

**Legislative Audit Commission
May 28, 2014
Room C-1 Stratton Building
Springfield, Illinois**

MEMBERS PRESENT

Senators Barickman, Brady, Manar, Martinez, Mulroe, Oberweis
Representatives Brauer, Crespo, Mautino, Reis, Rita, Sandack

The meeting convened at 9:30 a.m.

Mautino Gathering but with the consent of the members, I'd like to take the agenda out of order. We have some housekeeping to do. Agenda item number 2, **the financial statement for April of 2014**, I have a motion from Crespo to accept them as stated. Seconded by Representative Sandack. All in favor say aye? Opposed, same sign? The aye's have it and the financial statements for April are adopted.

Under item 3, the **Minutes for February 25th 2014 and April 1st 2014**. These were included in all of the materials sent prior to today's meeting. If there are no discussion or changes to those minutes, I'd entertain a motion. Crespo moves to accept the minutes of February 25th and April 1st 2014, all seconded by Senator Brady. All in favor say yes, opposed say no. According to the chair the yeases have it. And the minutes are adopted.

Under item 4, **Other Items**. Information we received...information from the Dept. of Transportation on its payments to the CMS to lease the buildings it owns. These were requested by members of the committee and they have been received. Information from the Illinois Scholarship Commission and response to questions from the previous meeting have been received and have been shared with all members. And information from the Eastern Illinois University in response to the questions from the previous meeting have been received by our Executive Director, Jane Stricklin. And you all should have copies of those, so I have a motion from Representative Sandack that we acknowledge the receipt of this information, seconded by Representative Crespo. All in favor signify by yes, opposed same sign, it's the opinion of the chair the ayes have it and we acknowledge the receipt of those items. And I see now with that part of the business done everyone is clearing out that was here for our financial report.

Welcome all. Our audit today is the **Performance Audit of the State Moneys Provided to the Illinois Violence Prevention Authority for the Neighborhood Recovery Act**. General Holland.

Holland Thank you very much Mr. Chairman. House Resolution No. 1110 directed my office to conduct a performance audit of the Illinois Violence Prevention Authority's use of moneys provided for the Neighborhood Recovery Initiative FY 2011 and 2012. Now before Mr. Schlouch provides our presentation on the audit findings, I would like to address a few areas of concern. The first pertains to an issue which was touched upon in the performance audit and was the subject of a finding in our compliance examination of the Illinois Violence Prevention Authority. That issue was Illinois Violence Prevention Authority's transfer of appropriated funds to a non-appropriated fund prior to the end of the year. These funds were then expended in subsequent fiscal years.

Now, let me begin at the beginning. For fiscal year 2011, the Governor's office received a lump sum GRF appropriation of \$2.23 billion and \$1.23 billion. Those appropriations are up there on the slide. And these funds were to be directed to State agencies at the Governor's discretion for human services programs, awards, grants and other operational expenses. Other than that, the money was appropriated to pay fiscal year 2011 obligations. These lump sum GRF appropriations had virtually no limitations. Of the lump sums, the Governor's office transferred a total of \$92.3 million dollars in the fiscal year '11 to the Violence Prevention Authority pursuant to three interagency agreements. Now each of these agreements, each of these interagency agreements, specifically provided that the transferred monies may be expended "from the affected date of the interagency agreement through the end of the fiscal year '11 lapse period".

Next, the Illinois Violence Prevention Authority deposited \$91 million of the transferred funds into a non-appropriated account. Eighty two percent of the NRI's program funding which is \$44.5 million of the total \$54.5 million came from the Governor's fiscal year '11 lump sum appropriations. Now at the end of the fiscal year '11 lapse period, \$66 million of the \$92.35 million had not been disbursed by the Violence Prevention Authority. Most of the \$66 million was carried over for expenditure in fiscal year 2012 and beyond. Now comes the issue. According to the Criminal Justice Information Authority the transfer of the appropriated funds of the appropriated moneys from the general revenue fund to the non-appropriated special project fund constituted spending for the purposes of fiscal year limitation. Now the Criminal Justice Information Authority further argues that once moneys from the fiscal year '11 appropriation were deposited into the non-appropriated fund they could be used without regard to any fiscal year limitations. We concluded that such a practice violates the State Finance Act and more importantly, effectively negates the General Assembly's constitutional power to control appropriations.

Consider this, if you will. If implemented across all of State government, agencies would no longer lapse unused funds at the end of the year. Rather they would simply transfer these unused funds to a non-appropriated account for use next year, two years down the road, maybe 10 years from now, thereby nullifying the appropriation controls set by the General Assembly. We do not believe the mere movement of appropriated funds to a non-appropriated fund constitutes an expenditure, and thereby voids fiscal year limitations.

Now, as we begin our review of the audit itself I would like the Commission members to keep three things in mind. First, you will hear discussions about reviewing expenditure documentation, something we feel is a basic responsibility of any agency charged with the oversight of any grant or contract. In the case of this audit, the first time that State personnel went on-site to review the support for expenditure of NRI funds at 21 committee agencies was when my auditors visited the providers during the summer of 2013. Now relying on post auditors to review expenditure support is not an effective system of internal controls by agency management

Second, there has been much written and discussed about how the program was hastily implemented. This conclusion is drawn in part from the words found on pages 29 through 31 of the report. These words document the frustration of the providers themselves and in the end I sympathize with those well-meaning providers who suffered from lack of guidance, impossible time frames, and changing requirements.

Third, some of you had noted this audit took a little longer than it is the ordinary. This can be attributed to a number of factors. Dealing with multiple agencies, one of which was abolished, the odd time period for which the program operated October to October and not the traditional fiscal year time period; the significant amount of time spent simply attempting to determine if documentation in fact existed, which we now know in many cases did not; conducting our on-site testing, something that the Violence Prevention Authority never did; and finally, as we always do, we gave the agency sufficient time to review and understand our representations of the facts presented despite having three months to review and correct any of our work. ICJIA responded to many of our audit findings/recommendations by stating "the Criminal Justice Information Authority notes that certain assertions of fact implications and inclusions contained in the audit report are not sufficient to fully describe and give context to the subject matter of the findings. Today I look forward to hearing what those assertions might be and we are prepared to address each individually.

Now in closing I would like to mention that House Resolution No. 888 was adopted on April 7, 2014 directing my office to conduct a performance audit of State moneys provided by or through the Illinois Criminal Justice Information Authority to community-based violence prevention programs and after school programs and the Chicago area project under contracts or grant agreements in fiscal years 2013 and 2014. Now, although fiscal year 2014 has not yet ended and final records to the fiscal year will not be available until sometime in late summer or early fall, my office has already commenced this audit. With that, I will turn this over to Mr. Schlouch for the details of the audit, but before I do that I would like to introduce Mike Maziarz, who was the audit manager on this particular engagement and did most of the work.

Schlouch Thank you, Mr. Holland. The Neighborhood Recovery Initiative was a program designed to reduce the risk factors associated with violence in 23 communities in Cook County. In all this—in 2010 the Governor's office gave the Illinois Violence Prevention Authority the responsibility to

develop the framework for the program as well as to administer and oversee the program. In each of the 23 communities, IVPA contracted with the lead agency which was responsible for managing the NRI program in their community. This map shows—highlights those communities that were selected. The ones that are in the light yellow were the ones that were selected for the NRI program. For a better visual of that map, it appears on page 14 of the audit report. The 23 lead agencies in turn contracted with 99 coordinating partners and 120 providing partners to provide NRI services. IVPA received \$54.55 million dollars for years one and two of the NRI program.

As Mr. Holland mentioned, \$44.55 million came from the Governor's discretionary appropriations in fiscal year 2011, and \$10 million were General Revenue Funds appropriated in FY12. The moneys were used to fund the four major NRI program components the first was measuring plus jobs, and that was to provide youth with part-time jobs measuring in social and emotional skills and support; the second was parent leadership which provided parents with skills that would enable them to be community leaders, educators, and mentors for other parents. The third was school-based counseling—funding provides school-based early intervention in trauma, informed counseling service for student and for re-entry, provider and re-entry services for youth and young adults returning to the community from youth and adult correctional facilities.

Now during the audit, Public Act 97-1151 was signed into law in January 2013, which transferred staff functions and funds from the Illinois Violence Prevention Authority to the Illinois Criminal Justice Information Authority. ICJIA assumed responsibility for NRI for year three of the program.

Now the overall conclusion that we reached in the audit report was that we found pervasive deficiencies in IVPA's planning and implementation and management of the NRI program.

Turning first to planning, we concluded that the NRI program was hastily implemented, which limited the time IVPA had to adequately plan for and implement the program. On August 13, 2010 the Governor attended a Violence Prevention conclave in Roseland where ministers requested that he declare a state of emergency on the current violence problem. Five days later on August 18th, IVPA was informed that the Governor's office wanted to invest at least \$20 million dollars in violence prevention and was directed to develop the framework for the NRI program. Less than two months later, on October 6th 2010, the Governor announced the NRI program and the program had increased to a cost of \$50 million for the Chicago communities. The lack of adequate planning was evidenced in comments made by providing agencies in their quarterly reports to IVPA. For example, the safer foundation efficiency reported that "grants timeline has been changed repeatedly due to external factors. Handout materials were often unavailable. Speakers were knowledgeable and engaging, but several made it clear that they had been brought into the NRI program at the last minute and are unable to answer specific questions about the expectations of the grant. Now this was in Safer Foundation's first quarterly report, which was filed 8 months after the NRI program began. The Proviso Leyden Council for Community Action officials reported "as of June 20th 2011, we have not received outreach materials." This was 80 days after the contract began and 72 days before the end of the year one contract. Youth Guidance officials in their year one closeout report described the barriers that they encountered. "The greatest challenge has been not being able to provide clinical services in the schools despite the great need for these services because we do not have a returned and executed contract with the Chicago public schools as of yet" This report was submitted December 12th, 2011, which was 21 days after the contract for year one NRI services ended. Additional agencies' comments on planning and implementation problems with the NRI program can be found throughout the report. For example, on pages 29, 30, 31, 59, 84, 85 and 88.

Turning to the selection of the communities, according to the former IVPA director, IVPA selected the communities to be serviced by NRI based on an analysis performed by the Department of Human Services for the Safety Net Works program. However, neither IVPA nor DHS could locate the analysis used nor could IVPA provide any other documentation to auditors showing how Chicago communities were selected to participate in NRI. Additionally, the communities that were selected for NRI were not all the most violent, in terms of crime in the Chicago area. Now HR 1110 asked us to examine whether communities with similar crime rates were excluded from the NRI program. Our comparison of our NRI communities to the violent crime totals published by the Chicago Police Department found seven Chicago neighborhoods that were among the 20 most violent neighborhoods that did not receive NRI funding. This exhibit appears in the audit report and highlighted in yellow are the seven communities out of the top 20 that did not receive any NRI funding. In year

three of NRI, another Chicago community, Hermosa, was added to the NRI program. This community ranked 48th in violent crime over the years 2005 to 2010.

Rather than using a competitive request for proposal process that may have gathered multiple and interested qualified parties, IVPA sought recommendations from non-state agency personnel and Chicago aldermen for organizations to serve as lead agencies for the NRI program. IVPA failed to conduct its due diligence to document the decisions related to the selection of lead agencies were free from any conflict of interests, the appearance of conflict of interests, or that agencies selected were the best entities to provide the needed services. While IVPA issued an RFP for a "Governor's Neighborhood Recovery Plan" on September 8, 2010 to select agencies to administer the program. The RFP was only sent to those agencies recommended by aldermen five days earlier. Furthermore, our review of IVPA scoring of the RFP submission identified numerous deficiencies, including evaluation forms with inconsistent criteria, unscored criteria, changed scoring, and undated evaluations.

IVPA had a budgeted head count of eleven full time equivalent positions for FY2011. During that fiscal year, the Governor transferred over \$92 million dollars from his discretionary appropriation to IVPA for NRI and other special grant programs. Many of the IVPA staffers responsible for critical NRI program functions, such as monitoring and administration, were hired between 91 and 406 days after the NRI program was announced by the Governor in October of 2010.

We found that IVPA failed to timely approve contracts for NRI services with community partners. Forty percent of the contracts were approved by IVPA after the contract was executed by the lead and community partners. IVPA also allowed community partners to work on NRI activities prior to the execution of the contractual agreement.

Turning to financial controls, IVPA established two important financial reporting mechanisms which, if implemented correctly, would have provided IVPA with the critical information to monitor community agencies' spending of grant funds. The first were annual budgets, which laid out how the agencies were planning on spending their funds, and the second were quarterly reports, which showed how the funds were actually spent. Our review concluded that both mechanisms were ineffectively implemented by many of the communities agencies and not effectively monitored by IVPA. This significantly reduced their usefulness as an IVPA management control. For example, budgets were revised after year-end. After Year One of the NRI program ended, IVPA continued to amend budgets for Year One funds. For example the lead agencies for Pilsen-Little Village community had three budget changes to its Year One budget after the end of Year One, the last being on September 21, 2012, 342 days after Year One was completed and just a month before the end of Year Two.

