



STATE OF ILLINOIS
OFFICE OF THE
AUDITOR GENERAL

Frank J. Mautino, Auditor General

SUMMARY REPORT DIGEST

**STATE MONEYS PROVIDED TO THE ILLINOIS CRIMINAL JUSTICE INFORMATION
AUTHORITY FOR COMMUNITY BASED VIOLENCE PREVENTION PROGRAMS, THE AFTER-
SCHOOL PROGRAM, AND THE CHICAGO AREA PROJECT**

PERFORMANCE AUDIT

Release Date: April 2016

SYNOPSIS

House of Representatives Resolution Number 888 directed the Auditor General to conduct a performance audit of the State moneys provided by or through the Illinois Criminal Justice Information Authority (ICJIA) to all community based violence prevention programs, the After-School Program, and the Chicago Area Project under contracts or grant agreements in Fiscal Year 2013 and in Fiscal Year 2014. **During the audit we found that there were many monitoring controls in place at ICJIA for the three grant programs. However, ICJIA did not enforce those controls.**

Our audit of the Neighborhood Recovery Initiative/Community Violence Prevention Program (NRI/CVPP), the After-School Program (ASP) and monies provided to Chicago Area Project (CAP) found selection process issues, contract issues, monitoring issues, fund recovery issues, and questioned cost issues.

- **Selection Process Issues:** We found that ICJIA:
 - Went **outside its normal process** and allowed an official from the Governor’s Office to select the communities, providers, and funding levels for NRI/CVPP in Year 3 of the Program.
 - Selected grantees from only 8 of 28 “**priority**” counties in the State for the ASP.
- **Contract Issues:** Our examination of the contracts for the three grant programs found:
 - Contracts in all three grant programs were not executed timely.
 - ICJIA allowed CAP to shorten the FY13 grant period without amending the agreement. Additionally, ICJIA and CAP **failed to execute a budget for the FY14 funding.**
- **Monitoring Issues:** Our examination of program information found:
 - Quarterly reporting was not timely for all three grant programs.
 - ICJIA failed to conduct site visits to ASP providers and was not timely in visits to NRI/CVPP providers.
 - Salaries charged to NRI/CVPP and CAP grants were in excess of figures reported in filings with the Attorney General.
 - ICJIA allowed CAP to hold between \$1 million and \$2 million over the course of the grant.
 - **\$1.53 million in CAP funding that could not be reconciled** to documents we received from CAP due to inaccuracies and/or inconsistencies in the documentation.
 - Required background checks for the NRI/CVPP program were not always completed.
 - Ineligible clients received reentry services for NRI/CVPP Program.
- **Fund Recovery Issues:** Our analysis of payment documentation and claimed expenses found:
 - Over **\$2.2 million** not recovered from the NRI/CVPP Program; and
 - Nearly **\$427,000** not recovered from the CAP funding.
- **Questioned Cost Issues:** We tested expenditures at provider locations for all three grant programs and questioned:
 - Over **\$289,000** in the NRI/CVPP Program;
 - Over **\$532,000** in the ASP Program; and
 - Over **\$318,000** in the CAP funding.

AUDIT CONCLUSIONS AND RECOMMENDATIONS

ICJIA did not enforce controls over the community based violence prevention program, the After-School Program, and funding to the Chicago Area Project.

House of Representatives Resolution Number 888 directed the Auditor General to conduct a performance audit of the State moneys provided by or through the Illinois Criminal Justice Information Authority (ICJIA) to all community based violence prevention programs, the After-School Program, and the Chicago Area Project under contracts or grant agreements in Fiscal Year 2013 and in Fiscal Year 2014. **During the audit we found that there were many monitoring controls in place at ICJIA for the three grant programs. However, ICJIA did not enforce those controls.** (page 1)

The Resolution directed us to examine three grant programs at ICJIA. Our findings, while reported individually in respective chapters, may overlap by grant program, and can be categorized by selection process issues, contract issues, monitoring issues, fund recovery issues, and questioned cost issues. (page 1)

NEIGHBORHOOD RECOVERY INITIATIVE/COMMUNITY VIOLENCE PREVENTION PROGRAM (NRI/CVPP)

ICJIA expended \$28.4 million for the NRI/CVPP Program. Funding was provided to 149 total agencies involved with the Program.

