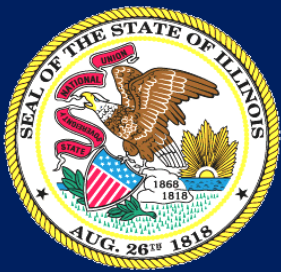

State of Illinois
Office of the Auditor General



Performance Audit of the

**State's BEP and VBP
Programs**

September 10, 2025

Frank J. Mautino
Auditor General

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OFFICE OF THE AUDITOR GENERAL
FRANK J. MAUTINO

*To the Legislative Audit Commission, the Speaker
and Minority Leader of the House of Representatives,
the President and Minority Leader of the Senate, the
members of the General Assembly, and the
Governor:*

This is our report of the performance audit of the State's Business Enterprise Program, including the certification program for businesses owned by minorities, women, and persons with disabilities, and the State's Veterans Business Program during the period of FY22 and FY24.

The audit was conducted pursuant to Legislative Audit Commission Resolution Number 166. This audit was conducted in accordance with generally accepted government auditing standards and the audit standards promulgated by the Office of the Auditor General at 74 Ill. Adm. Code 420.310.

The audit report is transmitted in conformance with Sections 3-14 and 3-15 of the Illinois State Auditing Act.

SIGNED ORIGINAL ON FILE

FRANK J. MAUTINO
Auditor General

Springfield, Illinois
September 2025



Performance Audit of the State's BEP and VBP Programs

Background:

On February 20, 2024, the Legislative Audit Commission adopted Resolution Number 166 requiring a performance audit of both the State's Business Enterprise Program, including the certification program for businesses owned by minorities, women, and persons with disabilities, and the State's Veterans Business Program for FY22 and FY23. Auditors established the audit period as FY22-FY24. The Resolution contained six determinations.

The Business Enterprise Program began in 1984 to encourage participation in the State's procurement process as both prime contractors and subcontractors. State contracts that fall under the authority of the Commission on Equity and Inclusion include, but are not limited to: insurance, investment management, information technology, accounting, legal, and architectural and engineering. To be certified, vendors must provide proof that they are owned and controlled by one or more eligible individuals.

The Business Enterprise Program (BEP) and Veterans Business Program (VBP) are administered by the Illinois Commission on Equity and Inclusion (CEI). State agency contracts with a contract value of \$100,000 or greater are subject to BEP and VBP goals, unless exempted. The overall statewide goal increased to 30 percent effective January 1, 2022.

Key Findings:

- Auditors tested 65 vendor files, including 31 Full BEP/VBP files and 34 Recognition Certification files. Auditors, in most cases, agreed that there was adequate documentation to meet program qualifications; however, based upon available information, auditors could not determine if 3 of the 65 (5%) vendor files tested met the requirements to be qualified for the respective program.
 - One Full BEP vendor appeared to be owned by an ineligible owner. The most recent business tax returns provided at the time of certification (2020 and 2021) indicated the ineligible owner was the 100 percent shareholder. The vendor file was missing information, such as individual tax returns, and the certification analyst did not conduct a site visit or any other in-depth interview to assess ownership and control.
 - One Full VBP vendor was certified, but auditors could not find documentation to support that: 1) the business had a home office in Illinois; and 2) that the veteran was living in Illinois.
 - One BE BEP vendor file lacked evidence of certification by an approved certifying entity.
- Auditors determined that the established certification procedures in place for Full BEP and Full VBP applicants are comprehensive and adequate to assure that businesses are legitimately qualified to participate in the programs; however, auditors encountered a lack of documentation suggesting that established procedures were not always followed. Auditors tested 25 Full BEP and 6 Full VBP and found deficiencies in the vendor files for 15 of the required documentation requirements. Nine of these documentation requirements were missing for just one or two vendors; however, 6 of the 15 documentation requirements were missing from multiple vendor files.

Full BEP/Full VBP – a certification conducted by CEI staff, which requires submission of numerous documents to verify a vendor's status as owned and controlled by a minority, woman, person with a disability, or a veteran.

BE BEP/FastTrack – Recognition Certifications which allow vendors certified by one of the partner entities to apply for BEP certification with scaled down documentation requirements.

- CEI was unable to provide all requested documents and dates due to a data migration and the inability to access files from the previous system. In addition to the missing documents, CEI was unable to provide various application and No Change Application processing dates, such as date submitted, date(s) of request(s) for information, and date the application was accepted and ready for a Certification Analyst to review. As a result, auditors were unable to calculate the timeliness of the application and No Change Application processes.
- The FastTrack Recognition Certification entities do not have a cap on gross sales as a requirement for certification and allow for higher gross sales than what is allowed through CEI BEP certification. Auditors tested five FastTrack approved vendors and requested all related certification documents. The certification documents auditors received for these five vendors did not include any company income taxes. It is unclear how CEI was confirming and ensuring that the vendor's gross annual sales did not exceed the gross sales maximum for program eligibility.
- To determine whether certifications are periodically reviewed for continued program participation, auditors reviewed a total of 24 No Change Applications for Full BEP and Full VBP vendor files. Many of the No Change Applications contained all required documents; however, there were some documents missing: 3 out of 24 were missing the no change affidavit, and 9 out of 24 were missing business income taxes.
- CEI officials noted that the list of contracts tracked during FY22-FY24 only included contracts with supplier diversity goals under the Chief Procurement Office for General Services, which does not include all construction and non-construction agencies, boards, commissions, public universities, and community colleges. It is difficult for CEI to monitor compliance with the required BEP goals if contracts from all purchasing entities subject to the BEP Act are not tracked.
- CEI did not have a formalized training process in place for certification staff. Training files for two of six CEI certification staff lacked documentation to support that the staff received training specific to certification. One of these two certification staff was a new employee, and the training files lacked documentation of the training received during the onboarding process.
- Certain policies and procedures were outdated and conflict with current statutory requirements.
- The BEP Act requires the creation of a Special Committee on Minority, Female, Persons with Disabilities, and Veterans Contracting; however, this committee has not met since its inception (30 ILCS 575/8j).

Key Recommendations:

The audit report contains ten recommendations directed to the Illinois Commission on Equity and Inclusion including:

- The Commission on Equity and Inclusion should ensure that all applicants certified through the Full BEP and Full VBP certification process meet the requirements for certification. The Commission should also improve its process to ensure it collects and retains all documents required for certification.
- The Commission on Equity and Inclusion should ensure No Change Applications are submitted and contain all required documents to ensure vendors continue to be qualified for certification.
- The Commission on Equity and Inclusion should work to gain access to the data and documents that are unavailable due to the data migration. Additionally, CEI should develop a procedure to ensure future data migrations do not result in data that is inaccessible.
- The Commission on Equity and Inclusion should track contracts from all purchasing entities subject to the BEP Act to monitor compliance with the required goals.
- The Commission on Equity and Inclusion should update its administrative rules, policies, and procedures to reflect current statutory requirements.
- The Commission on Equity and Inclusion should develop a formalized training process for certification staff.
- The Commission on Equity and Inclusion should meet with other certifying entities to help ensure BEP Council requirements and procedures are being met as required by the BEP Administrative Rules (44 Ill. Adm. Code 30.63).

This performance audit was conducted by the staff of the Office of the Auditor General.

Report Digest

On February 20, 2024, the Legislative Audit Commission adopted Resolution Number 166 requiring a performance audit of both the State’s Business Enterprise Program, including the certification program for businesses owned by minorities, women, and persons with disabilities, and the State’s Veterans Business Program for the period FY22 and FY23. In addition to FY22 and FY23, auditors included FY24. The Resolution contained six determinations. Our assessment of these determinations is shown in Digest Exhibit 1. (pages 1-2)

Digest Exhibit 1
ASSESSMENT OF AUDIT DETERMINATIONS

Determination from Audit Resolution	Auditor Assessment
<p><i>Whether certification and recertification procedures are adequate to assure that businesses participating in the Business Enterprise Program are legitimately classified as businesses owned and controlled by minorities, women, or persons with disabilities and that businesses participating in the Veterans Business Program are legitimately classified as a Veteran Owned Business.</i></p>	<ul style="list-style-type: none"> • Auditors determined that the established certification procedures in place for Full BEP and Full VBP applicants are comprehensive and adequate to assure that businesses are legitimately qualified to participate in the programs. The Full BEP and Full VBP checklists are extensive and require documents to support 20 plus questions, some of which require multiple documents. Vendors certified through Recognition Certification (certification by one of CEI's certification partners) provide CEI with significantly less information by design; however, the certification checklists of documents required by the Recognition Certification entities were fairly extensive and requested many documents of the vendors. (pages 20-25)
<p><i>Whether the established procedures and processes that govern certification of businesses owned and controlled by minorities, women, persons with disabilities, or veterans are being followed.</i></p>	<ul style="list-style-type: none"> • Auditors tested 65 vendor files including 31 Full BEP/VBP files and 34 Recognition Certification files. Auditors noted some deficiencies in documenting compliance with procedures. Auditors tested a total of 31 certification application files (25 Full BEP and 6 Full VBP) to determine if the established procedures and processes for certifying vendors were adequate and being followed. In some instances, auditors encountered a lack of documentation suggesting that established procedures were not always followed. Auditors found deficiencies in the vendor files for 15 of 32 required documentation requirements. Nine of these documentation requirements were missing for just one or two vendors; however, 6 of the 15 documentation requirements were missing from multiple vendor files. Of the 65 vendor files tested, in most cases, auditors agreed that there was adequate documentation to meet program requirements. However, based upon available information,

Digest Exhibit 1
ASSESSMENT OF AUDIT DETERMINATIONS

Determination from Audit Resolution	Auditor Assessment
	<p>auditors could not determine if 3 of the 65 (5%) vendor files tested met the requirements to be qualified for the respective program. Additionally, since FastTrack Recognition Certification vendors are not subject to a gross sales cap, it is unclear how CEI was confirming and ensuring that the vendor’s gross annual sales did not exceed the gross sales maximum for program eligibility when income tax returns were not required and CEI did not have access to the online certification systems as allowed for in interagency agreements. Auditors could not test the timeliness of the application and No Change Application processes because CEI was not able to provide the necessary dates due to system migration issues. (pages 23-27, 30-34)</p>
<p><i>Whether staff responsible for certification of these businesses have received adequate training.</i></p>	<ul style="list-style-type: none"> • CEI did not have a formalized training process in place for certification staff. Training files for two of six CEI certification staff lacked documentation to support that the staff received training specific to certification. One of these two certification staff was a new employee, and the training files lacked documentation of the training received during the onboarding process. (pages 44-46)
<p><i>What steps are followed to verify information provided by businesses participating in the Business Enterprise Program and the Veterans Business Program, such as review of pertinent documentation, interviews, and on-site visits.</i></p>	<ul style="list-style-type: none"> • As part of document verification, a Certification Analyst will perform a review of many documents, including gross receipts entered by the vendor, individual income taxes, and other supporting documents. Supporting documents include mandatory documents, such as the affidavit of certification, most recent financial statements including a balance sheet, and the most recent federal income tax return for the firm and all its affiliates. A Certification Analyst may conduct a site visit. (page 29)
<p><i>Whether the certifications are periodically reviewed to ensure that businesses in the programs continue to be qualified for participation.</i></p>	<ul style="list-style-type: none"> • Full BEP and Full VBP certifications require an annual No Change Application; therefore, vendors who applied with and were certified by CEI are reviewed annually to ensure they remain qualified for participation. There were a total of 24 No Change Applications required for the Full BEP and Full VBP vendor files auditors tested. Many of the No Change Applications contained all required documents; however, there were some documents missing for the 24 No Change Applications including 3 missing the no change affidavit and 9 missing business

Digest Exhibit 1
ASSESSMENT OF AUDIT DETERMINATIONS

Determination from Audit Resolution

Auditor Assessment

Whether procedures for enforcing compliance, including contract termination and contractor suspension, are adequate and uniformly enforced.

income taxes. Auditors tested the annual recertification of vendors certified by Recognition Certification entities and found the files to be generally complete; only 2 of 47 (4%) required documents were missing. (pages 33-35)

- According to CEI, neither the BEP Act nor CEI’s Administrative Rules give CEI adequate or effective tools to enforce compliance with the BEP Act. Auditors asked four purchasing entities if they utilize enforcement actions when a contractor does not meet their BEP goals. Three out of the four entities reported using enforcement actions (not renewing a contract or similar). CEI officials noted that the list of contracts tracked during FY22-FY24 only included contracts with supplier diversity goals under the Chief Procurement Office for General Services, which does not include all construction and non-construction agencies, boards, commissions, public universities, and community colleges. It is difficult for CEI to monitor compliance with the required BEP goals if contracts from all purchasing entities subject to the BEP Act are not tracked. (pages 40-43)

Source: OAG assessment of the audit determinations contained in LAC Resolution Number 166.

Background

The Business Enterprise Program (BEP) and Veterans Business Program (VBP) are administered by the Illinois Commission on Equity and Inclusion (CEI). Despite the Commission on Equity and Inclusion being a new entity, the BEP and VBP are not new programs. The Business Enterprise Program was previously administered by the Department of Central Management Services before the responsibility was shifted to the Commission on Equity and Inclusion. The Commission on Equity and Inclusion was created through the passage of the Commission on Equity and Inclusion Act effective January 1, 2022 (30 ILCS 574).

State contracts that fall under the authority of the Commission on Equity and Inclusion include, but are not limited to: insurance, investment management, information technology, accounting, legal, and architectural and engineering.

State agency contracts with a contract value of \$100,000 or greater are subject to BEP and VBP goals, unless exempted. Prior to January 3, 2019, BEP goal setting only applied to contracts above \$250,000. The overall statewide goal was previously 20 percent but was increased to 30 percent effective January 1, 2022.

In addition to the overall aspirational goal increasing from 20 percent to 30 percent, the individual category goals increased as well:

- businesses owned by minorities increased from 11 percent to 16 percent;
- women-owned businesses increased from 7 percent to 10 percent; and
- businesses owned by persons with disabilities increased from 2 percent to 4 percent. (pages 2, 10-11)

Certification

To be BEP certified as a minority-owned, woman-owned, or person-with-disability-owned business, a business must meet the following BEP Act requirements:

- have at least 51 percent ownership by a minority, woman, or person with a disability, or in the case of a corporation, ownership of 51 percent of the stock by one or more qualifying persons;
- have at least 51 percent of the business controlled by one or more minority groups, women, or persons with a disability;
- owner must be a citizen of the United States or a lawful permanent resident; and
- have annual gross sales of less than \$150 million (this was previously \$75 million until January 1, 2023).

To be certified as a veteran-owned business, a business must meet the following requirements:

- have at least 51 percent ownership by a qualified veteran who resides in the State of Illinois;
- have annual gross sales of less than \$150 million (this was previously \$75 million until January 1, 2024);
- have a home office in Illinois;
- have a valid DD-214 for the applicant; and
- be an authorized business registered within the State of Illinois.

Digest Exhibit 2 provides the number of BEP and VBP certified vendors broken down by vendor type for FY22, FY23, and FY24. There were increases in nearly all categories from FY22 to FY24.

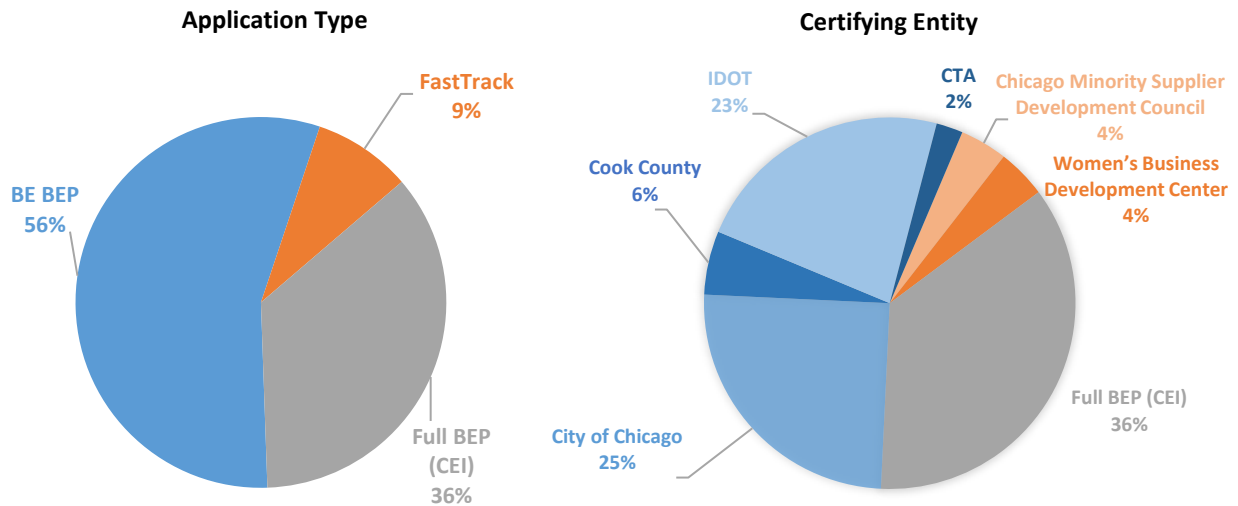
Digest Exhibit 2
BEP AND VBP CERTIFIED VENDOR STATISTICS
 FY22-FY24

Category	FY22	FY23	FY24
BEP Vendors			
Minority-Owned (Male)	1,322	2,357	2,248
Woman-Owned Caucasian	1,102	1,564	1,498
Woman-Owned Minority	862	1,461	1,271
Persons-with-a-Disability-Owned	29	33	32
Totals	3,315	5,415	5,049
VBP Vendors			
Veteran-Owned/Service-Disabled Veteran-Owned	152	207	231

Source: CEI BEP and VBP Annual Reports.

