



**STATE OF ILLINOIS
DEPARTMENT OF COMMERCE AND
ECONOMIC OPPORTUNITY**

STATE COMPLIANCE EXAMINATION

For the Two Years Ended June 30, 2024

**Performed as Special Assistant Auditors
for the Auditor General, State of Illinois**

An abstract background featuring a complex, overlapping geometric pattern of triangles and polygons in shades of gray and white, creating a sense of depth and movement.

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STATE OF ILLINOIS
DEPARTMENT OF COMMERCE AND ECONOMIC OPPORTUNITY
STATE COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2024

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STATE OF ILLINOIS
DEPARTMENT OF COMMERCE AND ECONOMIC OPPORTUNITY
COMPLIANCE AUDIT

For the Two Years Ended June 30, 2024

DEPARTMENT OFFICIALS

Director (03/19/2023- Present)	Ms. Kristin Richards
Director (Acting) (01/13/2023-03/18/2023)	Ms. Kristin Richards
Director (07/01/2022-01/12/2023)	Ms. Sylvia Garcia
Assistant Director (03/19/2023 – Present)	Mr. Khama Sharp
Assistant Director (Acting) (07/01/2022-03/18/2023)	Mr. Khama Sharp
Chief of Staff (03/01/2023-Present)	Ms. Becky Locker
Chief of Staff (01/07/2023-02/28/2023)	Vacant
Chief of Staff (07/25/2022-01/06/2023)	Ms. Vannessa Uribe
Chief of Staff (07/01/2022-07/24/2022)	Mr. Casimir (Cas) Peters
Chief Operating Officer (10/31/2023-Present)	Ms. Brandy Evans
Chief Operating Officer (07/01/2022-10/30/2023)	Vacant
Chief Financial Officer	Mr. Phil Keshen
Interim Chief Accountability Officer (07/08/2024-Present)	Ms. Megan Buskirk
Chief Accountability Officer (06/16/2024-07/07/2024)	Vacant
Interim Chief Accountability Officer (03/19/2024-06/15/2024)	Ms. Brittany Maruna
Chief Accountability Officer (03/04/2024-03/18/2024)	Vacant
Chief Accountability Officer (07/01/2022-03/03/2024)	Mr. Jared Walkowitz
General Counsel	Mr. Garrett Carter
Chief Internal Auditor (11/01/2023-Present)	Mr. John Caporale
Chief Internal Auditor (07/16/2022-10/31/2023)	Vacant
Chief Internal Auditor (07/01/2022-07/15/2022)	Mr. Nicholas Barnard

OFFICES

The Department's primary administrative offices are located at:

DCEO
1011 S 2nd St
Springfield, IL 62704

DCEO
555 W Monroe
Chicago, IL 60661



**Illinois
Department of Commerce
& Economic Opportunity**

JB Pritzker, Governor

MANAGEMENT ASSERTION LETTER - STATE COMPLIANCE EXAMINATION

MANAGEMENT ASSERTION LETTER

June 13, 2025

Sikich CPA LLC
3051 Hollis Drive, 3rd Floor
Springfield, IL 62704

Sikich CPA LLC:

We are responsible for the identification of, and compliance with, all aspects of laws, regulations, contracts, or grant agreements that could have a material effect on the operations of the State of Illinois, Department of Commerce and Economic Opportunity (Department). We are responsible for and we have established and maintained an effective system of internal controls over compliance requirements. We have performed an evaluation of the Department's compliance with the following specified requirements during the two - year period ended June 30, 2024. Based on this evaluation, we assert that during the years ended June 30, 2023, and June 30, 2024, the Department has materially complied with the specified requirements listed below.

- A. The Department has obligated, expended, received, and used public funds of the State in accordance with the purpose for which such funds have been appropriated or otherwise authorized by law.
- B. The Department has obligated, expended, received, and used public funds of the State in accordance with any limitations, restrictions, conditions, or mandatory directions imposed by law upon such obligation, expenditure, receipt, or use.
- C. Other than what has been previously disclosed and reported in the Schedule of Findings, the Department has complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.

- D. State revenues and receipts collected by the Department are in accordance with applicable laws and regulations and the accounting and recordkeeping of such revenues and receipts is fair, accurate, and in accordance with law.
- E. Money or negotiable securities or similar assets handled by the Department on behalf of the State or held in trust by the Department have been properly and legally administered, and the accounting and recordkeeping relating thereto is proper, accurate, and in accordance with law.