We found that quarterly reports were submitted late and were inaccurate. Quarterly reports served two purposes for the NRI program first as a monitoring mechanism for the lead agencies and IVPA; and second, as a mechanism to trigger the next payment to the providing agency. Both NRI lead agencies and community partners failed to timely submit quarterly progress reports. In addition, even though agencies certified that "all the information in this report is accurate," agencies made multiple revisions to the quarterly reports.

We also found that reallocations were unapproved by IVPA. IVPA failed to enforce contractual provisions which required IVPA approval before agencies could reallocate their funds to other expense lines. Our review of community files identified 278 reallocations totaling over \$1 million, of which 70% lacked documentation to show that IVPA had approved the reallocation.

Our review of quarterly reports found that community partners did not maintain the number of staff required by their contracts with IVPA. For example, Mentoring Plus Jobs providers were to hire 80 youth in each community. We found that the average number of youth employed was only 66 per period. Agencies only met the staffing requirement 21% of the time. We found no documentation to show that IVPA took the steps necessary to correct these staffing deficiencies.

IVPA also failed to enforce contractual provisions regarding the maintenance of timesheets for Mentoring Plus Jobs and Parent Leadership staff. At 23 randomly selected NRI agencies, we found

- 30% of the agencies did maintain time sheets for their staff;
- 35% did not maintain timesheets;
- 22% had partial support for timesheets; and
- 13% were either not tested due to the agencies went out of business or they had no salary charges to the NRI program.

Lead agencies were contractually required to notify IVPA within 10 business days of personnel substitutions, additions, or subtractions. Additionally, IVPA developed the quarterly fiscal reporting forms, which included a "Personnel Expenses Detail Chart for lead agencies to list the individuals' names, salary and fringe amounts charged to the grant. There were questioned payments of almost \$500,000 for instances where an individual appeared on the Personnel Detail Chart that had not been identified in the contract with IVPA or had not been reported as hired on previous quarterly reports.

Lead agencies also failed to provide the Personnel Expenses Detail Chart. Absent this information in the quarterly reports, IVPA staff would have been unable to determine who was being paid with State grant funds. For those quarters in which the Charts were not submitted for review, lead agencies charged almost \$900,000 in salary and fringe benefits to the State NRI grants.

We found that IVPA did not monitor provider staff to ensure the State was not paying for more than 100% of an individual's time. We identified instances where it appeared individuals were being compensated by State dollars in excess of 100% of their time. While there may be explanations as to various work arrangements, such as an employee working overtime or working hours past their regular day on additional NRI activities, the IVPA files did not contain any evidence that the exceptions noted above had been evaluated by IVPA.

As Mr. Holland noted, IVPA delegated responsibility for fiscal monitoring of community partners to the NRI lead agencies. Only 30% of lead agencies required partners to submit support for claimed expenses on quarterly reports. This slide also appears in the audit report and it shows those seven communities where the lead agencies required other providing partners to maintain and submit expense documentation. There are 15 highlighted in red that were not required to maintain or submit expense reports and the last one was Woodlawn, which went out of business.

We randomly sampled 23 NRI providers and reviewed the documentation on-site to support the expenses charged to the NRI program. We questioned 40% of the NRI expenses at these 23 providers. In many cases the supporting documentation supplied to the auditors by the providers—such as payroll ledgers or receipts and invoices—did not total to the amounts included on the closeout reports. In other instances there were expenses that were not allowable based on criteria for the program developed by IVPA.

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

IVPA failed to enforce provisions of an intergovernmental grant agreement with the University of Illinois at Chicago relative to an NRI Evaluation Project. IVPA had not required the University to submit the deliverables outlined in the grant agreement or to follow the timeline for providing the deliverables. Furthermore, IVPA did not require the University to assess whether NRI had been effective in reducing violence in the communities in which the State funds were expended.

In conclusion the audit report contained 19 recommendations directed to the Illinois Criminal Justice Information Authority as the agency responsible for the continuation of the Neighborhood Recovery Initiative. The Authority generally agreed with the report's recommendations. This concludes our presentation. Thank you.

Mautino Thank you. And Jane, if you get copies of the presentations and slides for all members as well. We are joined today by the Criminal Justice Information Authority, Director Jack Cutrone. Mr. Cutrone, would you join us at the table? And would you like to make some opening comments and opening statements—also, introduce who is with you today.

Cutrone My name is Jack Cutrone, my position is Executive Director of the Illinois Criminal Justice Information Authority. With me today is Lisa Stevens, who is our General Counsel and Chief of Staff.

I would like to begin by making clear that our agency, the Criminal Justice Information Authority, administers a program that is the Community Violence Prevention Program. It

does not administer the Neighborhood Recovery Initiative. The audit that is being discussed this morning that the Auditor General and their staff spent so much time and effort on is an audit of NRI and of IVPA.

The Auditor General's report cites many weaknesses in the planning, the implementation and the administration and monitoring of that program, and as was just indicated in the Auditor General's presentation, made a number of recommendations—19—and noted also that the Criminal Justice Information Authority, by and large, accepts all those as good business practices and in fact those recommendations are consistent with the Criminal Justice Information Authority's normal grant processes and procedures.

Let us remember today that the Neighborhood Recovery Initiative no longer exists. The Illinois Violence Prevention Authority no longer exists. The Community Violence Prevention Program under ICJIA is a distinct program, although it does seek to address some of the same issues that the Neighborhood Recovery Initiative addressed. Under the history that ICJIA has developed for monitoring grants, and primarily we started out as a federal grant monitoring agency for federal grants. And we have a rigorous and strict grant administration of monitoring policies and procedures and we have applied those to the Community Violence Prevention Program to the extent that we were able.

ICJIA's actual first involvement with this funding and this program or these types of programs came at the time that the budget was passed for State Fiscal Year 13, and we were given two appropriations for grants to community organizations for violence prevention programs. At the same time, a line item for, or line items were removed from the Violence Prevention Authority's budget for the Neighborhood Recovery Initiative. Questions were then being raised in the Administration and the General Assembly about the efficacy of the Neighborhood Recovery Initiative and the Violence Prevention Authority's ability to administer the program. A resolution was passed calling for this audit. At the time ICJIA received that funding, we began planning for administering our own brand program. However, we wanted to avail ourselves of the many existing community organizations that had formerly been a part of the Neighborhood Recovery Initiative in order to use an infrastructure that had already been created rather than try to create one from scratch. However, those community agencies and organizations were then subject to our rigorous grants control procedures.

In terms of the change in the design of the program from Neighborhood Recovery Initiative to the program that we administered, it's in keeping with our general preference to support programs through our grants that are evidence-based. That means that there is empirical evidence to support the efficacy of those types of programs. We found evidence to support the use of subsidized summer employment for youth with traditional employers as predicting—or is increasing the chances of successful life outcomes for the participants.

With the assistance of a National Mentoring Organization, ICJIA identified two Cornell University Professors who specialized in employment-based mentoring, and they assisted us in designing our mentoring programming and training the people who would train the actual mentors. Different from the Violence Prevention Authority's mentoring, which, as I understand it, the mentors primarily were acting as supervisors of teams of young people as they passed out anti-violence messages in their communities. We also looked to find a program that could be used to assist parents in better parenting and would increase those protective factors that prevent their children from engaging in later criminal or violent activity and a local partner to that organization helped us design our parent program and helped us implement that program. I will say, that even though ICJIA is a much larger agency than the Violence Prevention Authority, designing and implementing a \$20 million new program was a substantial strain on ICJIA's resources, particularly its grant and research units.

In early January 2013, Public Act 97-1151 became law when it was signed by the Governor dissolving the Illinois Violence Prevention Authority and transferring all of its staff, assets, rights and duties to the Criminal Justice Information Authority. Some of the IVPA staff left State service both before and after late March 2013 when the Violence Prevention Authority staff eventually came to ICJIA's offices. While managing and running the community violence prevention programs subject to the Authority's—our Authority's—standard controls and procedures, ICJIA also worked to close out the old, now defunct Neighborhood Recovery Initiative grants that remained open from the Violence Prevention Authority and NRI, Year 1 and 2.

I think that the Auditor General's staff will indicate that we cooperated fully with them in their audit of the Violence Prevention Authority, actually 3 audits--a performance audit and two compliance audits—and ICJIA proceeded to implement—excuse me--ICJIA staff also was substantially

taking up—I mean, our time was substantially taken up with trying to provide whatever assistance we could to the Auditor General. Since receiving the General Revenue funding Violence Prevention appropriation, ICJIA's focus in that regard has primarily been on developing the community violence prevention program which, as I said, was a substantial undertaking and it was really not until late 2013 in keeping with our responsibility to assist the auditor that we became intimately familiar with many of the details of the Violence Prevention Authority's administration of the Neighborhood Recovery Initiative program. Again, ICJIA and its predecessor agency has been involved in grant administration for over 30 years. Over that time, our Agency has developed policies and procedures that have generally been proven to be effective and have rarely caused the issues in the many audits that we get, both from the Auditor General and from the United States Department of Justice.

I am not here this morning to try and argue with many of the findings of the Auditor General's audit report as to the Violence Prevention Authority's implementation of the Neighborhood Recovery Initiative. Failures to follow its own policies, failures to record adherence to its contracts, failure to maintain time lines, failure to maintain documentation so that later examinations could test the ability of the Violence Prevention Authority to adequately monitor the program. The Criminal Justice Information Authority has such procedures. We do maintain such documentation.

The report finally made specific recommendations for ICJIA's administration of the community violence prevention program and as I indicated, our response was to accept almost all of those recommendations and note that they were largely consistent with ICJIA's existing grant practices. And with that, I invite any questions.

Mautino Director, thank you for your opening comments and we'll—my intent now would be to go to questions from members of the Commission and I think we'll start with comments and questions from co-chairman Barickman.

Barickman Thank you, Mr. Chairman. I think it's important to understand our duty here and I want to talk to that in a moment. But first, I want to thank General Holland and his staff. We already know that this has not been the easiest, necessarily, audit to perform. Regardless of the delays, the lack in documentation information, I think—I'm likely not alone in speaking, or praising the Auditor General and his team for the exceptional work that they've done, just like always. I think we've always come to expect top notch work and we see nothing short of that here.

The House of Representatives asked the Auditor General to conduct a performance audit and make certain determinations as the Auditor General outlined, come from House Resolution 1110. We discussed at length at our last hearing that the Auditor General operates pursuant to the Illinois State auditing act and that same statute defines a performance audit within section 1-14.

The statute plus the House Resolution 1110 determine the scope of the Auditor General's work product and I know I'm completely satisfied that he has satisfied his duties to the Legislative Audit Commission. And so again, I want to thank him for a job well done.

We're also aware that there are criminal probes into this program at both the State and federal level today and some have suggested both at our last hearing and since that we should not continue our pursuit due to these ongoing criminal investigations. However, I do not believe we have the luxury of simply accepting this scathing audit as evidence of business as usual in Illinois. As we discussed at our last hearing, the Legislative Audit Commission, us, we have the duty to ascertain facts, take action, and make recommendations regarding the expenditures of taxpayer dollars. Our duties are unique to those of the Auditor General, and they're unique to those who are in law enforcement, and it would be irresponsible for us to shirk our obligations to the people of Illinois. I think today's audit explains what happened with NRI and there's been a lot of jockeying about the motives for creating this program. Some claim it was a legitimate attempt to combat violence in the City of Chicago; others suggest it was an attempt to use \$50 million—taxpayer dollars—to get out the vote in Chicago and influence the outcome of the 2010 gubernatorial election which Pat Quinn ultimately won by a slim margin.

We cannot attempt to draw conclusions to the motives that led to a program that the Auditor General says was hastily implemented and included pervasive deficiencies in its planning, implementation and management. If taxpayer dollars were used for political purposes, I am certain we will hear more from those in law enforcement regarding those criminal activities. Our duty here is to publicly vet this taxpayer funded program and we simply cannot let the Governor get away with this

type of waste. Our meetings are held in public which allows the public an opportunity to judge whether we are providing prudent oversight of their taxpayer dollars, and so that the public can determine whether we are properly providing the checks and balances necessary for our government to both effective and accountable. Because of this, we must go beyond the audit's declaration of what happened; we must identify how this program was formed and functioned. The audit gives us a very good road map and tells us what happened with the anti-violence program: that it had little documentation explaining how the program was created; that it had no documentation explaining how the communities served were selected; that it did not target the most violent areas of Chicago; that it had a budget that ballooned from \$20 million to \$50 million dollars literally overnight without anyone explaining why that happened; and at the end, we have no idea whether the program even worked.

