



STATE OF ILLINOIS
OFFICE OF THE
AUDITOR GENERAL

William G. Holland, Auditor General

SUMMARY REPORT DIGEST

**STATE MONEYS PROVIDED TO THE ILLINOIS VIOLENCE PREVENTION
AUTHORITY FOR THE NEIGHBORHOOD RECOVERY INITIATIVE**

PERFORMANCE AUDIT

Release Date: February 2014

SYNOPSIS

The Neighborhood Recovery Initiative (NRI) is a program designed to reduce risk factors associated with violence in 23 communities in Cook County. In August 2010, the Governor's Office gave the Illinois Violence Prevention Authority (IVPA) the responsibility to develop a framework for the program as well as administer and oversee the program. In each of the 23 communities, IVPA contracted with a lead agency which was responsible for managing the NRI program in their community. The 23 lead agencies contracted with 99 coordinating partners and 120 providing partners (community partners) to provide NRI services.

Our audit of the first two years of the \$54.55 million NRI program found pervasive deficiencies in IVPA's planning, implementation, and management of the NRI program.

- The NRI program was **hastily implemented**, which limited the time IVPA had to adequately plan for and implement the program.
- **No documentation** existed showing how IVPA selected the NRI communities, and **not all the most violent Chicago communities were included** in the program.
- **IVPA did not exercise due diligence** in the selection of the lead agencies.
- Contracts with community partners were **not timely approved** by IVPA.
- **IVPA failed to adequately implement** two critical financial control mechanisms: **initial budgets and quarterly fiscal reports**.
 - Required lead agencies' **initial budgets** were routinely revised, even after the end of the budget year; and
 - **Quarterly reports** required to be submitted by lead agencies and community partners were late and frequently revised.
- **IVPA also failed to approve reallocation of funds.**
- Contractually required **staffing levels were not met** by community partners.
- Required **timesheets were not consistently maintained** by community partners.
- Lead agencies changed NRI personnel and **contractually required IVPA notification was not documented.**
- **IVPA did not adequately monitor the expenses** incurred by lead agencies and community partners. Auditors selected 23 NRI agencies for site visits (2 went out of business, so only 21 were visited) and found that in many instances the supporting documentation provided did not support the expenditure amount reported by the agency on their close-out report. In other instances, expenses were unallowable. Auditors questioned \$673,674 in expenditures because two providers went out of business and auditors were unable to verify the appropriateness of their expenditures. **In total, auditors questioned \$1.8 million of the \$4.4 million (40 percent) charged by these agencies to the NRI program.**
- **IVPA utilized an inadequate process to recover unspent NRI funds** from lead agencies and community partners.

AUDIT CONCLUSIONS AND RECOMMENDATIONS

NRI utilized 23 lead agencies, 99 coordinating partners, and 120 providing partners to serve 23 Chicago communities.

The Neighborhood Recovery Initiative (NRI) is a program designed to reduce risk factors associated with violence. In August 2010, the Governor's Office gave the Illinois Violence Prevention Authority (IVPA) the responsibility to develop a framework for the program as well as administer and oversee the program. The program served 23 communities in Cook County. In each of these communities, IVPA contracted with a lead agency which was responsible for managing the NRI program in its community and partnering and subcontracting with other community organizations to implement the various program components. The 23 lead agencies contracted with 99 coordinating partners and 120 providing partners (community partners) to provide NRI services.

IVPA received \$55 million in funding for Years 1 and 2 of NRI.

IVPA received \$54.55 million for Years 1 and 2 of the NRI program (from October 2010 through October 2012), \$44.55 million of which came from Governor's Discretionary appropriations in FY11; the remaining \$10 million were General Revenue funds appropriated in FY12. The monies were used to fund the four major NRI program components designed to rebuild "Illinois' most vulnerable neighborhoods and protect youth by offering more jobs and education opportunities." The four components were: 1) Mentoring Plus Jobs – provide youth with part-time jobs, mentoring, and social/emotional skills and support; 2) Parent Leadership – provide parents with skills that would enable them to be community leaders, educators, and mentors for other parents; 3) School-Based Counseling – provide funding for community providers to provide school-based early intervention and trauma-informed counseling services for students; and 4) Reentry – provide Reentry services for youth and young adults returning to the community from youth and adult correctional facilities.

The majority of NRI funds were from Governor's Discretionary appropriations.