Digest Exhibit 3 provides graphical representations of the number of certifications by application type (Full BEP, BE BEP, and FastTrack) and by certifying entity. (pages 11, 17-19)

Digest Exhibit 3
PERCENTAGE OF BEP VENDORS BY APPLICATION TYPE AND CERTIFYING ENTITY
 FY24



Note: Certifying Entity pie chart does not include PACE, Mid-States Minority Supplier Development Council, or METRA, which in total certified less than 0.7 percent of BEP vendors; therefore, the percentage totals do not add.

Source: OAG analysis of CEI Annual Report data.

Adequacy and Adherence to Certification Procedures

Auditors determined that the established certification procedures in place for Full BEP and Full VBP applicants are comprehensive and adequate to assure that businesses are legitimately qualified to participate in the programs; however, auditors encountered a lack of documentation suggesting that established procedures were not always followed. Auditors tested a total of 31 certification application files (25 Full BEP and 6 Full VBP). Auditors found deficiencies in 15 of the 32 required documentation requirements. Nine of these documentation requirements were missing for just one or two vendors; however, 6 of the 15 documentation requirements were missing from multiple vendor files. With the absence of these documents, it is hard to determine if these vendors were properly and legitimately certified.

Questionable Basis of Certification

Auditors tested 65 vendor files including 31 Full BEP/VBP files and 34 Recognition Certification files. Auditors in most cases agreed that there was adequate documentation to meet program qualifications; however, based upon available information, auditors could not determine if 3 of the 65 (5%) vendor files tested met the requirements to be qualified for the respective program.

- One Full BEP vendor appeared to be owned by an ineligible owner. The most recent business tax returns provided at the time of certification (2020 and 2021) indicated the ineligible owner was the 100 percent shareholder. The vendor file was missing information such as individual tax returns and the certification analyst did not conduct a site visit or any other in-depth interview to assess ownership and control.
- One Full VBP vendor was certified but auditors could not find documentation to support that: 1) the business had a home office in Illinois; and 2) that the veteran was living in Illinois.
- One BE BEP vendor file lacked evidence of certification by an approved certifying entity.

Inaccessible Data and Documents

CEI was unable to provide all requested documents and was unable to answer some questions from auditors due to a data migration and the inability to access files from the previous system. Not all data or files from the old system were captured and migrated to the new system. According to CEI officials, CEI has files that were migrated from the previous system/database that are encrypted, but neither they nor the Department of Innovation and Technology (DoIT) has been able to access this information. CEI does not know exactly what the files contain or do not contain. In addition to the missing documents, CEI was unable to provide various application and No Change Application processing dates, such as date submitted, date(s) of request(s) for information, and date the application was accepted and ready for a Certification Analyst to review. As a result, auditors

were unable to calculate timeliness of the application and No Change Application processes.

Recognition Certification Entity Program Requirements

Auditors found that during the audit period there was no control in place to ensure vendors certified by FastTrack Recognition Certification entities met the gross annual sales maximum requirement of CEI’s BEP program. In most cases, the documents required by Recognition Certification entities met or exceeded the documentation requirements for CEI’s BEP certification. However, due to not following established procedures and processes from the Recognition Certification agreements, auditors noted that there exists the potential for vendors with gross sales above the CEI maximum (thereby making them ineligible) to be certified within the FastTrack application process. As of May 1, 2025, CEI updated the FastTrack Application Checklist to include a requirement for FastTrack applicants to submit current federal income tax returns including all attachments and schedules. (pages 23-28, 30-32)

Periodic Reviews of Program Qualifications

Full BEP and Full VBP certifications require an annual No Change Application; therefore, vendors who applied with and were certified by CEI are reviewed annually to ensure they remain qualified for participation.

Auditors reviewed a total of 24 No Change Applications required for the 31 Full BEP and Full VBP vendor files auditors tested. Many of the No Change Applications contained all required documents; however, 3 of the 24 were missing the no change affidavit and 9 were missing business income taxes.

Vendors certified by Recognition Certification entities also require annual recertifications or no change affidavits as part of their continued certification process. Additionally, these vendors have annual requirements with CEI based on the entity that certified them. Auditors tested the annual recertification with CEI and found the files to be generally complete; only 2 of 47 (4%) required documents were missing. (pages 32-35)

Compliance

CEI officials contend that compliance enforcement is not within their authority and that CEI has not been given adequate or effective tools to enforce compliance with the BEP Act. The BEP Act allows that if, as a result of its monitoring activities, the Commission determines that its goals and policies are not being met by any State agency or public institution of higher education, the Commission may **recommend to the appropriate State agency or public institutions of higher education to:** 1) initiate legal or administrative remedies for violations of contract provisions or rules; and/or 2) revise its plan to provide additional opportunities for participation for BEP vendors. According to CEI, there is a procedure in place, but neither the Council nor CEI has made any formal recommendations to other State agencies or public institutions of higher

education. Additionally, the BEP Council did not reject any of the required annual compliance plans during FY22-FY24, but it did request revisions.

CEI officials noted that the list of contracts tracked during FY22-FY24 only included contracts with supplier diversity goals under the Chief Procurement Office for General Services, which does not include all construction and non-construction agencies, boards, commissions, public universities, and community colleges. It is difficult for CEI to monitor compliance with the required BEP goals if contracts from all purchasing entities subject to the BEP Act are not tracked. (pages 40-43)

Training

CEI did not have a formalized training process in place for certification staff. Auditors tested training files for two of six CEI certification staff. The two training files lacked documentation to support that the staff received training specific to certification. One of these two certification staff was a new employee, and the training files lacked documentation of the training received during the onboarding process. Without a formalized training process, it is difficult to ensure that certification staff receive adequate and appropriate training during onboarding and throughout employment as Certification Analysts. (pages 44-46)

Audit Recommendations

The audit report contains ten recommendations directed to the Commission on Equity and Inclusion. The Commission on Equity and Inclusion agreed with the recommendations. The complete response from the Commission on Equity and Inclusion is included in this report as Appendix D.

This performance audit was conducted by the staff of the Office of the Auditor General.

SIGNED ORIGINAL ON FILE

JOE BUTCHER
Division Director

This report is transmitted in accordance with Sections 3-14 and 3-15 of the Illinois State Auditing Act.

SIGNED ORIGINAL ON FILE

FRANK J. MAUTINO
Auditor General

FJM:TW

Contents

Report Highlights	
Report Digest	iii
Introduction	1
Background	2
Certification	15
Compliance	36
Training	44
Appendix A – LAC Resolution Number 166	47
Appendix B – Audit Scope and Methodology	49
Appendix C – BEP Council Membership	52
Appendix D – Agency Responses	55

Recommendations

Recommendation 1 – Special Committee	10
Recommendation 2 – Outdated Administrative Rules, Policies, and Procedures	14
Recommendation 3 – Certifying Entity Data Entry	20
Recommendation 4 – Proper Review and Collection of Certification Documents	27
Recommendation 5 – Access to Source Data and Documents	28
Recommendation 6 – Periodic Meetings with Other Certifying Entities	30
Recommendation 7 – Check of Recognition Entity Program Requirements	32
Recommendation 8 – Collection of Required No Change Application Documentation	34
Recommendation 9 – Tracking Contracts	43
Recommendation 10 – Formalized Training Process for Certification Staff	46

Introduction

On February 20, 2024, the Legislative Audit Commission adopted Resolution Number 166 requiring a performance audit of both the State's Business Enterprise Program, including the certification program for businesses owned by minorities, women, and persons with disabilities, and the State's Veterans Business Program (see Appendix A). The Resolution directed that the audit, for the period FY22 and FY23, include but not be limited to the following determinations:

1. Whether certification and recertification procedures are adequate to assure that businesses participating in the Business Enterprise Program are legitimately classified as businesses owned and controlled by minorities, women, or persons with disabilities and that businesses participating in the Veterans Business Program are legitimately classified as a Veteran Owned Business;
2. Whether the established procedures and processes that govern certification of businesses owned and controlled by minorities, women, persons with disabilities, or veterans are being followed;
3. Whether staff responsible for certification of these businesses have received adequate training;
4. What steps are followed to verify information provided by businesses participating in the Business Enterprise Program and the Veterans Business Program, such as review of pertinent documentation, interviews, and on-site visits;

5. Whether the certifications are periodically reviewed to ensure that businesses in the programs continue to be qualified for participation; and
6. Whether procedures for enforcing compliance, including contract termination and contractor suspension, are adequate and uniformly enforced.

In addition to FY22 and FY23, auditors included FY24.

Background

The Business Enterprise Program (BEP) and Veterans Business Program (VBP) are administered by the Illinois Commission on Equity and Inclusion (CEI). Despite the Commission on Equity and Inclusion being a new entity, the BEP and VBP are not new programs. The Business Enterprise Program began in 1984 to encourage participation in the State's procurement process as both prime contractors and subcontractors in the area of goods and services (as opposed to vendors certified through the Illinois Department of Transportation's (IDOT) Disadvantaged Business Enterprise Program for transportation contracts that utilize federal funds). The Veterans Business Program was established in 2011. State contracts that fall under the authority of the Commission on Equity and Inclusion include, but are not limited to: insurance, investment management, information technology, accounting, legal, and architectural and engineering.

The Business Enterprise Program was previously administered by the Department of Central Management Services (CMS) before the responsibility was shifted to the Commission on Equity and Inclusion. The Commission on Equity and Inclusion was created through the passage of the Commission on Equity and Inclusion Act effective January 1, 2022 (30 ILCS 574).

Commission on Equity and Inclusion

The Commission on Equity and Inclusion consists of seven members appointed by the Governor with the advice and consent of the Senate. No more than four members can be of the same political party. The Governor is responsible for designating one member as the chairperson. Each member serves a term of four years and until his or her successor is appointed and qualified. As of July 1, 2024, it appeared the Commission membership complied with the statutory requirements. The Chairperson as of that date was Nina Harris. Exhibit 1 provides a list of Commission members.

Exhibit 1
COMMISSION ON EQUITY AND INCLUSION MEMBERS
 As of July 1, 2024

Name	Term Expiration	Member Since	Affiliation	County
Nina Harris, Chairperson	01/20/25 ¹	11/01/22	Democrat	Sangamon
Van Philip Austin	01/20/25 ¹	07/01/24	Republican	Sangamon
Cleric Richard Costes	01/20/25 ¹	10/05/22	Democrat	Cook
Bruce Montgomery	01/18/27	03/15/22	Democrat	Cook
Ennedy Rivera	01/20/25 ¹	01/28/22	Independent	Cook
Benjamin A. Salentine	01/18/27	06/05/23	Independent	Will
Ovelia Smith-Barton	01/18/27	11/13/23	Democrat	Sangamon

¹ As of February 7, 2025, these members’ terms were continued to January 15, 2029.

Source: Illinois Governor’s Office of Executive Appointments website.

According to the Commission on Equity and Inclusion Act (CEI Act), the Chairperson of the Commission is compensated at the rate of \$128,000 per year. Members are compensated at the rate of \$121,856 per year. In FY22 and FY23, the appropriation for the Chairman’s salary was \$130,200 and \$134,400 respectively, and the appropriation for each of the six members was \$123,933 and \$127,900 respectively. For FY24, the annual salary appropriations increased to \$141,100 for the Chairperson and \$134,300 for each member.

Members can also be reimbursed for expenses actually and necessarily incurred by them in the performance of their duties. Additionally, the CEI Act notes that all members are eligible to receive a pension under the State Employees’ Retirement System of Illinois as provided by Article 14 of the Illinois Pension Code.

Auditors reviewed the meeting minutes from June 2022 through June 2024 and determined that the Commission met monthly in accordance with the CEI bylaws after the first meeting was held on June 24, 2022.

Exhibit 2 provides appropriations and expenditures information for FY22-FY24. The salaries for the Commission on Equity and Inclusion Chairperson and members are not included in this exhibit as these salaries are paid through the Illinois State Comptroller’s budget.

Exhibit 2
CEI APPROPRIATIONS AND EXPENDITURES¹
 FY22-FY24²

Purpose	Appropriations			Expenditures		
	FY22	FY23	FY24	FY22	FY23	FY24
Ordinary/ contingent expenses	\$2,000,000	\$4,000,000	\$4,000,000	\$1,278,780	\$2,595,543	\$3,004,341
Operational expenses	\$1,250,000	\$2,800,000	\$3,100,000	\$127,008	\$540,686	\$1,157,007

¹ The salaries for the Commission on Equity and Inclusion Chairperson and members are paid through the Illinois State Comptroller’s budget and therefore are not included in this exhibit. The total salaries appropriated for FY22, FY23, and FY24 were \$873,800, \$901,800, and \$946,900, respectively.

² CEI was newly created effective January 1, 2022 (halfway through FY22).

Source: Illinois Budget Books.

Executive Director

The Commission on Equity and Inclusion oversees the administration of the Business Enterprise Program. The CEI Act requires the appointment of an Executive Director who is appointed by the Governor and who serves as the chief administrative and operational officer of the Commission, directs and supervises the Commission’s administrative affairs and general management, and performs other duties as required. The Executive Director’s annual salary is set by the Governor. The Executive Director must attend all meetings of the Commission, though the absence of the Executive Director does not invalidate actions taken by the Commission.

The Executive Director may employ and determine the compensation of staff, as appropriations permit. CEI’s staffing predominantly centers around the Business Enterprise Program and Veterans Business Program but also includes an Outreach Program and a Mentor Protégé Program.

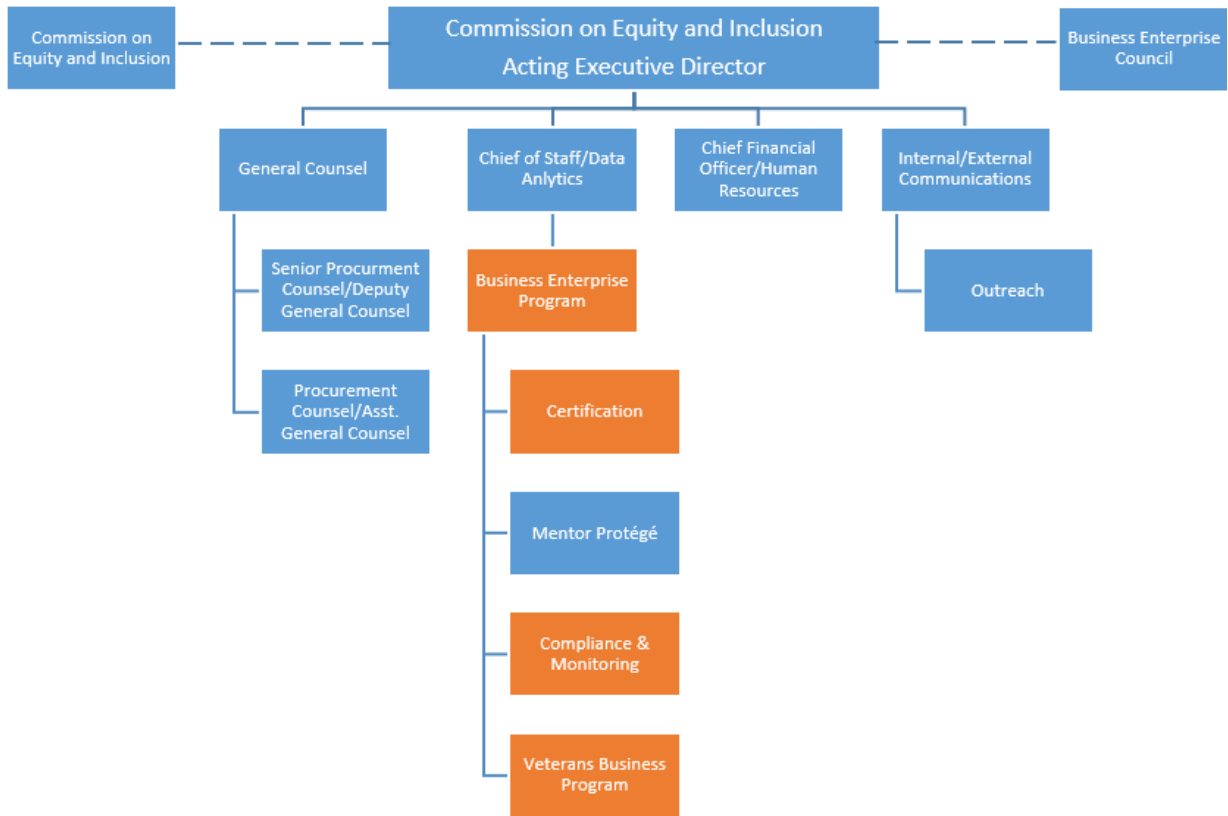
The CEI Act gives the Commission powers and duties, including, but not limited to:

- a role in all State and university procurement by facilitating and streamlining communications between the BEP Council, the purchasing entities, the Chief Procurement Officers, and others;
- the option to create a scoring evaluation for State agency directors, public university presidents and chancellors, and public community college presidents; and
- the ability to propose and submit to the Governor and the General Assembly legislative changes to increase inclusion and diversity in State government.

