



STATE OF ILLINOIS  
**OFFICE OF THE  
 AUDITOR GENERAL**

Frank J. Mautino, Auditor General

**SUMMARY REPORT DIGEST**

**DEPARTMENT OF COMMERCE AND ECONOMIC OPPORTUNITY**

State Compliance Examination  
 For the Two Years Ended June 30, 2022

Release Date: April 18, 2023

FINDINGS THIS AUDIT: 18				AGING SCHEDULE OF REPEATED FINDINGS			
	<u>New</u>	<u>Repeat</u>	<u>Total</u>	<u>Repeated Since</u>	<u>Category 1</u>	<u>Category 2</u>	<u>Category 3</u>
<b>Category 1:</b>	<b>0</b>	<b>2</b>	<b>2</b>	2020	<b>22-12, 22-15</b>	22-6, 22-9, 22-10, 22-13, 22-14, 22-16	
Category 2:	3	13	16	2018		22-5	
Category 3:	0	0	0	2016		22-8	
<b>TOTAL</b>	<b>3</b>	<b>15</b>	<b>18</b>	2012		22-1, 22-3, 22-4	
				2010		22-2	
<b>FINDINGS LAST AUDIT: 19</b>				2006		22-7	

**SYNOPSIS**

- (22-4) The Department did not comply with various statutory mandates.
- (22-6) The Department’s organizational chart contains excessive vacancies and no longer reflects a usable representation of the organizational structure of the Department.
- (22-15) The Department failed to implement adequate internal controls over its service providers.
- (22-16) The Department failed to implement internal controls over changes to its applications and data.

**Category 1:** Findings that are **material weaknesses** in internal control and/or a **qualification** on compliance with State laws and regulations (material noncompliance).  
**Category 2:** Findings that are **significant deficiencies** in internal control and **noncompliance** with State laws and regulations.  
**Category 3:** Findings that have **no internal control issues but are in noncompliance** with State laws and regulations.

## FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS

### **NONCOMPLIANCE WITH STATUTORY MANDATES**

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

A few issues we noted during our testing of statutory mandates follows:

**Did not use Office of Urban Assistance**

- The Department did not use its Office of Urban Assistance to plan and coordinate existing State programs designed to aid and stimulate the economic growth of depressed urban areas.

**Website did not contain a comprehensive list of economic benefits available to businesses**

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

**Clean Water Workforce Pipeline Program not created or administered**

- The Department did not create the Clean Water Workforce Pipeline Program to provide grants and other financial assistance to prepare and support individuals for career in water infrastructure.

**Economic plan to assist businesses and municipalities close to bordering states not created**

- The Department did not create the economic plan to assist businesses and municipalities located geographically close to bordering states as required by the Illinois Home Grown Business Opportunity Act. (Finding 4, pages 19-24) **This finding has been reported since 2012.**

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

**Department management accepted accountant's recommendation**

The Department accepted our recommendation.

### **EXCESSIVE VACANCIES ON THE ORGANIZATIONAL CHART**

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

**578 (75%) of organization chart's 772 positions are vacant**

During the examination, we obtained the Department's most recently compiled organizational chart. For the two years ended June 30, 2022, the Department's organizational chart depicts 772 positions, of which 194 were filled and 578 were vacant (75%).

The Department's headcount, going back approximately 20 years, was highest in Fiscal Year 2004 at 519 employees. During inquiry with Department management during our examination, Department management stated it does not view "vacant" positions on the organizational chart as needed to be filled in a specific time frame. Rather, vacancies on the organizational chart are placeholders for positions that can be filled and are part of the approved headcount. (Finding 6, pages 27-29)

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

**Department management disagreed with accountant's recommendation**

The Department disagreed with our recommendation and stated that it believed the criteria applied to the Department was a best practice for non-governmental organization. The Department stated that governmental agencies do not operate in the same manner as non-governmental organizations due to the levels of bureaucracy required. The Department stated that in order to be agile and swiftly responsive to new or changing legislation, the Department strategically maintains positions in the organization chart because lead times for establishing positions have historically been very long. The Department stated that lead times for many of its position types have recently been reduced, and therefore the Department began the process to eliminate many of the vacant positions on the organization chart.

**Accountant's comment on Department's response**

Accountants commented that an organizational chart should be a pictorial representation of an agency's lines of authority and communication to assist management with managing the organization and only include vacancies expected to be filled within a reasonable period of time. The Department's organizational chart contains so many vacancies that its usefulness as a management tool has been significantly degraded.

**FAILURE TO REVIEW EXTERNAL SERVICE PROVIDERS' INTERNAL CONTROLS**

The Department failed to implement adequate internal controls over its service providers.

**Department could not provide a population of its service providers**

We requested the Department provide the population of service providers utilized to determine if it had reviewed the internal controls over its service providers. However, the Department was unable to provide such a listing. As a result, we were unable to conduct testing over the Department's control of its service providers, and we were unable to conclude the Department's population records were sufficiently precise and detailed under the Professional Standards promulgated by the American Institute of Certified

Public Accountants (AT-C § 205.36). (Finding 15, pages 45-46)

We recommended the Department strengthen its controls to maintain a listing of service providers.

**Department management accepted accountant's recommendation**

The Department accepted our recommendation and stated it was looking at ways to obtain the expertise necessary to comply.

### **CONTROLS OVER CHANGE MANAGEMENT PROCEDURES NEED IMPROVEMENT**

The Department failed to implement internal controls over changes to its applications and data.

**Department did not establish change management policies and procedures**

During the examination, we noted the Department had not established change management policies and procedures to control changes to its applications and data. Additionally, the Department had not established a system development standard to ensure new application developments met the Department's requirements.

In addition, for the 37 changes tested, we were not provided with documentation supporting the approval of the changes for 37 (100%) and the same individuals who tested 24 (65%) of the changes moved the changes into the production environment. (Finding 16, pages 47-48)

We recommended the Department develop policies and procedures documenting internal controls over changes. Further, we recommended the Department improve its segregation of duties over change controls.

**Department management accepted accountant's recommendation**

The Department accepted our recommendation and stated it was looking at ways to obtain the expertise necessary to comply.

### **OTHER FINDINGS**

The remaining findings are reportedly being given attention by Department personnel. We will review the Department's progress towards the implementation of our recommendations in our next State compliance examination.

**ACCOUNTANT'S OPINION**

The accountants conducted a State compliance examination of the Department for the two years ended June 30, 2022, as required by the Illinois State Auditing Act. The accountants qualified their report on State compliance for Findings 2022-012 and 2022-015. Except for the noncompliance described in these findings, the accountants stated the Department complied, in all material respects, with the requirements described in the report.

This State compliance examination was conducted by Sikich LLP.

**SIGNED ORIGINAL ON FILE**

JANE CLARK  
Division Director

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

**SIGNED ORIGINAL ON FILE**

FRANK J. MAUTINO  
Auditor General

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