%	84.25%	81.60%	83.35%	Good measure	20

Appendix D-1
PERFORMANCE MEASURES TESTED

#	Performance Measure	Bureau	Description	Reported to GOMB	Reported to Comptroller
21	Adult earnings change (in dollars)	Workforce Development	For all adults employed in the first quarter after exit, the difference between their post-program income and pre-program income is divided by the number of adults who exit the program during the quarter.		Yes
22	Visitors Assisted at Tourism Information Centers	Tourism	The total number of visitors who are assisted at the Tourism Information Centers.	Yes	
23	Gross advertising return on investment (per dollar expended)	Tourism	The travel expenditures for those persons visiting Illinois who were aware of advertising divided by the cost of the media campaign.		Yes
24	Local funds leveraged by tourism grant-related projects (in millions)	Tourism	The difference between the cost of grant related projects and the grant amounts.		Yes
25	Percent of those traveling to Illinois influenced by advertising	Tourism	The percent of visitors who traveled to Illinois who indicated they made the decision to travel after seeing the advertising.		Yes
26	Percent of other non-State public and private dollars leveraged for infrastructure projects	Coal Development and Marketing	The total dollars committed to projects by the grantees as compared to dollars granted by the State.		Yes
27	Infrastructure private and public dollars leveraged (in millions)	Coal Development and Marketing	The total dollars committed to projects by grantees.		Yes
28	New/expanded mining operations	Coal Development and Marketing	The number of new mines opened and existing mining operations expanded during the fiscal year.		Yes
29	Export Sales from Client Companies (in millions)	Trade and Investment	The estimated dollar amount of export sales that was generated by client companies.	Yes	Yes
30	Number of jobs created/retained	Trade and Investment	The number of jobs reported from the Economic Impact Surveys submitted by clients assisted.		Yes

Appendix D-1
PERFORMANCE MEASURES TESTED

FY03 Amount Reported	FY03 Amount Documented	FY04 Amount Reported	FY04 Amount Documented	FY05 YTD Amount Reported	FY05 YTD Amount Documented	Classification	#
\$3,750.42	\$3,750.42	\$3,817.94	\$3,832.72	N/A	N/A	Good measure	21
N/A	N/A	1,466,221	1,467,587	503,534	760,019	Poor measure	22
\$970.00	\$970.00	N/A	N/A	N/A	N/A	Could be good measure but...	23
\$31.4	\$31.84	\$35.7	\$54.08	N/A	N/A	Good measure	24
12%	13.7%	N/A	N/A	N/A	N/A	Good measure	25
87.2%	88.2%	89%	89%	N/A	N/A	Good measure	26
\$128.2	\$128.2	\$129.0	\$129.6	N/A	N/A	Good measure	27
4	4	4	4	N/A	N/A	Good measure	28
\$86.0	\$73.36	\$60.5	\$60.65	\$25.6	\$21.14	Poor measure	29
1,819	763	217	254.5	N/A	N/A	Could be good measure but...	30

Appendix D-1
PERFORMANCE MEASURES TESTED

#	Performance Measure	Bureau	Description	Reported to GOMB	Reported to Comptroller
31	Local temporary jobs created	Film	The number of actual workers hired by the production, to include production crew, actors and extras.		Yes
32	Actual cash expenditures by productions (in millions)	Film	The actual cash expenditures spent by feature film and television production in Illinois.		Yes
33	% Dollar Savings from Energy Programs	Energy	The sum of the residential, commercial, industrial, and institutional savings divided by the cost of these programs.	Yes	
34	% USDOE Discretionary Funding Awarded to Illinois	Energy	The U.S. Department of Energy (USDOE) discretionary dollars awarded to Illinois as compared to the total dollars available.	Yes	
35	Plant Output (in millions of gallons of fuel)	Energy	The millions of gallons of renewable fuel (ethanol) produced by grantees.	Yes	
36	Produce a rate of return of at least 30% on direct agency investments in commercial, industrial, and institutional energy efficiency projects	Energy	Compares energy savings to total agency investment on energy measures and services to calculate a rate of return on investment.		Yes
37	Produce a rate of return of at least 40% on the investment in energy efficiency for the Affordable Housing program	Energy	Compares the dollars invested in energy efficiency for the program to energy dollars saved to calculate a rate of return on investment.		Yes
38	Dollar savings of industrial, commercial, and institutional clients (in millions)	Energy	The dollars saved on utility or other energy related costs attributable to program activity or funding.		Yes
39	Cost per Ton of Recyclable Commodities Used	Recycling & Waste Management	The amount of materials diverted, while considering the cost to the State, in terms of funds in executed grant agreements.	Yes	
40	Tons of recyclable commodities used	Recycling & Waste Management	The total amount of material diverted from the solid waste stream for projects that involve the increased use of recyclable commodities as manufacturing feedstock.		Yes

Source: Summary of OAG testing of DCEO performance measures tested.

Appendix D-1
PERFORMANCE MEASURES TESTED

FY03 Amount Reported	FY03 Amount Documented	FY04 Amount Reported	FY04 Amount Documented	FY05 YTD Amount Reported	FY05 YTD Amount Documented	Classification	#
7,073	5,972	12,757	12,742	N/A	N/A	Good measure	31
\$20.1	\$25.67	\$55.8	\$58.94	N/A	N/A	Good measure	32
N/A	N/A	48.35%	Could not document	N/A	N/A	Could be good measure but...	33
N/A	N/A	5.23%	4.65%	N/A	N/A	Poor measure	34
N/A	N/A	800	Could not document	414	Could not document	Poor measure	35
50%	Could not document	30%	Could not document	N/A	N/A	Could be good measure but...	36
50%	19.2%	40%	15.8%	N/A	N/A	Could be good measure but...	37
\$1.8	\$1.42	\$0.7	\$0.63	N/A	N/A	Good measure	38
N/A	N/A	\$17	\$17	\$217	\$217	Could be good measure but...	39
68,382	Could not document	17,923	18,342	N/A	N/A	Good measure	40

APPENDIX D-2

PERFORMANCE MEASURES

TESTED – QUESTIONABLE MEASURES

The following table lists the measures that were classified as poor measures and the measures that were potentially good measures if not for some problem with the measure. The table also discusses the reason for the classification for each of the measures.

