



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

William G. Holland, Auditor General

SUMMARY REPORT DIGEST

ILLINOIS VIOLENCE PREVENTION AUTHORITY

COMPLIANCE EXAMINATION

For the Period: July 1, 2012 Through January 24, 2013

Release Date: February 25, 2014

Summary of Findings:

| | |
|----------------------------------|----------|
| Total this audit: | 5 |
| Total last audit: | 6 |
| Repeated from last audit: | 5 |

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). The Act required the transfer of personnel, records, property, contracts, pending business, unexpended appropriations, balances, and funds as soon as practicable after the Act's effective date.

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 Period July 1, 2012 Through January 24, 2013**

| EXPENDITURE STATISTICS | 2013 | 2012 |
|---|----------------------|----------------------|
| Total Expenditures..... | \$ 11,219,112 | \$ 64,785,176 |
| OPERATIONS TOTAL..... | \$ 537,757 | \$ 849,118 |
| % of Total Expenditures..... | 4.8% | 1.3% |
| Personal Services..... | 282,920 | 492,502 |
| Other Payroll Costs (FICA, Retirement)..... | 233,388 | 312,290 |
| All Other Operating Expenditures..... | 21,449 | 44,326 |
| AWARDS AND GRANTS..... | \$ 10,656,682 | \$ 63,913,527 |
| % of Total Expenditures..... | 95.0% | 98.7% |
| REFUNDS..... | \$ 24,673 | \$ 22,531 |
| % of Total Expenditures..... | 0.2% | 0.0% |
| Total Receipts..... | \$ 623,465 | \$ 851,569 |
| Average Number of Employees..... | 21 | 21 |

| AUTHORITY DIRECTOR |
|---|
| During Examination Period: Barbara Shaw (until 9/28/12); Vacant as of 9/29/12 Reshma Desai (Acted as Authority Head subsequent to 9/28/12) |

**FINDINGS, CONCLUSIONS, AND
RECOMMENDATIONS**

**GOVERNOR’S DISCRETIONARY APPROPRIATION
NONCOMPLIANCE**

The Authority did not comply with fiscal year expenditure limitations for \$8,749,128 of Governor’s discretionary appropriations paid from the General Revenue Fund (GRF) in Fiscal Year 2013 (FY13).

FY11 discretionary appropriations of \$14.5 million were expended or transferred to ICJIA in FY13

During FY11, the Authority received \$92.35 million from the Governor’s discretionary appropriation. The majority of those funds were transferred to the non-appropriated Fund 318 in FY11, and all discretionary funds were considered “expended” by the agency at that time. In FY13, the Authority expended \$8,749,128 of the FY11 discretionary appropriation funds and transferred the \$5,797,896 remaining balance to ICJIA upon consolidation. (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 in 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. We noted the following:

- The Authority did not maintain documentation of grant procurement postings to the Authority’s website.
- The Authority awarded \$33,400 to entities which submitted late grant applications for 2 (100%) grants tested.

Grants were awarded despite late applications

Grant application scoring sheets were not prepared or retained

Grants totaling \$1 million were not properly approved by the Board

- One of four (25%) grants tested was awarded without an RFP required by Authority rules. The Authority issued the \$22,462 grant after discussing the terms with the grantee and requesting completion of a grant application.
- Grant application scoring sheets were not prepared or retained for two of three (67%) grant agreements tested.
- Five grants totaling \$1.02 million were not properly approved by the Authority’s Board subsequent to application review.
- An Authority-issued RFP and applications for 23 grant awards totaling \$466,862 excluded proposal information required by administrative rules.
- Two (100%) initial grant awards tested, totaling \$51,193, were not for 12 month periods as required by the Authority’s rules.
- The Authority did not timely notify applicants of grant awards for three (100%) grants tested with initial awards totaling \$55,862. (Finding 2, Pages 15-19)

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

ICJIA agrees with auditors

ICJIA officials 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

- Three of 4 (75%) grant agreements tested, totaling \$951,193, were executed 4 to 30 days after the start of the grant period. One agreement also allowed reimbursement of costs prior to the grant period start.
- The Authority did not ensure grant payment dates complied with the grant agreement for 27 of 58 (47%) agreements tested totaling \$7.7 million.
- The Authority did not enforce or document enforcement of reporting provisions for 23 of 58 (40%) grant agreements tested.

Grant recovery attempts began 2 to 5 months after repayments were due or new grant payments were issued

- The Authority did not timely recover or repay unspent funds for 9 of 24 (38%) grants tested. Recovery attempts began two to five months after reimbursements totaling \$187,545 were due or payments for new grants were issued.
- The Authority did not perform any site visits during FY13 for 44 (100%) agreements tested, despite issues that warranted closer monitoring. (Finding 3, Pages 20-26)

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

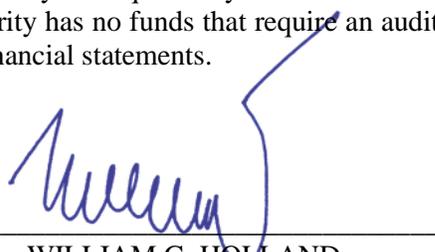
In an auditor’s comment, we noted 75 percent of grants tested were approved after the service start date. Programs should be properly planned and staffed so that the need to allow grantees to begin work before an agreement is approved does not even become an issue. Allowing a grant provider to work without 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 and State property. We will review progress towards the implementation of our recommendations in our next examination of ICJIA.

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.



WILLIAM G. HOLLAND
• Auditor General

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AUDITORS ASSIGNED

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