Years 3 and 4 of the NRI/CVPP Program covered the period November 2012 through August 2014. During Years 3 and 4, **ICJIA expended \$28.4 million** on the NRI/CVPP Program. These expenditures were made from the **General Revenue Fund** appropriations to ICJIA and from funds in a **non-appropriated fund** controlled by ICJIA. (page 18)

NRI/CVPP is comprised of a significant number of community agencies working to provide services. During Years 3 and 4 of NRI/CVPP operation, there were **149 total agencies** involved in the programs (some agencies provided more than one program service). Seventeen providers were new to the NRI/CVPP program in Year 3. Additionally, nine new providers operated in Year 4 of the program. (page 21)

In FY13 and FY14, NRI/CVPP grant recipients received \$362 million in other State funds in each of the years.

The NRI/CVPP providers received \$11.2 million in Year 3 and \$13.6 million in Year 4 **for NRI/CVPP activities**. Additionally, many of these same providers received significant **additional** State dollars in each year they were in the NRI/CVPP program for other State activities. In both FY13 and FY14, the NRI/CVPP providers received an **additional \$362 million in State funds from other activities in each of the years.** (page 21)

An official from the Governor's Office selected the communities, providers, and funding levels.

ICJIA went outside its **normal approval process** in the awarding of grants for NRI/CVPP. In Year 3 of the program, **an official from the Governor's Office provided ICJIA with the communities that were to be in the program, the grantees to be funded, and the grant award amounts to the providers.** Even though **14 percent** of the Year 3 providers **were new** to

the program, we saw no evidence to support why the providers were selected. (pages 27-30)

ICJIA transferred \$1.7 million, or **11 percent** of the Year 3 program appropriation for NRI/CVPP, to the Department of Human Services (DHS) via an intergovernmental agreement (IGA). Additionally, ICJIA failed to **adequately monitor** the terms of the IGA with DHS for the transfer of \$1.7 million, which resulted in DHS violating two sections of the IGA, relative to quarterly reporting and return of unspent funds. (pages 30-32)

A misunderstanding by ICJIA necessitated an unneeded \$7.3 million transfer from DHS.

ICJIA received **\$7.3 million** from the DHS to make NRI/CVPP payments in July and August 2014 for Year 4 of the program **despite having sufficient General Revenue Fund (GRF) appropriations** to make the payments for those two months. The need for the transfer apparently was a misunderstanding by ICJIA officials, the result of which was **fewer dollars for DHS to expend** on its programs **while the ICJIA General Revenue Funds lapsed**. (pages 33-34)

ICJIA **could not provide auditors with all contracts** between lead agencies and the providing agencies in Years 3 and 4 of NRI/CVPP **nor did they require contracts for all services** between lead agencies and providing partners in Year 4 of NRI/CVPP. Additionally, one lead agency utilized contracts for providing agencies **that did not contain budgets** or all standard terms and conditions. (pages 34-37)

Contracts were not timely executed and ICJIA violated its agreement processing policy.

ICJIA failed to **timely execute** contracts for the NRI/CVPP Program with lead agencies. Further, the contracts for community service providers, which were approved by ICJIA, **were also not timely**. Additionally, five grants with providers were signed **more than six months after the start of the grant**, in violation of the ICJIA's agreement process policy. Finally, ICJIA allowed grantee agencies to work on NRI/CVPP activities prior to execution of the contractual agreements. (pages 37-40)

Quarterly reporting was not timely and contained inaccurate approved budget figures.

NRI/CVPP agencies **failed to timely submit** quarterly fiscal reports to either the lead agencies or ICJIA. In many instances the fiscal reports submitted **contained inaccurate approved budget figures** and different claimed expenses from quarter to quarter. Additionally, ICJIA failed to retain in its files fiscal reports on all the providers in Year 3 of the program despite a **contractual requirement** that these reports be submitted to ICJIA. Finally, in Year 4, ICJIA **weakened the control** over fiscal monitoring by removing this requirement from grant agreements. (pages 40-44)

Salaries charged to grants were in excess of figures reported to the Attorney General.

ICJIA failed to require the **identification of individuals** who were to be paid with NRI/CVPP grant funds. Our sample examination found 18 instances where the salaries **listed in grant budgets** were higher than what the individuals holding those position titles actually were paid by the providers, **as reported by the providers** on a report to the Attorney General. **While there may be explanations for**

differences, ICJIA did not seek those explanations. When the State grant pays out at a rate higher than the individual actually earns, State monies may not be expended on program purposes. (pages 44-47)

Site visits by ICJIA were not timely.