The reasons we classified measures as poor were varied. For example, Export Sales from Client Companies, which is reported by the Trade Office, does not have a direct relationship to the assistance provided. The sales reported are not necessarily generated due to assistance received. In addition, the measure is based on estimates and is summarized from surveys that are submitted by a small number of clients. Other measures were poorly titled and lacked clear definitions of what was being measured or provided little insight to the effectiveness of the programs represented.

Appendix D-2

PERFORMANCE MEASURES CLASSIFIED AS POOR OR QUESTIONABLE

#	Performance Measure	Bureau	Description	Reported to GOMB	Reported to Comptroller
1	Number of grantees monitored (desk and on-site)	Illinois FIRST	The number of grantees who received an on-site monitoring visit, or were desk-monitored.		Yes
6	Win Rate	Business Development	The number of projects successfully completed divided by the number of projects worked.	Yes	Yes
8	% New Business Starts	Business Development	The percentage of new businesses started in Illinois with assistance from the SBDCs.	Yes	
19	Number of jobs created and retained through ETIP	Technology & Industrial Competitiveness	Employees who receive training through the grant funds provided to their employers by ETIP.		Yes
22	Visitors Assisted at Tourism Information Centers	Tourism	The total number of visitors who are assisted at the Tourism Information Centers.	Yes	
29	Export Sales from Client Companies (in millions)	Trade and Investment	The estimated dollar amount of export sales that was generated by client companies.	Yes	Yes
34	% USDOE Discretionary Funding Awarded to Illinois	Energy	The USDOE discretionary dollars awarded to Illinois as compared to the total dollars available.	Yes	
35	Plant Output (in millions of gallons of fuel)	Energy	The millions of gallons of renewable fuel (ethanol) produced by grantees.	Yes	

Appendix D-2

PERFORMANCE MEASURES CLASSIFIED AS POOR OR QUESTIONABLE

Classification	Reason for Classification	#
Poor measure	This measure is an output measure according to DCEO but does not assess the effectiveness of DCEO's economic development programs. It merely counts the number of grantees that were monitored during a specified period. While monitoring grants is important, a better measure, for example, could include the percent of monitoring reviews that found and corrected deficiencies.	1
Poor measure	This measure is poorly titled and defined. The user of the report would not know what this was measuring. In addition, a reasonable person could assume a project was not successfully completed until the purpose of the project, such as an expansion of a facility, was achieved. However, DCEO defines a project as successful once the company accepts an incentive package from the State. Additionally, DCEO included projects as "Wins" even though the projects were later cancelled. There were also several projects worked by DCEO that were not counted as either wins or losses.	6
Poor measure	It is unclear by the definition what % New Business Starts is measuring and the title of the measure is also unclear. % New Business Starts is defined as the number of new business starts divided by the number of pre-venture clients with a minimum of 5 hours of SBDC counseling. Our testing revealed that these two numbers have no correlation to one another. The new business starts are not part of the denominator in the calculation. In their response to our follow-up, DCEO officials agreed that this measure does not present an accurate reflection and stated that they have requested that this measure be taken out of their list of performance measures.	8
Poor measure	This measure counts all employees that received training as a job created or a job retained. It is unlikely that this assumption is correct. Measuring the number of jobs created/retained is an important measure when determining the effectiveness of economic development programs. However, the name of this measure should be changed to Number of Employees that Received Training through Employee Training Investment Program (ETIP).	19
Poor measure	This measure provides little insight as to how effective the Tourism Information Centers actually were. For example: What does assistance include? What are the outcomes/results of this assistance? The number of Visitors Assisted at Tourism Information Centers is simply a count of how many visitors were assisted.	22
Poor measure	There are several problems with this measure. Export sales are calculated by summing the estimated export sales reported by companies responding to a DCEO survey. The results of this measure could fluctuate greatly depending on the number of surveys returned. In 2004 there were 734 new customers and 181 new clients but only 50 Economic Impact Surveys returned. Also, this number is based on estimated sales and is reported by checking a range of sales (for example: \$1,000,001 to \$2,000,000; \$2,000,001 to \$5,000,000; etc.). DCEO used the bottom range in its calculation. Clients could also check multiple ranges if sales occurred in different regions. Actual sales could vary widely from this method. Finally, it does not appear that this measure has a direct relationship to assistance provided by DCEO. A company with existing export sales could receive assistance on a trade mission and all of its export sales would be included in this measure.	29
Poor measure	This measure does not measure the effectiveness of DCEO's energy programs. It measures how much U.S. Department of Energy discretionary funding was awarded to Illinois. DCEO officials stated that they would no longer be capturing this measure.	34
Poor measure	There are several problems with this measure. First, from the title, the user of the report would be unaware that the measure was reporting only on the output of ethanol plants. Second, the numbers reported rely on estimates of plant capacity instead of actual output. DCEO stated that a combination of actual output and plant capacity was used but could not provide documentation to support any actual output. Finally, the documentation provided for plant capacity did not support DCEO's assertion for that amount. DCEO is reviewing possible changes to this measure.	35

Appendix D-2

PERFORMANCE MEASURES CLASSIFIED AS POOR OR QUESTIONABLE

#	Performance Measure	Bureau	Description	Reported to GOMB	Reported to Comptroller
2	Cost per job created - Community Services Block Grant (CSBG)	Community Development	The amount loaned divided by the number of jobs created.		Yes
3	Average cost per person to improve water/sewer service - Community Development Assistance Program (CDAP)	Community Development	The amount awarded for grants divided by the number of persons served.		Yes
5	Jobs created - CSBG	Community Development	The number of jobs created as a result of the CSBG loan.		Yes
7	Jobs Created and Retained	Business Development	The total number of jobs created and retained as a result of agency assistance.	Yes	
11	Private investment leveraged for each dollar of public investment	Business Development	The total dollar amount of private investment leveraged divided by the total dollar amount of public investment.		Yes
12	Jobs created through Market Development Division (MDD)	Business Development	The number of jobs to be created by businesses assisted by the Market Development staff.		Yes
13	Jobs retained through MDD	Business Development	The number of jobs to be retained by businesses assisted by the Market Development staff.		Yes
18	Jobs created- ITEC	Technology & Industrial Competitiveness	The number of jobs created or retained by firms which have been assessed and/or enrolled by the Illinois Technology Extension Centers (ITEC).		Yes
23	Gross advertising return on investment (per dollar expended)	Tourism	The travel expenditures for those persons visiting Illinois who were aware of advertising divided by the cost of the media campaign.		Yes
30	Number of jobs created/retained	Trade and Investment	The number of jobs reported from the Economic Impact Surveys submitted by clients assisted.		Yes