We must know how this waste of taxpayer dollars happened, so that we can ensure taxpayers that it will not happen again. That's our duty on the Legislative Audit Commission by law. And contrary to recent claims by the Governor, this program has not been abolished. It just has a new name. In fact, Mr. Cutrone talked about some of the circumstances regarding the new name. This program has cost taxpayers over \$100 million since 2010 and there's millions more slated for these types of grants in this year's budget. This year's budget, which we may vote on in the coming hours or days. Millions of dollars. The most recent appropriation that includes these types of grants go to yet another agency. Not to ICJIA, not to Illinois Violence Prevention Authority, but evidently the Department of Labor is the recipient of these types of grants in our most recent budget. The Department of Labor doesn't even handle these type of grants. Our duty by law is to make sure this abuse of the taxpayer dollars will end. So in that context, quite frankly, I'm a bit puzzled by Mr. Cutrone's appearance here today. No fault of his own for being here, I presume, but I have read thousands of pages of documents, emails, the reports that the Auditor General's staff have put together, phone logs, on and on. And there is hardly any appearance of Mr. Cutrone's name in any of those documents. And if our job is to better understand how this waste of taxpayer dollars happened, I'm not sure that Mr. Cutrone is the one who can give us the answers. And from his opening testimony today, I suspect that he may believe that's true as well. So, for now, I'm simply—I know the Commission members have a number of questions. I see the hands have all risen. I am going to simply sit back and listen and hear those questions of my colleagues and maybe comment later. Thank you, Mr. Chairman.

Mautino It is our intent now to go to questions and for Executive Director Cutrone and Lisa Stevens. I also will have some closing comments. I will start the questioning first with Representative Sandack.

Sandack Thank you, Mr. Chairman. Mr. Cutrone, welcome and thank you for attending today's hearing. I was struck by a comment you made and it's actually now out of order. Your current project, the Community Violence Prevention Program, you heard Co-Chairman Barickman say it's another variation of NRI; you may take issue with that. But what struck me was a comment that you said that you're utilizing some of the infrastructure of NRI in your endeavors going forward. You did make use of the word efficacy, meaning you wanted to be using assets in an efficient manner. What vetting process, and/or what care did you take, your agency take, in making sure the infrastructure borrowed and or utilized by the Community Violence Prevention Program is good and is able to do what your program, I'm sure, intends to accomplish in a way very different than what happened with NRI.

Cutrone Representative, I will say that when the program first came to us, there had been I believe three lead agencies that had been involved in the Neighborhood Recovery Initiative and the information that was provided to us was that they were either—I believe one was defunct and a couple were underperforming. We terminated those agencies and I'll say that as with any of our grants, we make—try to make a continuing evaluation of the ability of our grantees to perform—to actually implement the programs for which we provide grants. Since receiving this program, we've identified other agencies that we did not feel were adequately performing and found other agencies to replace those. So it's a continuing process. It's not—the idea was, again, we recognize that these and others from surrounding communities had issues that could be addressed with grants and there was already a set of collaborations among community organizations, and again, for us to try and rebuild such a structure from scratch would have taken probably the entire first State fiscal year.

Sandack Very good and we'll probably get into that a little bit later because, as you know, having read the audit, that the efficacy of NRI was questioned almost from the get go given its—it was put together rather hastily, I think the term was used, and the timeline is truncated, to be polite. I just wondered why there was any belief that any infrastructure that came out of NRI had any integrity in your mind rather than doing it from scratch given where we are with this audit?

Cutrone I think I would respond to that with this, I mean, the people at IVPA that designed the program that they implemented—the Neighborhood Recovery Initiative—tried to identify certain factors at the community level and at the individual level that are contributors to crime and violence. They chose a particular model which is basically social messaging to try and deal with crime and violence in those communities. Because of our core competency in criminal justice, criminology, research, we opted to use a different type of—different types of programs to address those factors. But I do want to point out that just, for example, providing summer youth with jobs, keeping them occupied, showing them that there are other ways to earn a living other than engaging in criminal activity—even under NRI's model—did exhibit some success. I mean there were over 3,000 young people that were given jobs, there were probably roughly the same number of adults that were provided jobs, and we know from our research that unemployment and poverty are a large contributor to crime and criminal activity. So the ideas perhaps weren't so bad. I think it was the execution where it was lacking.

Sandack I don't think anyone will argue with the ideas about trying to prevent violence in the City of Chicago and the surrounding areas. The methodology employed in this program—how it came to formation, and that's actually a great transition because that's what I want to ask you about to the extent that you have knowledge about how NRI was put together. I went through some documents. I went and saw some of the original documents that were—that backstopped this audit and some of the emails particularly indicated to me that it started in August 2010 and then by October 2010 we had a program that was funded almost to \$50 million. I understand that you were with ICJIA at the time, but the Illinois Violence Prevention Authority was the program overseer—the administrator. Were you a board member of that organization at that time?

Cutrone I was on the board. I was not actively participating.

Sandack Tell me about the structure of IVPA as you understood it at the time. I know it no longer exists. But what was the structure of that organization in August of 2010?

Cutrone It was governed by a board that was co-chaired by the Attorney General and the Secretary of the Department of Human Services. It had a number of State agency and public members that were on the governing board. IVPA had to—my understanding—approximately eleven employees at the time. A Director, a Deputy Director, and within its types of grants there were grant—what we would call grant monitors and program supervisors for some of the types of grants. They also had fiscal and supporting staff.

Sandack Going back to the board. So there were two co-chairs?

Cutrone Yes.

Sandack The Attorney General for the State of Illinois and the Director of what Department?

Cutrone I believe it was the Secretary of the Department of Human Services

Sandack OK. And how many board members were on IVPA? Do you know?

Cutrone You know what, I don't want to answer that question because my memory is not adequate to give you an accurate answer.

Sandack That's OK. Yeah, I don't want guesses.

Holland Why don't we correct who the co-chairmen were?

Maziarz I believe the—when we reviewed the documentation I think it was the Director of Department of Public Health maybe.

Cutrone I misspoke. That is correct.

Sandack Very good. Thank you.

Cutrone I shouldn't put more burdens on Secretary Saddler.

Sandack And you know that, Mr. Cutrone, with your training if you don't remember something that's a perfectly acceptable answer. But I was—I'm interested in that structure, though. At or around the time of August of 2010, were there board meetings with respect to the implementation of NRI?

Cutrone I was not present during any board meetings. I would, from time to time, get notices of board meetings but I was occupied with Criminal Justice Information Authority business. I can't would be the answer.

Sandack Do you remember how frequently or infrequently that board met?

Cutrone My recollection is that it was quarterly meetings.

Sandack OK. Because, as you know from the audit, on August 18, 2010 the Illinois Violence Prevention Authority was given a responsibility by the Governor to develop a framework and invest \$20 million in this initiative to try and combat violence. My review of the records just a couple of days later the Illinois Violence Prevention Authority was assigned the duty of structuring NRI and that the number went from \$20 million to \$30 million in a couple of days. And then in October, later on, the number is \$50 million. Do you have any personal knowledge of how the appropriations or the intent to appropriate graduated from \$20 million to \$50 million in a matter of three months?

Cutrone No.

Sandack Did you see any documentation in your endeavors as a board member with respect to how this program grew, again, in a matter of months, from a \$20 million idea to a \$50 million program?

Cutrone Again, no.

Sandack Do you know who made the decision to make this program grow to \$50 million?

Cutrone I was not privy to that decision process.

Sandack So you don't know?

Cutrone Correct.

Sandack And I meant to ask you this, Mr. Cutrone, I—pardon me, in preparation for today's testimony did you talk to anyone at the Governor's office?

Cutrone I have—I just confer with the Governor's office on a regular basis.

Sandack Yes, but I asked you about today's preparation for your testimony today. I know you talked to the Governor's office in your endeavors, but as you sat here today, in preparation for your testimony did you talk to someone from the Governor's office?

Cutrone Yes.

Sandack Who?

Cutrone A number of people, including my—the individual to whom I answer, Vivian Anderson, who is Deputy Chief of Staff for Public Safety. Part of the discussions was—were John Schomberg who is the Governor's ---.

Sandack Yes, I can't hear you, I'm sorry.

Cutrone I'm sorry. Usually people complain because I speak too loudly. John Schomberg who is the Governor's General Counsel, individuals from the Governor's Public Information Office and individuals from the Governor's Office of Management and Budget. Frankly, there were a number of people there. Even with a gun to my head I couldn't name them all

Sandack Well here, let's walk through this, Mr. Cutrone, because your testimony—I heard Chairman Barickman speak to it and I suspect your testimony will be useful but I looked at the emails too and I looked at a lot of the documents—not to the extent Senator Barickman did. I didn't see your name on much. In fact, it is after the fact stuff, and our job, I see that is being necessary to talk to the participants. So the reason I asked you about who you talked to in preparation for your testimony because it is important to me to find out who we need to hear from next. So let's walk through this. You said Vivian Anderson?

Cutrone Yes.

Sandack John Schomberg?

Cutrone Yes.

Sandack Who else?

Cutrone Brooke Anderson was part of some of the discussions, Leslie Fields, but I want to say that what we were discussing—it is—and as I indicated in my opening statement, during the period of time that the audit was coming to a close, senior ICJIA staff—including myself—spent a great deal of time reviewing not only the auditors PAFs but also information from IVPA records. So it is not completely accurate to say I have no knowledge of what occurred at IVPA. I do as a result of review of documents speaking with certain staff.

Sandack I meant to suggest in real time, as events unfolded. I have no doubt that because of your job duties in ICJIA that you've looked over—and obviously you've read the audit. But let's go back to again your testimony today because I want to make sure that I have exhausted your recollection as to whom you spoke with. Vivian Anderson, John Schomberg, Brooke Anderson, Leslie Fields.

Cutrone Fields, Grant Klunzman, Rukhaya Alikhan, I'm sorry but I don't recall the name of the person from the Governor's Office of Management and Budget.

Sandack My count is seven people. Was this one meeting or several meetings with whom you've--or was it telephone calls?

Cutrone There were, I believe, a total of two meetings.

Sandack And when did these meetings occur sir?

Cutrone One last week and one yesterday.

Sandack The meeting last week, can you give me in sum and substance what was said?

Cutrone It would be difficult. It's a long meeting. We discussed matters that I anticipate—well, let me back this up, because Director Stricklin supplied to us some questions that Commission members had indicated they wanted to address at this hearing, and using those questions, I drafted certain responses. And it was a discussion of those drafts so it's very difficult to try and even summarize.

Sandack Do you have those drafts still of what you submitted and what was circulated at that first meeting?

Cutrone Yes, I have—well, I have the final product.

Sandack OK. And each individual—by the way, were all seven people that we've just identified at this first meeting?

Cutrone There were actually eleven people.

Sandack Eleven?

Cutrone Yes, but I just can't recall the names.

Sandack That's a lot of people at a meeting about a testimony before the Audit Commission. Give me the—what happened yesterday. Who was at the meeting yesterday?

Cutrone Vivian Anderson, John Schomberg, Leslie Fields, Grant Klunzman, Rukhaya Alikhan, and I believe another attorney from the Governor's General Counsel Office, Iris Shaviro. I'm sorry, I forgot her last name—was participating by phone. Katie Hickey—actually, she was present at the other meeting, too.

Sandack Were anyone else in attendance at this meeting that wasn't part of the Governor's staff or part of the administration?

Cutrone My General Counsel and Chief of Staff was present.

Sandack OK. Yesterday's discussion. Can you give me the sum and substance of what was discussed?

Cutrone Again, it was further discussion of potential responses to the questions that were tendered to us.

Sandack Mr. Cutrone, I'm going to be real blunt. That's a lot of people for a meeting to talk about today's discussion. Did it strike you as odd that there were eleven people at a meeting, forget your General Counsel for a second because that makes perfect sense—she is your staff. That's a lot of people to attend a meeting in preparation for testimony today before this Commission.

Cutrone It didn't strike me as particularly odd but I'd like to say that I understood that the thrust of this meeting was going to be discussed, to the extent we could, what occurred during IVPA's Administration of NRI and that's really what the focus of—my attendance is today.

Sandack Were any of the people in attendance—Vivian Anderson, John Schomberg, Brooke Anderson, Leslie Fields, any of the other nine or so people, were they around at or around the time the Illinois Violence Prevention Authority enacted NRI? Were they participants of NRI in any way, shape, or form?

Cutrone I do not believe so but I do not know for certain.

Sandack Was that a topic of discussion either last week or yesterday?

Cutrone No.

Sandack When was IVPA disbanded?

Cutrone If I recall, the effective date of the legislation was January 7th, 2013.

Holland January 25th. Close enough, though.

Cutrone I can only answer to the best of my recollection which frequently is a little fuzzy.

Sandack Understood. Getting back to IVPA's involvement of NRI I asked you about your involvement as a board member with IVPA and you were clear you didn't know how the program graduated from a \$20 million idea to a \$50 million project that was implemented between August and October of 2010. Do you have any idea who chose to make these violence prevention grants non-competitive?

Cutrone No.

Sandack In your endeavors now with ICJIA, under any circumstances do you hand out grants in a non-competitive manner?

Cutrone Occasionally we do. For example, if an organization comes to us with an idea for a grant addressing an area that we perceive as being one of need we—and to explain the—well, we do but I do want to make clear that it is not ICJIA staff that makes the ultimate decision as to or not it gets grants from the Illinois Criminal Justice Information Authority. It is actually our governing board generally acting through its budget committee.

Sandack So there is a board there with ICJIA, right?

Cutrone Yes.

Sandack Not unlike the board that you were on with Illinois Violence Prevention Authority. When you do a single source, or non-competitive manner for grant letting, you still have vetting processes. You still have—to use your word, making sure the efficacy of the grant has integrity and is not a waste, correct?