ICJIA violated its policy by not completing site visits to NRI/CVPP lead agencies in a timely manner. The site visits that were completed were, on average, **124 days past due.** Additionally, three communities had the site visit completed **after Year 3 of the program was completed.** Finally, ICJIA failed to conduct a site visit in either Year 3 or 4 for one lead agency **that was new to the program,** and whose Board members had operated a former NRI lead agency, an agency which owed money to the State when it went out of business. (pages 48-51)

Required **background checks were not always completed** on the adults who worked in the NRI/CVPP program. Additionally, while ICJIA told some providers in Year 4 that background checks were not required, **contracts were not amended** to include this change. Finally, while the Youth Employment Program (YEP) component of the NRI/CVPP program placed youth in private employment, ICJIA did not require adults in these employment situations to have background checks. (pages 51-53)

Ineligible clients received reentry services.

During Year 3 of NRI/CVPP, providers of reentry services provided services to **ineligible clients** in violation of the grant agreement. While ICJIA was made aware of this situation, ICJIA did not provide any documentation to auditors to show it had taken action against the violating providers. In fact, it **awarded nearly \$300,000 in reentry contracts to the same providers** in Year 4. (pages 53-56)

ICJIA, and its lead agencies for NRI/CVPP in Years 3 and 4 of the program, failed to enforce provisions of grant agreements and ICJIA guidelines regarding a time restriction on the purchase of equipment. Our analysis showed that **over \$100,000 in equipment was purchased outside the time frame** delineated in the contracts and guidelines. (pages 56-58)

Evaluation project deliverables were not submitted by the University of Illinois at Chicago.

ICJIA failed to enforce provisions of an intergovernmental grant agreement with the University of Illinois at Chicago (University) for an evaluation project. ICJIA **did not require** the University to submit the deliverables outlined in the grant agreement. Additionally, data **which was required to be submitted** by community partners under NRI/CVPP for evaluation was not always submitted. Finally, ICJIA research staff was prohibited from sharing information with its grants staff responsible for oversight of the NRI/CVPP awards. (pages 58-62)

ICJIA **failed to collect \$213,400 in unspent funds** from the timekeeping contract for the payment of youth in the YEP component of the NRI/CVPP program in Year 3 of the program, **a violation of the contract.** Additionally, an ICJIA

Even though it violated a grant agreement, an ICJIA official allowed unspent funds from one grant to be applied to another grant.

A settlement agreement was executed 545 days after funds should have returned.

We questioned \$289,000 in program expenses based on our testing at provider locations.

Our analysis showed over \$2.2 million in unrecovered funds for Years 3 and 4 of the program.

ICJIA received \$10 million in FY14 for ASP.

official allowed some of these unspent funds to be applied to another grant to the timekeeping provider for activities outside the scope of the timekeeping agreement, also **a violation of the contract**. The time lag in applying the funds to a Year 4 NRI/CVPP community contract **had a negative impact** on the provider being able to accomplish the goals related to the program. The net unspent funds were part of a settlement agreement for reimbursement between the timekeeping subcontractor and ICJIA that was executed **545 days after** the funds should have originally been returned. (pages 62-64)

ICJIA failed to effectively monitor expenses charged by providers of NRI/CVPP services in Years 3 and 4 of the program. ICJIA had **delegated responsibility** for fiscal monitoring of provider partners to NRI/CVPP lead agencies. ICJIA and the lead agencies **relied on self-reported figures** from the service providers for expenses claimed against the grant. Only 7 of 25 lead agencies reported **requiring** providers to submit support for claimed expenses on quarterly reports. Our sample site work called into question the claims for some of the 18 other lead agencies. Our testing at a sample of NRI/CVPP agencies found instances of unsupported expenses and unallowable expenses. In total, we **questioned over \$289,000** in expenses charged to State grant funds. (pages 64-66)

ICJIA's policies and procedures **do not require** grantees to **maintain separate accounts** for grant funds. We found two instances where repayment agreements with providers were executed even though the providers agreed with the unspent amount of grant funds, indicating that the NRI/CVPP grant funds were spent on non-NRI/CVPP-related activities **or the funds would have been readily available** to be repaid. (pages 66-68)

ICJIA was **not timely** in recovery of NRI/CVPP unspent grant funds and funds spent in excess of approved budgets. Grant agreements required providers to refund unexpended funds within 30 days of the end of the grant period. Our analysis showed **over \$2.2 million in unrecovered** NRI/CVPP funds in Years 3 and 4 of the program. (pages 68-74)

AFTER-SCHOOL PROGRAM (ASP)

ASP was an initiative for which ICJIA received \$10 million in FY14. The General Revenue Fund appropriation was *for grants and administrative expenses associated with after school programs*. ICJIA had not requested the funding. ICJIA **awarded 21 agencies** ASP monies in FY14. Sixteen agencies received ASP funds from a competitive evaluation process. Four other agencies received ASP funds based on ICJIA knowledge of the work those agencies performed. In addition, DHS also received \$300,000 in ASP funding from ICJIA. (page 76)

ASP funding went to only 8 of 28 “priority” counties in the State.