Appendix D-2

PERFORMANCE MEASURES CLASSIFIED AS POOR OR QUESTIONABLE

Classification	Reason for Classification	#
Could be good measure but...	This measure reports proposed jobs instead of actual jobs created.	2
Could be good measure but...	This measure includes planning grants in its calculation along with design and construction grants. The planning grants are typically for around \$25,000. So if these grants are given to larger communities (higher number of persons served) the average cost goes down. While planning studies may be part of the process, they do not improve the water/sewer service until actual construction improvements are made.	3
Could be good measure but...	This measure reports proposed jobs instead of actual jobs created.	5
Could be good measure but...	The jobs numbers reported by DCEO are a mixture of proposed jobs and actual jobs and this therefore is not an accurate measure of actual jobs created. DCEO should consider tracking proposed versus actual jobs created and retained rather than just proposed figures. The number of jobs created/retained is an important measure and comparing jobs actually created to what was proposed can provide information to help evaluate the success of both individual projects and programs in general. DCEO also includes all employees that received training through ETIP as a job created or retained. It is unlikely that this assumption is correct. These numbers should be taken out and accounted separately under a measure called Number of Employees that Received Training through ETIP.	7
Could be good measure but...	This measure combines two output measures and gives an indication of how much investment is being leveraged compared to the public investment. One problem with this measure, however, is that it uses projected dollars for both private and public investment. Both of these totals could increase or decrease depending on the project. Some projects that were included in the measure did not proceed.	11
Could be good measure but...	This measure reports proposed jobs instead of actual jobs created.	12
Could be good measure but...	This measure reports proposed jobs instead of actual jobs retained.	13
Could be good measure but...	The name of the measure is misleading. This measure consists of both created and retained jobs and also includes jobs from the Illinois Manufacturing Extension Center (IMEC), which is not an Illinois Technology Extension Center. DCEO should change the name of the measure to what it is actually measuring: "Jobs Created and Retained- ITEC" and should exclude jobs from IMEC.	18
Could be good measure but...	This measure inflates the Return on Investment by including dollars expended by those who were aware of the advertising campaign but were not influenced by the campaign. These expenditures would have been incurred without any money being spent on an ad campaign. A better measure may be the Return on Investment for expenditures by travelers that were influenced by the advertising.	23
Could be good measure but...	This measure of jobs created and retained is based on estimates submitted by client companies on an Economic Impact Survey form. The survey form asks: "As a result of your exporting activities, have you hired additional employees/created new positions, or have you retained jobs anywhere in your company? Please estimate figures for both situations." It is unclear how these jobs are verified or if the jobs created and retained are correlated to assistance provided by the Trade Office. In addition, not all client companies submit surveys to the Trade Office so any figures reported are incomplete.	30

Appendix D-2

PERFORMANCE MEASURES CLASSIFIED AS POOR OR QUESTIONABLE

#	Performance Measure	Bureau	Description	Reported to GOMB	Reported to Comptroller
33	% Dollar Savings from Energy Programs	Energy	The sum of the residential, commercial, industrial, and institutional savings divided by the cost of these programs.	Yes	
36	Produce a rate of return of at least 30% on direct agency investments in commercial, industrial, and institutional energy efficiency projects	Energy	Compares energy savings to total agency investment on energy measures and services to calculate a rate of return on investment.		Yes
37	Produce a rate of return of at least 40% on the investment in energy efficiency for the Affordable Housing program	Energy	Compares the dollars invested in energy efficiency for the program to energy dollars saved to calculate a rate of return on investment.		Yes
39	Cost per Ton of Recyclable Commodities Used	Recycling & Waste Management	The amount of materials diverted, while considering the cost to the State, in terms of funds in executed grant agreements.	Yes	

Source: Summary of OAG testing of DCEO performance measures tested.

Appendix D-2

PERFORMANCE MEASURES CLASSIFIED AS POOR OR QUESTIONABLE

Classification	Reason for Classification	#
Could be good measure but...	DCEO was unable to provide supporting documentation for this measure, which limited a full assessment of the measure.	33
Could be good measure but...	DCEO was unable to provide supporting documentation for this measure, which limited a full assessment of the measure.	36
Could be good measure but...	<p>DCEO did not calculate the measure correctly and did not report the correct numbers. This measure is supposed to compare the dollars invested in energy efficiency projects to energy dollars saved to calculate a rate of return on investment. It is calculated by dividing energy savings by total grant dollars. For example, if \$500,000 was invested in energy projects that resulted in annual energy savings of \$100,000, the rate of return would be 20 percent (\$100,000 divided by \$500,000). However, DCEO was calculating this measure incorrectly. DCEO was taking the energy savings and dividing it by the total energy costs prior to the project to come up with a percentage of energy saved. While this may be a worthwhile measure, it is not a rate of return and does not reflect what the title of the measure says is being measured. In FY04, by DCEO's calculation, this measure was 44 percent but when calculated correctly the measure was 16 percent. The incorrect calculation made it look like the goal of 40 percent had been achieved when in fact the actual results were far short of the goal.</p>	37
Could be good measure but...	<p>The title of the measure is misleading. This measure includes data from projects that involve the increased use of recyclable commodities as feedstock but also includes data from projects that divert materials through source reduction and waste reduction. The title of this measure is similar to the title for another measure – Tons of Recyclable Commodities Used except that this measure includes cost. However, the measures are very different. The other measure includes only ongoing projects while this measure includes only completed projects. In addition the other measure includes data only from projects that involve the increased use of recyclable commodities as feedstock unlike this measure. A third party user of the reports would be unaware that the measures were completely unrelated. The title of this measure should be changed to reflect what it is actually measuring – for example, “Cost per Ton of Materials Diverted from Solid Waste Stream.”</p>	39