Cutrone Generally, what we're looking at for the proposed program is what is the problem that it seeks to address. We look at whether or not the program that is being proposed to address the problem is either evidence-based—that there is empirical research to support it or whether it might be considered a promising practice based on knowledge in the field. We look at the proposed cost of the program, and again, if we think it is appropriate then we present that information to the budget committee for—ultimately for a decision. We also—when you're speaking of not—of letting grants with—without a competitive process. I will say also that there is a there are a large number of ICJIA grants that are continuation grants continuing programs ---.

Sandack Sure.

Cutrone --- we have done for many years—drug—multi- and jurisdictional drug task forces and the like, and we do not expose those to a competitive process.

Sandack Mr. Cutrone, whether it is exposed to a competitive process or not, the criteria you developed makes perfect sense. Do you know if any of that criteria were utilized by the Illinois Violence Prevention Authority in its endeavors through NRI making grants available to the various community groups?

Cutrone Well again, the NRI program was aimed to address some factors that are known to contribute to crime and violence. It's my understanding from the information I have that the Violence Prevention Authority chose to use social messaging to address those and there is some empirical support from the Senator ---.

Sandack Did you see some of the empirical support?

Cutrone Our research unit did provide me with some research indicating that there was efficacy in social messaging. The deal with public health problems, I will say I was unable to locate any—or our research unit was unable to locate any studies showing that social messaging was effective with respect to crime and violence in particular.

Sandack Again, with respect to the Illinois Violence Prevention Authority, do you know who made the decision to make the grants not competitive? And not subject to an RFP process?

Cutrone No.

Sandack Do you know when that decision was made?

Cutrone I don't want to state assumptions, so I'll have to answer that question no.

Sandack In any other areas of high violence in the state of Illinois, are you aware of—such as Peoria, Decatur or the Metro-East area—are you aware of any other letting of grant dollars through a non-competitive process similar to what happened here with the Illinois Violence Prevention Authority through the Neighborhood Recovery Initiative?

Cutrone I'm going to say no, but by my no I'm not indicating that did not happen. I just don't know.

Sandack Understood. You're just not aware of that. The audit report shows that Chicago aldermen recommended or selected lead agencies for the program rather than RFPs. Do you know of any reports about the efficacy of that methodology revealed itself with respect to any value proposition on the use of tax dollars here with NRI?

Cutrone I have to make an observation here because that was one of the areas that we did not necessarily agree with the—at least some of the conclusions that were contained in the Auditor General's report. The alderman were—and other elected officials—were invited to identify agencies that would apply to the Illinois Violence Prevention Authority to become lead agencies in this and there are at least 3 agencies that were so identified by elected officials that were ultimately not chosen by IVPA because they did not meet the criteria. There was—IVPA did develop a selection process, did develop criteria for agencies to apply, and did review what were initially termed “profiles” that were submitted by the agencies and those profiles were reviewed. Agencies were then invited to submit an application which IVPA termed an RFP and frankly, I thought that was a very poor choice of terminology, because RFP generally ---.

Sandack Yes, because there was nothing RFP about it.

Cutrone Well generally, RFP would connote a competitive process, which this was not.

Sandack Do you know why—as a board member for the IVPA, were you aware of why your board or the Governor's office did not conduct any evaluations of the partner agencies under NRI?

Cutrone When you say “our board” you're referring to IVPA's board?

Sandack Right.

Cutrone OK. It's my understanding that staff did an evaluation by reviewing both the profiles and the applications that were submitted in response to the RFP.

Sandack And you said that—did you, as a board member for IVPA, see any evaluations by IVPA staff about the propriety of these agencies?

Cutrone Because of the press of other business I was not actively involved with IVPA and its board activities at that time. So the answer is no.

Sandack Obviously the timing of all this is subject to people's impressions and opinions. This project from start to finish, I guess, or implementation, was a matter of months. Were you aware of any such endeavor where a project becomes, basically an idea, in August and is all of a sudden being funded in October? Did that cause you any pause, at or around the time, as a board member for IVPA?

Cutrone In order to answer that question I think I would be remiss if I did not try to put that in context. Although the Criminal Justice Information Authority was not part of putting the Neighborhood Recovery Initiative together, because of our role as a criminal justice policy and planning agency we are aware of the levels of crime and violence in the City of Chicago. In 2010 there were 436 homicides just in Chicago, according to CPD statistics and countless other incidents of violent crimes and attempted violent crimes. Among those 436 homicides, 5 Chicago police officers were killed. Children as young as 8 were killed while riding their bicycles.

Sandack Mr. Cutrone, the policy, or the initiative behind this program, I don't think you'll get anyone to argue with. But along those lines my indication from the audit said that 7 of the top 20 Chicago neighborhoods for violence did not even receive NRI funding. So utilizing kind of that emotional component of "lets fight violence where it's actually occurring", how come, to your knowledge, the monies weren't distributed in a manner that would be consistent with the message of trying to truly combat violence in the neighborhoods where it originated?

Cutrone I can address what we're doing at the Criminal Justice Information Authority.

Sandack I have no doubt about that.

Cutrone Those non-covered—8 communications—are now covered. Individuals from those communities are now receiving our services.

Sandack Thank you for that. I appreciate that. But at or around the time of NRI there were a number of communities that were ignored and they were high violence crimes—communities, excuse me, that were experiencing inordinate crime levels, and yet, they weren't participants in this program. Do you know why they were excluded?

Cutrone Well, Representative, as you have, I've read the audit report and IVPA indicated that its choice of communities was based on a study that was done some years earlier to initiate the Safety Net Works Program, I believe in 2005, a program that was housed in the Department of Human Services. We were informed, I mean, I read again what you read that the communities that were identified there that were chosen for the Neighborhood Recovery Initiative.

Sandack Mr. Cutrone, I've been taking more than my time so I appreciate your time. Thank you for coming here and I obviously appreciate your continued efforts under ICJIA. Just one last question. The Community Violence Prevention Program that ICJIA administers, is it fair to say it's just a reconstituted NRI or is that an unfair comment?

Cutrone I'm not going to comment on whether it's fair or not. Our view of it is because we changed the nature of services that were being used to address those risk factors for crime and violence

at the community level and the individual level that it is a different program than the Neighborhood Recovery Initiative.

Sandack Thank you. Thank you, Mr. Chairman.

Mautino Thank you. Also, just to give you an idea of what we're going to be doing, since questions will run a little bit longer we're seeing about getting the Senate Committee room A1, in order to allow for questions while we still have everyone here. The Transportation Committee is scheduled to be here. It was two small resolutions, but now Mr. Sandack, they've moved *ILLIANA* to your committee. So I'm guessing that we can't just recess and come back in here. So we're making those arrangements now so there will be a little bit of down time. We'll move to the other end of the hallway. We're going to go to additional questions and I appreciate your answers to these. I'd ask members to try and bring their questions to the audits themselves. Let's try and focus to the four corners of the page. With this Commission, we want to fix things that are headed forward. That is our statutory response, so I'd like you to answer the questions to the program itself. Representative Reis.

Reis Thank you very much, Mr. Chairman. If I might, I have a question for Auditor Holland's group. You know, we had a lot of workers that were paid to do jobs. Was this contractual payments that they were paid by or was this salary? I guess my real question was, was all the FICA and federal withholding paid on these "employees" for these summer jobs?

Maziarz From our understanding, the way the program was set up was that they were going to be paid an hourly salary. I think we might even have it in the report, I don't remember what the—it's \$8-something an hour. I believe that for the agencies where we did go out in the field, for the kids payments, then the parents payment, that there were taxes taken out, yes.

Reis So all the FICA, all the unemployment insurance, all the work comp, everything was paid. Did these individual groups, either the lead agencies or the partners, have documentation to show that that, in fact, all happened?

Maziarz From the ones that we randomly selected they had documentation to show that payments had been made. They didn't always have time sheets, things such as those. But they had payroll journals, those type of things, and listed all the withholdings that came out of the checks.

Reis So you felt comfortable that everyone was covering that aspect of their duties?

Maziarz Yes.

Reis OK. It has been mentioned several times, and you brought it up today in your Power Point, that Illinois Violence Prevention Authority failed to approve reallocation of funds. I mean, this audit was finished in February. Have we figured out where all those funds went?

Maziarz Representative, our problem with the reallocations was that IVPA had a process in place that they had to approve these movement of funds amongst line items. As we report, they didn't do that very often. A lot of things were done well after the fact. They didn't get, for the ones that they approved, we also didn't have the approval coming before it was actually done. It was almost a way of the fiscal reports—just working out at the end how the monies had been expended, as opposed to getting proper approval for transferring funds amongst lines.

Reis OK. Director Cutrone, what were these jobs that were provided to these people?

Cutrone The Neighborhood Recovery Initiative? My understanding that the youth were employed in delivering a series of five social messages that were thought to promote non-violence work.

Reis So they handed out pamphlets?

Cutrone Pamphlets, spoke with people in the community, that's what I've been given to understand from my readings.

Reis Grant me a little leeway here, Mr. Chairman. Is that what you do now, as well with ICJIA?

Cutrone No.

Reis OK. You mentioned that you brought in another person. I was struck by how this—as many a people on this Commission are—how this whole thing came together, and you mentioned that the lead agencies were selected based on a study that was conducted several years earlier.

Cutrone The communities were identified by a study, not the agencies themselves.

Reis So how were the lead agencies selected?

Cutrone From my reading of IVPA documentation and the audit, the process was that the aldermen were in the city areas, and there were some suburban areas where I assume there were comparable elected officials, were asked to recommend agencies in their communities to apply to become—to apply to IVPA to become a lead agency and that there was a vetting process at IVPA.

Reis Who were the reviewers that reviewed those applications?

Cutrone The initial profile, if I recall correctly, were reviewed by—you know, I can't—as far as the review of the lead agency applications, my recollection, which may be incorrect, but my recollection was that the review was primarily done by Barbara Shaw, the Director, and some additional staff. The review of the actual responses to the RFP were—each response was reviewed by two individuals—an IVPA staff member and another individual from outside IVPA, but still—State employees—for the most part, State employees. I think one of the reviewers may have come from a technical assistance provider to the program, the Illinois African-American Coalition for Prevention.

Reis So did these reviewers then give recommendations to the full board that made the decision? How was the final 23 agencies selected?

Cutrone They scored the proposals and based on those scores, certain recommendations were made—I believe made to the IVPA Board by IVPA's Director.

Reis Now it's our understanding from this audit that there is no documentation of how these agencies were scored. No score sheets. I find it interesting that this process, in fact, has been said happened.

Cutrone I don't actually believe that that's accurate, the auditor was able to obtain the score sheets that were used to review the lead agencies and did examine those ---.

Mautino Excuse me, for a point of clarification, General Holland.

Holland Mike, why don't you add a little clarity to what we did find?

Maziarz Sure. We did receive copies of the evaluations that were conducted and we report in the audit that we had problems with those evaluations that were completed. The criteria was different on forms, some of them weren't signed; some of them there were complete cross outs of columns of scores and so we had problems with that. Our main problem was that it came after these places were selected.

Reis And that's my next com ---.

Maziarz They were the only ones. I think on page 35 of the audit some other vendors tried to submit some proposals to IVPA for this and one of the dot points on page 35 references a September 13, 2010 IVPA email saying that aldermen in your community chose a different organization to be the lead applicant. Sorry if I jumped ahead of you there.

Reis No, no. You're right, and that brings me to my next question. My line here is that—here's a document saying these are the qualifications for the lead agencies. And one of them, number 2, must be a well-respected community organization that has 3-5 years' experience providing community-based services to youth. And my question is, how did an organization like Chicago Area Project, get selected? When they had so many problems before 2010?

Cutrone As far as I am aware, Chicago Area Project submitted a profile. I cannot speak to the awareness or non-awareness on the part of IVPA of what you characterized as prior difficulties with the Chicago Area Project.

Reis Well, I think it's pretty well documented in the media. I think this may be a line of questions for the prior Director of IVPA. Because you know, we have documentation and emails that these agencies were selected before an application seminar was held, well before the final day of the applications were due, and you know, you got groups like Chicago Area Project and groups from the aldermen that were selected before even all the applications came in. With that though, was Chicago Area Project still an agency with ICJIA?

Cutrone Yes, they are.

Reis And I think I asked during the appropriation hearing if you had kind of taken over this project when you did and said, you know what, we're going to flush all this out and we're going to start over. We're going to go through the application process, we're going to go through the RFPs, we're going to do background checks. And you had made the comment that well, we kind of wanted to protect the integrity of the program. And do you feel that the Chicago Area Project is one that maybe should have been given more scrutiny when you took it over?

Cutrone I am trying to decide whether you're asking me at the time or whether with the benefit of hindsight.

Reis Well given two years of what happened during Illinois Violence Protection Authority, this agency is now still conducting services.

Cutrone As indicated, the Criminal Justice Information Authority continues to evaluate all of its providers. The Chicago Area Project is subject to that evaluation process as are the others. I will say that that process will continue, though, as I understand it, in our agency's budget, it is unlikely that we're going to be receiving additional funding for this activity.

Reis OK. I'd ask Auditor Holland's group there about the unappropriated funds and stuff. Do you have any indication as to what happened to those unspent funds and if how, if they were reallocated, where they went?

