



STATE OF ILLINOIS

OFFICE OF THE AUDITOR GENERAL

**PROGRAM AUDIT
FUNDING PROVIDED BY OR THROUGH
THE STATE OF ILLINOIS TO THE
CHICAGO PROJECT FOR VIOLENCE PREVENTION
FOR THE
CEASEFIRE PROGRAM**

AUGUST 2007

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OFFICE OF THE AUDITOR GENERAL
WILLIAM G. HOLLAND

*To the Legislative Audit Commission, the Speaker
and Minority Leader of the House of Representatives,
the President and Minority Leader of the Senate, the
members of the General Assembly, and the Governor:*

This is our report of the Program Audit of funding provided by or through the State of Illinois to the CeaseFire program.

The audit was conducted pursuant to Illinois Senate Resolution Number 686, which was adopted April 6, 2006. This audit was conducted in accordance with generally accepted government auditing standards and the audit standards promulgated by the Office of the Auditor General at 74 Ill. Adm. Code 420.310.

The audit report is transmitted in conformance with Section 3-14 of the Illinois State Auditing Act.

A handwritten signature in black ink, appearing to read "William G. Holland". The signature is stylized and includes a large, sweeping flourish that extends upwards and to the right.

WILLIAM G. HOLLAND
Auditor General

Springfield, Illinois
August 2007

REPORT DIGEST

PROGRAM AUDIT OF

FUNDING PROVIDED BY OR THROUGH THE STATE OF ILLINOIS TO THE CHICAGO PROJECT FOR VIOLENCE PREVENTION FOR THE CEASEFIRE PROGRAM

Released: August 2007



State of Illinois
Office of the Auditor General

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AUDITOR GENERAL

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SYNOPSIS

Senate Resolution 686 directed the Auditor General to conduct a program audit of the funding provided by or through the State of Illinois to the CeaseFire program. Our audit concluded that:

- In State fiscal years 2004 through 2006, the Chicago Project and its community partners received \$16.2 million from a variety of sources to operate the CeaseFire program and fund other Chicago Project activities.
- The State of Illinois provided the largest amount of funding, \$11.1 million, followed by private foundations at \$3 million, federal monies totaling \$1.8 million and Cook County with \$325,000 in funding.
- The Chicago Project was to utilize the funds, in part, for: subcontracts with community partners; salaries and benefits for Chicago Project staff; salaries and benefits for its own outreach staff to support community sites; and public education materials. Our testing found that some of the funds did not go for the stipulated purposes.
- Our examination of documentation at the Chicago Project and State contracts on file at the Comptroller found numerous weaknesses in the administration of the CeaseFire program that included:
 - During FY06, the Department of Corrections provided funding for CeaseFire outside the payment terms of the agreement.
 - During FY06, the Chicago Project charged a total of \$365,000 in administrative fees that was not delineated in the funding agreement with DOC. DOC officials condoned the practice even though it was not outlined in the agreement.
 - UIC and the Chicago Project allowed community partners to initiate work without a written agreement in place.
 - Insufficient diligence by Chicago Project staff led us to question \$371,534 in reimbursements to community partners.
- CeaseFire communities were determined during the audit period by two sources—the Chicago Project or individual legislators that provided funding in the State budget.
- The Department of Corrections had no predetermined performance measures contained in funding agreements with the University of Illinois detailing what results were expected for the funding levels received. The agreements simply set forth payment schedules.

REPORT CONCLUSIONS

The Chicago Project for Violence Prevention (Chicago Project) was formed in 1995 as a strategic public health initiative to support accelerated community-based and citywide violence prevention. Housed within the School of Public Health at the University of Illinois at Chicago (UIC), the Chicago Project is supported by private foundation grants and with local, State, and federal funds. CeaseFire is a major program operated by the Chicago Project and is designed to combat violence within the community.

FUNDING SOURCE

In State fiscal years 2004 through 2006, the Chicago Project and its community partners **received \$16.2 million** from a variety of sources to operate the CeaseFire program and fund other Chicago Project activities. The State of Illinois provided the largest amount of funding, \$11.1 million, followed by private foundations at \$3 million, federal monies totaling \$1.8 million and Cook County with \$325,000 in funding. See inset for source of funds.

CHICAGO PROJECT/CEASEFIRE REVENUES	
State FY04-FY06	
Source	Amount
State	\$11,069,600
Foundation	2,985,505
Federal	1,782,249
County	324,640
Total	\$16,161,994
Source: OAG summary.	

During the same period, Chicago Project funding agreements proposed to use: 39 percent of the budgeted CeaseFire funds (\$6.4 million) for subcontracts with community partners; 30 percent (\$4.9 million) for salaries and benefits for Chicago Project staff; 15 percent (\$2.4 million) for salaries and benefits of its own outreach staff to support community sites; and 3 percent (\$414,564) for public education materials. The remaining funds were budgeted for seven other line item purposes such as equipment and supplies. Our testing found that some of the funds did not go for the stipulated purposes.

State Funding

While some State agencies provided funding to the Chicago Project as far back as 1999, the State of Illinois became the major funding source for the Chicago Project and CeaseFire program during the FY04 through FY06 time period.

State of Illinois agencies provided **\$10.8 million directly to UIC** for CeaseFire activities between FY04 and FY06. Funding agencies and funding amounts were:

- Department of Corrections (DOC) - \$6,750,000,
- Illinois State Police (ISP) - \$1,500,000,
- Illinois Criminal Justice Information Authority (ICJIA) - \$1,100,000,
- Department of Commerce and Economic Opportunity (DCEO) - \$750,000, and the
- Illinois Violence Prevention Authority (IVPA) - \$734,600.

In addition, the Department of Human Services (DHS) provided the CeaseFire community partner in the Auburn Gresham area of Chicago with **\$200,000** in funds during FY06 specifically for CeaseFire activities. In another community, East Garfield Park, the community partner received a **\$35,000** grant from IVPA for a youth violence prevention program similar to activities conducted as part of the CeaseFire program. These payments went **directly to these not-for-profit community partners** and did not filter through UIC and the Chicago Project.

Generally, there has been a shift in how the funding was directed for CeaseFire – from paying for administrative costs in FY04 to providing funds for specific CeaseFire communities in FY06. Our examination of budgeted purposes in the State funding agreements in effect during the audit period showed:

- Most State funding during the audit period for CeaseFire was to go for community expenses – outreach workers and related costs as well as subcontracts with community partners.
 - 72 percent (\$7.8 million) of the \$10.8 million in **direct funding to UIC** was budgeted for community activity.
 - 18 percent in State funding (\$2.0 million) was for salaries and fringe benefits for staff of the Chicago Project.

Regarding State funding, our examination of documentation at the Chicago Project and State contracts on file at the Comptroller found numerous weaknesses that included:

- In FY06, the Department of Corrections provided funding for CeaseFire **outside the payments terms** of the agreement. DOC never received adequate documentation that disbursements had been made by CeaseFire to all the specific communities in the funding agreement.
 - The Chicago Project was either not passing funding on to community partners in a timely manner or the community partners were not expending much of the funding allocated to their communities. The contract with DOC required proof that the initial half of the funding to each community by UIC (generally

- \$125,000) had been expended prior to DOC forwarding the second half of the appropriated funds to UIC. Only **27 percent** (4 of 15) of the communities had provided the Chicago Project with requests for reimbursement equaling at least half of the monies provided for in the State contract – though there were only **30 days left** in the contract period – yet DOC paid the second half of the contract; and
- UIC was required to “provide to the [I]DOC no later than 60 days from the final payment, documents indicating disbursements in accordance” with the terms for the second payment. Sixty days for delivery of this documentation should have been by September 13, 2006. However, as of March 29, 2007, 260 days after the final payment, DOC officials indicated that the final expense summary had never been received.
 - During FY06, the Chicago Project charged a total of **\$365,000** in administrative fees that was **not delineated in the funding agreement** with DOC. DOC officials condoned the practice even though it was not outlined in the agreement.
 - The CeaseFire budget for the FY04 DOC funding, dated May 10, 2004 – approximately 3½ months after work was to begin – failed to identify 18 individuals for positions that were described as “vacant” or “new hire.” These positions amounted to over **\$187,000**, or 37 percent, of the total budget.
 - The Illinois State Police paid monies for CeaseFire that appear to be **for services rendered prior to a contract being executed**. The contract, executed May 26, 2004, shows that the contract period was February 1, 2004 through June 30, 2004. The contract was not filed until June 23, 2004 – seven days prior to the end of the contract period.
 - Illinois Criminal Justice Information Authority grant agreements with UIC were generally executed well into the performance period for the grant. In FY05, the \$600,000 grant was executed February 18, 2005 – 4½ months after the initiation of the grant term.
 - Chicago Project use of Department of Commerce and Economic Opportunity FY04 funding differed significantly from the purposes contained in the contract between UIC and the State. Funds were not used in the budgeted amounts but were transferred to other lines.
 - Close-out documentation submitted June 15, 2005 – six months after the end of the grant period – showed that the Chicago Project spent 33 percent more than budgeted for the total of personnel costs and fringe

benefits; spent less than 1 percent on travel; and spent none of the money provided for subcontractors. The subcontractor funding was scheduled to be used for clergy mobilization; however, the Chicago Project used it toward the increased personnel and fringe benefit line items. DCEO followed appropriate Departmental procedures by sending follow-up correspondence to the grantee to obtain submission of the close-out report; determined upon review of the received document that it contained excessive variances; and has neither accepted nor approved the close-out report as of July 17, 2007.

- The contract between UIC and DCEO required the hiring of eight outreach workers. Documentation obtained from the Chicago Project showed that fewer than eight outreach workers were on the job in the identified police beats in 4 of 12 months during calendar year 2004.
- DCEO officials indicated that while monitoring the funds distributed as member initiatives does occur, no on-site monitoring of this \$750,000 had been conducted by DCEO.
- UIC information showed that \$884,848 had been charged to the DCEO grant in their financial system - \$134,848 more than the total grant from DCEO. A UIC official indicated that the grant was overcharged and that transfers to other grants were processed during close-out. In May 2007, the official could not tell us what other grants these transfers went to. On July 27, 2007, 4 days after our exit conference, UIC officials provided information on the transfers; however the information failed to adequately clear this issue.

Private Funding

The Chicago Project for Violence Prevention **has received, or is scheduled to receive**, substantial support - \$6.6 million – from multiple non-State sources for various costs and activities. Some of these grants provided by private sources during the period FY04 through FY06 have grant **periods that either started before or extended past** the audit period defined in Senate Resolution 686.

For the period **specifically between** FY04 and FY06, the Chicago Project received \$3 million from 23 private sources to supplement activities of the Chicago Project and the CeaseFire program. Private

funding was utilized primarily for the support of the administrative function for the Chicago Project, and to a much lesser extent, front-line community activity.

Federal Funding

During FY04 through FY06, CeaseFire received \$1.78 million in grants from the United States Department of Justice (USDOJ). The grants provided funds to: (1) support CeaseFire in the West Garfield Park, Logan Square, and West Humboldt Park neighborhoods of Chicago; (2) enhance the capacity of CeaseFire to serve other communities through additional outreach workers and violence interrupters; and (3) support core functions that are necessary to these sites.

Cook County Funding

During FY04-FY06, the Chicago Project received \$324,640 from Cook County officials under five separate grant agreements. Eighty-three percent of the funds provided by Cook County to the Chicago Project was from the Local Law Enforcement Block Grant for the B.A.D.G.E. program. The programs under which funds were provided were administered by the Judicial Advisory Council and the State's Attorney's Office. County funding was mainly budgeted for salaries and fringe benefits.

COMMUNITY ALLOCATIONS

CeaseFire program communities were determined during the audit period by two sources – Chicago Project administration or individual legislators who directed funding for specific communities. Beats within the specific communities were determined by Chicago Project staff, reportedly on a data driven basis. During FY04, **Chicago Project officials determined** which Chicago communities would receive funding.

As CeaseFire funding became designated in the State budgets in FY05 and FY06, funds for Chicago communities were included based on recommendations from State legislators. In the FY05 State budget, no individual communities were named to receive monies for CeaseFire – the Chicago communities were once again determined by Chicago Project officials in consultation with State legislators. In FY06, the State budget dictated which communities were to receive funding.

CEASEFIRE MONITORING

UIC and the Chicago Project did not have an adequate system in place to ensure that contracts had been properly executed in a timely manner. As a result, community partners were allowed to initiate work without a written agreement in place.

- In 18 percent (7 of 39) of the subcontracts reviewed, the agreements were **not executed until after** the performance period for the contract had expired.
- The **39 subcontracts totaled \$5.3 million**.
- The **average** amount of time to properly execute the subcontract was **128 days** – when comparing the “performance period beginning date” with the subcontract execution date. The timeliest effort in executing a subcontract was the 21 days to execute the FY06 agreement with the Little Village community partner. It took UIC 248 days to execute the agreement with an Aurora community partner in FY06.

The Chicago Project did not enforce provisions of the subcontractor agreements related to the hiring of outreach workers by the community partners. Contractually, community partners are required in the scope of work section to hire a specific number of outreach workers to conduct CeaseFire activities. Seventy-two percent (28 of 39) of the subcontracts with community partners contained, in the Scope of Work Statement, an indicator of how many outreach workers were required to be hired by the community partner. The subcontracts either gave a definitive, specific number of outreach workers or gave a minimum number to hire “per beat.” During FY04 through FY06, the community partners only hired 69 percent (868.5 of 1267 worker-months) of the required number of staff for the duration of the contracts. Additionally, community partners had failed to hire over 398 worker-month positions during the course of the contracts. We saw no written indication that the Chicago Project enforced this provision of the subcontracts.

The funding agreements between UIC and State funding agencies do not contain any performance measures that have to be achieved for funding provided by the State. The Chicago Project regularly reports on the decreases in shootings in CeaseFire zones in which it operates; however, it cannot measure how much of the decrease was due to CeaseFire or other activities/programs operating in the same communities. An analysis of Chicago Police Department shooting statistics showed that while shootings have decreased in CeaseFire zones, other non-CeaseFire beats sometimes had greater decreases. CeaseFire does not always operate in the most violent communities.

Community partners submit reimbursement requests to the Chicago Project for expenses incurred as part of the CeaseFire program. Chicago Project staff review these requests and process payments, which are then made by the University of Illinois at Chicago. Our review of the expense reimbursements for 15 subcontracts showed significant weaknesses in review by Chicago Project staff. A lack of formal procedures for how to review the requests and insufficient diligence by Chicago Project staff resulted in the weakness. We questioned **\$371,534 of the \$1.9 million** paid (20 percent) under these subcontracts.

Exceptions noted included:

- Undocumented Expenses - \$263,999;
- Personnel Issues - \$40,134;
- Expenses Outside the Contract Period - \$21,861;
- Payroll Taxes/Fringe Benefit Issues - \$16,024;
- Purchases at the End of the Contract Period - \$14,700; and
- Other Exceptions - \$14,815.

The purpose of our testing was to determine how well the Chicago Project monitored the funding reimbursed to the community partners. As such, we reviewed all the documentation available at the Chicago Project. We did not perform audit procedures on the subcontractors, nor did we seek additional documentation from the subcontractors for our exceptions. The Chicago Project should have had the necessary support prior to reimbursing the community partners.

Community partners did not always receive the entire amount of funding provided by the General Assembly and outlined in the State budget. State funding agreements make no mention of giving the Chicago Project any discretion in utilizing funding provided by the State. During the audit period:

- The 39 community partner subcontractors received 83 percent of the named funding in State contracts from the Chicago Project.
- Over \$1.1 million was withheld by the Chicago Project, generally during FY05 and FY06, for program support expenses like the hiring of violence interrupters and core administrative functions.
- We found that the amounts withheld were not always consistent from community to community.
- There were other non-State funding sources that provided funds for similar activities, such as violence interrupter salaries and administrative functions of the Chicago Project.

In addition to the \$1.1 million in community monies withheld for expenses paid by the Chicago Project, there was a significant total **of the**

community funding remaining that was not spent by the communities but rather for purposes determined by the Chicago Project. In our sample of 15 subcontracts, 16 percent of the total subcontract amounts during FY04 through FY06 for those selected subcontractors were not paid out by the Chicago Project. The total amounted to \$352,000. Failure to expend all State funds in the communities designated in the appropriation bill by the General Assembly, and detailed in the contract between the State and UIC, circumvents the intent of the General Assembly.

Due to the funding mechanism used to provide funding for CeaseFire, the State would be unable to recover any unspent funds under the Grant Funds Recovery Act for the majority of State monies actually provided. If the State desires to continue funding for CeaseFire, providing those funds through a generic grant line item appropriation, along with proper monitoring by the State funding agency, would ensure the State's ability to pay for just the services it desires. (pages 1-7)

INTRODUCTION

On April 6, 2006, the Illinois Senate adopted Resolution Number 686, which directed the Auditor General to conduct a program audit of funding provided by or through the State of Illinois to CeaseFire Illinois (See Appendix A for a copy of the Resolution). The Resolution directed the Auditor General to determine:

- The total amount of funding provided by or through State of Illinois sources to CeaseFire in Fiscal Years 2004, 2005, and 2006;
- The source of all funding provided to CeaseFire in those fiscal years;
- The purposes for which that funding was provided, including how decisions concerning the allocation of funding to various Chicago communities were made; and
- Whether the State agencies providing funding or CeaseFire Illinois maintain performance measures and statistics reflecting the outcomes achieved with State funding. (page 7)

STATE FUNDING SOURCES AND USES OF FUNDING

State of Illinois agencies provided **\$10.8 million directly** to the University of Illinois for CeaseFire activities between FY04 and FY06. The Illinois State Police, Department of Commerce and Economic Opportunity, Department of Corrections, Illinois Criminal Justice Information Authority, and the Illinois Violence Prevention Authority funded CeaseFire during the audit period.

Five State agencies provided \$10.8 million directly to the University of Illinois for CeaseFire during State FY04-FY06.

The Department of Human Services provided the CeaseFire community partner in the Auburn Gresham area of Chicago with **\$200,000** in funds during FY06 specifically for CeaseFire activities. In another community, East Garfield Park, the community partner received a **\$35,000** grant from IVPA for a youth violence prevention program similar to activities conducted as part of the CeaseFire program. These payments went **directly to these not-for-profit community partners** and did not filter through UIC and the Chicago Project. Total State funding for CeaseFire, by fiscal year and agency, is presented in Digest Exhibit 1.

Community partners received State funds directly from State agencies.

Digest Exhibit 1 STATE FUNDING FOR CEASEFIRE State FY04-FY06				
Agency	FY04	FY05	FY06	Total ¹
DOC	\$500,000.00	\$2,600,000.00	\$3,650,000.00	\$6,750,000.00
ISP	1,500,000.00	0.00	0.00	1,500,000.00
ICJIA	500,000.00	600,000.00	0.00	1,100,000.00
IVPA	135,000.00	317,300.00	317,300.00	769,600.00
DCEO	750,000.00	0.00	0.00	750,000.00
DHS	0.00	0.00	200,000.00	200,000.00
Total	\$3,385,000.00	\$3,517,300.00	\$4,167,300.00	\$11,069,600.00
Note: ¹ Total includes \$235,000 paid directly to partners.				
Source: OAG summary of State agency documentation.				

Most State funding during the audit period for CeaseFire was budgeted for community expenses – outreach workers and related costs as well as subcontracts with community partners. Seventy-two percent (\$7.8 million) of the \$10.8 million in **direct funding to UIC** was budgeted for community activity. While State contracts indicated specific amounts for specific communities, we found that the front-line community partners seldom received the entire amount designated in the State budget.

\$7.8 million in State funds during State FY04-FY06 were to be used for community activity.

Another 18 percent in State funding (\$2.0 million) was budgeted for salaries and fringe benefits for staff of the Chicago Project. We summarized the budgeted uses for the State funding during FY04 through FY06. This summary is presented in Digest Exhibit 2. (pages 29-31)

Digest Exhibit 2 CEASEFIRE BUDGETED USES OF STATE FUNDING State FY04-FY06				
	FY04	FY05	FY06	Total
Community Partners	\$1,050,350	\$1,668,058	\$3,650,000	\$6,368,408
Community Outreach				
Salaries/Benefits	431,449	788,550	157,512	1,377,511
Chicago Project				
Salaries/Benefits	678,128	906,498	378,959	1,963,585
Equipment	200,569	69,277	3,000	272,846
Consultants/Training	61,005	186,225	0	247,230
Public Education Materials	221,581	15,500	0	237,081
Indirect/Other Costs	51,965	42,810	5,520	100,295
Community Expenses	42,500	42,500	0	85,000
Telephone	26,535	45,041	4,416	75,992
Supplies	27,058	30,700	3,157	60,915
Travel/Transportation	17,195	23,808	4,735	45,738
Total	\$2,808,335	\$3,818,967	\$4,207,299	\$10,834,601
Note: Some State funding was provided over fiscal years. Total difference due to rounding.				
Source: OAG developed from contracts received from the Comptroller.				

Department of Corrections

The Department of Corrections provided \$6.75 million in funding during the audit period for CeaseFire activities in the community as well as administrative costs for operating the program at the Chicago Project and UIC. There has generally been a shift in how the funding was directed for CeaseFire – from paying for administrative costs in FY04 to providing funds for CeaseFire communities in FY06. Seventy-nine percent of the DOC funding for CeaseFire (\$5.3 million) was directed to be used in the communities.

Corrections has become the major funding source for CeaseFire.

Funding was provided by DOC through Memoranda of Understanding (MOUs) between the Department and UIC. We found that, during FY06, DOC provided funding for CeaseFire outside the payment terms of the agreement. Additionally, during FY06, we found that the Chicago Project was charging an administrative fee to each of the community line item amounts that was not delineated in the MOU with the Department. (page 31)

Illinois State Police

The Illinois State Police provided \$1.5 million in funding during FY04 for CeaseFire activities in the community as well as some administrative costs for operating the program at the Chicago Project and UIC. An ISP official reported that the Governor’s Office directed ISP to provide funding to CeaseFire. Seventy percent of the ISP funding for CeaseFire (\$1.05 million) was directed to be used in the communities through subcontracts.

The contract for the ISP funding contained a document titled “Spending Projection for Illinois State Police Grant” which outlined a budget and the anticipated expenditures for the funding use. This document was dated May 3, 2004 – three months after the agreement beginning date and two months prior to the end of the contractual period. According to an ISP official, ISP never saw the budget attached to the MOU nor did ISP know what the funding was to be used for within CeaseFire. The Director of the ISP signed the MOU, but there was no indication of the date of that signing.

The monies paid by ISP to CeaseFire appear to be **for services rendered prior to a contract being executed**. The ISP contract, executed May 26, 2004, for payment for CeaseFire activities, filed with the Comptroller, shows that the contract period was February 1, 2004 through June 30, 2004. The contract was not filed until June 23, 2004 – seven days prior to the end of the contract period.

The MOU provided no mechanism for the Chicago Project to report on how the ISP funds were actually expended. Failure to include such reporting in the agreement does not protect State assets. (pages 35-36)

Illinois Criminal Justice Information Authority

During FY04 and FY05, the Illinois Criminal Justice Information Authority **provided \$1.1 million** for CeaseFire activities. Monies used to fund CeaseFire operations were from federal sources that were passed to the Illinois Violence Prevention Authority by ICJIA through an interagency agreement. IVPA then passed the funds onto UIC for CeaseFire through a subcontract grant agreement. Funds appropriated to ICJIA by the General Assembly for grants to State agencies from the Criminal Justice Trust Fund were used for the monies that filtered to CeaseFire.

The Governor’s Office directed the State Police to fund CeaseFire activity in State FY04.

The ISP funding contract was executed seven days prior to the end of the contract period.

ICJIA provided \$1.1 million in funding for CeaseFire.

ICJIA funding was generally for operating CeaseFire activities in two Chicago communities – West Garfield Park and Southwest. Southwest encompasses a cluster of areas that is defined as Chicago Lawn, West Lawn, Gage Park, and West Elsdon. Ninety-five percent of the ICJIA funding, \$1.05 million, was for salaries/benefits for both Chicago Project staff (\$428,183) and community outreach staff (\$618,834).

We found that grant agreements with UIC for ICJIA funds were generally executed well into the performance period for the grant. The grant agreement for the \$600,000 in FY05 funding was executed February 18, 2005 – 4½ months after the initiation of the grant term. (pages 37-38)

Illinois Violence Prevention Authority

The Illinois Violence Prevention Authority provided funds for CeaseFire in all three years of the audit period. IVPA used General Revenue Fund appropriations to provide **\$734,600** directly to UIC for CeaseFire. Additionally, we found that the CeaseFire community partner in East Garfield Park received a **\$35,000** grant from IVPA in FY04 for a youth violence prevention program similar to activities conducted as part of the CeaseFire program. These payments went **directly to this not-for-profit community partner** and did not filter through UIC and the Chicago Project. (page 38)

Department of Commerce and Economic Opportunity

The Department of Commerce and Economic Opportunity executed a grant agreement on May 12, 2004 to **provide \$750,000** in funding for CeaseFire. The agreement was for **calendar year 2004** and was a Legislative Add-On grant at DCEO. The funding was to go for program expansion located in the 8th Police District of the City of Chicago – specifically the Gage and Marquette Park area.

The DCEO grant agreement to provide funding contained a budget document. Documentation containing the grant close-out report to DCEO from UIC showed that reported expenditures differed from those shown in the contract agreement. Funds were not used in the budgeted amounts but transferred to other lines.

- Close-out documentation submitted June 15, 2005 – six months after the end of the grant period – showed that CeaseFire spent 33 percent more than budgeted for the total of personnel and fringe benefit costs; spent less than 1 percent on travel; and spent none of the money provided for subcontractors. The subcontractor funding, which was part of the contractual budget line, was scheduled to be used for clergy mobilization;

DCEO provided \$750,000 in funding for CeaseFire.

Actual uses of DCEO funds differed from budget request – with no documentation that DCEO approved such uses.

however, the Chicago Project used it toward the increased personnel and fringe benefit line items. DCEO followed appropriate Departmental procedures by sending follow-up correspondence to the grantee to obtain submission of the close-out report; determined upon review of the received document that it contained excessive variances; and has neither accepted nor approved the close-out report as of July 17, 2007.

- Additionally, while the contract between UIC and DCEO required the hiring of eight outreach workers, documentation obtained from the Chicago Project showed that fewer than eight outreach workers were on the job in the identified police beats in 4 of 12 months during calendar year 2004. DCEO officials indicated that while monitoring the funds distributed as member initiatives does occur, no on-site monitoring of this \$750,000 had been conducted by DCEO.
- Quarterly Expense Reports, as required by the contract, were also not provided by the UIC/Chicago Project by their respective due dates although DCEO officials did follow up with the Grantee in attempts to obtain them. Documentation showed that the first three calendar year 2004 quarterly reports were actually provided by UIC on October 9, 2006. The quarterly reports were not fully certified by the Department, as only one of the two required DCEO official signatures was in place on October 23, 2006 – **22 days before** our entrance conference with DCEO for this audit and **22.5 months after** the end of the contractual grant period. According to DCEO officials, the second required signature is being withheld pending the budget modification review process, as well as the approval of the submitted close-out report.

UIC information showed that \$884,848 had been charged to the DCEO grant in their financial system - \$134,848 more than the total grant from DCEO. A UIC official indicated that the grant was overcharged and that transfers to other grants were processed during close-out. In May 2007, the official could not tell us what other grants these transfers went to. On July 27, 2007, four days after our exit conference, UIC officials provided information on the transfers; however the information failed to adequately clear this issue. (pages 39-41)

Quarterly expense reports were submitted to DCEO 22.5 months after the end of the contract.

The University of Illinois overcharged the DCEO grant.

PRIVATE FUNDING SOURCES AND BUDGETED USES

The Chicago Project receives substantial support from private sources.

The Chicago Project has received, or is scheduled to receive, substantial support from multiple non-State sources. Documentation obtained from the Chicago Project showed that over the three-year period defined in the Resolution, private funding sources **either provided or were going to provide** the Chicago Project \$6.6 million for various costs and activities. Some of these grants provided by private sources have grant **periods that either started before or extended past** the audit period defined in Senate Resolution 686.

Examining just the period **specifically between** FY04 and FY06, the Chicago Project received \$2,985,505 from 23 private sources to supplement activities of the Chicago Project and the CeaseFire program.

Private funding primarily supports the administrative function within the Chicago Project.

Private funding was utilized primarily for the support of the administrative function for the Chicago Project. Seventy-seven percent (\$2.3 million) of private funding provided during the audit period was for salaries and benefits for Chicago Project staff. Outside consultants and training (\$185,406), public education materials (\$145,996), and staff travel (\$36,740) accounted for other administrative uses of the private funds. Digest Exhibit 3 breaks private funding down into component line item descriptive categories. (pages 43-44)

Digest Exhibit 3				
CEASEFIRE/CHICAGO PROJECT BUDGETED USES OF PRIVATE FUNDING				
State FY04-FY06				
	FY04	FY05	FY06	Total
Chicago Project				
Salaries/Benefits	\$712,988	\$627,838	\$944,680	\$2,285,506
Consultants/Training	82,756	15,000	87,650	185,406
Public Education Materials	60,671	21,229	64,096	145,996
Indirect/Other Costs	10,555	24,718	95,671	130,944
Supplies	10,117	5,777	42,700	58,594
Travel/Transportation	9,245	11,667	15,828	36,740
Telephone	889	1,111	16,154	18,154
Equipment	1,375	3,500	3,000	7,875
Community Expenses	0	1,000	0	1,000
Community Outreach				
Salaries/Benefits	0	0	115,291	115,291
Total ¹	\$888,596	\$711,840	\$1,385,070	\$2,985,506
Note: ¹ Total differs from text due to rounding.				
Source: OAG developed from Chicago Project for Violence Prevention documentation.				

FEDERAL FUNDING SOURCES AND BUDGETED USES

During FY04 through FY06, UIC received \$1.78 million in grants from the United States Department of Justice (USDOJ). The grants provided funds to: (1) support CeaseFire in the West Garfield Park, Logan Square, and West Humboldt Park neighborhoods of Chicago; (2) enhance the capacity of CeaseFire to serve other communities through additional outreach workers and violence interrupters; and (3) support core functions that are necessary to these sites.

Federal funding significantly increased during State FY06. While federal funding levels for CeaseFire decreased from FY04 (\$511,427) to FY05 (\$143,248), a large funding increase – coupled with a supplemental award by USDOJ for CeaseFire – increased the FY06 award to \$1,127,574. (pages 44-45)

The federal government provided \$1.78 million in grants for CeaseFire during State FY04-FY06.

COOK COUNTY FUNDING SOURCES AND BUDGETED USES

During FY04-FY06, the Chicago Project received \$324,640 from Cook County officials under five separate grant agreements. Eighty-three percent of the funds provided by Cook County to the Chicago Project were from the Local Law Enforcement Block Grant for the B.A.D.G.E. program. The programs under which funds were provided were administered by the Judicial Advisory Council and the State’s Attorney’s Office. County funding was mainly budgeted for salaries and fringe benefits. (pages 45-47)

SELECTION OF CHICAGO COMMUNITIES FOR CEASEFIRE PROGRAM

CeaseFire program communities were determined during the audit period by two sources – Chicago Project administration or individual legislators that directed funding for specific communities. Beats within the specific communities were determined by Chicago Project staff, reportedly on a data driven basis.

Senate Resolution 686 directed us to determine how decisions concerning the allocation of funding to various Chicago communities were made. During FY04, the State (ISP and DOC) provided funding for CeaseFire based on a proposal submitted by the Chicago Project. In the proposed budget, **Chicago Project officials determined** monies should go to community partners in the following Chicago communities: Auburn-Gresham, Logan Square, Rogers Park, East Garfield Park, Belmont-

Chicago communities have been selected by either Chicago project staff or designated in State budget agreements.

Cragin and Grand Boulevard – as well as Rockford, Aurora, East St. Louis and Maywood.

As CeaseFire became designated in the State budget in FY05 and FY06, funds for Chicago communities were included based on recommendations from State legislators. In the FY05 State budget, no individual communities were named to receive monies for CeaseFire. However, the contract with DOC did designate various Chicago communities, determined by Chicago Project officials in consultation with State legislators. In FY06, the State budget dictated which communities were to receive funding. (pages 47-48)

TIMELY EXECUTION OF SUBCONTRACTS WITH COMMUNITY PARTNERS

The University of Illinois at Chicago and the Chicago Project did not have an adequate system in place to ensure that contracts had been properly executed in a timely manner. As a result, community partners were allowed to initiate work without a written agreement in place. In 7 of 39 subcontracts, the agreements were **not executed until after** the performance period for the contract had expired. Good business practice would dictate that work not be initiated until a formal agreement is in place.

**7 of 39
subcontracts were
not executed until
after the contract
period had
expired.**

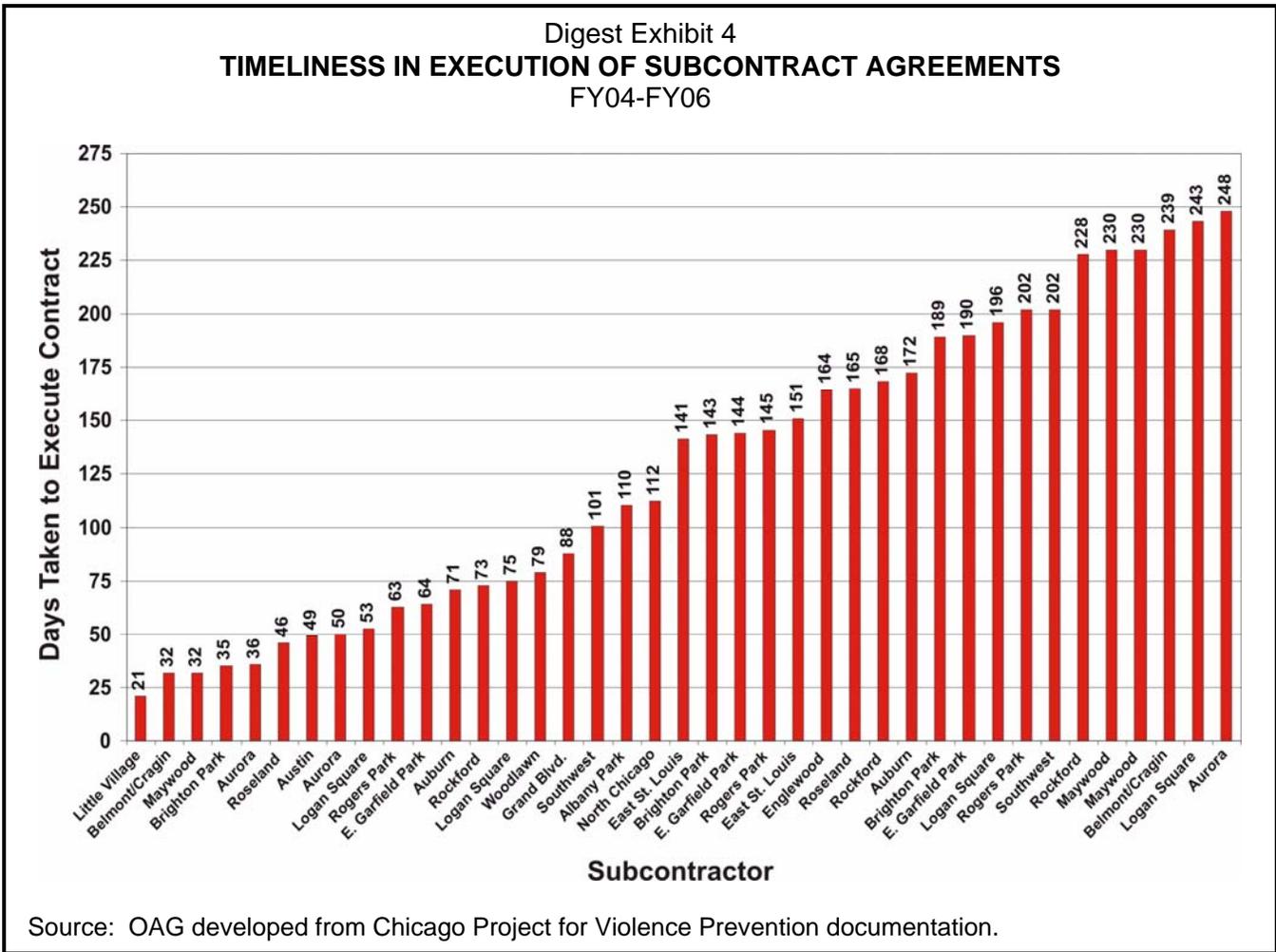
During the audit we reviewed all 39 subcontracts between UIC and the community partners for CeaseFire during FY04 through FY06. These **39 subcontracts totaled \$5.3 million**. The **average** amount of time to execute the subcontract was **128 days** when comparing the date when performance was to begin with the subcontract execution date. The timeliest effort in executing a subcontract was the 21 days to execute the FY06 agreement with the Little Village community partner. It took UIC 248 days to execute the agreement with the Aurora community partner in FY06. The breakdown of the lack of timely execution is presented in Digest Exhibit 4.

**The average
amount of time to
execute a
subcontract was
128 days.**

UIC staff are responsible for processing the subcontract agreements. State funds totaling \$50,000 from the Department of Corrections in FY05 was earmarked for the expertise the University could provide in subcontract development. Six of the seven subcontracts which were **not executed until after the performance period had expired** were FY05 agreements.