APPENDIX E
Summary Matrix
of DCEO Programs

Appendix E
SUMMARY MATRIX OF DCEO PROGRAMS

#	Program	Bureau	Program Description
1	Community Services Block Grant Program	Community Development	Supports 36 community action agencies which fund antipoverty activities in the areas of education, employment, health services, food, and housing.
2	CDAP - Public Facilities Construction & Design Engineering Program	Community Development	Grants are available to local governments needing to improve public infrastructure and eliminate conditions detrimental to public health, safety and public welfare.
3	CDAP - Housing Rehabilitation	Community Development	Grants are available to local governments for housing rehabilitation projects.
4	CDAP - Planning Assistance	Community Development	Local governments can apply for grants for a variety of planning activities such as studies, analysis, data gathering, and preparation of specific plans.
5	CDAP - Public Facilities Set-aside	Community Development	Grants are available to local governments for projects that are emergency in nature.
6	Competitive Communities Initiative Program	Community Development	Assists communities by providing help in developing self assessments and strategic plans.
7	Emergency Shelters Grant Program	Community Development	Program is designed to help make available additional emergency shelters, to help meet the cost of operating emergency shelters, and to provide certain essential social services to homeless individuals.
8	Governor's Home Town Awards Program	Community Development	Awards are given for projects that have made outstanding contributions to the community's overall development and quality of life, and must have a heavy involvement from community volunteers.
9	Section 8 Rental Assistance Program	Community Development	Provides rental assistance to low-income individuals through housing vouchers.
10	Large Business Development Program	Business Development	Provides low-interest loans or grants for expansion or retention projects undertaken by eligible large businesses that meet program criteria and demonstrate the greatest potential in the creation and retention of jobs.
11	CDAP - Economic Development Component	Business Development	Grants are available to units of local government to assist for-profit and not-for-profit firms carry out economic development projects. Only projects that create or retain permanent jobs in the industrial and commercial sectors are funded.
12	Public Infrastructure Program	Business Development	Provides low-interest loans or grants to eligible local governments for public improvements that meet program criteria and demonstrate the greatest potential in the creation and retention of jobs.
13	Corporate Headquarters Relocation Program	Business Development	Encourages large, multinational corporations interested in relocating their headquarters from outside of Illinois to a location within Illinois.

Appendix E
SUMMARY MATRIX OF DCEO PROGRAMS

Grants Issued?	Selection Process	Matching Amount Required of Total Project Cost	Maximum Award	Measure Jobs Created?	#
Yes	Funds allocated to 36 community action agencies			Yes	1
Yes	Annual application process; projects evaluated competitively with highest rated funded 1st	25%	\$400,000 - construction; \$300,000 - design	No	2
Yes	Annual application process; projects evaluated competitively with highest rated funded 1st	25%	\$400,000	No	3
Yes	Annual application process; projects evaluated competitively with highest rated funded 1st		\$25,000	No	4
Yes	Applications accepted throughout year	25%	\$100,000	No	5
No				No	6
Yes	Annual RFP		\$75,000	No	7
No				No	8
Yes	Grants selected based on tenant's choice of rental unit			No	9
Yes	Applications accepted throughout year	75%	\$500,000 for grants; \$2,000,000 for loans	Yes	10
Yes	Applications accepted throughout year	50%	\$750,000	Yes	11
Yes	Applications accepted throughout year		Typically limits to \$500,000	Yes	12
Yes	Applications must have been submitted by July 1, 2004		50% of relocation costs	Yes	13

Appendix E
SUMMARY MATRIX OF DCEO PROGRAMS

#	Program	Bureau	Program Description
14	Linked Development	Business Development	Provides grants to community redevelopment or business development projects that create jobs in depressed areas.
15	EDGE (Economic Development for a Growing Economy) Tax Credit Program	Business Development	Provides tax credits for businesses creating new full-time jobs, retaining existing full-time jobs, and making capital investments in Illinois.
16	Enterprise Zone Program	Business Development	Stimulates growth, retention, and neighborhood revitalization of the State's depressed areas by means of relaxed government controls and tax incentives in those areas.
17	High Impact Business Program	Business Development	Provides tax incentives for unique opportunities to assist in the development, growth, and expansion of large businesses that will result in significant job creation or retention and private investment.
18	Tax Increment Financing Program	Business Development	A municipal financing technique used to renovate declining areas or redevelop blighted areas while improving the tax base.
19	Illinois Small Business Development Center Network	Business Development	Provides comprehensive business assistance, training, information, advocacy, and access to critical resources to help Illinois small businesses and entrepreneurs.
20	Small Business Environmental Assistance Program	Business Development	Provides free confidential information and compliance assistance to help small businesses comply with environmental regulations.
21	Participation Loan Program	Business Development	Provides assistance through banks and other financial intermediaries to Illinois small businesses.
22	Indirect Equity Investment Program	Business Development	Provides assistance to young, high risk, technology based firms by purchasing a participation in a financial intermediary qualified investment.
23	Digital Divide Program	Technology & Industrial Competitiveness	The goal of the Digital Divide Program is to increase access to computers, telecommunications technologies, and related training for populations residing in low-income communities.
24	High Technology School-to-Work Program	Technology & Industrial Competitiveness	Provides grants to employers from high technology industries and schools. The goal is to increase the number of students who enter occupations or educational programs requiring advanced skills in the areas of science, mathematics, and advanced technology.
25	Employer Training Investment Program - Small to Mid-Sized Company Component	Technology & Industrial Competitiveness	Invests in small companies (less than 250 employees) that are expanding, modernizing, introducing more efficient technologies/processes, or whose employees are threatened with layoff. This program was formerly administered by the Prairie State 2000 Authority.
26	Employer Training Investment Program - Large Company Component	Technology & Industrial Competitiveness	Invests in larger companies (more than 250 employees) for training of full-time employees for various types of training programs.