Our audit of the NRI program found pervasive deficiencies in IVPA's planning, implementation, and management of the NRI program. The NRI program was hastily implemented which limited the time IVPA had to adequately plan for and implement the program. On August 13, 2010, the Governor attended a violence prevention conclave in Roseland where ministers requested he declare a State of Emergency on the current violence problem. Five days later, on August 18, 2010, IVPA was informed that the Governor's Office wanted to invest at least \$20 million in violence prevention and was directed to develop a framework for the NRI program. Less than two months later, on October 6, 2010, the Governor announced the NRI program; the program had increased to a cost of \$50 million for Chicago communities.

NRI developed after Governor attended violence prevention meeting in Roseland.

NRI framework increased from \$20 million to \$50 million in less than two months.

Lack of Documentation on the Selection of Communities

IVPA had no documentation to support community selection.

According to the former IVPA Director, IVPA selected the communities to be served by NRI based on an analysis performed by the Department of Human Services (DHS) for the Safety Net Works program. However, IVPA and DHS **could not locate** the analysis used nor could IVPA provide any other documentation to auditors showing how Chicago communities were selected to participate in NRI. Additionally, the communities selected for NRI **were not all the most violent** in terms of crime in the Chicago area. Our comparison of NRI communities to the violent crime totals published by the Chicago Police found **7 Chicago neighborhoods** that were among the 20 most violent neighborhoods **that did not receive** NRI funding. In Year 3 of NRI, another Chicago community, Hermosa, was added to the NRI program. This community **ranked 48th** in violent crime from 2005-2010. (pages 37, 71-75)

Seven of the top twenty Chicago communities for violent crime totals did not receive NRI funds.

Lack of Due Diligence in Selection of Lead Agencies

NRI lead agencies were not competitively selected for State funds.

Rather than using a competitive Request for Proposal process that may have gathered multiple interested and qualified parties, IVPA sought recommendations from non-State agency personnel (Chicago aldermen) for organizations to serve as lead agencies for the NRI program. IVPA failed to conduct its due diligence to document that the decisions related to the selection of lead agencies were free of any conflict of interest, the appearance of conflict of interest, or that the agencies selected were the best entities to provide the needed services.

IVPA allowed Chicago aldermen to recommend and select lead agencies for NRI.

While IVPA issued an RFP for a “Governor’s Neighborhood Recovery Plan” on September 8, 2010, to select agencies to administer the program, **the RFP was only sent to those agencies recommended by aldermen five days earlier.** Furthermore, auditors’ review of IVPA’s scoring of the RFP submissions identified numerous deficiencies, including evaluation forms with inconsistent criteria, unscored criteria, changed scoring, and undated evaluations.

An official with the Governor’s Office made selections of providers for Year 3 from a hasty, incomplete report.

The lead agencies were then responsible for selecting the NRI community partners after consultation with various religious groups. For Year 3 of the NRI program, an **official from the Governor’s Office** made changes to the provider makeup based in part on an analysis that IVPA officials reported was “hastily” constructed and incomplete. (pages 34-38)

IVPA not Adequately Staffed

The Governor’s Office provided the 11 member IVPA staff with over \$92 million for NRI and other grant programs.

IVPA had a budgeted headcount of 11 full-time equivalent positions for FY11. During FY11, the **Governor transferred \$92.35 million** from his discretionary appropriation to IVPA for NRI and other special grant programs. Many of the IVPA staff responsible for critical NRI program functions, such as monitoring and administration, were **hired between 91 and 406 days after** the NRI program was announced by the Governor on October 6, 2010. Embarking on an initiative of

the size and complexity of NRI without key personnel in place is illustrative of IVPA's inadequate planning for the NRI program. (pages 51-52)

IVPA Untimely Approval of Contracts

IVPA failed to timely approve contracts for NRI services with community partners. IVPA approval was required in the contractual agreements between lead agencies and their community partners. Our analysis found:

- 40 percent of the contracts (265 of 663) were approved by IVPA **after the contract was executed** by the lead and community partners – 29 days was the **average** number of days between contract execution and IVPA approval – **271 days passed** between execution and IVPA approval for a contract for School-Based Counseling services in West Garfield Park. **Thirty-three of the contracts had either no execution date or no approval by IVPA.**
- IVPA allowed community partners to work on NRI activities prior to execution of the contractual agreement. One provider, Albany Park Community Center, worked **244 days** on School-Based Counseling activities prior to the execution of the contract. (pages 75-76)
- Our review of the contracts determined that for Years 1 and 2 of the NRI program, IVPA agreements with the **23 lead agencies totaled \$52.5 million**, of which **\$43 million** (82 percent) was to be distributed by the lead agencies to the community partners for the day-to-day activities for NRI. (pages 23-24)
- Our review of yearly closeout fiscal reports for Years 1 and 2 of the program found that **lead agencies** reported expending **\$46.2 million** on NRI activities, which included \$37.4 million in grants to community partners. Salaries and benefits of lead agency staff accounted for over \$6.5 million. Community partners reported spending \$31.6 million, \$26.4 million of which went for salaries and benefits. (pages 24-25)

33 NRI contracts had either no execution date or no approval by IVPA.

Lead agencies expended \$46.2 million for NRI – over \$37 million was for day-to-day activities.