Cutrone It's my understanding—and again, this is not a process that ICJIA uses because we have a very limited, non-appropriated fund for specific purposes. The funds were transferred from the appropriated account into a non-appropriated fund. The non-appropriated fund was for grants for a variety of purposes and was not subject to—was not subject to the fiscal year limitation because it was non-appropriated. The transfer from the appropriated fund to the non-appropriated fund was—those transfers did occur during the fiscal year and that the opinion of the individuals who were involved in that decision was not constituted in the expenditure of the funds.

Reis OK.

Cutrone Consistent with the appropriation bill.

Mautino General Holland . . .

Holland You know . . . a week before the end of the fiscal year

Cutrone I will have to repeat my assertion. I do not recall the date...

Holland To simply say that it because it happened. Yes, it did happen. Is it right? That decision...where did that decision come from?

Cutrone I have no personal knowledge of where that decision...

Holland So to my opening comments about what we are going to emasculate the appropriations process by letting this pass and agree that this happened. It did, we have a lawyer from the Office of Management and Budget who says we can do this, when in fact, you, everybody in this room who sits on this side of the aisle . . . who is part of the legislative branch of the government needs to say no. That's not right. Because why have you?

Cutrone I am aware that a legal opinion was applied to the Violence Prevention Authority saying that was transferred. That transfer was appropriate, was not prohibited, and that IVPA acted on that opinion. I am not going, not going to hold myself out as an expert in that area to make a---

Holland I will stipulate to everything you said, except that it was appropriate.

Cutrone I believe that my statement was that the attorney's opinion was appropriate.

Reis Okay, along those lines, it's our understanding that the Illinois Violence Protection Authority made no effort to recoup capital equipment from agencies no longer working with NRI. How would you respond to that?

Cutrone That is my understanding is that statement is accurate. ICJIA procedure allows discretion to our agency to decide whether or not capital equipment should be recovered. Our grant agreements generally provide that in our discretion if the equipment is being used for similar type activities that we can allow the agency to keep the equipment for those purposes.

Reis What happened, were are talking to the prior two years before you took over, what happened to all that stuff?

Cutrone I have no personal knowledge.

Reis Do you think that the Illinois Violence Protection Authority cooperated in giving the auditors all the information they needed and access to the various office buildings and lease spaces in order to conduct their audit?

Cutrone You are asking me to make to offer an opinion as to---.

Reis Well you were on the board. I mean, did the board have any involvement with the audit?

Cutrone Not at any... I did not attend many Violence Prevention Authority board meetings for the most part, I sent, I had a designee there. I am not aware that particular question was every presented to the Authority board.

Reis The University of Illinois at Chicago was contracted to evaluate the NRI program and according to the audit the UIC NRI evaluation project did not require the U of I to assess whether NRI had been effective in truly reducing violence. They paid almost \$500,000 for that evaluation. Why was it decided it wasn't in the interest in the state's taxpayers to know whether a \$55 million violence prevention program was effective in reducing violence?

Cutrone I would pause at it, and this is a discussion that I have had with the Auditor General's staff. I maintained in the response the audit, when you are dealing with a program that's providing services to perhaps to one or two percent of the individuals in those communities, no program is going to have, that's addressing that limited population, is going to be able to be affect the overall level of violence in that community. The only thing that you can do, and this is to attempt to serve individuals and reduce their chances of engaging in acts of crime and violence. That's what IVPA's evaluation was intended to do. That's what ours has aimed at for our two years of Chicago-- of the Community Violence Prevention Program. If appropriations had continued, it was our intention to do a long term outcome evaluation for the individuals who are actually involved in the program to see whether or not they had reduced levels of criminal activity, but it's very difficult to apply a program only serving small number and to effect believe that's going to have an effect on overall community violence rates.

Reis Oh, Director, with all due respect, we have flashed \$100 million out of this thing. We have no evidence that it reduce crime?

Cutrone In terms of the Neighborhood Recovery Initiative program, I would have to say, I would have to agree, that the problems with the data collection and the problems that caused for evaluation did not produce meaningful evaluation results for that program.

Holland I think what we need to do, and Mike will be able to do this pretty well, is to understand what the, what was required in the contract and not provided, and what was eventually provided, as a result, which wasn't was asked for in the contract. Mike.

Maziarz The contract that IVPA had with all of these providing agencies—you know they had a lot of different criteria and clauses in the contract and one of them is that they needed to provide the information that was required towards evaluation. As we found out, they, a lot of agencies didn't provide that information, and then the contract between IVPA and UIC when we looked at that and found out that time lines hadn't been met, deliverables hadn't been provided, until we asked, it led us to come up with page 45 of the audit, exhibit 211, where you know one of the reports is supposed to be a draft community assessment of impact and the IVPA staff told us they had a meeting with the community to discuss, nothing progressed past that meeting. You know this is an impact report, an assessment, and there were a lot of these to point out in exhibit 211 that they decided, well, we don't need that anymore. But, you are definitely correct, Representative Reis, they didn't ask them to determine whether there was any impact of—did violence go down because of the monies we spent on this program?

Reis I find that bizarre, I mean a giant program like this executed hastily in a very short period of time with a goal of reducing violence and we never even measured that we even reduced violence. A couple question more questions on the U of I contract.

Mautino Then we will need to move next member of the Commission.

Reis Okay thank you. Why was the UIC contract for that study paid before the issuance of the final report?

Cutrone I cannot speak to that. I was not part of that.

Reis Did the board authorize that contract to be conducted in the first place, did they sign off on paying the contract?

Cutrone My understanding of IVPA procedures is that once the board authorizes the program, it is then up to staff to execute, so it would have been up to the staff to make the decision.

Reis So the board approved the hiring of UIC to conduct that study?

Cutrone I know there was a presentation made to the IVPA board about the program. My recollection, but I am not certain, is that the evaluation component was a part of that. So once that decision was made it was not the board who made the decision to actually write the check. At any given time it would have been IVPA staff.

Reis Last question, and I will give my microphone up, Mr. Chairman. In your ending remarks you mentioned you became aware of these deficiencies with NRI towards the end of NRI. Was that like in June, July and August, was that when you first, I know you did not go to the board meetings, so that is when you first really became aware that there were some problems?

Cutrone I was aware that there were some certain criticisms that were being made as to the IVPA's administration of the program and also the efficacy of the program. It was not until, and again we were largely focused on developing our community violence prevention program, it was not until toward the end of the audit process that I began to make a thorough and in depth study of what had occurred within the NRI, and that is what I was referring too

Reis Again that just flies in the face of the Governor's found out about all these problems and that he fixed it and moved on. Thank you Mr. Cutrone and Mr. Holland's office for your comments.

Mautino Further questions, Representative Crespo.

Crespo Thank you Mr. Chairman. Mr. Cutrone thank you for joining us. It feels kind of strange, I look at you and you remind me of my father 20 years ago. Who do you report to Director?

Cutrone My direct report is to Vivian Anderson, Deputy Chief of Staff in the Governor's office who's responsible for public safety agencies.

Crespo How long have you been reporting to those folks?

Cutrone My recollection is that it began sometime in the summer of last year.

Crespo Okay. In your opening remarks, you talked about ICJIA and grant administration and monitoring. You made a statement "to the extent that we're able to" why wouldn't you be able to administer or monitor all of those grants?

Cutrone We are able, I am sorry if I qualified it that way. We are able to administer and qualify grants. Obviously from time to time we have issues because of our staff issues, not being fully staffed. One of our attorneys died and that can affect our ability to follow our procedures, but as a rule, we do follow our procedures

Crespo At a very high level, can you tell us how do you monitor these grants? Is there like a program, some controls in place, the cycle of the grant, post grant. What do you do with all these grants? And are we talking about state and federal grants?

Cutrone Yes, as a general rule, once the grant contracts are—once our Authority board approves the designation for the grant, we send out grant materials, opening grant materials, which basically are asking the potential grantee to describe the program that the grant funds will support and to provide a budget. Thereafter, there is some period of negotiation between our grant staff and grantee to make sure that those are in conformity with ICJIA standards. After the-- and there's multiple layers of review before the grants are finally executed. Once the grants are executed, we require for the most

of our grantees quarterly reports on progress toward accomplishing the goals of the program. We also require quarterly fiscal reports documenting expenditures. Those are provided to our grant monitors to review those. If there are any issues with those from the face of them, our grant monitors will touch back with the grantee. Our grant monitors make site visits to our grantees.

Crespo All this is documented? You say this as a general rule? Is this a policy or general rule?

Cutrone No, these are is in the Criminal Justice Information Authority's grant policies.

Crespo So there is documents we can see what processes you follow?

Cutrone Yes, certainly.

Crespo How are you funded currently?

Cutrone Well we have a combination of funds part of our funding comes from general revenue which traditionally has been smaller than it was before we got the community violence prevention.

Crespo For this fiscal year have much have you received in GRF?

Cutrone I do not know the exact figure because it is combination of GRF that supports our operations and some GRF that goes to some remaining grant programs, but primarily our grants funds our federal grant funds. We also fund and administer a state grant program that is funded not from GRF but from a surcharge on insurance companies who insure motor vehicles in Illinois that supports our motor vehicles theft prevention efforts.

Crespo I would imagine all this is documented and we can get our hands on this?

Cutrone Absolutely

Crespo Who funds you do you know what appropriations committee? Do you know which agency, DHS?

Cutrone For the House it is the House Public Safety Appropriations committee. I forget which Appropriations Committee number in the Senate.

Crespo Okay. You made a reference in terms of the IVPA Board.

Cutrone Yes.

Crespo In your opening remarks you had stated that you were not actively participating, why not?

Cutrone Just because of the press of business at my agency. If I was not able to attend a board meeting, generally I would have a designee.

Crespo Right you mentioned that too, who was this person who would go on your behalf?

Cutrone It varies from time to time and I cannot remember who it has been. It has been quite a while---

Crespo So there they would come back from these board meetings—how would they report back to you?

Cutrone It would be, there was not substantial reporting. Occasionally have discussions about what had occurred. I looked at IVPA as separate agency with a separate mission. I was mainly concerned with the mission of the Criminal Justice Informational Authority. I am on any number of commissions, boards, task forces and I try to balance my participation in those with my responsibility as Director of the Authority itself.

Crespo Still as a board member you have certain responsibilities or duties as well so I can understand that, so you would send someone on your behalf but apparently they might or might not report back to you. So your saying then you did not know what exactly was going on it these board meetings?

Cutrone I would get generally get IVPA and many other of these boards, commissions and tasks forces' agendas.

Crespo So you would get some written documents and you would review these documents.

Cutrone In advance, yes.

Crespo So although you are not actively participating, you were fully aware of what was transpiring in those meetings. And what they were discussing as well.

Cutrone I was aware as to the agenda items yes.

Crespo Were there any votes taken at these board meetings?

Cutrone Yes

Crespo What would they vote for?

Cutrone At IVPA it would be votes in respect to some of their grant programs primarily.

Crespo So the person you sent on your behalf, did they have the power or have the authority to vote on your behalf as well.

Cutrone Yes

Crespo So this person could vote as well for you.

Cutrone In an appropriate circumstance, yes.

Crespo So you would know what the topics were, what was coming up at these meeting and you would instruct your person to vote a certain way

Cutrone I am sorry---

Crespo So even though you were not there, the person that went on your behalf did vote so, you knew what the topics were, so instructed your person on how to vote.

Cutrone Either I would instruct the person or leave it to their discretion I mean they generally—people that would go in my behalf would generally know what to do.

Crespo How did the board members get appointed?

Cutrone I do not know.

- Crespo** How did you get appointed?
- Cutrone** I was appointed by the Governor to my position.
- Crespo** So he appointed all the members to that committee.
- Cutrone** Oh I am sorry you're referring to how did people get appointed to Violence Prevention Authority?
- Crespo** To this IVPA.
- Cutrone** My understanding—it is set out in their enabling statute, if I recall correctly.
- Crespo** Okay you are appointed by Governor Quinn.
- Cutrone** I was appointed in my position. Being appointed to my position, I became an ex-officio member of the IVPA board.
- Crespo** Okay thank you very much. To the auditor with regards to the audit, you made reference to this Department of Human Services analysis for the Safety Net Service program, what is that?
- Maziarz** We were, a naturally one of the first questions we asked was how did you select the 23 communities for NRI. The Director of IVPA at the time told us that it was based upon the communities that were part of an analysis conducted by the Department of Human Services when they started the Safety Net Works program back in 2007. We asked for a copy of that analysis as we state in the audit, she says she didn't have it and never saw it.
- Crespo** Who is she?
- Maziarz** Oh I'm sorry IVPA Director Barbara Shaw.
- Crespo** Did you ask the Department of Human Services as well?
- Maziarz** Oh yes. We went to the Department of Human Services and reviewed 20 boxes of documentation to see whether there was any sort of—first we asked their internal auditors they couldn't come up with it. We went and looked at 20 boxes of information and we couldn't find any analysis. We also reviewed the email accounts of 4 former state employees that were at DHS at the time to see who were involved with Safety Net Works including the Secretary, chief of staff, the Safety Net Works Program manager and a 4th individual, to see if any of their emails would reference this analysis and we came up with nothing.
- Crespo** Did they acknowledge that there is certain such a thing that and it just could not be found or that it was make believe analysis?
- Maziarz** I believe they said that there was an analysis. They said they couldn't find it. We questioned it because Safety Net Works was a program that went all over the state. East St. Louis, Decatur, I believe Peoria, so there were communities outside the Chicago area that we...
- Crespo** So allegedly it's a real document.
- Maziarz** Yes.
- Crespo** We just can't locate it. And you asked IVPA and you asked DHS as well and they acknowledge, there is such a thing. We just can't find it.

