



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

William G. Holland, Auditor General

SUMMARY REPORT DIGEST

ILLINOIS VIOLENCE PREVENTION AUTHORITY

**COMPLIANCE EXAMINATION
For the Two Years Ended: June 30, 2012**

Release Date: February 25, 2014

Summary of Findings:

Total this audit:	6
Total last audit:	0
Repeated from last audit:	0

INTRODUCTION

Effective January 25, 2013, Public Act 097-1151 transferred all powers, duties, rights, and responsibilities of the Illinois Violence Prevention Authority (Authority) to the Illinois Criminal Justice Information Authority (ICJIA).

SYNOPSIS

- The Authority did not comply with fiscal year expenditure limitations for all Governor's discretionary appropriations from the General Revenue Fund.
- The Authority lacked adequate internal controls and compliance over the grant awarding process.
- The Authority had inadequate internal controls over the grant administration and monitoring processes.

{Expenditures and Activity Measures are summarized on the reverse page.}

**ILLINOIS VIOLENCE PREVENTION AUTHORITY
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2012**

EXPENDITURE STATISTICS	2012	2011	2010
Total Expenditures.....	\$ 64,785,176	\$ 31,546,519	\$ 10,330,684
OPERATIONS TOTAL.....	\$ 849,118	\$ 746,951	\$ 719,173
% of Total Expenditures.....	1.3%	2.4%	7.0%
Personal Services.....	492,502	438,576	428,642
Other Payroll Costs (FICA, Retirement).....	312,290	275,464	257,278
All Other Operating Expenditures.....	44,326	32,911	33,253
AWARDS AND GRANTS.....	\$ 63,913,527	\$ 30,739,568	\$ 9,603,406
% of Total Expenditures.....	98.7%	97.4%	92.9%
REFUNDS.....	\$ 22,531	\$ 60,000	\$ 8,105
% of Total Expenditures.....	0.0%	0.2%	0.1%
Total Receipts.....	\$ 851,569	\$ 481,461	\$ 5,859,483
Average Number of Employees.....	21	12	14

AUTHORITY DIRECTOR	
During Examination Period:	Barbara Shaw (through 9/28/12)

**FINDINGS, CONCLUSIONS, AND
RECOMMENDATIONS**

**GOVERNOR’S DISCRETIONARY APPROPRIATION
NONCOMPLIANCE**

The Authority did not comply with fiscal year expenditure limitations for all Governor’s discretionary appropriations from the General Revenue Fund (GRF).

During FY11, the Authority received \$92.35 million from the Governor’s discretionary appropriation.

Nearly \$65 million in FY 11 appropriations was spent in FY 12 and FY 13

The Authority did not expend nearly \$65 million of the Governor’s FY11 discretionary appropriations from the GRF in the year appropriated for expenditure. During FY11, \$1.4 million was transferred from the GRF to the appropriated Fund 184, \$90.95 million was transferred to the non-appropriated Fund 318, and all discretionary funds were considered “expended” by the agency in FY11. At the end of the FY11 lapse period, discretionary funds totaling nearly \$66 million had not been disbursed by the Authority. In FY12, over \$51 million of the remaining funds had been expended and more than \$14 million was rolled over for FY13. (Finding 1, Pages 10-14)

We recommended ICJIA ensure all payments comply with any fiscal year limitations.

ICJIA officials agree, in part, with the auditors

ICJIA officials agreed, in part, with the finding, but believed the deposit of discretionary appropriation funds to the non-appropriated 318 Fund for future grant expenditures effected the expenditure of the lump sum appropriation during FY11. ICJIA officials contended that subsequent disbursements from the non-appropriated fund were not subject to the fiscal year limitations applicable to the FY11 lump sum appropriation.

Auditor’s comment

In an auditor’s comment, we noted the carryover and subsequent expenditure of the FY11 appropriated funds into FY12 and FY13 violated fiscal year limitations that attach to appropriated funds and which cannot be circumvented by the lawful transfer of discretionary funds to a non-appropriated fund. The appropriation bills and statutory citations incorporated into the interagency agreements specifically required the expenditure of FY11 discretionary appropriations during FY11.

**INADEQUATE CONTROLS OVER THE GRANT
AWARDING PROCESS**

The Authority did not ensure adequate internal controls and compliance over the grant awarding process. Some of the exceptions noted include the following:

Documentation was not maintained

- The Authority did not maintain documentation of grant procurement postings to the Authority’s website.