Appendix E
SUMMARY MATRIX OF DCEO PROGRAMS

Grants Issued?	Selection Process	Matching Amount Required of Total Project Cost	Maximum Award	Measure Jobs Created?	#
Yes	Applications accepted throughout year			Yes	14
No	Applications accepted throughout year			Yes	15
No	Applications must be submitted by December 31 of preceding calendar year			Yes	16
No	Applications accepted throughout year			Yes	17
No				No	18
Yes	RFP process conducted every three years	50%		Yes	19
No				No	20
No				Yes	21
No				Yes	22
Yes	Annual RFA		\$50,000	Yes	23
Yes	Annual RFA		\$100,000	Yes	24
Yes	Applications accepted throughout the year - funding decisions made monthly		50% of approved training cost	Yes	25
Yes	Applications accepted throughout the year	50%		No	26

Appendix E
SUMMARY MATRIX OF DCEO PROGRAMS

#	Program	Bureau	Program Description
27	Illinois Technology Enterprise Centers (ITEC) Program	Technology & Industrial Competitiveness	Funds allocated to 8 ITEC centers around the State. The centers provide assistance targeted at technology-based entrepreneurs and small businesses.
28	Manufacturing Extension Partnership of Illinois (MEPI) Program	Technology & Industrial Competitiveness	Funds allocated to 2 centers - one in Chicago and one in Peoria. The centers provide technical assistance to small and medium sized manufacturers.
29	Job Training and Economic Development (JTED) Grant Program	Technology & Industrial Competitiveness	Provides grants to not-for-profit organizations to provide training to low wage/low skilled workers and unemployed disadvantaged persons. Payment is based on performance.
30	Illinois On-Site Safety & Health Consultation Program (OSHA)	Technology & Industrial Competitiveness	Provides consultation, training, and assistance to small Illinois employers to help identify and correct safety and health hazards in their workplaces.
31	Workforce Investment Act	Workforce Development	Funds are allocated to the 26 Local Workforce Investment Areas. Individuals apply for training programs or other services at their nearest Illinois Employment & Training Center (IETC).
32	Local Tourism & Convention Bureau Program	Tourism	Provides grants to 39 Illinois certified local tourism and convention bureaus to conduct promotional and marketing activities through local initiatives, to impact the economic growth of the trade industry, and to better integrate local programs with the State.
33	Marketing Partnership Program	Tourism	Provides financial assistance to not-for-profit organizations, counties, municipalities, and local promotion groups for the promotion and marketing of tourism attractions and events.
34	Tourism Attraction Development Program	Tourism	Assists the tourism industry in Illinois to access working capital for projects that generate tourism. Funds can be used for a variety of activities necessary to improve an existing tourist attraction or for the development of new attractions.
35	Tourism Private Sector Grant Program	Tourism	Provides grants to attract and host new or improved national and international conventions, trade shows, and sporting events.
36	Heritage Tourism Program	Tourism	Purpose was to package the heritage of rural areas and assist in the development of tourism in those areas.
37	Regional Tourism Development Program	Tourism	Assists with multi-county tourism for marketing and developing major, sustainable, new tourism products with the strongest potential to increase economic impact of tourism throughout the State. There are currently six Regional Tourism Development Organizations in the State, each of which received funding of \$115,200 in Fiscal Year 2004.
38	International Tourism Grant Program	Tourism	Provides financial assistance to certified local tourism and convention bureaus. The goal of the program is to develop, coordinate, and promote international tourism to the service area.

Appendix E
SUMMARY MATRIX OF DCEO PROGRAMS

Grants Issued?	Selection Process	Matching Amount Required of Total Project Cost	Maximum Award	Measure Jobs Created?	#
Yes				No	27
Yes				No	28
Yes	Annual RFA			No	29
No				No	30
Yes	Funds allocated to areas based on a formula			Yes	31
Yes	Certified bureaus must submit an application each year			No	32
Yes	Applications accepted throughout the year	40%, 50%, or 60% depending on type of project	\$50,000	No	33
Yes	Applications accepted throughout the year	50%	\$1,000,000	No	34
Yes	Applications accepted throughout the year	50%		No	35
Yes	Projects selected through past RFP process and continue to receive funding			No	36
Yes	Must be a certified Illinois Regional Tourism Development Organization to receive funding (only one RTDO per region is eligible)			No	37
Yes	Annual RFA	50%		No	38

Appendix E
SUMMARY MATRIX OF DCEO PROGRAMS

#	Program	Bureau	Program Description
39	Special Tourism Grant Program	Tourism	Supports projects that do not fall within the guidelines of the established tourism grant programs.
40	Coal Competitiveness Program	Coal Development	Facilitates investments in the State's infrastructure to achieve economic development within the Illinois coal industry and encourages communities and businesses to improve the coal extraction, preparation and transportation systems within Illinois.
41	Coal Research Program	Coal Development	Provides funds to universities and other research institutions engaged in coal research activities focusing on clean coal technology development, coal chemistry, mining productivity, and coal combustion byproduct utilization. Administered by DCEO and under the technical oversight of the Illinois Clean Coal Institute.
42	Coal Development Program	Coal Development	Coincides with the Coal Research Program. Seeks to advance promising clean coal technologies beyond the research stage towards commercialization.
43	Coal Demonstration Program	Coal Development	Provides partial funding for selected large-scale demonstration of advanced coal systems for utility and industrial use. Grants are typically between \$1 million and \$30 million.
44	Coal Revival Program	Coal Development	Provides financial assistance in the form of grants to assist with the development of coal-fired electric generating systems. No projects have been funded to date.
45	Coal Education Program	Coal Development	Activities include the development and distribution of comprehensive coal energy education resource materials for use in Illinois classrooms.
46	Illinois Film Tax Incentive Program	Film	Provides a 25% tax credit on Illinois income taxes for wages paid by a production company to each employee that is an Illinois resident.
47	Renewable Energy Resources Program	Energy & Recycling	Fosters investment in and the development and use of renewable energy resources within the State of Illinois.
48	Energy Education and Technology Demonstration Program	Energy & Recycling	Purpose is to promote energy efficiency and alternative energy, demonstrate new or innovative technology, and conduct basic research and statistical studies to promote energy efficiency investments in the marketplace.
49	Renewable Fuels Research, Development and Demonstration Program	Energy & Recycling	Promote and expand the use of ethanol as a clean, renewable transportation fuel.
50	Energy Efficient Affordable Housing Construction Program	Energy & Recycling	Promotes the benefits of lower utility bills on low-income households as a result of living in energy efficient buildings.