Maziarz DHS acknowledge that there was such a document. Director Shaw said there was a document, but said she had never seen it.

Crespo So did we stop looking for this document?

Maziarz No we looked through the 20 boxes of Safety Net Works documents that DHS had and we reviewed their emails, and we couldn't find anything on that, so that's what we had to state in the audit report.

Crespo Okay.

Holland There's a good chance that if we were still looking, we would be still looking.

Crespo The dog probably ate it that kind of thing. In terms the alderman during the audit report are you—is it a possibility that there is a conflict of interest do you somehow ascertain during the audit report that there might have been a quid pro quo as they made these recommendations or was there a conflict of interest. Did you go down to that level?

Holland The issue that we had with how some of these decisions were made was, that when they were being made by individuals outside of the Violence Prevention Authority, that the due diligence was not taking place afterwards to find out whether or not these people did have conflicts. That is the essence of that finding. They may be perfect people, but did you do any due diligence to find out whether or not conflicts existed, whether it was inappropriate, whether they had the capacity. Rather than just relying on the recommendations fill in the blank in this case it was alderman.

Crespo So we just don't know?

Holland It should have been the responsibility of the Illinois Violence Prevention Authority to do that due diligence. They should have known, and when we asked, do you know, they didn't have any documentation.

Crespo Wait for us to follow-up on this. I understand what you are saying, it's not your responsibility, but is there something else we can do to investigate to see if there is some conflict of interest, at that level, at the alderman level. I am looking for some kind of direction here.

Holland You know, I pick up the newspapers and read newspapers all the time. I think there are other folks doing that.

Crespo I think we have some reporters here they might want to follow up. Again, my last question in terms of the audit report, there are some references here of some quarterly reports and other reports that kept changing dates and facts, what do you contribute that to? Being incompetent or do you think they were purposely were just misleading folks by changing that.

Holland Representative Crespo, it goes back to the short summary that has been reported in the newspapers and the media and here a number of times. There was a failure planning, implementation, and management throughout the entire program. I mean all of those quarterly reports that should have been filed, those budgetary reports that should have been in place before any money was spent, somebody at the state level should have been saying "Do you have them? You are supposed to have them. This will help us manage the program. This will help your implementation. This will help your implementation. This will help yourselves." It wasn't there, didn't exist. It goes to that very simple statement about the failure the planning implementation, and management.

Crespo Thank you. Mr. Cutrone, I may come back to you. In terms of your involvement with the IVPA, you are not actively involved but would send someone on your behalf. You're on a board, so if you couldn't make it you were responsible enough to send someone out there. You might

not have been there. Were the other board members doing the same thing? Were they sending folks on their behalf? Were they actively involved or were they not actually actively participating?

Cutrone I don't know. I may have known from reviewing board minutes, but currently I can't answer that.

Crespo My last comment is Mr. Cutrone, you answered questions I think these would help me. I think some of your responses are based on first-hand knowledge; you were engaged involved through the process and I imagine some of your responses are based on after you read the audit report and some of your responses are probably a by-product of your meetings with as Sandack mentioned you had some meetings, so can you clarify when you give us the answers how do you know this is personal knowledge or something you read in the audit report or something you heard from the Governor's office. That would be very helpful.

Cutrone It primarily wouldn't be the Governor's Office. My sources of information in providing these responses were among others as you pointed out reading the audit report and then trying to determine from IVPA staff that is now at ICJIA and I reviewed some IVPA documentation, I don't think in terms of our response to the—well those basically would be my sources of information. Again, I was not involved heavily in the IVPA board meetings, no involvement in---

Crespo Mr. Cutrone, You say you were not heavily involved, I mean you are part of that board.

Cutrone Yes.

Crespo And I understand you are saying you are not actively involved, that's kind of a relative term. But in my opinion, I sit on several boards and commissions and I have a certain responsibility and I can't say, well I attended that meeting or I did not. I'm still responsible for the decisions coming out of that Board whether I am actively involved or not. Won't you agree?

Cutrone Yes, I would agree that I am as a board member I am ultimately responsible, yes.

Crespo OK you very much Mr. Chairman.

Mautino Auditor General.

Holland I notice there have been a number of questions about the minutes and the board meetings of the Illinois Violence Prevention Authority. We have those and we could make them available to the Audit Commission if they would like for the period of time that was in question. We will make those available.

Mautino I appreciate that and I know that most of the folks that have been discussed here have also been talked to by your auditors they have tremendous standards they do a great job up to those marks. I am going to go ahead and ask some questions as well, and Director I would like to thank you for being with us. In your agency in your past audits, your programs for determining eligibility of folks for contract evaluations from making sure there aren't any conflicts is impeccable.

Cutrone Thank you.

Mautino And so I do want everyone to understand that. As we go forward here, I guess what I would start out with is under the ICJIA program which would have some of the same goals as what the Violence Prevention Authority had in the area of employment situations and status because both programs have activities which try to promote jobs in vary heavy poverty areas, try to create job skills which would be marketable. You had year three of the program so what traditional employment situations did you have? What we could find in the first two years which were not under your watch are questionable at best.

Cutrone If you can bear with me for just a second, some of our positions, some of our youth served as teachers aids as assistants. They've performed clerical duties, some performed customer services, some served as receptionists, some were involved with informational technologies, areas in the business, some were involved with food services, tutoring, cashiers, retail store positions, beauty salon assistants, legal assistants at law firms, they were employed in private businesses and offices some were employed at non-profit agencies, some were employed at schools, day care centers, dental offices, I think a medical office, governmental agencies and others. We felt that giving them traditional employment would not only provide a better experience, but provided a better chance on becoming successfully employed in the future. We also did provide 40 hours of intensive job readiness training which covered every aspect from preparing a resume, interviews, performance on the job, budgeting their income, behavior in the work place, dress, hygiene, conflict resolution, we tried to cover everything.

Mautino And interestingly enough in the NRI audits when you went to the community groups who had to do monitoring or what monitoring they did, that was one of the largest complaints as you go through the audit itself is the preparedness for work of some of the target children in the populations, young people, and actually the ability and skill levels of the mentors.

Cutrone Right.

Mautino And these are things that year three you addressed and corrected.

Cutrone Yes.

Mautino OK now, as we move forward, this will be to the auditors. Representative Reis has also initiated some additional audits which would bring in Chicago Area Projects. Where are we at in the process of the upcoming audits on its equivalents? Going forward because our job after all is to correct things going forward. That's actually the scope of what this Committee does.

Holland So HR888 passed last month, I believe, and when it passed we began our process. Such an engagement letter to Director Cutrone. We have begun that audit process to look at the specific programs mentioned in 888 and follow-up on what we have found in the NRI audit here. So it has begun.

Mautino Thank you General Holland.

Mautino As far as the selection of the lead agencies and I guess I want to go to year three because you have this disaster dropped in your lap. For lack of a better terminology there is the creation of this program beginning at \$20 million. You took an agency, but an agency with 7 people who were permanently employed and some part time employees was given the ability to administer and look over 120 providing partners, 23 Chicago cities, 23 lead agencies, 99 coordinating partners. And that didn't occur. So I don't think there is not anyone on this Commission that doesn't agree with the Auditor General that the entire program during its existence, and prior to the Governor eliminating it and bringing it to you had a myriad of problems which cost taxpayers money, did not do what it was supposed to do in communities. In these 23 communities although seven of them that were had a lot of violence were not included in that list, none of these places are Mayberry.

Cutrone Correct.

Mautino I mean that's the understanding and that's the idea behind the program is kids that are shot, ministers came together and something has to happen and they brought in the Governor who said \$20 million, and as the definition of a camel is a horse built by committee, this was given back to an understaffed agency who screwed this thing up, and they dropped it to you. I am glad you are here and can answer these but in year three as far as selections, how did you choose who was going to continue and who was going to go away?

Cutrone That decision was primarily made by the then Deputy Chief of Staff for Public Safety in the Governor's Office, Dr. Toni Irving. She indicated that again we were to use the existing collaborations of community organizations to implement the program. There were some changes and when potential agencies were being considered, she is the one who made the final approval.

Mautino Okay, so—and with those as we went forward did you then apply your tracking system to whether the monies were being used properly? At what point did your people evaluate and track what was going on? You got this in year three. Tell me what you did.

Cutrone As soon as we started the process of actually making grants, then what we used is ICJIA's normal grant process which I started to describe including---

Mautino Please continue that description.

Cutrone Yeah, I.

Mautino We have found no fault in your grant tracking and monitoring in your past history, so please tell me what you are doing now as our job is to correct things going forward.

Cutrone Well, as I indicated we monitor primarily through our grant monitors who make site visits at least once a year as a general rule. If it's a new grantee, our general procedure is that they will do at least 2 site visits in the year. At the site visits they have a very long 13-page script of documents of questions they go through with the grantees where they address certain areas progress towards the grant. There is some testing of expenditures to indicate whether or not there is supporting documentation. We also have what we refer to as our risk assessment tool. So for grantees, we try to categorize them as at differing levels of risks. Of those that we consider at high risk—perhaps because of them being a new grantee or having multiple grants, there are a number of factors—they get more attention. We formerly had an internal auditor that would assist us in this. That position was terminated and we are in the process of reinstating that to assist because our grant staff is somewhat limited. The grant staff for the community Violence Prevention Program, to be fully staffed, we should have four monitors and a program manager, and right now we are at two monitors. We are trying to fill those positions we don't have a program manager, that function is being handled by the head of our grants unit. So we are applying our normal processes. When the quarterly reports are received, as I indicated, the monitor will check towards whether or not they are making progress toward accomplishing the goals of the program whether...

Mautino Let me stop you right there.

Cutrone Okay

Mautino At that point in their—and if they are not accomplishing the goals of the program, do you have a way to claw back the funding under your existing rules?

Cutrone What we do first is try to develop some corrective action plan. For example we may give a grant that's—the program requires the hiring of certain individuals. It sometimes occurs as there's a delay in the hiring process or trainings aren't being provided as they should. First thing we will try and do is do correction. Eventually if the correction efforts fail, then yes, we can terminate the grant and we will.

Mautino And which was missing from the prior agency?

Cutrone Yes.

Mautino Going forward and when the governor dissolved that agency and gave these to you, God Bless you for the headaches you inherited, but at least you followed the standards which have never been questioned in ICJIA. Correct?

Cutrone We are proud of that track record.

Mautino And well you should be. As far as the—for seven of the 19 recommendation and we actually as we do with all agencies we gave you the questions from—that members had brought up and that staff had to help things along here. I'm assuming that we will probably get a written answer back to those. But if you could, what changes should be made to better structure the planning process? And I ask this because no one on the Commission or in the General Assembly faults the reasonings for whatever you call the initiative—it is for areas of high poverty, it is training for kids, and mentoring for parents to develop skills. And that is something we should be probably doing. The oversight is an aberration as it was previously done. So as we go forward this is what this committee does is fix things. How would you address the planning process, and as I said I would be comfortable if future grants stayed under your agency just because you have always done it right and it prevents a lot of the circuses that go around here if someone does it right. What would your planning process be?

Cutrone Well as somewhat as we described, I mean what we did with the---

Mautino I didn't stop anyone else I'm just asking questions---

Mautino Please answer.

Cutrone I'm sorry, as I was earlier describing when the money came to us we began—first thing we looked at was the potential areas for us to address. Employment is a significant contributor, or lack of employment unemployment, is a significant contributor. Mentoring—is known to be a significant protective factor against criminal activity and things of that nature. Then we begin to research possible programs that can be applied that would be effective in those areas. We then either solicit, I mean it depends on the situation, but we then try to decide what areas we need to address with respect to the geographic areas that we may address with these programs. We do try wherever possible to allow for adequate planning. We solicit grant applications in a variety of ways including RFPs that are consistent with evidence based practices. We require grantees to identify those practices that they are going to use. We evaluate the strength of the proposal, we evaluate the ability as we see it of the organization to implement the program. All those things are necessary parts of our planning process.

Mautino Okay thank you. If we could, I think you have answered most of the questions that staff had as well and that I had. We will go now to Chairman Barickman, Representative Brady has yielded his time. And I'm used to him when he was on the insurance committee my minority spokesman and partner there, so Senator—sorry about—that we are expecting to hear from the Senate. They may possibly be delaying. It hasn't been announced yet but we have made that inquiry. Chairman Barickman.

