

## CAPITAL DEVELOPMENT BOARD



JAN GRIMES • Director

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April 23, 2007

Mr. William G. Holland  
Auditor General  
Office of the Auditor General  
Iles Park Plaza  
740 East Ash  
Springfield, IL 62703-3154

Re: Internal Fiscal and Administrative Controls Certification

Dear Sir:

An evaluation of the internal fiscal and administrative controls of the Capital Development Board was conducted for the certification due May 1, 2007 as required by the Fiscal Control and Internal Auditing Act. The evaluation was conducted in accordance with the guidelines established by the Comptroller in consultation with the Director of Central Management Services as approved by the Legislative Audit Commission.

The evaluation of the internal fiscal and administrative controls was conducted in accordance with the certification plan developed by agency management. Key agency managers reviewed the internal controls under their jurisdiction and identified whether any internal control weaknesses existed. In addition, agency management assessed any internal control weaknesses noted in internal audit reports issued during the interim period since the last certification of May 1, 2006 and the current certification date. For those weaknesses identified, an assessment was made as to whether the appropriate corrective action had been undertaken to resolve those issues. No material findings remained unresolved at the time of this assessment. Finally, agency management reviewed the prior certification statement and the external audit report from the financial audit of the Capital Development Board for the year ended June 30, 2006.

The objectives of the systems of the internal fiscal and administrative controls of the Capital Development Board are to provide reasonable, but not absolute, assurance that:

1. resources are utilized efficiently, effectively, and in compliance with applicable law;
2. obligations and costs are in compliance with applicable law;

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3. funds, property, and other assets and resources are safeguarded against waste, loss, unauthorized use, and misappropriation;
4. revenues, expenditures, and transfers of assets, resources, or funds applicable to operations are properly recorded and accounted for to permit the preparation of accounts and reliable financial and statistical reports and maintain accountability over the State's resources; and
5. funds held outside of the State Treasury are managed, used, and obtained in strict accordance with the terms of their enabling authorities and that no unauthorized funds exist.

The concept of reasonable assurance recognizes that the cost of inherent controls should not exceed the benefits expected to be derived therefrom, and the benefits consist of reductions in the risks of failing to achieve the stated objectives. Estimates and judgments are required to assess the expected benefits and related costs of control procedures. Furthermore, errors or irregularities may occur and not be detected because of inherent limitations in any system of internal accounting and administrative control, including those limitations resulting from resource constraints, legislative restrictions, and other factors.

Finally, projection of any evaluation of the system to future periods is subject to the risk that procedures may be inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate. Nonetheless, I have taken the necessary measures to assure that the evaluation of the agency's internal fiscal and administrative controls has been conducted in a thorough and conscientious manner.

At this time, the agency has identified some concerns regarding established procedures and practices of the Information Services Division. Due to staffing limitations, only a partial separation of duties exists between computer operations, application programming, systems programming and data control. Also documentation, such as the installation standards manual and user documentation, needs to be updated. An adequate orientation and technical training program is not available. Several of the items previously identified have been corrected and a corrective action plan is in the process of being developed to resolve the remaining issues. We believe these weaknesses pertain to more of the management of the Information Services Division and the collection of non-financial data and therefore have not had a direct impact on the financial data maintained by the Information Services Division. We believe the financial system is functioning properly and its controls are working effectively.

The personnel unit is aware that written job descriptions need to be updated. Also, the personnel rules and policy manual needs to be updated. When hiring, appropriate credentials and reference checks are not always obtained before selecting an individual.

Except for the weaknesses identified above, on behalf of the Capital Development Board, I hereby certify that it is management's opinion that the Capital Development Board's systems of internal fiscal and administrative controls currently meet the five applicable objectives identified by the Fiscal Control and Internal Auditing Act.

Sincerely,

A handwritten signature in black ink, appearing to read "Janet S. Grimes". The signature is fluid and cursive, with a large initial "J" and "S".

Janet S. Grimes  
Executive Director  
CAPITAL DEVELOPMENT BOARD

cc: Steve Kirk, CMS