Failure to execute a subcontract with the community partners, and allowing those partners to initiate work without an executed contract, does not bind the community partner to comply with applicable laws,

regulations and rules and may result in improper and unauthorized payments. (pages 51-52)



INADEQUATE HIRING OF OUTREACH STAFF BY COMMUNITY PARTNERS

Contractually, community partners are required in the scope of work section to hire a specific number of outreach workers to conduct CeaseFire activities. During FY04 though FY06, the community partners only hired 69 percent (868.5 of 1267 worker-months) of the required number of outreach workers over the duration of the contract. Additionally, community partners had failed to hire over 398 worker-months positions during the course of the contracts. Chicago Project staff charged with monitoring the community partners took little action to ensure compliance with the agreements.

- Outreach workers are the “front-line” in the CeaseFire Campaign to Stop the Shooting. The job description included

Community partners were allowed to hire fewer outreach workers – in violation of contractual agreements.

72 percent of the subcontracts required specific hiring criteria for outreach workers.

with every subcontract states that “Skilled outreach workers are a key ingredient to the success of the initiative.” As such, ensuring that community partners have the required number of outreach workers should be paramount to the Chicago Project.

- In 72 percent (28 of 39) of the subcontracts with community partners, each contained, in the Scope of Work Statement, an indicator of how many outreach workers were required to be hired by the community partner. The subcontracts either gave a definitive, specific number of outreach workers or gave a minimum number to hire “per beat.”
- A Chicago Project official indicated they were aware that community partners had not had the required number of outreach workers on staff and that it was a problem. The official explained that reasons for not complying with the subcontract on this issue included: turnover in outreach staff; inability of some community partners to hire ex-offenders; and delays in getting a community up and running. Digest Exhibit 5 breaks down the analysis by community and fiscal year. (pages 53-55)

Digest Exhibit 5							
SUBCONTRACTOR COMPLIANCE IN HIRING OUTREACH WORKERS							
FY04-FY06							
Community	FY	Contract Beginning Date	Contract Ending Date	Monthly Number of Outreach Workers Per Contract	Total Number of Outreach Worker Months for Contract Period ¹	Actual Number of Outreach Worker Months During Contract	Difference
Albany Park	2006	09/01/05	06/30/06	6	60	35	-25
Auburn	2004	02/01/04	06/30/04	8	40	36	-4
Auburn	2005	07/01/04	12/31/04	12	72	53	-19
Aurora	2004	05/03/04	06/30/04	8	16	0	-16
Aurora	2006	03/01/06	06/30/06	8	32	1	-31
Austin	2006	11/01/05	06/30/06	6	48	24	-24
Brighton Park	2006	08/01/05	06/30/06	6	66	23	-43
E.Garfield Park	2006	10/01/05	06/30/06	3	27	28	1
East St. Louis	2005	01/01/05	06/30/05	3	18	10	-8
East St. Louis	2006	07/01/05	06/30/06	3	36	32.5	-3.5
Englewood	2006	07/01/05	06/30/06	3	36	36	0
Grand Blvd	2006	09/15/05	06/30/06	6	57	23	-34
Little Village	2006	12/01/05	06/30/06	6	42	31	-11
Logan Square	2004	02/01/04	06/30/04	8	40	31	-9
Logan Square	2005	07/01/04	12/31/04	4	24	27	3
Logan Square	2006	07/01/05	06/30/06	6	72	37	-35
Maywood	2004	03/15/04	06/30/04	8	28	27	-1
Maywood	2005	07/01/04	01/31/05	8	56	54	-2
Maywood	2006	07/01/05	06/30/06	3	36	58	22
North Chicago	2006	09/01/05	06/30/06	4	40	36	-4
Rockford	2004	03/15/04	06/30/04	8	28	6	-22
Rockford	2005	07/12/04	06/30/05	4	46	56	10
Rockford	2006	07/01/05	06/30/06	6	72	56	-16
Rogers Park	2004	02/16/04	06/30/04	8	36	22	-14
Rogers Park	2005	07/01/04	02/28/05	4	32	47	15
Rogers Park	2006	07/01/05	05/31/06	12	132	40	-92
Roseland	2005	07/01/04	06/30/05	4	48	14	-34
Woodlawn	2006	10/01/05	06/30/06	3	27	25	-2
Totals				168	1,267	868.5	-398.5
Note: ¹ Calculated by taking the number of months from the contract and multiplying by the required number of outreach workers per month.							
Source: OAG summary of Chicago Project subcontracts and Outreach Staff Status Charts.							

PERFORMANCE MEASURES AND STATISTICS

Department of Corrections funding agreements for CeaseFire did not contain performance measures.

The major State funding agency for CeaseFire, the Department of Corrections, had no predetermined performance measures contained in funding agreements with the University of Illinois detailing what results are expected for the funding levels received. The agreements simply set forth payment schedules.

Corrections officials stated they were to “pass through” funds for CeaseFire without any monitoring role for those funds.

DOC officials stated that, prior to FY07, the only role of DOC was to “pass through” the funds for CeaseFire with no monitoring of results or expenditures. Failure to set performance measures for the funding CeaseFire receives limits the General Assembly’s ability to determine whether the program is meeting expectations and whether further funding is warranted. Given that the State has invested \$11 million in CeaseFire during the audit period, it should require the program to **develop performance measures to assess the impact** that the monies had on the problem for which funds were provided.

CeaseFire officials cannot isolate the effect of its efforts in reducing shootings.

While State agencies do not require performance measures of CeaseFire, the Chicago Project does extensive analysis on the effect of the program in some of the communities in which it operates. Evaluators on staff at the Chicago Project report that they use a standard and accepted scientific method to determine intervention effectiveness on the outcome of shootings. Evaluation centers around three comparisons of CeaseFire zones’ reductions in shootings. The first comparison examines CeaseFire against zones that have similar baseline shooting rates but do not have CeaseFire activities. The second comparison examines “neighboring” beats around CeaseFire zones. The last comparison is the shooting rate for the City of Chicago as a whole. Chicago Project analyses have shown favorable results in CeaseFire zones.

While shootings have gone down in CeaseFire beats, other non-CeaseFire beats sometimes have larger decreases.

While the Chicago Project regularly reports on the decreases in shootings in CeaseFire zones in which it operates, it cannot measure how much of the decrease was due to CeaseFire or other activities/programs operating in the same communities. An analysis of Chicago Police Department shooting statistics showed that while shootings have decreased in CeaseFire zones, other non-CeaseFire beats sometimes had greater decreases. CeaseFire does not always operate in the most violent communities. (pages 55-59)

MONITORING OF COMMUNITY PARTNER EXPENSES

Community partners submit reimbursement requests to the Chicago Project for expenses incurred as part of the CeaseFire program. Chicago Project staff review these requests and process payments, which are then made by the University of Illinois at Chicago. Our review of the expense reimbursements for 15 subcontracts showed significant weaknesses in review by Chicago Project staff. We questioned \$371,534 of the \$1.9 million paid (20 percent) under these subcontracts. A lack of formal procedures for how to review the requests and insufficient diligence by Chicago Project staff resulted in the weakness.

The subcontract agreements **do address** the fiscal activity reports required for a vendor to be paid. Each agreement lays out specific timing language and documentation needed for payment to be disbursed.

The purpose of our testing was to determine how well the Chicago Project monitored the funding reimbursed to the community partners. As such, we reviewed all the documentation available at the Chicago Project. We did not perform audit procedures on the subcontractors, nor did we seek additional documentation from the subcontractors for our exceptions. The Chicago Project should have had the necessary support prior to reimbursing the community partners.

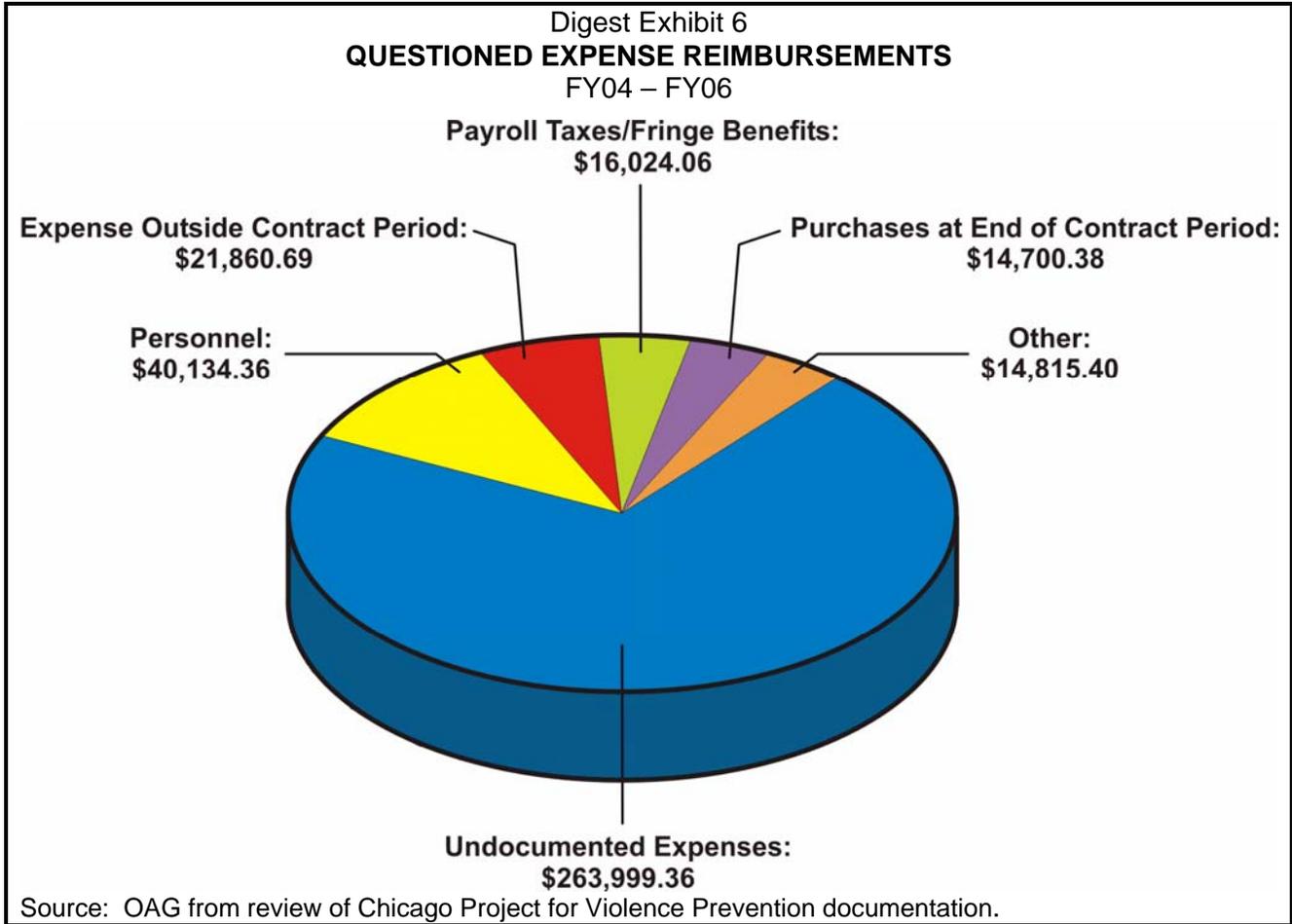
Our testing exceptions were summarized into six categories: Undocumented Expenses, Purchases at the End of the Contract Period, Personnel, Expense Outside the Contract Period, Payroll Taxes/Fringe Benefits, and Other Exceptions. The breakdown questioned in each category is provided in Digest Exhibit 6.

Three Chicago Project staff had responsibility for reviewing and approving the reimbursement requests – the Finance Director, the Assistant Director for Grants Administration, and a Project Coordinator. The Finance Director stated that there are no formal policies and procedures for how the reimbursement requests are to be reviewed.

Failure to adequately review vendor requests for reimbursement resulted in questioned or insufficiently documented expenses being paid by the Chicago Project. Additionally, contractual provisions are developed to protect funds that are disbursed. Failure to enforce these provisions again puts organization’s assets at risk of misuse and waste. (pages 60-65)

We questioned \$371,534 in reimbursements to community partners due to a lack of oversight by Chicago Project staff.

Contractual provisions were not always enforced by the Chicago Project – which makes assets susceptible to misuse and waste.



STATE FUNDING ISSUES

Community partners did not always receive the entire amount of funding provided by the General Assembly and outlined in the State budget. During the audit period, the 39 subcontractors received 83 percent of the named funding in State contracts from the Chicago Project. Over \$1.1 million was withheld by the Chicago Project, generally during FY05 and FY06, for program support expenses, like the hiring of violence interrupters and core administrative functions. We found that the amounts withheld were not always consistent from community to community. As discussed in Chapter Two, there were other non-State funding sources that provided funds for similar activities – violence interrupter salaries and administrative functions of the Chicago Project. State funding agreements make no mention of giving the Chicago Project any discretion in utilizing funding provided by the State.

In addition to the \$1.1 million in community monies withheld for expenses paid by the Chicago Project, there was a significant total **of the community funding remaining** that was not spent by the communities but rather for purposes determined by the Chicago Project. In our sample of 15 subcontracts, 16 percent of the total subcontract amounts during FY04 through FY06 for those selected subcontractors were not paid out by the Chicago Project. The total amounted to \$352,000. Failure to expend all State funds in the communities designated by the General Assembly, and detailed in the contract between the State and UIC, circumvents the intentions of the General Assembly.

Due to the funding mechanism used to provide funding for CeaseFire, the State would be unable to recover any unspent funds under the Grant Funds Recovery Act for the majority of State monies actually provided. If the State desires to continue funding for CeaseFire, providing those funds through a generic grant line item appropriation, along with proper monitoring by the State funding agency, would ensure the State's ability to pay for just the services it desires.

Community Funding Levels

During FY06, the State budget listed specific named communities and appropriated funding for those communities devoted for CeaseFire. Throughout the audit period, the funding agreements listed various funding levels for either specific communities or community partners. When the Chicago Project developed subcontract agreements with the community partners, the amounts did not always agree to the funding levels provided by the State.

During the audit period, there were 39 subcontract agreements with community partners and an additional subcontract with a public relations firm – all named in either the State budget or funding agreements. Total State funding directed to these subcontractors was over \$6.5 million. The agreements with these subcontracts totaled only \$5.4 million. Therefore, the Chicago Project took the discretion to expend the remaining \$1.1 million. Digest Exhibit 7 shows how much was retained from the funding level to the subcontract agreement by community. The Chicago Project then determined how the funds were to be spent.

Digest Exhibit 7 shows a negative balance for the Englewood community in FY06. While the State funding agreement, as directed in the Department of Corrections budget, funded \$150,000 for Englewood, the University of Illinois executed an amendment to the contract to increase the total funding by an additional \$70,000 on June 30, 2006 – **the last day of the contract period.**

The State cannot recover unspent funds due to the funding mechanism utilized to fund CeaseFire.

\$1.1 million of State funding directed toward specific communities was never put into agreements with the community partners – but left to the discretion of the Chicago Project.

Digest Exhibit 7 DIFFERENCES IN FUNDING LEVELS AND SUBCONTRACTOR AGREEMENTS FY04-FY06				
Location	FY	Community Funds Per State Contract	Actual Contract Amount	Amount Not Distributed by UIC
Albany Park	2006	\$ 250,000.00	\$ 200,000.00	\$ 50,000.00
Auburn	2004	265,350.00	265,350.00	0.00
Auburn	2005	444,447.00	444,447.00	0.00
Aurora	2004	65,000.00	28,133.00	36,867.00
Aurora	2005	70,201.00	N/A	70,201.00
Aurora	2006	250,000.00	115,432.69	134,567.31
Austin	2006	250,000.00	200,000.00	50,000.00
Belmont-Cragin	2004	25,000.00	25,000.00	0.00
Belmont-Cragin	2005	40,000.00	35,000.00	5,000.00
Brighton Park	2004	25,000.00	25,000.00	0.00
Brighton Park	2005	40,000.00	35,000.00	5,000.00
Brighton Park	2006	250,000.00	57,750.00	192,250.00
E. Garfield Park	2004	35,000.00	35,000.00	0.00
E. Garfield Park	2005	40,000.00	35,000.00	5,000.00
E. Garfield Park	2006	250,000.00	130,000.00	120,000.00
East. St. Louis	2005	100,000.00	100,000.00	0.00
East. St. Louis	2006	250,000.00	220,000.00	30,000.00
Englewood	2006	150,000.00	220,000.00	-70,000.00
Grand Blvd	2006	250,000.00	200,000.00	50,000.00
Little Village	2006	250,000.00	200,000.00	50,000.00
Logan Square	2004	210,000.00	210,000.00	0.00
Logan Square	2004	0.00	19,814.00	-19,814.00
Logan Square	2005	180,000.00	158,513.54	21,486.46
Logan Square	2006	250,000.00	210,000.00	40,000.00
Maywood	2004	125,000.00	125,000.00	0.00
Maywood	2005	250,000.00	209,880.00	40,120.00
Maywood	2006	250,000.00	158,239.05	91,760.95
North Chicago	2006	250,000.00	220,000.00	30,000.00
Rockford	2004	95,000.00	89,575.00	5,425.00
Rockford	2005	120,000.00	120,000.00	0.00
Rockford	2006	250,000.00	220,000.00	30,000.00
Rogers Park	2004	125,000.00	125,000.00	0.00
Rogers Park	2005	161,410.00	116,807.26	44,602.74
Rogers Park	2006	250,000.00	220,000.00	30,000.00
Roseland	2004	25,000.00	25,000.00	0.00
Roseland	2005	250,000.00	250,000.00	0.00
Southwest	2004	20,000.00	20,000.00	0.00
Southwest	2005	27,000.00	25,000.00	2,000.00
Woodlawn	2006	250,000.00	192,220.00	57,780.00
Draft, Inc.	2004	150,620.00	150,620.00	0.00
Total		\$6,539,028.00	\$5,436,781.54	\$1,102,246.46

Source: OAG developed from Chicago Project documentation.

Chicago Project officials indicated that monies withheld from the community funding levels went for payment of outreach staff and violence interrupters that were hired and paid by UIC. Additionally, the officials indicated that sometimes the agreements are put into place late in the performance period and that decreases were due to only providing services for part of the fiscal year. Regardless of the reason, the Chicago Project still receives the “entire” amount from the State.

Unspent Community Partner Funds

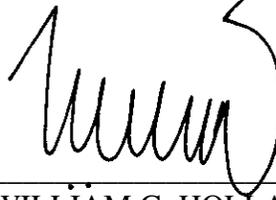
We also found that not all of the subcontract maximum expenditure levels were met, which resulted in additional funds that the Chicago Project was able to expend at its discretion – again, outside any language to that effect in the funding agreements.

We selected 15 subcontracts for expenditure testing. The subcontracts between UIC and the vendors totaled \$2.2 million. Total actual payments made by UIC to the vendors were \$1.9 million. The remaining \$352,000 was left for the Chicago Project to expend as needed. (pages 66-71)

\$352,000 of unexpended community partner funds were left to be spent at the discretion of the Chicago Project.

AUDIT RECOMMENDATIONS

The Audit contains nine recommendations and one Matter for Consideration by the General Assembly. The audited agencies generally agreed with the recommendations. Appendix H of the audit report contains the agency responses.



WILLIAM G. HOLLAND
Auditor General

WGH\MJM
August 2007

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Chapter One

INTRODUCTION AND BACKGROUND

REPORT CONCLUSIONS

The Chicago Project for Violence Prevention (Chicago Project) was formed in 1995 as a strategic public health initiative to support accelerated community-based and citywide violence prevention. Housed within the School of Public Health at the University of Illinois at Chicago (UIC), the Chicago Project is supported by private foundation grants and with local, State, and federal funds. CeaseFire is a major program operated by the Chicago Project and is designed to combat violence within the community.

In State fiscal years 2004 through 2006, the Chicago Project and its community partners **received \$16.2 million** from a variety of sources to operate the CeaseFire program and fund other Chicago Project activities. The State of Illinois provided the largest amount of funding, \$11.1 million, followed by private foundations at \$3 million, federal monies totaling \$1.8 million and Cook County with \$325,000 in funding. See inset for source of funds.

CHICAGO PROJECT/CEASEFIRE REVENUES State FY04-FY06	
Source	Amount
State	\$11,069,600
Foundation	2,985,505
Federal	1,782,249
County	324,640
Total	\$16,161,994
Source: OAG summary.	

During the same period, Chicago Project funding agreements proposed to use: 39 percent of the budgeted CeaseFire funds (\$6.4 million) for subcontracts with community partners; 30 percent (\$4.9 million) for salaries and benefits for Chicago Project staff; 15 percent (\$2.4 million) for salaries and benefits of its own outreach staff to support community sites; and 3 percent (\$414,564) for public education materials. The remaining funds were budgeted for seven other line item purposes such as equipment and supplies. Our testing found that some of the funds did not go for the stipulated purposes.

STATE FUNDING

While some State agencies provided funding to the Chicago Project as far back as 1999, the State of Illinois became the major funding source for the Chicago Project and CeaseFire program during the FY04 through FY06 time period. According to an Illinois State Police official, in late FY04, the Governor's Office directed the Illinois State Police and the Department of Corrections to provide \$2 million in funding for CeaseFire. In subsequent years the Department of Corrections' budget has included funding to maintain and expand the CeaseFire program.

State of Illinois agencies provided **\$10.8 million directly to UIC** for CeaseFire activities between FY04 and FY06. Funding agencies and funding amounts were:

- Department of Corrections (DOC) - \$6,750,000,
- Illinois State Police (ISP) - \$1,500,000,

- Illinois Criminal Justice Information Authority (ICJIA) - \$1,100,000,
- Department of Commerce and Economic Opportunity (DCEO) - \$750,000, and the
- Illinois Violence Prevention Authority (IVPA) - \$734,600.

In addition, the Department of Human Services (DHS) provided the CeaseFire community partner in the Auburn Gresham area of Chicago with **\$200,000** in funds during FY06 specifically for CeaseFire activities. In another community, East Garfield Park, the community partner received a **\$35,000** grant from IVPA for a youth violence prevention program similar to activities conducted as part of the CeaseFire program. These payments went **directly to these not-for-profit community partners** and did not filter through UIC and the Chicago Project.

Generally, there has been a shift in how the funding was directed for CeaseFire – from paying for administrative costs in FY04 to providing funds for specific CeaseFire communities in FY06. Our examination of budgeted purposes in the State funding agreements in effect during the audit period showed:

- Most State funding during the audit period for CeaseFire was to go for community expenses – outreach workers and related costs as well as subcontracts with community partners.
 - 72 percent (\$7.8 million) of the \$10.8 million in **direct funding to UIC** was budgeted for community activity.
 - 18 percent in State funding (\$2.0 million) was for salaries and fringe benefits for staff of the Chicago Project.

Regarding State funding, our examination of documentation at the Chicago Project and State contracts on file at the Comptroller found numerous weaknesses that included:

- In FY06, the Department of Corrections provided funding for CeaseFire **outside the payments terms** of the agreement. DOC never received adequate documentation that disbursements had been made by CeaseFire to all the specific communities in the funding agreement.
 - The Chicago Project was either not passing funding on to community partners in a timely manner or the community partners were not expending much of the funding allocated to their communities. The contract with DOC required proof that the initial half of the funding to each community by UIC (generally \$125,000) had been expended prior to DOC forwarding the second half of the appropriated funds to UIC. Only **27 percent** (4 of 15) of the communities had provided the Chicago Project with requests for reimbursement equaling at least half of the monies provided for in the State contract – though there were only **30 days left** in the contract period – yet DOC paid the second half of the contract;
 - Englewood received \$5,700 in excess of the amount designated in the agreement;
 - Auburn Gresham received \$26,000 even though that community was not named in the State contract as a recipient; and
 - UIC was required to “provide to the [I]DOC no later than 60 days from the final payment, documents indicating disbursements in accordance” with the terms for the second payment. Sixty days for delivery of this documentation should have been by September 13, 2006. However, as of March 29, 2007, 260 days after

the final payment, DOC officials indicated that the final expense summary had never been received.

- During FY06, the Chicago Project charged a total of **\$365,000** in administrative fees that was **not delineated in the funding agreement** with DOC. DOC officials condoned the practice even though it was not outlined in the agreement.
- The CeaseFire budget for the FY04 DOC funding, dated May 10, 2004 – approximately 3½ months after work was to begin – failed to identify 18 individuals for positions that were described as “vacant” or “new hire.” These positions amounted to over **\$187,000**, or 37 percent, of the total budget.
- The Illinois State Police paid monies for CeaseFire that appear to be **for services rendered prior to a contract being executed**. The contract, executed May 26, 2004, shows that the contract period was February 1, 2004 through June 30, 2004. The contract was not filed until June 23, 2004 – seven days prior to the end of the contract period. An ISP official indicated that ISP did not receive a line item appropriation for CeaseFire, and that it paid the monies from the fund they were told to by the Governor’s Office.
- Illinois Criminal Justice Information Authority grant agreements with UIC were generally executed well into the performance period for the grant. In FY05, the \$600,000 grant was executed February 18, 2005 – 4½ months after the initiation of the grant term.
 - Again for FY04 funding, the \$500,000 grant agreement was developed and executed **over half way through the grant term**. The grant term was for the period January 1, 2004 through September 30, 2004 – but the **grant was executed on June 22, 2004**. Even though these agreements were executed after activities were initiated, none of the position titles in the agreements for personnel services were identified by name.
- Chicago Project use of Department of Commerce and Economic Opportunity FY04 funding differed significantly from the purposes contained in the contract between UIC and the State. Funds were not used in the budgeted amounts but were transferred to other lines.
 - Close-out documentation submitted June 15, 2005 – six months after the end of the grant period – showed that the Chicago Project spent 33 percent more than budgeted for the total of personnel costs and fringe benefits; spent less than 1 percent on travel; and spent none of the money provided for subcontractors. The subcontractor funding was scheduled to be used for clergy mobilization; however, the Chicago Project used it toward the increased personnel and fringe benefit line items. DCEO followed appropriate Departmental procedures by sending follow-up correspondence to the grantee to obtain submission of the close-out report; determined upon review of the received document that it contained excessive variances; and has neither accepted nor approved the close-out report as of July 17, 2007.
 - The contract between UIC and DCEO required the hiring of eight outreach workers. Documentation obtained from the Chicago Project showed that fewer than eight outreach workers were on the job in the identified police beats in 4 of 12 months during calendar year 2004.

- DCEO officials indicated that while monitoring the funds distributed as member initiatives does occur, no on-site monitoring of this \$750,000 had been conducted by DCEO.
- UIC information showed that \$884,848 had been charged to the DCEO grant in their financial system - \$134,848 more than the total grant from DCEO. A UIC official indicated that the grant was overcharged and that transfers to other grants were processed during close-out. In May 2007, the official could not tell us what other grants these transfers went to. On July 27, 2007, 4 days after our exit conference, UIC officials provided information on the transfers; however the information failed to adequately clear this issue.

PRIVATE FUNDING

The Chicago Project for Violence Prevention **has received, or is scheduled to receive**, substantial support - \$6.6 million – from multiple non-State sources for various costs and activities. Some of these grants provided by private sources during the period FY04 through FY06 have grant **periods that either started before or extended past** the audit period defined in Senate Resolution 686. For instance, the Robert Wood Johnson Foundation was identified by Chicago Project staff as providing a grant for a period extending out to 2010. Another funding source, the MacArthur Foundation, provided grant funding from January 2006 through December 2009.

For the period **specifically between** FY04 and FY06, the Chicago Project received \$3 million from 23 private sources to supplement activities of the Chicago Project and the CeaseFire program. Private funding was utilized primarily for the support of the administrative function for the Chicago Project, and to a much lesser extent, front-line community activity. Private fund uses were summarized as:

- Salaries/Benefits-Chicago Project Staff - \$2,285,506;
- Consultants - \$185,406;
- Public Education Materials - \$145,996;
- Community Outreach Expenses - \$115,291;
- Other - \$253,307.

FEDERAL FUNDING

During FY04 through FY06, CeaseFire received \$1.78 million in grants from the United States Department of Justice (USDOJ). The grants provided funds to: (1) support CeaseFire in the West Garfield Park, Logan Square, and West Humboldt Park neighborhoods of Chicago; (2) enhance the capacity of CeaseFire to serve other communities through additional outreach workers and violence interrupters; and (3) support core functions that are necessary to these sites.

USDOJ monies supported both administrative activities undertaken by Chicago Project staff and activities for outreach workers. We found:

- **35 percent** of the funds were budgeted to be used for **salaries** and benefits for **outreach workers** working in the communities. The Chicago Project was to hire the outreach workers and oversee the CeaseFire program in West Garfield Park and West Humboldt Park.

- **36 percent** of the funds received and prorated to the audit period were for **salaries** of mainly **upper management staff** in the Chicago Project.

COOK COUNTY FUNDING

During FY04-FY06, the Chicago Project received \$324,640 from Cook County officials under five separate grant agreements. Eighty-three percent of the funds provided by Cook County to the Chicago Project was from the Local Law Enforcement Block Grant for the B.A.D.G.E. program. The programs under which funds were provided were administered by the Judicial Advisory Council and the State’s Attorney’s Office. County funding was mainly budgeted for salaries and fringe benefits. Ninety-two percent of funding received from the county was for outreach and administrative staff salaries. Funding under these agreements overlapped fiscal years; therefore, we prorated amounts to only the time period specified in Senate Resolution 686.

COMMUNITY ALLOCATIONS

CeaseFire program communities were determined during the audit period by two sources – Chicago Project administration or individual legislators who directed funding for specific communities. Beats within the specific communities were determined by Chicago Project staff, reportedly on a data driven basis. During FY04, **Chicago Project officials determined** which Chicago communities would receive funding.

As CeaseFire funding became designated in the State budgets in FY05 and FY06, funds for Chicago communities were included based on recommendations from State legislators. In the FY05 State budget, no individual communities were named to receive monies for CeaseFire – the Chicago communities were once again determined by Chicago Project officials in consultation with State legislators. In FY06, the State budget dictated which communities were to receive funding.

CEASEFIRE MONITORING

UIC and the Chicago Project did not have an adequate system in place to ensure that contracts had been properly executed in a timely manner. As a result, community partners were allowed to initiate work without a written agreement in place.

- In 18 percent (7 of 39) of the subcontracts reviewed, the agreements were **not executed until after** the performance period for the contract had expired.
- The **39 subcontracts totaled \$5.3 million**.
- The **average** amount of time to properly execute the subcontract was **128 days** – when comparing the “performance period beginning date” with the subcontract execution date. The timeliest effort in executing a subcontract was the 21 days to execute the FY06 agreement with the Little Village community partner. It took UIC 248 days to execute the agreement with an Aurora community partner in FY06.

The Chicago Project did not enforce provisions of the subcontractor agreements related to the hiring of outreach workers by the community partners. Contractually, community partners are required in the scope of work section to hire a specific number of outreach workers to conduct CeaseFire activities. Seventy-two percent (28 of 39) of the subcontracts with community partners

contained, in the Scope of Work Statement, an indicator of how many outreach workers were required to be hired by the community partner. The subcontracts either gave a definitive, specific number of outreach workers or gave a minimum number to hire “per beat.” During FY04 through FY06, the community partners only hired 69 percent (868.5 of 1267 worker-months) of the required number of staff for the duration of the contracts. Additionally, community partners had failed to hire over 398 worker-month positions during the course of the contracts. We saw no written indication that the Chicago Project enforced this provision of the subcontracts.

The funding agreements between UIC and State funding agencies do not contain any performance measures that have to be achieved for funding provided by the State. The Chicago Project regularly reports on the decreases in shootings in CeaseFire zones in which it operates; however, it cannot measure how much of the decrease was due to CeaseFire or other activities/programs operating in the same communities. An analysis of Chicago Police Department shooting statistics showed that while shootings have decreased in CeaseFire zones, other non-CeaseFire beats sometimes had greater decreases. CeaseFire does not always operate in the most violent communities.

Community partners submit reimbursement requests to the Chicago Project for expenses incurred as part of the CeaseFire program. Chicago Project staff review these requests and process payments, which are then made by the University of Illinois at Chicago. Our review of the expense reimbursements for 15 subcontracts showed significant weaknesses in review by Chicago Project staff. A lack of formal procedures for how to review the requests and insufficient diligence by Chicago Project staff resulted in the weakness. We questioned **\$371,534 of the \$1.9 million** paid (20 percent) under these subcontracts. Exceptions noted included:

- Undocumented Expenses - \$263,999;
- Personnel Issues - \$40,134;
- Expenses Outside the Contract Period - \$21,861;
- Payroll Taxes/Fringe Benefit Issues - \$16,024;
- Purchases at the End of the Contract Period - \$14,700; and
- Other Exceptions - \$14,815.

The purpose of our testing was to determine how well the Chicago Project monitored the funding reimbursed to the community partners. As such, we reviewed all the documentation available at the Chicago Project. We did not perform audit procedures on the subcontractors, nor did we seek additional documentation from the subcontractors for our exceptions. The Chicago Project should have had the necessary support prior to reimbursing the community partners.

Community partners did not always receive the entire amount of funding provided by the General Assembly and outlined in the State budget. State funding agreements make no mention of giving the Chicago Project any discretion in utilizing funding provided by the State. During the audit period:

- The 39 community partner subcontractors received 83 percent of the named funding in State contracts from the Chicago Project.
- Over \$1.1 million was withheld by the Chicago Project, generally during FY05 and FY06, for program support expenses like the hiring of violence interrupters and core administrative functions.

- We found that the amounts withheld were not always consistent from community to community.
- There were other non-State funding sources that provided funds for similar activities, such as violence interrupter salaries and administrative functions of the Chicago Project.

In addition to the \$1.1 million in community monies withheld for expenses paid by the Chicago Project, there was a significant total **of the community funding remaining** that was not spent by the communities but rather for purposes determined by the Chicago Project. In our sample of 15 subcontracts, 16 percent of the total subcontract amounts during FY04 through FY06 for those selected subcontractors were not paid out by the Chicago Project. The total amounted to \$352,000. Failure to expend all State funds in the communities designated in the appropriation bill by the General Assembly, and detailed in the contract between the State and UIC, circumvents the intent of the General Assembly.

Due to the funding mechanism used to provide funding for CeaseFire, the State would be unable to recover any unspent funds under the Grant Funds Recovery Act for the majority of State monies actually provided. If the State desires to continue funding for CeaseFire, providing those funds through a generic grant line item appropriation, along with proper monitoring by the State funding agency, would ensure the State's ability to pay for just the services it desires is protected.

INTRODUCTION

On April 6, 2006, the Illinois Senate adopted Resolution Number 686, which directed the Auditor General to conduct a program audit of funding provided by or through the State of Illinois to CeaseFire Illinois (See Appendix A for a copy of the Resolution). The Resolution directed the Auditor General to determine:

- The total amount of funding provided by or through State of Illinois sources to CeaseFire in Fiscal Years 2004, 2005, and 2006;
- The source of all funding provided to CeaseFire in those fiscal years;
- The purposes for which that funding was provided, including how decisions concerning the allocation of funding to various Chicago communities were made; and
- Whether the State agencies providing funding or CeaseFire Illinois maintain performance measures and statistics reflecting the outcomes achieved with State funding.

CHICAGO PROJECT FOR VIOLENCE PREVENTION

The Chicago Project for Violence Prevention (Chicago Project) was formed in 1995 as a strategic public health initiative to support accelerated community-based and citywide violence prevention. Housed within the School of Public Health at the University of Illinois at Chicago (UIC), the Chicago Project is supported by private foundation grants and with local, State, and federal funds.

CeaseFire is a major program operated by the Chicago Project and is designed to combat violence within the community. Launched in 2000 in the West Garfield Park neighborhood of Chicago, CeaseFire expanded to 16 total Chicago communities and 5 other locations around the State through the end of fiscal year 2006. State funding expanded the CeaseFire program again in fiscal year 2007 to eight additional communities or cities.

CeaseFire is administered by a staff of 24 within the Chicago Project and operationally through a network of community partners. The Chicago Project has three groups that provide advisory services – a Board of Directors, a Steering Committee, and a Director’s Council. Grant funding is provided for CeaseFire operations and Project administration directly to the University of Illinois through formal agreements between the funding sources and the University Board of Trustees. Both the Chicago Project and the University provide services in support of the CeaseFire program.

CeaseFire Program

CeaseFire is a major initiative of the Chicago Project. Since the overall goal of CeaseFire is to reduce shootings and killings, the target population is those individuals who are most at risk of involvement as a perpetrator or victim in shootings and killings. While the population varies slightly from community to community, this population tends to: be between the ages of 16 and 26, have a history of criminal activity that includes crimes against people, lead or be a member of a violent city gang, have pending or prior arrests for weapons offenses, and often are unemployed with limited education.

CeaseFire relies on outreach workers, clergy, and other community leaders to intervene in conflicts or potential conflicts and promote alternatives to violence. CeaseFire strategy revolves around five core components, which are presented in Exhibit 1-1.

The CeaseFire strategy implemented in Chicago was a version of CeaseFire that had previously been utilized in Boston. The main differences were the utilization of outreach workers in the Chicago system after a shooting had occurred and the Chicago CeaseFire strategy is not as

<p>Exhibit 1-1 FIVE PRIMARY COMPONENTS OF THE CEASEFIRE STRATEGY</p>
<p>Outreach...Working directly with high-risk youth to connect them with the services and opportunities, such as education and employment. Workers are recruited from the neighborhoods where they work and help provide safety and assistance for individuals to resolve conflicts through nonviolent means.</p> <p>Community Mobilization...Rapid responses to each shooting to inform all involved that shootings are not acceptable. Also develops collaboration with residents, schools, business and social service agencies.</p> <p>Public Education...Use of multiple forms of mass media communication, including posters, fliers, and bumper stickers to raise awareness of CeaseFire, change social norms, and promote nonviolence.</p> <p>Clergy Partnership...Faith leaders use their relationships in the community to stop violence, distribute public education materials, and urge their congregations to respond to shootings.</p> <p>Criminal Justice Collaboration...Police, probation officers, and prosecutors are encouraged to focus their efforts specifically on violence and to share the message that shootings are serious matters that will not be tolerated.</p>
<p>Source: Chicago Project for Violence Prevention.</p>

punitive as the strategy in Boston. Boston CeaseFire efforts center on outreach to individuals that may be involved in shootings or killings – but to emphasize to them that when those actions occur, there will be every effort at Boston’s disposal to punitively deal with the offender. The Boston CeaseFire initiative is similar to the Project Safe Neighborhoods initiative that has been implemented in Chicago by federal, State and city sources.