Financial Control Deficiencies

IVPA established two important financial reporting mechanisms, which if implemented correctly, would have provided IVPA with critical information to monitor community agencies' spending of grant funds. These two mechanisms were: 1) **annual budgets**, which laid out how the agencies were planning on spending the funds, and 2) **quarterly reports**, which showed how the funds were actually spent. **Our review of both the budgeting and quarterly reporting process concluded that they were ineffectively implemented by many of the community agencies and not effectively monitored by IVPA, thereby significantly reducing their usefulness as an IVPA management control.**

IVPA continued to revise Year 1 budgets with lead agencies after the completion of the year.

- **Budgets Revised After Year-End:** After Year 1 of the NRI programs ended, IVPA continued to amend the

In Pilsen-Little Village the lead agency Year 1 budget was changed 342 after the end of Year 1.

Quarterly expense reports were untimely.

An Albany Park provider revised a Year 1 report 475 after it was due.

An Englewood Reentry provider submitted a revised Year 2 expense report 469 days after it was due.

budgets for Year 1 funds. IVPA paid all the Reentry and School-Based Counseling monies to each of the lead agencies, but the lead agencies did not pay, nor contract for the total amount of the component to the community partners in Year 1 because the two components were **late in being rolled out**. For example, the lead agency for the Pilsen-Little Village community had three budget changes to its Year 1 budget **after** the end of Year 1, the last being on September 21, 2012, **342 days after Year 1 was completed and just a month before the end of Year 2**. (pages 32-34)

- **Quarterly reports were submitted late and were inaccurate:** Quarterly progress reports served two purposes for the NRI program: as a monitoring mechanism for the lead agencies and IVPA; and as a mechanism to trigger the next payment to the providing agency. We found that both NRI lead agencies and community partners **failed to timely submit** quarterly progress reports. In addition, even though agencies certified that **“all the information in this report is accurate,”** we found that agencies made multiple revisions to the quarterly reports. Specifically, for **lead agencies** we found:
 - **62 percent** (113 of 181) of the reports **originally submitted** by lead agencies were late based on due dates established for the report; the **average** number of days the 113 reports from lead agencies were late was 21 days. The Year 1 closeout report from Albany Park Community Center was **246 days late**.
 - **121 quarterly reports were subsequently revised** by lead agencies, even though they had originally certified the accuracy of the earlier submission. Albany Park Community Center revised its Year 1-Quarter 2 report, originally due April 30, 2011, on August 17, 2012, **475 days after the report was originally due**.

Likewise, for **coordinating and providing partners** we found:

- **42 percent** (458 of 1,085) of the reports **originally submitted** by the partners were late based on due dates established for the report; the **average** number of days the 458 reports were late was 16 days. The Year 2 closeout report from Community Assistance Programs, a provider of Mentoring Plus Jobs services in Roseland, was **173 days late**.
- **233 quarterly reports were subsequently revised** by coordinating and providing partners, even though they had originally certified the accuracy of the earlier submission. Teamwork Englewood, a Reentry providing partner in the Englewood community, revised its Year 2-Quarter 1 report, originally due March 9, 2012, on June 21, 2013, **469 days after the report was originally due**. (pages 77-81)

IVPA failed to adequately monitor reallocations of State NRI funds by providers.

Reallocation requests lacked justifications and IVPA approvals.

IVPA failed to monitor providers' ability to maintain contractually required staffing levels.

- **Reallocations Unapproved by IVPA:** IVPA failed to enforce contractual provisions which required IVPA approval before agencies could reallocate their funds to other expense lines. Our review of community files identified 278 reallocations totaling \$1,054,031. Our review concluded that:
 - 70 percent (195 of 278) of the reallocations lacked documentation to show **that IVPA had approved** the reallocation.
 - 17 percent (46 of 278) **failed to contain justifications** as to why the reallocations were needed.
 - 49 days was the average number of days for IVPA to approve the reallocations that it actually **did approve** for the lead agencies (32 days for partner reallocation requests). The longest approval time for IVPA was 251 days after the request was submitted. (pages 89-93)

Community Partners' Staffing Levels Not Met

Our review of quarterly reports found that community partners did not maintain the number of staff required by their contracts with IVPA. We found no documentation to show that IVPA took steps necessary to correct the staffing deficiencies.