Appendix E
SUMMARY MATRIX OF DCEO PROGRAMS

Grants Issued?	Selection Process	Matching Amount Required of Total Project Cost	Maximum Award	Measure Jobs Created?	#
Yes	Commitments made by the Executive Office or the Legislature			No	39
Yes	Annual RFP	80%		Yes	40
Yes	Three grants issued annually to ICCI to administer program. ICCI issues annual RFA for subgrants			No	41
Yes	Three grants issued annually to ICCI to administer program. ICCI issues annual RFA for subgrants	50%		No	42
Yes	Applications accepted throughout the year			No	43
Yes	Applications accepted throughout the year			Yes	44
No				No	45
No	Application for tax credit must be submitted prior to filming			Yes	46
Yes	RFP issued but applications evaluated as they come in	25% to 50% depending on type of project	\$10,000 - \$400,000 depending on type of project	Yes	47
Yes	Unknown			No	48
Yes	Unsolicited proposal process	50% for demonstration projects	Varies depending on type of project	Yes	49
Yes	Applications accepted throughout the year		Based on square feet & type of project	No	50

Appendix E
SUMMARY MATRIX OF DCEO PROGRAMS

#	Program	Bureau	Program Description
51	Regional Energy Program	Energy & Recycling	Strives to improve the local economy and business competitiveness within Illinois communities through increased energy efficiency.
52	Institutional Conservation Program	Energy & Recycling	Purpose of the program was to provide institution or building managers with guidelines for energy management.
53	Homeless Shelter Energy Conservation Program	Energy & Recycling	Improves the energy efficiency in homeless shelters through grants funding cost-effective energy efficiency improvements.
54	Small Business Energy Program	Energy & Recycling	Promotes energy efficiency to increase profits for Illinois business.
55	Renewable Fuels Development Program	Energy & Recycling	A new program whoses purpose is to increase the production of biofuels (ethanol and biodiesel) by providing funds for large construction or expansion projects.
56	Energy Performance Contracting Program	Energy & Recycling	An arrangement for designing, installing and financing energy improvement projects by amortizing the cost of the project using the savings generated.
57	Small Business Smart Energy Program	Energy & Recycling	Helps commercial businesses reduce their energy costs by providing businesses with design assistance services.
58	Illinois Sustainable Education Project (ISTEP)	Energy & Recycling	An education program that provides educational resources focusing on renewable energy, energy efficiency, and recycling.
59	Manufacturing Energy Efficiency Program (MEEP)	Energy & Recycling	A new program that helps manufacturers manage their energy costs by making cost effective efficiency improvements.
60	State Buildings Energy Program	Energy & Recycling	Assists State agencies on energy issues and conducts energy audits of State facilities.
61	Energy STAR Residential Program	Energy & Recycling	A USDOE and USEPA program that helps businesses and consumers identify highly efficient products. DCEO promotes through consumer education and rebates.
62	NICE3	Energy & Recycling	A federal USDOE program intended to promote global competitiveness through energy efficient production technologies and practices.
63	Industrial Energy Efficiency Demonstration Program	Energy & Recycling	Developed educational materials such as guidebooks and handbooks based on surveys of Illinois plastics die casting, metal fasteners, chemical and food and kindred products industries.
64	Energy Codes Program	Energy & Recycling	Purpose is to establish rules for the commercial energy code and provide the relevant training.

Appendix E
SUMMARY MATRIX OF DCEO PROGRAMS

Grants Issued?	Selection Process	Matching Amount Required of Total Project Cost	Maximum Award	Measure Jobs Created?	#
Yes	RFA process			Unknown	51
Yes	Unknown - according to DCEO is now inactive			Unknown	52
Yes	RFP process		\$80,000	No	53
Yes	Unknown			Unknown	54
Yes	RFP process	Grants cannot exceed 10% of total construction costs	\$5.5 million	Yes	55
No				No	56
No	Business must submit application to receive services			No	57
No				No	58
Yes	Unknown	50%	\$10,000	No	59
No				No	60
No				No	61
Yes	Currently in closeout mode			Unknown	62
No	Currently inactive			No	63
No				No	64

Appendix E
SUMMARY MATRIX OF DCEO PROGRAMS

#	Program	Bureau	Program Description
65	Used Tire Recovery Program	Energy & Recycling	Provides financial and technical assistance in order to establish used and waste tire-processing facilities and encourages the development of processing technologies and markets for the resulting products.
66	Illinois Recycling Grants Program	Energy & Recycling	Provides grants for projects that divert post-consumer recyclable commodities from Illinois landfills, increase the quantity of materials recycled in Illinois, and increase the self-sufficiency of Illinois' recycling industry.
67	Recycling, Expansion, and Modernization (REM) Program	Energy & Recycling	Provides grants to Illinois organizations and businesses to accomplish recycling market expansion and waste reduction goals while demonstrating public economic benefits. New in FY05.
68	Recycling Market Development Program (Combined into REM program)	Energy & Recycling	Provided grants for the purchase or conversion of equipment to manufacture products from recycled materials and for advertising and marketing recycled products.
69	Technologies and Practices Demonstration Program (Combined into REM program)	Energy & Recycling	Supported the demonstration of innovative technologies and practices that recover, reuse, or remanufacture post-consumer recyclable commodities into marketable products.
70	Recycling Industry Modernization Program (Combined into REM program)	Energy & Recycling	Provided grants to Illinois manufacturers for modernization projects improving company competitiveness while decreasing the solid waste stream.
71	Keep Illinois Beautiful Program	Energy & Recycling	Provides grants to units of local government for use by certified or pre-certified Keep America Beautiful affiliate organizations for recycling, litter control, and waste reduction projects.
72	Illinois Zero Waste Schools Grant Program	Energy & Recycling	Provides grants for implementing in-school waste reduction programs.
73	Illinois College Assistance Program for Recycling	Energy & Recycling	Established to assist Illinois institutions in meeting the requirements of the Illinois Solid Waste Management Act.
74	Recycling and Waste Reduction Public Education Program	Energy & Recycling	Promotes awareness of recycling and encourages the purchases of recycled content products. This is not an independent program but rather a variety of efforts that result in public awareness & education.

Source: DCEO data summarized by OAG.