Within the community the outreach workers and violence interrupters are the main programmatic positions that assist in stopping the violence. According to Chicago Project staff, outreach workers and violence interrupters are streetwise individuals who are familiar with gang life in the communities where CeaseFire is active. Many of them are former gang members and many have spent time in prison, but they are now eager to give back and help people in their communities. These individuals are paid anywhere from \$27,000 to \$30,000 per year. While the community partners hire most outreach workers, some outreach workers and all violence interrupters are hired by the Chicago Project. Those hired by the Chicago Project are considered civil service employees of the University of Illinois and receive university benefits, including State retirement.

These individuals use their experience and knowledge of the streets to seek out and build relationships with troubled youths who are susceptible to the violent norms that still exist on the streets. Position descriptions on specific community types of staff are presented in Appendix D. Documentation obtained from CeaseFire staff define the roles of these important front-line positions below:

- **Outreach Workers** have a client base and focus on changing the behaviors and thinking of high-risk youth. They keep in touch with the community and seek to intervene in conflicts before they escalate into violence and also prevent retaliation. They attempt to steer individuals away from violence to more positive endeavors, such as education and employment opportunities.
- **Violence Interrupters** are a component of CeaseFire that began in March 2004. They focus on high-level gang leaders to call for truces and to stop retaliations or more shootings from occurring. Although well connected to persons who are still in the gang culture, these men and women have demonstrated their commitment to a new lifestyle to being critical influences in the lives of others.

Location of CeaseFire Zones

The Chicago Project relies primarily on community partners – social service organizations, faith-based groups and units of government – to implement CeaseFire. In a few communities or CeaseFire zones, like West Garfield Park, West Humboldt Park and Southwest, the Chicago Project has itself taken the lead on launching CeaseFire in those communities. However, it is generally the community partners, through subcontract agreements with the University of Illinois, that implement the needed activities – hiring of outreach workers, distribution of public education materials and other outreach activities.

While the State of Illinois did provide funds to the Chicago Project prior to the audit period stated in Senate Resolution 686, a concerted funding effort for State dollars began in the spring of 2004. By this time, CeaseFire was active in five Chicago communities. The Chicago Project is not always able to start up outreach activities for a period of time until after funding has been

designated for a community. For example, it took 11 months after initial funding was provided for East St. Louis before outreach activities were in place. Exhibit 1-2 provides information on when each community received funding for CeaseFire as well as the date when outreach activity first began.

Initially CeaseFire was implemented in two Chicago communities that had histories of violence. CeaseFire then expanded into another three communities. In February 2004, through funding from the State (State Police and Department of Corrections), CeaseFire expanded to four other Chicago communities and neighborhoods with high levels of violence and Aurora, East St. Louis, Maywood and Rockford.

During FY05, through the sponsorship of the Department of Corrections and a grant from the Illinois Criminal Justice Information Authority, CeaseFire expanded again. Expansion occurred again in FY06 with State funds.

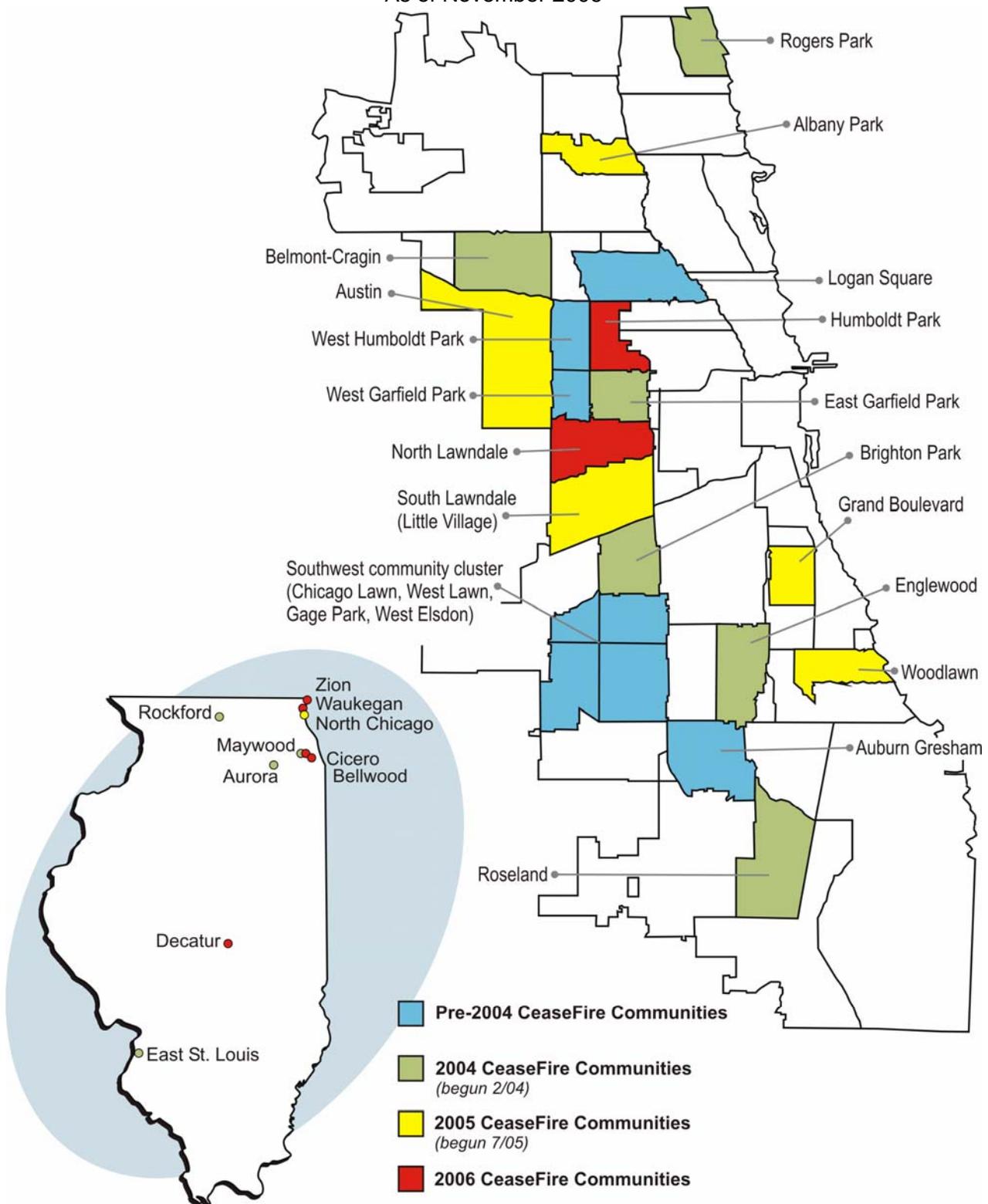
Once the boundaries for a CeaseFire zone are established, a local community-based organization is recruited to implement and run the program, which involves community organization, establishing a violence prevention program, and managing outreach workers. Appendix C of this report provides graphic representations of the communities and beats where CeaseFire operated during FY04 through FY06.

After local partners are selected, the Chicago Project works with them to hire a violence prevention coordinator to oversee implementation of the program. The coordinator and Chicago Project staff work together to hire outreach workers and an outreach supervisor, a search and screening process that also involves local police on interview panels.

While outside the audit period defined in Senate Resolution 686, CeaseFire expanded again with funding assistance from the State in FY07. The General Assembly appropriated funds to the Department of Corrections for program continuation and expansion into a total of 25 communities. Total FY07 appropriations to Corrections for the CeaseFire program were \$6.25 million. Exhibit 1-3 provides locations throughout Illinois where the CeaseFire program has been active as of November 2006.

Exhibit 1-2 LENGTH OF TIME FROM FUNDING TO OUTREACH Communities through November 2006				
Community Area		1st Funding	1st Outreach Activity	# Months until Outreach
CHICAGO	West Garfield Park	6/2000	6/2000	0
	W. Humboldt Park	6/2001	6/2001	0
	Auburn Gresham	8/2001	8/2001	0
	Logan Square	7/2002	7/2002	0
	Southwest	10/2002	10/2002	0
	Rogers Park	2/2004	3/2004	1
	Roseland	2/2004	2/2004	0
	Brighton Park	2/2004	Note 1	
	East Garfield Park	2/2004	Note 1	
	Belmont-Cragin	4/2004	Note 1	
	Englewood	7/2004	9/2004	2
	Albany Park	7/2005	8/2005	1
	Little Village	7/2005	12/2005	5
	Austin	7/2005	11/2005	4
	Grand Boulevard	7/2005	12/2005	5
	Woodlawn	7/2005	2/2006	7
	Humboldt Park	7/2006	N/A	
	North Lawndale	7/2006	10/2006	3
	Maywood	2/2004	3/2004	1
	Rockford	2/2004	5/2004	3
Aurora	2/2004	8/2004	6	
East St. Louis	2/2004	1/2005	11	
North Chicago	7/2005	11/2005	4	
Decatur	7/2006	11/2006	4	
Zion	7/2006	N/A		
Waukegan	7/2006	10/2006	3	
Cicero	7/2006	10/2006	3	
Bellwood	7/2006	N/A		
Note 1: Outreach never performed in the community or not part of the first funding agreement.				
N/A: Outreach activity had not begun as of 1/07.				
Source: OAG compilation of Chicago Project data.				

Exhibit 1-3
CEASEFIRE COMMUNITIES IN ILLINOIS
 As of November 2006



Source: OAG summary of Chicago Project for Violence Prevention documentation.

Chicago Project/CeaseFire Management

The Chicago Project has operational authority over the CeaseFire program. Housed within the School of Public Health at the University of Illinois at Chicago, the Chicago Project is administered by 24 staff. An additional 51 field staff support the program, mainly as extra help semi-professional staff. These staff generally perform violence interrupter duties or work as outreach workers. All Chicago Project staff are considered employees of the University of Illinois. Funding for these positions is provided from State and private funding sources.

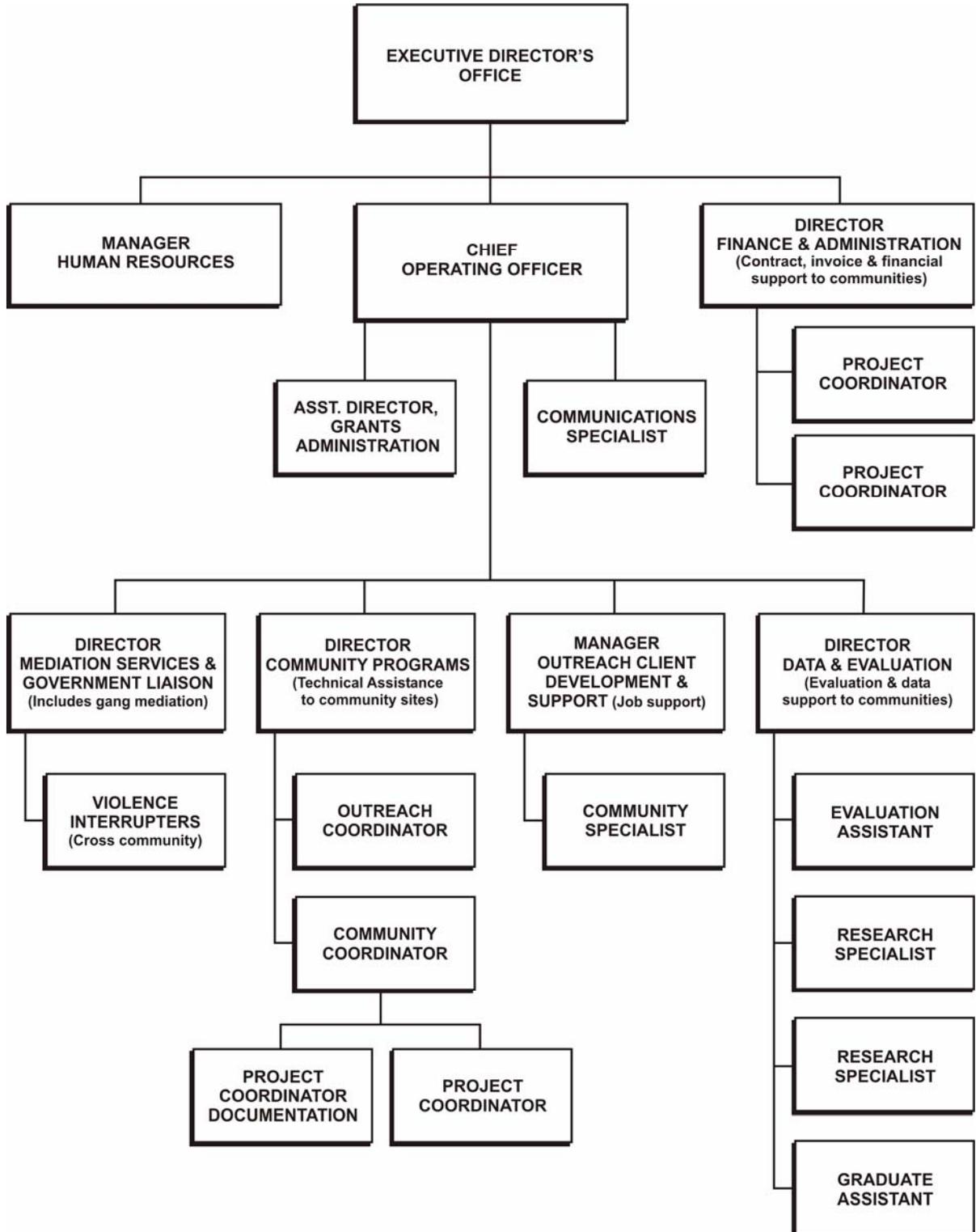
A University official stated that CeaseFire is treated as a sponsored project and does not rely on University funds. The official noted that there are hundreds of sponsored projects (research projects, community service projects, etc.) throughout all three University of Illinois affiliated campuses. While CeaseFire is unique in its mission, it differs from other sponsored projects because it is an outreach service instead of a research service like the other projects. The University official also stated that CeaseFire differs from many of the other sponsored projects because it has its own oversight board.

The University of Illinois provides rent-free space for operations of the Chicago Project. Additionally, University officials provide support for subcontract negotiation, grants management and payment processing. All agreements for CeaseFire, both with funding sources and community partners, are between those groups and the University of Illinois Board of Trustees. Reimbursement payments made to community partners are also processed by the University's fiscal operations. The University withholds some funds for these administrative activities. This process will be discussed later in the report.

The Executive Director of the Chicago Project has ultimate responsibility for the program activities and operations. The Executive Director has been with the Chicago Project since its inception and was the creator of this public health strategy to reduce violence in Chicago and other areas around the State. He is also responsible for communicating the CeaseFire program message and results to interested outside parties and heads the Chicago Project efforts to raise funds to support both Chicago Project administrative activities and the community partners' efforts in CeaseFire.

The Chicago Project is organized around three middle management positions – Human Resources, Finance and Administration, and the Chief Operating Officer. Human Resources is responsible for all hiring actions of the Chicago Project and CeaseFire. Finance and Administration reviews all requests for funding reimbursements and approves those requests before sending them to the University for payment. All other functions – evaluation, community programs, mediation services and government liaison, and outreach – report to the Chief Operating Officer. The organizational chart for the Project is presented in Exhibit 1-4.

Exhibit 1-4
**CHICAGO PROJECT FOR VIOLENCE PREVENTION
 ORGANIZATIONAL CHART**



Source: OAG summary of Chicago Project for Violence Prevention information.

Central Staff Functions

The central administrative staff within the Chicago Project perform a variety of activities in support of the CeaseFire program across all the sites. General activities encompass assisting sites in planning and budgeting, advancing of funds, assistance of invoice preparation and monthly review and payment reimbursement. Other activities are summarized below.

Coordination, Program and Data Support

According to Chicago Project officials, these activities revolve around standardizing the CeaseFire model scope of work for the improvement of the model. Additionally, central staff work to standardize policies for selection of beats for CeaseFire zones, train individual outreach workers and hire outreach workers. Staff coordinate with local law enforcement and also coordinate the responses to shootings. Other specific activities include:

- Provide technical assistance during site visits conducted at any time throughout the day or night;
- Provide a data system to target resources to key times of the day in the various CeaseFire zones;
- Maintain a database to track implementation at the sites and provide feedback to community partners; and
- Perform analysis for studying the impact for readjusting the programs.

Cross-Site Coordination

Staff coordinate the violence interrupter network, providing cross-site or cross-city assistance when violence outbreaks occur. Staff also conduct intercommunity planning on a monthly basis to review situations and performance of the sites. Weekly supervisory review and planning sessions are held. Chicago Project staff operate a hospital response process which attempts to prevent retaliation in shootings and operates as a referral system to local CeaseFire sites. Finally, a hotline that works to coordinate responses at all sites is maintained by the staff.

Training and Training Support

Staff develop and deliver training courses to all CeaseFire violence reduction workers (violence interrupters, outreach workers, outreach supervisors, and coordinators). These training courses have included topics such as: personal safety, the law, conflict anticipation, conflict mediation, post mediation follow-up, communication, client referral and support, case planning, and documentation.

Chicago Project Governance Structure

While the Chicago Project, and its CeaseFire program, is located within the University of Illinois, it does have three entities that assist in oversight operations – a Board of Directors, Director’s Council, and Steering Committee. Our review of meeting minutes for the three entities showed that support and attendance at meetings is weak and needs to be strengthened.

We requested and reviewed meeting minutes for all three entities for the audit period – FY04 through FY06. Results of that review are provided below with information about each entity.

Board of Directors

Documentation from the Illinois Secretary of State shows that the Chicago Project incorporated as a not-for-profit on August 28, 1997. General powers of the Board, as delineated in the Articles of Incorporation, include providing fiscal and policy oversight for the Chicago Project within the guidelines set by the University of Illinois at Chicago (Article IX-Section 1). The Articles dictate that the Board is to hold at least three regular meetings a year. The Chicago Project provided meeting minutes showing that the Board convened five times during the period FY04 through FY06: in February, May and September of 2005 and in February and May of 2006.

The Board of Directors for the Chicago Project consists of volunteers from the leading civic, law enforcement, health, and religious and community organizations in Chicago. According to Chicago Project documentation, the Board serves as a civic voice for the Chicago Project, reviews all program plans and priorities, and helps to raise resources. The Board was reconstituted in 2005 due to the large number of members. The reconstituted Board had 17-18 voting members during the audit period covered by Senate Resolution 686.

Two-thirds of the elected Board shall constitute a quorum for the transaction of business at any meeting, according to the Articles of Incorporation. Our analysis found that a quorum was not present for **any** of the five meetings held during the audit period. A Chair and Vice Chair were elected at the May 18, 2005 Board meeting. However, only 11 of 18 voting members (61 percent) were present for the meeting.

There were 21 voting members that served on the Board during the audit period. Only 14 percent of those members (3 of 21) attended all the meetings. Forty-eight percent of the members (10 of 21) attended less than half of the meetings – with 6 of those 10 not attending any meetings.

If the Board does not garner enough support/attendance of its membership to constitute a quorum, it cannot provide adequate fiscal or policy oversight of the Chicago Project. A listing of Board members is provided in Appendix G of this report.

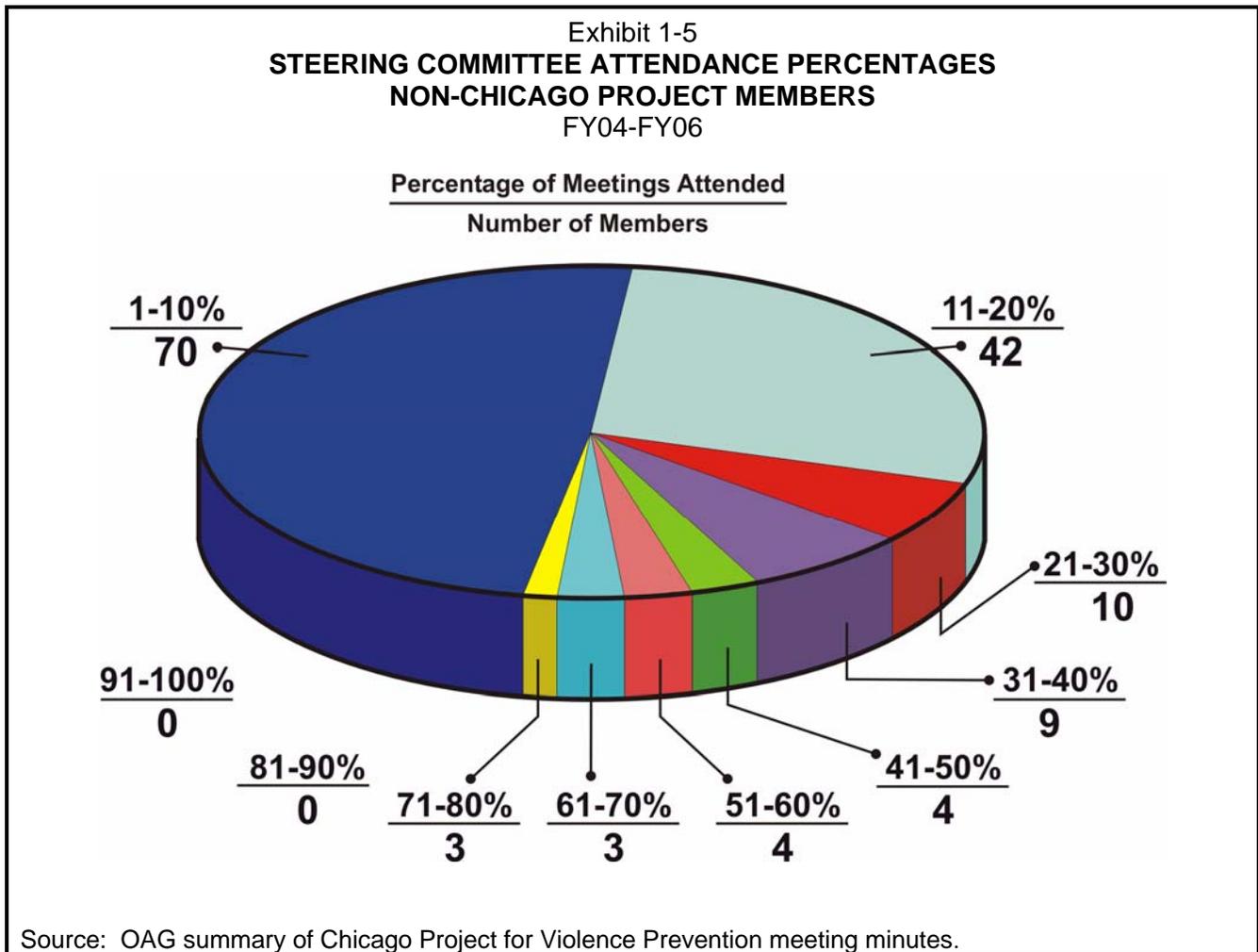
Director's Council

During 2005, when the Chicago Project reduced the number of Board members, it created a Director's Council for the members not remaining on the Board of Directors. During 2005-2006, the Director's Council was comprised of 27 members. The Chicago Project's Articles of Incorporation and By-Laws dated May 2005 state that the purpose of the Council is to "provide advice and counsel that is beneficial to the [E]xecutive [D]irector of the Chicago Project as it carries out its mission and purpose." The Articles dictate that the Council meet two times per year. According to a Chicago Project official, as of February 16, 2007, the Council had yet to fully convene. If the Council does not meet, it cannot provide advice and counsel to the Executive Director of the Chicago Project.

Steering Committee

The Steering Committee is not a governing organization, but rather a place for members from local communities and law enforcement officials to discuss joint issues. The committee meets monthly to discuss the progress, direction and future planning of CeaseFire. A Chicago Project official indicated that membership on the Steering Committee is “fluid.”

During the audit period the Steering Committee met 19 times. Membership was definitely fluid with 145 non-Chicago Project staff members attending at least one meeting. Seventy-seven percent of the committee members attended 20 percent or less of the meetings. Exhibit 1-5 breaks out the percentage of meetings attended by Steering Committee members.



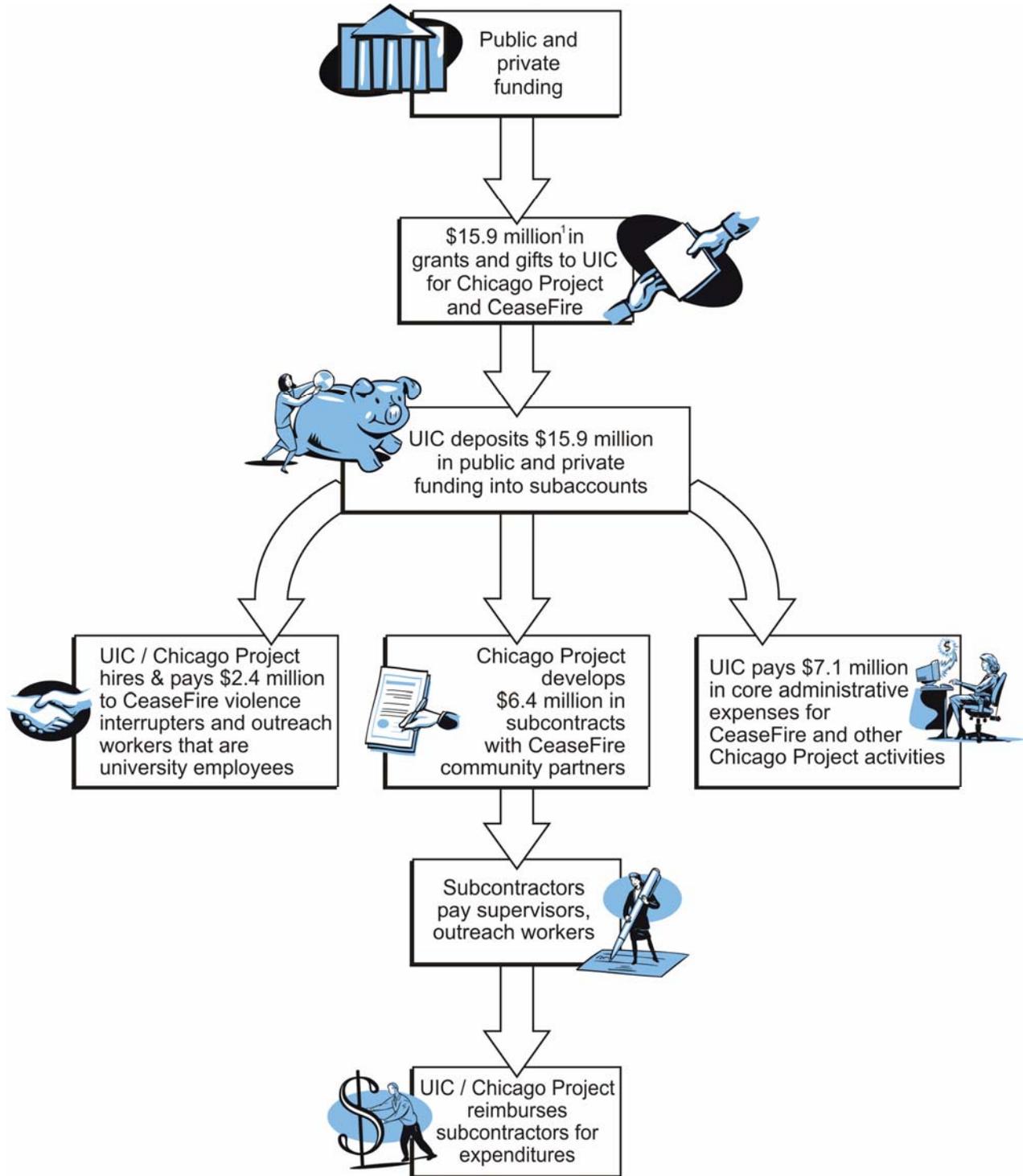
GOVERNING BODIES	
RECOMMENDATION NUMBER 1	<i>The Chicago Project should ensure that the Board of Directors has adequate membership support and attendance at scheduled meetings. Additionally, the Chicago Project should take the necessary steps to ensure that the Director’s Council meets for its mandated meetings. Finally, the Chicago Project should take steps to improve the attendance and membership of the Steering Committee meetings.</i>
CHICAGO PROJECT RESPONSE	Accepted.

Chicago Project Fiscal Analysis

The Chicago Project, through the University of Illinois, receives funding to operate the CeaseFire program from a variety of sources. These grants are received and deposited into a series of subaccounts based on each funding source. The subaccounts are maintained in University locally held funds, by grant. Obligations are assigned to specific subaccounts. According to Chicago Project officials, the funds have not undergone an audit from internal or external auditors unless one of the accounts was sampled for the audit of the University of Illinois as a whole. Exhibit 1-6 provides a flowchart for funding the CeaseFire program.

During the period covered by this audit, State fiscal years 2004 through 2006, the Chicago Project experienced revenues in excess of expenses totaling \$760,679. Revenues totaled over \$15 million during the period. Expenses, consisting of administrative core functions within the Chicago Project and subcontractor activities performed by the community partners, totaled \$14.4 million.

Exhibit 1-6
FLOWCHART OF FUNDING FOR CHICAGO PROJECT/CEASEFIRE PROGRAM
State FY04-FY06



Note: ¹ Does not include \$235,000 in State funds paid directly to community partners.
Source: OAG summary of information from Chicago Project for Violence Prevention.

Revenues

Between 2004 and 2006, the Chicago Project was funded mainly by grants from State, federal and county sources – with State grants accounting for 67 percent of total support during the period. State funding increased each year during the scope of this audit. The Chicago Project also sought funding from private sources, mainly through groups associated with foundations and trusts. Twenty-two percent of total support was provided by these private sources. Private funding support experienced an overall decrease during 2004-2005 with an upturn in FY06 due to an increase in funding from the Robert Wood Johnson Foundation. The increase was mainly for expanding the ability of the Chicago Project to communicate the CeaseFire program to other communities around the country. Exhibit 1-7 provides information on revenue sources for the Chicago Project.

Exhibit 1-7				
CEASEFIRE/CHICAGO PROJECT REVENUES				
Chicago Project FY04 - FY06 ¹				
Source	2003-2004	2004-2005	2005-2006	Total
Government:				
State	\$2,600,000	\$3,517,300	\$3,967,300	\$10,084,600
Federal	450,000	0	937,311	1,387,311
County	124,300	87,009	0	211,309
Foundations:	1,104,000	557,500	1,614,919	3,276,419
Other Non-Foundation:				
Other	10,000	12,500	142,943	165,443
Total	\$4,288,300	\$4,174,309	\$6,662,473	\$15,125,082
Note ¹ Chicago Project fiscal year is September 1-August 31 – differences in figures reported in other places in the report are due to the Chicago Project for Violence Prevention FY versus the State FY.				
Source: Chicago Project for Violence Prevention.				

Expenses

The Chicago Project is organized fiscally through five functions – from Community Outreach activities involving subcontractors working within the CeaseFire zones to an evaluation and data support group to central management. Community Outreach (\$8.4 million) accounted for 58 percent of the \$14.4 million in total expenses incurred by the Chicago Project. Exhibit 1-8 provides a breakdown of expenses for the Chicago Project.

Exhibit 1-8 CEASEFIRE/CHICAGO PROJECT EXPENSES Chicago Project FY04-FY06 ¹				
	FY04	FY05	FY06	Total
Subcontracts-Outreach	\$868,839	\$1,982,225	\$2,431,344	\$5,282,408
Staff	1,495,788	1,581,925	1,514,495	4,592,208
Outreach-Salary	789,192	746,731	1,163,288	2,699,211
Equipment/Travel/Registrations	134,471	365,526	202,049	702,046
Consulting/Training/Conferences	272,903	314,733	59,408	647,044
PSAs/Billboards/Print Materials	74,066	94,407	134,328	302,801
Outreach Office Cost	35,144	30,021	32,362	97,527
Other Expenses	37,383	0	3,774	41,157
Total by Fiscal Year	\$3,707,786	\$5,115,568	\$5,541,048	\$14,364,402
Note: ¹ Chicago Project fiscal year is September 1-August 31 – differences in figures reported in other places in the report are due to the Chicago Project FY versus the State FY.				
Source: Chicago Project for Violence Prevention.				

AUDIT SCOPE AND METHODOLOGY

This audit was conducted in accordance with generally accepted government auditing standards and the audit standards promulgated by the Office of the Auditor General at 74 Ill. Adm. Code 420.310.

The audit objectives for this program audit were those as delineated in Senate Resolution 686 (see Appendix A), which directed the Auditor General to conduct a program audit of funding provided by or through the State of Illinois for the CeaseFire program. The audit objectives are listed in the Introduction section of Chapter One. Fieldwork for the audit was completed in April 2007.

We reviewed applicable State laws and administrative rules pertaining to providing funding for CeaseFire activities. We reviewed compliance with those laws and rules to the extent necessary to meet the audit's objectives. Any instances of non-compliance we identified or noted are included in this report. We also reviewed management controls and assessed risk relating to the audit's objectives. A risk assessment was conducted to identify areas that needed closer examination. Any significant weaknesses in those controls are included in this report.

During the audit, we met with staff from the State funding agencies: the Illinois Violence Prevention Authority, the Illinois Criminal Justice Information Authority and the Departments of Corrections, Commerce and Economic Opportunity, and the Illinois State Police. We examined the extent of monitoring performed by the State funding sources as well as the degree of outcome measures reported by the Chicago Project for the funding received. Additionally, to gain an understanding of other violence prevention programs operating in CeaseFire areas, we interviewed staff from a sample of police departments where CeaseFire operates – in Chicago and East St. Louis. Police department personnel were also interviewed regarding the accuracy of reporting of CeaseFire results.

We examined all State and private funding contracts and memoranda of understanding to determine the total sources of support for CeaseFire. To gain a level of assurance that all funding sources were identified, we examined all the funding files at the Chicago Project. The agreements were executed between the University of Illinois on behalf of CeaseFire and the funding sources. Additionally, we researched additional State payments to CeaseFire community partners to ascertain whether any other funds were provided directly to these community partners for CeaseFire specifically or for other activities, which may overlap with the funding received for CeaseFire. We did find that the State Department of Human Services (DHS) paid a CeaseFire community partner for the Auburn Gresham area \$200,000 in FY06 to support the outreach worker program. These funds did not filter through the University of Illinois/Chicago Project but were paid directly to the community partner by DHS from a lump sum appropriation added to the DHS budget in FY06. Additionally, we found another community partner in the East Garfield Park area that received a \$35,000 grant from the Illinois Violence Prevention Authority in FY04 for a youth violence prevention program. These funds also did not filter through the University of Illinois or the Chicago Project.

We interviewed staff from the Chicago Project in the areas of finance, evaluation, community operations and executive management to meet the objectives of the audit. We also gained an understanding of the CeaseFire program by attending meetings of the program’s violence interrupters and reviewed operations at one of the community partners – the Alliance of Logan Square Organizations. Since front line staff (outreach workers, etc.) at the community partners are integral to the success of the CeaseFire program, we did extensive examination of the subcontractor agreements. Additionally, to determine whether State funds were being completely utilized by the Chicago Project for the intended purposes, we sampled 15 of the subcontracts in effect during the audit period. Significant exceptions were noted in this report. Methodology on this sample selection is included in Appendix B of this report.

Finally, to determine the degree of oversight for operations of CeaseFire, we examined meeting minutes for the two active entities that provide guidance – the Steering Committee and the Board of Directors. Any deficiencies from this testing are included in this report.

REPORT ORGANIZATION

The remainder of this report is organized into the following chapters:

- **Chapter Two** examines the level of State and private funding provided for CeaseFire activities during the time frame FY04 through FY06, as well as the purposes for those funds as determined through the funding agreements and proposals. The chapter also discusses how funding allocations were made regarding these funds received by the University of Illinois as the receiver of funds for CeaseFire.
- **Chapter Three** examines the extent of State agency monitoring of the funding provided for CeaseFire activities as well as the degree of outcome measures and statistics that CeaseFire has to achieve for the funding received from the State. The

chapter also discusses the adequacy of oversight activity by the Chicago Project for Violence Prevention over CeaseFire activities.

- **Appendices** presenting Senate Resolution 686, our Audit Methodology, CeaseFire Beats and Community Partners around the State, Job Descriptions for CeaseFire Positions, Program Indicators, FY06 CeaseFire Funding Agreement with the Department of Corrections, Chicago Project Board of Directors, and Agency Responses are provided at the end of the report.

Chapter Two

CEASEFIRE FUNDING

CHAPTER CONCLUSIONS

In State fiscal years 2004 through 2006, the Chicago Project for Violence Prevention (Chicago Project) and its community partners **received \$16.2 million** from a variety of sources. The State of Illinois provided the largest amount of funding, \$11.1 million, followed by private foundations at \$3 million, federal monies totaling \$1.8 million and Cook County with \$325,000 in funding.

During the same period, Chicago Project funding agreements proposed to use: 39 percent of the budgeted funds (\$6.4 million) for subcontracts with community partners; 30 percent (\$4.9 million) for salaries and benefits for Chicago Project staff; 15 percent (\$2.4 million) for salaries and benefits of its own outreach staff to support community sites; and 3 percent (\$414,564) for public education materials. The remaining funds were budgeted for seven other line item purposes such as equipment and supplies. See inset for source of funds.