Yours truly,

State of Illinois, Department of Commerce and Economic Opportunity

SIGNED ORIGINAL ON FILE

Kristin Richards, Director

SIGNED ORIGINAL ON FILE

Phil Keshen, Chief Financial Officer

SIGNED ORIGINAL ON FILE

Garrett Carter, General Counsel

STATE OF ILLINOIS
DEPARTMENT OF COMMERCE AND ECONOMIC OPPORTUNITY
STATE COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2024

STATE COMPLIANCE REPORT

SUMMARY

The State compliance testing performed during this examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants; the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States; the Illinois State Auditing Act (Act); and the *Audit Guide*.

ACCOUNTANT'S REPORT

The Independent Accountant's Report on State Compliance and on Internal Control Over Compliance does not contain scope limitations or disclaimers but does contain a modified opinion on compliance and identifies material weaknesses over internal control over compliance.

SUMMARY OF FINDINGS

Number of	<u>Current Report</u>	<u>Prior Report</u>
Findings	17	18
Repeated Findings	11	15
Prior Recommendations Implemented or Not Repeated	7	4

SCHEDULE OF FINDINGS

<u>Item No.</u>	<u>Page</u>	<u>Last/First Reported</u>	<u>Description</u>	<u>Finding Type</u>
Current Findings				
2024-001	11	2022/ 2012	Noncompliance with the Fiscal Control and Internal Auditing Act	Material Noncompliance and Material Weakness
2024-002	13	2022/ 2010	Failure to Submit Required Reports, Timely Submit Required Reports, or Meet All Reporting Requirements	Significant Deficiency and Noncompliance
2024-003	17	2022/ 2012	Boards, Commissions, Committees, and Councils Not Fully Staffed	Significant Deficiency and Noncompliance
2024-004	21	2022/ 2012	Noncompliance with Statutory Mandates	Significant Deficiency and Noncompliance
2024-005	28	New	Noncompliance with the Energy Transition Act	Significant Deficiency and Noncompliance

STATE OF ILLINOIS
DEPARTMENT OF COMMERCE AND ECONOMIC OPPORTUNITY
STATE COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2024

SCHEDULE OF FINDINGS (Continued)

<u>Item No.</u>	<u>Page</u>	<u>Last/First Reported</u>	<u>Description</u>	<u>Finding Type</u>
Current Findings (Continued)				
2024-006	33	2022/ 2020	Excessive Vacancies on the Organizational Chart	Significant Deficiency and Noncompliance
2024-007	36	2022/ 2006	Employee Performance Evaluations were Not Completed Annually and Timely	Significant Deficiency and Noncompliance
2024-008	38	2022/ 2016	Weaknesses Related to Personal Services	Significant Deficiency and Noncompliance
2024-009	40	2022/ 2020	Agency Workforce Reports Not Accurately Completed	Significant Deficiency and Noncompliance
2024-010	42	New	Voucher Processing Weaknesses	Significant Deficiency and Noncompliance
2024-011	44	New	Weaknesses in Performing Monthly Reconciliations	Significant Deficiency and Noncompliance
2024-012	46	New	Inadequate Monitoring of Interagency Agreements	Significant Deficiency and Noncompliance
2024-013	47	New	Weaknesses in State Property Controls	Significant Deficiency and Noncompliance
2024-014	49	2022/ 2020	Weaknesses in Cybersecurity Programs and Practices	Significant Deficiency and Noncompliance
2024-015	51	2022/ 2020	Exceptions Identified in Employment Separation with Interns	Significant Deficiency and Noncompliance
2024-016	53	2022/2022	Recovery Plan Weaknesses	Significant Deficiency and Noncompliance
2024-017	54	New	Inadequate Follow Up on Uncollectible Receivables	Significant Deficiency and Noncompliance

STATE OF ILLINOIS
DEPARTMENT OF COMMERCE AND ECONOMIC OPPORTUNITY
STATE COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2024

SCHEDULE OF FINDINGS (Continued)

<u>Item No.</u>	<u>Page</u>	<u>Last/First Reported</u>	<u>Description</u>
Prior Findings Not Repeated			
A	56	2022/ 2018	Weaknesses in Tax Credit Programs Administered by the Department
B	56	2022/ 2020	Mandatory Employee Training Not Completed
C	56	2022/ 2022	Failure to Timely Certify Statement of Economic Interest Information
D	56	2022/ 2020	Computer System Access Weaknesses
E	57	2022/ 2020	Failure to Review External Service Providers' Internal Controls
F	57	2022/ 2020	Controls over Change Management Procedures Need Improvement
G	57	2022/ 2022	Data Wiping Internal Control Weaknesses

EXIT CONFERENCE

The findings and recommendations appearing in this report were discussed with Department personnel at an exit conference on June 9, 2025.