Exhibit 3 shows a simplified organizational chart for the Commission on Equity and Inclusion as of July 2024. While the organizational chart provided by the

Commission on Equity and Inclusion showed 42 positions for employment, 17 of these positions were vacant, which included 2 positions newly created in the spring of 2024. The Business Enterprise Program accounted for 18 of the 42 positions, 4 of which were vacant including the 2 created in the spring of 2024. The units highlighted in orange in Exhibit 3 were the primary focus of this audit.

Exhibit 3
COMMISSION ON EQUITY AND INCLUSION ORGANIZATIONAL CHART
 As of July 2024



Source: OAG analysis of CEI Organizational Chart.

Business Enterprise Program

The Business Enterprise Program staff, in conjunction with the Business Enterprise Council (BEP Council), are responsible for the day-to-day implementation of the Business Enterprise Program. The BEP Council and the Commission on Equity and Inclusion oversee the Business Enterprise Program.

Business Enterprise Program Staff

The BEP program division is composed of the following units: Certification, Compliance and Monitoring, Mentor Protégé, and Veterans Business Program. The Certification unit certifies minority-owned, women-owned, and persons-with-

disabilities-owned businesses that meet the program requirements. The Compliance and Monitoring unit works to ensure compliance to the State's procurement process regarding various aspects of diversity contracting. The Compliance and Monitoring unit also oversees the contract goal-setting process, Utilization Plan reviews, monitoring of BEP certified subcontractor utilization, and provides reporting and assistance to all agencies, institutions of higher education, and community colleges. The Veterans Business Program unit provides support to veteran-owned businesses throughout the certification process.

As of July 3, 2024, the Certification unit had six Certification Analysts plus a manager, while the Compliance unit had five Compliance Officers plus a manager. CEI officials noted as of August 20, 2024, the Certification unit had created two new positions. Additionally, the Compliance and Monitoring unit had three positions that were yet to be established. The Veterans Business Program had one staff vacancy and shares Certification Analysts and Compliance Officers with the BEP program.

BEP Council

The Business Enterprise Council for Minorities, Women, and Persons with Disabilities was created by the BEP Act with the intention of helping to implement, monitor, and enforce the goals of the BEP Act (30 ILCS 575/5). The intention of the BEP Act was to reduce barriers to participation for these firms by establishing a statewide goal for BEP participation through individual contracts procured throughout the State fiscal year.

According to the BEP Act, the BEP Council should be composed of the following individuals (or their duly appointed representatives):

- Chairperson of the Commission on Equity and Inclusion (BEP Council Chairperson);
- Secretary of the Department of Human Services;
- Director of the Department of Human Rights;
- Director of the Department of Commerce and Economic Opportunity;
- Director of the Department of Central Management Services;
- Director of the Department of Transportation;
- Director of the Capital Development Board;
- Comptroller (advisory member);
- Ten individuals representing businesses that are minority-owned, women-owned, or owned by persons with disabilities (appointed by the Governor);
- Two individuals representing the business community (appointed by the Governor); and

- One representative of public institutions of higher education (appointed by the Governor).

Appendix C provides a list of BEP Council members, including the date their terms expire, titles, and county. As of June 2025, there were no vacancies on the BEP Council.

Members serve two-year terms and are eligible for reappointment. Members serve without compensation but can be reimbursed for expenses. Members with a direct financial or personal interest in any measure pending before the BEP Council must disclose that information to the BEP Council and refrain from participating in the determination for that vendor (30 ILCS 575/5(4)).

The BEP Council Chairperson (Chairperson of the Commission on Equity and Inclusion, Nina Harris) is required to select a Secretary who is responsible for the operation of the program and will serve as the Division Manager of the BEP Division (30 ILCS 575/5(1)).

The BEP Act grants the BEP Council certain authorities and responsibilities:

- Devise a certification procedure to assure that businesses taking advantage of the BEP Act are legitimately classified as businesses owned by minorities, women, or persons with disabilities, and a registration procedure to recognize, without additional evidence of BEP eligibility, the certification of businesses owned by minorities, women, or persons with disabilities certified by the City of Chicago, Cook County, or other jurisdictional programs with requirements and procedures equaling or exceeding those in the BEP Act. (These certifications are referred to as Recognition Certifications and are discussed in more detail in the Certification section beginning on page 15.)
- Maintain a list of all businesses legitimately classified as businesses owned by minorities, women, or persons with disabilities to provide to State agencies and public institutions of higher education.
- Review rules and regulations for implementation of the program.
- Review compliance plans submitted by each State agency and public institution of higher education.
- Make annual reports required by Section 8f of the BEP Act to the Governor and the General Assembly on the status of the program.
- Serve as a central clearinghouse for information on State contracts, including the maintenance of a list of all pending State contracts upon which businesses owned by minorities, women, and persons with disabilities may bid.
- Establish a toll-free telephone number to facilitate information requests concerning the certification process and pending contracts.
- Adopt a procedure to grant automatic certification to businesses holding a certification from at least one of the following entities: the Illinois Unified Certification Program; the Women's Business Development Center in

Chicago; the Chicago Minority Supplier Development Council; or any other similar entity offering such certification to businesses.

- Develop and maintain a repository for non-certified vendors that: have applied for certification and been denied; have started, but not completed, the certification process; have achieved certification, but did not seek renewal; or are known businesses owned by minorities, women, or persons with disabilities.

The BEP Act also grants the Secretary various duties and responsibilities:

- Responsible for the day-to-day operation of the BEP Council.
- Serve as a coordinator for all of the State's programs for businesses owned by minorities, women, and persons with disabilities.
- Establish an enforcement procedure whereby the BEP Council may recommend to the appropriate State legal officer that the State exercise its legal remedies, which include: 1) termination of the contract involved; 2) prohibition of participation by the respondent in public contracts for a period not to exceed three years; 3) imposition of a penalty not to exceed any profit acquired as a result of the violation; or 4) any combination thereof. These procedures must be approved by the BEP Council.
- Devise procedures for the waiver of the participation goals in the appropriate circumstances.

The BEP Act requires regular meetings of the BEP Council. The CEI website contains meeting minutes for the BEP Council from 2011 to 2021. The website also contains meetings for the Certification, Compliance, and Outreach Subcommittees. Auditors reviewed meeting minutes for BEP Council meetings held in FY22-FY24. BEP Council meetings were generally held on a regular basis, meeting about once every two months. However, in FY24, two BEP Council meetings were cancelled (October 2023 and June 2024). Meeting minutes were generally complete and discussed relevant topics.

BEP Subcommittees

There are three subcommittees to the BEP Council:

- The **Certification Subcommittee** reviews certification appeals and guides certification best practices and methods.
- The **Compliance Subcommittee** reviews compliance plan submissions and class exemption requests and supports monitoring, enforcement, and BEP compliance.
- The **Outreach Subcommittee** supports CEI's Outreach unit and connects external stakeholders to BEP to expand BEP outreach initiatives.

Auditors reviewed meeting minutes for the subcommittees for FY22-FY24 and found that the minutes were generally complete and the subcommittees were meeting regularly and addressing relevant topics.

Creation of Special Committee

Effective August 8, 2017, the BEP Act requires the creation of a Special Committee on Minority, Female, Persons with Disabilities, and Veterans Contracting; however, this committee has not met since its inception (30 ILCS 575/8j). The Committee is to review Illinois procurement laws related to these populations. The BEP Act requires three hearings with one held in Springfield and one held in Chicago. The Special Committee is to be comprised of:

- three persons appointed by the Speaker of the House of Representatives (only one may be a current member of the General Assembly);
- three persons appointed by the Minority Leader of the House of Representatives (only one may be a current member of the General Assembly);
- three persons appointed by the President of the Senate (only one may be a current member of the General Assembly);
- three persons appointed by the Minority Leader of the Senate (only one may be a current member of the General Assembly);
- the Director Central Management Services, or his or her designee;
- the Chairperson of the BEP Council, or his or her designee; and
- each Chief Procurement Officer.

One objective of CEI's FY24 Strategic Plan mentions "creation" of the Special Committee. Auditors asked about the appointment status of members and why the establishment of the Special Committee has been delayed:

"CEI made several attempts through various measures to obtain full membership in the Special Committee from September to December 2023, and again in January 2025. . . . In the late summer of 2024, CEI sought a legislative proposal to repeal 30 ILCS 575/8j because of its similarities to the Procurement Task Force in the Illinois Procurement Code. This proposal was denied, which delayed the timeline for convening members."

CEI cited the following as rationale for attempting to repeal the section that established the Special Committee:

- significant salary expenditures to fund CEI's administrative support and oversight of the Special Committee;
- procurement Task Force and Special Committee share many members; and
- overlapping responsibilities.

Auditors confirmed that four members overlapped between the Special Committee and the Procurement Task Force: the Director of CMS, the Chief Procurement Officer of General Services, the Chairperson of the Commission on Equity and Inclusion, and the Assistant Majority Leader. While the Procurement

Task Force and Special Committee shared four members, per the Procurement Code, the Procurement Task Force was repealed internally as of January 1, 2025.

According to CEI, excluding the statutory designees, appointments were made in the following years: four appointments in 2017, two in 2018, two in 2021, and two in 2023; however, three of the appointments made in 2017/2018 have not been confirmed. The first meeting of the Special Committee was anticipated for June 2025 or after. By not holding these three statutorily required Special Committee Hearings, CEI is not in compliance with the BEP Act.

Special Committee

RECOMMENDATION NUMBER

1

The Commission on Equity and Inclusion should ensure the Special Committee obtains full membership and holds three hearings in accordance with the BEP Act (30 ILCS 575/8j).

Commission on Equity and Inclusion Response:

The Commission on Equity and Inclusion (CEI) accepts the recommendation. While membership challenges and overlapping responsibilities with the Illinois Procurement Code Procurement Task Force delayed convening the Special Committee, CEI has since reengaged with appointing authorities and is finalizing outreach to confirm participation. CEI anticipates full committee activation by late fiscal year 2026 and plans to convene all three required hearings beginning in fiscal year 2026. CEI is also updating internal tracking tools to ensure the timely coordination of future Special Committee obligations.

BEP Program Requirements

The intention of the BEP program is to increase the participation of minority-owned businesses, women-owned businesses, and businesses owned by persons with disabilities in State procurement; the BEP Act sets aspirational goals for contracting with these businesses (30 ILCS 575). The goals include, but are not limited to, the following services: insurance, investment management, information technology, accounting, legal, and architectural and engineering. The BEP Act defines many BEP program relevant terms, including minority person, minority-owned business, woman, women-owned business, person with a disability, and business owned by a person with a disability.

State agency contracts with a contract value of \$100,000 or greater are subject to BEP and VBP goals, unless exempted. Prior to January 3, 2019, BEP goal setting only applied to contracts above \$250,000.

The BEP Act established the percentage of the total dollar amount of State contracts to be awarded to businesses owned by minorities, women, and persons with disabilities. The overall statewide goal was previously 20 percent but was increased to 30 percent effective January 1, 2022. In addition to the overall aspirational goal increasing from 20 percent to 30 percent, the individual category goals increased as well:

Recent Changes to the BEP and VBP Programs

Date	Change
1/1/22	BEP goals increased from 20% to 30%
1/1/23	BEP annual gross sales maximum increased from \$75M to \$150M
1/1/24	VBP annual gross sales maximum increased from \$75M to \$150M

- businesses owned by minorities increased from 11 percent to 16 percent;
- women-owned businesses increased from 7 percent to 10 percent; and
- businesses owned by persons with disabilities increased from 2 percent to 4 percent.

These percentages relate to the total dollar amount of State contracts during each State fiscal year, calculated by examining independently each type of contract for each agency or public institution of higher education, which lets such contracts. The goal set for each individual contract is based on the scope of work for the contract and is determined by utilizing the

established goal setting formula, which includes the availability of certified vendors.

To be BEP certified as a minority-owned, woman-owned, or person-with-disability-owned business, a business must meet the following BEP Act requirements:

- have at least 51 percent ownership by a minority, woman, or person with a disability, or in the case of a corporation, ownership of 51 percent of the stock by one or more qualifying persons;
- have at least 51 percent of the business controlled by one or more minority groups, women, or persons with a disability;
- owner must be a citizen of the United States or a lawful permanent resident; and
- have annual gross sales of less than \$150 million (this was previously \$75 million until January 1, 2023).

The Administrative Rules for the Business Enterprise Program note that ownership by eligible group members does not equate to control.

The BEP Act requires all State contract solicitations that include BEP participation goals must require bidders or offerors to include utilization plans. The utilization plan is due at the time of the bid or offer submission. The plan must demonstrate either: 1) a vendor’s commitment to meeting the targeted, contract-specific goal by self-performance or by subcontracting; or 2) show that the vendor has requested a full or partial waiver based on a demonstration of good faith efforts toward meeting the goal. If a utilization plan is not submitted with a bid or offer, the bid or offer must be deemed non-responsive and therefore must be rejected by the State agency or public institution of higher education.

The BEP Act requires that all State agencies and public institutions of higher education adopt policies that identify its plan and implementation procedures for increasing the use of service firms owned by minorities, women, and persons with

disabilities. The BEP Act also requires submittal of these plans and implementation procedures to the Commission on Equity and Inclusion for annual approval (30 ILCS 575/4f(3)).

VBP Program Requirements

While requirements are similar for the Veterans Business Program (VBP), VBP requirements are provided for in the Illinois Procurement Code instead of the BEP Act (30 ILCS 500/45-57). CEI is required to adopt rules to implement compliance with this section by all State agencies. The Illinois Procurement Code defines VBP program relevant terms, including armed forces of the United States, service-connected disability, and qualified service-disabled veteran.

The Illinois Procurement Code states that not less than 3 percent of the total dollar amount of State contracts, as defined by the Commission on Equity and Inclusion, is the set-aside goal for awards to businesses owned by service-disabled veterans and veterans. All State agency contracts (funded in whole or in part with funds appropriated by the General Assembly) valued above \$100,000 are subject to the VBP goal.

The Illinois Procurement Code also lays out the requirements in order to be certified as a VBP vendor. The businesses must be at least 51 percent owned by one or more qualified veterans or service-disabled veterans living in Illinois, or in the case of a corporation, at least 51 percent of the stock owned by one or more qualified veterans or service-disabled veterans living in Illinois.

To be certified as a veteran-owned business, a business must meet the following requirements:

- have at least 51 percent ownership by a qualified veteran who resides in the State of Illinois;
- have annual gross sales of less than \$150 million (this was previously \$75 million until January 1, 2024);
- have a home office in Illinois;
- have a valid DD-214 for the applicant; and
- be an authorized business registered within the State of Illinois.

Synonymous with the requirement for BEP utilization plans, all State contract solicitations that include VBP participation goals must require bidders or offerors to include a utilization plan at the time of the bid or offer submission. The plan must demonstrate either: 1) a vendor's commitment to meeting the targeted, contract-specific goal by self-performance or by subcontracting; or 2) show that the vendor has requested a full or partial waiver based on a demonstration of good faith efforts toward meeting the goal. If a utilization plan is not submitted with a bid or offer, the bid or offer must be deemed non-responsive and therefore must be rejected by the State agency or public institution of higher education.

Outdated Policies and Procedures

CEI has not updated its administrative rules and bylaws to reflect statutory changes. Additionally, CEI did not finalize necessary updates to the Business Enterprise Program Standard Operating Procedure Manual until March 10, 2025. As a result, the BEP and VBP programs have been working with outdated guidance. Some of these updates are needed as a result of the shift from the Department of Central Management Services administering the program as opposed to CEI, while others are needed as a result of program criteria changes in statute.

Outdated Administrative Rules

The BEP Administrative Rules have not been updated to reflect the increase in the BEP contracting goal from 20 percent to 30 percent, despite these changes being approved March 23, 2021, and effective January 1, 2022. Neither the BEP nor the VBP Administrative Rules were updated to reflect the change in the annual gross sales maximum from \$75 million to \$150 million. This change was effective January 1, 2023, for the BEP program and January 1, 2024, for the VBP program.

Other needed updates are the result of shifting responsibility from CMS to CEI. The VBP Administrative Rules refer exclusively to the Department of Central Management Services instead of CEI. Additionally, sections reference CMS administrative rule sections instead of the updated section. For example, within 44 Ill. Adm. Code 40.300, Section 20.20 is referenced when it should be Section 40.20 (after recodification). BEP Administrative Rules still reference contacting the Business Enterprise Bureau when describing what a good faith effort consists of (44 Ill. Adm. Code 30.91).

CEI acknowledged that its administrative rules needed updating. CEI meeting minutes from August 2023 noted that CEI was reviewing and updating both sets of rules and would submit them to the Joint Commission on Administrative Rules (JCAR) once finalized. As of February 2025, CEI had submitted a regulatory agenda regarding the BEP Administrative Rules, but did not anticipate a "First Notice" of proposed rulemaking to be made to the Illinois Register until spring or summer 2025. First Notice is the first step in the proposed rulemaking process and offers the affected public an opportunity to comment on the proposed rules. According to CEI officials, updated VBP rules have not yet been prepared due to the difficulty of managing two sets of rules at the same time, but CEI plans to update those rules after completing the BEP rule update.