CHICAGO PROJECT/CEASEFIRE REVENUES State FY04-FY06	
Source	Amount
State	\$11,069,600
Foundation	2,985,505
Federal	1,782,249
County	324,640
Total	\$16,161,994
Source: OAG summary.	

STATE FUNDING

While some State agencies provided funding to the Chicago Project as far back as 1999, the State of Illinois became the major funding source for the Chicago Project and CeaseFire program during the FY04 through FY06 time period. According to an Illinois State Police official, in late FY04, the Governor's Office directed the Illinois State Police and the Department of Corrections to provide \$2 million in funding for CeaseFire. In subsequent years the Department of Corrections' budget has included funding to maintain and expand the CeaseFire program.

State of Illinois agencies provided **\$10.8 million directly** to the University of Illinois at Chicago (UIC) for CeaseFire activities between FY04 and FY06. Funding agencies and funding amounts were:

- Department of Corrections (DOC) - \$6,750,000,
- Illinois State Police (ISP) - \$1,500,000,
- Illinois Criminal Justice Information Authority (ICJIA) - \$1,100,000,
- Department of Commerce and Economic Opportunity (DCEO) - \$750,000, and the
- Illinois Violence Prevention Authority (IVPA) - \$734,600.

In addition, the Department of Human Services (DHS) provided the CeaseFire community partner in the Auburn Gresham area of Chicago with **\$200,000** in funds during FY06 specifically for CeaseFire activities. In another community, East Garfield Park, the community partner received a **\$35,000** grant from IVPA for a youth violence prevention program similar to activities

conducted as part of the CeaseFire program. These payments went **directly to these not-for-profit community partners** and did not filter through UIC and the Chicago Project.

Generally, there has been a shift in how the funding was directed for CeaseFire – from paying for administrative costs in FY04 to providing funds for specific CeaseFire communities in FY06. Our examination of budgeted purposes in the State funding agreements in effect during the audit period showed:

- Most State funding during the audit period for CeaseFire was to go for community expenses – outreach workers and related costs as well as subcontracts with community partners.
 - 72 percent (\$7.8 million) of the \$10.8 million in **direct funding to UIC** was budgeted for community activity.
 - 18 percent in State funding (\$2.0 million) was for salaries and fringe benefits for staff of the Chicago Project.

Regarding State funding, our examination of documentation at the Chicago Project and State contracts on file at the Comptroller found numerous weaknesses that included:

- In FY06, the Department of Corrections provided funding for CeaseFire **outside the payments terms** of the agreement. DOC never received adequate documentation that disbursements had been made by CeaseFire to all the specific communities in the funding agreement.
 - The Chicago Project was either not passing funding on to community partners in a timely manner or the community partners were not expending much of the funding allocated to their communities. The contract with DOC required proof that the initial half of the funding to each community by UIC (generally \$125,000) had been expended prior to DOC forwarding the second half of the appropriated funds to UIC. As of May 31, 2006, only **27 percent** (4 of 15) of the communities had provided the Chicago Project with requests for reimbursement equaling at least half of the monies provided for in the State contract – though there were only **30 days left** in the contract period – yet DOC paid the second half of the contract;
 - Englewood received \$5,700 in excess of the amount designated in the agreement;
 - Auburn Gresham received \$26,000 even though that community was not named in the State contract as a recipient; and
 - UIC was required to “provide to the [I]DOC no later than 60 days from the final payment, documents indicating disbursements in accordance” with the terms for the second payment. Sixty days for delivery of this documentation should have been by September 13, 2006. However, as of March 29, 2007, 260 days after the final payment, DOC officials indicated that the final expense summary had never been received.
- During FY06, the Chicago Project charged a total of **\$365,000** in administrative fees that was **not delineated in the funding agreement** with DOC. DOC officials condoned the practice even though it was not outlined in the agreement.
- The CeaseFire budget for the FY04 DOC funding, dated May 10, 2004 – approximately 3½ months after work was to begin, failed to identify 18 individuals for positions that

were described as “vacant” or “new hire.” These positions amounted to over **\$187,000**, or 37 percent, of the total budget.

- The Illinois State Police paid monies for CeaseFire that appear to be **for services rendered prior to a contract being executed**. The contract, executed May 26, 2004, shows that the contract period was February 1, 2004 through June 30, 2004. The contract was not filed until June 23, 2004 – seven days prior to the end of the contract period. An ISP official indicated that ISP did not receive a line item appropriation for CeaseFire, and that it paid the monies from the fund they were told to by the Governor’s Office.
- Illinois Criminal Justice Information Authority grant agreements with UIC were generally executed well into the performance period for the grant. In FY05, the \$600,000 grant was executed February 18, 2005 – 4½ months after the initiation of the grant term.
 - Again for FY04 funding, the \$500,000 grant agreement was developed and executed **over half way through the grant term**. The grant term was for the period January 1, 2004 through September 30, 2004 – but the **grant was executed on June 22, 2004**. Even though these agreements were executed after activities were initiated, none of the position titles in the agreements for personnel services were identified by name.
- Chicago Project use of Department of Commerce and Economic Opportunity FY04 funding differed significantly from the purposes contained in the contract between UIC and the State. Funds were not used in the budgeted amounts but were transferred to other lines.
 - Close-out documentation submitted June 15, 2005 – six months after the end of the grant period – showed that the Chicago Project spent 33 percent more than budgeted for the total of personnel costs and fringe benefits; spent less than 1 percent on travel; and spent none of the money provided for subcontractors. The subcontractor funding was scheduled to be used for clergy mobilization; however, the Chicago Project used it toward the increased personnel and fringe benefit line items. DCEO followed appropriate Departmental procedures by sending follow-up correspondence to the grantee to obtain submission of the close-out report; determined upon review of the received document that it contained excessive variances; and has neither accepted nor approved the close-out report as of July 17, 2007.
 - The contract between UIC and DCEO required the hiring of eight outreach workers. Documentation obtained from the Chicago Project showed that fewer than eight outreach workers were on the job in the identified police beats in 4 of 12 months during calendar year 2004.
 - DCEO officials indicated that while monitoring the funds distributed as member initiatives does occur, no on-site monitoring of this \$750,000 had been conducted by DCEO.
 - UIC information showed that \$884,848 had been charged to the DCEO grant in their financial system - \$134,848 more than the total grant from DCEO. A UIC official indicated that the grant was overcharged and that transfers to other grants were processed during close-out. In May 2007, the official could not tell us what other grants these transfers went to. On July 27, 2007, four days after

our exit conference, UIC officials provided information on the transfers; however the information failed to adequately clear this issue.

PRIVATE FUNDING

The Chicago Project for Violence Prevention **has received, or is scheduled to receive**, substantial support - \$6.6 million – from multiple non-State sources for various costs and activities. Some of these grants provided by private sources during the period FY04 through FY06 have grant **periods that either started before or extended past** the audit period defined in Senate Resolution 686. For instance, the Robert Wood Johnson Foundation was identified by Chicago Project staff as providing a grant for a period extending out to 2010. Another funding source, the MacArthur Foundation, provided grant funding from January 2006 through December 2009.

For the period **specifically between** FY04 and FY06, the Chicago Project received \$3 million from 23 private sources to supplement activities of the Chicago Project and the CeaseFire program. Private funding was utilized primarily for the support of the administrative function for the Chicago Project, and to a much lesser extent, front-line community activity. Private fund uses were summarized as:

- Salaries/Benefits-Chicago Project Staff - \$2,285,506;
- Consultants - \$185,406;
- Public Education Materials - \$145,996;
- Community Outreach Expenses - \$115,291;
- Other - \$253,307.

FEDERAL FUNDING

During FY04 through FY06, CeaseFire received \$1.78 million in grants from the United States Department of Justice (USDOJ). The grants provided funds to: (1) support CeaseFire in the West Garfield Park, Logan Square, and West Humboldt Park neighborhoods of Chicago; (2) enhance the capacity of CeaseFire to serve other communities through additional outreach workers and violence interrupters; and (3) support core functions that are necessary to these sites.

USDOJ monies supported both administrative activities undertaken by Chicago Project staff and activities for outreach workers. We found:

- **35 percent** of the funds were budgeted to be used for **salaries** and benefits for **outreach workers** working in the communities. The Chicago Project was to hire the outreach workers and oversee the CeaseFire program in West Garfield Park and West Humboldt Park.
- **36 percent** of the funds received and prorated to the audit period were for **salaries** of mainly **upper management staff** in the Chicago Project.

COOK COUNTY FUNDING

During FY04-FY06, the Chicago Project received \$324,640 from Cook County officials under five separate grant agreements. Eighty-three percent of the funds provided by Cook County to the Chicago Project was from the Local Law Enforcement Block Grant for the B.A.D.G.E.

program. The programs under which funds were provided were administered by the Judicial Advisory Council and the State’s Attorney’s Office. County funding was mainly budgeted for salaries and fringe benefits. Ninety-two percent of funding received from the county was for outreach and administrative staff salaries. Funding under these agreements overlapped fiscal years; therefore, we prorated amounts to only the time period specified in Senate Resolution 686.

COMMUNITY ALLOCATIONS

CeaseFire program communities were determined during the audit period by two sources – Chicago Project administration or individual legislators who directed funding for specific communities. Beats within the specific communities were determined by Chicago Project staff, reportedly on a data driven basis. During FY04, **Chicago Project officials determined** which Chicago communities would receive funding.

As CeaseFire funding became designated in the State budgets in FY05 and FY06, funds for Chicago communities were included based on recommendations from State legislators. In the FY05 State budget, no individual communities were named to receive monies for CeaseFire – the Chicago communities were once again determined by Chicago Project officials in consultation with State legislators. In FY06, the State budget dictated which communities were to receive funding.

INTRODUCTION

Senate Resolution 686 asked us to determine what funding the CeaseFire program received during fiscal years 2004 through 2006. Funding from both State sources and private sources were examined during the audit and will be reported in this chapter. In addition to determining what funds were received for CeaseFire, the Resolution directed us to determine what the purposes were for the funding levels received. Our summary of this issue will also be discussed in this chapter. We will also provide information on how the decisions were made to allocate funding to the various Chicago communities that participate in CeaseFire.

STATE FUNDING SOURCES AND USES OF FUNDING

While some State agencies provided funding to the Chicago Project as far back as 1999, the State of Illinois became the major funding source for the Chicago Project and CeaseFire program during the FY04 through FY06 time period. In late FY04, the Governor’s Office directed the Illinois State Police and the Department of Corrections to find \$2 million in funding for CeaseFire. In subsequent years the Department of Corrections’ budget has included funding to maintain and expand the CeaseFire program.

State of Illinois agencies provided **\$10.8 million directly to** the University of Illinois for CeaseFire activities between FY04 and FY06. The Illinois State Police (ISP), Department of Commerce and Economic Opportunity (DCEO), Department of Corrections (DOC), Illinois

Criminal Justice Information Authority (ICJIA), and the Illinois Violence Prevention Authority (IVPA) funded CeaseFire during the audit period.

The Department of Human Services (DHS) provided the CeaseFire community partner in the Auburn Gresham area of Chicago with **\$200,000** in funds during FY06 specifically for CeaseFire activities. In another community, East Garfield Park, the community partner received a **\$35,000** grant from IVPA for a youth violence prevention program similar to activities conducted as part of the CeaseFire program. These payments went **directly to these not-for-profit community partners** and did not filter through UIC and the Chicago Project. Total State funding for CeaseFire, by fiscal year and agency, is presented in Exhibit 2-1.

Exhibit 2-1 STATE FUNDING FOR CEASEFIRE State FY04-FY06				
Agency	FY04	FY05	FY06	Total ¹
DOC	\$500,000.00	\$2,600,000.00	\$3,650,000.00	\$6,750,000.00
ISP	1,500,000.00	0.00	0.00	1,500,000.00
ICJIA	500,000.00	600,000.00	0.00	1,100,000.00
IVPA	135,000.00	317,300.00	317,300.00	769,600.00
DCEO	750,000.00	0.00	0.00	750,000.00
DHS	0.00	0.00	200,000.00	200,000.00
Total	\$3,385,000.00	\$3,517,300.00	\$4,167,300.00	\$11,069,600.00
Note: ¹ Total includes \$235,000 paid directly to partners.				
Source: OAG summary of State agency documentation.				

Most State funding during the audit period for CeaseFire was budgeted for community expenses – outreach workers and related costs as well as subcontracts with community partners. Seventy-two percent (\$7.8 million) of the \$10.8 million in **direct funding to UIC** was budgeted for community activity. While State contracts indicated specific amounts for specific communities, we found that the front-line community partners seldom received the entire amount designated in the State budget. This issue is discussed further in Chapter Three.

Another 18 percent in State funding (\$2.0 million) was budgeted for salaries and fringe benefits for staff of the Chicago Project. We summarized the budgeted uses for the State funding during FY04 through FY06. This summary is presented in Exhibit 2-2. Specific use narrative follows by each State funding source.

Exhibit 2-2 CEASEFIRE BUDGETED USES OF STATE FUNDING State FY04-FY06				
	FY04	FY05	FY06	Total
Community Partners	\$1,050,350	\$1,668,058	\$3,650,000	\$6,368,408
Community Outreach				
Salaries/Benefits	431,449	788,550	157,512	1,377,511
Chicago Project				
Salaries/Benefits	678,128	906,498	378,959	1,963,585
Equipment	200,569	69,277	3,000	272,846
Consultants/Training	61,005	186,225	0	247,230
Public Education Materials	221,581	15,500	0	237,081
Indirect/Other Costs	51,965	42,810	5,520	100,295
Community Expenses	42,500	42,500	0	85,000
Telephone	26,535	45,041	4,416	75,992
Supplies	27,058	30,700	3,157	60,915
Travel/Transportation	17,195	23,808	4,735	45,738
Total	\$2,808,335	\$3,818,967	\$4,207,299	\$10,834,601
Note: Some State funding was provided over fiscal years. Difference due to rounding.				
Source: OAG developed from contracts received from the Comptroller.				

Department of Corrections

The Department of Corrections provided \$6.75 million in funding during the audit period for CeaseFire activities in the community as well as administrative costs for operating the program at the Chicago Project and UIC. There has generally been a shift in how the funding was directed for CeaseFire – from paying for administrative costs in FY04 to providing funds for CeaseFire communities in FY06. Seventy-nine percent of the DOC funding for CeaseFire (\$5.3 million) was directed to be used in the communities. Exhibit 2-3 illustrates the budgeted purposes for the DOC CeaseFire funding as taken from the agreements on file with the State Comptroller.

Funding was provided by DOC through Memoranda of Understanding (MOUs) between the Department and UIC. We found that, during FY06, DOC provided funding for CeaseFire outside the payment terms of the agreement. Additionally, during FY06, we found that the Chicago Project was charging an administrative fee to each of the community line item amounts that was not delineated in the MOU with the Department. Appendix F contains the FY06 MOU between DOC and UIC for CeaseFire.

Funding Purposes

In FY04, the agreement for CeaseFire indicated that DOC was to provide \$500,000 in funding for CeaseFire as designated by the Governor. The MOU was executed 36 days prior to the end of the performance period – on May 26, 2004, and was for the period February 1 through

June 30, 2004. The agreement was filed with the Comptroller on June 18, 2004 and the Comptroller issued the \$500,000 payment on July 20, 2004.

Exhibit 2-3 BUDGETED PURPOSES FOR DEPARTMENT OF CORRECTIONS FUNDING State FY04-FY06				
	FY04	FY05	FY06	Total
Communities	\$0.00	\$1,668,058.00	\$3,650,000.00	\$5,318,058.00
CPVP Administration				
Salary/Benefits	293,915.00	507,580.73	0.00	801,495.73
Consultants/Training	33,296.00	71,000.00	0.00	104,296.00
Equipment	23,088.00	10,516.21	0.00	33,604.21
Supplies	12,055.00	20,848.50	0.00	32,903.50
Telephone	7,000.00	21,899.99	0.00	28,899.99
Other/Indirect	15,900.00	10,080.00	0.00	25,980.00
Travel/Transportation	8,960.00	10,000.00	0.00	18,960.00
Outreach				
Salary/Benefits	105,786.00	280,016.57	0.00	385,802.57
Total	\$500,000.00	\$2,600,000.00	\$3,650,000.00	\$6,750,000.00

Source: OAG developed from State contracts.

According to documentation received from an official with the Chicago Project, the State committed to funding in February 2004 so the Chicago Project began activities. The Chicago Project attached a budget (dated May 10, 2004) to the MOU which listed positions that would be paid for under the agreement. Some positions had an individual's name associated with the budgeted payment. However that budget, dated approximately 3½ months after work was to begin, failed to identify 18 individuals for positions that were described as "vacant" or "new hire." These non-designated positions amounted to over \$187,000, or 37 percent, of the total budget.

In FY05, DOC funding started to be designated for individual communities as designated in the contract between DOC and UIC. Funding was to be for the period July 1, 2004 through June 30, 2005 – but the agreement was not executed until December 28, 2004. Sixty-five percent (\$1.7 million) of the DOC funds were for subcontracts for specific communities – the remainder was for administrative activities at the Chicago Project and outreach salaries and benefits. Additionally, \$50,000 was built into the budget for "Administration & Subcontract Development" to be provided by the UIC School of Public Health. Later in the report we will discuss the extreme length of time that the Chicago Project/UIC took in developing the subcontracts.

During FY06, DOC funding was only directed towards specific communities – which was consistent with how funding was delineated in the DOC budget. The entire funding level of \$3.65 million was broken down into either \$250,000 or \$150,000 amounts for the individual communities. The agreement, for the period encompassing all of FY06, was signed by UIC officials on August 18, 2005 but the DOC official executing the agreement for the State did not

date the agreement. In Chapter Three we will discuss how all funds did not go to the named communities from our sampling of subcontractor agreements.

Memoranda of Understanding

DOC funding agreements took the form of Memoranda of Understanding (MOUs) between the Department and UIC. During FY04 and FY05, these MOU described payment procedures generally as being made “as soon as practical.”

In FY06, that direction changed as the funding directed monies for specific communities. The MOU provided for half of the funding - \$1.825 million – to be “paid as soon as practical” from General Revenue funds to UIC for CeaseFire. CeaseFire was to then make disbursements to the specific locations in the amounts equal to half of the total appropriated in the DOC budget. The Comptroller issued payments to UIC for the first **half** on October 3, 2005 and November 23, 2005. The MOU’s were developed by DOC after monies had been appropriated in the State budget for CeaseFire. See inset for FY06 appropriation language.

The FY6 MOU goes on to direct how and when the remaining funds would be disbursed to UIC. Specifically, “Upon receipt by IDOC from the U of IC, Operation CeaseFire, of documents indicating disbursements in accordance with the terms listed...above, IDOC shall make the final one-half...payment from the General Revenue Fund.” We found that DOC had made this second payment in violation of the terms of the MOU.

CEASEFIRE APPROPRIATION LANGUAGE FY06 State Budget	
The amount of \$3,000,000, or so much thereof as may be necessary, is appropriated to the Department of Corrections from the General Revenue Fund for a grant to Operation Ceasefire to be used in the following locations.	
The City of Chicago:	
The neighborhood of Brighton Park	\$250,000
The neighborhood of Rogers Park	\$250,000
The neighborhood of Pilsen and Little Village	\$250,000
The neighborhood of Logan Square	\$250,000
The neighborhood of Albany Park	\$250,000
The neighborhoods of Lawndale and Garfield	\$250,000
The neighborhood of Austin	\$250,000
The neighborhood of Woodlawn	\$250,000
The neighborhood of Grand Boulevard	\$250,000
The Cities of Maywood and Bellwood	\$250,000
The City of Aurora	\$250,000
The City of East St. Louis	\$250,000
Note: Corrections used an additional appropriation in FY06 to pay \$650,000 for CeaseFire in three other communities. Operation CeaseFire was not specifically named in the other appropriation.	
Source: FY06 State budget.	

Documentation provided by DOC showed that the Department questioned, in early May 2006, that UIC had not provided this documentation “indicating disbursements in accordance” with the terms of the agreement. The Chicago Project/UIC then provided documentation on May 31, 2006 to DOC showing the funds that had been disbursed. The documentation showed:

- The Chicago Project was either not passing funding on to community partners in a timely manner or the community partners were not expending much of the funding allocated to their communities. Only **27 percent** (4 of 15) of the communities had provided the Chicago Project with requests for reimbursement equaling at least half of

the monies provided for in the State contract – though there were only **30 days left** in the contract period.

- One community, Englewood, had received \$5,700 in excess of the amount designated in the agreement; and
- One community, Auburn Gresham, had received \$26,000 even though that community was not named in the MOU as a recipient. (As discussed earlier, the community partner in this location had received a \$200,000 grant from DHS for FY06.)

Even though the documentation received showed that disbursements **had not equated to half the funding**, DOC officials approved the payment of the other half of the funding and the Comptroller made the payments in July 2006. These actions by DOC violate the agreement it signed with UIC.

The MOU goes on to require UIC to “provide to the IDOC no later than 60 days from the final payment, documents indicating disbursements in accordance” with the terms for the second payment. Sixty days for delivery of this documentation should have been by September 13, 2006. However, as of March 29, 2007, 260 days after the final payment, DOC officials indicated that the final expense summary had never been received.

A DOC official indicated that as of March 29, 2007, DOC had released the first half of the FY07 funding for CeaseFire; that release of FY07 funds was not contingent upon receiving the FY06 final expense report; and that if it had not given CeaseFire the FY07 funds DOC would have violated appropriation laws. Failure to receive an accounting of the FY06 funds not only violates the funding agreement, it may also be an indication that there is a critical failure in DOC’s methods to determine that State funds were expended for the purposes stated in the agreement.

We also found that the Chicago Project **was charging an administrative fee** during FY06 to each of the community line item amounts from DOC funding. The charging of an administrative fee was not delineated in the MOU with the Department. Chicago Project officials indicated that administrative costs had been part of the FY04 and FY05 agreements with the State. Documentation showed that, in FY06, 10 percent of the monies provided for each of the communities was withheld as administrative fees – amounting to \$365,000. It needs to be noted that the Chicago Project received private funding during FY06 that was generally for administrative activities (salary, supplies, etc.) rather than for front-line operational activities (outreach).

A DOC official believed this practice was allowable even though the funding agreement is silent on this issue. The official added that DOC was told to fund the CeaseFire program and those funds should be treated as pass-through money and DOC would not take on a monitoring role for the funds. The official could not provide the name of the individual that instructed this practice. The Department has a responsibility to the taxpayers that fund the Department’s budget to monitor the monies it distributes.

A review of the FY06 MOU showed no mention that the Chicago Project or UIC could withhold any administrative fee. While Chicago Project officials indicated that this practice was formalized in FY07, our review of the FY07 funding agreement showed it too was silent on the ability to charge a fee. Failure to monitor the agreement and allow the withholding of the

administrative fee leaves less funding for the individual communities and violates the terms of the agreement. Furthermore, failure to specify a set percentage for an administrative fee in the contract or allow that practice to occur could lead the Chicago Project to withhold any percentage (20, 30, 40, 50 percent) it sees fit.

VIOLATIONS OF DEPARTMENT OF CORRECTIONS FUNDING AGREEMENTS	
RECOMMENDATION NUMBER 2	<i>The Department of Corrections should take the necessary steps to ensure that appropriate documentation is submitted, based on the funding agreement with the University of Illinois at Chicago, before providing funding for CeaseFire. Further, the Department of Corrections should improve its monitoring of the funding provided for the CeaseFire program. Chicago Project officials should only distribute funding to communities named in the funding agreement and should keep adequate documentation to show that funds were distributed to communities in the amounts contractually provided. Finally, the Department of Corrections should determine whether an administrative fee should be charged and, if determined to be appropriate, include that provision in the funding agreement.</i>
DEPARTMENT OF CORRECTIONS RESPONSE	Recommendation Partially Implemented. As part of the FY07 agreement with the University of Illinois at Chicago, specific requirements were included regarding the submission of payment documentation. Until documentation of proper expenditures is received, the final payment of the agreement will not be processed. The expenditure documentation will be reviewed and reconciled to determine that the components of the agreement were met and the funds distributed to the communities in the amounts contractually provided. Any future agreements with the University of Illinois at Chicago will clearly state whether any administrative fees will be allowed.
CHICAGO PROJECT RESPONSE	Accepted.

Illinois State Police

The Illinois State Police provided \$1.5 million in funding during FY04 for CeaseFire activities in the community as well as some administrative costs for operating the program at the Chicago Project and UIC. An ISP official reported that the Governor’s Office directed ISP to provide funding to CeaseFire. The same MOU that was used in FY04 for the DOC funding contained the payment agreement between ISP and UIC. Seventy percent of the ISP funding for CeaseFire (\$1.05 million) was directed to be used in the communities through subcontracts. Exhibit 2-4 illustrates the purposes for the ISP CeaseFire funding as taken from the agreement on file with the State Comptroller.

The contract for the ISP funding contained a document titled “Spending Projection for Illinois State Police Grant” which outlined a budget and the anticipated expenditures for the funding use. This document was dated May 3, 2004 – three months after the agreement beginning date and two months prior to the end of the contractual period. According to an ISP official, ISP never saw the budget attached to the MOU nor did ISP know what the funding was to be used for within CeaseFire. The Director of the ISP signed the MOU, but there was no indication of the date of that signing.

Exhibit 2-4 BUDGETED PURPOSES FOR ILLINOIS STATE POLICE FUNDING State FY04	
Anticipated Expenditures	Total
Communities	\$1,050,350.00
Chicago Project	
Public Education Materials	206,081.00
Equipment	161,270.00
Salary/Benefits	34,993.00
Consultants/Training	13,259.00
Supplies	8,047.00
Other/Indirect	1,005.00
Community Outreach	
Salary/Benefits	24,995.00
Total	\$1,500,000.00

Source: OAG developed from State contracts.

The monies paid by ISP to CeaseFire appear to be **for services rendered prior to a contract being executed**. The ISP contract, executed May 26, 2004, for payment for CeaseFire activities, filed with the Comptroller, shows that the contract period was February 1, 2004 through June 30, 2004. The contract was not filed until June 23, 2004 – seven days prior to the end of the contract period. An ISP official indicated that ISP did not receive a line item appropriation for CeaseFire, and that ISP paid the monies from the fund it was told to by the Governor’s Office.

The MOU provided no mechanism for the Chicago Project to report on how the ISP funds were actually expended. Failure to include such reporting in the agreement does not protect State assets.

ILLINOIS STATE POLICE FUNDING	
RECOMMENDATION NUMBER 3	<i>The Illinois State Police should ensure that State assets are protected by having a clear understanding for the uses of funds it provides to third parties before a funding agreement is executed. Additionally, the Illinois State Police should include reporting mechanisms in contracts for funding provided to increase the accountability for the funds it provides.</i>
ILLINOIS STATE POLICE RESPONSE	Concur. The Illinois State Police (ISP) has made changes to the standard agreement utilized in providing funding to third parties. The updated agreement includes additional provisions and covenants to clearly articulate the roles and responsibilities of all parties. Included in the standard agreement are reporting and auditing requirements. The reporting and auditing can be tailored for each specific agreement. The ISP has also made changes regarding the execution of contractual agreements. Except in an emergency, the signatures of all parties must be obtained prior to starting a contractual agreement.

Illinois Criminal Justice Information Authority

During FY04 and FY05, the Illinois Criminal Justice Information Authority **provided \$1.1 million** for CeaseFire activities. Monies used to fund CeaseFire operations were from federal sources that were passed to the Illinois Violence Prevention Authority by ICJIA through an interagency agreement. IVPA then passed the funds onto UIC for CeaseFire through a subcontract grant agreement. Funds appropriated to ICJIA by the General Assembly for grants to State agencies from the Criminal Justice Trust Fund were used for the monies that filtered to CeaseFire.

ICJIA funding was generally for operating CeaseFire activities in two Chicago communities – West Garfield Park and Southwest. Southwest encompasses a cluster of areas that is defined as Chicago Lawn, West Lawn, Gage Park, and West Elsdon. Ninety-five percent of the ICJIA funding, \$1.05 million, was for salaries/benefits for both Chicago Project staff (\$428,183) and community outreach staff (\$618,834).

Salaries ranged from \$25,000 to \$63,000. Benefits included State university retirement, health/life/dental insurance, sick/vacation leave, social security and worker’s compensation. These salaries were generally for seven outreach workers and two site supervisors. Exhibit 2-5 provides a breakdown by fiscal year of the budgeted uses of the ICJIA funding.

Exhibit 2-5 BUDGETED PURPOSES FOR ILLINOIS CRIMINAL JUSTICE INFORMATION AUTHORITY FUNDING State FY04-FY06				
	FY04	FY05	FY06	Total
Chicago Project				
Salary/Benefits	\$188,105.33	\$167,682.94	\$72,394.40	\$428,182.67
Other/Indirect	9,900.00	13,230.00	5,520.00	28,650.00
Telephone	6,034.67	9,641.33	4,416.00	20,092.00
Equipment	900.00	450.00	0.00	1,350.00
Supplies	600.00	535.80	157.20	1,293.00
Travel/Transportation	615.33	307.67	0.00	923.00
Consultants/Training	450.00	225.00	0.00	675.00
Community Outreach				
Salary/Benefits	126,728.00	334,593.93	157,512.40	618,834.33
Total	\$333,333.33	\$526,666.67	\$240,000.00	\$1,100,000.00
Note: ICJIA monies were for funding period that extended into FY06.				
Source: OAG developed from State contracts.				

We found that grant agreements with UIC for ICJIA funds were generally executed well into the performance period for the grant. The grant agreement for the \$600,000 in FY05 funding was executed February 18, 2005 – 4½ months after the initiation of the grant term. The Chicago Project was to provide \$200,000 in matching funds for the federal funds provided by ICJIA. An

official associated with the Chicago Project indicated that the matching funds were provided by Department of Corrections funds.

Again for FY04 funding, the grant agreement was developed and executed **over half way through the grant term**. Monies totaling \$500,000 were provided by ICJIA because several other funding streams had been lost to the Chicago Project. The grant term was for the period January 1, 2004 through September 30, 2004 – but the **grant was executed on June 22, 2004**. Even though these agreements were executed after activities were initiated, none of the position titles in the agreements for personnel services were identified by name.

Illinois Violence Prevention Authority

The Illinois Violence Prevention Authority provided funds for CeaseFire in all three years of the audit period. IVPA used General Revenue Fund appropriations to provide **\$734,600** directly to UIC for CeaseFire. Additionally, we found that the CeaseFire community partner in East Garfield Park received a **\$35,000** grant from IVPA in FY04 for a youth violence prevention program similar to activities conducted as part of the CeaseFire program. These payments went **directly to this not-for-profit community partner** and did not filter through UIC and the Chicago Project. IVPA began funding evaluation efforts for the Chicago Project as far back as fiscal year 1999.

Over the period FY04 through FY06, 76 percent of the IVPA funding, \$556,913, for CeaseFire was related to salary and benefit payments for Chicago Project staff. IVPA also allowed for “indirect” expenses of \$5,660 to be charged in FY04 – private funding sources generally do not allow this practice. In FY05, the Chicago Project reported it was responsible for organizing an external evaluation and directed most of the budgeted contractual line towards this effort. Exhibit 2-6 presents a breakdown of the budgeted purposes for the IVPA funding during the audit period.

Exhibit 2-6 BUDGETED PURPOSES FOR ILLINOIS VIOLENCE PREVENTION AUTHORITY FUNDING State FY04-FY06				
	FY04	FY05	FY06	Total
Chicago Project				
Salary/Benefits	\$90,114.00	\$160,234.00	\$306,565.00	\$556,913.00
Consultants/Training	4,000.00	105,000.00	0.00	109,000.00
Equipment	0.00	43,000.00	3,000.00	46,000.00
Travel/Transportation	120.00	6,000.00	4,735.00	10,855.00
Supplies	106.00	3,066.00	3,000.00	6,172.00
Other/Indirect	5,660.00	0.00	0.00	5,660.00
Total	\$100,000.00	\$317,300.00	\$317,300.00	\$734,600.00

Source: OAG developed from State contracts.

In its FY06 funding proposal, CeaseFire/UIC requested funds from IVPA to support data collection and analysis to report on various aspects of the CeaseFire program. Additional uses for the funding were to develop articles for peer-reviewed publications and assist in an external

evaluation funded by the National Institute of Justice. The **\$317,300** received in FY06 went **towards more administrative expenditures**. According to the funding agreement, almost 97 percent of the funds were utilized for **portions** of the salary and benefits for seven staff from the Executive Director (salary \$160,000) to a senior UIC consultant/researcher (salary of \$170,000). The purchase of two computers and monies budgeted for travel to annual meetings rounded out the use of the FY06 funds.

FY05 funding, executed through a grant agreement on July 21, 2004, totaling **\$317,300**, from IVPA went for both administrative and program costs. CeaseFire officials combined IVPA funds with those from the Chicago Community Trust and the Illinois Criminal Justice Information Authority to fulfill program costs in the proposal.

IVPA executed a grant agreement with UIC on July 17, 2003 for the period encompassing FY04 to provide funding (**\$100,000**) assistance in helping to publish evaluation manuscripts for CeaseFire results in FY04 as well as produce additional reports. Combined with funds from the Chicago Community Trust, Cook County and the Department of Commerce and Economic Opportunity, the IVPA monies were mainly expended on salary and benefits for research staff and administrators.

IVPA also provided a grant directly to a CeaseFire community partner totaling \$35,000 in FY04. The grant was to be used to “continue and expand the ‘PeaceNet’ youth violence prevention initiative benefiting youth ages 9-18 living in East Garfield Park.” The program works to involve youth in activities which reduce violence throughout the area.

Department of Commerce and Economic Opportunity

The Department of Commerce and Economic Opportunity executed a grant agreement on May 12, 2004 to **provide \$750,000** in funding for CeaseFire. The agreement was for **calendar year 2004** and was a Legislative Add-On grant at DCEO. Payment was made using Illinois First funds – for a project initially developed in FY02. The Comptroller issued the entire payment on one warrant dated August 11, 2004. The funding was to go for program expansion located in the 8th Police District of the City of Chicago – specifically the Gage and Marquette Park area. The Chicago Project defines this area as Southwest, covering Chicago Police beats 823, 824, and 825. DCEO had previously

Exhibit 2-7 BUDGETED PURPOSES FOR DEPARTMENT OF COMMERCE AND ECONOMIC OPPORTUNITY FUNDING Calendar Year 2004			
	Budget Amount from Contract	Amount Reported on Close- Out Form	Difference
Personnel	\$ 390,000	\$ 526,892	\$(136,892)
Fringe Benefits	99,555	123,595	(24,040)
Travel	15,000	62	14,938
Equipment	57,945	53,714	4,231
Supplies	43,500	12,152	31,348
Rent/Utilities	30,000	25,770	4,230
Contractual	105,000	7,329	97,671
Youth Support Services	9,000	485	8,515
Total	\$ 750,000	\$ 749,999	\$ 1
Note: Totals do not match due to rounding.			
Source: OAG developed from State contracts and grant close-out documents.			

funded two other grants totaling \$75,000 in Chicago Project activities in Logan Square and Woodlawn outside of the audit period – back in 2000. Both of those prior grants were monitored on-site by DCEO staff.

DCEO monies were to fund eight outreach workers, a youth outreach coordinator, one support staff, one monitoring and evaluation staff member for 50 percent of the individual's time, an outreach supervisor and an outreach team leader. The DCEO grant agreement to provide funding contained a budget document. Budgeted uses for the DCEO funds are provided in Exhibit 2-7.

Documentation containing the grant close-out report to DCEO from UIC showed that reported expenditures differed from those shown in the contract agreement. Funds were not used in the budgeted amounts but transferred to other lines. Close-out documentation submitted June 15, 2005 – six months after the end of the grant period – showed that CeaseFire spent 33 percent more than budgeted for the total of personnel and fringe benefit costs; spent less than 1 percent on travel; and spent none of the money provided for subcontractors. The subcontractor funding, which was part of the contractual budget line, was scheduled to be used for clergy mobilization; however, the Chicago Project used it toward the increased personnel and fringe benefit line items. DCEO followed appropriate Departmental procedures by sending follow-up correspondence to the grantee to obtain submission of the close-out report; determined upon review of the received document that it contained excessive variances; and has neither accepted nor approved the close-out report as of July 17, 2007. Exhibit 2-7 also presents how much UIC reported spending from each budget line for the DCEO funding.

Relative to the unused/transferred subcontractor funding, DCEO officials stated that, at the beginning of the funding period, CeaseFire didn't have the capability to complete all the work it needed to do, so it needed to subcontract. Officials added that ultimately CeaseFire did have the capacity so CeaseFire ended up spending a lot of the grant funding on salaries. There were no budget modifications in the DCEO files indicating these transfers had been approved. Additionally, while the contract between UIC and DCEO required the hiring of eight outreach workers, documentation obtained from the Chicago Project showed that fewer than eight outreach workers were on the job in the identified police beats in 4 of 12 months during calendar year 2004. DCEO officials indicated that while monitoring the funds distributed as member initiatives does occur, no on-site monitoring of this \$750,000 had been conducted by DCEO.