Barickman Thank you Mr. Chairman. First question for the Auditor General. You know—and I've mentioned in my opening remarks I have reviewed like you thousands of documents here. My time line suggests August 20, 2010 all in 2010. August 20, Barb Shaw submits a proposal to the Governor's office calling for \$20 million in 12 high risk Chicago communities. September 2 the proposals goes to \$30 million in 20 communities. I found no suggestion as to why the program grew 50% in 2 weeks. September 19th. Barb Shaw submits a draft in her agency agreement to the Governor's office calling for \$50 million for NRI. Again, no documentation regarding the increase. October 5th. Andrew Ross Governor Quinn's Deputy Chief-of-staff, asked about the programs total funding. Deputy Chief of staff Toni Irving first replied saying \$30 million. OMB Chief of Staff Malcolm Weems replies it's \$50 million. Barb Shaw replies expressing confusion saying she thought the total funding was \$30 million. The next day Pat Quinn announces the NRI initiative--\$50 million dollars in funding. In the course of this audit did anyone at Violence Prevention, ICJIA or the Governor's office, even if not backed up by documentation, explain why this program grew so rapidly?

Holland Mike.

Maziarz We didn't get any explanation as to why it grew so rapidly. Some of the documentation that you saw, Senator Barickman, did show that there were additional communities. We asked why the additional communities. Again there was no documentation to show why or who made the decision to increase from the original 20 and the number of communities up to the next level.

Barickman Is there any documentation establishing who created this program? It was the idea of someone. Do we have any idea whose idea it was?

Holland Well we believe, if Mike you can add some flushes, but it came out of a conference that occurred in the city of Chicago in the summer at—was it Roseland?

Maziarz Roseland.

Holland So there was a meeting of various civic leaders in the city who suggested this program of some type.

Barickman Did you ever find a list of who was at that meeting or invited to that meeting for that matter?

Maziarz I don't believe we ever saw a list of who was invited to the meeting or who was at that meeting. We did speak with Tony Irving from the Governor's office during one of our interviews. And she was the one who first told us that the Governor had been invited there at the request of the ministers in that area because of a particularly violent shooting I believe that had occurred.

Barickman I'm going to fast forward year three Mr. Cutrone, you said earlier that this Ms. Irving during year three of this program is the person who is making final selections of the agencies that were chosen. And at the time where did Ms. Irving what was her role—who did she work for?

Cutrone She was Deputy Chief of Staff in the Governor's office for public safety

Barickman Okay so at the creation of this program we have Ms. Irving involved in the creation of the program. Year three we have Ms. Irving selecting the agencies who---

Maziarz Senator, the meeting that we had with Toni Irving happened during the course of the audit. Now I don't know whether she was with the Governor's office back in August of 2010.

Barickman Okay. Does Ms. Irving in year three, is she choosing the agencies and the communities that are served?

Cutrone The decision was made to maintain services in the existing communities that have been served by NRI. That decision was presented to me by Ms. Irving. Dr. Irving actually. She also indicated which agencies were to be used in the new program we were developing.

Barickman Did she ever provide any justification as to why those decisions were made?

Cutrone She never shared any with me, no.

Barickman Did you ever ask her?

Cutrone As far as the existing agencies, my understanding from what she said was that they wanted to continue the existing agencies. We did identify some additional new agencies to serve as possible leads and presented that information to her, and she made the decision to use those agencies. The ultimate decision was her—understanding and the structure I as the director of the agency and answerable to her, she is my boss

Barickman Understood. We've certainly over the course of this morning talked, spoke a lot about the deficiencies that exist over the two years of the audit. I think you were aware of those deficiencies at the time the program was transferred to you. Did anything—were there any conversations with Ms. Irving about the failure to have any documentation suggesting that those original communities and agencies may not be appropriate for such a large expenditure of taxpayer dollars

Cutrone I need to clarify that. When I said that we became aware in some detail that was primarily—again my agency was focusing our program Community Violence Prevention program. I became aware of the extent of the deficiencies as a result of reading the potential audit findings that were presented to me by the Auditor General's office in October of 2013. It was not until that time that I became aware of the extent of the issues with IVPA's administration of the program. By that time, Dr. Irving had left state services, so no I never had such a conversation with her.

Barickman Maybe to the Auditor General or staff—in the performance of the audit did you request and review any of the emails of Ms. Irving and I'll maybe go on to others that we will get to Mr. Weems, Mr. Lavin or Ms. Sadler?

Holland Well for the purposes of completing the audit pursuant to HR1110, I mean we did secure the emails of Barbara Shaw, because she was gone out of state services. And as Mike indicated earlier we secured the emails from a number of people from the Department of Human Services—Carol Adams, Dion Dewarts, Xavier Williams, Gloster Mayhan. We talked with—we had discussions with Malcolm Weems and Toni Irving in the conduct of this audit. So in order to complete this audit, we had those communications for those years one and two. I mean years three which are being talked about now will be subject of that next audit pursuant to HR888 and everything Director Cutrone has said were going to do, we'll find out, did he do it.

Barickman Thank you Mr. Cutrone going back into the period of the audit there is all this discussion about the lack of an analysis being available. Communications were made with DHS which resulted in no documentation. Have you made any efforts to locate this analysis that exists?

Cutrone No I have not. We are serving—our program is serving all those areas. I did not—we are basing that determination on current statistics that are available to our agency.

Barickman Do you or maybe the Auditor General know the name or the names of the individuals that conducted the analysis, so that we could ask them for a copy?

Cutrone I do not.

Holland Mike, do you?

Maziarz No, nobody's name as it was presented to us by Barbara Shaw was that it was simply an analysis done by DHS under Secretary Adams' tenure.

Barickman Mr. Cutrone, do you know who made the decision to exclude West Englewood which happens to be the fourth most violent primary neighborhood in the city from the NRI program?

Cutrone No.

Barickman Can you offer us any reason that might explain why violence prevention funds would go to Logan Square which was rank 22nd on the list of the most violent neighborhoods in Chicago rather than the fourth highest neighborhood, West Englewood?

Cutrone It would only be speculation on my part, and I do not think that appropriate role for me to take here.

Barickman Have you taken any corrected actions to address the fact that this massive expenditure of taxpayers' dollars is not being spent on the most violent neighborhoods of the City of Chicago?

Cutrone As I indicated under our program, all those identified high violence are being served. They may not have a lead agency but individuals from those high violence high crime areas are eligible for services under our program and are being as I understand it, actively solicited.

Barickman But to year three again, I go back to Hermosa the 48 most violent neighborhood in Chicago October 22, 2013 email you sent to the Auditor General's Office, you say Hermosa was added at the direction of the Governor office. You established that direction came from Ms. Irving.

Cutrone Yes.

Barickman But, no one questions why the 48th most violent neighborhood is selected rather than a number of communities that certainly are more violent the Hermosa?

Cutrone That is correct.

Barickman No analysis, no justification, just Hermosa.

Cutrone Well I have to add that the service provider for the Hermosa area is also and has been since the beginning as I understand it, has been providing services to individuals from surrounding areas which are higher violent including Albany Park and Humboldt Park.

Barickman Who is that service provider?

Cutrone I believe it is Fellowship Connection. And also Humboldt Park and I believe some other areas which are somewhat higher violence or higher crime rates.

Barickman There was discussion earlier about the relation between Safety Net Works program and NRI again the suggestion that this analysis comes out of the Safety Net Works program. The South suburbs of Chicago—Rich, Bloom, Thornton Townships were not in Safety Net Works but were served under NRI. Any idea regarding the circumstances of adding the south suburbs to NRI?

Cutrone I have no personal knowledge.

Barickman Were any—are you aware of the role Mr. Zuccarelli may have had in lobbying the Governor's office to add the south suburbs added to NRI?

Cutrone: No, I am not.

Barickman Page 28 of the Audit compares NRI and Safety Net Works programs. It is a visual exhibit that the auditors have put together. There is an addition in the framework to NRI at the bottom. That addition is that of what is called a coordinating agency. Can you explain the reason why we have a three prong, three tiered approach rather than the two tiered approach used by Safety Net Works.

Cutrone I'm sorry...

Barickman At the bottom page of 28 Safety Net Works suggests it is a two tiered program. While NRI suggests it's a three tiered program and adds a category called coordinating agency. What I might describe as a the middle layer of NRI. Any idea why that layer is added.

Cutrone No, I do not.

Barickman Does ICJIA use a—using my characterization here—a 3 tiered framework for implementing its grants or a 2 tier?

Cutrone A 2 tier basically.

Barickman The audit references at the end of the audit all the service providers some 242 agencies that receive state dollars. Do we know if rather those are direct agencies or pass through agencies that may be providing taxpayer dollars to another agency outside of the public scrutiny that a direct agency may get?

Cutrone I do not have sufficient familiarity with the details of the actual payment structure of NRI to be able to answer that question.

Barickman Representative Crespo asked a number of questions regarding the Board's authority—the Board to the Violence Prevention Authority and your role on that Board. I see that a progress report was submitted to the Violence Prevention Authority year one, quarter one—the start of the program. It says that one of the most challenging aspects of the launch of the program was and is the political environment which due to the eminent election reached a fever pitch. The barrier continues into the second quarter reporting period. Incumbent alderman and challengers alike are vying for space and involvement in the launch. There is, going backwards September 30, 2010, Board meeting of the Violence Prevention Authority—Malcolm—and I'm quoting from the meeting minutes—Malcolm, I assume this is Mr. Weems, Malcolm explained that the Governor's office is committed to allocating some of the funds for the Initiative immediately and will allocate the rest after the election. You had an employee who was presumably at these meetings on your behalf. Did anyone ever suggest concerns about the discussion of politics at a Board meeting for an Authority or Agency that is funded by taxpayer dollars?

Cutrone No one ever expressed such a concern and the interpretation of that being a discussion of politics rather than a discussion of timing I think is open to varying interpretation.

Barickman I don't even know where I remember this from. Maybe it's in the audit, maybe it's **inaudible** somewhere, maybe you said it earlier. I think the suggestion was that at the beginning of this program there were 11 employees. Does that sound right?

Maziarz It's in the audit.

Barickman Is there any concern that you might have had Mr. Cutrone as a Board member about the ability of these 11 employees to implement such a massive and entirely new state funded program like this?

Cutrone I think the audit report accurately reports the number of employees that were at IVPA at the time of the announcement. It does not refer to the fact that the plan to implement the program was to substantially increase the number of IVPA staff. More than doubling it and actually at some point or another there were 16 IVPA employees who had part of this program.

Barickman I'll ask maybe the Auditor General the same question. In your review of the—in your effort to document and audit this program, what is your opinion about the ability of a state agency to enact an entirely new program like this, that escalated from \$20 to \$50 million overnight and is attempting to put dollars to work immediately. Is your assessment that the agency was equipped to do that?

Holland I think the audit speaks for itself and suggests the answer to that question is no. They were not capable, they were not able to administer a program of this magnitude. They did not have enough people and I stand by the results of the audit. There was a failure in planning, failure in implementation, and a failure in management. The answer is no.

Barickman Did the audit team find any evidence suggesting that the Board did anything to provide oversight to this program during its implementation or thereafter?

Holland Well the board as is described as—if you pull out the timeline on page 10-11, the Board was presented with a summary of the NRI program for the first time, I believe, on September 30, 2010. That was the first time they had action—you have also, Senator Barickman, pointed out that on that very same day there was an indication from the Governor's office that money was going to be allocated very quickly. This program was moving very swiftly. There is no question about that. It was moving swiftly within an office that was ill prepared to handle all of the aspects of the grant program that's the size \$50 million to move that quickly. \$50 million at the Department of Healthcare and Family Services is a drop in the bucket. \$50 million to the Illinois Violence Prevention Authority is a big ticket item.

Barickman Do we have a list of who was on the Board at the time of the implementation of the program?

Holland I'm sure we do.

Maziarz Yes we do and the Board meeting minutes that we are going to provide to the Commission based on Representative Crespo questions will show who was at the meeting on the 30th. It will show that they had concerns about the idea of funding a new program also.

Barickman Was it because of the lack of money available for State government or for other reasons.

Maziarz Because some other people were pretty far behind in their payment process.

Barickman So the same agencies that had been employed by NRI?

Maziarz I assume so, yes. It will all be detailed in those meeting minutes that we get to you.

Barickman Do we know the role of the Co-Chair of the Authority?

Holland That would be the Attorney General at the time and the Director of the Department Public Health. Probably reflected in the minutes but beyond that.

Barickman Did the Attorney General have someone present at the Board meetings?

Maziarz Yes I believe there was a designee for the Attorney General that attended the meetings. There were a number of members of the Board if I remember correctly and I think if do, that sent a designee similar to what Director Cutrone mentioned.

Holland There were a lot of members on this Board and a lot designated members from various State agencies. This was not a small governing Board of five members. This was a big Board that had lots of folks.

Barickman All the more concerning to me. Was there ever a reflection in the meeting minutes that the Board took formal action on NRI? Did they vote to create the program? Did they vote to spend the money? Any substantial decision making reflected in the meeting minutes.

Maziarz That we would have to check on but it would be detailed in the September 30th meeting. I believe the prior meeting to that was in June of 2010. Then all these activities took place in August and then the next Board meeting was September 30, a week before the announcement.

Barickman Let me turn back to Mr. Cutrone. We had discussion earlier about the unspent funds from years one and two of NRI that were allowed to remain in the program in year three. There were suggestions of a failure of a number of agencies to turn in timesheets. ICJIA, and I think you spoke to this at budget hearing recently Mr. Cutrone, October 2012 you suggested that there may be some automatic ways to track the hours of NRI employees.