Attending were:

Department of Commerce and Economic Opportunity:

Kristin Richards, Director
Megan Buskirk, Interim Chief Accountability Officer
Lisa Clement, Audit and Resolution, Office of Accountability
Khama Sharp, Assistant Director

Office of the Auditor General

Andrea Alderman, Audit Manager
Mike Maziarz, Performance Audit, Senior Audit Manager
Sydney Payne, Performance Audit, Supervisor
Sara Mansur, Performance Audit, Staff

STATE OF ILLINOIS
DEPARTMENT OF COMMERCE AND ECONOMIC OPPORTUNITY
STATE COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2024

EXIT CONFERENCE (Continued)

Sikich CPA LLC

Ryan Randolph, Director

The responses to the recommendations were provided by Lisa Clement, Audit and Resolution, Office of Accountability, in a correspondence dated June 13, 2025.

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Springfield, IL 62704
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**INDEPENDENT ACCOUNTANT’S REPORT ON STATE
COMPLIANCE AND ON INTERNAL CONTROL OVER COMPLIANCE**

Honorable Frank J. Mautino
Auditor General
State of Illinois

Report on State Compliance

As Special Assistant Auditors for the Auditor General, we have examined compliance by the State of Illinois, Department of Commerce and Economic Opportunity (Department) with the specified requirements listed below, as more fully described in the *Audit Guide for Financial Audits and Compliance Attestation Engagements of Illinois State Agencies (Audit Guide)* as adopted by the Auditor General, during the two years ended June 30, 2024. Management of the Department is responsible for compliance with the specified requirements. Our responsibility is to express an opinion on the Department’s compliance with the specified requirements based on our examination.

The specified requirements are:

- A. The Department has obligated, expended, received, and used public funds of the State in accordance with the purpose for which such funds have been appropriated or otherwise authorized by law.
- B. The Department has obligated, expended, received, and used public funds of the State in accordance with any limitations, restrictions, conditions, or mandatory directions imposed by law upon such obligation, expenditure, receipt, or use.
- C. The Department has complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.
- D. State revenues and receipts collected by the Department are in accordance with applicable laws and regulations and the accounting and recordkeeping of such revenues and receipts is fair, accurate, and in accordance with law.
- E. Money or negotiable securities or similar assets handled by the Department on behalf of the State or held in trust by the Department have been properly and legally administered and the accounting and recordkeeping relating thereto is proper, accurate, and in accordance with law.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants, the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the Illinois State Auditing Act (Act), and the *Audit Guide*. Those standards, the Act, and the *Audit Guide* require that we plan and perform the examination to obtain reasonable assurance about whether the Department complied with the specified requirements in all material respects. An examination involves performing procedures to obtain evidence about whether the Department complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgement, including an assessment of the risks of material noncompliance with the specified requirements, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our modified opinion.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

Our examination does not provide a legal determination on the Department's compliance with the specified requirements.

Our examination disclosed material noncompliance with the following specified requirement applicable to the Department during the two years ended June 30, 2024. As described in the accompanying Schedule of Findings as item 2024-001, the Department had not complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.

In our opinion, except for the material noncompliance with the specified requirements described in the preceding paragraph, the Department complied with the specified requirements during the two years ended June 30, 2024, in all material respects. However, the results of our procedures disclosed instances of noncompliance with the specified requirements, which are required to be reported in accordance with criteria established by the *Audit Guide* and are described in the accompanying Schedule of Findings as items 2024-002 through 2024-017.

The Department's responses to the compliance findings identified in our examination are described in the accompanying Schedule of Findings. The Department's responses were not subjected to the procedures applied in the examination and, accordingly, we express no opinion on the responses.

The purpose of this report is solely to describe the scope of our testing and the results of that testing in accordance with the requirements of the *Audit Guide*. Accordingly, this report is not suitable for any other purpose.

Report on Internal Control Over Compliance

Management of the Department is responsible for establishing and maintaining effective internal control over compliance with the specified requirements (internal control). In planning and performing our examination, we considered the Department's internal control to determine the examination procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the Department's compliance with the specified requirements and to test and report on the Department's internal control in accordance with the *Audit Guide*, but not for the purpose of expressing an opinion on the effectiveness of the Department's internal control. Accordingly, we do not express an opinion on the effectiveness of the Department's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying Schedule of Findings, we did identify certain deficiencies in internal control that we consider to be a material weakness and significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with the specified requirements on a timely basis. A material weakness in internal control is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that material noncompliance with the specified requirements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings as item 2024-001 to be a material weakness.