While DCEO did have a submitted grant close-out report, it has neither accepted nor approved the close-out report. Quarterly Expense Reports, as required by the contract, were also not provided by the UIC/Chicago Project by their respective due dates although DCEO officials did follow up with the Grantee in attempts to obtain them. Documentation showed that the first three calendar year 2004 quarterly reports were actually provided by UIC on October 9, 2006. The quarterly reports were not fully certified by the Department, as only one of the two required DCEO official signatures was in place on October 23, 2006 – **22 days before** our entrance conference with DCEO for this audit and **22.5 months after** the end of the contractual grant period. According to DCEO officials, the second required signature is being withheld pending the budget modification review process, as well as the approval of the submitted close-out report.

We also requested a download of data showing what the DCEO funds were expended on from the Chicago Project/UIC. A UIC official provided information showing that \$884,848 had been charged to the DCEO grant in its financial system - \$134,848 more than the total grant from DCEO. The UIC official indicated that the grant was overcharged and that transfers to other grants were processed during close-out. In May 2007, the official could not tell us what other grants these transfers went to. On July 27, 2007, four days after our exit conference, UIC officials provided information on the transfers; however the information failed to adequately clear this issue. While outreach workers were considered “extra-help” staff during calendar year 2004, the majority of expenditures shown on the UIC data instead were for “Administrative/Professional Salary.” Fifty percent of the \$884,848 charged to the DCEO grant was for these administrative salaries. DCEO officials reported that they did not receive detailed back up support for each of the line item expenditures, just a close-out report, and three quarterly expense reports (received almost two years after the end of the grant period), which summarizes the line items per the requirements of the grant agreement.

Failure to obtain budget request modifications and approve those requests can result in uses of State funds for purposes that were not intended in the funding agreement.

DEPARTMENT OF COMMERCE AND ECONOMIC OPPORTUNITY FUNDING USES	
<p>RECOMMENDATION NUMBER</p> <p style="font-size: 2em;">4</p>	<p><i>The Department of Commerce and Economic Opportunity should:</i></p> <ul style="list-style-type: none"> • <i>require entities such as the Chicago Project to provide budget modification requests when expected expenditure of funds are not consistent with contractual arrangements;</i> • <i>require detailed support for expenditures that can be used to monitor what specific payments were made using State funds;</i> • <i>require the timely submission of quarterly expense reports as directed by the contract to ensure State funds are adequately protected; and</i> • <i>request documentation from UIC to determine whether appropriately budgeted staff positions were actually paid with its grant funding and recover any inappropriately paid amounts.</i> <p><i>Finally, the University of Illinois should only charge expenditures to State grants up to the level of the grant and maintain a system that allows for the identification of where any transfers are moved.</i></p>
<p>DEPARTMENT OF COMMERCE AND ECONOMIC OPPORTUNITY RESPONSE</p> <p>Agency Response Continued on Next Page</p>	<p>The Department of Commerce and Economic Opportunity (DCEO) agrees with the recommendation. DCEO will review University of Illinois Chicago (UIC) expenditure documentation, including staff position expenses, to ensure payments are adequately supported and are consistent with the scope of the project. DCEO and the UIC will also process a budget modification for the CeaseFire grant to ensure the expenditures are within the revised budget amounts and make any other necessary changes consistent with the scope of the project.</p> <p>DCEO is currently working on an initiative, called the Monitoring and Reporting Standardization (MaRS) Project, to review and revise policies and procedures for monitoring and reporting functions for all the</p>

<p>Agency Response (continued)</p>	<p>Department’s programs. Standardized policies and procedures are being developed to ensure the Department adequately monitors grantees’ compliance with the requirements of their grant agreements, including tracking and appropriate follow-up of required deliverables such as programmatic and financial reports. DCEO is also developing a new grants processing computer system that will include the functionality necessary to implement the new monitoring and reporting policies and procedures.</p> <p>On-site monitoring provides the best assurance for reviewing and approving grantee expenditures and supporting documentation for corresponding agency payments. DCEO has a limited number of monitoring staff and cannot complete on-site monitoring for all grantees; however, the MaRS initiative and the new grants system will improve our overall monitoring and reporting abilities to ensure grantees are compliant with the provisions of their grant agreements.</p>
<p>UNIVERSITY OF ILLINOIS RESPONSE</p>	<p>Accepted. Departments are expected to only charge expenditures up to the level of their budget authority. The University maintains a system that tracks both sides of required transfers.</p>

Department of Human Services

On October 3, 2005, the Department of Human Services executed an agreement with a CeaseFire community partner – Target Area Development Corporation (Target) – to continue CeaseFire operations in the Auburn Gresham neighborhood of Chicago. The grant award totaled \$200,000 and **was paid directly to the community partner**. The funding was not filtered through UIC. Payment to Target was made from a \$2 million lump sum General Revenue Fund (GRF) appropriation to DHS during the fiscal year.

The Auburn Gresham area was not a named community in the FY06 funding provided for CeaseFire by the Department of Corrections. However, the Chicago Project did charge \$25,700 in wages for two violence interrupters in Auburn-Gresham to the Corrections funding even though those communities had no designation in the Corrections contract.

DHS funding was to support the operation of CeaseFire through direct service costs of the program. Eighty-three percent of the funding was for salary payments to eight outreach workers, six outreach canvassers, and one CeaseFire supervisor. Exhibit 2-8 presents the budgeted uses for the funding Target received from DHS during FY06.

<p>Exhibit 2-8 BUDGETED PURPOSES FOR DEPARTMENT OF HUMAN SERVICES FUNDING State FY06</p>	
	FY06
Outreach:	
Salary/Benefits	\$ 165,757
Equipment	4,560
Rent	18,000
Supplies	3,683
Telephone	2,000
Audit/Bookkeeper	6,000
Total	\$ 200,000
<p>Source: OAG developed from DHS information.</p>	

PRIVATE FUNDING SOURCES AND BUDGETED USES

The Chicago Project for Violence Prevention has received, or is scheduled to receive, substantial support from multiple non-State sources. Documentation obtained from the Chicago Project showed that over the three-year period defined in the Resolution, private funding sources **either provided or were going to provide** the Chicago Project \$6.6 million for various costs and activities. Some of these grants provided by private sources have grant **periods that either started before or extended past** the audit period defined in Senate Resolution 686. For instance, the Robert Wood Johnson Foundation was identified by Chicago Project staff as providing a grant for a period extending out to 2010. Another funding source, the MacArthur Foundation, provided grant funding from January 2006 through December 2009.

Examining just the period **specifically between** FY04 and FY06, the Chicago Project received \$3 million from 23 private sources to supplement activities of the Chicago Project and the CeaseFire program. A listing of total funding from private sources for CeaseFire/Chicago Project operations is presented in Exhibit 2-9.

Private funding was utilized primarily for the support of the administrative function for the Chicago Project. Seventy-seven percent (\$2.3 million) of private funding provided during the audit period was for salaries and benefits for Chicago Project staff. Outside consultants and training (\$185,406), public education materials (\$145,996), and staff travel (\$36,740) accounted for other administrative uses of the private funds.

Exhibit 2-9				
CEASEFIRE/CHICAGO PROJECT PRIVATE FUNDING SOURCES				
State FY04-FY06				
	FY04	FY05	FY06	Total
Grants and Gifts from all Sources	\$888,595	\$711,841	\$1,385,069	\$2,985,505
Source: OAG developed from Chicago Project for Violence Prevention documentation.				

Front-line community activity was also supported by private donors. Four percent (\$115,291) of private funds were budgeted towards community activity in Englewood, Southwest, and West Garfield Park. Exhibit 2-10 breaks private funding down into component line item descriptive categories.

Exhibit 2-10 CEASEFIRE/CHICAGO PROJECT BUDGETED USES OF PRIVATE FUNDING State FY04-FY06				
	FY04	FY05	FY06	Total
Chicago Project				
Salaries/Benefits	\$712,988	\$627,838	\$944,680	\$2,285,506
Consultants/Training	82,756	15,000	87,650	185,406
Public Education Materials	60,671	21,229	64,096	145,996
Indirect/Other Costs	10,555	24,718	95,671	130,944
Supplies	10,117	5,777	42,700	58,594
Travel/Transportation	9,245	11,667	15,828	36,740
Telephone	889	1,111	16,154	18,154
Equipment	1,375	3,500	3,000	7,875
Community Expenses	0	1,000	0	1,000
Community Outreach				
Salaries/Benefits	0	0	115,291	115,291
Total ¹	\$888,596	\$711,840	\$1,385,070	\$2,985,506
Note: ¹ Totals differ from Exhibit 2-9 due to rounding.				
Source: OAG developed from Chicago Project for Violence Prevention documentation.				

FEDERAL FUNDING SOURCES AND BUDGETED USES

During FY04 through FY06, UIC received \$1.78 million in grants from the United States Department of Justice (USDOJ). The grants provided funds to: (1) support CeaseFire in the West Garfield Park, Logan Square, and West Humboldt Park neighborhoods of Chicago; (2) enhance the capacity of CeaseFire to serve other communities through additional outreach workers and violence interrupters; and (3) support core functions that are necessary to these sites.

Federal funding significantly increased during State FY06. While federal funding levels for CeaseFire decreased from FY04 (\$511,427) to FY05 (\$143,248), a large funding increase – coupled with a supplemental award by USDOJ for CeaseFire – increased the FY06 award to \$1,127,574.

USDOJ monies supported both administrative activities undertaken by Chicago Project staff and activities for outreach workers in the Chicago neighborhoods. Thirty-five percent of the USDOJ funds (\$621,736) were budgeted for salaries and benefits for outreach workers working in the communities. The Chicago Project was to hire the outreach workers and oversee the CeaseFire program in these communities.

Exhibit 2-11 CEASEFIRE BUDGETED USES OF FEDERAL FUNDING State FY04-FY06				
	FY04	FY05	FY06	Total
Chicago Project				
Salaries/Benefits	\$168,179	\$56,849	\$417,863	\$642,891
Consultants/Training	33,145	893	70,714	104,752
Public Education Materials	24,139	6,598	0	30,737
Indirect/Other Costs	8,878	983	25,737	35,598
Supplies	3,137	464	18,595	22,196
Travel/Transportation	5,663	1,160	7,687	14,510
Telephone	3,750	855	34,681	39,286
Equipment	3,000	0	1,440	4,440
Community Expenses	178,922	59,641	27,540	266,103
Community Outreach				
Salaries/Benefits	82,614	15,805	523,317	621,736
Total ¹	\$511,427	\$143,248	\$1,127,574	\$1,782,249
Note: ¹ Totals differ due to rounding.				
Source: OAG developed from Chicago Project for Violence Prevention documentation.				

The other major expense charged to this grant was for Chicago Project staff salaries and benefits. Thirty-six percent of the funds received (\$642,891) and prorated for FY04 through FY06 were for salaries of mainly upper management staff in the Chicago Project. Exhibit 2-11 breaks down the uses for the USDOJ funding – prorated to the period covered by this audit.

COOK COUNTY FUNDING SOURCES AND BUDGETED USES

During FY04-FY06, the Chicago Project received \$324,640 from Cook County officials under five separate grant agreements. Eighty-three percent of the funds provided by Cook County to the Chicago Project were from the Local Law Enforcement Block Grant for the B.A.D.G.E. program. The programs under which funds were provided were administered by the Judicial Advisory Council and the State's Attorney's Office. County funding was mainly budgeted for salaries and fringe benefits. Ninety-two percent of funding received from the county was for outreach and administrative staff salaries. Funding under these agreements overlapped fiscal years; therefore, we prorated amounts to only the time period specified in Senate Resolution 686. Exhibit 2-13 summarizes the funding provided.

Exhibit 2-12				
CEASEFIRE COOK COUNTY FUNDING SOURCES				
Prorated to State FY04-FY06				
Program	FY04	FY05	FY06	Total
Local Law Enforcement Block Grant – Balanced Approach to Drug and Gang Elimination (B.A.D.G.E.)	\$134,017	\$96,332	\$39,154	\$269,503
Cook County State’s Attorney Project Reclaim	55,137	0	0	55,137
Total	\$189,154	\$96,332	\$39,154	\$324,640

Source: OAG developed from Chicago Project for Violence Prevention documentation.

During State FY04 through FY06, monies Cook County received from the federal government under the Local Law Enforcement Block Grant were provided to the Chicago Project under the Balanced Approach to Drug and Gang Elimination (B.A.D.G.E.) program. The four grants had various performance periods. Our analysis of documentation in the budget for these grants found:

- While the performance period for a FY06 grant was to start March 1, 2006, documentation provided in response to a reminder of the quarterly reporting requirements from the Chicago Project to the funding administrator – the Cook County Judicial Advisory Council – indicated that performance would not commence until May 1, 2006.
- The grants were generally to support outreach efforts in the West Garfield Park area of Chicago. The work encompassed Chicago Police District 11.
- Just as with our findings for the uses of the DCEO funds, some staff proposed/budgeted for outreach were not listed on the Chicago Project employee roster of current or terminated staff as of October 21, 2006. Other workers were on the employee roster.
- During FY04, an outreach worker who was not listed on the employee roster provided to us by the Chicago Project was charged to three different county grants for a percentage in excess of his full time position.
- The grants prohibited using funds for administrative purposes.

During State FY04, the Chicago Project received funds from the Cook County State’s Attorney through Project Reclaim. Project Reclaim was a service activity sponsored by the United States Department of Justice which passed through funds administered by the State’s Attorney to the Illinois Criminal Justice Information Authority. Project Reclaim monies for this project totaled \$220,547 for the period October 2002 through September 2003. We prorated one-fourth of the funds during our audit period – a total of \$55,137.

The majority (92 percent) of the Cook County funding went for salaries and benefits for both community outreach staff and administrative staff within the Chicago Project. Exhibit 2-13 breaks down Cook County funding into its various uses.

Exhibit 2-13 CEASEFIRE BUDGETED USES OF COOK COUNTY FUNDING State FY04-FY06				
	FY04	FY05	FY06	Total
Chicago Project				
Salaries/Benefits	\$ 20,875	\$ 0	\$ 0	\$ 20,875
Indirect/Other	14,257	1,787	656	16,700
Travel/Transportation	4,503	377	294	5,174
Supplies	629	0	995	1,624
Telephone	854	0	0	854
Public Education Materials	750	0	0	750
Consultants/Training	417	0	0	417
Equipment	328	0	0	328
Community Expenses	105	0	0	105
Community Outreach				
Salaries/Benefits	146,437	94,168	37,210	277,815
Total ¹	\$189,155	\$96,332	\$39,155	\$324,642
Note: ¹ Totals differ from Exhibit 2-12 due to rounding.				
Source: OAG developed from Chicago Project for Violence Prevention documentation.				

SELECTION OF CHICAGO COMMUNITIES FOR CEASEFIRE PROGRAM

CeaseFire program communities were determined during the audit period by two sources – Chicago Project administration or individual legislators that directed funding for specific communities. Beats within the specific communities were determined by Chicago Project staff, reportedly on a data driven basis.

Senate Resolution 686 directed us to determine how decisions concerning the allocation of funding to various Chicago communities were made. During FY04, the State (ISP and DOC) provided funding for CeaseFire based on a proposal submitted by the Chicago Project. In the proposed budget, **Chicago Project officials determined** monies should go to community partners in the following Chicago communities: Auburn-Gresham, Logan Square, Rogers Park, East Garfield Park, Belmont-Cragin and Grand Boulevard – as well as Rockford, Aurora, East St. Louis and Maywood.

As CeaseFire became designated in the State budget in FY05 and FY06, funds for Chicago communities were included based on recommendations from State legislators. In the FY05 State budget, no individual communities were named to receive monies for CeaseFire. However, the contract with DOC did designate various Chicago communities, determined by Chicago Project officials in consultation with State legislators. In FY06, the State budget dictated which communities were to receive funding. Exhibit 2-14 details the Chicago communities designated for State funding, along with the funding amounts, in contracts between UIC and DOC.

Exhibit 2-14 CEASEFIRE CHICAGO COMMUNITY FUNDING State FY05-FY06			
	FY05	FY06	Total
Brighton Park	\$40,000.00	\$250,000.00	\$290,000.00
Rogers Park	161,410.00	250,000.00	411,410.00
Pilsen/Little Village	0.00	250,000.00	250,000.00
Logan Square	180,000.00	250,000.00	430,000.00
Albany Park	0.00	250,000.00	250,000.00
Lawndale & Garfield	40,000.00	250,000.00	290,000.00
Austin	0.00	250,000.00	250,000.00
Woodlawn	0.00	250,000.00	250,000.00
Grand Boulevard	0.00	250,000.00	250,000.00
Englewood	146,319.00	150,000.00	296,319.00
Roseland	250,000.00	0.00	250,000.00
Southwest	27,000.00	0.00	27,000.00
Belmont-Cragin	40,000.00	0.00	40,000.00
Auburn-Gresham	243,128.00	0.00	243,128.00
Total	\$1,127,857.00	\$2,400,000.00	\$3,527,857.00

Source: OAG developed from State contracts and State budgets.

Chapter Three

CEASEFIRE MONITORING

CHAPTER CONCLUSIONS

The University of Illinois at Chicago (UIC) and the Chicago Project for Violence Prevention (Chicago Project) did not have an adequate system in place to ensure that contracts had been properly executed in a timely manner. As a result, community partners were allowed to initiate work without a written agreement in place.

- In 18 percent (7 of 39) of the subcontracts reviewed, the agreements were **not executed until after** the performance period for the contract had expired.
- The **39 subcontracts totaled \$5.3 million**.
- The **average** amount of time to properly execute the subcontract was **128 days** when comparing the “performance period beginning date” with the subcontract execution date. The timeliest effort in executing a subcontract was the 21 days to execute the FY06 agreement with the Little Village community partner. It took UIC 248 days to execute the agreement with the Aurora community partner in FY06.

The Chicago Project did not enforce provisions of the subcontractor agreements related to the hiring of outreach workers by the community partners. Contractually, community partners are required in the scope of work section to hire a specific number of outreach workers to conduct CeaseFire activities. Seventy-two percent (28 of 39) of the subcontracts with community partners contained, in the Scope of Work Statement, an indicator of how many outreach workers were required to be hired by the community partner. The subcontracts either gave a definitive, specific number of outreach workers or gave a minimum number to hire “per beat.” During FY04 through FY06, the community partners only hired 69 percent (868.5 of 1267 worker-months) of the required number of outreach workers over the duration of the contracts. Additionally, community partners had failed to hire over 398 worker-month positions during the course of the contracts. We saw no written indication that the Chicago Project enforced this provision of the subcontracts.

The funding agreements between UIC and State funding agencies do not contain any performance measures that have to be achieved for funding provided by the State. The Chicago Project regularly reports on the decreases in shootings in CeaseFire zones in which it operates; however, it cannot measure how much of the decrease was due to CeaseFire or other activities/programs operating in the same communities. An analysis of Chicago Police Department shooting statistics showed that while shootings have decreased in CeaseFire zones, other non-CeaseFire beats sometimes had greater decreases. CeaseFire does not always operate in the most violent communities.

Community partners submit reimbursement requests to the Chicago Project for expenses incurred as part of the CeaseFire program. Chicago Project staff review these requests and process payments, which are then made by the University of Illinois at Chicago. Our review of the expense reimbursements for 15 subcontracts showed significant weaknesses in review by Chicago Project staff. A lack of formal procedures for how to review the requests and insufficient diligence

by Chicago Project staff resulted in the weakness. We questioned **\$371,534 of the \$1.9 million** paid (20 percent) under these subcontracts. Exceptions noted included:

- Undocumented Expenses - \$263,999;
- Personnel Issues - \$40,134;
- Expenses Outside the Contract Period - \$21,861;
- Payroll Taxes/Fringe Benefit Issues - \$16,024;
- Purchases at the End of the Contract Period - \$14,700; and
- Other Exceptions - \$14,815.

The purpose of our testing was to determine how well the Chicago Project monitored the funding reimbursed to the community partners. As such, we reviewed all the documentation available at the Chicago Project. We did not perform audit procedures on the subcontractors, nor did we seek additional documentation from the subcontractors for our exceptions. The Chicago Project should have had the necessary support prior to reimbursing the community partners.

Community partners did not always receive the entire amount of funding provided by the General Assembly and outlined in the State budget. State funding agreements make no mention of giving the Chicago Project any discretion in utilizing funding provided by the State. During the audit period:

- The 39 community partner subcontractors received 83 percent of the named funding in State contracts from the Chicago Project.
- Over \$1.1 million was withheld by the Chicago Project, generally during FY05 and FY06, for program support expenses like the hiring of violence interrupters and core administrative functions.
- We found that the amounts withheld were not always consistent from community to community.
- There were other non-State funding sources that provided funds for similar activities, such as violence interrupter salaries and administrative functions of the Chicago Project.

In addition to the \$1.1 million in community monies withheld for expenses paid by the Chicago Project, there was a significant total **of the community funding remaining** that was not spent by the communities but rather for purposes determined by the Chicago Project. In our sample of 15 subcontracts, 16 percent of the total subcontract amounts during FY04 through FY06 for those selected subcontractors were not paid out by the Chicago Project. The total amounted to \$352,000. Failure to expend all State funds in the communities designated in the appropriation bill by the General Assembly, and detailed in the contract between the State and UIC, circumvents the intent of the General Assembly.

Due to the funding mechanism used to provide funding for CeaseFire, the State would be unable to recover any unspent funds under the Grant Funds Recovery Act for the majority of State monies actually provided. If the State desires to continue funding for CeaseFire, providing those funds through a generic grant line item appropriation, along with proper monitoring by the State funding agency, would ensure the State's ability to pay for just the services it desires is protected.

INTRODUCTION

Senate Resolution 686 asked us to determine whether State agencies that provide funding for CeaseFire or the Chicago Project that administers CeaseFire maintain performance measures and statistics reflecting the outcomes achieved with State funding. In addition to reporting on outcome measures, this chapter will also report on monitoring of the CeaseFire program by both the Chicago Project and the State agencies that provide funding.

TIMELY EXECUTION OF SUBCONTRACTS WITH COMMUNITY PARTNERS

The University of Illinois at Chicago and the Chicago Project for Violence Prevention did not have an adequate system in place to ensure that contracts had been properly executed in a timely manner. As a result, community partners were allowed to initiate work without a written agreement in place. In 7 of 39 subcontracts, the agreements were **not executed until after** the performance period for the contract had expired. Good business practice would dictate that work not be initiated until a formal agreement is in place. Additionally, Statewide Accounting Management System (SAMS) procedure 15.20.30 requires the contract to be “reduced to writing before the services are performed. Reduced to writing is defined as signed by the contractor and an authorized representative of the State.”

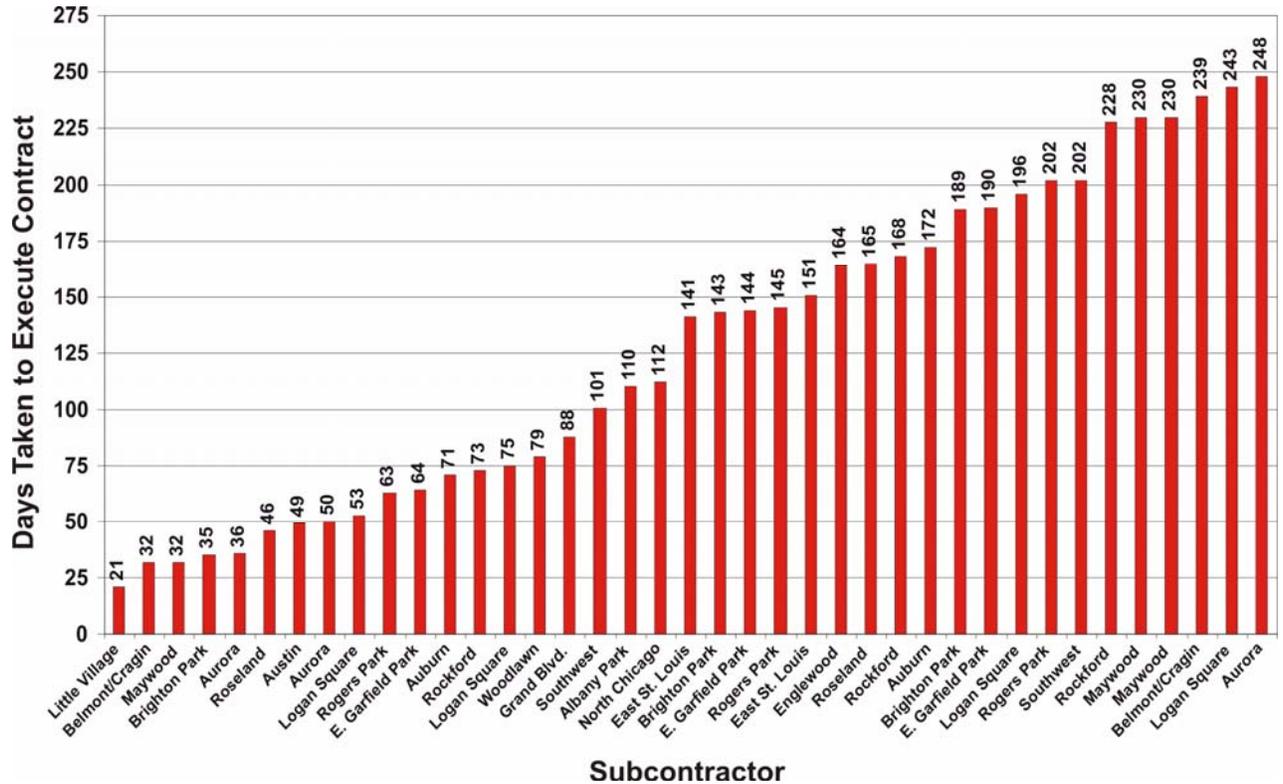
During the audit we reviewed all 39 subcontracts between UIC and the community partners for CeaseFire during FY04 through FY06. These **39 subcontracts totaled \$5.3 million**. The **average** amount of time to execute the subcontract was **128 days** when comparing the date when performance was to begin with the subcontract execution date. The timeliest effort in executing a subcontract was the 21 days to execute the FY06 agreement with the Little Village community partner. It took UIC 248 days to execute the agreement with the Aurora community partner in FY06. The breakdown of the lack of timely execution is presented in Exhibit 3-1.

UIC staff are responsible for processing the subcontract agreements. State funds totaling \$50,000 from the Department of Corrections in FY05 was earmarked for the expertise the University could provide in subcontract development. Six of the seven subcontracts which were **not executed until after the performance period had expired** were FY05 agreements.

Chicago Project officials indicated that once funding sources have promised funding, the University sets up anticipation accounts. While a subcontractor cannot be paid until the formal agreement is executed, this anticipation account allows the vendor to start work. The officials also indicated that the University would “front” the monies for this anticipation account until the State or private monies were received. However, if a community partner is not performing adequately and is allowed to work without a properly executed agreement – including the scope of work section – it increases the chances that State funds are not spent in accordance with the State’s intentions.

Failure to execute a subcontract with the community partners, and allowing those partners to initiate work without an executed contract, does not bind the community partner to comply with applicable laws, regulations and rules and may result in improper and unauthorized payments.

**Exhibit 3-1
TIMELINESS IN EXECUTION OF SUBCONTRACT AGREEMENTS
FY04-FY06**



Source: OAG developed from Chicago Project for Violence Prevention documentation.

UNTIMELY EXECUTION OF SUBCONTRACT AGREEMENTS

**RECOMMENDATION
NUMBER**

5

The University of Illinois should ensure that subcontract agreements for the CeaseFire program are executed in a timely manner. Additionally, the Chicago Project should not allow community partners to initiate work on CeaseFire activities until a properly executed contract is in place.

**UNIVERSITY OF ILLINOIS
and
CHICAGO PROJECT
RESPONSE**

Recommendation is under study. In order to solve these problems, we believe consideration should be given to other funding mechanisms (i.e. grants) and timeframes in order to enable the Chicago Project to meet the objectives of the CeaseFire program. Assistance in solving the important and formidable problem of how to maintain outreach workers and other essential program staff during the immediate period following State budget passage (summer months) would be greatly appreciated. This is the time period when shootings are most intense and coverage is most critical.

INADEQUATE HIRING OF OUTREACH STAFF BY COMMUNITY PARTNERS

Contractually, community partners are required in the scope of work section to hire a specific number of outreach workers to conduct CeaseFire activities. During FY04 through FY06, the community partners only hired 69 percent (868.5 of 1267 worker-months) of the required number of outreach workers over the duration of the contracts. Additionally, community partners had failed to hire over 398 worker-months positions during the course of the contracts. Chicago Project staff charged with monitoring the community partners took little action to ensure compliance with the agreements.

Outreach workers are the “front-line” in the CeaseFire Campaign to Stop the Shooting. The job description included with every subcontract states that “Skilled outreach workers are a key ingredient to the success of the initiative.” As such, ensuring that community partners have the required number of outreach workers should be paramount to the Chicago Project. A full job description for the outreach worker position can be found in Appendix D of this report.

In 72 percent (28 of 39) of the subcontracts with community partners, each contained, in the Scope of Work Statement, an indicator of how many outreach workers were required to be hired by the community partner. The subcontracts either gave a definitive, specific number of outreach workers or gave a minimum number to hire “per beat.” See inset for subcontract language regarding compliance.

“Compliance with all requirements set forth in the contract is considered essential to the successful implementation of CeaseFire. Therefore, failure to meet any requirements shall be communicated by the Project to the Contractor in writing. Upon receipt of written notice of non-compliance with the terms of this contract the Contractor shall have 10 business days to respond to the issue raised. Matters not resolved within 45 days may, at the discretion of the director of the Project, result in the issuance of a written notice of suspension of the contract.”

Source: Community partner subcontract agreement.

Chicago Project officials are responsible for monitoring the community partner’s actions to ensure compliance with the subcontract and have authority per the subcontract to enforce its provisions. Our analysis of the 28 subcontract agreements that required hiring outreach staff showed that 168 total workers (over the three years) should have been on community partners’ staffs **each month** during the contract periods. This equates to 1,267 worker-months over the life of the contracts. However, we found, in reviewing the FY04 through FY06 CeaseFire Outreach Staff Status Charts provided by the Chicago Project, that the community partners only hired 868.5 months of outreach workers during the term of the contracts. We saw no written indication that the Chicago Project enforced this provision of the subcontracts. Exhibit 3-2 breaks down the analysis by community and fiscal year.

Exhibit 3-2							
SUBCONTRACTOR COMPLIANCE IN HIRING OUTREACH WORKERS							
FY04-FY06							
Community	FY	Contract Beginning Date	Contract Ending Date	Monthly Number of Outreach Workers Per Contract	Total Number of Outreach Worker Months for Contract Period ¹	Actual Number of Outreach Worker Months During Contract	Difference
Albany Park	2006	09/01/05	06/30/06	6	60	35	-25
Auburn	2004	02/01/04	06/30/04	8	40	36	-4
Auburn	2005	07/01/04	12/31/04	12	72	53	-19
Aurora	2004	05/03/04	06/30/04	8	16	0	-16
Aurora	2006	03/01/06	06/30/06	8	32	1	-31
Austin	2006	11/01/05	06/30/06	6	48	24	-24
Brighton Park	2006	08/01/05	06/30/06	6	66	23	-43
E.Garfield Park	2006	10/01/05	06/30/06	3	27	28	1
East St. Louis	2005	01/01/05	06/30/05	3	18	10	-8
East St. Louis	2006	07/01/05	06/30/06	3	36	32.5	-3.5
Englewood	2006	07/01/05	06/30/06	3	36	36	0
Grand Blvd	2006	09/15/05	06/30/06	6	57	23	-34
Little Village	2006	12/01/05	06/30/06	6	42	31	-11
Logan Square	2004	02/01/04	06/30/04	8	40	31	-9
Logan Square	2005	07/01/04	12/31/04	4	24	27	3
Logan Square	2006	07/01/05	06/30/06	6	72	37	-35
Maywood	2004	03/15/04	06/30/04	8	28	27	-1
Maywood	2005	07/01/04	01/31/05	8	56	54	-2
Maywood	2006	07/01/05	06/30/06	3	36	58	22
North Chicago	2006	09/01/05	06/30/06	4	40	36	-4
Rockford	2004	03/15/04	06/30/04	8	28	6	-22
Rockford	2005	07/12/04	06/30/05	4	46	56	10
Rockford	2006	07/01/05	06/30/06	6	72	56	-16
Rogers Park	2004	02/16/04	06/30/04	8	36	22	-14
Rogers Park	2005	07/01/04	02/28/05	4	32	47	15
Rogers Park	2006	07/01/05	05/31/06	12	132	40	-92
Roseland	2005	07/01/04	06/30/05	4	48	14	-34
Woodlawn	2006	10/01/05	06/30/06	3	27	25	-2
Totals				168	1,267	868.5	-398.5
Note: ¹ Calculated by taking the number of months from the contract and multiplying by the required number of outreach workers per month.							
Source: OAG summary of Chicago Project subcontracts and Outreach Staff Status Charts.							

A Chicago Project official indicated they were aware that community partners had not had the required number of outreach workers on staff and that it was a problem. The official explained that reasons for not complying with the subcontract on this issue included: turnover in outreach staff; inability of some community partners to hire ex-offenders; and delays in getting a community up and running.

SUBCONTRACTOR HIRING OF OUTREACH WORKERS	
RECOMMENDATION NUMBER 6	<i>The Chicago Project for Violence Prevention should enforce provisions of the subcontractor agreements to ensure that the required number of outreach workers are hired by the community partners.</i>
CHICAGO PROJECT RESPONSE	Accepted.

PERFORMANCE MEASURES AND STATISTICS

The funding agreements between UIC and State funding agencies do not mention any performance measures that have to be achieved for funding provided by the State. The Chicago Project regularly reports on the decreases in shootings in CeaseFire zones in which it operates; however, it cannot measure how much of the decrease was due to CeaseFire or other activities/programs operating in the same communities. An analysis of Chicago Police Department (CPD) shooting statistics showed that while shootings have decreased in CeaseFire zones, other non-CeaseFire beats sometimes had greater decreases. CeaseFire does not always operate in the most violent communities.

State Agreements and Performance Measures

The major State funding agency for CeaseFire, the Department of Corrections (DOC), had no predetermined performance measures contained in funding agreements with the University of Illinois detailing what results are expected for the funding levels received. The agreements simply set forth payment schedules. A copy of the FY06 DOC funding agreement is contained in Appendix F.

DOC officials stated that, prior to FY07, the only role of DOC was to “pass through” the funds for CeaseFire with no monitoring of results or expenditures. Failure to set performance measures for the funding CeaseFire receives limits the General Assembly’s ability to determine whether the program is meeting expectations and whether further funding is warranted. Given that the State has invested \$11 million in CeaseFire during the audit period, it should require the program to **develop performance measures to assess the impact** that the monies had on the problem for which funds were provided.

While Chicago Project evaluation staff have completed internal evaluations of CeaseFire statistics and analyzed CPD crime statistics, they have not been able to isolate or quantify what part of the CeaseFire process is instrumental in reducing shootings and killings. Much of the evaluation work completed by the Chicago Project is descriptive in nature – such as the number of client meetings, the number of shooting mediations by outreach staff, etc.

While State agencies do not require performance measures of CeaseFire, the Chicago Project does extensive analysis on the effect of the program in some of the communities in which it operates. Evaluators on staff at the Chicago Project report that they use a standard and accepted scientific method to determine intervention effectiveness on the outcome of shootings. Evaluation centers around three comparisons of CeaseFire zones' reductions in shootings. The first comparison examines CeaseFire against zones that have similar baseline shooting rates but do not have CeaseFire activities. The second comparison examines “neighboring” beats around CeaseFire zones. The last comparison is the shooting rate for the City of Chicago as a whole. Chicago Project analyses have shown favorable results in CeaseFire zones.

Northwestern University, through a grant from the National Institute of Justice, is currently performing an external evaluation of the CeaseFire Model. Chicago Project staff indicated that the evaluation would be completed in January 2008. The Northwestern group is looking at the different components of CeaseFire and their implementation. This external evaluation is consistent with that reported and recommended by other agencies during the course of the audit.

Results

Our analysis of Chicago Police Department shooting statistics showed that the Chicago Project did not always choose the most violent communities to expand the CeaseFire program. Until FY05, the Chicago Project selected the Chicago Police districts for the CeaseFire program to operate in. Beginning in FY06, the communities where CeaseFire operates were named in the State budget. Chicago Project officials stated the process for selecting the participating communities, and beats within the districts, was generally data driven.

The first CeaseFire zone was established in Chicago Police District 11 in June 2000. Based on CPD shooting statistics from 1999 – supplied to auditors by staff in the evaluation department of the Chicago Project – the first CeaseFire zone had the highest shooting rate among all Chicago Police Districts at 476 shootings per 100,000 residents. Within District 11, the CeaseFire program was initiated in Beats 1114 and 1115. Beat 1115 reported the highest shooting rate in all CPD beats in 1999 with 1,242 shootings per 100,000 residents and Beat 1114 reported 661 shootings per 100,000 residents.