Standard Operating Procedure Manual

CEI's Standard Operating Procedure Manual was out of date during the audit period. The manual referenced the previous goal of 20 percent (which was increased to 30% effective January 1, 2022), an outdated version of the Utilization Plan, and the Department of Central Management Services (instead of CEI due to the change in program responsibility). Additionally, the Standard Operating Procedure Manual also noted that when a Certification Analyst requests additional information, businesses are allowed three business days to provide the requested

documents. However, according to CEI officials, as the result of a process improvement initiative aimed at reducing file-processing times, businesses have only been allowed two business days. This change occurred in 2020 or 2021.

When asked about the outdated manual, CEI noted that CEI leadership was reviewing and updating it. Although the outdated manual referenced the 20 percent goal, CEI officials said they were using the 30 percent goal as required by statute. CEI finalized these and other updates to the Business Enterprise Program Standard Operating Procedure Manual on March 10, 2025.

Policies and procedures that are outdated and conflict with program requirements could result in the application of incorrect criteria and therefore noncompliance with statutory requirements. Outdated policies and procedures could also create confusion for applicants and Certification Analysts.

Outdated Administrative Rules, Policies, and Procedures

**RECOMMENDATION
NUMBER**

2

The Commission on Equity and Inclusion should update its administrative rules, policies, and procedures to reflect current statutory requirements.

Commission on Equity and Inclusion Response:

CEI accepts the recommendation and acknowledges the importance of maintaining updated policies and procedures to ensure program compliance and clarity for stakeholders. CEI finalized its revised Business Enterprise Program (BEP) Standard Operating Procedure Manual on March 10, 2025. We are actively updating our administrative rules to reflect statutory changes, including the shift in program responsibility from CMS to CEI, and the increased contracting goal from 20% to 30%. The BEP rule amendments were submitted to the Governor's Office and are currently undergoing the formal rulemaking process. CEI is committed to continuous review and timely revision of all governing documents to align with legal and operational requirements.

Certification

Vendors can be certified directly by CEI or through one of CEI's certification partners. During testing, auditors noted that the certifying entity listed in the applications data was not accurate for 12 of the 65 files tested. If the certifying entity is incorrect, then any reporting that includes the certifying entity is at risk of being inaccurate.

Auditors determined that the established certification procedures in place for Full BEP and Full VBP applicants are comprehensive and adequate to assure that businesses are legitimately qualified to participate in the programs; however, auditors encountered a lack of documentation suggesting that established procedures were not always followed. Auditors found deficiencies in the vendor files for 15 of 32 required documentation requirements. Nine of these documentation requirements were missing for just one or two vendors; however, 6 of 15 documentation requirements were missing from multiple vendor files. With the absence of these documents, it is hard to determine if these vendors were properly and legitimately certified.

Auditors tested 65 vendor files including 31 Full BEP/VBP files and 34 Recognition Certification files. Auditors, in most cases, agreed that there was adequate documentation to meet program qualifications; however, based upon available information, auditors could not determine if 3 of the 65 (5%) vendor files tested met the requirements to be qualified for the respective program.

CEI was unable to provide all requested documents and dates due to the inability to access files from the previous system. In addition to the missing documents, CEI was unable to provide various application and No Change Application processing dates, such as date submitted, date(s) of request(s) for information, and date the application was accepted and ready for a Certification Analyst to review. As a result, auditors were unable to calculate timeliness of the application and No Change Application processes.

The FastTrack Recognition Certification entities do not have a cap on gross sales as a requirement for certification and allow for higher gross sales than what is allowed through CEI BEP certification. It is unclear how CEI was confirming and ensuring that the vendor's gross annual sales did not exceed the gross sales maximum for program eligibility during the period when income tax returns were not required and CEI did not have access to the online certification systems.

Generally, vendor files tested included many of the required documents; however, there were still some missing documents, which would hinder the ability of CEI to ensure vendors continue to be qualified for participation in the programs.

There were a total of 24 No Change Applications required for the Full BEP and Full VBP vendor files auditors tested. Many of the No Change Applications contained all required documents; however, there were 12 documents missing for the 24 No Change Applications tested.

Both BEP and VBP offer options for vendors to become certified with CEI. Vendors can apply for certification directly through CEI or, if certified by one of CEI's certification partners, the vendor can request recognition of their certification. This process is known as Recognition Certification, and the application process for these programs is scaled down from the Full BEP Certification process, requiring less documents. The intention is to minimize

duplication by utilizing the work of other certifying entities, since the vendor already went through a recognized certification process. Recognition Certification programs should already have proven that their program requirements meet or exceed the requirements of CEI's BEP or VBP program.

BEP Certification Options

CEI offers Full BEP Certification as well as two types of Recognition Certification.

Full BEP Certification is a certification conducted by CEI staff and requires submission of numerous documents to verify a vendor's status as owned and controlled by a minority, woman, or person with a disability. A Full BEP Certification is valid for seven years.

To maintain Full BEP Certification, each year vendors must file a No Change Application. The No Change Application includes an affidavit, submittal of a current business license(s), and tax return, all of which are submitted to the BEP Certification unit for review and approval. The no change affidavit requires a vendor to attest that there were no changes in ownership, control, management, or gross sales.

FastTrack Certification is a Recognition Certification and allows vendors certified by one of the FastTrack partner entities to streamline the application process for BEP certification. The FastTrack partner entities are Chicago Minority Supplier Development Council, Mid-States Minority Supplier Development Council, and Women's Business Development Center. According to CEI, the FastTrack Certification typically takes seven business days to process and requires a signed and notarized affidavit and a current certificate/letter from the certifying agency. FastTrack certifications are valid for one year.

Be Enrolled Business Enterprise Certification (BE BEP) is a second Recognition Certification and allows vendors certified by one of the partner entities to apply for BEP certification. The BE BEP partner entities are Cook County, City of Chicago, Chicago Transit Authority, Illinois Department of Transportation, METRA, and PACE. The BE BEP Certification typically takes seven business days to process and requires no documents. BE BEP certification mirrors the partner entity's renewal date. Generally, the partner entities require a no change affidavit or recertification annually.

VBP Certification Options

CEI offers different VBP certification processes as well.

Full VBP Certification is a certification conducted by CEI staff and requires submission of numerous documents to verify a vendor's status as owned and controlled by a veteran or service-disabled veteran. A Full VBP certification is valid for five years.

Each year, vendors must file a No Change Application as part of the yearly review to maintain their certification. The No Change Application includes an affidavit that requires a vendor to attest that there were no changes in ownership,

control, management, or gross sales. All VBP-certified vendors with Full VBP Certification must update business information and submit: a signed and notarized no change affidavit, current business license(s), and tax return to the BEP Certification unit for review and approval.

VBP Recognition Certification allows vendors certified by the U.S. Small Business Administration, the City of Chicago, or Cook County to apply for VBP certification. Upon approval, the VBP Recognition Certification is valid for one year, and the renewal date will mirror the host agency’s renewal date.

Certified Vendor Statistics

Exhibit 4 provides the number of BEP and VBP certified vendors broken down by vendor type for FY22, FY23, and FY24. There were increases in nearly all categories from FY22 to FY24.

Exhibit 4 BEP AND VBP CERTIFIED VENDOR STATISTICS FY22-FY24			
Category	FY22	FY23	FY24
BEP Vendors			
Minority-Owned (Male)	1,322	2,357	2,248
Woman-Owned Caucasian	1,102	1,564	1,498
Woman-Owned Minority	862	1,461	1,271
Persons-with-a-Disability-Owned	29	33	32
Totals	3,315	5,415	5,049
VBP Vendors			
Veteran-Owned/Service-Disabled Veteran-Owned	152	207	231

Source: CEI BEP and VBP Annual Reports.

Exhibit 5 provides a summary of certifications by certifying entity as reported in CEI’s BEP Annual Expenditure Reports. According to the CEI annual reports, the number of BEP vendors grew from 3,315 in FY22 to 5,415 in FY23, an increase of 63 percent but then decreased to 5,049 in FY24. According to the BEP FY23 Annual Expenditure Report, the rise in BEP vendor certifications from FY22 to FY23 was primarily attributed to more vendors becoming actively certified in BEP through reciprocal certification opportunities and effective outreach engagement; this is a logical explanation based on the large increase in certifications by certifying entities such as the City of Chicago and the Illinois Department of Transportation.

The number of VBP vendors also increased from FY22 to FY24 from 152 vendors to 231 (52%). The VBP Annual Report attributed this increase to the VBP staff’s targeted outreach efforts, virtual office hours, and informational webinars directed at prospective vendors throughout Illinois.

Exhibit 5
NUMBER OF BEP AND VBP VENDORS BY CERTIFYING ENTITY
 FY22-FY24

Certifying Entity	FY22	FY23	FY24	Application Type
BEP Vendors				
CEI/BEP Certified	1,896	1,778	1,803	Full BEP
City of Chicago	696	1,673	1,253	BE BEP
Illinois Department of Transportation	107	943	1,143	BE BEP
Cook County	181	360	278	BE BEP
Women's Business Development Center	202	206	215	FastTrack
Chicago Minority Supplier Development Council	181	181	207	FastTrack
Chicago Transit Authority	18	152	116	BE BEP
PACE	14	87	18	BE BEP
METRA	12	19	5	BE BEP
Mid-States Minority Supplier Development Council	8	16	11	FastTrack
Totals	3,315	5,415	5,049	
VBP Vendors				
VOSB/SDVOSB ¹	152	207	231	N/A ¹

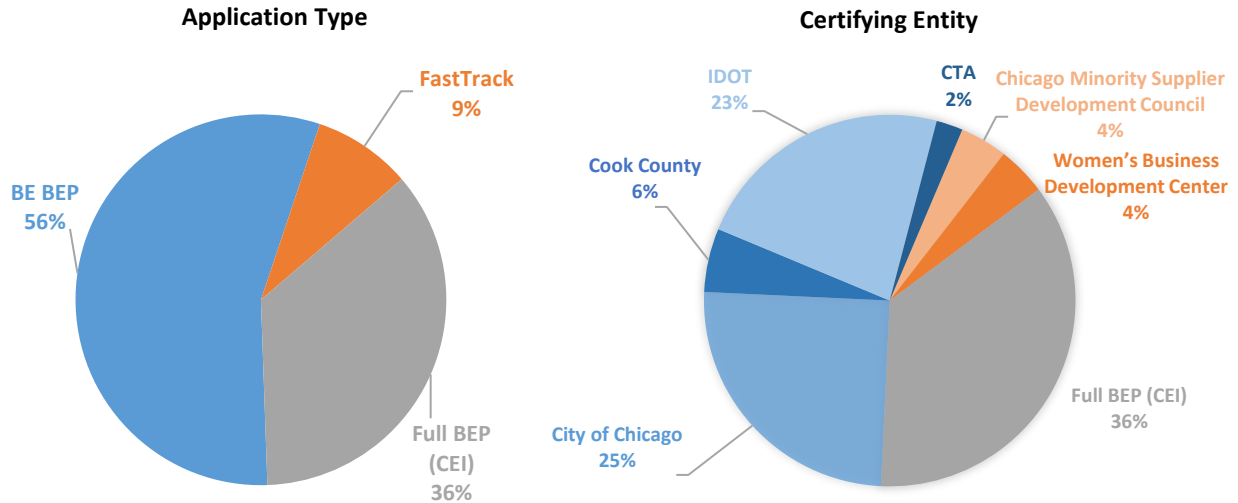
¹ Breakdown by certifying entity was not available for veteran-owned businesses.

Source: CEI BEP and VBP Annual Reports.

Exhibit 6 provides graphical representations of the number of certifications by application type (Full BEP, BE BEP, and FastTrack) and by certifying entity.

Exhibit 6

**PERCENTAGE OF BEP VENDORS BY APPLICATION TYPE AND CERTIFYING ENTITY
FY24**



Note: Certifying Entity pie chart does not include PACE, Mid-States Minority Supplier Development Council, or METRA, which in total certified less than 0.7 percent of BEP vendors; therefore, the percentage totals do not add.

Source: OAG analysis of CEI Annual Report data.

Certifying Entity Data Errors

During testing, auditors noted that the certifying entity was not accurate for 12 of the 65 files tested. Nine of the 12 were noted in the data as being certified by the Commission on Equity and Inclusion, but testing showed instead:

- 3 were certified by the Women’s Business Development Center;
- 2 were certified by the Chicago Minority Supplier Development Council;
- 2 were certified by the U.S. Small Business Association;
- 1 was certified by Cook County; and
- 1 was certified by the City of Chicago.

The remaining 3 were noted in the data as being certified by the City of Chicago, but the certifying entity instead appeared to be Cook County.

Five of the 12 were the result of data entry errors. For three of the five, CEI said that the City of Chicago and Cook County utilize the same platform and share data among both databases, which creates confusion for the analyst during data entry resulting in the data entry errors. Two of the 12 were the result of a change that required an update on the programming code, which was not possible while transitioning to a new system in July 2024. The remaining 5 of the 12 were consistent with the categorization of FastTrack applicants; CEI data showed that 126 out of 127 FastTrack applicants certified in the audit period (FY22-FY24)

had a certification agency of Commission on Equity and Inclusion rather than the Recognition Certification entity.

If the certifying entity is incorrect, then any reporting that includes certifying entity is at risk of being inaccurate, including CEI annual expenditure reports, which note the number of vendors by certification type as presented in Exhibit 5. It is unclear how this impacts vendors and other users of the database and information.

Certifying Entity Data Entry

**RECOMMENDATION
NUMBER
3**

The Commission on Equity and Inclusion should review its certifying entity data to ensure the data accurately reflects the certifying entity.

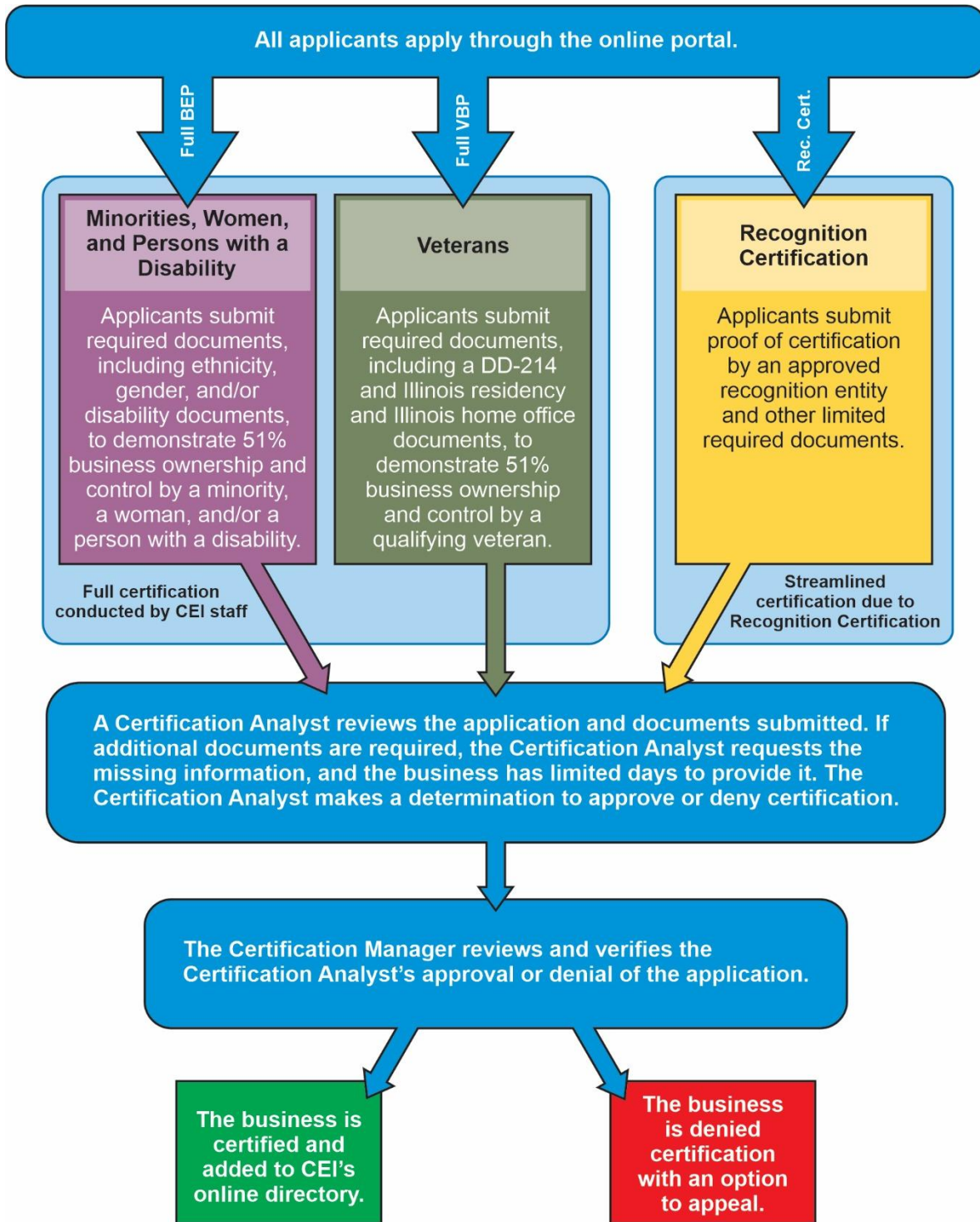
Commission on Equity and Inclusion Response:

CEI accepts the recommendation and recognizes the importance of data accuracy and integrity, particularly concerning certifying entity information. Some discrepancies identified during the audit were the result of platform limitations, shared data systems (e.g., City of Chicago and Cook County), and temporary constraints during CEI's system transition in July 2024. We are implementing updated validation protocols and internal controls within our new supplier diversity system to ensure that the certifying entity is accurately captured and reflected in our records.