A significant deficiency in internal control is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Findings as items 2024-002 through 2024-017 to be significant deficiencies.

As required by the *Audit Guide*, immaterial findings excluded from this report have been reported in a separate letter.

The Department's responses to the internal control findings identified in our examination are described in the accompanying Schedule of Findings. The Department's responses were not subjected to the procedures applied in the examination and, accordingly, we express no opinion on the responses.

The purpose of this report is solely to describe the scope of our testing of internal control and the results of that testing based on the requirements of the *Audit Guide*. Accordingly, this report is not suitable for any other purpose.

SIGNED ORIGINAL ON FILE

Springfield, Illinois
June 13, 2025

STATE OF ILLINOIS
DEPARTMENT OF COMMERCE AND ECONOMIC OPPORTUNITY
SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Two Years Ended June 30, 2024

2024-001. FINDING (Noncompliance with the Fiscal Control and Internal Auditing Act)

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

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

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

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

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

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

The major areas of internal control must be audited by internal audit on a regular basis to ensure adherence to an effective internal control system. Failure to perform regular internal audits of major systems of internal accounting and administrative controls may result in weaknesses in internal control not being timely detected. (Finding Code No. 2024-001, 2022-001, 2020-002, 2018-002, 2016-002, 2014-003, 12-2)

RECOMMENDATION

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

STATE OF ILLINOIS
DEPARTMENT OF COMMERCE AND ECONOMIC OPPORTUNITY
SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Two Years Ended June 30, 2024

2024-001. FINDING (Noncompliance with the Fiscal Control and Internal Auditing Act)
(Continued)

DEPARTMENT RESPONSE

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

STATE OF ILLINOIS
DEPARTMENT OF COMMERCE AND ECONOMIC OPPORTUNITY
SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Two Years Ended June 30, 2024

2024-002. FINDING (Failure to Submit Required Reports, Timely Submit Required Reports, or Meet All Reporting Requirements)

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

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

Opportunities for At-Risk Women Act

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

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

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

Cannabis Regulation and Tax Act

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

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

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

STATE OF ILLINOIS
DEPARTMENT OF COMMERCE AND ECONOMIC OPPORTUNITY
SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Two Years Ended June 30, 2024

- 2024-002. FINDING** (Failure to Submit Required Reports, Timely Submit Required Reports, or Meet All Reporting Requirements) (Continued)

Illinois Income Tax Act

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

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

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

Energy Community Reinvestment Act

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

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

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

STATE OF ILLINOIS
DEPARTMENT OF COMMERCE AND ECONOMIC OPPORTUNITY
SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Two Years Ended June 30, 2024

2024-002. FINDING (Failure to Submit Required Reports, Timely Submit Required Reports, or Meet All Reporting Requirements) (Continued)

- The Department failed to timely submit an annual report in Fiscal Year 2023 by September 15, 2022. The report was published on September 19, 2022, four days late. Additionally, the Department did not timely submit an annual report in calendar year 2023. The report was submitted on January 18, 2024, 18 days late. Furthermore, both of the reports filed during the examination period lacked information on program metrics, demographics of participants, and recommendations for future modification to the services by the Department under these programs.

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

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

Reimagining Energy and Vehicles in Illinois Act

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

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

Department officials indicated the noncompliance was a result of oversight.

Failure to submit, timely submit, or include all required report components inhibits accumulation of meaningful oversight information for the Governor and General Assembly, as well as the general public. (Finding Code No. 2024-002, 2022-002, 2020-003, 2018-003, 2016-003, 2014-004, 12-4, 10-5)

STATE OF ILLINOIS
DEPARTMENT OF COMMERCE AND ECONOMIC OPPORTUNITY
SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Two Years Ended June 30, 2024

2024-002. FINDING (Failure to Submit Required Reports, Timely Submit Required Reports, or Meet All Reporting Requirements) (Continued)

RECOMMENDATION

We recommend the Department ensure necessary information is collected and required reports are submitted timely to the Governor and General Assembly or published to the Department's website.