Appendix E
SUMMARY MATRIX OF DCEO PROGRAMS

Grants Issued?	Selection Process	Matching Amount Required of Total Project Cost	Maximum Award	Measure Jobs Created?	#
Yes	Both competitive and non-competitive solicitations may be issued (no funding for FY05)	10%-25% depending on type of project	\$75,000 - \$500,000 depending on type of project	Yes	65
Yes	Annual RFA	50%	\$50,000 - \$100,000 depending on type of project	Yes	66
Yes	Applications accepted throughout year after DCEO approves proposal letter.	25%	\$30,000 - \$250,000 depending on type of project	Yes	67
Yes	Both competitive and non-competitive solicitations may be issued	10%-25% depending on type of project	\$75,000 - \$250,000 depending on type of project	No	68
Yes	Both competitive and non-competitive solicitations may be issued	10%	\$150,000	No	69
Yes	Both competitive and non-competitive solicitations may be issued	25%	\$30,000 - \$150,000 depending on type of project	No	70
Yes	Annual RFP	50%	\$15,000	No	71
Yes	Annual RFA		\$10,000	No	72
No				No	73
No				No	74

APPENDIX F

Agency Responses

Note: This Appendix contains the complete written responses of the Illinois Department of Commerce and Economic Opportunity and the Illinois Office of Internal Audit. Following the Agency Responses are three numbered Auditor Comments. The numbers for the comments appear in the margin of the Agency Response.

Rod Blagojevich
Governor

Jack Lavin
Director

RECEIVED
AUDITOR GENERAL
SPFLD.
7/11/06

January 27, 2006


Mr. Ed Wittrock
Performance Audit Manager
Office of the Auditor General
Iles Park Plaza
740 East Ash
Springfield, IL 62703-3154

Dear Ed:

Attached are responses to recommendations from the Office of the Auditor General's management and performance audit of the Illinois Department of Commerce and Economic Opportunity undertaken pursuant to House Resolution 671.

We thank the Auditor General and his staff for their tireless hours of hard work on this project. The Department values the recommendations and will aggressively pursue an implementation plan.

Sincerely,



Jack Lavin
Director

Enc.

January 27, 2006

To: Office of the Auditor General

From: Illinois Department of Commerce and Economic Opportunity

Re: Responses to Recommendations to the DCEO Management and Program Audit

CUSTOMER INFORMATION SYSTEM

RECOMMENDATION 1: *The Department of Commerce and Economic Opportunity should continue its efforts to develop a useable computerized system that will allow employees to enter information into and extract information from the system more easily. The Department should also assure that the project be developed in accordance with acceptable system development standards that include total cost projections and adequate documentation.*

DCEO RESPONSE: The Department is developing a useable and efficient system to replace the Customer Information System (CIS). A new information management portal using web-based technology is already in place, designed to improve agency-wide data entry and extraction. The new system plan incorporates accepted system development standards including cost projections and adequate documentation. The Department agrees to continue its new system development efforts consistent with staffing capacity and required formal external approvals.

REPORTING ACTUAL JOBS CREATED

RECOMMENDATION 2: *The Department of Commerce and Economic Opportunity should report actual jobs created, along with projected jobs to be created, in the Public Accountability Report and its reports to GOMB. DCEO should clearly identify whether reported figures are projected or actual jobs created or retained.*

DCEO RESPONSE: The Department currently reports projected jobs in its performance measures as a reflection of the state's anticipated return on investment. Actual jobs are tracked by program staff at the specific project level. The Department agrees that tracking actual jobs is critical to enforcing the accountabilities required in its grant agreements and by the Corporate Accountability for Tax Expenditure Act. The Department's Wins Tracking System has the ability to track actual jobs. The Department will work with the Governor's Office of Management and Budget and the Comptroller's Office to develop performance measures that report actual jobs created and retained. The Department agrees to identify whether reported figures are projected or actual.

TRACKING JOBS CREATED AND RETAINED

RECOMMENDATION 3: *The Department of Commerce and Economic Opportunity should develop a system to accurately measure and track jobs created and retained. This system should include the ability to compare proposed jobs to actual jobs created.*

DCEO RESPONSE: The Department's Wins Tracking System (WTS) has the ability to accurately track jobs created and retained and differentiate between projected jobs and actual jobs. The Department agrees to begin coding all job creation and retention entries in the WTS as projected or actual. In addition, the Department agrees to develop queries with the ability to extract reports that differentiate between projected and actual jobs. The Department will continue working to improve the precision and timeliness of data entries in the WTS through monitoring and retraining. The WTS, developed in 2003, is a dynamic or "real time" system designed to track job creation and retention agency wide by project. Data entry is performed at the program level and can be updated at any time during the life of the project. The Department's PB Views system is a static or "snapshot" system used to track performance measure data by program, including jobs created and retained for some but not all programs. Data entry is performed once each quarter at the program level. The WTS and PB Views are designed for different purposes.

1

DISCONTINUE COUNTING ETIP TRAINEES AS JOBS CREATED AND RETAINED

RECOMMENDATION 4: *The Department of Commerce and Economic Opportunity should discontinue the practice of reporting employees that receive training through the Employer Training Investment Program as jobs created and retained. This should be reported separately as the number of employees that received training through the Employee Training Investment Program.*

DCEO RESPONSE: Research from other states, academia, and industry best practices supports using job training as an indicator of jobs created and retained. However, this research indicates that a more advanced outcome measure would track job retention and creation 90 days following the conclusion of training and set a goal of 90% retention. The Department agrees to strengthen its measures by exceeding current accepted practices with new performance measures that track results at both a 90 day and 180 day interval and report those results as jobs created and retained. The Department also agrees to separately report the number of employees that receive training through the Employer Training Investment Program.

2

REVIEW OF PERFORMANCE MEASURES

RECOMMENDATION 5: *The Department of Commerce and Economic Opportunity should ensure that a structured process is in place to review performance measures on a periodic basis. It should allow each program area the opportunity to submit proposed changes to reported performance measures through a formalized process.*

DCEO RESPONSE: The Department agrees to formalize its process for periodic review of performance measures with written procedures. The Department's performance measures are regularly reviewed by program managers and senior management and through interaction with the Governor's Office of Management & Budget and the Comptroller's Office. The Department's written procedures will require performance measure review at the program level and provide the opportunity to request changes to the measures.

SUPPORT FOR PERFORMANCE MEASURES

RECOMMENDATION 6: *The Department of Commerce and Economic Opportunity should ensure that performance measures are calculated correctly and adequately supported by underlying documentation.*

DCEO RESPONSE: Program managers are responsible for submitting performance data and maintaining documentation to support the data. The Department acknowledges some record keeping and calculation discrepancies in past reporting cycles. The Department agrees to assign personnel to comprehensively review and attest to the accuracy of supporting documentation and to establish written procedures to maintain the documentation.