Certification Application Process

The BEP and VBP certification processes are similar. Exhibit 7 provides a simplified flowchart of the certification application process during the audit period.

Exhibit 7
BEP AND VBP SIMPLIFIED CERTIFICATION APPLICATION PROCESS



Source: OAG analysis of CEI information.

After registering in the online BEP portal, applicants begin by filling out the online application. The online system asks a series of questions and directs the applicant down the appropriate application track based on their responses. For example, if the applicant answers yes to a question about holding a current woman-owned business enterprise or minority-owned business enterprise certificate from one of the recognized certifying entities, the questions and document requests will be tailored to that specific application track.

All BEP and VBP application tracks essentially go through the same process, but the amount and type of documents required for submittal varies based on the applicant/application track. For example, if the applicant has a Recognition Certification, the applicant will have to provide less documentation because the applicant already submitted documents to the entity granting their certification. A veteran-owned business will have to submit documents to support their qualified veteran status.

After the application track is determined, the applicant will input general information, such as business name and tax information. Next, ownership, management, financial, and facilities information is collected. Applicants will also be required to upload requested documentation.

After completing all necessary sections of the application and uploading mandatory documentation, the user will sign and officially submit the application. A Certification Analyst reviews the application and documents. If additional documents are required, administrative rules require CEI to contact applicants within 15 days after receipt of the application regarding any additional or clarifying information requests.

The review process has undergone some minor changes related to the timelines for a Certification Analyst requesting additional documents. During the audit period, the certification analyst could only issue two requests for information, and the vendor had three business days to respond. Currently, two initial requests are issued, and vendors are allowed two business days to respond; according to CEI, if the vendor does not respond, a third request will be issued with a due date of 15 business days. Upon receipt of all appropriate documents, certification staff has 14 business days to recommend a final decision. As noted later in the report, auditors were unable to test these timeliness standards due to CEI not being able to provide necessary dates.

As part of the certification process, a Certification Analyst may conduct a personal interview and/or an on-site visit; however, not all vendors receive a personal interview or an on-site visit. According to CEI, the Certification unit conducted a total of 107 site visits in FY24. In the 25 Full BEP vendor files and 6 Full VBP vendor files tested, auditors did not find evidence of site visits conducted by CEI.

Once the Certification Analyst makes a determination to approve or deny the application, the Certification Manager reviews the approval or denial for final decision. According to CEI's Administrative Rules, applicants must be notified

within 60 days after receipt of the application as to whether their certification was granted or denied.

If the application is approved, the business is certified and added to CEI's online directory. If the business is denied certification, then the business is afforded the opportunity to request reconsideration (appeal). An appeal consists of a vendor addressing all points raised in the denial letter and including any necessary supporting documentation. The BEP Council's Certification Subcommittee reconsiders the denial decision. The BEP Council must inform the applicant of the reconsideration decision within 30 days after receipt of the request for reconsideration. The administrative rules provide guidelines for review and reconsideration as well as the decertification process.

Adequacy and Adherence to Certification Procedures

Determination one asked auditors to determine whether certification and recertification procedures are adequate to assure that businesses participating in the Business Enterprise Program and the Veterans Business Program are legitimately classified. **Auditors determined that the established certification procedures in place for Full BEP and Full VBP applicants are comprehensive and adequate** to assure that businesses are legitimately qualified to participate in the programs.

Vendors certified by Recognition Certification entities provide significantly less information by design because theoretically the entities already verified all the necessary information. The certification checklists for Recognition Certification entities were fairly extensive and requested many documents. In most cases, the documents required met or exceeded the documentation requirements for CEI's BEP certification; however, auditors noted that there exists the potential for vendors with gross sales above the CEI maximum to be certified within the FastTrack application process. This issue is discussed in more detail in the "Recognition Certification Entity Program Requirements" section (see page 30).

Determination two asked auditors to determine if the established procedures and processes that govern certification of businesses owned and controlled by minorities, women, persons with disabilities, or veterans are being followed. Auditors noted some deficiencies in documenting compliance with procedures. Auditors tested a total of 31 certification application files (25 Full BEP and 6 Full VBP) to determine if the established procedures and processes for certifying vendors were adequate and being followed. In some instances, auditors encountered a lack of documentation suggesting that established procedures were not always followed.

For each of these 31 applications, auditors tested to ensure the required documents were present based on CEI's extensive full certification checklist. The checklist requires documents to support 20 plus questions, some of which require multiple documents. Exhibit 8 lists the required documents and the number of files where we noted a deficiency or lack of documentation.

**Exhibit 8
FULL BEP AND FULL VBP DOCUMENTATION REQUIREMENTS**

	Required Document	Number Missing from Vendor Files
1.	BEP/VBP application affidavit signed by an authorized officer of the firm and notarized	2
2.	Most recent financial statement(s) including balance sheet (assets and liabilities)	0
3.	Most recent U.S. corporate and/or LLC partnership income tax return for the firm and all affiliates (including all attachments and schedules)	7
4.	Most recent U.S. individual income tax returns for all owners (including all attachments and schedules)	16
5.	Bank signature cards and for corporations, bank resolutions	1
6.	Copies of W-2 forms or 1099 forms for past (3) years for all owners and officers	7
7.	Evidence of citizenship/residency/legal permanency for all owners (passport, birth certificate, certificate of naturalization, resident alien cards are accepted)	0
8.	Evidence of ethnicity for all owners (if birth certificates do not indicate ethnicity, provide a notarized, signed, and dated ethnicity statement)	0
9.	Resumes of work history, including dates and responsibilities for all owners, officers, management employees, and supervisors/foremen	2
10.	Proof of contribution(s) by all owners to acquire stock in the company or start-up capital	0
11.	Proof of purchase and/or signed buy-out agreement(s)	0
12.	Equipment lease agreement(s) and/or inventory of equipment, including firm office equipment	3
13.	Real estate agreement(s), lease(s), property deed(s), or tax bill(s), including for home-based businesses and any warehouse rental(s)	1
14.	Cover page, executed signature page, and scope(s) of work for the past (3) completed projects/contracts, purchase orders, and/or invoices verifying the performance of the service	2
15.	Authorization to transact business in Illinois (current Secretary of State Letter of Good Standing)	0
16.	MBE/DBE/WBE/PBE or SBA 8(a) certification(s) or denial(s) or statement of none (if applicable)	6
17.	Current license(s) issued to applicant firm, its owners, and employees (local, county, and state business license(s), permit(s), and professional license(s))	7
18.	Copies of all signed loan agreements and line of credit agreements (if applicable)	0
19.	Title(s) of automotive equipment for all vehicles used for business purposes or leased through the business (if applicable)	0

Exhibit 8
FULL BEP AND FULL VBP DOCUMENTATION REQUIREMENTS

Required Document	Number Missing from Vendor Files
20. Persons with Disabilities: PBE Addendum	0
21. Veterans: DD-214	0
22. Veterans: Home office in Illinois	1
23. Veterans: Resides in Illinois	1
24. Corporation: Articles of Incorporation (front and back pages and all amendments)	1
25. Corporation: By-Laws of Corporation - Original copy and copies of any and all Amendments of resolutions approved by the stockholders and/or Board of Directors as reflected in the meeting minutes	0
26. Corporation: Copies of all stock certificates issued and canceled and stock ledger	0
27. Corporation: Minutes of the first stockholders meeting and/or corporation's organizing minutes	0
28. Corporation: Minutes of first Board of Directors meeting	0
29. Corporation: Most recent minutes of stockholders meeting where the current board members were appointed	0
30. Corporation: Most recent minutes of Board of Directors meeting where the current officers were appointed	0
31. LLC: Articles of Organization	1
32. LLC: Operating Agreement	0

Source: CEI certification checklist and OAG analysis of documents provided.

Auditors found deficiencies in the vendor files for 15 of the 32 required documentation requirements. Nine of these documentation requirements were missing for just one or two vendors; however, 6 of the 15 documentation requirements were missing from multiple vendor files. As can be seen in Exhibit 8, documents missing from six or more vendor files included:

- most recent U.S. corporate and/or LLC partnership income tax return for the vendor and all affiliates;
- most recent U.S. individual income tax returns for all owners;
- copies of W-2 forms or 1099 forms for the past three years for all owners and officers;
- certifications or denials or a statement of none; and
- current local, county, and state business licenses, permits, and professional license (or a statement indicating none are required).

With the absence of these documents, it is hard to determine if these vendors were properly and legitimately certified. For example, federal income tax returns for the business are used to confirm gross receipts are within the program requirements and to identify owners. Individual tax returns, W-2s, and 1099s aid in identifying ownership and control of a business. According to CEI, some of these documents were present at certification but are inaccessible currently due to a change in the online certification system in July 2024. This issue is discussed in more depth in the “Inaccessible Data and Documents” section (see page 27).

Questionable Basis of Certification

Auditors tested 65 vendor files including 31 Full BEP/VBP files and 34 Recognition Certification files. Auditors, in most cases, agreed that there was adequate documentation to meet program qualifications; however, based upon available information, auditors could not determine if 3 of the 65 (5%) vendor files tested met the requirements to be qualified for the respective program.

- One BEP vendor applied for Full BEP certification in October 2022. The most recent business tax returns provided at the time of certification (2020 and 2021) indicated the **ineligible owner was the 100 percent shareholder**. In addition to the question of ownership based on the tax return, auditors noted the following:
 - The ineligible owner (husband of the eligible owner) signed many documents attesting to the ownership and control of the business.
 - There were not any individual tax returns in the vendor file.
 - Only two of the three years’ worth of W-2s were provided.
 - The eligible owner’s resume states that she worked for the business starting in 2014; however, there was not a W-2 for her in 2018.
 - The firm’s business income taxes that were to be submitted with the No Change Application were not provided.
 - The Certification Analyst did not conduct a site visit or any other in-depth interview to assess ownership and control.

According to CEI, the ownership and control were established by a 2013 operating agreement and a union agreement that allows the eligible owner to conduct business without the ineligible owner.

- One Full VBP vendor was certified, but auditors could not find documentation to support that: 1) the business had a home office in Illinois; and 2) that the veteran was living in Illinois. CEI agreed that this was an oversight by the Certification Analyst; however, as of June 2025, the vendor was still listed as certified in the online directory.
- One BE BEP vendor file lacked evidence of certification by an approved certifying entity. Per statute, in order to be approved through the Recognition Certification program, the vendor must hold a valid certification from a recognized certification entity that has been approved by the Business

Enterprise Council. The file contained a certification letter from Ohio, an affidavit, and a tax return. When auditors asked how CEI confirmed BE BEP eligibility, CEI responded that they were unable to address this issue because they were lacking files from a data migration.

The failure to collect all required documents can result in ineligible vendors getting certified and receiving contracts that are intended to continue economic development of businesses owned by minorities, women, persons with a disability, and veterans.

Proper Review and Collection of Certification Documents

RECOMMENDATION NUMBER

4

The Commission on Equity and Inclusion should ensure that all applicants certified through the Full BEP and Full VBP certification process meet the requirements for certification.

The Commission should also improve its process to ensure it collects and retains all documents required for certification.

Commission on Equity and Inclusion Response:

CEI accepts the recommendation and is committed to rigorous and compliant certification procedures. CEI actively collects and retains all documentation required for full BEP and full VBP certification and conducts thorough reviews to ensure that all applicants meet program eligibility standards. Recognizing that some records were inaccessible during the audit period due to a system transition, CEI is diligently working to enhance its document retention practices and data backup protocols. Additionally, we are consistently updating the system to support more robust file tracking, document uploads, and internal audit capabilities. Certification staff are also receiving ongoing training to ensure consistent adherence to documentation and verification standards. These improvements will further strengthen our ability to safeguard program integrity and compliance.

Inaccessible Data and Documents

CEI was unable to provide all requested documents and was unable to answer some questions from auditors due to the inability to access files from the previous system. During the majority of the audit period, CEI was using a paperless, web-based certification management system launched by the Department of Central Management Services in August 2016. However, on June 14, 2024, the transition to CEI's new certification system (Supplier Diversity Management Portal) began, and on July 15, 2024, the new system went live.

Not all data or files from the old system were captured and migrated to the new system. Auditors provided a list of missing documents to CEI. In many instances, CEI acknowledged the lack of documentation and said they provided what was available to them. CEI also could not provide a list of vendors that started, but did not complete, the certification process during FY22-FY24, which is a requirement of the BEP Act (30 ILCS 575/5(2)(i)).

According to CEI officials, CEI has files that were migrated from the previous system/database that are encrypted, but neither they nor the Department of Innovation and Technology (DoIT) has been able to access this information. CEI

does not know exactly what the files contain or do not contain. Auditors first encountered this issue in September 4, 2024, and followed up multiple times to see if CEI had gotten access to its source data and documents. As of March 27, 2025, a CEI official said they were still trying to get access to the data.

In addition to the missing documents, CEI was unable to provide various application and No Change Application processing dates, such as date submitted, date(s) of request(s) for information, and date the application was accepted and ready for a Certification Analyst to review. As a result, auditors were unable to calculate timeliness of the application and No Change Application processes. Administrative Rules require CEI to contact certification applicants within 60 days after receipt of the application to grant or deny certification. The Administrative Rules also require a request for additional information be made within 15 days after receipt of the application; however, auditors were unable to determine if these requests for information were made within the required timelines due to the lack of dates available. CEI officials noted that this information is currently unavailable in the new system.

Without access to source records, the certification of vendors could be called into question. This could potentially result in additional work and unnecessary efforts on the part of Certification Analysts and vendors to complete recertification.

Access to Source Data and Documents

RECOMMENDATION NUMBER

5

The Commission on Equity and Inclusion should work to gain access to the data and documents that are unavailable due to the data migration.

Additionally, CEI should develop a procedure to ensure future data migrations do not result in data that is inaccessible.

Commission on Equity and Inclusion Response:

CEI accepts the recommendation. Access issues resulting from the 2024 transition to the new portal were unexpected and are being addressed in partnership with the Department of Innovation and Technology (DoIT). While CEI has successfully recovered some encrypted data, full access is pending. CEI is working to adopt a revised data migration protocol that includes multi-phase validation and backup safeguards for any future transitions.

Denied Vendors

CEI denied 46 vendors during FY22-FY24. Auditors tested five of these vendors to determine if the denial appeared supported and justified. In all five cases, the certification decision to deny was documented and justified. According to CEI's Administrative Rules, applicants must be notified within 60 days after receipt of the application as to whether their certification was granted or denied. CEI could not provide dates for application processing; therefore, auditors were unable to calculate whether applicants were notified of their denial within 60 days of submitting their application.

Steps Taken to Verify Information

Determination four asked auditors to determine what steps are followed to verify information provided by businesses participating in the Business Enterprise Program and the Veterans Business Program, such as review of pertinent documentation, interviews, and on-site visits.

As part of document verification, a Certification Analyst will perform a review of documents, including gross receipts entered by the vendor, individual income taxes, and other supporting documents. The average gross receipts are calculated for the last three years and the last five years. Supporting documents include mandatory documents, such as the affidavit of certification, most recent financial statements including a balance sheet, and the most recent federal income tax return for the firm and all its affiliates. After review, each document is marked as accepted (or rejected), and the task is marked as completed if there is no additional follow-up.

After documents are verified, a Certification Analyst may:

- conduct a desk audit;
- conduct site visit activities;
- review responses provided for the application checklist and validation questions; and
- submit requests for additional details.

An example of items reviewed during the application audit would be checking to ensure the last three completed projects, contracts, purchase orders, and/or invoices were executed by the owner of the business. After the application audit, a Certification Manager is designated (and notified) to make the final decision on conferring the certification for the vendor. A Certification Manager reviews the certification application, documentation, and the analyst's determination.

Working with Other Certifying Entities

The Business Enterprise Program has been utilizing the work of other certifying entities (requiring varying degrees of additional documentation) since at least 2017. CEI provided three interagency agreements for Recognition Certification with other entities:

- Chicago Minority Supplier Development Council (CMSDC);
- Mid-States Minority Supplier Development Council (Mid-States MSDC); and
- Women's Business Development Center (WBDC).

Effective January 1, 2020, the BEP Act required a registration procedure to recognize, without additional evidence of BEP eligibility, the certification of businesses owned by minorities, women, or persons with disabilities certified by the **City of Chicago**, **Cook County**, or other jurisdictional programs with requirements and procedures equaling or exceeding those in the BEP Act (30 ILCS 575/5(2)).