Grants were awarded despite late applications

- A Notice of Intent required by the RFP was not included in 5 of 21 (24%) grant files.
- The Authority awarded over \$1.7 million to entities which submitted late grant applications for 16 of 69 (23%) grant awards tested.

Application review, scoring, and documentation were incomplete

- Grant application review, scoring, and documentation were incomplete for 43 of 83 (52%) grant applications tested.

124 grants totaling \$26 million were approved by the Board conditional upon later application review

- Grants were not properly approved by the Authority’s Board subsequent to application review, including 110 one-time special projects grants totaling \$22.35 million and 14 Safety Net Works grants totaling \$3.92 million.
- An Authority-issued RFP and applications for 23 grant awards totaling over \$1.7 million excluded proposal information required by administrative rules.
- The Authority did not timely notify applicants of grant awards for 46 of 73 (63%) grants with initial awards totaling \$16.4 million.
- Ten of 14 (71%) denied grant applications tested had no documentation of the grant denial date.
- Eight of 19 (42%) grants were renewed despite non-compliance with prior grant reporting requirements. (Finding 2, Pages 15-21)

We recommended ICJIA maintain strong internal controls over the grant awarding process.

ICJIA agrees with auditors

ICJIA management agreed with the recommendation and stated ICJIA’s existing internal controls already address our recommendations.

INADEQUATE CONTROLS OVER GRANT ADMINISTRATION

The Authority did not demonstrate adequate control over the grant administration and monitoring processes.

Conditions noted during our testing follow:

Grant agreements were executed after the start of services

- Sixty-three of 71 (89%) grant agreements tested, totaling \$18,090,418, were executed 6 to 113 days after the start of the grant period.

Budget reallocations were approved after expenditure and grants ended

- The Authority approved grantee budget reallocation requests 27 to 120 days after the end of the grant period for 5 of 29 (17%) agreements tested.

No recovery attempts until unspent funds were 47 to 419 days overdue

- The Authority did not ensure grant payment dates and amounts complied with the grant agreement payment schedules in 44 of 96 (46%) instances tested.
- The Authority did not ensure accuracy, enforce, or document enforcement of reporting provisions of grant agreements.
- The Authority did not timely recover or repay unspent funds for 5 of 18 (28%) grants. Recovery attempts began 47 to 419 days after repayments totaling \$146,780 were due.
- The Authority only performed one (3%) site visit during FY11/12 for 40 agreements tested, despite issues with grantees that should have warranted closer monitoring, including late or incomplete financial and activity reports.

Insufficient resources and planning for increased grant funds

- The Authority did not devote sufficient time, resources, or long-term planning needed to properly implement the significant increase in grant programs and funding during FY11/12. (Finding 3, Pages 22-29)

We recommended ICJIA strengthen controls over the grant administration and monitoring processes.

ICJIA agrees, in part, with the auditors

ICJIA officials agreed, in part, with the finding, stating ICJIA's existing internal controls already address our recommendations. Officials disagreed that grant agreements should be executed prior to the beginning of the grant period, and stated occasional approval delays may occur. ICJIA officials noted that delays in executing a grant renewal prior to starting services could require the grantee to halt a program temporarily. Officials also stated a grantee that engages in grant program activities before a contract is actually executed does so at its own risk.

Auditor's comment

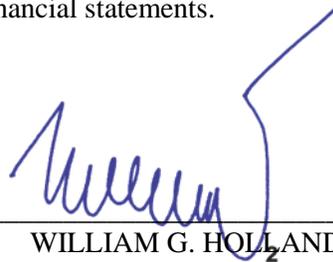
In an auditor's comment, we noted 89 percent of grants tested were approved after the service start date. Programs should be properly planned and staffed so that the need to allow grantees to begin work before an agreement is approved does not even become an issue. Allowing a grant provider to work without an executed approved agreement is a bad business practice and exposes both the State and the grantee to unnecessary risks (such as if State funds are not spent as intended).

OTHER FINDINGS

The remaining findings pertain to the Neighborhood Recovery Initiative, Statements of Economic Interest, and State property. We will review progress towards the implementation of our recommendations in our next examination.

AUDITORS' OPINION

We conducted a compliance examination of the Illinois Violence Prevention Authority as required by the Illinois State Auditing Act. The Authority has no funds that require an audit leading to an opinion on financial statements.

A handwritten signature in blue ink, appearing to read 'William G. Holland', is written over a horizontal line.

WILLIAM G. HOLLAND
Auditor General

WGH:lkw

AUDITORS ASSIGNED

This examination was performed by staff of the Office of the Auditor General.