EFFECTIVENESS OF PERFORMANCE MEASURES

RECOMMENDATION 7: *The Department of Commerce and Economic Opportunity should examine its reported performance measures to ensure that the measures are useful and could be used to assess the effectiveness of its economic development programs.*

DCEO RESPONSE: The Department agrees to incorporate this recommendation within its formal written procedures for the periodic review of its performance measures.

MONITORING FOLLOW UP

RECOMMENDATION 8: *The Department of Commerce and Economic Opportunity should follow up when required monitoring reports from grant and loan recipients are not received at all, are not received timely, or if information received is not accurate.*

DCEO RESPONSE: The Department agrees to make all reasonable efforts to follow up on required monitoring reports that are either not received at all, not received in a timely manner, or that contain inaccurate information.

MONITORING PROCEDURES

RECOMMENDATION 9: *The Department of Commerce and Economic Opportunity should review its monitoring and reporting procedures to assure that consistent information is required to fulfill both program and Departmental needs. Procedures should consider timeliness and accuracy of submitted information and consider requirements such as reports, site visits, and follow up for grant and loan recipients.*

DCEO RESPONSE: The Department administers a diverse universe of programs that do not always lend themselves to uniformity in monitoring procedures. The Department agrees to review its monitoring and reporting procedures, taking into account matters of timeliness, accuracy and a balanced level of reporting and site visits. The Department agrees to assure that consistent information is gathered to fulfill program and Department needs.

ESTABLISH PERIODIC REVIEW PROCEDURES

RECOMMENDATION 10: *The Department of Commerce and Economic Opportunity should establish and implement procedures to periodically review both the efficiency and effectiveness of its economic development programs.*

DCEO RESPONSE: The Department assesses program efficiency and effectiveness in conformity with and as required by applicable statutes and rules. The Department agrees to expand these reviews to other programs within staffing and budget constraints.

TRACKING STATUTORY MANDATES

RECOMMENDATION 11: *The Department of Commerce and Economic Opportunity should continue its efforts to develop a system to track compliance with statutes and address statutes that are obsolete.*

DCEO RESPONSE: The Department agrees to develop a new replacement database system to formally track compliance with statutory mandates. The Department will address obsolete statutes once the compliance tracking system is in place.

STATUTORY REPORTING

RECOMMENDATION 12: *The Department of Commerce and Economic Opportunity should assure that all required statutory reports are completed as required and fulfill statutory requirements. If statutory requirements are obsolete, the Department should work to eliminate those requirements.*

DCEO RESPONSE: The Department agrees to develop a new replacement database system to formally track compliance with statutory mandates, including the ability to complete statutory reports in a complete and timely manner.

COAL DEVELOPMENT BOARD

RECOMMENDATION 13: *The Department of Commerce and Economic Opportunity should work to assure that members of the Coal Development Board are appointed and should assure that the Board meets as required to fulfill its advisory functions.*

DCEO RESPONSE: The Department will seek to have existing vacancies filled. Once the vacancies are filled, the Department agrees to convene the Board in accordance with the statute.

CORPORATE ACCOUNTABILITY FOR TAX EXPENDITURE ACT

RECOMMENDATION 14: *The Department of Commerce and Economic Opportunity should assure that all reports required under the Corporate Accountability for Tax Expenditure Acts include all required information and that data reported is complete and meaningful.*

DCEO RESPONSE: The Department agrees to continue diligent efforts to assure that all reports required under the Corporate Accountability Act include required, complete and meaningful data.

Rod R. Blagojevich, Governor



John W. Cressman, Chief Internal Auditor

Illinois Office of Internal Audit
Wm. G. Stratton Building, Room 618 ♦ Springfield, IL 62706-4100
James R. Thompson Center, Suite 414 ♦ Chicago, IL 60601-3219

January 18, 2006

Ed Wittrock, Audit Manager
Office of the Auditor General
Iles Park Plaza
740 East Ash
Springfield, IL 62708-3154

Dear Mr. Wittrock:

Thank you for giving the Illinois Office of Internal Audit (IOIA) the opportunity to review and comment on portions of the draft report for your performance audit of the Department of Commerce and Economic Opportunity (DCEO).

While the draft audit report contains no recommendations pertaining to the internal audit function, we have two clarifying comments regarding the internal audit related issues discussed on pages 39 and 67 of your draft report.

First, we would like to note that the maintenance of a database of an agency's statutory mandates is an operational function that according to state law should be performed by agency management, not the internal audit staff. As part of the audit consolidation process, IOIA identified non-audit functions performed by internal audit staffs to ensure an orderly transfer of such functions to agency management. We also confirmed with management, early in the consolidation process, our need to assure that internal audit no longer be responsible for operational work, which was previously in conflict with standards promulgated by the State Internal Audit Advisory Board. It is our understanding that the mandate database discussed on page 67 was turned over to DCEO management at that time.

Second, IOIA also wishes to note that as mentioned on page 39, a state wide review of performance measures was indeed included in our very first consolidated audit plan (FY05/FY06) and implemented. A draft report of this audit was reviewed with the Governor's Office of Management and Budget.

If you have any questions regarding the above comments, please let me know.

Sincerely,

A handwritten signature in black ink, appearing to read "John W. Cressman".

John W. Cressman
Chief Internal Auditor

3

AUDITOR COMMENTS

- 1** During the time we did our audit work, the Wins Tracking System did not track projected jobs created and jobs retained along with actual jobs created and jobs retained.
- 2** We do not agree that the raw number of persons who received job training is an indicator of “jobs created and retained.” We are encouraged that the Department is considering implementing some type of criteria to determine whether trainees retain employment following training. However, we would encourage the Department to consider other elements noted in research and best practices including: using the more rigorous 180 day standard, using wage records to verify employment, and reimbursing employers only for trainees that retain employment. Finally, Department officials should disclose any data limitations and take those limitations into account when reporting results of job training initiatives.
- 3** Although the maintenance of a mandates data base should be a management function, moving DCEO’s internal audit function to the Office of Internal Audit was an issue for DCEO.