Effective June 1, 2022, a new section was added to the BEP Act that was very similar to the changes effective January 1, 2020. The new section mentioned recognizing and accepting certification of businesses certified by the City of Chicago and Cook County; however, the new section also specified that recognizing the certification of other entities required the approval of the BEP Council. The new section also reiterates that the certification requirements of these entities must be more restrictive than those required by the BEP program, including, but not limited to, an income level requirement (30 ILCS 575/81).

Another addition to the BEP Act required the BEP Council to adopt a procedure to grant automatic certification to businesses holding a certification from at least one of the following entities: Illinois Unified Certification Program (IL UCP), Women's Business Development Center in Chicago, the Chicago Minority Supplier Development Council, or any other similar entity offering such certification to businesses. This change was effective January 1, 2023.

BEP Administrative Rules require that the other entities must agree to notify the Secretary if their requirements or procedures change in any material way. CEI officials noted that no notifications have been made to the BEP Certification Manager or Deputy Director. Additionally, the Secretary is to meet periodically with the other certifying entities to help ensure BEP Council requirements and procedures are being met. As of August 20, 2024, according to CEI officials, CEI interfaces with Cook County monthly and intended to meet with other certifying entities during Fiscal Year 2025. Without meeting with other certifying entities, CEI is not in compliance with the BEP Administrative Rules (44 Ill. Adm. Code 30.63).

Periodic Meetings with Other Certifying Entities

**RECOMMENDATION
NUMBER
6**

The Commission on Equity and Inclusion should meet with other certifying entities to help ensure BEP Council requirements and procedures are being met as required by the BEP Administrative Rules (44 Ill. Adm. Code 30.63).

Commission on Equity and Inclusion Response:

CEI accepts the recommendation. Monthly meetings with Cook County resumed in fiscal year 2024, and CEI will formalize a meeting schedule with all major certifying partners for fiscal year 2026. These meetings will include crosswalks of eligibility requirements, updates on documentation standards, and alignment on changes to respective program criteria. CEI will maintain documentation of all meetings and report progress to the BEP Council. Additionally, CEI will create a matrix that outlines all requirements for the partner agencies.

Recognition Certification Entity Program Requirements

Auditors found that during the audit period there was no control in place to ensure vendors certified by FastTrack Recognition Certification entities met the gross annual sales maximum requirement of CEI's BEP program.

Auditors chose two of the ten Recognition Certification entities (one FastTrack and one BE BEP) and compared their BEP certification requirements to CEI's BEP certification requirements. Auditors found that for the two entities sampled (City of Chicago and Women's Business Development Center), the certification checklists were fairly extensive and required many documents. Auditors determined that the established certification procedure in place for Recognition Certification applicants is adequate to assure that businesses are legitimately qualified to participate in the programs.

In most cases, the documents required met or exceeded the documentation requirements for CEI's BEP certification. However, due to not following established procedures and processes from the Recognition Certification agreements, auditors noted that there exists the potential for vendors with gross sales above the CEI maximum (thereby making them ineligible) to be certified within the FastTrack application process.

The FastTrack Recognition Certification entities do not have a cap on gross sales as a requirement for certification and allow for higher gross sales than what is allowed through CEI BEP certification. For example, the Women's Business Development Center (WBDC) certifies vendors based on the Women's Business Enterprise National Council Standards and Procedures. These Standards and Procedures indicate that a business could be certified as a woman-owned business and have gross sales above \$500 million, which is much higher than CEI's gross sales limit of \$150 million.

The Certificate Recognition Agreement Amendment in place (between CMS and the Women's Business Development Center) acknowledged that there was not a cap on gross sales as a requirement for certification through the WBDC. The Agreement also notes that the WBDC will provide CMS access to its online certification system in order for CMS to confirm a FastTrack applicant's certification status and revenue range. The Certification Recognition agreement with the Chicago Minority Supplier Development Council (CMSDC) contained the same language. The Mid-States MSDC Certification Recognition Agreement also states that the Mid-States MSDC does not have a cap on gross sales as a requirement for certification.

Contrary to the agreements with WBDC and CMSDC, CEI reported that they do not have access to the online certification system. Without access to these systems, CEI's only option for checking gross sales was based on gross receipts information entered by the vendor in the application; however, this information cannot be verified without a copy of the vendor's income taxes. According to CEI, a copy of income taxes was a requirement until sometime during FY21, when the requirement was removed; this requirement was reinstated on February 17, 2025. It is unclear how CEI was confirming and ensuring that the vendor's gross annual sales did not exceed the gross sales maximum for program eligibility during the period when income tax returns were not required and CEI did not have access to the online certification systems. The gross sales maximum was \$75 million until January 1, 2023, when it changed to \$150 million.

Auditors tested FastTrack applications with certification dates in 2024, which included three certified by the Women’s Business Development Center and two certified by the Chicago Minority Supplier Development Council. Auditors requested all related certification documents, and the certification documents auditors received for these five vendors did not include any company income taxes. As shown in Exhibit 5, in FY24, there were 215 vendors certified by the Women’s Business Development Center and 207 vendors certified by the Chicago Minority Supplier Development Council.

As of May 1, 2025, the FastTrack Application Checklist was updated to include a requirement for FastTrack applicants to submit current federal income tax returns including all attachments and schedules.

The agreements provided access to online certification systems, but CEI did not have access to these systems, and as a result, CEI potentially certified vendors that exceeded the gross sales maximum. Utilizing Certification Recognition Agreements that are outdated could put CEI at risk of certifying vendors that are not eligible and underutilizing available resources.

Check of Recognition Entity Program Requirements

**RECOMMENDATION
NUMBER
7**

The Commission on Equity and Inclusion should review the Certification Recognition Agreements in place to ensure all terms of the agreements are still being met and update the agreements as appropriate.

Commission on Equity and Inclusion Response:

CEI accepts the recommendation and will ensure all certification recognition agreements are current, enforceable, and aligned with statutory and program requirements. A thorough review of active agreements will be performed to ensure they align with current legal, regulatory, and operational standards, followed by outreach to recognition entities to address any compliance or operational concerns. When provisions are outdated, CEI will update agreements to clarify obligations, enhance performance expectations, and include remedies for non-compliance. Going forward, CEI will adopt an aspirational biennial review schedule and add interim compliance checks into annual monitoring activities to keep agreements current and effective. These steps will resolve the audit finding and create an ongoing process to maintain the integrity and consistency of the recognition entity framework.

Periodic Reviews of Program Qualifications

Determination five asked auditors to determine whether certifications are periodically reviewed to ensure that businesses in the programs continue to be qualified for participation. Generally, vendor files tested included many of the required documents; however, there were still some missing documents, which would hinder the ability of CEI to ensure vendors continue to be qualified for participation in the programs.

Full BEP and VBP Annual Recertifications

Full BEP and Full VBP certifications require an annual No Change Application; therefore, vendors who applied with and were certified by CEI are reviewed annually to ensure they remain qualified for participation. These annual No Change Applications require submittal of three items: BEP or VBP application affidavit signed by an authorized officer of the firm and notarized; current federal income taxes with all schedules and attachments, including affiliate business income taxes; and any applicable (and current) licenses or permits.

Auditors reviewed No Change Applications for Full BEP and Full VBP. There were a total of 24 No Change Applications required for the Full BEP and Full VBP vendor files auditors tested. The number required was based on the most recent full certification date and any subsequent No Change Applications that should have been submitted during our FY22-FY24 audit period. Many of the No Change Applications contained all required documents; however, there were some documents missing for the 24 No Change Applications including:

- 3 out of 24 were missing the no change affidavit; and
- 9 out of 24 were missing business income taxes.

Exhibit 9
DOCUMENTS MISSING FOR FULL BEP/FULL VBP NO CHANGE APPLICATION TESTING
 FY22-FY24

Type	No Change Applications Tested	Missing Documents	
		Affidavit	Business Income Taxes
Full BEP	20	3	8
Full VBP	4	0	1
Total	24	3	9

Source: OAG analysis of CEI vendor files.

These numbers include two No Change Applications for which auditors did not receive any documents.

Auditors attempted to calculate timeliness for the submittal of No Change Applications; however, dates were not available due to the system migration issues discussed previously.

Without receiving the No Change Applications and all required documents, it would be difficult for CEI to ensure that vendors in the programs continue to be qualified as a certified vendor.

Collection of Required No Change Application Documentation

RECOMMENDATION NUMBER

8

The Commission on Equity and Inclusion should ensure No Change Applications are submitted and contain all required documents to ensure vendors continue to be qualified for certification.

Commission on Equity and Inclusion Response:

CEI accepts the recommendation. CEI currently requires certified vendors to submit annual No Change Affidavit applications, including all mandated supporting documentation, to maintain active certification status. Vendors who fail to comply with these requirements face deactivation and removal from the active public directory. CEI has measures in place to strengthen this process, such as ongoing staff training, tracking, and automated reminders within the Supplier Diversity Management Portal. These efforts help ensure continued vendor eligibility and protect the program's integrity.

Recognition Certification Annual Reviews

Vendors certified by Recognition Certification entities also have required annual reviews conducted by their certifying entity. The Recognition Certification entities require annual recertifications or no change affidavits as part of their continued certification process. Additionally, these vendors have annual requirements with CEI based on the entity that certified them.

Exhibit 10
DOCUMENTS MISSING FOR RECOGNITION CERTIFICATION
FY22-FY24

Type	Recognition Certificate	Affidavit	Business Income Taxes
BE BEP	1 of 25	Not Required	Not Required
FastTrack	0 of 5	0 of 5	Not Required ¹
VBP	0 of 4	1 of 4	0 of 4

¹ Business income taxes not required for FastTrack vendors until February 2025.

Source: OAG analysis of CEI vendor files.

Auditors tested the annual recertification with CEI and found the files to be generally complete. Exhibit 10 shows that only 2 of 47 (4%) required documents were missing.

Vendors certified as BE BEP need only to confirm their BE BEP certification through the online portal annually (no other documentation is needed) to obtain and maintain BE BEP certification through CEI. Auditors tested 25 vendors certified through the BE BEP Recognition Certification track; 24 of the 25 files contained proof of BE BEP registration through a recognized certification entity. Based on the available information, it appears as though CEI certified the 1 remaining vendor based on a certification letter from an unapproved entity in

Ohio. Recognition Certification must be from a certification entity approved by the Business Enterprise Council; therefore, certification from an unapproved entity is not in compliance with the Business Enterprise Act. This certification issue was discussed previously in the “Questionable Basis of Certification” section (see page 26). CEI was unable to address this issue due to a lack of files in data migration, which was previously discussed as well.

During our testing period, vendors certified as FastTrack vendors were required to submit annually: 1) a BEP Certification Application Affidavit, which must be signed by an authorized officer of the firm and notarized; and 2) a current certification from the recognized certification entity. Auditors tested five FastTrack vendor files. In these files, there was evidence of a Certification Application Affidavit and Recognition Certificate in all five of the files tested. As noted previously, FastTrack vendors are required as of February 17, 2025, to also submit the business' most recent federal income tax return.

Vendors certified as a VBP Recognition vendor had to submit the same items as the FastTrack vendors and also must submit the most recent business income taxes. Auditors tested four vendors certified through the VBP Recognition track. The four files contained all required Recognition Certificates and business income taxes; however, CEI could not provide the Certification Affidavit for one of the four files.

Compliance

CEI officials contend that compliance enforcement is not within their authority and that CEI has not been given adequate or effective tools to enforce compliance with the BEP Act. The BEP Act allows that if, as a result of its monitoring activities, the Commission determines that its goals and policies are not being met by any State agency or public institution of higher education, the Commission may **recommend to the appropriate State agency or public institutions of higher education to:** 1) initiate legal or administrative remedies for violations of contract provisions or rules; and/or 2) revise its plan to provide additional opportunities for participation for BEP vendors. According to CEI, there is a procedure in place, but neither the Council nor CEI has made any formal recommendations to other State agencies or public institutions of higher education. Additionally the BEP Council did not reject any of the required annual compliance plans during FY22-FY24, but it did request revisions.

CEI officials noted that the list of contracts tracked during FY22-FY24 only included contracts with supplier diversity goals under the Chief Procurement Office for General Services, which does not include all construction and non-construction agencies, boards, commissions, public universities, and community colleges. It is difficult for CEI to monitor compliance with the required BEP goals if contracts from all purchasing entities subject to the BEP Act are not tracked.

CEI's role in BEP compliance requires significant involvement with the State agencies and public institutions of higher education that contract with the vendors. The BEP Act requires State agencies and public institutions of higher education to:

- file with the BEP Council an annual compliance plan, which outlines the State agency's or public institution of higher education's goals for contracting with businesses owned by minorities, women, and persons with disabilities;
- monitor a vendor's compliance with its utilization plan and the terms of its contract and to evaluate a contractor's fulfillment of the contract goals for participation by BEP businesses; and
- prepare and file with the Secretary a report of the vendor's compliance with the contract goals.

Per the BEP Act, it is the responsibility of the Business Enterprise Program to:

- review and approve the annual compliance plans, which outline compliance goals;
- review and make a determination for written requests for individual contract exemption (from BEP goals); and
- develop procedures for determining whether a vendor has made good faith efforts to meet the contract goals upon the expiration or termination of a contract.

Agency Compliance Plans

The BEP Act requires each State agency and public institution of higher education under the jurisdiction of the BEP Act to file with the BEP Council an annual compliance plan, which outlines the goals of the State agency or public institution of higher education for contracting with businesses owned by minorities, women, and persons with disabilities for the then current fiscal year. The annual compliance plan is to include the manner in which the agency intends to reach these goals and a timetable for reaching the goals. The BEP Council is required to review and approve these plans and may reject any plan that does not comply with the BEP Act or the Administrative Rules of the program.

According to CEI officials, the BEP Council did not reject any compliance plans during FY22-FY24, but it did request revisions, based on exemption request reviews and determinations, for six plans in FY24 and four plans in FY23.

The BEP Act also requires each State agency and public institution of higher education to file with the BEP Council an annual report of its utilization of businesses owned by minorities, women, and persons with disabilities during the preceding fiscal year, including lapse period spending and a mid-fiscal year report of its utilization to date for the then current fiscal year. This information is compiled by CEI and presented in the annual report due March 1 each year.

Allowable Exclusions from BEP Goals

The BEP Act defines good faith efforts and allows for exemptions, waivers, and exceptions from BEP contracting goals. Prior to contracting, the BEP Act allows exemptions and waivers to BEP contract goals. Exemptions are requested by the State agency or public institution of higher education, while waivers are requested by the vendor. Exemptions are requested prior to the advertisement for bids or solicitation of proposals. Waivers are requested prior to the contract award. After award of the contract, if a vendor fails to meet goals agreed to in the vendor's utilization plan, the vendor must seek a good faith efforts exception. Exhibit 11 summarizes some of the differences of the good faith effort allowances.

Exhibit 11

GOOD FAITH EFFORT OPTIONS

	Requester	Point in process	Approval by
Exemptions	State agency or public institution of higher education	Early research and solicitation of bids	BEP Compliance staff
Waivers	Vendor	Prior to contract award	BEP, Capital Development Board, or public institutions of higher education ¹
Exceptions	Vendor	Post award, pre-contract expiration	State agency or public institution of higher education

¹As of July 1, 2024, BEP staff approve or deny all good faith effort waiver requests.

Source: OAG analysis of CEI information.

Exemptions

Prior to contracting, the BEP Act allows exemptions to BEP contract goals. Exemptions are requested by the State agency or public institution of higher education prior to the advertisement for bids or solicitation of proposals.

Individual contract exemptions are allowed upon written request by the agency or public institution of higher education to be made wholly or partially exempt from State contracting goals for businesses owned by minorities, women, and persons with disabilities. There must be a determination, in writing and based on the best information available at the time, that there is an insufficient number of businesses owned by minorities, women, and persons with disabilities to ensure adequate competition and an expectation of reasonable prices on bids or proposals solicited for the individual contract or contract package in question (30 ILCS 575/7). BEP Compliance staff make a determination as to whether or not the exemption is granted.

Waivers for Good Faith Efforts

Prior to contracting, the BEP Act allows waivers to BEP contract goals. Waivers are requested by the vendor prior to the contract award.

Vendors have the right to request a waiver from established BEP goals. The BEP program must evaluate a vendor’s request based on the vendor’s documented good faith efforts to meet the contract-specific BEP goal. Good faith efforts are defined by the BEP Council as the bidder or offeror demonstrating it took all necessary and reasonable steps to achieve the BEP goals, which, by their scope, intensity, and appropriateness to the objective, could reasonably be expected to obtain sufficient BEP participation, even if those steps were not fully successful.

The BEP Council created guidance that provides definitions and types of actions that will be considered in evaluating good faith efforts. Good faith efforts are also

documented as part of the utilization plan submitted by each bidder or offeror as part of its bid or offer.

BEP Compliance staff will grant the waiver if a contractor demonstrates that there has been a good faith effort to comply with the goals for participation by businesses owned by minorities, women, and persons with disabilities.

During the audit period, the Capital Development Board (CDB) and public institutions of higher education were reviewing and making their own determinations on vendor good faith effort waiver requests (submitted before contract award). This was permitted by a resolution of the BEP Council issued in July 2013. All other purchasing entities subject to the BEP Act were required to submit those vendor good faith effort waiver requests to CEI staff for review and determination (approval or denial).