DEPARTMENT RESPONSE

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

STATE OF ILLINOIS
DEPARTMENT OF COMMERCE AND ECONOMIC OPPORTUNITY
SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Two Years Ended June 30, 2024

2024-003. FINDING (Boards, Commissions, Committees, and Councils Not Fully Staffed)

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

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

Illinois Promotion Act

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

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

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

Cannabis Regulation and Tax Act

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

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

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

Illinois Commission on Amateur Sports Act

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

STATE OF ILLINOIS
DEPARTMENT OF COMMERCE AND ECONOMIC OPPORTUNITY
SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Two Years Ended June 30, 2024

2024-003. FINDING (Boards, Commissions, Committees, and Councils Not Fully Staffed)
(Continued)

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

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

Illinois Forestry Development Act

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

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

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

Illinois South Asian American Advisory Council Act

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

The Illinois South Asian American Advisory Council Act (20 ILCS 4120/15 through 4120/25) states that the Department shall appoint a liaison to serve as an ex officio, nonvoting member of the Council. Furthermore, the Council shall meet at least once per calendar quarter. Lastly, the Council shall issue semi-annual reports on its policy recommendations to the Governor and General Assembly by June 30th and December 31st.

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

STATE OF ILLINOIS
DEPARTMENT OF COMMERCE AND ECONOMIC OPPORTUNITY
SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Two Years Ended June 30, 2024

2024-003. FINDING (Boards, Commissions, Committees, and Councils Not Fully Staffed)
(Continued)

Hydrogen Economy Act

- The Hydrogen Economy Task Force (Task Force) did not meet during the first quarter of Fiscal Year 2023. Additionally, the 2022 annual report was submitted timely, but did not contain recommendations on government policies nor did it discuss findings. Furthermore, the 2023 annual report was submitted 56 days late. Lastly, the Task Force had one vacancy regarding the member representing a non-profit energy research organization.

The Hydrogen Economy Act (20 ILCS 4122/5) mandates the Department provide administrative support to the Task Force and include one member representing a non-profit energy research organization, appointed by the Governor. In addition, the Hydrogen Economy Act requires the Task Force to meet at least quarterly to fulfill its duties under the Act. Further, the Hydrogen Economy Act (20 ILCS 4122/15) requires the Task Force to report to the Governor and the General Assembly by December 1 of each year on its activities, findings, and recommendations.

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

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

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

Failure to appoint representatives, communicate vacancies, or ensure regular attendance at meetings prevents or hinders the boards, commissions, committees, or councils, which are mandated to provide guidance to or from the Department, from carrying out their duties in accordance with the statutes. (Finding Code No. 2024-003, 2022-003, 2020-004, 2018-004, 2016-004, 2014-005, 12-6)

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2024-003. FINDING (Boards, Commissions, Committees, and Councils Not Fully Staffed)
(Continued)

RECOMMENDATION

We recommend the Department appoint the required designees and attend the meetings as mandated by statute to the applicable boards, commissions, committees, and councils; or, when applicable, continue to formally communicate to the Governor’s Office the need to fill the vacancies to comply with the required membership in the mandated boards, commissions, committees, and councils.

DEPARTMENT RESPONSE

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

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2024-004. FINDING (Noncompliance with Statutory Mandates)

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

During testing, we noted the following:

Department of Commerce and Economic Opportunity Law

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

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

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

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

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

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

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2024-004. FINDING (Noncompliance with Statutory Mandates) (Continued)

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

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

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

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

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

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

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

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

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

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

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2024-004. FINDING (Noncompliance with Statutory Mandates) (Continued)

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

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

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

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

- The Department failed to comply with the Law (20 ILCS 605/605-940(10) through 605/605-940(16)). The Law states the Department shall prepare uniform budgetary forms for use by the local governments of the State, be a repository for financial reports and statements required by law of local governments of the State, and publish financial summaries of those reports and statements. The Law states the Department shall prepare proposals and advise on the investment of idle government funds, and administer the program of grants, loans, and loan guarantees under the federal Public Works and Economic Development Act of 1965, and receive and disburse State and federal funds provided for that program and moneys received as repayments of loans made under the program. The Law states the Department shall, upon the request of local governments, prepare and provide model financial statement forms designed to communicate to taxpayers, service consumers, voters, government employees, and news media, in a non-technical manner, all significant financial information regarding a particular local government, and to prepare and provide to local governments a summary of local governments' obligations concerning the adoption of an annual operating budget. The Department did not perform these activities during the engagement period.

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

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

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2024-004. FINDING (Noncompliance with Statutory Mandates) (Continued)

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

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

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

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

Illinois Home Grown Business Opportunity Act

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

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

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

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2024-004. FINDING (Noncompliance with Statutory Mandates) (Continued)

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

Illinois Works Jobs Program Act

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

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

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

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

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2024-004. FINDING (Noncompliance with Statutory Mandates) (Continued)

Reimagining Electric Vehicles in Illinois Act

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

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

Department management indicated the issues noted were due to oversight.