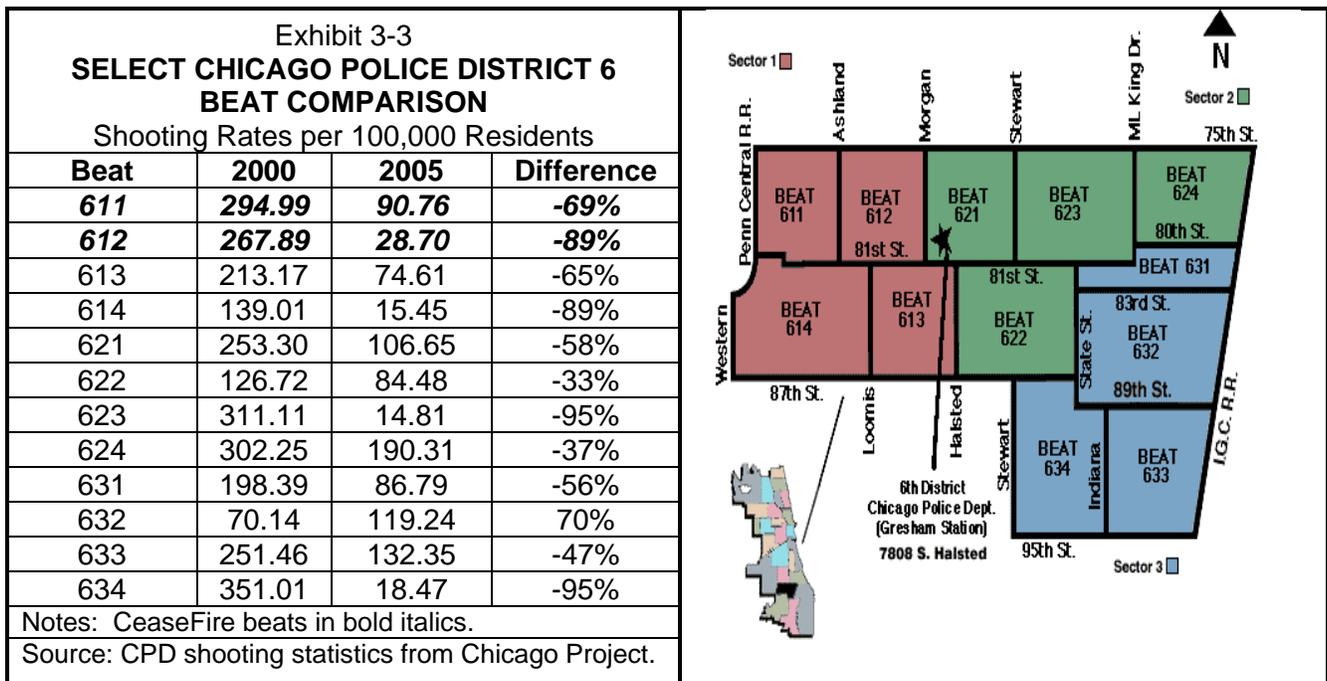
After the initial year, CeaseFire **didn't always expand** to the most violent areas. Based on our analysis:

- CeaseFire expanded into Chicago Police District 6 in August 2001. CPD shooting statistics show five Districts with **higher shooting rates** than District 6 for 2000 (Districts 2, 3, 5, 7, 15). *Note: District 11 also had a higher shooting rate than District 6 in 2000; however, it was not included because a CeaseFire zone was already established in District 11.*

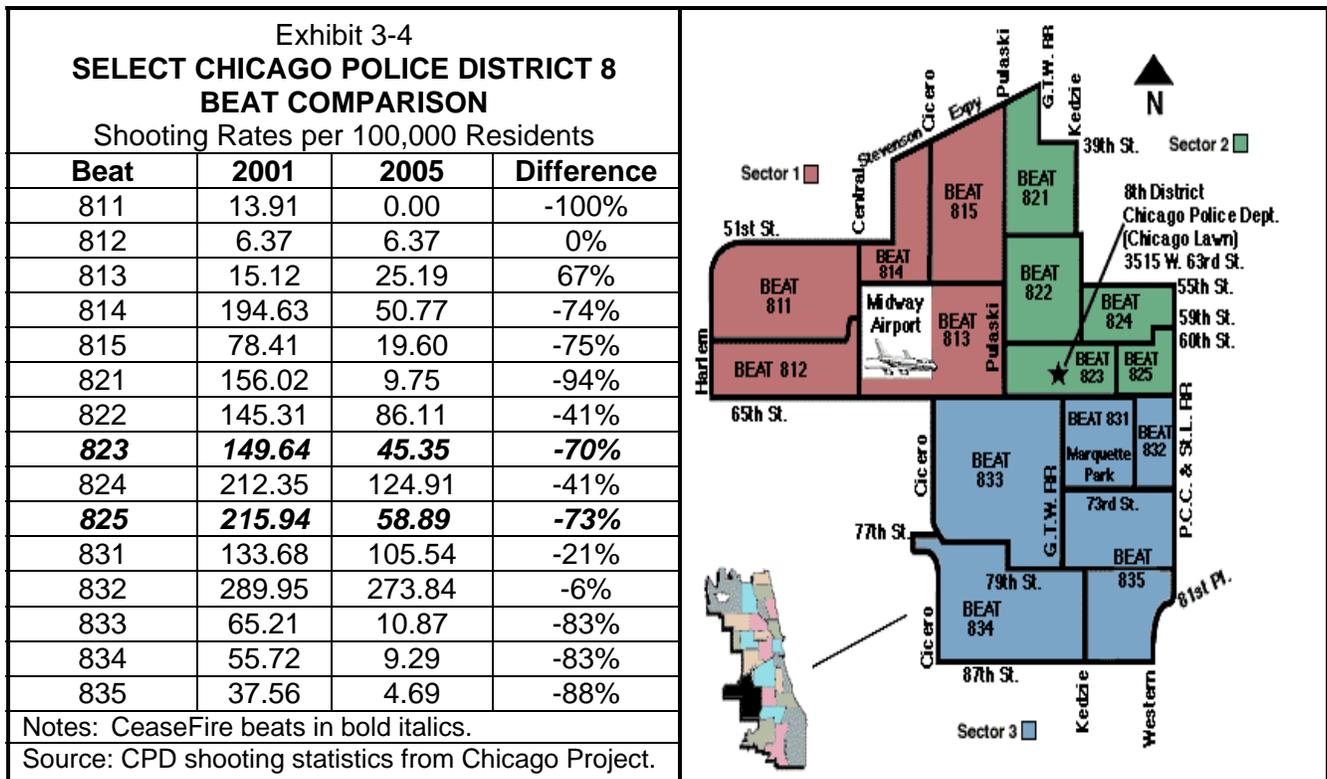
- The next expansion of CeaseFire occurred in 2002 with zones being set up in Districts 8, 14, and 25. District 14 reported the highest shooting rates among the three Districts that the CeaseFire zone expanded to; however, **eight districts** (Districts 2, 3, 4, 5, 7, 10, 13 and 15) **all reported higher shooting rates** than District 14 for 2001. Again, CeaseFire did not choose Chicago Police Districts with the highest shooting rates.
- Chicago Police District 2 reported the highest shooting rates for 2000 and 2001; however, CeaseFire did not expand to this area until July 2005.

Generally, after CeaseFire zones are established in a district, shooting rates begin to decrease. However, shooting rates in Chicago Police districts where the CeaseFire program was not active also generally decreased. For example, Chicago Police District 4 reported a shooting rate of 196 per 100,000 residents in 1999. This rate decreased to 67 in 2005.

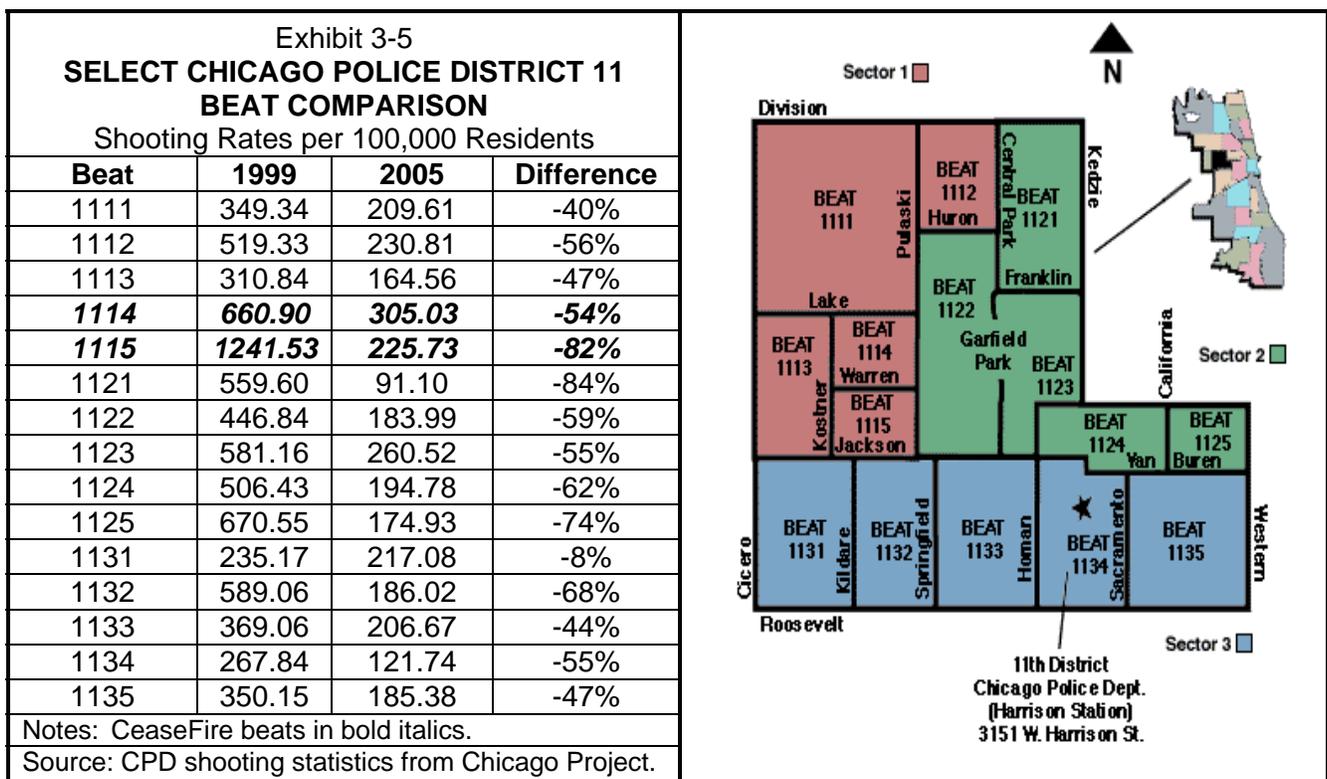
Within the Chicago Police districts selected by the Chicago Project, the most violent beats were not always chosen to implement CeaseFire. The Chicago Project expanded into Chicago Police District 6 in August 2001. The Chicago Project did not choose the most violent beats within the District to expand the CeaseFire program. Exhibit 3-3 shows that beats 623, 624, and 634 had higher shooting rates than the beats selected for CeaseFire – beats 611 and 612. The exhibit also shows that decreases in shooting rates were greater in some non-CeaseFire beats than in the beats in which CeaseFire operated.



A similar scenario existed in Chicago Police District 8. CeaseFire began operating in Chicago Police District 8 in October 2002. Exhibit 3-4 shows the shooting rates of select beats within District 8 from 2001 through 2005. The Chicago Project did not select the most violent beats in Chicago Police District 8.



Finally, District 11 in Chicago was the most violent district in the country. According to CPD officials, many programs and dollars (federal, state, and city) were poured into District 11 to decrease violence. CeaseFire program started work in District 11 in 2000. Exhibit 3-5 shows select beats and shooting rates for Chicago Police District 11 between 1999, the year before CeaseFire started, and 2005.



While the CeaseFire program may have some impact on violence prevention efforts, other factors and programs must also be taken into consideration since communities without a CeaseFire presence are also experiencing a decrease in violence by shootings.

CPD provides CeaseFire with individual-level data on a quarterly basis, so CeaseFire has the information available for reporting to be data driven. The data provided to CeaseFire can be used to calculate murder and violent incident rates.

During the course of this audit, through conversations with CPD, it was raised that the analysis utilized by the Chicago Project for the CeaseFire program may lead them to over-report their results as it pertains to aggravated batteries involving firearms. Aggravated assault and aggravated battery data cannot be analyzed separately prior to 2004 due to definition clarifications that went into effect July 1, 2003. The clarifications were implemented to ensure that all officers clearly understood when to categorize incidents as either an assault or a battery. The clarification process resulted in an artificial decrease in the aggravated battery figures between 2003 and 2004. Therefore, any historical analysis of aggravated assaults or aggravated batteries prior to 2004 must combine aggravated assault and aggravated battery numbers. Thus the results reported for CeaseFire may appear as if there was more of a decrease than what actually happened because they only examined aggravated battery figures before and after the period when the clarification process occurred.

The auditors also learned of additional questions from CPD pertaining to the analysis conducted by the Chicago Project. These include the appropriateness of including incidents involving domestic violence and those occurring indoors because CeaseFire is a street-based program. For example, CeaseFire's numbers include murder resulting from a robbery and also murder that results from gang-related activity. It was learned that CPD does provide CeaseFire murder data that is coded for motive and other violent crime incident data that indicate if domestic-related. Therefore, the Chicago Project would be able to conduct additional analyses excluding the certain murder motives and violent crime incidents that are domestic-related.

There were a number of other violence prevention activities/deterrence measures implemented in the same Chicago communities that CeaseFire operates in. While CeaseFire started in District 11, CPD officials indicated that Project Safe Neighborhood, police gang teams, cameras, and Drug Enforcement Agency programs were all active in District 11 prior to CeaseFire coming in.

PERFORMANCE MEASURES AND REPORTING RESULTS	
RECOMMENDATION NUMBER 7	<i>The Department of Corrections should develop quantifiable performance measures to be included in State funding agreements for the CeaseFire program. Additionally, the Department should work with the Chicago Project to define reporting measures that accurately depict what effect CeaseFire activity has on reducing shootings – including how CeaseFire activity, and not other programs operating in the same communities, has influenced the reduction. Finally, the Department should ensure that the Chicago Project also documents the selection criteria utilized when deciding how to spend the State funding.</i>
DEPARTMENT OF CORRECTIONS RESPONSE	Recommendation Accepted. Any future funding agreements will include provisions for performance measures, and specifically address the CeaseFire activity and metrics. As part of the funding agreements, the University of Illinois at Chicago will be required to submit detailed documents on the selection procedures and criteria utilized when making contracting and expenditures decisions that use the State funds.

MONITORING OF COMMUNITY PARTNER EXPENSES

Community partners submit reimbursement requests to the Chicago Project for expenses incurred as part of the CeaseFire program. Chicago Project staff review these requests and process payments, which are then made by the University of Illinois at Chicago. Our review of the expense reimbursements for 15 subcontracts showed significant weaknesses in review by Chicago Project staff. We questioned \$371,534 of the \$1.9 million paid (20 percent) under these subcontracts. A lack of formal procedures for how to review the requests and insufficient diligence by Chicago Project staff resulted in the weakness.

During FY04 through FY06, the Chicago Project – through UIC – executed 40 subcontract agreements. Thirty-nine of those were with community partners and the other was for public relations services. We selected 15 of these agreements and reviewed all the expenses paid to the vendor for the contract period. We compared the reimbursement expenses against the agreements and budgets with the vendor. The purpose of our testing was to determine how well the Chicago Project monitored the funding

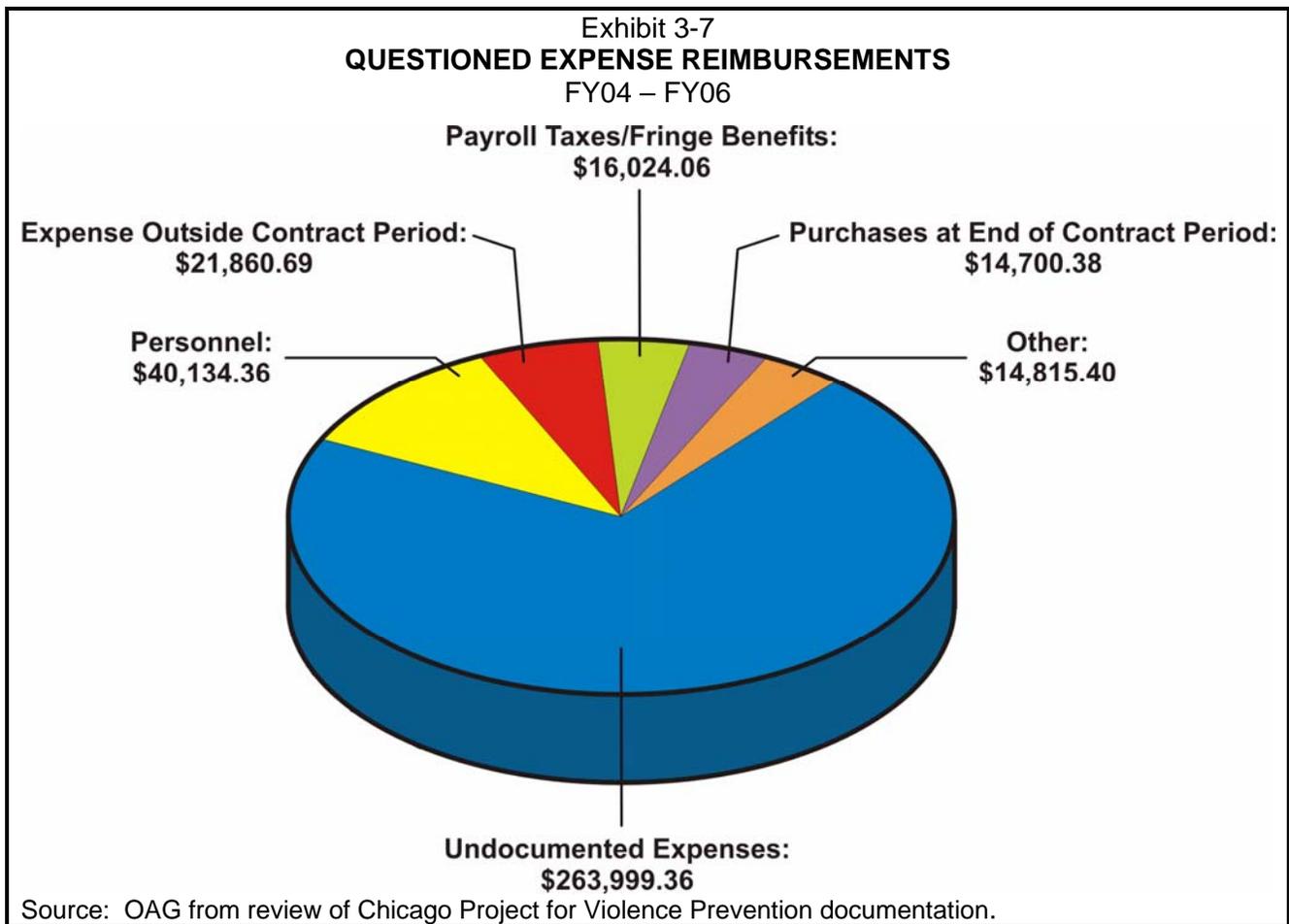
Exhibit 3-6 FISCAL ACTIVITY REPORT REQUIREMENTS
The contractor agrees to submit an invoice for billing in a format prescribed by the Project by the 15 th day of the month following the month for which services are billed. Original receipts showing expenditure by line item must be attached to the expenditure report (final receipts are due no later than August 31, 2006). All relevant program purchases must be made by April 30, 2006. Expenditures not supported by appropriate documentation will be reimbursed according to Project policy. Requests for reimbursement of expenses incurred and submitted more than 60 days following the date of the expense will be paid at the discretion of the Project. Requests submitted more than 90 days following the date of the expense will not be reimbursed. All invoices, requests for reimbursement and final fiscal reports must be submitted no later than 60 days following the end of the contract.
Source: FY06 subcontract between UIC and the Woodlawn Organization.

reimbursed to the community partners. As such, we reviewed all the documentation available at the Chicago Project, and not at the individual community partners. It is the documentation maintained at the Chicago Project which staff used to determine whether reimbursement should or should not be made.

The subcontract agreements **do address** the fiscal activity reports required for a vendor to be paid. Each agreement lays out specific timing language and documentation needed for payment to be disbursed. Exhibit 3-6 contains the language for a FY06 community partner agreement that had a performance period of October 1, 2005 through June 30, 2006.

Our review of the reimbursements made to the 15 subcontractors led us to question \$371,534. Total reimbursements made under the 15 subcontracts totaled \$1.9 million. A complete list of subcontractors selected can be found in Appendix B.

Our testing exceptions were summarized into six categories: Undocumented Expenses, Purchases at the End of the Contract Period, Personnel, Expense Outside the Contract Period, Payroll Taxes/Fringe Benefits, and Other Exceptions. The breakdown questioned in each category is provided in Exhibit 3-7 and discussed below.



Undocumented Expenses at the Chicago Project

Seventy-one percent of the questioned expenses (\$263,999) were not adequately documented by the vendor **as required by the contract** from the documentation we reviewed at the Chicago Project. Specific problems included:

- **\$97,095.22** in payments to East St. Louis Township for FY05 with no supporting receipts, timesheets, etc. in file – only a summary log of expenses was submitted with no signature by subcontractor verifying the amounts.
- A **\$2,405.37** payment made to Developing Communities, Inc. for FY05 expenses on July 7, 2005. The request for reimbursement was not signed as approved by any Chicago Project staff. While this was to be for the “balance of program expense incurred in April 2005” the Chicago Project lacked supporting documentation attached to the invoice and payment voucher/check.
- **\$12,996.87** in reimbursements to the Alliance of Logan Square Organizations for FY04 expenses for June 2004 for which supporting documentation was not maintained in the files at the Chicago Project.
- The remaining **\$151,501.90** was for 50 instances where the Chicago Project files did not contain the detailed receipt or other support to document its decision to reimburse the community partner.

Purchases at the End of the Contract Period

Four percent of the questioned amounts (\$14,700) were related to purchases made near the end of the contract period. As shown in Exhibit 3-6, “all relevant program purchases” must be made by a specific date contained in the contract. Additionally, the FY06 subcontracts stipulate that an inventory of items in excess of \$500 be maintained and submitted to the Chicago Project within 60 days of the termination of the subcontract. The Chicago Project reserves the right to re-allocate the equipment to other CeaseFire sites. Specific problems included:

- The Woodlawn Organization ordered, and was reimbursed for, **\$3,865.94** for client computers on June 30, 2006 – the last day of the contract period. According to a Chicago Project official, no inventory listing was maintained and there was no evidence that the property was returned to UIC at the end of the contract period – even though the maintenance of an inventory list for items over \$500 is required under the agreement.
- The Alliance of Logan Square Organizations was reimbursed **\$964.56** for an anchored floor lectern. The order was placed on June 23, 2004 (7 days prior to the end of the contract period) and not delivered until after the end of the contract period.
- Several reimbursements for new office furniture were made by the Chicago Project to the Alliance of Logan Square Organizations. These purchases all occurred very close to the end of the contract period (June 22, 2004 through June 29, 2004). Total reimbursement was **\$3,481.15**.
- The same vendor was reimbursed **\$6,388.73** for 6 new computers that were ordered on June 30, 2004 and July 1, 2004. While the agreement required all relevant purchases to be made by June 30, 2004, it is unclear whether these were needed for the program,

which initiated work on February 1, 2004, or was an attempt to expend contractual monies prior to the end of the contract period.

Personnel

Eleven percent of the questioned expenses (\$40,134) revolved around personnel issues. Generally, we found that a few subcontractors submitted signed timesheets for staff that worked on CeaseFire activities – but most did not. While the subcontracts did not require timesheets to be submitted, a positive attendance document would help to ensure that funds paid in wages had adequate support. Many of the exceptions involved an incorrect rate being used for reimbursement; other problems included:

- The Woodlawn Organization was reimbursed in FY06 for an outreach worker a total of **\$14,583.40** at the end of the contract period (June 2006). The time period worked began in January 2006 – the attached support showed payments were made but “no number of hours worked” were on the payroll company printout. Other employees listed on the printout did have the hours they worked included in the information. Chicago Project officials did not question this situation/documentation and submitted reimbursement for the individual.
- Payroll records for four Woodlawn Organization staff reimbursed in June 2006 did not agree with payroll records, resulting in over-reimbursement of **\$652.90**.
- An April 2005 reimbursement to Developing Communities, Inc. was made totaling \$6,690 for outreach staff. However, the community partner only submitted time reports for outreach staff for **\$3,345** of the \$6,690 total. Additionally, the time reports were generally not signed by the violence prevention coordinator from the community partner. The Chicago Project did not question this issue and reimbursed the total.
- An Outreach Supervisor from the same community partner appeared to be paid twice for the same period (October 16, 2004 – October 31, 2004) on two different payment vouchers by UIC, on May 16, 2005 and February 24, 2005. This resulted in an overpayment of **\$1,057.69**.
- A February 2006 billing from Agape Youth Development, paid March 29, 2006 by UIC, reimbursed **\$5,373** in salaries and fringes that had no timesheet support. Other periods did have timesheet support.
- The remaining **\$15,122.37** was generally for 21 instances where the supporting documentation in the Chicago Project files showed that the Chicago Project reimbursed some community partner staff at a rate that was not in the subcontract agreement.

Expense Incurred Outside the Contract Period

Six percent of the questioned costs (\$21,860) were for reimbursement of expenses outside the contract performance period. Specific problems included:

- Draft, Inc. was reimbursed **\$6,350.01** for work past the end of the performance period of the subcontract on June 30, 2004.
- **\$10,045** worth of flyers and distribution material were purchased by the Association of Individual Development at the end of June 2006. One invoice had a note that the invoice must be backdated in order to fit within the subcontract period. According to the contract, all relevant purchases had to be made by April 30, 2006.

- The same subcontractor was reimbursed for prepaid rent for months outside of the contract period (July 2006 – December 2006) which resulted in a questioned payment of **\$2,190**.
- The remaining **\$3,275.68** was for seven instances where the documentation contained in Chicago Project files showed receipts for purchases dated outside the contract period for items such as cell phones and copier supplies.

Payroll Taxes/Fringe Benefits

Four percent of the questioned reimbursements (\$16,024) were related to payroll and benefit issues. These exceptions were mainly for billed and reimbursed fringe benefits when those same benefits were paid as a percentage of payroll costs per the contract. While Chicago Project staff did catch and deny some of these payments, there were other instances where the vendors were reimbursed.

Other Exceptions

The last four percent in questioned expenses (\$14,815) were for other expenses. These problems included:

- July and August rent paid to Target Area Development Corporation for FY05 activities exceeded the budgeted \$3,000 per month, resulting in a questioned amount of **\$5,765**.
- The Organization of the Northeast was reimbursed **\$1,413** for security even though its written request was expressly denied by the Chicago Project.
- An Agape Youth Development budget addendum dated January 20, 2006 stated “No honorariums will be offered...without prior approval of CeaseFire.” Files had no written approvals yet reimbursements were made for 17 such honorariums totaling **\$1,450** and reimbursed on the UIC payment dated August 10, 2006. There was also no documentation to show what concerts these individuals performed at.
- The same vendor was reimbursed for utilities for an address that was not listed as a service location in the contract and files we examined.
- Personal credit card reimbursements for individuals associated with the Brighton Park Neighborhood Council were made for receipts for food from Lincoln, Illinois on March 16, 2006 totaling **\$271.36**.
- The remaining **\$5,916.04** was for 22 instances such as excessive shipping charges, utility payments for locations not named in the subcontract agreement, and rent in excess of the contractual amount.

Again, we did not perform audit procedures on the subcontractors, nor did we seek additional documentation from the subcontractors for our exceptions. The Chicago Project should have had the necessary support prior to reimbursing the community partners. We provided the Chicago Project our exceptions on May 30, 2007.

Other Monitoring Issues

Our review also noted other issues regarding monitoring that the Chicago Project should address. Some are violations of contractual agreements and some would fall under the category of sound business practice.

Documentation showed that the Alliance of Logan Square Organizations was contacted by the Chicago Project on September 29, 2005 regarding the subcontract that was in effect during February 2004 and June 2004 – **15 months after the end** of the performance period. The Chicago Project informed the vendor that there was \$43,000 left in the account and that any final invoices needed to be submitted by October 7, 2005. This offer would appear to violate the agreement which required final reports and receipts by July 15, 2004. Funding for this vendor was provided through State funds.

A subcontract with the Association for Individual Development in FY06 was silent on a mileage reimbursement rate. Expenses submitted by the vendor showed mileage reimbursed at a rate of 80.5 cents. The Chicago Project may consider using State travel guidelines when developing the subcontracts.

Contract amendments were not always developed or on file with the original agreements. Visions of Restoration provided services for CeaseFire in FY04. An amendment to the subcontract was not developed when UIC approved the budget increase (to \$127,133) that made expenses rise above the maximum reimbursement amount (\$125,000) listed in the subcontract. A Chicago Project official indicated this was not a subcontract increase but an adjustment to the budget. In another instance, the Organization of the Northeast budget was amended by the Chicago Project and authorized to spend an additional amount on summer activities that were not in the original proposal/budget; however, the revised budget was not included in the formal agreement as an amendment.

Three Chicago Project staff had responsibility for reviewing and approving the reimbursement requests – the Finance Director, the Assistant Director for Grants Administration, and a Project Coordinator. The Finance Director stated that there are no formal policies and procedures for how the reimbursement requests are to be reviewed. However, the Chief Operating Officer thought that the Chicago Project had gotten better at the review process towards the end of our audit period.

Failure to adequately review vendor requests for reimbursement resulted in questioned or insufficiently documented expenses being paid by the Chicago Project. Additionally, contractual provisions are developed to protect funds that are disbursed. Failure to enforce these provisions again puts organization's assets at risk of misuse and waste.

MONITORING OF EXPENSE REIMBURSEMENTS	
RECOMMENDATION NUMBER 8	<i>The Chicago Project for Violence Prevention should develop formal procedures for the review of subcontractor expenses. Additionally, staff should develop formal amendments when changes are made to a contract agreement. Finally, staff should be more diligent in enforcing the payment provisions of the subcontracts.</i>
CHICAGO PROJECT RESPONSE	Accepted.

STATE FUNDING ISSUES

Community partners did not always receive the entire amount of funding provided by the General Assembly and outlined in the State budget. During the audit period, the 39 subcontractors received 83 percent of the named funding in State contracts from the Chicago Project. Over \$1.1 million was withheld by the Chicago Project, generally during FY05 and FY06, for program support expenses, like the hiring of violence interrupters and core administrative functions. We found that the amounts withheld were not always consistent from community to community. As discussed in Chapter Two, there were other non-State funding sources that provided funds for similar activities – violence interrupter salaries and administrative functions of the Chicago Project. State funding agreements make no mention of giving the Chicago Project any discretion in utilizing funding provided by the State.

In addition to the \$1.1 million in community monies withheld for expenses paid by the Chicago Project, there was a significant total **of the community funding remaining** that was not spent by the communities but rather for purposes determined by the Chicago Project. In our sample of 15 subcontracts, 16 percent of the total subcontract amounts during FY04 through FY06 for those selected subcontractors were not paid out by the Chicago Project. The total amounted to \$352,000. Failure to expend all State funds in the communities designated by the General Assembly, and detailed in the contract between the State and UIC, circumvents the intentions of the General Assembly.

Due to the funding mechanism used to provide funding for CeaseFire, the State would be unable to recover any unspent funds under the Grant Funds Recovery Act for the majority of State monies actually provided. If the State desires to continue funding for CeaseFire, providing those funds through a generic grant line item appropriation, along with proper monitoring by the State funding agency, would ensure the State’s ability to pay for just the services it desires is protected.

Community Funding Levels

During FY06, the State budget listed specific named communities (i.e., Albany Park, Aurora, East St. Louis, etc.) and appropriated funding for those communities devoted for CeaseFire. Throughout the audit period, the funding agreements listed various funding levels for

either specific communities or community partners. When the Chicago Project developed subcontract agreements with the community partners, the amounts did not always agree to the funding levels provided by the State.

During the audit period, there were 39 subcontract agreements with community partners and an additional subcontract with a public relations firm – all named in either the State budget or funding agreements. Total State funding directed to these subcontractors was over \$6.5 million. The agreements with these subcontracts totaled only \$5.4 million. Therefore, the Chicago Project took the discretion to expend the remaining \$1.1 million. Exhibit 3-8 shows how much was retained from the funding level to the subcontract agreement by community. The Chicago Project then determined how the funds were to be spent.

Exhibit 3-8 shows a negative balance for the Englewood community in FY06. While the

Exhibit 3-8 DIFFERENCES IN FUNDING LEVELS AND SUBCONTRACTOR AGREEMENTS FY04-FY06				
Location	FY	Community Funds Per State Contract	Actual Contract Amount	Amount Not Distributed by UIC
Albany Park	2006	\$ 250,000.00	\$ 200,000.00	\$ 50,000.00
Auburn	2004	265,350.00	265,350.00	0.00
Auburn	2005	444,447.00	444,447.00	0.00
Aurora	2004	65,000.00	28,133.00	36,867.00
Aurora	2005	70,201.00	N/A	70,201.00
Aurora	2006	250,000.00	115,432.69	134,567.31
Austin	2006	250,000.00	200,000.00	50,000.00
Belmont-Cragin	2004	25,000.00	25,000.00	0.00
Belmont-Cragin	2005	40,000.00	35,000.00	5,000.00
Brighton Park	2004	25,000.00	25,000.00	0.00
Brighton Park	2005	40,000.00	35,000.00	5,000.00
Brighton Park	2006	250,000.00	57,750.00	192,250.00
E. Garfield Park	2004	35,000.00	35,000.00	0.00
E. Garfield Park	2005	40,000.00	35,000.00	5,000.00
E. Garfield Park	2006	250,000.00	130,000.00	120,000.00
East. St. Louis	2005	100,000.00	100,000.00	0.00
East. St. Louis	2006	250,000.00	220,000.00	30,000.00
Englewood	2006	150,000.00	220,000.00	-70,000.00
Grand Blvd	2006	250,000.00	200,000.00	50,000.00
Little Village	2006	250,000.00	200,000.00	50,000.00
Logan Square	2004	210,000.00	210,000.00	0.00
Logan Square	2004	0.00	19,814.00	-19,814.00
Logan Square	2005	180,000.00	158,513.54	21,486.46
Logan Square	2006	250,000.00	210,000.00	40,000.00
Maywood	2004	125,000.00	125,000.00	0.00
Maywood	2005	250,000.00	209,880.00	40,120.00
Maywood	2006	250,000.00	158,239.05	91,760.95
North Chicago	2006	250,000.00	220,000.00	30,000.00
Rockford	2004	95,000.00	89,575.00	5,425.00
Rockford	2005	120,000.00	120,000.00	0.00
Rockford	2006	250,000.00	220,000.00	30,000.00
Rogers Park	2004	125,000.00	125,000.00	0.00
Rogers Park	2005	161,410.00	116,807.26	44,602.74
Rogers Park	2006	250,000.00	220,000.00	30,000.00
Roseland	2004	25,000.00	25,000.00	0.00
Roseland	2005	250,000.00	250,000.00	0.00
Southwest	2004	20,000.00	20,000.00	0.00
Southwest	2005	27,000.00	25,000.00	2,000.00
Woodlawn	2006	250,000.00	192,220.00	57,780.00
Draft, Inc.	2004	150,620.00	150,620.00	0.00
Total		\$6,539,028.00	\$5,436,781.54	\$1,102,246.46

Source: OAG developed from Chicago Project documentation.

State funding agreement, as directed in the Department of Corrections budget, funded \$150,000 for Englewood, the University of Illinois executed an amendment to the contract to increase the total funding by an additional \$70,000 on June 30, 2006 – **the last day of the contract period.**

DOC documentation dated May 25, 2006 showed that CeaseFire had requested to divert some funding into Englewood. A DOC official did not object to the reallocation if “the reallocation is from the reserve used for program support expenses and doesn’t adversely impact the designations to other communities.” Nowhere in the FY06 funding agreement between UIC and DOC is any “reserve” for program support expenses defined.

Chicago Project officials indicated that monies withheld from the community funding levels went for payment of outreach staff and violence interrupters that were hired and paid by UIC. Additionally, the officials indicated that sometimes the agreements are put into place late in the performance period and that decreases were due to only providing services for part of the fiscal year. Regardless of the reason, the Chicago Project still receives the “entire” amount from the State.

Unspent Community Partner Funds

We also found that not all of the subcontract maximum expenditure levels were met, which resulted in additional funds that the Chicago Project was able to expend at its discretion – again, outside any language to that effect in the funding agreements. Failure to expend all State funds in the communities designated by the General Assembly, and detailed in the contract between the State and UIC, circumvents the intent of the General Assembly.

We selected 15 subcontracts for expenditure testing. The subcontracts between UIC and the vendors totaled \$2.2 million. Total actual payments made by UIC to the vendors were \$1.9 million. The remaining \$352,000 was left for the Chicago Project to expend as needed. Exhibit 3-9 shows the breakdown of State monies not spent under the subcontracts.

Chicago Project officials hypothesized that the excess funds not provided to the subcontractors may have been spent on other activities like purchasing public education materials that would benefit all communities. However, the Chicago Project had budgeted \$415,000 for public education materials during the audit period from all funding sources – **on top of** any excess funds not provided to the subcontractors.

Exhibit 3-9				
STATE FUNDS NOT PAID TO SUBCONTRACTORS				
FY04-FY06 Sample				
Location	FY	Subcontract Amount	Actual Payments	Amount Not Distributed by UIC
Auburn	2005	\$ 444,447.00	\$ 439,797.00	\$ 4,650.00
Aurora ¹	2006	115,432.69	62,667.46	52,765.23
Brighton Park	2006	57,750.00	57,695.22	54.78
E. Garfield Park	2006	130,000.00	117,898.68	12,101.32
East. St. Louis	2005	100,000.00	97,095.22	2,904.78
Logan Square	2004	210,000.00	171,888.93	38,111.07
Logan Square	2005	158,513.54	158,497.74	15.80
Maywood	2004	125,000.00	114,248.25	10,751.75
Maywood	2006	158,239.05	137,241.31	20,997.74
Rogers Park	2004	125,000.00	94,236.00	30,764.00
Roseland	2005	250,000.00	130,215.29	119,784.71
Southwest	2004	20,000.00	19,720.98	279.02
Woodlawn	2006	192,220.00	140,176.97	52,043.03
Draft, Inc.	2004	150,620.00	144,251.47	6,368.53
Total		\$2,237,222.28	\$1,885,630.52	\$351,591.76
Note: ¹ There were 2 subcontracts selected from FY06 Aurora.				
Source: OAG developed from Chicago Project for Violence Prevention information.				