- Mentoring Plus Jobs providers in Chicago area communities were to hire **80 youth** for NRI. During the first two years of NRI, the average number of youth employed was **only 66 per period** in the Chicago communities. Agencies were **only able to meet** the staffing requirement 21 percent of the time (28 out of 135 total reporting periods).
- Mentoring Plus Jobs providers in Chicago area communities were required to have **16 adult** mentors. During the first two years of NRI, the average number of adults employed was **15 per period** in the Chicago communities. Agencies were **only able to meet** the staffing requirement 36 percent of the time (48 out of 135 total reporting periods).
- The Parent Leadership component required 50 low income parents in Chicago communities to be hired. We examined all the coordinating partner reports and found agencies were **only able to meet** the staffing requirement **21 percent** of the time (19 out of 90 reporting periods). Agencies **failed** to hit the required staffing level 70 percent of the time (63 of 90). In five reporting periods the number hired **exceeded** contractual limits; and in another three periods, auditors could not determine the staffing level because a quarterly report **was not submitted**. (pages 57-60)

Agencies Failed to Maintain Timesheets

IVPA failed to enforce contractual provisions regarding the maintenance of timesheets for Mentoring Plus Jobs and Parent

Only 30 percent of sampled providers maintained timesheets for staff paid with State NRI funds.

Leadership staff. At 23 randomly selected NRI agencies, we found: 30 percent of the agencies (7 of 23) **maintained** timesheets on their staff; 35 percent of the agencies (8 of 23) **did not maintain** timesheets; 22 percent (5 of 23) **had partial support** for timesheets (for example, timesheets on the parents that worked in the program but not on their own agency staff); and 13 percent (3 of 23) were either not tested due to the agencies closing (Southwest Youth Collaborative and Metropolitan Area Group for Igniting Civilization (MAGIC)) or had no salary charges to the NRI program. (pages 60-62)

Failure to Monitor Lead Agency Personnel

IVPA failed to monitor lead agency personnel, as detailed in contractual requirements, assigned to the NRI grant. The lack of monitoring resulted in \$1.4 million in questioned personnel costs charged to the State grants.

\$1.4 million in questioned staff charged to State NRI funds by lead agencies.

The IVPA contract required lead agencies to notify IVPA within 10 business days of personnel substitutions, additions, or subtractions. Additionally, IVPA developed the quarterly fiscal reporting forms, which included a “Personnel Expenses Detail Chart,” for lead agencies to provide for monitoring purposes. The Chart lists the individuals charged to the grant along with the salary and fringe amounts for the quarter for each individual. We examined all community lead agency quarterly reports, compared the staff to those detailed in the contract, and noted the following exceptions:

- We identified instances where lead agency staff detailed in the contract with IVPA for NRI services were either changed or not included on the quarterly fiscal report forms submitted by the lead agencies. Auditors saw no indication that IVPA questioned these individuals not identified, or not identified timely, in their monitoring of the NRI program. There were questioned payments of **\$483,879** for instances where an individual appeared on the Personnel Detail Chart that had not been identified in the contract with IVPA or had not been reported as hired on previous quarterly reports. While lead agencies may have reported the individual on a current quarterly report, **that report was not submitted until after** the end of the quarter; therefore, auditors considered that an exception in that it did not meet the requirement of the contract.
- At some time during the first two years of NRI, lead agencies in **all 23 communities failed to provide** the Personnel Expenses Detail Chart to some degree. Absent this information in the quarterly reports, IVPA staff would have been **unable to determine** who was being paid with State grant funds. For those quarters in which the Charts were not submitted for review, lead agencies charged **\$885,169** in salary and fringe benefits to the State NRI grants. (pages 55-56)

Provider Staff Charged to Multiple Projects

Auditors identified instances where it appears the State paid for more than 100 percent of an individual's time.

IVPA had no documentation to show that these cases had been identified or evaluated.

IVPA failed to monitor provider staff that worked for either multiple providers or for providers that provided services in multiple settings to ensure the State was not paying for more than 100 percent of the individual's time. During our review of lead agency and community partner files maintained at IVPA, we identified instances where it appeared individuals were being compensated by State dollars **in excess of 100 percent of their time**. While there may be explanations as to various work arrangements (for example, working overtime or working hours past the regular day on additional NRI activities), the IVPA files **did not contain evidence that the exceptions noted above had been evaluated** and that IVPA had approved the time. (pages 62-65)

Other Monitoring Issues

Our audit identified other instances where IVPA did not adequately monitor the performance of the lead agencies and community partners:

NRI providers served a population for Reentry outside the contractual limit.