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

Public Utilities Act

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

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

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

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

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2024-004. FINDING (Noncompliance with Statutory Mandates) (Continued)

This finding was first noted during the compliance examination for the two years ended June 30, 2012. In the subsequent years, the Department has been unsuccessful in implementing a corrective action plan. The Department's management team is responsible for implementing timely corrective action on all of the findings identified during a State compliance examination. In the previous examination, the Department did not comply with certain portions of the Department of Commerce and Economic Opportunity Law (20 ILCS 605/605-456), the Illinois Emergency Employment Development Act (20 ILCS 630), the Industrial Development Assistance Law (30 ILCS 720/4) and the Broadband Advisory Council Act (220 ILCS 80/25). Auditors noted the Department implemented corrective action regarding this noncompliance during the engagement period. (Finding Code No. 2024-004, 2022-004, 2020-005, 2018-005, 2016-005, 2014-006, 12-7)

RECOMMENDATION

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

DEPARTMENT RESPONSE

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

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2024-005. FINDING (Noncompliance with the Energy Transition Act)

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

During testing, we noted the following:

Clean Jobs Workforce Network Program

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

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

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

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

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2024-005. FINDING (Noncompliance with the Energy Transition Act) (Continued)

Energy Transition Navigators Program

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

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

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

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

Clean Energy Contractor Incubator Program

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

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

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

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2024-005. FINDING (Noncompliance with the Energy Transition Act) (Continued)

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

Returning Residents Clean Jobs Training Program

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

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

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

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

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

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

Clean Energy Primes Contractor Accelerator Program

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

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2024-005. FINDING (Noncompliance with the Energy Transition Act) (Continued)

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

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

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

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

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

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2024-005. FINDING (Noncompliance with the Energy Transition Act) (Continued)

Energy Workforce Advisory Council

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

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

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

Failure to carry out the duties described in the Act results in recommendations not being made to the Department, resulting in lost opportunities to better improve the energy programs within the State. (Finding Code No. 2024-005)

RECOMMENDATION

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

DEPARTMENT RESPONSE

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

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2024-006. FINDING (Excessive Vacancies on the Organizational Chart)

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

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

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

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2024-006. FINDING (Excessive Vacancies on the Organizational Chart) (Continued)

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

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

An organizational chart is a pictorial representation of an agency’s structure which should indicate clearly the reporting relationship between the employees within the organization. The organizational chart graphically should illustrate the concept known as a “chain of command” and show the flow of authority, responsibility, and communication.

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

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

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

Failing to utilize and maintain an up-to-date organizational chart with true reporting lines and programs existing within the Department diminishes the usefulness of the organizational chart as an element of internal control. (Finding Code No. 2024-006, 2022-006, 2020-007)

RECOMMENDATION

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

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2024-006. FINDING (Excessive Vacancies on the Organizational Chart) (Continued)

DEPARTMENT RESPONSE

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

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2024-007. FINDING (Employee Performance Evaluations were Not Completed Annually and Timely)

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

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

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

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

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

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

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

Employee performance evaluations are a systematic and uniform approach used for the development of employees and communication of performance expectations to employees. Without timely completion of an employee performance evaluation, the employee would not be provided with formal feedback or assessment of his or her performance, and areas for improvements and current year's performance goals and objectives may not be identified and communicated in a timely manner. Employee performance evaluations should serve as a foundation for salary adjustments, promotions, demotions, discharges, layoff, recall, or reinstatement decisions. (Finding Code No. 2024-007, 2022-007, 2020-008, 2018-008, 2016-010, 2014-010, 12-3, 10-3, 08-5, 06-4)

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2024-007. FINDING (Employee Performance Evaluations were Not Completed Annually and Timely) (Continued)

RECOMMENDATION

We recommend the Department timely complete employee performance evaluations and continue to monitor compliance with the Illinois Administrative Code and Department policy.

DEPARTMENT RESPONSE

The Department agrees with the finding and recommendation.

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2024-008. FINDING (Weaknesses Related to Personal Services)

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

During testing, we noted the following:

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

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

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

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

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

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

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2024-008. FINDING (Weaknesses Related to Personal Services) (Continued)

The Immigration Reform and Control Act of 1986 (8 U.S. Code § 1324a) Part 274a: Control and Employment of Aliens (8 C.F.R. § 274a.2) states that a person or entity that hires an individual for employment must ensure the individual properly completes Section 1 of Form I-9 at the time of hire and sign Section 2 of Form I-9 within three business days of the hire. Section 274a.2 further states a paper (with original handwritten signatures), electronic, original paper scanned into an electronic format, or a combination of paper and electronic, or microfilm or microfiche copy of the original signed version of Form I-9 must be retained by an employer for three years after the date of the hire or one year after the date the individual's employment is terminated, whichever is later.

