

## Legislative Audit Commission

### Resolution No. 159

Presented by Representative McCombie

**WHEREAS**, on March 9, 2020, Governor JB Pritzker issued a Gubernatorial Disaster Proclamation due to the outbreak of COVID-19; and

**WHEREAS**, on March 20, 2020, Governor JB Pritzker filed Executive Order 2020-10 with the Secretary of State; and

**WHEREAS**, Executive Order 2020-10 ordered, in part: that Illinois residents stay at home; that nonessential businesses cease operations; that public and private gatherings outside a living unit be prohibited; and that all nonessential travel cease; and

**WHEREAS**, Department of Commerce and Economic Opportunity (DCEO) information showed the Business Interruption Grant (BIG) program was developed by Governor JB Pritzker and the General Assembly to provide \$580 million in economic relief for small businesses hit hardest by COVID-19; and

**WHEREAS**, the BIG program, identified as the largest program of its kind in the nation, leveraged federal funding provided by the federal Coronavirus Aid, Relief and Economic Security (CARES) Act to help offset COVID-19 related losses for Illinois small businesses; and

**WHEREAS**, the BIG program consisted of: \$290 million for child care providers; \$290 million for grants to other small businesses throughout Illinois; \$7 million in Small Business Emergency Loan forgiveness; and up to \$5 million for the Livestock Management Facilities Program; and

**WHEREAS**, the Illinois Administrative Code assigns DCEO, the Department of Human Services (DHS), and the Department of Agriculture (DOA) the responsibility for oversight of the BIG program; and

**WHEREAS**, DCEO information showed a total of 8,998 BIG grants issued to small businesses in Illinois – with some businesses receiving grants in either the first or second rounds of funding or both rounds – for a total funding amount of \$276,275,000; and

**WHEREAS**, reports indicated that more than eight in ten of the 42,000 businesses that applied for small business grants were denied; and

**WHEREAS**, nearly 5,000 Child Care Restoration Grants – totaling \$290,000,000 – were provided as of December 30, 2020; and

**WHEREAS**, the issuance and oversight of these grants was conducted while State government was generally conducting business off site due to the pandemic; and

**WHEREAS**, in the DCEO compliance examination for the period ended June 30, 2020, the Auditor General reported that the grants management area within DCEO had a 46 percent vacancy in positions; and

**WHEREAS**, DCEO utilizes a Small Business Community Navigator Program where a number of navigators provide outreach to small business for DCEO; and

**WHEREAS**, Governor JB Pritzker announced in May 2021 that the Navigator program was receiving an additional \$10 million in funding through a competitive grant opportunity; and

**WHEREAS**, reports have called into question some of the recipients of the BIG grants for issues such as continuing to operate indoor dining in violation of the Governor's executive order, not reporting investigations into recipient operations, and grants that went to companies that the State considered dissolved; and

**WHEREAS**, DCEO reported to the Senate Commerce Committee, at a hearing on February 11, 2021, that it had prioritized communicating compliance over clawing back funds; therefore, be it

**RESOLVED**, BY THE LEGISLATIVE AUDIT COMMISSION, that the Auditor General is directed to conduct a program audit of the Business Interruption Grant program; and be it further

**RESOLVED**, that the audit include, but not be limited to, for the period March 2020 to July 2021, the following determinations:

- An examination of the application process, the documentation submitted, and the selection of grants by DCEO, DHS, and DOA for the BIG program;
- An examination of the monitoring oversight by DCEO, DHS, and DOA for grant recipients including whether all eligibility requirements were satisfied and expenses submitted were allowable;
- An examination of how DCEO allocated funding in the BIG program to disproportionately impacted areas and whether the allocation was at least 30 percent of total funding;
- An examination of DCEO compliance with prioritizing severely impacted businesses and industries;
- An examination of the role of the Community Navigators, if any, in the selection of grant recipients in the BIG program;
- An examination of the actions taken by DCEO, DHS, and DOA when a BIG participant was not in compliance with any step in the application process or made a material misrepresentation in reporting on the use of funds provided as part of the BIG program; and be it further

**RESOLVED**, that the Department of Commerce and Economic Opportunity, Department of Human Services, the Department of Agriculture, and any other entity having

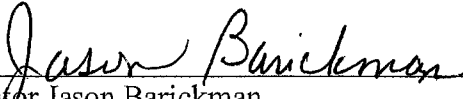
information relevant to this audit cooperate fully and promptly with the Auditor General's Office in the conduct of this audit; and be it further


**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 copy of this resolution be delivered to the Auditor General, the Department of Commerce and Economic Opportunity, the Department of Human Services, and the Department of Agriculture.

Adopted this 1st day of September, 2021.



  
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Senator Jason Barickman  
Co-Chair, Legislative Audit Commission

  
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Representative Fred Crespo  
Co-Chair, Legislative Audit Commission