Budgeted Allocation of Salaries

During FY06, the Chicago Project had funding from 22 different sources or grants. Chicago Project proposals to these funding sources, and/or the contract providing the funding, contained the employee names and/or position titles that were to be funded with the sources' monies. We found that in 11 instances the amount of funding requested for the proposed individuals exceeded the individual's annual salary (as reported by the Chicago Project) – in one case by 65 percent of the individual's annual pay. Total funding received for these eleven individuals in excess of their annual salaries was \$238,376 for FY06. All of the instances involved administrative staff of the Chicago Project.

Funding sources provided monies for various aspects of the CeaseFire program. These uses included evaluation, community workers, and administrative functions. The Chicago Project submitted proposals to the funding sources where it identified how the funds were to be used – including the percentage of each individual's annual salary. We compared the funding agreements and proposals to the annualized salaries calculated from Chicago Project supplied information.

The Chicago Project received funding from various sources, including the State of Illinois, for salaries of top administrative positions that exceeded the amounts needed to pay these salaries in 2006. For example, the Executive Director's annual salary was \$172,973 in fiscal year 2006. However, the Project received a total of \$197,270 in funding designated for the Executive

Director’s salary from six different funding sources: the State of Illinois, four private foundations and public monies from the U.S. Department of Justice. The Chief Operating Officer’s annual salary was \$99,798 in fiscal year 2006. However, the Project received a total of \$127,970 in funding designated for the Chief Operating Officer’s salary from six different funding sources: two State agencies, three private foundations and public monies from the U.S. Department of Justice. Two other administrative staff, the Finance Director and an Assistant Director had FY06 salaries of \$63,794 and \$85,592 respectively; however the Project received total funding for these positions of \$85,606 and \$123,436 respectively. Funding for these positions also came from both public and private sources.

It is unclear what these excess funds were utilized for by the Chicago Project. However, it appears that the expenditure of these funds would have been left to the discretion of the Chicago Project.

STATE FUNDING ISSUES	
RECOMMENDATION NUMBER 9	<i>The Department of Corrections, as the largest funding agency for the State for CeaseFire activity, should require the Chicago Project to provide documentation to show how all its funding, from both State and non-State funds, is to be utilized. Additionally, the Department should determine whether any discretionary uses of State funds are to be allowed, and, if so, prescribe that in the written funding agreement with UIC for CeaseFire.</i>
DEPARTMENT OF CORRECTIONS RESPONSE	Recommendation Accepted. Any future funding agreements will include provisions requiring the University of Illinois at Chicago to provide documentation on its funding sources, both State and non-state. The documentation must include the intended uses of the funds and any requests for discretionary use. The funding agreement will include provisions and criteria to determine whether discretionary funding will be allowed.

Recovery of Any Unspent State Funds

The majority of State funds for CeaseFire are provided through the Department of Corrections. Recovery of any unspent grant funds is guided by the Grant Funds Recovery Act (Act). As a named entity in the State budget, the DOC funds provided to CeaseFire are not subject to the recovery provisions of the Act.

As reported above, there are significant State funds which the Chicago Project does not expend on the individual communities named in the budget. Failure to expend all State funds in the communities designated by contract may circumvent the appropriations process. Since the State cannot recover these funds under the Act, the Chicago Project is free to expend these monies as it sees fit. These uses may not be the uses that the General Assembly intended when the funds were appropriated.

During our work to determine what State funds were to be used for, we found a position that was to be funded with State monies from DOC. Follow-up documentation provided by the

Chicago Project showed that the position, totaling \$13,002 in State funding, was not filled. The Chicago Project then expended those funds for other uses.

While outside the audit period, in FY07 the State provided funding for CeaseFire in the Bellwood community of Chicago. The funds, totaling \$250,000, were not utilized by the Chicago Project because Bellwood officials indicated that there was not a need for CeaseFire to be initiated in the community.

Matter for Consideration by the General Assembly CEASEFIRE FUNDING MECHANISM

The Illinois General Assembly may wish to consider changing the mechanism for how it funds CeaseFire activities to ensure that monies are spent for purposes specified by the General Assembly and, if not, excess funds can be recovered by the State.
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APPENDICES

APPENDIX A
SENATE RESOLUTION 686

STATE OF ILLINOIS
NINETY-FOURTH GENERAL ASSEMBLY
SENATE

Senate Resolution No. 686

Offered by Senator Donne E. Trotter

WHEREAS, CeaseFire Illinois is a non-profit agency providing grass-roots intervention services in Illinois communities at high risk for violence; and

WHEREAS, CeaseFire works in collaboration with local law enforcement and neighborhood coalitions to change attitudes and behaviors about violence; and

WHEREAS, CeaseFire currently serves 15 Chicago communities; and

WHEREAS, Two young girls were recently murdered in the Chicago community of Englewood; and

WHEREAS, Two-thirds of CeaseFire's funding reportedly comes from the State of Illinois; and

WHEREAS, According to news reports, CeaseFire operations in the Englewood community are underfunded; therefore, be it

RESOLVED, BY THE SENATE OF THE NINETY-FOURTH GENERAL ASSEMBLY OF THE STATE OF ILLINOIS, that the Auditor General is directed to conduct a program audit of funding provided by or through the State of Illinois to CeaseFire Illinois; and be it further

RESOLVED, That the audit include, but not be limited to, the following determinations:

(1) the total amount of funding provided by or through State of Illinois sources to CeaseFire in Fiscal Years 2004, 2005, and 2006;

(2) the source of all funding provided to CeaseFire in those fiscal years;

(3) the purposes for which that funding was provided, including how decisions concerning the allocation of funding to various Chicago communities were made; and

(4) whether the State agencies providing funding or CeaseFire Illinois maintain performance measures and statistics reflecting the outcomes achieved with State funding; and be it further

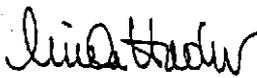
RESOLVED, That CeaseFire Illinois and any State or local agency that may have information relevant to this audit cooperate fully and promptly with the Auditor General's Office in its audit; and be it further

RESOLVED, That the Auditor General commence this audit as soon as possible and report his or her findings and recommendations upon completion in accordance with the provisions of Section 3-14 of the Illinois State Auditing Act.

Adopted by the Senate, April 6, 2006.



President of the Senate



Secretary of the Senate

APPENDIX B
AUDIT METHODOLOGY

APPENDIX B AUDIT METHODOLOGY

This audit was conducted in accordance with generally accepted government auditing standards and the audit standards promulgated by the Office of the Auditor General at 74 Ill. Adm. Code 420.310.

The audit objectives for this program audit were those as delineated in Senate Resolution Number 686 (see Appendix A), which directed the Auditor General to conduct a program audit of funding provided by or through the State of Illinois for the CeaseFire program. The audit objectives are listed in the Introduction section of Chapter One. Fieldwork for the audit was completed in April 2007.

During the audit, we interviewed staff from a sample of police departments where CeaseFire operates – in Chicago and East St. Louis. Police department personnel were also interviewed regarding the accuracy of reporting of CeaseFire results. These areas were selected because of coverage around the State and length of CeaseFire program operations. Both areas were active during the audit period – FY04 through FY06.

We interviewed staff from the Chicago Project in the areas of finance, evaluation, community operations and executive management to meet the objectives of the audit. We also gained an understanding of the CeaseFire program by attending meeting of the program’s violence interrupters and reviewed operations at one of the community partners – the Alliance of Logan Square Organizations. Since front line staff (outreach workers, etc.) at the community partners is integral to the success of the CeaseFire program, we did extensive examination of the subcontractor agreements. Additionally, to determine whether State funds were being completely utilized by the Chicago Project for the intended purposes, we sampled 15 of the subcontracts in effect during the audit period. Significant exceptions were noted in this report.

Selection of Subcontract Agreements

Since named communities and organizations are included in State appropriations and contracts, we selected a judgmental sample of 15 subcontractors from the complete list of subcontracts executed between the University of Illinois and community partners for each fiscal year in the audit’s scope. Subcontract communities are named with specific amounts in the State budget and State contracts negotiated with CeaseFire. The selection was made from the binder of subcontracts provided by CeaseFire personnel. The judgmental selection was made after an examination of the subcontract agreements compared to the State contracts. Emphasis was placed on agreements/instances where CeaseFire appeared to not provide the amount directed by the State contracts. Failure to use all the funds for their intended purpose would violate the agreements with the State funding agencies.

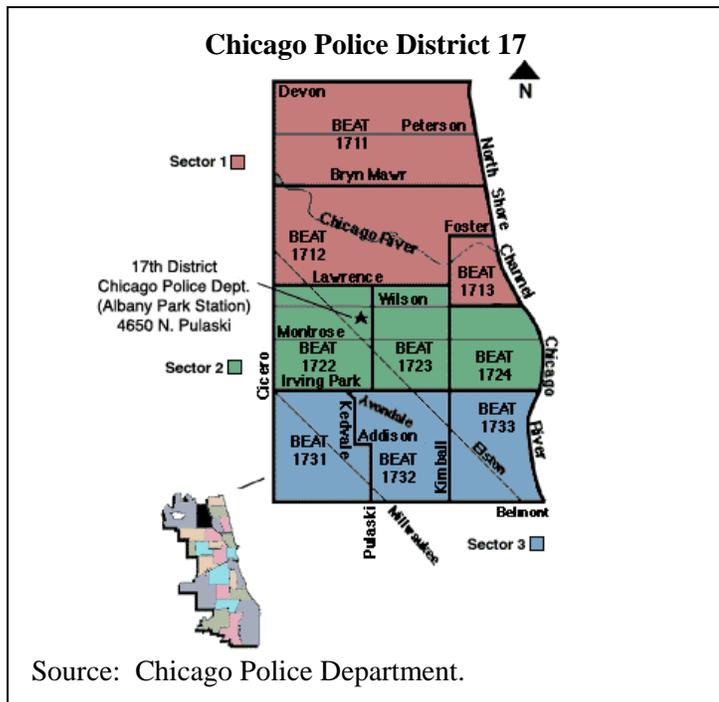
Subcontracts selected for testing: FY04: Logan Square (Alliance of Logan Square Organizations), Draft Inc. (Public Relations vendor), Maywood (Visions of

Restoration), Rogers Park (Organization of the Northeast), Southwest (Southwest Organizing Project); FY05: Auburn Gresham (Target Area Development), East St. Louis (East St. Louis Township), Roseland (Developing Communities Project), Logan Square (Alliance of Logan Square Organizations); FY06: Aurora (Association of Individual Development), Aurora (Aurora University), Brighton Park (Brighton Park Neighborhood Council), East Garfield Park (Agape Youth Development), Maywood (Village of Maywood), and Woodlawn (The Woodlawn Organization).

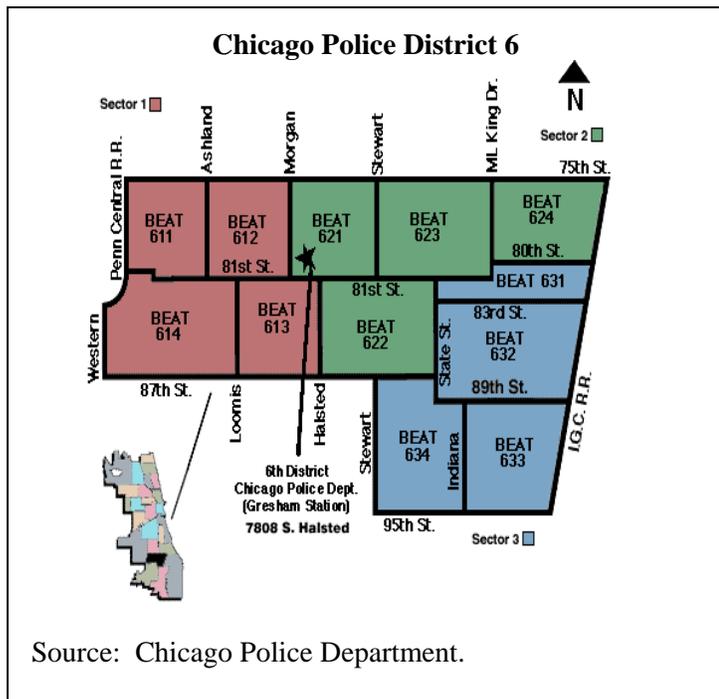
APPENDIX C
CEASEFIRE BEATS AND
COMMUNITY PARTNERS
FY04 – FY06

**APPENDIX C
CEASEFIRE BEATS AND COMMUNITY PARTNERS**

CITY: Chicago
AREA: Albany Park
BEATS: 1713, 1723
PARTNER: Albany Park Community Center

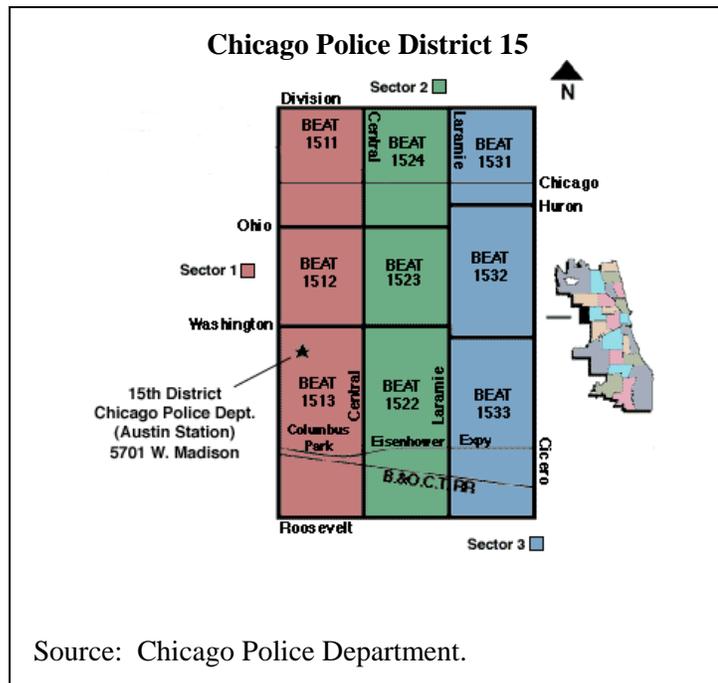


CITY: Chicago
AREA: Auburn Gresham
BEATS: 611, 612, 613, 614
PARTNER: Target Area Development Corporation

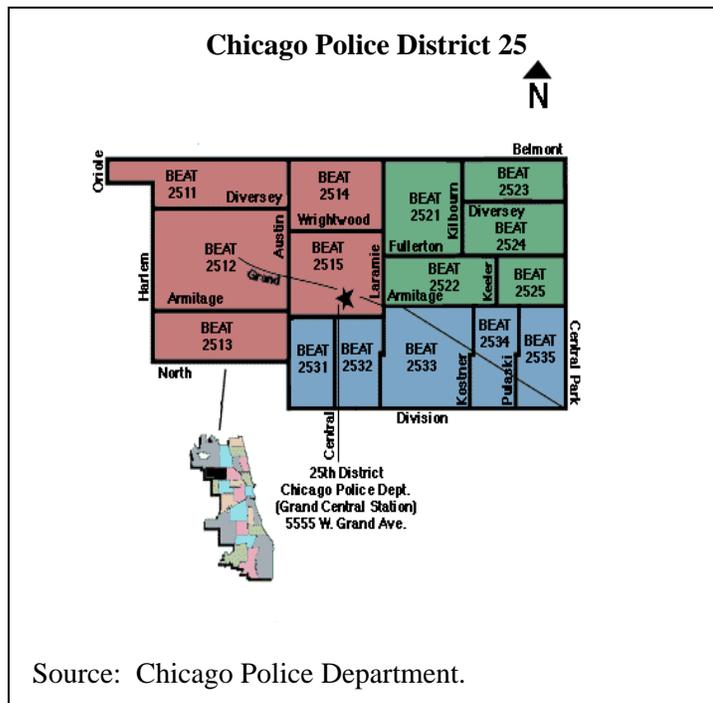


**APPENDIX C
CEASEFIRE BEATS AND COMMUNITY PARTNERS**

CITY: Chicago
AREA: Austin
BEATS: 1524, 1531
PARTNER: Youth Outreach Services



CITY: Chicago
AREA: Belmont-Cragin
BEATS: 2511, 2512, 2522, 2524
PARTNER: Northwest Neighborhood Federation



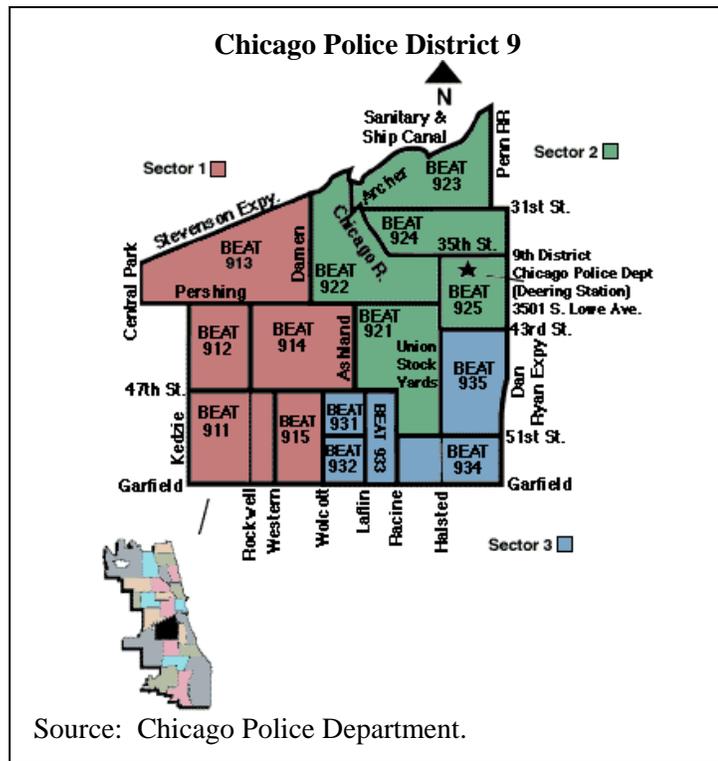
**APPENDIX C
CEASEFIRE BEATS AND COMMUNITY PARTNERS**

CITY: Chicago

AREA: Brighton Park

BEATS: 912, 913

PARTNER: Brighton Park Neighborhood Council

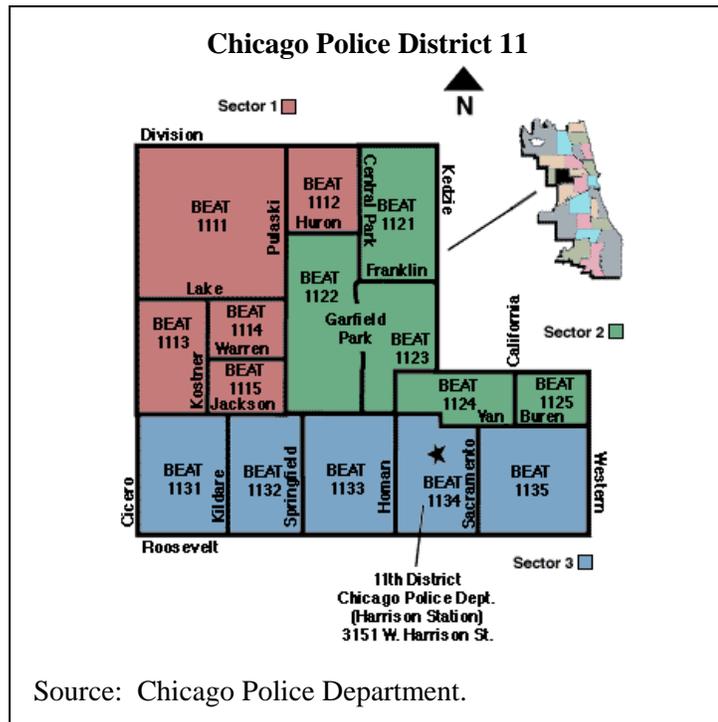


CITY: Chicago

AREA: East Garfield Park
Lawndale

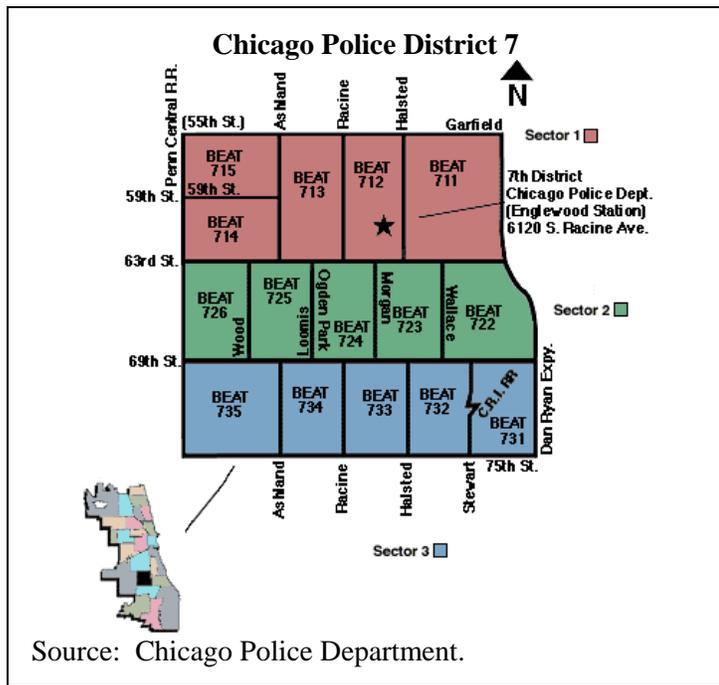
BEAT: 1133

PARTNER: Agape Youth Development and Family Support Services

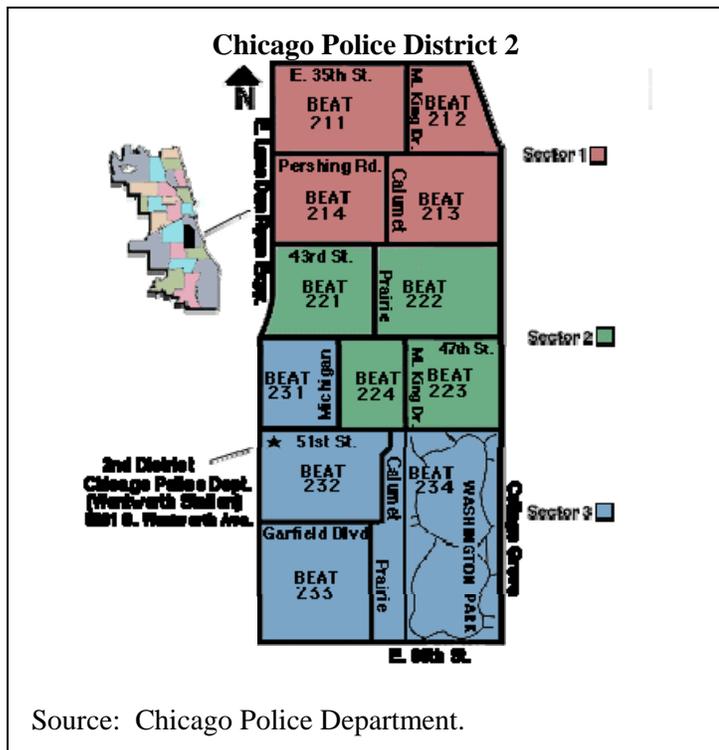


**APPENDIX C
CEASEFIRE BEATS AND COMMUNITY PARTNERS**

CITY: Chicago
AREA: Englewood
BEAT: 733
PARTNER: Target Area Development Corporation



CITY: Chicago
AREA: Grand Blvd.
BEATS: 222, 223
PARTNER: Grand Blvd. Federation



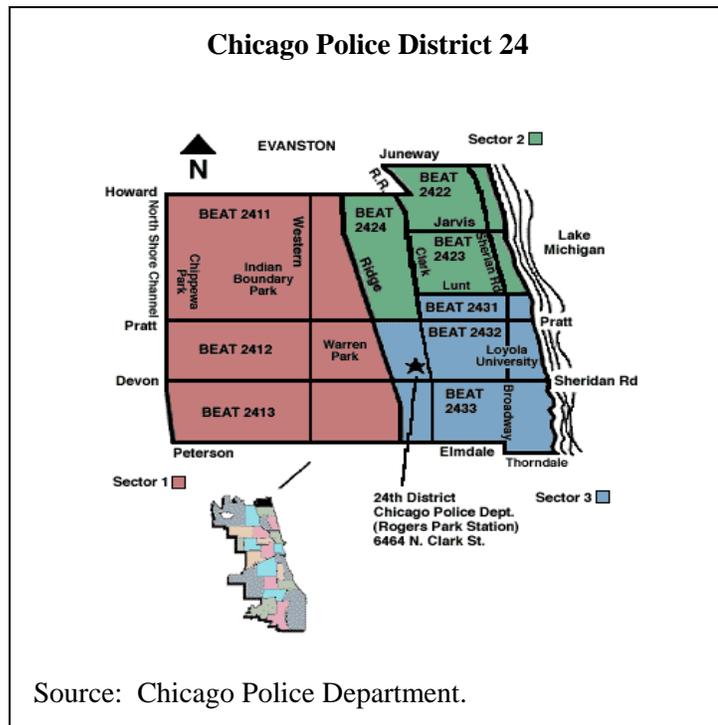
**APPENDIX C
CEASEFIRE BEATS AND COMMUNITY PARTNERS**

CITY: Chicago

AREA: Rogers Park

BEATS: 2422, 2424, 2431, 2432

PARTNER: Organization of the Northeast

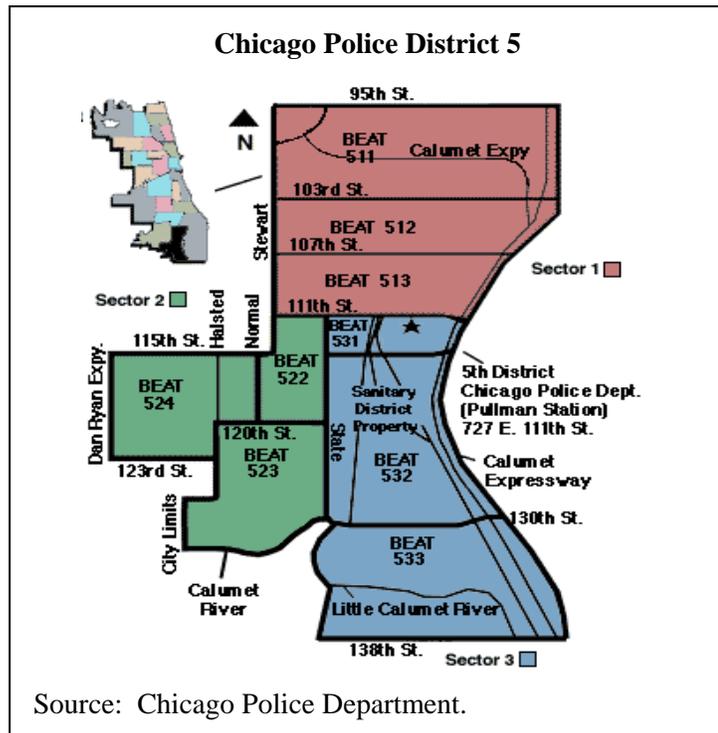


CITY: Chicago

AREA: Roseland

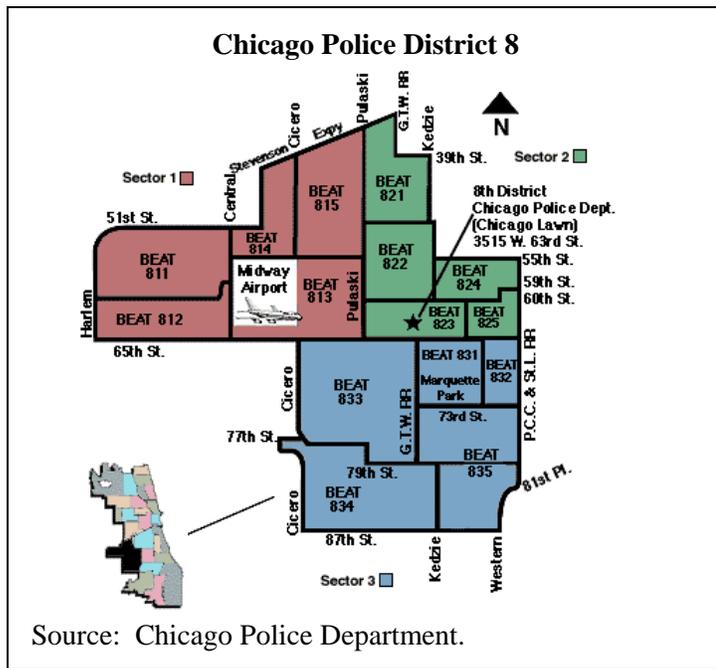
BEATS: 511, 512

PARTNER: Developing Communities Project

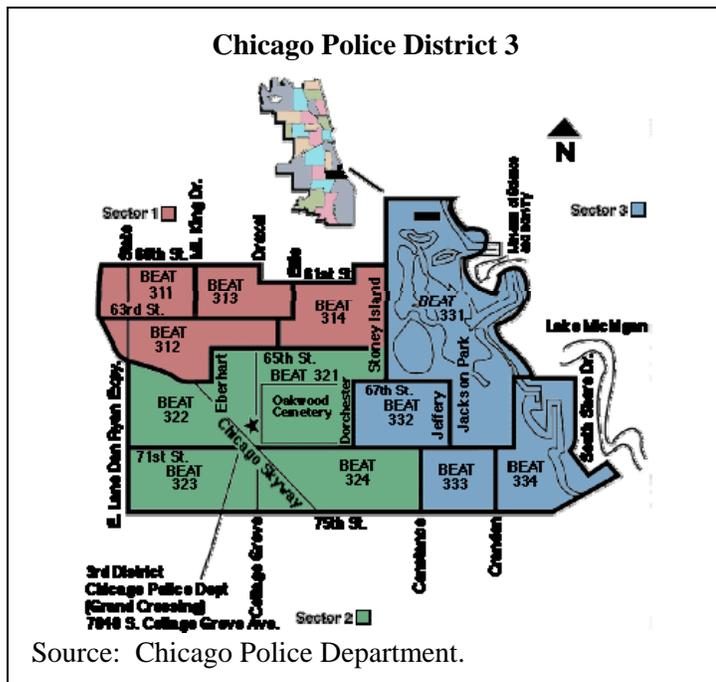


**APPENDIX C
CEASEFIRE BEATS AND COMMUNITY PARTNERS**

CITY: Chicago
AREA: Southwest
BEATS: 823, 825
PARTNER: Southwest Organizing Project



CITY: Chicago
AREA: Woodlawn
BEAT: 313
PARTNER: Woodlawn Organization



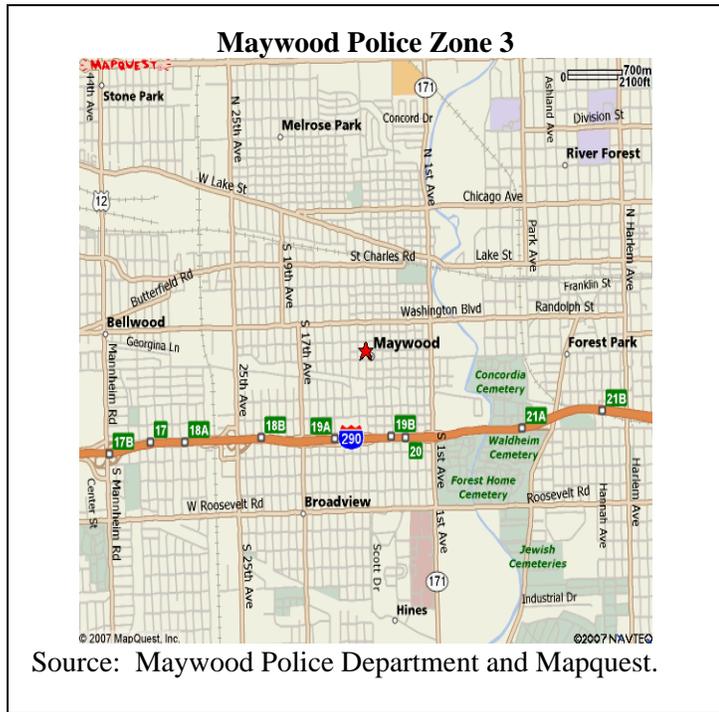
**APPENDIX C
CEASEFIRE BEATS AND COMMUNITY PARTNERS**

CITY: Maywood

ZONE: 3

PARTNER: Visions of Restoration

NOTE: Zone 3 extends from St. Charles Road south to I-290 and from 10th Ave. west to 21st Ave.

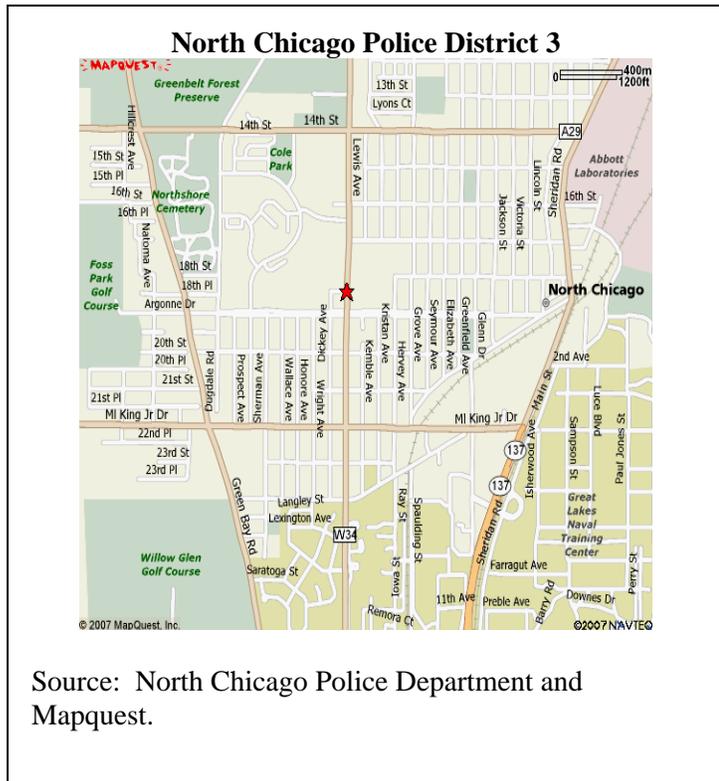


CITY: North Chicago

DISTRICT: 3

PARTNER: Foss Park District

NOTE: District 3 is SW of the Red Star



APPENDIX D
CEASEFIRE PROGRAM POSITION
DESCRIPTIONS

APPENDIX D
CEASEFIRE PROGRAM POSITION DESCRIPTIONS

Title: Violence Prevention Coordinator (Full-Time position)
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The Chicago Project for Violence Prevention is working with community-based organizations to implement CeaseFire: The Campaign to Stop the Shooting. CeaseFire is a coordinated strategy to address shootings in Chicago and other cities throughout Illinois. Skilled Violence Prevention Coordinators are a key ingredient to the success of this initiative.

Full participation in CeaseFire, which includes:

- Develop a coalition representation of the community to participate in the planning and implementation of a target area specific violence prevention plan.
- Ensure the coalition includes the following in their violence prevention plan: a comprehensive assessment of all forms of violence within the community using data and other community input; utilizes the “framework for violence prevention” provided by the Chicago Project to prioritize strategies and identify outcomes; and produce a written violence prevention plan tailored to the specific needs of target communities that specifies short and long-term goals that are consistent with the goals of the CeaseFire Project.
- Ability to document accurate meeting minutes and correspondence to community partners, etc.
- Lead the coalition in implementing the prioritized strategies with an emphasis on maximum engagement of community residents and existing community services.
- Coordinate community contact with local service providers.
- Participate in evaluation activities of the community-based violence prevention program and organize and participate in a review of program progress.
- Participate in regular meetings with Chicago Project staff to 1) review and assess progress of the program; 2) assess relevance and adequacy of the plan as it is developed; 3) refocus the plan as needed based on these meetings; and 4) determine other priority needs and goals.
- Attend Intercommunity Forum (ICF) meetings and contribute to the success of the forum by contributing to the agenda, participating at meetings and by interacting with representatives from other agencies that do similar work in Chicago.
- Plan and implement responses to shootings with community coalition partners.
- Publicize CeaseFire educational messages throughout the year.
- Plan and oversee the conduct of a range of activities celebrating CeaseFire week.

Qualifications:

- BS in Human Services field (i.e., Sociology, Social Work, etc.) or equivalent experience.
- Excellent communication skills.
- Proven ability to document program details.
- Experience and/or training in crisis intervention and staff supervision.
- Valid Illinois driver’s license, insurance, and good driving record.

APPENDIX D
CEASEFIRE PROGRAM POSITION DESCRIPTIONS

Title: Outreach Supervisor

The Chicago Project for Violence Prevention is working with community-based organizations to implement CeaseFire: The Campaign to Stop the Shooting. CeaseFire is a coordinated strategy to address shootings in Chicago and other cities throughout Illinois. Skilled Outreach Supervisors are a key ingredient to the success of this initiative.