Effective July 1, 2024, a BEP Council resolution (dated February 26, 2024) changed the process by giving CEI the responsibility of determining all vendor good faith effort waiver requests, including those of the Capital Development Board and public institutions of higher education. The Capital Development Board and public institutions of higher education are permitted to conduct their own evaluations and issue recommendations for CEI's consideration, but the final determination is CEI's. According to CEI, the process was changed to ensure the waiver review and determination process better aligned with the expectations of the BEP Act and to promote a standardized review and determination process for all purchasing entities subject to the BEP Act.

Good Faith Effort Exceptions (Post Award)

Vendors are required to fulfill BEP contract goals or risk being in breach of their contracts. If in breach of a contract, a vendor could be subject to remedies or sanctions, including cancellation of a contract, ineligibility for contract renewal, decertification, disqualification of the vendor from doing business with the State for a period of no more than one year, or cancellation of any contract entered into by the vendor without any penalty to the State.

Good faith effort exceptions can be requested by the vendor prior to the expiration or termination of a contract. If a vendor fails to meet goals agreed to in the vendor's utilization plan, that vendor must demonstrate good faith efforts toward meeting the goal. The State agency or public institution of higher education must then issue a waiver after concurrence by the Chief Procurement Officer. The Chief Procurement Officer is required to maintain on his/her official website a database of waivers granted with respect to contracts under his or her jurisdiction, which is discussed in the Procurement Office Waiver Requirements section below. This was due to a change to the Illinois Procurement Code effective March 23, 2021.

The BEP Act requires the Business Enterprise Program to have procedures for determining whether a vendor has made good faith efforts to meet the contract goals upon the expiration or termination of a contract. CEI's Administrative

Rules include a section on contract commitment and good faith efforts, which addresses this BEP Act requirement.

A vendor may be excused from the breach of contract remedies or penalties by showing a good faith effort. To claim good faith relief, the vendor must fully document, in writing, the steps taken to obtain BEP certified vendors as subcontractors and remain in compliance. At a minimum, a good faith effort must consist of:

- contacting the Business Enterprise Bureau at least 15 days prior to the need and requesting referrals from the certified vendor list and from any other list maintained by the Bureau;
- advertising in the official State newspaper or a local newspaper as time permits; and
- contacting appropriate organizations such as unions, contractor associations, and organizations related to minorities, women, or persons with a disability.

Procurement Office Waiver Requirements

Procurement Officers have certain responsibilities related to good faith effort waivers. The Chief Procurement Officer must post the completed waiver form on his or her official website within five business days after receipt from the State agency or public institution of higher education. Additionally, Chief Procurement Officers are to maintain a database of good faith effort waivers granted with respect to contracts under his or her jurisdiction. Each Chief Procurement Officer is required by statute to maintain on his or her official website a database of the following: 1) waivers granted; 2) an agency's written request for a BEP goal exemption on a single contract or class of contracts; and 3) the BEP Council's written determination granting or denying a request for an exemption. The database is to be updated periodically as necessary and must be searchable by contractor name and by contracting State agency.

Enforcement

Determination six asked auditors to determine whether procedures for enforcing compliance, including contractor termination and contractor suspension, are adequate and uniformly enforced. CEI officials contend that compliance enforcement is not within their authority.

BEP Enforcement

According to CEI, neither the BEP Act nor CEI's Administrative Rules give CEI adequate or effective tools to enforce compliance with the BEP Act. CEI added that, without investigatory powers, CEI could only take action (disqualify a contractor or unilaterally cancel a contract between a purchasing agency and a non-complying vendor) if the vendor acknowledges its failure to meet the goal.

Specifically, the BEP Act states, "*The Commission on Equity and Inclusion shall make findings, recommendations, and proposals to the Governor as are necessary and appropriate to enforce this Act.*"

The BEP Act goes on to say that if, as a result of its monitoring activities, the Commission determines that its goals and policies are not being met by any State agency or public institution of higher education, the Commission may **recommend to the appropriate State agency or public institutions of higher education** any or all of the following (emphasis added):

- **Initiate legal or administrative remedies:** The Commission can recommend legal or administrative remedies be initiated for violations of contract provisions or rules. Consequently, State agencies and public institutions of higher education must be authorized to adopt remedies for violations, including termination of the contract involved, prohibition of participation of the respondents in public contracts for a period not to exceed one year, imposition of a penalty not to exceed any profit acquired as a result of the violation, or any combination thereof.
- **Revision of BEP compliance plans:** If the BEP Council concludes that a compliance plan is unlikely to produce the participation goals for businesses owned by minorities, women, and persons with disabilities within the current fiscal year, CEI can recommend that the State agency or public institution of higher education revise its plan to provide additional opportunities for participation for BEP vendors.

CEI is required by the BEP Act to have enforcement procedures in place to be able to **recommend** actions. According to CEI, there is a procedure in place, but neither the Council nor CEI has made any formal recommendations to other State agencies. However, CEI officials noted that they regularly remind purchasing entities of their enforcement responsibilities at various stages of a contract's lifecycle as part of the contract monitoring process, annual expenditure reporting, procurement scorecard feedback, and compliance plan review.

CEI's Administrative Rules include a section on violations by vendors. The rules state that, upon violation of the BEP Act, the State may pursue any or all of the following actions:

- decertify the vendor or deny an application for certification (for example, for refusing to supply requested information);
- cancel, without penalty to the State, any contract entered into by the vendor for certain violations (for example, for business having annual gross sales that exceed the program maximum); and/or
- suspend a vendor from the program for a period of no more than one year and a contracting agency may cancel a contract for certain violations.

Additionally, a vendor could be suspended from further contracting with the State depending on the seriousness of the violation.

VBP Enforcement

Similar to BEP, the VBP enforcement authority lies more with another entity. The Illinois Procurement Code gives authority to enforce penalties to the Chief Procurement Officers. The Chief Procurement Officers can suspend any vendor,

for a period of not less than three years, for obtaining or retaining certification as a disadvantaged business through fraudulent means or by making false statements. The Chief Procurement Officers are required to maintain a list of all persons that committed violations resulting in suspension. If a suspension happens, the Commission on Equity and Inclusion then must revoke the business' certification for a period of not less than three years as well.

Remedies and Sanctions for Enforcing Compliance

Auditors asked what type of remedies and sanctions CEI has used if a vendor failed to meet contract goals. CEI responded that in 2022, it accepted a settlement offer from Public Consulting Group, LLC, due to numerous violations. The settlement consisted of a voluntary, temporary suspension from bidding on State contracts (until August 1, 2025) and a payment of \$300,000 to CEI.

Auditors asked if CEI recommended revisions of BEP compliance plans when CEI concluded that a compliance plan was unlikely to produce the participation goals within the current fiscal year. According to CEI officials, the BEP Council did not reject any compliance plans during FY22-FY24, but it did request revisions, based on exemption request reviews and determinations, for six plans in FY24 and four plans in FY23.

Determination six asked if the procedures for enforcing compliance are adequate. CEI does not feel it has adequate or effective tools to enforce compliance.

Determination six also asked if the procedures for enforcing compliance are uniformly enforced. Since there was only one action taken against a vendor and it appears that action was not initiated by CEI and CEI asserts that it does not have adequate or effective tools to enforce compliance, auditors could not test whether CEI has adequately and uniformly enforced compliance. Therefore, auditors chose to inquire of purchasing entities regarding enforcement actions taken.

Auditors requested a list of contracts tracked during FY22-FY24. This list included the BEP goal, the amount/percent of the goal achieved, contracting agency, etc. Auditors used the list to identify 80 contracts completed in FY22, FY23, or FY24. Of those 80, 41 did not meet the BEP contract goal. Of these 41, 21 were shy of their goal by 7 percent or less. Auditors chose five contracts to follow up with the purchasing entities to see if any enforcement actions were taken or if there was a good faith effort review. These five contracts had five different purchasing entities and, according to BEP's list, missed their goal by 10 percent or more. One of these contracts had a good faith effort review, which would negate the need for enforcement actions. Auditors followed up with the purchasing entities on the remaining four contracts.

- One of the purchasing entities reported utilizing enforcement actions (not renewing the contract) on its contract;
- One of the purchasing entities reported that the utilization plan for the contract in question had been updated; therefore, no enforcement action was necessary;

- One of the purchasing entities reported reviewing the contract to determine why the goal was not met and noted that the contract had two components, which complicated the goal achievement calculation; and
- One of the purchasing entities noted that the prime contractor was/is a certified BEP contractor; therefore, the goal was self-fulfilled by the prime contractor.

When asked if the entities utilized enforcement actions in general (not just on the contracts auditors inquired about), two out of the four entities reported using enforcement actions in the past when vendors did not meet BEP goals. Both provided, as an example of an enforcement action, opting to not renew a contract. The third entity noted that goal monitoring was previously reviewed when a contract had an upcoming renewal term available. However, that purchasing agency has moved toward straight contract terms. Additionally, the agency reported it has a project in its early stages to request prime vendors report spending to certified subcontractors to allow for better monitoring of contract usage, goal achievement, and the follow-up with prime vendors on reaching and/or exceeding participation goals.

CEI officials noted that the list of contracts tracked during FY22-FY24 only included contracts with supplier diversity goals under the Chief Procurement Office for General Services, which oversees the goods and services purchases for approximately 65 agencies, boards, and commissions. However, CEI officials said the new Supplier Diversity Management Portal will eventually track contracts from all purchasing entities subject to the BEP Act, including construction and non-construction agencies, boards, commissions, public universities, and community colleges.

It is difficult for CEI to monitor compliance with the required BEP goals if contracts from all purchasing entities subject to the BEP Act are not tracked.

Tracking Contracts

RECOMMENDATION NUMBER

9

The Commission on Equity and Inclusion should track contracts from all purchasing entities subject to the BEP Act to monitor compliance with the required goals.

Commission on Equity and Inclusion Response:

CEI accepts the recommendation and is actively enhancing its ability to track contracts from all purchasing entities subject to the BEP Act. Although this functionality was partially available in the previous supplier diversity management portal, CEI transitioned to a new platform in July 2024 and is now collaborating with the vendor to configure equivalent and enhanced tracking capabilities. This upgrade will enable CEI to monitor compliance with supplier diversity goals in real-time and produce reports that support proactive engagement with purchasing entities. In the meantime, CEI is utilizing existing data sources and manual tracking to maintain oversight. These combined efforts will ensure that CEI not only addresses the audit finding but also reinforces long-term contract monitoring processes.

Training

CEI did not have a formalized training process in place for certification staff. Training files for two of six CEI certification staff lacked documentation to support that the staff received training specific to certification. One of these two certification staff was a new employee, and the training files lacked documentation of the training received during the onboarding process.

Determination three asked auditors to determine whether staff responsible for certification of businesses have received adequate training. Auditors found that CEI did not have a formalized training process in place for certification staff.

As of July 3, 2024, the Certification unit had six Certification Analysts plus a manager, while the Compliance unit had five Compliance Officers plus a manager. CEI officials noted as of August 20, 2024, the Certification unit had two newly created positions. When the Business Enterprise Program transitioned from CMS to the newly created Commission on Equity and Inclusion, the BEP staff, including Compliance and Certification staff, all transitioned over. The Veterans Business Program shares Certification Analysts and Compliance Officers with the BEP program.

Testing of Training Files

Auditors tested training files for two CEI certification staff. Auditors chose a certification staff person new to CEI during our audit period as well as a staff person with several years of experience.

According to CEI officials, CEI certification staff are provided training on 15 certification related topics including, but not limited to:

- how to analyze an operational agreement and bylaws to determine the control of an applicant vendor;
- how to review and analyze meeting minutes as they relate to ownership and control;
- how to review federal and personal income tax returns for ownership determinations; and
- training on CEI's role in procurement.

Auditors asked for any applicable training(s) provided to certification staff during FY21-FY24. CEI provided a list of 15 trainings. Auditors compared the list of 15 trainings with the documentation received for each certification staff person. Both employees only had documentation to support training for 1 of the 15 trainings:

- For one employee with multiple years of experience, there was documentation to support completion of 1 of the 15 trainings: CMS Procurement 101 training.

- For one employee new to CEI during the audit period, there was documentation to support completion of 1 of the 15 trainings: CEI's Role in Procurement: A Comprehensive Overview.

CEI provided support for other trainings, but they were general State employee trainings such as Ethics, Security Awareness, and Harassment and Discrimination Prevention Training. The employee new to CEI in March 2023 received the following four trainings in March 2023:

- Ethics Training Program for State Employees and Appointees 2023;
- 2023 Civilian Response to Active Violence and Critical Incidents;
- Mandatory State of Illinois Disability Survey 2023; and
- Harassment and Discrimination Prevention Training 2023.

According to CEI, the new employee received comprehensive training, which included all of the training topics as part of their onboarding process. However, CEI could not provide documentation of the onboarding process (for example, list of training topics covered with dates the training was received).

Regarding ongoing analyst training, according to CEI, training is conducted in team huddles throughout the year as necessary, alongside regular monthly meetings; however, documentation of these trainings was also limited and auditors could not confirm how often team huddles included training. Auditors received two team huddle agendas for FY22 and two for FY24. No other agendas were available. According to CEI, two office relocations resulted in some boxes being misplaced, lost, or destroyed. Additionally, CEI said that transitioning from desktops to laptops made it difficult to retrieve the necessary documentation.

Without a formalized training process, it is difficult to ensure that certification staff receive adequate and appropriate training during onboarding and throughout employment as Certification Analysts. Training is essential for ensuring staff are able to navigate changes in regulations and other factors that influence daily operations. According to CEI, the Certification unit is determining whether employees need refresher training on the topics covered in onboarding.

Formalized Training Process for Certification Staff**RECOMMENDATION
NUMBER****10**

The Commission on Equity and Inclusion should develop a formalized training process for certification staff.

Commission on Equity and Inclusion Response:

CEI accepts the recommendation and acknowledges the importance of a consistent, formalized training structure to ensure the competency and consistency of certification analysts. While CEI has historically provided onboarding and topic-specific training, we are developing a more comprehensive and standardized certification training structure. This plan will include clearly defined training topics, documented learning objectives, checklists, and completion logs. This initiative will continue to ensure all staff are equipped to apply program rules, verify documentation accurately, and consistently maintain certification standards.

Appendix A

LAC Resolution Number 166

Legislative Audit Commission

Resolution No. 166
Presented by Senator Rose

WHEREAS, the Business Enterprise Council for Minorities, Women, and Persons with Disabilities ("BEP Council") is responsible for devising a certification procedure to assure that businesses taking advantage of the Business Enterprise for Minorities, Women, and Persons with Disabilities Act ("Act") are legitimately classified as businesses owned by minorities, women or persons with disabilities; and

WHEREAS, the BEP Council is responsible for maintaining a list of all businesses legitimately classified as businesses owned by minorities, women, or persons with disabilities; and

WHEREAS, the BEP Council is responsible for certifying businesses owned by minorities, women, or persons with disabilities certified by the City of Chicago, Cook County, or other jurisdictional programs with requirements and procedures equaling or exceeding those in the Act, without additional evidence of eligibility; and

WHEREAS, the BEP Council is responsible for adopting a procedure to grant automatic certification to businesses holding a certification from at least one of the following entities: (i) the Illinois Unified Certification Program; (ii) the Women's Business Development Center in Chicago; (iii) the Chicago Minority Supplier Development Council; or (iv) any other similar entity offering such certification to businesses; and

WHEREAS, the BEP Council is responsible for developing and maintaining a repository for non-certified vendors that: (i) have applied for certification and have been denied; (ii) have started, but not completed, the certification process; (iii) have achieved certification, but did not seek renewal' or (iv) are known businesses owned by minorities, women, or persons with disabilities; and

WHEREAS, the certification process verifies that the businesses are owned and controlled by BEP eligible individuals in accordance with the requirements of the Act and relevant Administrative Rules; and

WHEREAS, the certification process is overseen by the Secretary of the BEP Council, who is selected by the Chairperson of the Commission on Equity and Inclusion; and

WHEREAS, the Veterans Business Program assist businesses owned by qualified service disabled and veteran-owned businesses gain access to State of Illinois contracting opportunities and participation in the competitive procurement process; and

WHEREAS, in order for a business to qualify as a Veteran Owned Business and participate in the program it must be meet certain qualifications and become certified; therefore, be it

RESOLVED, BY THE LEGISLATIVE AUDIT COMMISSION, that the Auditor General is directed to conduct a performance audit of both the State's Business Enterprise Program including the certification program for businesses owned by minorities, women, and persons with disabilities, and the State's Veterans Business Program; and be it further

RESOLVED, that the audit include, but not be limited to, for the period FY22 and FY23, the following determinations:

- 1) Whether certification and recertification procedures are adequate to assure that businesses participating in the Business Enterprise Program are legitimately classified as businesses owned and controlled by minorities, women, or persons with disabilities and that businesses participating in the Veterans Business Program are legitimately classified as a Veteran Owned Business;
- 2) Whether the established procedures and processes that govern certification of businesses owned and controlled by minorities, women, persons with disabilities, or veterans are being followed;
- 3) Whether staff responsible for certification of these businesses have received adequate training;
- 4) What steps are followed to verify information provided by businesses participating in the Business Enterprise Program and the Veterans Business Program, such as review of pertinent documentation, interviews, and on-site visits;
- 5) Whether the certifications are periodically reviewed to ensure that businesses in the programs continue to be qualified for participation;
- 6) Whether procedures for enforcing compliance, including contract termination and contractor suspension, are adequate and uniformly enforced; and be it further

RESOLVED, that the BEP Council, the Commission on Equity and Inclusion, and any other entity having information relevant to this audit cooperate fully and promptly with the Auditor General's Office in the conduct of this audit; and be it further

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

RESOLVED, that a suitable copy of this resolution be delivered to the Auditor General, the BEP Council, and the Commission on Equity and Inclusion.