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

Not ensuring the timesheets of employees are submitted timely can result in the Department lacking documentation supporting the time spent by the employees on official State business as required by the State Officials and Employees Ethics Act. Failure to comply with U.S. Department of Homeland Security regulations could subject the State to unnecessary legal costs and penalties. (Finding Code No. 2024-008, 2022-008, 2020-009, 2018-010, 2016-012)

RECOMMENDATION

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

DEPARTMENT RESPONSE

The Department agrees with the finding and recommendation.

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2024-009. FINDING (Agency Workforce Reports Not Accurately Completed)

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

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

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

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

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

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

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

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2024-009. FINDING (Agency Workforce Reports Not Accurately Completed) (Continued)

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

The State relies on agencies to report accurate demographic information in order to help guide efforts to achieve a more diversified State workforce. Inaccuracies in the information reported provide an incomplete picture of the State's workforce demographics. (Finding Code No. 2024-009, 2022-010, 2020-010)

RECOMMENDATION

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

DEPARTMENT RESPONSE

The Department agrees with the finding and recommendation.

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2024-010. FINDING (Voucher Processing Weaknesses)

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

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

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

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

The Illinois Administrative Code (Code) (74 Ill. Admin. Code 900.70) requires the Department to timely review each vendor's invoice and approve proper bills within 30 days after receipt. The Code (74 Ill. Admin. Code 1000.50) also requires the Department to process payments within 30 days after physical receipt of Internal Service Fund bills.

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

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

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2024-010. FINDING (Voucher Processing Weaknesses) (Continued)

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

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

Failure to timely process proper bills and obligations due may result in noncompliance, unnecessary interest charges, and cash flow challenges for payees. Failure to include the required elements of the Illinois Procurement Code on all printed materials could permit documents to be reproduced or modified by other sources. (Finding Code No. 2024-010)

RECOMMENDATION

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

DEPARTMENT RESPONSE

The Department agrees with the finding and recommendation.

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2024-011. FINDING (Weaknesses in Performing Monthly Reconciliations)

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

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

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

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

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

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

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

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

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

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2024-011. FINDING (Weaknesses in Performing Monthly Reconciliations) (Continued)

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

Failure to perform or timely and accurately complete reconciliations is noncompliance with SAMS and increases the risk differences will go undetected and uncorrected. (Finding Code No. 2024-011)

RECOMMENDATION

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

DEPARTMENT RESPONSE

The Department agrees with the finding and recommendation.

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2024-012. FINDING (Inadequate Monitoring of Interagency Agreements)

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

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

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

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

In order to assess whether the agreements are reasonable, appropriate, and sufficiently document the responsibilities of the appropriate parties, contracts and agreements need to be approved prior to the effective date and executed before the commencement of services. (Finding Code No. 2024-012)

RECOMMENDATION

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

DEPARTMENT RESPONSE

The Department agrees with the finding and recommendation.

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2024-013. FINDING (Weaknesses in State Property Controls)

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

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

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

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

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

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2024-013. FINDING (Weaknesses in State Property Controls) (Continued)

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

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

Failure to exercise adequate controls over property and maintain accurate property control records increases the potential for fraud and possible loss or theft of State property. Inaccurate property reporting reduces the reliability of Statewide property information. (Finding Code No. 2024-013)

RECOMMENDATION

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

DEPARTMENT RESPONSE

The Department agrees with the finding and recommendation.

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2024-014. FINDING (Weaknesses in Cybersecurity Programs and Practices)

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

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

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

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

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

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

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

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2024-014. FINDING (Weaknesses in Cybersecurity Programs and Practices) (Continued)

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

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

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

Failure to implement internal controls related to cybersecurity programs, practices and control of confidential information could result in unidentified risks and vulnerabilities and ultimately lead to the Department's volumes of personal information being susceptible to cyber-attacks and unauthorized disclosure. (Finding Code No. 2024-014, 2022-012, 2020-012)

RECOMMENDATION

We recommend the Department:

- Establish policies and procedures for the onboarding of staff and contractors.
- Develop formal documentation of the review of policies and procedures.
- Ensure that staff and contractors acknowledged their understanding of Department policies and procedures.
- Ensure that the risk management assessment or Business Impact Analysis identifies confidential and personal information that is susceptible to attack.
- Maintain documentation of vulnerability reports.

DEPARTMENT RESPONSE

The Department agrees with the finding and recommendation.