Full participation in CeaseFire, which includes:

- Plan the day-to-day and week-to-week activities with and for the outreach staff.
- Plan and hold daily meetings to review current shootings and assess what additional interventions are needed.
- Connect with additional resources from neighboring communities (e.g., gang mediation assistance) to get needed support, when necessary.
- Supervise staff of outreach workers, including daily communication with each staff.
- Outreach to the community to build strong relationships with youth, residents, businesses, and community groups.
- Coordinate interview panels to hire outreach staff.
- Attend Chicago Project weekly supervision meetings every Tuesday at 1 p.m. or as set by the Project.
- Advocate for youth through court testimonies, when necessary.
- Increase staff visibility when shootings/killings take place (developing networks with other outreach program workers to coordinate an inclusive and immediate strategic response).
- Investigate causes of shootings/killings to assist in mediating situations and preventing retaliation between individuals and groups (working with the community, outreach programs and local law enforcement to gain information that may be helpful in preventing additional killings).
- Identify and diffuse “hot spots” for shootings and violence (conducting eyeball surveys with residents and CBOs to identify areas frequented by potential offenders).
- Attend and participate in meetings with law enforcement, community outreach workers, prosecution, probation, and agencies providing opportunities to discuss recent situations and coordinate efforts collectively to stop the killing.
- Facilitate violence prevention and life skills workshops in local schools, parks, and CBOs.
- Document detailed client case notes and overall coordination of all staff reports.

Qualifications:

- BS in Human Services field (i.e., Sociology, Social Work, etc.) or equivalent experience.
- Extensive experience working with at-risk youth and gang members.
- Excellent communication skills.
- Experience and/or training in crisis intervention and staff supervision.
- Valid Illinois driver’s license, insurance, and good driving record.

Reports to: Violence Prevention Coordinator

APPENDIX D
CEASEFIRE PROGRAM POSITION DESCRIPTIONS

Title: Outreach Worker

The Chicago Project for Violence Prevention is working with community-based organizations to implement CeaseFire: The Campaign to Stop the Shooting. CeaseFire is a coordinated strategy to address shootings in Chicago and other cities throughout Illinois. Skilled Outreach Workers are a key ingredient to the success of this initiative.

Stopping Shootings by doing all that is required individually and in a team to prevent all shootings in the neighborhood assigned, including:

- Getting to know all the highest risk persons and the people who know them.
- Letting it be known that you and other outreach workers are here to stop shootings and that they should tell you when shootings or other violence might happen so that you can help intervene.
- Working to intervene in circumstances in which violence is likely, including possible retaliation.
- Working to understand why a shooting happened and to determine why it is that you and the team were not informed-developing strategies to be better informed the next time.
- Working to gain trust of the community and the highest risk persons so that they know why you are there-to help prevent shootings and violence and to help high-risk persons in any way that you can.
- Calling for assistance when situations require it.

Full participation in CeaseFire, which includes:

- Anticipate and be responsive to Outreach Supervisor's requests and needs.
- Continuously keep Outreach Supervisor informed as to what is going on (this includes: what is going right, what is going wrong and anticipating what might go wrong).
- Work as a member of a team-work together to ensure that shootings are reduced.
- Outreach to the community (individually and as a team member) to build strong relationships with youth, residents, businesses and community groups.
- Identify youth who are gang members and those at-risk for joining gangs and intervening in their lives through case management to aid in solving current problems and preventing future ones.
- Serve as linkages and support for individuals to enhance their assistance and use of opportunities and programs in the community (job programs, GED, drug treatment, and mentoring).
- Advocate for youth through court testimonies, when necessary.
- Participate, as necessary, in organizing responses to shootings and increasing visibility when shootings/killings take place (developing networks with other outreach program workers to coordinate an inclusive and strategic response).
- Investigate causes of shootings/killings to assist in mediating situations and preventing retaliation between individuals and groups (working with community outreach programs and local law enforcement to gain information that may be helpful in preventing additional killings) and provide documentation.
- Identify and diffuse "hot spots" for shootings and violence (conducting eyeball surveys with residents and CBOs to identify areas frequented by potential offenders) and provide documentation.
- Document shootings and other acts of violence prevented.

APPENDIX D
CEASEFIRE PROGRAM POSITION DESCRIPTIONS

Title: Outreach Worker (continued)

- Respond to shootings in other communities, when necessary.

Qualifications:

- Experience working with at-risk youth and gang members.
- No pending criminal cases or prior convictions for sexual assault, child abuse or domestic violence.
- Excellent communication skills.
- Experience or training in crisis intervention.
- Knowledge of Chicago communities.
- Valid Illinois driver's license, insurance, and good driving record.

Reports to: Outreach Supervisor

APPENDIX D
CEASEFIRE PROGRAM POSITION DESCRIPTIONS

Title: Violence Interrupter

Under administrative supervision, the Violence Interrupter (Program Services Specialist) will perform mediation and conflict resolution functions for the “CeaseFire Campaign to Stop Shootings.” The program is administered by the Chicago Project for Violence Prevention (CPVP). Individuals in this position must be able to work with specific high-risk groups (gang members) and the Community to collaboratively resolve conflict to stop shootings.

Responsibilities:

- Conducts program activities by effectively negotiating with high-risk individuals in a way that claims value and gains credibility for yourself and the CeaseFire Campaign to stop shootings and random gun fire.
- Gathers information from high-risk populations on potential conflicts within specified police beats and identifies different approaches for resolving issues in an effective way to prevent gun violence.
- Understands and uses different mediation tactics in order to reach a successful outcome with high-risk populations based on culture, rituals and background of groups (gang members) active within the beats.
- Collaborates with other staff to formulate action plans and strategies to help resolve conflicts with gang mediation and prevent shootings.
- Attends weekly gang mediation meetings.
- Meets with high-risk individuals on a regular basis to discuss issues and intervene in an effort to achieve gains with violence prevention and improve client relationships with the CeaseFire Campaign.
- Interviews residents and others from the CeaseFire Zone to explore causes of shootings and/or killings and uses this knowledge to assist in mediating situations and preventing retaliation between individuals and groups.
- Identifies and diffuses “hot spots” for shootings and violence by conducting eyeball surveys to recognize areas frequented by potential offenders.
- Assists in efforts to prevent all potential retaliatory shootings.
- Develops relationships with key community partners to identify issues, as well as offer alternatives to at-risk individuals.
- Documents conflicts resolved on conflict mediation forms (provided by CPVP).
- Keeps daily log documenting all contacts with high risk individuals.
- Distributes public education materials on a weekly basis to targeted audience.
- Attends community responses to shootings, as appropriate.
- Participates in regular staff meetings conducted by CPVP.

Qualifications:

- Experience working with at-risk youth and gang members.
- No pending criminal cases or crimes against children.
- Must be able to pass drug test upon hire and random drug screening.
- Ability to effectively communicate with Community groups and gang members.
- Experience or training in crisis intervention.
- Knowledge of Chicago communities and the ability to closely interact with gang members and high-risk individuals to diffuse conflicts within specific CeaseFire police beats.

APPENDIX D
CEASEFIRE PROGRAM POSITION DESCRIPTIONS

Title: Violence Interrupter (continued)
--

- Must have demonstrated the tenacity and audacity to approach members of the gangs such as Four Corner Hustlers, Gangster Disciples, Black Souls, Black Disciples, New Breeds and the Vice Lord factions in the area to stop shootings and negotiate conflicts.
- Valid Illinois driver's license, insurance, and good driving record.
- Must adhere to the University of Illinois and School of Public Health policies and procedures.

Reports to: Director of Gang Mediation Services

APPENDIX D
CEASEFIRE PROGRAM POSITION DESCRIPTIONS

Title: Community Canvasser

The Chicago Project for Violence Prevention is working with community-based organizations to implement CeaseFire: The Campaign to Stop the Shooting. CeaseFire is a coordinated strategy to address shootings in Chicago and other cities throughout Illinois. Skilled Community Canvassers are a key ingredient to the success of this initiative.

Active participation in CeaseFire, including:

- Distribution of CeaseFire materials to community residents, local businesses and community organizations.
- Communication of the CeaseFire message of *No Shooting* to community residents, local businesses and community organizations.
- Door-to-door recruitment of community residents and other strategies to urge local businesses and community organizations to join CeaseFire through participation in responses to shootings and killings and other community events that draw attention to shootings and killings in target neighborhoods and urge people to *Stop the Shooting*.
- Participation in other efforts to build a community coalition to respond to and communicate the *Stop the Shooting* message.

Qualifications:

- Strong communication skills.
- Proven ability to document activity.
- Ability to work well with others.
- Comfortable approaching and engaging strangers.
- Flexible work schedule.
- Dependable.

Reports to: Violence Prevention Coordinator

APPENDIX E
CEASEFIRE PROGRAM INDICATORS
JULY 2005 – JUNE 2006

Appendix E
CEASEFIRE PROGRAM INDICATORS
July 2005 – June 2006

Community	Shootings			Violence Interrupters		Outreach					
	Shootings	Homicides	Shooting Responses	# Violence Interrupters	Conflicts Mediated	Workers	Conflicts Mediated	Clients	In-Person Contacts	Home Visits	Referrals
Albany Park	4	2	2	1	5	3	2	45	687	368	95
Auburn Gresham	18	4	18	2	4	5	8	74	1,260	791	384
Aurora	0	0	4	0	0	0	0	0	0	0	0
Austin	19	1	1	3	28	2	2	28	233	132	40
Brighton Park	27	7	10	2	11	3	42	17	306	205	60
East St. Louis	N/A	N/A	6	0	0	3	11	149	1,583	1,158	663
East Garfield Park	8	3	5	1	7	3	0	32	189	112	7
Englewood	6	5	18	7	45	4	5	45	745	602	213
Grand Blvd	10	1	8	1	8	3	0	28	121	80	64
Little Village	24	4	0	3	10	0	5	39	18	15	3
Logan Square	6	3	4	1	23	4	21	43	676	322	131
Maywood	N/A	N/A	25	2	14	5	5	75	1,707	1,357	614
North Chicago	N/A	N/A	4	2	8	3	4	26	352	179	73
N. Lawndale/ Garfield	10	6	1	2	2	0	0	16	30	7	0
Rockford	N/A	N/A	30	1	5	4	15	43	1,471	944	101
Rogers Park	12	6	4	1	1	3	4	45	237	416	0
Southwest	16	9	5	1	0	4	17	58	1,182	626	7
West Garfield Park	12	3	16	1	21	5	2	53	867	561	186
West Humboldt Park	54	10	27	2	18	4	10	52	490	733	79
Woodlawn	13	2	2	1	11	4	3	78	958	265	151
Total	239	66	190	34	221	62	156	946	13,112	8,873	2,871

Appendix E
CEASEFIRE PROGRAM INDICATORS
(July 2005 – June 2006)

	Community		Public Education	Faith-Based Leaders		
Community	Activities	# at Activity	Materials Distributed by Site	Active Leaders	FBL at Shooting Responses	FBL at Community Activities
Albany Park	33	1,268	18,692	8	0	67
Auburn Gresham	30	13,800	29,849	102	59	422
Aurora	1	60	115	0	2	0
Austin	3	470	13,746	6	11	8
Brighton Park	27	2,751	10,616	7	13	4
East St. Louis	32	4,210	20,629	232	2	161
East Garfield Park	13	2,033	11,378	2	16	15
Englewood	13	2,853	17,513	63	62	29
Grand Blvd	5	111	5,780	1	3	5
Little Village	6	35	675	0	0	0
Logan Square	25	2,289	12,909	37	2	79
Maywood	14	952	27,625	21	19	109
North Chicago	11	210	3,860	7	16	221
N. Lawndale/ Garfield	0	0	2,750	0	6	0
Rockford	35	2,329	22,739	78	29	145
Rogers Park	11	189	6,385	0	3	72
Southwest	43	2,536	9,941	14	21	209
West Garfield Park	30	3,456	25,800	12	6	80
West Humboldt Park	13	1,830	26,000	10	14	110
Woodlawn	0	0	17,500	6	0	0
Total	345	41,382	284,502	606	284	1,736

Source: Chicago Project for Violence Prevention.

APPENDIX F
MEMORANDUM OF UNDERSTANDING
BETWEEN
DEPARTMENT OF CORRECTIONS
AND
UNIVERSITY OF ILLINOIS
FY06

Illinois Department of Corrections
CeaseFire Memorandum of Understanding

1,825,000

Mr. H Taylor

1,500,000

325,000

01 06 20

Whereas, the Governor of the State of Illinois has established the CeaseFire Program, a program designed to reduce crime and violence in the State of Illinois and to be administered by the Board of Trustees of the University of Illinois at Chicago.

Whereas, the Illinois Department of Corrections (IDOC), is providing funds for the CeaseFire Program as designated by the Governor.

The parties, in recognition of the CeaseFire Program, agree as follows:

1. The CeaseFire Program will be administered and audited by the University of Illinois at Chicago (U of IC), Chicago Project for Violence Prevention.
2. The U of IC will create a contractual relationship with parties designated by it for the successful administration of the CeaseFire Program. Those parties shall include, but are not limited to, a full-time program manager and outreach workers.
3. The U of IC shall be an independent contractor and shall perform all services as an independent contractor and shall discharge all of its liabilities. No acts performed or representations whether oral or written made by the U of IC shall be binding upon IDOC.
4. The U of IC and all subcontractors shall follow all applicable statutes and regulations, including, but not limited to:
 - 30 ILCS 500/50-10.5: Felony Convictions
 - 30 ILCS 505: Illinois Purchasing Act
 - 30 ILCS 505/10.1: Bribery
 - 30 ILCS 580/1 et seq.: Drug Free Workplace
 - 720 ILCS 5/33.E.3 and 5/33.E.4: Bid Rigging and Bid Rotating
 - 775 ILCS 5/1-101 et seq.: Equal Opportunity
 - 775 ILCS 5/2-105: Sexual Harassment Policy
 - 42 USC 12101 et seq.: Americans with Disabilities Act

The U of IC certifies that its taxpayer identification number is X and its State code number is 10067601. This MOU is for the period of performance of July 1, 2005 through June 30, 2006.

IDOC shall fund and pay the following to U of IC pursuant to the terms of this agreement:

1. The amount of \$3,000,000 shall be paid from the General Revenue Fund as soon as practical, but no later than June 30, 2006. The payments shall be made in the following manner:
 - a. One-half (\$1,500,000) shall be paid from the General Revenue as soon as practical for disbursement by the U of IC, Operation Ceasefire. U of IC, Operation Ceasefire shall make disbursements in the amounts listed to the following locations:

The City of Chicago:

The neighborhood of Brighton Park	\$125,000
The neighborhood of Rogers Park	\$125,000
The neighborhood of Pilsen and Little Village	\$125,000
The neighborhood of Logan Square	\$125,000
The neighborhood of Albany Park	\$125,000
The neighborhoods of Lawndale and Garfield	\$125,000
The neighborhood of Austin	\$125,000
The neighborhood of Woodlawn	\$125,000
The neighborhood of Grand Boulevard	\$125,000
The Cities of Maywood and Bellwood	\$125,000
The City of Aurora in the amount	\$125,000
The City of East St. Louis in the amount	\$125,000

- b. Upon receipt by IDOC from the U of IC, Operation Ceasefire, of documents indicating disbursements in accordance with the terms listed in item 1a. above, IDOC shall make the final one-half (\$1,500,000) payment from the General Revenue Fund.

- c. The U of IC, Operation Ceasefire shall disburse the funds as follows:

The City of Chicago:

The neighborhood of Brighton Park	\$125,000
The neighborhood of Rogers Park	\$125,000
The neighborhood of Pilsen and Little Village	\$125,000
The neighborhood of Logan Square	\$125,000
The neighborhood of Albany Park	\$125,000
The neighborhoods of Lawndale and Garfield	\$125,000
The neighborhood of Austin	\$125,000
The neighborhood of Woodlawn	\$125,000
The neighborhood of Grand Boulevard	\$125,000
The Cities of Maywood and Bellwood	\$125,000
The City of Aurora in the amount	\$125,000
The City of East St. Louis in the amount	\$125,000

- d. The U of IC, Operation Ceasefire shall provide to the IDOC no later than 60 days from the final payment, documents indicating disbursements in accordance with the terms of item 1c. above.

2. The amount of \$650,000 shall be paid as soon as practical, but no later than June 30, 2005 to the U of IC, Operation Ceasefire. The U of IC, Operation Ceasefire, shall make the disbursements as follows:

- a. One half (\$325,000) shall be paid to the U of IC, Operation Ceasefire for disbursements in the amounts listed to the following locations:

The City of Waukegan in the amount of \$125,000

The City of Rockford in the amount of \$125,000
The City of Englewood in the amount of \$75,000

- b. Upon receipt by IDOC from the U of IC, Operation Ceasefire, of documents indicating disbursements in accordance with the terms listed in item 2a. above, IDOC shall make the final one-half (\$325,00) payment.
- c. The U of IC, Operation Ceasefire shall disburse the funds as follows:
 - The City of Waukegan in the amount of \$125,000
 - The City of Rockford in the amount of \$125,000
 - The City of Englewood in the amount of \$75,000
- d. The U of IC, Operation Ceasefire shall provide to the IDOC no later than 60 days from the final payment, documents indicating disbursements in accordance with the terms of item 2c. above.

Firm price - \$3,650,000.00

IDOC shall not be responsible or liable for any contractual obligations of the U of IC. This Memorandum of Understanding shall incorporate by reference all terms set forth by the parties in the attached budget between the Board of Trustees of the University of Illinois, acting on behalf of the University of Illinois at Chicago, and the Illinois Department of Corrections.

Legal Effect of the Memorandum of Understanding:

This Memorandum of Understanding is a formal expression of the purposes and intent of the parties to it. Nothing in this Memorandum of Understanding shall be construed to impose obligations on or to bind IDOC beyond the above stated terms. It does not confer, grant or authorize any privileges or obligations to any organization or person other than the parties to it and their official representatives. By written concurrence of the parties, it may be amended by the modification or deletion of any provision or by the addition of new provisions. This Memorandum of Understanding is executed by the signatories in a representative capacity and shall remain in effect until an affirmative action is taken to amend it or rescind it by written agreement with 10 days notice to the parties.

This agreement is contingent upon funding by the Legislature as to IDOC, and if funding is withdrawn, notice to the Chicago Project for Violence Prevention and U of IC will be no later than June 30, 2006, and therefore, IDOC shall cease to be a funding source.

Approved as to Form and Content:

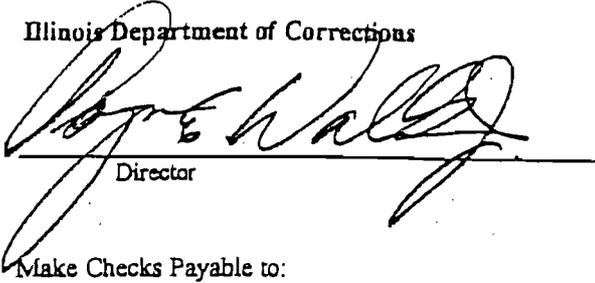
The Board of Trustees of the University of Illinois

Stephen K. Rugg 8/18/05
Comptroller
STEPHEN K. RUGG
COMPTROLLER

Michele M. Thompson 3/18/05
Secretary
MICHELE M. THOMPSON
SECRETARY

APPROVED AS TO LEGAL FORM
113
M. Miller 8-11-05

Illinois Department of Corrections



Director

Make Checks Payable to:
The Board of Trustees of the University of Illinois

Mail to:
University of Illinois @ Chicago - Grants & Contracts
P.O. Box 20787
Springfield, IL 62708-0787

U of IC Ref #04-3-613

APPENDIX G
CHICAGO PROJECT FOR VIOLENCE
PREVENTION
BOARD OF DIRECTORS
FY05-FY06

APPENDIX G
CHICAGO PROJECT FOR VIOLENCE PREVENTION
BOARD OF DIRECTORS
FY05-FY06

Member	Title	FY05	FY06
Richard M. Daley	Honorary Chair	✓	✓
Francis Cardinal George	Honorary Chair	✓	✓
Martin R. Castro	Member	✓	
Howard Draft	Member	✓	✓
Oscar David	Member	✓	✓
Stanley Davis Jr.	Member	✓	✓
Mary Heidkamp, D. Min.	Secretary	✓	✓
Joan Feitler	Member	✓	✓
Scott Lassar	Member	✓	✓
Jonathan Levine	Member	✓	✓
Jerry Roper	Member	✓	✓
Robert Mendonsa	Member	✓	✓
Rev. Dr. Calvin Morris	Chairman	✓	✓
Sheila Murphy	Member	✓	
Jim Riley	Member	✓	✓
Susan Scrimshaw	Member	✓	
Gary Slutkin	Member	✓	✓
Curtisteen Steward	Member	✓	
Henry Webber	Member		✓
Andrea Zopp	Member		✓
Gery Chico	Member		✓
David Wilhelm	Vice-Chairman	✓	✓
Kathleen Yosko	Treasurer	✓	✓

Source: Chicago Project for Violence Prevention.

APPENDIX H
AGENCY RESPONSES

UNIVERSITY OF ILLINOIS
Chicago • Springfield • Urbana-Champaign

Office of the Vice President and Chief Financial Officer
and Comptroller (MC 761)
414 Administrative Office Building
1737 West Polk Street
Chicago, Illinois 60612

August 9, 2007

Mike Maziarz
Audit Manager
Office of the Auditor General
Iles Park Plaza
740 East Ash
Springfield, IL 62703-3154

Dear Mike:

Attached are responses to the recommendations from the Office of the Auditor General's program audit of the University of Illinois' CeaseFire Program which was undertaken pursuant to Senate Resolution 686.

We thank the Auditor General and his staff for their work on this project. The University and the CeaseFire Program value the recommendations and are already pursuing an implementation plan.

Sincerely,



Walter K. Knorr
Vice President and Chief Financial Officer
and Comptroller

University of Illinois and Chicago Project for Violence Prevention Response to CeaseFire Audit Pursuant to Senate Resolution 686

The University of Illinois at Chicago (UIC) and the Chicago Project for Violence Prevention (Chicago Project) welcome an audit designed to improve programs and operations. We appreciate and agree with the main recommendations and look forward to instituting the improvements needed. We see the audit as potentially very helpful to the next stage of the work of the Chicago Project's operations and have already begun making the improvements required. These include improving financial management with an emphasis on proper payment documentation, payroll management and financial oversight and improving grants administration related to needed contract amendments and meeting reporting timeframes.

We believe the audience reading this report should know that there was a 400% growth in new communities implementing CeaseFire during the audit period which involved 20 new start-up communities. This rapid growth affected contracting, hiring, and community spending levels. Additionally, the Chicago Project is based on a model for reversing epidemics. Strategically this requires preventing violent actions (necessitating the violence interrupters) and changing social norms (through mobilizing forces at the neighborhood, city and other levels). Besides strategic considerations, working against epidemics requires central guidance, support and spending. For these reasons, the Chicago Project spends funds directly on behalf of communities which are above and beyond the sub-contracted amounts to the community partners. These points are discussed in greater detail below.

Rapid Expansion to New Start-up Sites and Its Effects on Contracting, Hiring, and Spending

The Chicago Project had grown from one CeaseFire community in FY00 to five in FY04. It was then tasked with expanding from five programs with outreach (FY04) to 25 programs (FY06) during the period covered by the audit. The audit shows the challenges faced when an organization that successfully managed a small service program expands very rapidly, but particularly due to the way the Chicago Project CeaseFire Model is designed to work – by contracting with multiple community partners. At the same time, the Project was keenly aware that funds had been made available by State legislators so that workers could be hired, trained and put to work to stop shootings and save lives in high need communities as quickly as possible. This puts into conflict the goals of rapid deployment of these new programs vs. the development of a stable community infrastructure that will last.

The process of identifying, discussing, and reaching agreement on scopes of work with new CeaseFire partners requires time, but took more time than the Project had hoped. However, rushing that process would have been both disrespectful to the community and to potential partners and fiscally irresponsible. To fill the immediate need the Chicago Project hired violence interrupters directly and, in some cases, outreach workers to deploy them to the areas to mediate conflicts and, hopefully, stop deadly shootings.

To start a new site in a new community with a new potential partner involves a multi-phase process to insure pre-set criteria are met. Following selection of a community partner, there is a more thorough orientation to what CeaseFire is and how it really works, budgeting discussions, agreements on a scope of work and then a contract. Failure to follow this process has resulted in mistakes in community group selection. In other words, it is important to do these initial steps well, rather than do them fast. This is relevant to the FY2004-2006 audit because 80% of the communities involved in the audit period were start-up communities.

Upon completion of these initial phases, actual program start-up follows. Program start-up requires specific training of the new community organization's staff, the recruitment and selection of program managers, outreach supervisors, and outreach workers, followed by intensive off site and on-site training on the CeaseFire model (including specifics as to their own job functions, within site and cross site communication, personal and group safety, working with law enforcement, client management, ethics, and other matters).

These required processes, are not "delays" in start-up but are essential steps in laying the foundation for a sound program. As such, these processes have an impact on outreach worker and other staff starting dates, the overall number of worker months, when contracting and spending starts, and the overall ability of the community partners to spend out the budget.

For these reasons, spending requirements for new sites are less than what is required for the maintenance or growth of established programs. Although Chicago Project guidance to CeaseFire partners was to get up and running as quickly as possible, making the correct choices in staffing and ensuring training before fielding persons for difficult and dangerous assignments took precedence. Left with this situation, there was some under spending by sites since the guidance to sites was not to spend State dollars for the sake of spending. For this reason, a total of \$160,090 was not spent during the audit period and will be spent in the coming fiscal year for sites that are still operational.

Given the important but time consuming and critical process of selecting community partners and providing the necessary training, we believe consideration should be given to differential funding for start-up and continuing communities rather than providing the same funding for both.

Chicago Project Spending on Behalf of Communities

The CeaseFire model is based on a design of how epidemics are reversed which requires both central (Chicago Project) spending and site (community) spending. It is, therefore, important to understand that "Amounts not distributed by UIC" does not mean that spending on behalf of the community has not occurred. The Chicago Project spends directly on behalf of the community in many ways beyond the subcontract amounts.

While the goal and intent of the Chicago Project is to contract with a community organization to implement CeaseFire in communities with high levels of violence, it has not been possible to do so in every community. At the request of the community partner, the Chicago Project has hired workers whom the local partner could not hire or when a new organization is still developing the infrastructure to manage the total amount of funds reserved for the community by the legislature. In these instances, the Chicago Project enters into a contract with the community partner for a lesser amount of funds and then hires the workers and details them to the site to work as though they were employed by the community partner. Such is the case currently in Brighton Park. In Aurora and Englewood, for example, community partners subsequently decided they were not able to implement CeaseFire in accordance with how these operations fit with other parts of their organization; in both instances the Chicago Project assumed responsibility for the staff so they could continue their efforts with the least amount of disruption. Other reasons why the Chicago Project spends directly on behalf of the community include site inability to hire ex-offenders, a temporary problem in a community group, or to ensure the continuity of staffing during a change in community partner. For example, the Chicago Project spent \$142,650 for the Maywood community due to a change in implementing partners.

For all of the above reasons, it should not be assumed that the subcontract amounts alone represent the total spending on behalf of the communities. There are important and valid reasons why the Chicago Project assumes this responsibility in order to meet the objectives of the community, funding agencies and ultimately the General Assembly.

Having provided this context, our responses to the specific recommendations are as follows:

Recommendation Number 1

The Chicago Project for Violence Prevention (Chicago Project) should ensure that the Board of Directors has adequate membership support and attendance at scheduled meetings. Additionally, the Chicago Project should take the necessary steps to ensure that the Director's Council meets for its mandated meetings. Finally, the Chicago Project should take steps to improve the attendance and membership of the Steering committee meetings.

Chicago Project Response: Accepted.

Recommendation Number 2

The Department of Corrections should take the necessary steps to ensure that appropriate documentation is submitted, based on the funding agreement with the University of Illinois at Chicago, before providing funding for CeaseFire. Further, the Department of Corrections should improve its monitoring of the funding provided for the CeaseFire program. Chicago Project officials should only distribute funding to communities named in the funding agreement and should keep adequate documentation to show that funds were distributed to communities in the amounts contractually provided. Finally, the Department of Corrections should determine whether an administrative fee should be

charged and, if determined to be appropriate, include that provision in the funding agreement.

Chicago Project Response: Accepted.

Recommendation Number 4

The Department of Commerce and Economic Opportunity (DCEO) should:

- require entities such as the Chicago Project to provide budget modification requests when expected expenditure of funds are not consistent with contractual arrangements;
- require detailed support for expenditures that can be used to monitor what specific payments were made using State funds;
- require the timely submission of quarterly expense reports as directed by the contract to ensure State funds are adequately protected; and
- request documentation from UIC to determine whether appropriately budgeted staff positions were actually paid with its grant funding and recover any inappropriately paid amounts.

Finally, the University of Illinois should only charge expenditures to State grants up to the level of the grant and maintain a system that allows for the identification of where any transfers are moved.

University of Illinois Response: Accepted. Departments are expected to only charge expenditures up to the level of their budget authority. The University maintains a system that tracks both sides of required transfers.

Recommendation Number 5

The University of Illinois should ensure that subcontract agreements for the CeaseFire program are executed in a timely manner. Additionally, the Chicago Project should not allow community partners to initiate work on CeaseFire activities until a properly executed contract is in place.

University of Illinois and Chicago Project Response: Recommendation is under study. In order to solve these problems, we believe consideration should be given to other funding mechanisms (i.e. grants) and timeframes in order to enable the Chicago Project to meet the objectives of the CeaseFire program. Assistance in solving the important and formidable problem of how to maintain outreach workers and other essential program staff during the immediate period following State budget passage (summer months) would be greatly appreciated. This is the time period when shootings are most intense and coverage is most critical.

Recommendation Number 6

The Chicago Project for Violence Prevention should enforce provisions of the subcontractor agreements to ensure that the required number of outreach workers are hired by the community partners.

Chicago Project Response: Accepted.

Recommendation Number 8

The Chicago Project for Violence Prevention should develop formal procedures for the review of subcontractor expenses. Additionally, staff should develop formal amendments when changes are made to a contract agreement. Finally, staff should be more diligent in enforcing the payment provisions of the subcontract.

Chicago Project Response: Accepted



July 30, 2007

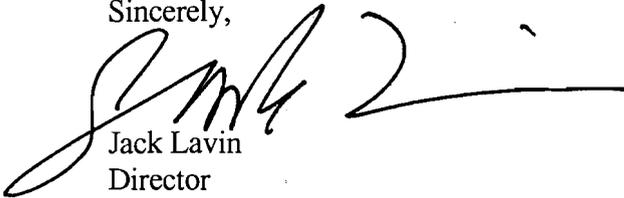
Mike Maziarz
Audit Manager
Iles Park Plaza
740 East Ash
Springfield, IL 62703-3154

Dear Mike:

Attached is the Department of Commerce and Economic Opportunity's response to the recommendation from the Office of the Auditor General's program audit of funding provided by or through the State of Illinois to the CeaseFire program pursuant to Illinois Senate Resolution Number 686.

We thank the Auditor General and his staff for their efforts and hard work on this audit. The Department appreciates the recommendation and will continue to pursue improvements to our monitoring and reporting functions for our grantees.

Sincerely,



Jack Lavin
Director

**DEPARTMENT OF COMMERCE AND ECONOMIC OPPORTUNITY
PROGRAM AUDIT FOR THE CEASEFIRE PROGRAM PER SENATE
RESOLUTION #686**

July 30, 2007

Recommendation 4: The Department of Commerce and Economic Opportunity (DCEO) should:

- require entities such as the Chicago Project to provide budget modification requests when expected expenditures of funds are not consistent with contractual arrangements;
- require detailed support for expenditures that can be used to monitor what specific payments were made using State funds;
- require the timely submission of quarterly expense reports as directed by the contract to ensure State funds are adequately protected; and
- request documentation from UIC to determine whether appropriately budgeted staff positions were actually paid with its grant funding and recover any inappropriately paid amounts.

Response: The Department of Commerce and Economic Opportunity (DCEO) agrees with the recommendation. DCEO will review University of Illinois Chicago (UIC) expenditure documentation, including staff position expenses, to ensure payments are adequately supported and are consistent with the scope of the project. DCEO and the UIC will also process a budget modification for the CeaseFire grant to ensure the expenditures are within the revised budget amounts and make any other necessary changes consistent with the scope of the project.

DCEO is currently working on an initiative, called the Monitoring and Reporting Standardization (MaRS) Project, to review and revise policies and procedures for monitoring and reporting functions for all the Department's programs. Standardized policies and procedures are being developed to ensure the Department adequately monitors grantees' compliance with the requirements of their grant agreements, including tracking and appropriate follow-up of required deliverables such as programmatic and financial reports. DCEO is also developing a new grants processing computer system that will include the functionality necessary to implement the new monitoring and reporting policies and procedures.

On-site monitoring provides the best assurance for reviewing and approving grantee expenditures and supporting documentation for corresponding agency payments. DCEO has a limited number of monitoring staff and cannot complete on-site monitoring for all grantees; however, the MaRS initiative and the new grants system will improve our overall monitoring and reporting abilities to ensure grantees are compliant with the provisions of their grant agreements.



ILLINOIS STATE POLICE
Office of the Director

Rod R. Blagojevich
Governor

Larry G. Trent
Director

July 30, 2007

Mr. Mike Maziarz
Audit Manager
Office of the Auditor General
Iles Park Plaza
740 East Ash Street
Springfield, Illinois 62703-3154

Dear Mr. Maziarz:

The Illinois State Police (ISP) is in receipt of the draft report prepared by the Office of the Auditor General (OAG) in connection with the recent audit of the ISP CeaseFire program. I have reviewed the report and prepared the enclosed response. Please contact me should you have any questions or need additional information.

Sincerely,

Larry G. Trent
Director

Enclosure

**State of Illinois
CeaseFire Program Audit
Department of State Police
Finding Response**

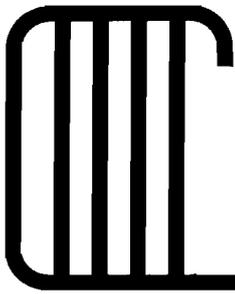
Recommendation Number 3 - Illinois State Police Funding

RECOMMENDATION

“The Illinois State Police should ensure that State assets are protected by having a clear understanding for the uses of funds it provides to third parties before a funding agreement is executed. Additionally, the Illinois State Police should include reporting mechanisms in contracts for funding provided to increase the accountability for the funds it provides.”

DEPARTMENT RESPONSE

Concur. The Illinois State Police (ISP) has made changes to the standard agreement utilized in providing funding to third parties. The updated agreement includes additional provisions and covenants to clearly articulate the roles and responsibilities of all parties. Included in the standard agreement are reporting and auditing requirements. The reporting and auditing can be tailored for each specific agreement. The ISP has also made changes regarding the execution of contractual agreements. Except in an emergency, the signatures of all parties must be obtained prior to starting a contractual agreement.



Illinois
Department of
Corrections

Rod R. Blagojevich
Governor

Roger E. Walker Jr.
Director

1301 Concordia Court / P.O. Box 19277 / Springfield IL 62794-9277 / Telephone: (217) 558-2200 / TDD: (800) 526-0844

Responses to the Program Audit for the CeaseFire Program (Senate Resolution #686)

Recommendation #2: Violations of Department of Corrections' Funding Agreements

Recommendation: The Department of Corrections should take the necessary steps to ensure that appropriate documentations is submitted, based on the funding agreement with the University of Illinois at Chicago before providing funds for CeaseFire. Further, the Department of Corrections should improve its monitoring of the funding provided for the CeaseFire program. Chicago Project officials should only distribute funding to communities named in the funding agreement and should keep adequate documentation to show that funds were distributed to communities in the amounts contractually provided. Finally, the Department of Corrections should determine whether an administrative fee should be charged and, if determined to be appropriate, include that provision in the funding agreement.

Agency Response: Recommendation Partially Implemented. As part of the FY07 agreement with the University of Illinois at Chicago, specific requirements were included regarding the submission of payment documentation. Until documentation of proper expenditures is received, the final payment of the agreement will not be processed. The expenditure documentation will be reviewed and reconciled to determine that the components of the agreement were met and the funds distributed to the communities in the amounts contractually provided. Any future agreements with the University of Illinois at Chicago will clearly state whether any administrative fees will be allowed.

Recommendation #7: Performance Measures and Reporting Results

Recommendation: The Department of Corrections should develop quantifiable performance measures to be included in State funds agreements for the CeaseFire program. Additionally, the Department should work with the Chicago Project to define reporting measures that accurately depict what the effect CeaseFire activity has on reducing shootings – including how CeaseFire activity, and not other programs operating in the same communities, has influenced the reduction. Finally, the Department should ensure that the Chicago Project also documents the selection criteria utilized when deciding how to spend the State funding.

Agency Response: Recommendation Accepted. Any future funding agreements will include provisions for performance measures, and specifically address the CeaseFire activity and metrics. As part of the funding agreements, the University of Illinois at Chicago will be required to submit detailed documents on the selection procedures and criteria utilized when making contracting and expenditures decisions that use the State funds.

CeaseFire Audit

Page 2 of 2

Recommendation #9: State Funding Issues

Recommendation: The Department of Corrections, as the largest funding agency for the State for CeaseFire activity, should require the Chicago Project to provide documentation to show how all its funding, from both State and non-State funds, is to be utilized. Additionally, the Department should determine whether any discretionary uses of State funds is to be allowed, and, if so, prescribe that in the written funding agreement with UIC for CeaseFire.

Agency Response: Recommendation Accepted. Any future funding agreements will include provisions requiring the University of Illinois at Chicago to provide documentation on its funding sources, both State and non-state. The documentation must include the intended uses of the funds and any requests for discretionary use. The funding agreement will include provisions and criteria to determine whether discretionary funding will be allowed.