- **Reentry Services:** IVPA allowed providers of Reentry services to serve a population that was **in violation** of the contractual agreement for NRI. Based on documentation provided to auditors, the age of participants that received services ranged from 7 to 49. Twelve percent (65 of 548) of those that received Reentry services **fell outside the contractually required age range (17-24)** to receive services.
- **Failure to meet required caseloads:** Contractual agreements for **Reentry services** detailed that each case manager was to maintain a caseload of 15-20 participants. Utilizing the participant numbers reported by the University of Illinois at Chicago that they obtained from the NRI database we found that **78 percent (18 of 23)** of the NRI communities **failed to maintain the caseloads required** by the contracts. (pages 81-85)
- **Failure to obtain required background checks:** During our site testing we found that 38 percent (94 of 245) of the required background checks **were not completed or not maintained** in the agency files. (pages 86-89)

38 percent of required background checks in our sample not completed.

Inadequate Expense Monitoring and Documentation

Only 7 of 23 communities required expense support for State NRI funds from their providers.

IVPA delegated responsibility for fiscal monitoring of community partners to NRI lead agencies. Only 30 percent of lead agencies (7 of 23) required partners to submit support for claimed expenses on quarterly reports. Auditors randomly selected 23 NRI providers and reviewed the documentation on-site to support the expenses charged to the NRI program for the applicable time the provider was in the program.

Our review of 23 randomly selected providers found \$1.8 million in questioned expenses.

- **Auditors questioned 40 percent of the NRI expenses (\$1,771,522 of \$4,398,464) at these 23 providers.** In many cases the supporting documentation supplied to auditors by the providers (payroll ledgers or receipts and

invoices) did not total to the amounts included on the closeout reports. In other instances there were expenses that were not allowable based on criteria for the program developed by IVPA.

2 of 23 sampled providers had closed their doors without IVPA recovering unspent funds.

- Two of the 23 agencies selected for testing were no longer in business. Southwest Youth Collaborative closed its doors in February 2013. ICJIA was still attempting to recover funds from Southwest Youth Collaborative as of November 1, 2013. MAGIC closed sometime after it left the NRI program after Year 1, and IVPA had no contact information for MAGIC. The lead agency that oversaw MAGIC, The Woodlawn Organization, also closed its doors. We saw no documentation to show IVPA collected the unexpended funds from this provider nor did IVPA examine any support for the expenses self-reported by MAGIC. Thus, without access to these records, auditors were unable to verify the appropriateness of \$673,674 in State funds provided to these two providers. (pages 94-99)

Inadequate Grant Recovery Process

Year 2 closeout documents showed \$2 million in unspent funds that had not been recovered by IVPA.

IVPA utilized a process that **failed to timely recover unspent NRI funds** for the State. IVPA allowed unspent grant funds from Year 1 of NRI to be carried over for provider use in Year 2 of the program. Eighty-two percent of the providers in Year 1 did not expend all of their NRI funds and 77 percent of the providers in Year 2 did not expend all of their NRI funds. For Year 2, our analysis of IVPA files showed that some providers and lead agencies **repaid** unspent funds. However, as of January 2014, **50 agencies**, both lead agencies and providing partners, had **\$2 million** in unspent funds for NRI in Year 2 which IVPA did not provide documentation to show they had collected. (pages 100-102)

Lack of Oversight of Program's Evaluation

No evaluation completed relative to impact of State NRI funds on violence rates.

IVPA failed to enforce provisions of an intergovernmental grant agreement with the University of Illinois at Chicago relative to an NRI Evaluation Project. IVPA had not required the University to submit the deliverables outlined in the grant agreement or to follow the timeline for providing the deliverables. Additionally, data which was required to be submitted by community partners under NRI for evaluation was not always submitted. Further, IVPA **did not require the University to assess whether NRI had been effective in reducing violence** in the communities in which State funds were expended. (pages 43-47)

RECOMMENDATIONS

This audit report contains 19 recommendations directed towards the Illinois Criminal Justice Information Authority as the agency responsible for the continuation of the Neighborhood Recovery Initiative. The Authority generally agreed with the recommendations. Appendix F to the report contains the full agency responses.



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AUDITORS ASSIGNED: This Performance Audit was performed by the Office of the Auditor General's staff.