In November 2013, ICJIA issued a Request for Proposals to solicit responses from non-profit and government entities to implement after school programs for students in grades K-12 with an emphasis on youth aged 11-17 with a priority to serve 28 counties around the State. ICJIA funding decisions resulted in **16 grantees being awarded from only 8 of the 28 counties in the “priority” areas** being served by the ASP funding. The 16 selected providers were from eight counties: 8 from Cook County, 2 from St. Clair County, and 1 each from Alexander, Kane, Lake, Madison, Stephenson, and Vermilion counties. In the grant budgets for FY14 funding, the 20 non-State agencies that provided ASP services reported 385 positions dedicated to the program. (page 76)

ICJIA lapsed \$3.31 million in ASP appropriations.

During FY14, ICJIA **expended \$6.69 million** on ASP activities. The expenses were mainly grants to provider organizations. ICJIA **lapsed \$3.31 million** of the \$10 million appropriated for ASP funding. (pages 77-78)

ICJIA **failed to timely execute** contracts for the ASP with grantee agencies, allowing two grantees **to go the entire grant period without an executed contract** in place, finally executing the contract on the last day of the grant period. Further, four grants were signed more than six months after the start of the grant, in **violation of ICJIA’s agreement process policy**. Additionally, ICJIA allowed grantee agencies to work on ASP activities prior to execution of the contractual agreement. (pages 82-84)

No site visits were completed to ASP providers.

ASP grantee agencies **failed to timely submit** quarterly fiscal reports to ICJIA. Additionally, ICJIA failed to maintain quarterly program reports in its files on all agencies despite a **contractual requirement** that these reports be submitted to ICJIA. (pages 84-87)

ICJIA violated its policy by not completing site visits to ASP agencies. Even though ASP was a new program for ICJIA, it **did not conduct any site visits**. (pages 87-88)

ICJIA failed to enforce a provision of grant agreements and ICJIA guidelines regarding a time restriction on the purchase of equipment for the After-School Program in FY14. Our analysis showed that over **\$26,000 in equipment was purchased outside the time frame delineated in the contracts** and guidelines. (pages 88-90)

Our analysis showed over \$532,000 in questioned program expenses.

ICJIA failed to effectively monitor expenses charged by providers of ASP services in FY14. ICJIA **did not go on site**, even on a test basis, to monitor expenses and **relied on self-reported figures** from the service providers. Our testing at a sample of ASP agencies found instances of unsupported expenses and unallowable expenses. In total, we **questioned over \$532,000** in expenses charged to State grant funds. (pages 90-92)

CHICAGO AREA PROJECT (CAP) FUNDING

ICJIA received \$10 million for funding to CAP.

In the **FY13** State appropriations bill, ICJIA received \$5 million in General Revenue Funds *for grants to the Chicago Area Project*. State payments to CAP under this appropriation amounted to \$4.2 million during FY13. In the **FY14** State appropriations bill, ICJIA again received \$5 million in GRF funds *for administrative costs and grants to the Chicago Area Project*. Overall in FY14, CAP received \$4.9 million from the State under the grant agreement between CAP and ICJIA. (page 96)

CAP funded NRI/CVPP and five other grants programs.

ICJIA reported to auditors that half the monies were to go toward NRI/CVPP and the other half for additional grants outside of NRI/CVPP. CAP funded five violence prevention programs, outside of the NRI/CVPP activities, with a total budget of \$3.6 million for the two-year period FY13 and FY14. The five providers, and the two-year budgets, were:

- Latino Organization of the Southwest – budget of \$953,333;
- DuPage County Area Project – budget of \$641,670;
- CAP Community Youth Development – budget of \$970,800;
- St. Sabina Employment Resource Center – budget of \$254,667; and,
- ARK of St. Sabina – budget of \$781,594. (pages 96-98)

CAP officials stated that there was no analysis to determine whether there was a reduction in violence; rather, the programs were assessed based on whether the objectives outlined in the contracts were met. (page 97)

Background checks were not required.