Cutrone What I was referring to was because of the issues with timesheets specifically with respect to the youth that were employed. We contracted with entity that was able to keep timekeeping records electronically through phone calls from designated phone numbers at the Youth Employment Program employers. So the youth would have a pin number would call into a number that was pre-authorized to a computer system, enter their pin, that would check them in and then when they were leaving they would call that same number, enter their pin and that would check them out. We understood that the largest issue with timesheets or one of the very large issues was trying to keep track of time of the youth. That was aimed to address. With respect to other staff members it was more traditional timekeeping methods.

Barickman: Who was the agency contracted with?

Cutrone The Chicago, I'm sorry, the Community Assistance program which is located, I believe, in Roseland. We were not entirely happy with their services and were actually developing an alternative for this state fiscal year '14 program.

Barickman: When you negotiated with Community Assistance programs to provide this service regarding time sheets, did you discuss the fact that they had nearly \$155,000 in unexpended grant funds from the NRI in years one and two, and those had not been returned as of this beginning of this year?

Cutrone No, we did not have such discussion.

Barickman Is there any reason why ICJIA would be continuing to provide new grant funds to an agency that does not returned previous grant funds that the agency should no longer have?

Cutrone I have to answer to that in two parts. I believe at the time that we contracted at the beginning of our administration say fiscal year funding for the CVP program, I don't believe, and I may be wrong, I don't believe that the final close-out had been done on the Chicago or the Community Assistance programs on NRI grants. That was a process that continued long after IVPA staff and duties were transferred to us. As far as what we do currently, we are actively engaged in collecting uncollected previously uncollected and unspent NRI funds. We've had considerable success in that regard. We do require the return of any unspent funds from prior grant periods before we will issue a payment for a new grant. There are certain situations where an agency may be unable to return all of the funds, in which case we enter into a settlement agreement with them. We have them acknowledge how much is owed and develop a payment plan. Once that is in place, we do issue new grant funds, but we require them to maintain their payments under that payment schedule. Otherwise, they will be terminated.

Barickman So to clarify, for those who may owe us money that we provided to them. We may ask them to pay that money back in installments, if at all, yet will continue to engage them and contract with them for services for which we have to pay them additional dollars.

Cutrone I'll give you an example. I know this is something that the Auditor's Office and the ICJIA do not agree on. Some of these funds that there ---- let me start this in a different way. So CVP year one contract, CVP year two contract doesn't necessarily get executed by the start date of year two and the agency may continue to provide those services and that can be one of the reasons why they are unable to return all of the funds by the time of the execution of the new contract. So it makes ---- .

Barickman I apologize, but Chairman Mautino is suggesting that I need to wrap up and I understand what you are saying is there are instances in which you think it is justified to do this. Fair enough.

Barickman Let me ask about the Chicago Area Project, Chicago Area Project all over the news today. May 6th Sun Times, the Governor talks to this agency which is found throughout the NRI audit. The Governor says, "We are going to take a whole look at the grants given to this organization. All grantees have to be accountable. We expect them to do that. If they don't there will be consequences." Has the administration asked you to take whole look, total review of the state grants given to the Chicago Area Project?

Cutrone We were not so instructed by the Governor's Office. We are in the process because of these news reports of taking such closer looks under our own initiative.

Barickman At the end of year two, Chicago Area Project, just like the prior agency we had discussed retained roughly \$150,000 in unexpended grants funds. As of the beginning of this year those funds still not returned those funds to the state. Have those funds been returned to the state now?

Cutrone We have recouped substantial funds from the Chicago Area Project and whether the particular sum that you are referring to is included in that, I cannot say for certain. But I know that we have required the Chicago Area Project to pay back relatively large amounts of money that were unspent.

Barickman You had – ICJIA had contemplated designating almost \$2 million in grant funds to the Chicago Area Project most recently at the May 7th Budget Committee hearing. Evidently that request was delayed. Can you explain the context of why that occurred and why we may be requesting roughly \$2M to an agency that owes the state money?

Cutrone Well, for one thing I need to place this in larger context. We were instructed by the General Assembly in our appropriation bill to make a grant to the Chicago Area Project in each of these two years for \$5 million. We were attempting to carry out the instruction that we got with respect from the General Assembly. With respect to the May 7th Board Meeting, I have to say that I enough gray hair I can't remember exactly the reason that was. If you give me a moment to confer. I'm reminded that it was at that point that some of the questions were being posed and we postponed consideration for that reason.

Barickman Right and I understand you're saying that these some of these decisions are reflective of decisions made by the General Assembly. Such as an appropriation and certainly that is understandable. Where I am confused here, puzzled possibly, is the notion that we have agencies who owe us money and yet I can go to the Comptroller's data base and see that the Chicago Area Project has some \$6 million in grants from ICJIA today. Why we would continue to--I'm not saying it is your fault. I'm just saying that it appears to be fault of the State to continue to award dollars to agencies that owe us money. As I have suggested time and time again with this Commission, our job is to find out how these things occur. I don't think I have barely skimmed the surface today about how these things are occurring. But, there clearly continuing today. The opportunity we have is to learn from this audit and change the rules so they do not happen again. I want to conclude with the Auditor General and there's not enough time in the day to go through the many responses that ICJIA has made to your recommendations in the audit. However, we know that the responses appear to come from communications with the Governor's Office. And those responses suggest time and time again that the audit does not sufficiently describe and give context to the many, many, what I suspect are, worthy recommendations made by you, your office and your staff. Can you tell me how I am supposed to read the responses to your many recommendations here? What am I supposed to take away from this?

Holland Well, I think the first half of that question needs to be directed to Director Cutrone, as to who assisted him in development of those responses. But at the same time, I believe that Director

Cutrone said, you know what, we do agree with the vast majority of the responses. But there was some language in that finding which I was non-plussed by. It didn't jibe with all the work that we had done and it didn't change one word that we put in our audit. Because we felt very strongly that what we discovered was a failure to implement, manage and monitor the program. So I think you should ask Director Cutrone about the wording of that language.

Barickman Let's start there.

Mautino Actually, that is what I had asked during my line of questioning. I also asked that you submit in writing as well.

Cutrone I have a number of examples of things and we need to correct the impression. The Governor's Office did not tell us how to respond. We developed the responses. We did confer with them about those responses.

Barickman Did the Governor's office change any of those responses?

Cutrone I'm sorry, say again.

Barickman Did the Governor's office change...so you submitted your responses to the Governor's office to review. Did they make any changes?

Cutrone I prepared, I prepared a lengthy series of notes about possible responses. We discussed those, but the responses are the responsibility of my agency and not the Governor's office.

Barickman Did the Governor's office see your final response before it was submitted to the auditor?

Cutrone Yes.

Barickman And what did they say to your final response? Looks good, okay, change a word?

Cutrone I think I answered that question as to, I mean what, yes. In the final responses....

Barickman Did the Governor's office sign-off on your response.

Cutrone I'm sorry...

Barickman Did the Governor's office sign-off on your response.

Cutrone Yes.

Barickman Ok. Thank you.

Cutrone: I'll give you very specific example, I have many. We were not arguing with the recommendation, for the most part, the recommendations of the Auditor General's office. We've made that clear. Nor, were we trying to say in any way that IVPA consistently managed this program in an— in an adequate way. But let me give you an example. The Auditor General's report contains factual statements leading up to each recommendation. And some of those factual statements, we believe, do not have necessary context. And that's the kind of thing to which that response referred to. In the area regarding, I think this may have been recommendation two, in the area regarding the implementation of the school based counseling, the Auditor General quotes accurately, I will say, many emails or reports from school based counseling providers about issues that they had in implementing the program in the schools. I'll give you one. These delays did not allow for agencies to deliver counseling messages in Chicago Public Schools as originally conceived by IVPA. The messages are accurately quoted in the audit report-- this is my language—and are dated within the report as

substantially after the contract execution for NRI year one and near to the end date of the contract. In relation to one such quote, the report opines that the report was submitted December 12, 2011. Which was 21 days after the contract for year one NRI services ended. The provider expended 72% of the contract funds without ever seeing any children in the Chicago Public Schools. That quote is accurate; however, it leaves out the context. The clear and inescapable inference that one will draw from the statement is that they spent 72% of their money without providing counseling services. That is not true. What is, what occurred is because of a very lengthy delay in the process of developing a contract between the Chicago Public School systems overall and each individual school with CPS administration required there were great, great delays in being able to institute services in the Chicago Public Schools. IVPA developed—and the lead agencies devised an alternative plan. They were providing counseling services in community settings rather than the schools. So, the inference I drew from that is they spent 72% of their money without providing counseling services. The Auditor General's report does not include the context that during that period of time counseling services, which is the important part of this, were being providing to the kids only they were done in the community. It's that kind of thing that I think, that we were referring to when we said it doesn't supply the necessary context. In each and every instance, we have—I mean it's a similar situation in each and every instance where we responded to that, we did not believe the Auditor General's report gave enough context.

Mautino And as I said during my line of questioning, brief though it was, I asked specifically to findings 1, 3, 4, 7, 8, 14 and 15 where those if I could actually get those in writing as well. Because those are the kinds of details I would like to know. Yes, there were counseling services.

Barickman Let's have the Auditor General respond.

Holland So first, I'm going to let Mike respond specifically. But I'm going to respond generally and educate the members of the Audit Commission about our process. Which is a very deliberate process and I've had this conversation with members of the committee before. When we do our audit and when we go to an exit conference and we present the document to them, we give them 21 days. Take a look at the document. Tell us what you don't like, tell us what's wrong, tell us where we made a mistake. Most agencies, most agencies in state government meet our 21 day requirement. Director Cutrone asked for and received an additional three weeks in order to respond to our audit. And give us the suggested changes, and give us where we might have made some statement which was in error or misleading or incorrect. And what we got was with regard to recommendation #2 he begins with the Criminal Justice Information Authority agrees with the recommendation with respect to the community violence prevention. So we begin with agrees, but the other issue is, if these concerns were real and were noted at the time they should have been brought to our attention. We don't like putting out audits that mislead people. It's not our goal. It could have been addressed. Mr. Maziarz.

Maziarz During the conduct of this audit on October the 15th, we provided the Criminal Justice Information Authority with potential audit findings. They are maintained in our audit work papers, they give all the 85-90 percent of what is in the audit report is verbatim in those potential audit findings. After the audit, or the exit conference, Mr. Cutrone brought up the idea of wanting to add in some wording. Okay, at that time, we said well we normally like to see documentation on those types of things. But if you want to give us some suggested wording changes we'll take a look at them. We got those from him in late January of 2014. We asked if they would like to put those, at the exit conference we asked if they would like to put those in their response to provide the context which as you see we didn't get that in the context. I believe at the exit conference they said that it looked, if it was in the narrative of the text it would look better than if it come in to, if it was just as part of their response. So, they had this for a long time as the Auditor General correctly states. It wasn't until after the exit conference that we got this type of—that we got this type of context language they wanted to put in, but it lacked any kind of documentation. So again, we suggested in a response back that they, they're free to point that out that information out in their formal response to the audit, but it didn't happen.

Mautino: Thank you, we are receiving notice for the Senate that they are actually in Session and their waiting to call to order for Senators to join them, the House is about to go in. So, Mr. Barickman, do you have a comment.

Barickman So, to me, what's clear to me today is that we have only scratched the surface about how this total waste of taxpayer dollars happened. We don't know how this thing came about, we don't know how communities were selected, we don't know—we know that we didn't target the most violent neighborhoods. We know that the thing escalated from \$20 to \$50 million overnight. We have no idea how that happened, why that happened. And we don't know if this thing even works even though we are about to go next door and vote on a budget that includes the same type of money in it as this waste, shameful, useless piece of taxpayer dollars that is hidden in a notion of violence prevention. We all of us—all us around this state know that we can prudently use taxpayer dollars to fight violence in Chicago and elsewhere, this isn't it. And, I think our duty, our charge here I've come back to it a hundred times is that we've got to get to the bottom of this. So my intention moving forward is to work with the Auditor General. I think we absolutely need to see those emails regarding Ms. Shaw or the emails regarding Ms. Irving, Mr. Weems who's all over the emails with Barb Shaw, the other end of those emails. We've got to get Barb Shaw here and hear from her. So, I look forward to working with you on that Mr. Auditor General. Thank you.

Mautino General, I appreciate as always the work of your auditors. They've done a great job with this. Director Cutrone, we are going to at this point leave the audit open. I also wanted to commend the Director and our staff members for questions. We're going to leave the audit open because we're not actually allowed to legally meet while either chamber is in session. So, we're going to have to close down shortly. (In answer to an off-mike request from Representative Brauer) Ok, you won't today only because the Senate has already called us and they're waiting for these guys. So, we'll--there'll be another opportunity, but just the law prevents us from meeting while either chamber is in and the Senate is waiting. So, with that we will be—I would entertain a motion to adjourn. Representative—Senator Brady, seconded by Representative Crespo. All in favor signify by aye, opposed same sign, the ayes have it and the Audit Commission is adjourned.

Adjournment 11:25 a.m.