Adopted this 20th day of February, 2024

SIGNED ORIGINAL ON FILE

Senator Chapin Rose
Co-Chair, Legislative Audit Commission

SIGNED ORIGINAL ON FILE

Representative Fred Crespo
Co-Chair, Legislative Audit Commission

Appendix B

Audit Scope and Methodology

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

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

This audit related to State contracts that fell under the authority of the Commission on Equity and Inclusion (CEI), which includes contracts for various services, including, but not limited to: insurance, investment management, information technology, accounting, legal, and architectural and engineering.

We examined the five components of internal control – control environment, risk assessment, control activities, information and communication, and monitoring – along with the underlying principles. We considered all five components to be significant to the audit objectives. Any deficiencies in internal control that were significant within the context of the audit objectives are discussed in the body of the report.

The audit objectives delineated by Legislative Audit Commission Resolution Number 166 (Resolution) directed the Auditor General to conduct a performance audit of both the State's Business Enterprise Program (BEP), including the certification program for businesses owned by minorities, women, and persons with disabilities, and the State's Veterans Business Program (VBP). The Resolution contained six determinations (see Appendix A). The Resolution directed that the audit include, but not be limited to, FY22 and FY23; auditors also included FY24.

In conducting this audit, we reviewed applicable State statutes, administrative rules, and CEI policies and procedures. We reviewed the previous compliance examination of CEI released by the Office of the Auditor General. Additionally, we reviewed strategic plans, annual reports, Recognition Certification program documents, Commission on Equity and Inclusion meeting minutes, and BEP Council meeting minutes. We conducted a walkthrough with CEI and met to discuss exceptions provided at the conclusion of vendor sample testing.

We also reviewed management controls and assessed risk related to the audit's objectives. We conducted a risk assessment to identify areas that needed closer examination. Any significant weaknesses in those controls are included in this report.

We also requested and reviewed specific documents and data related to the Business Enterprise Program and Veterans Business Program including, but not limited to certification process overviews and charts, the BEP Standard Operating

Procedure Manual, and application submission guides and checklists. We also requested and reviewed BEP Compliance information.

We sampled 2 of 10 Recognition Entities and compared their BEP certification requirements to CEI's BEP certification requirements. Auditors compared certification documentation requirements from the City of Chicago and the Women's Business Development Center to the CEI documentation requirements. Auditors chose the City of Chicago because it certified a high majority of vendors. Auditors chose the Women's Business Development Center to represent the FastTrack certification. The Illinois Department of Transportation (IDOT) was not chosen because the Office of the Auditor General recently released an audit of the Department of Transportation's certification of businesses as Disadvantaged Business Enterprises. For more information on IDOT's certification process, see the Office of the Auditor General's performance audit titled "Illinois Department of Transportation's Certification of Businesses as Disadvantaged Business Enterprises" released in April 2024. Results of testing can be found throughout the report.

We asked for any applicable training(s) provided to certification staff during FY21-FY24. CEI responded with a list of 15 trainings provided to CEI certification staff. Auditors requested the FY22-FY24 trainings attended by two certification staff (including the training title and date completed). Auditors chose one Certification Analyst that was hired during the audit period and one Certification Analyst with multiple years of experience. CEI provided training information and documentation for the two certification staff. Auditors compared the list of 15 trainings with the documentation received for each certification staff person. Results of testing can be found throughout the report.

During the majority of the audit period, CEI was using a paperless, web-based certification management system launched by the Department of Central Management Services in August 2016. This system was used to track program participation and compliance with program goals. However, on June 14, 2024, CEI shifted to a new compliance monitoring system called the Supplier Diversity Management Portal. Auditors tested files housed within the new system (Supplier Diversity Management Portal), but the files were created in the previous system.

Auditors requested certification applications in the system and received a file with 4,000 certified vendors. We assessed the reliability of computerized data provided by CEI. Auditors ran validity checks on the data to ensure it was sufficiently reliable for selecting a sample of files to test and answer the audit's determinations. We determined the data provided was sufficiently reliable.

Auditors randomly sampled a total of 70 CEI vendor files for vendors certified during FY22-FY24, including 25 Full BEP (of 637), 6 Full VBP (of 77), 5 FastTrack (of 127), 25 BE BEP (of 1,524), 4 Recognition VBP (of 22), and 5 (of 48) Denied applications. Auditors selected 31 vendor files from the certifications conducted by CEI (Full BEP and Full VBP). Auditors selected 34 Recognition Certification files based upon the proportion of vendors certified by each certification track/program. Auditors also selected 5 applications that were

denied. Auditors reviewed documentation for the sampled vendors. For the 31 Full BEP and Full VBP vendor files reviewed, this included documents provided by CEI to support ownership and control by eligible owners, such as ethnicity documentation, tax information, veteran status documentation, corporation and/or LLC documentation, etc. Auditors confirmed that the 34 Recognition Certification vendor files tested included a Recognition Certificate and, when appropriate, an affidavit and business income taxes. Results of testing can be found throughout the report.

The samples selected for this audit were not statistically significant; therefore, the results should not be projected to the population for any of the samples.

The date of the Exit Conference along with the principal attendees are noted below:

Exit Conference		August 11, 2025
Agency	Name and Title	
Illinois Commission on Equity and Inclusion	<ul style="list-style-type: none"> • Alexandria Wilson, Executive Director • Andres Padua, General Counsel • Robin Streets, Chief of Staff • Tracy Kenney, Chief Financial and Human Resources Officer 	
Illinois Office of the Auditor General	<ul style="list-style-type: none"> • Tricia Wagner, Senior Audit Manager • Alison Storm, Audit Manager • Delilah Sanders, Audit Staff 	

Appendix C

BEP Council Membership

Name	Member Expiration	Member Start Date	Appointed By	Position	Title	County
Alan Brazil			Statute	Member	Department of Human Rights Designee	
Natalie Coleman	06/30/26	04/26/24	Governor	Member, Higher Education Representative		Will
Edith De La Cruz	06/30/26	01/27/23	Governor	Member, Representative of a minority-owned business		Cook
Bola Delano	06/30/24	01/27/23	Statute	Advisory Member	Comptroller Designee	
Emilia DiMenco	06/30/24	08/24/15	Governor	Member, Representative of a minority-owned business	Women's Business Development Center	DuPage
Dr. Terrence Duncan	06/30/26	12/19/22	Governor	Member, Representative of a minority-owned business	Black Contractors United, Inc.	St. Clair
Gabriela Garza	06/30/26	02/14/25	Governor	Member, Business Community		Sangamon
Caronina Grimble			Statute	Member	Department of Human Services Designee	
David Hanson	06/30/26	03/07/25	Governor	Member, Representative of a minority-owned business		Cook
Javier Haro	06/30/26	02/25/25	Governor	Member, Representative of a minority-owned business		Cook
Nina Harris			Statute	Chair	Commission on Equity and Inclusion Chairperson	

Name	Member Expiration	Member Start Date	Appointed By	Position	Title	County
Debra Jennings-Johnson	06/30/24	03/06/23	Governor	Member, Representative of a minority-owned business		Cook
Andrew Johnson	06/30/26	03/08/21	Governor	Member, Business Community	Native American Chamber of Commerce of Illinois	DuPage
Arielle Johnson	06/30/26	03/08/24	Governor	Member, Representative of a minority-owned business		Cook
Olivier Kamanzi	06/30/26	02/14/25	Governor	Member, Representative of a minority-owned business		Cook
Jesse Martinez	03/31/26	04/02/24	Statute	Member	Capital Development Board Designee	
Megan Nakano	06/30/26	07/07/23	Governor	Member, Representative of a minority-owned business		Cook
Brandy Phillips		02/08/24	Statute	Member	Department of Transportation Designee	
Khama Sharp		09/05/23	Statute	Member	Department of Commerce and Economic Opportunity Designee	
Aundra Williams			Statute	Member	Central Management Services Designee	
Crystal A. Young	06/30/26	02/14/25	Governor	Member, Representative of a minority-owned business		Adams

Source: Governor's Office of Executive Appointments.

Appendix D

Agency Responses



Commission on Equity and Inclusion
Nina M. Harris, Chairperson
Alexandria Wilson, Executive Director
115 S. LaSalle Street, 4th Floor
Chicago, IL 60603

August 13, 2025

Honorable Frank J. Mautino
Illinois Office of the Auditor General
400 W. Monroe, Suite 306
Springfield, Illinois 62704

Re: Legislative Audit Commission Resolution Number 166
Performance Audit of the Business Enterprise Program and Veterans Business Program
Responses to Recommendations

Dear Auditor General Mautino:

This letter responds to the Office of the Auditor General (OAG) Performance Audit of the Business Enterprise Program and Veterans Business Program. The Illinois Commission on Equity and Inclusion (CEI) appreciates the work done and the professionalism of your team during the audit.

Enclosed are detailed responses that address each of the OAG recommendations.

If you have any questions or comments about the recommendation responses, feel free to contact me at (217) 761-0528 or by email at Alexandria.Wilson3@illinois.gov.

Sincerely,

SIGNED ORIGINAL ON FILE

Alexandria M. Wilson
Executive Director

Cc: Nina Harris, Chair
Robin Streets, Chief of Staff
Andres Padua, General Counsel
Tracey Kenney, Chief Financial and Human Resources Officer

ILLINOIS COMMISSION ON EQUITY AND INCLUSION RESPONSES

Performance Audit of the Business Enterprise Program and Veterans Business Program

Recommendation No. 1 – Special Committee

OAG Recommendation: The Commission on Equity and Inclusion should ensure the Special Committee obtains full membership and holds three hearings in accordance with the BEP Act (30 ILCS 575/8j).

CEI Response: The Commission on Equity and Inclusion (CEI) accepts the recommendation. While membership challenges and overlapping responsibilities with the Illinois Procurement Code Procurement Task Force delayed convening the Special Committee, CEI has since reengaged with appointing authorities and is finalizing outreach to confirm participation. CEI anticipates full committee activation by late fiscal year 2026 and plans to convene all three required hearings beginning in fiscal year 2026. CEI is also updating internal tracking tools to ensure the timely coordination of future Special Committee obligations.

Recommendation No. 2 – Outdated Administrative Rules, Policies, and Procedures

OAG Recommendation: The Commission on Equity and Inclusion should update its administrative rules, policies, and procedures to reflect current statutory requirements.

CEI Response: CEI accepts the recommendation and acknowledges the importance of maintaining updated policies and procedures to ensure program compliance and clarity for stakeholders. CEI finalized its revised Business Enterprise Program (BEP) Standard Operating Procedure Manual on March 10, 2025. We are actively updating our administrative rules to reflect statutory changes, including the shift in program responsibility from CMS to CEI, and the increased contracting goal from 20% to 30%. The BEP rule amendments were submitted to the Governor's Office and are currently undergoing the formal rulemaking process. CEI is committed to continuous review and timely revision of all governing documents to align with legal and operational requirements.

Recommendation No. 3 – Certifying Entity Data Entry

OAG Recommendation: The Commission on Equity and Inclusion should review its certifying entity data to ensure the data accurately reflects the certifying entity.

CEI Response: CEI accepts the recommendation and recognizes the importance of data accuracy and integrity, particularly concerning certifying entity information. Some discrepancies identified during the audit were the result of platform limitations, shared data systems (e.g., City of Chicago and Cook County), and temporary constraints during CEI's system transition in July 2024. We are implementing updated validation protocols and internal controls within our new supplier diversity system to ensure that the certifying entity is accurately captured and reflected in our records.

Recommendation No. 4 – Proper Review and Collection of Certification Documents

OAG Recommendation: The Commission on Equity and Inclusion should ensure that all applicants certified through the Full BEP and Full VBP certification process meet the requirements for certification. The Commission should also improve its process to ensure it collects and retains all documents required for certification.

CEI Response: CEI accepts the recommendation and is committed to rigorous and compliant certification procedures. CEI actively collects and retains all documentation required for full BEP and full VBP

certification and conducts thorough reviews to ensure that all applicants meet program eligibility standards. Recognizing that some records were inaccessible during the audit period due to a system transition, CEI is diligently working to enhance its document retention practices and data backup protocols. Additionally, we are consistently updating the system to support more robust file tracking, document uploads, and internal audit capabilities. Certification staff are also receiving ongoing training to ensure consistent adherence to documentation and verification standards. These improvements will further strengthen our ability to safeguard program integrity and compliance.

Recommendation No. 5 – Access to Source Data and Documents

OAG Recommendation: The Commission on Equity and Inclusion should work to gain access to the data and documents that are unavailable due to the data migration. Additionally, CEI should develop a procedure to ensure future data migrations do not result in data that is inaccessible.

CEI Response: CEI accepts the recommendation. Access issues resulting from the 2024 transition to the new portal were unexpected and are being addressed in partnership with the Department of Innovation and Technology (DoIT). While CEI has successfully recovered some encrypted data, full access is pending. CEI is working to adopt a revised data migration protocol that includes multi-phase validation and backup safeguards for any future transitions.

Recommendation No. 6 – Periodic Meetings with Other Certifying Entities

OAG Recommendation: The Commission on Equity and Inclusion should meet with other certifying entities to help ensure BEP Council requirements and procedures are being met as required by the BEP Administrative Rules (44 Ill. Adm. Code 30.63).

CEI Response: CEI accepts the recommendation. Monthly meetings with Cook County resumed in fiscal year 2024, and CEI will formalize a meeting schedule with all major certifying partners for fiscal year 2026. These meetings will include crosswalks of eligibility requirements, updates on documentation standards, and alignment on changes to respective program criteria. CEI will maintain documentation of all meetings and report progress to the BEP Council. Additionally, CEI will create a matrix that outlines all requirements for the partner agencies.

Recommendation No. 7 – Check of Recognition Entity Program Requirements

OAG Recommendation: The Commission on Equity and Inclusion should review the Certification Recognition Agreements in place to ensure all terms of the agreements are still being met and update the agreements as appropriate.

CEI Response: CEI accepts the recommendation and will ensure all certification recognition agreements are current, enforceable, and aligned with statutory and program requirements. A thorough review of active agreements will be performed to ensure they align with current legal, regulatory, and operational standards, followed by outreach to recognition entities to address any compliance or operational concerns. When provisions are outdated, CEI will update agreements to clarify obligations, enhance performance expectations, and include remedies for non-compliance. Going forward, CEI will adopt an aspirational biennial review schedule and add interim compliance checks into annual monitoring activities to keep agreements current and effective. These steps will resolve the audit finding and create an ongoing process to maintain the integrity and consistency of the recognition entity framework.

Recommendation No. 8 – Collection of Required No Change Application Documentation

OAG Recommendation: The Commission on Equity and Inclusion should ensure No Change Applications are submitted and contain all required documents to ensure vendors continue to be qualified for certification.

CEI Response: CEI accepts the recommendation. CEI currently requires certified vendors to submit annual No Change Affidavit applications, including all mandated supporting documentation, to maintain active certification status. Vendors who fail to comply with these requirements face deactivation and removal from the active public directory. CEI has measures in place to strengthen this process, such as ongoing staff training, tracking, and automated reminders within the Supplier Diversity Management Portal. These efforts help ensure continued vendor eligibility and protect the program's integrity.

Recommendation No. 9 – Tracking Contracts

OAG Recommendation: The Commission on Equity and Inclusion should track contracts from all purchasing entities subject to the BEP Act to monitor compliance with the required goals.

CEI Response: CEI accepts the recommendation and is actively enhancing its ability to track contracts from all purchasing entities subject to the BEP Act. Although this functionality was partially available in the previous supplier diversity management portal, CEI transitioned to a new platform in July 2024 and is now collaborating with the vendor to configure equivalent and enhanced tracking capabilities. This upgrade will enable CEI to monitor compliance with supplier diversity goals in real-time and produce reports that support proactive engagement with purchasing entities. In the meantime, CEI is utilizing existing data sources and manual tracking to maintain oversight. These combined efforts will ensure that CEI not only addresses the audit finding but also reinforces long-term contract monitoring processes.

Recommendation No. 10 – Formalized Training Process for Certification Staff

OAG Recommendation: The Commission on Equity and Inclusion should develop a formalized training process for certification staff.

CEI Response: CEI accepts the recommendation and acknowledges the importance of a consistent, formalized training structure to ensure the competency and consistency of certification analysts. While CEI has historically provided onboarding and topic-specific training, we are developing a more comprehensive and standardized certification training structure. This plan will include clearly defined training topics, documented learning objectives, checklists, and completion logs. This initiative will continue to ensure all staff are equipped to apply program rules, verify documentation accurately, and consistently maintain certification standards.