CAP grantees did maintain timesheets on the staff that charged time to the grants. Background checks were not required of staff even though the grant programs provided services to youth from birth to age 21. In the grant budgets for FY13 funding, the five providers reported 100 positions that would be funded from the moneys it received from CAP. For the FY14 funding, the number of positions was 94 individuals. (pages 98-99)

During FY13 and FY14, ICJIA and/or CAP entered into agreements with agencies **with budgets totaling \$3.6 million**. Seventy-one percent of these funds (\$2.6 million) were to be **used** by the agencies for personnel services. Agencies self-reported **actual uses** of over \$2.21 million in salary and benefit expenses on the closeout reports for the agencies that receive non-NRI/CVPP grants from the CAP funding. Contractual expenses accounted for over \$819,000 in FY13 and FY14. (pages 96-97)

ICJIA allowed CAP to hold between \$1 million and \$2 million during the grant.

ICJIA officials allowed CAP to shorten a FY13 grant agreement period **without documenting** the change in the grant agreements, raising the question of whether the program was actually completed for funds provided in FY13. The ICJIA payment schedule allowed CAP to hold between \$1

ICJIA and CAP failed to execute a budget for FY14 funding.

million and \$2 million during the course of the grant. Finally, ICJIA **never executed a budget for FY14**, choosing instead to use the FY13 budget as a placeholder in order to get CAP paid. This budget included funding for providers that were not part of the NRI/CVPP program in FY14. (pages 102-105)

ICJIA failed to require the **identification of individuals** who were to be paid with CAP grant funds. Our examination found eight instances where the salaries **listed in grant budgets** were higher than what the individuals holding those position titles actually were paid by the providers, **as reported by the providers** on a report to the Attorney General. **While there may be explanations for differences, ICJIA did not seek those explanations.** When the State pays a rate higher than the individual actually earns, State moneys may not be expended for program purposes. (pages 105-107)

Agencies provided with ICJIA/State grant funds by CAP **failed to timely submit** quarterly fiscal reports to either CAP or ICJIA. Additionally, ICJIA failed to maintain fiscal reports on all the providers in the FY13 funding year of the program despite a **contractual requirement** that these reports be submitted to ICJIA. Finally, in FY14, ICJIA **weakened the control** over fiscal monitoring by removing the requirement from grant agreements to submit the fiscal reports to ICJIA. (pages 108-110)

ICJIA failed to enforce a provision of grant agreements and ICJIA guidelines regarding a time restriction on the purchase of equipment for the grants made by CAP to providers funded in FY13 and FY14. Our analysis showed that **\$22,781 in equipment was purchased outside the time frame delineated in the contracts** and guidelines. (pages 111-112)

We questioned over \$318,000 in expenses as unsupported or unallowable.

ICJIA failed to effectively monitor expenses charged by providers that received funding from CAP for the moneys CAP received from ICJIA. ICJIA **did not go on site**, not even on a test basis, to monitor expenses and **relied on self-reported figures** from the service providers. Our testing at a sample of CAP funded agencies found instances of unsupported expenses and unallowable expenses. In total, we **questioned over \$318,000** in expenses charged to State grant funds, with an **additional \$79,944** in claimed line items over ICJIA approved levels. (pages 112-114)

Grantees charged \$79,944 in expenses over ICJIA approved budget lines.

ICJIA was not timely in recovering unspent funds.

ICJIA delegated responsibility for oversight of State funds to CAP. Additionally, ICJIA was **not timely** in recovery of grants to CAP relative to unspent grant funds and funds spent in excess of approved budgets. Grant agreements required providers to submit a refund of unexpended funds within 30 days of the end of the grant period. Our analysis showed **almost \$427,000 in unrecovered** CAP grant funding in FY13 and FY14. (pages 114-116)

Our analysis showed nearly \$427,000 in unrecovered CAP funding.

ICJIA has not collected all funds owed to the State from CAP for funding received in FY13 and FY14. Our

We could not reconcile \$1.53 million of the CAP funding to documents we received from CAP. The documents contained inaccuracies and/or inconsistencies.

examination showed that **\$1.53 million could not be reconciled with CAP-provided information.** For FY13, ICJIA relied on CAP and a CAP spreadsheet to determine how much to recover in FY13. Our examination of that documentation showed a **number of inaccuracies and/or inconsistencies** with the documentation. (pages 116-121)

RECOMMENDATIONS

This audit report contains 28 recommendations directed towards the Illinois Criminal Justice Information Authority. The Authority agreed with the recommendations. Appendix E to the report contains the full agency responses.

SIGNED ORIGINAL ON FILE

FRANK J. MAUTINO
Auditor General

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