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2024-015. FINDING (Exceptions Identified in Employment Separation with Interns)

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

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

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

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

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

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

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

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

Failure to ensure adequate controls over the separation of interns increases the risk of unauthorized access and misuse of the Department's resources. (Finding Code No. 2024-015, 2022-013, 2020-013)

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2024-015. FINDING (Exceptions Identified in Employment Separation with Interns)
(Continued)

RECOMMENDATION

We recommend the Department improve its employee policies and procedures over processing internship separations.

DEPARTMENT RESPONSE

The Department agrees with the finding and recommendation.

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2024-016. FINDING (Recovery Plan Weaknesses)

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

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

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

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

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

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

Failure to adequately plan for the recovery of applications and data could result in the loss of data and the inability to recover within an acceptable time period. (Finding Code No. 2024-016, 2022-017)

RECOMMENDATION

We recommend the Department develop a detailed disaster recovery plan to recover all its applications and data. Additionally, we recommend the Department conduct detailed recovery testing at least annually.

DEPARTMENT RESPONSE

The Department agrees with the finding and recommendation.

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For the Two Years Ended June 30, 2024

2024-017. FINDING (Inadequate Follow Up on Uncollectible Receivables)

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

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

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

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

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

STATE OF ILLINOIS
DEPARTMENT OF COMMERCE AND ECONOMIC OPPORTUNITY
SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Two Years Ended June 30, 2024

2024-017. FINDING (Inadequate Follow Up on Uncollectible Receivables) (Continued)

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

Failure to follow up on accounts receivable in a timely manner may result in a delay or loss of revenue to the State. Failure to accurately account for receivables and uncollectible amounts may lead to incorrect or misleading financial records and noncompliance with SAMS. (Finding Code No. 2024-017)

RECOMMENDATION

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

DEPARTMENT RESPONSE

The Department agrees with the finding and recommendation.

STATE OF ILLINOIS
DEPARTMENT OF COMMERCE AND ECONOMIC OPPORTUNITY
SCHEDULE OF FINDINGS – PRIOR FINDINGS NOT REPEATED
For the Two Years Ended June 30, 2024

PRIOR YEAR FINDINGS NOT REPEATED

A. FINDING (Weaknesses in Tax Credit Programs Administered by the Department)

During the previous examination, the Department of Commerce and Economic Opportunity (Department) did not properly administer the Film Production Services Tax Credit Act of 2008 (35 ILCS 16/45) and the Live Theater Production Tax Credit Act (35 ILCS 17) tax programs.

During the current examination, the Department made significant improvements in the administration of the tax programs. (Finding Code No. 2022-005, 2020-006, 2018-006)

B. FINDING (Mandatory Employee Training Not Completed)

During the previous examination, the Department did not ensure its employees completed the mandatory training.

During the current examination, the Department made significant improvements in ensuring employees completed mandatory training; however weaknesses were still noted. As a result, this finding was moved to the Department's *Report of Immaterial Findings* (Finding Code No. 2022-009, 2020-011)

C. FINDING (Failure to Timely Certify Statement of Economic Interest Information)

During the previous examination, the Department failed to timely certify the names and mailing addresses of the persons required to file statements of economic interest to the Secretary of State.

During the current examination, the Department timely certified the names and mailing addresses of the persons required to file statements of economic interest to the Secretary of State. (Finding Code No. 2022-011)

D. FINDING (Computer System Access Weaknesses)

During the previous examination, the Department failed to implement adequate controls over user access to its applications and data.

During the current examination, the Department made significant improvements in the adequate controls over user access to its applications and data; however weaknesses were still noted. As a result, this finding was moved to the Department's *Report of Immaterial Findings*. (Finding Code No. 2022-014, 2020-015)

STATE OF ILLINOIS
DEPARTMENT OF COMMERCE AND ECONOMIC OPPORTUNITY
SCHEDULE OF FINDINGS – PRIOR FINDINGS NOT REPEATED
For the Two Years Ended June 30, 2024

PRIOR YEAR FINDINGS NOT REPEATED (Continued)

E. FINDING (Failure to Review External Service Providers’ Internal Controls)

During the previous examination, the Department failed to implement adequate internal controls over its service providers.

During the current examination, the Department implemented adequate internal controls over its service providers. (Finding Code No. 2022-015, 2020-017)

F. FINDING (Controls over Change Management Procedures Need Improvement)

During the previous examination, the Department failed to implement internal controls over changes to its applications and data.

During the current examination, the Department established change management policies and procedures. (Finding Code No. 2022-016, 2020-016)

G. FINDING (Data Wiping Internal Control Weaknesses)

During the previous examination, the Department had weak internal controls over its wiping of data on electronic systems.

During the current examination, the Department implemented adequate internal controls over its wiping of data on electronic systems. (Finding Code No. 2022-018)