

**State of Illinois  
LEGISLATIVE AUDIT COMMISSION**

**Meeting Minutes – May 28, 2014  
Springfield, Illinois**

**MEMBERS PRESENT:**

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

Staff Present: Cullen, Dunne and Stricklin

Participants: Illinois Criminal Justice Information Authority – Jack Cutrone, Executive Director.  
Office of the Auditor General – William G. Holland, Becky Patton, Bruce Bullard, Mike Maziarz, Jim Schlouch and others.

The meeting convened at 9:30 a.m. with Representative Mautino in the chair.

Representative Mautino stated that with the consent of the members, the agenda would be taken out of order.

**FINANCIAL STATEMENT**

The financial statement for April 2014 was approved as submitted.

**MINUTES**

Upon a motion made by Representative Crespo, seconded by Senator Brady and carried, the Commission approved the minutes of the February 25 and April 1, 2014 meetings as submitted.

**OTHER ITEMS**

Receipt of the following items was acknowledged:

Information from the Department of Transportation on its payments to CMS to lease buildings it owns.

Information from the Illinois Student Assistance Commission in response to questions from a previous meeting.

Information from Eastern Illinois University in response to questions from a previous meeting.

**Performance Audit of the  
State Moneys Provided to the  
Illinois Violence Prevention Authority  
for the  
Neighborhood Recovery Initiative**

The Commission considered a Performance Audit of the State Moneys Provided to the Illinois Violence Prevention Authority for the Neighborhood Recovery Act. Participating were Jack Cutrone, Executive Director, Illinois Criminal Justice Information Authority and Lisa Stevens, General Counsel and Chief of Staff. Also participating were Jim Schlouch and Mike Maziarz of the Auditor General's office.

Mr. Holland stated House Resolution No. 1110 directed the Office of the Auditor General to conduct a performance audit of the Illinois Violence Prevention Authority's use of moneys provided for the Neighborhood Recovery Initiative, FY11 and FY12. Mr. Holland expressed dismay that IVPA transferred unused funds at the close of FY11 into a non-appropriated fund to avoid lapsing \$66 million, which violates the State Finance Act and negates the General Assembly's constitutional power to control appropriations. Additionally, on-site reviews of provider agencies were not conducted until the summer of 2013; providers suffered from lack of guidance, impossible time frames, and changing requirements; and the audit took longer than usual to finish due to dealing with multiple agencies, searching for documentation, and giving the follow-up agency extra time to respond.

General Holland also stated that House Resolution No. 888 directs the Office of the Auditor General to conduct a performance audit of State moneys provided by or through the Illinois Criminal Justice Information Authority, FY13 and FY14.

By way of opening remarks, Jim Schlouch stated the Neighborhood Recovery Initiative was a program designed to reduce the risk factors associated with violence in 23 communities in Cook County.

- There were 23 lead agencies, 99 coordinating agencies, and 120 providing partners to provide NRI services.

- For the two0 year period under review, \$44.55 million came from the Governor's discretionary appropriations in FY11 and \$10 million were from GRF appropriated in FY12.
- Program components included mentoring plus jobs, parent leadership, school-based counseling, and re-entry (youth and young adults returning from youth and adult correctional facilities).
- IVPA was eliminated in January 2013 and ICJIA assumed responsibility for NRI in year three.

The audit made the following conclusions:

- The NRI program was hastily implemented which limited the time IVPA had to adequately plan for and implement the program.
- Documentation was not available on how the communities were selected.
- Instead of implementing a competitive RFP process, IVPA sought recommendations for lead agencies from non-state agency personnel and Chicago aldermen. IVPA could not document that the selection was free from any conflicts of interest, or that the agencies were the best entities to provide the needed services.
- IVPA, which had a budgeted head count of 11, was unstaffed when the Governor announced the program in October 2010.
- 40% of contracts were approved by IVPA after the contract start date.
- Two important financial reporting mechanisms—annual budgets and quarterly reports were not timely submitted by the agencies or properly monitored by IVPA.
- Providers spent funds without the required approval of IVPA.
- Community partners did not maintain the number of staff required by their contracts.
- Contractual provisions regarding timesheets were not always enforced.
- IVPA was not notified of changes in personnel at lead agencies.
- IVPA delegated responsibility for fiscal monitoring of community partners to the lead agencies.
- IVPA did not timely recover unspent NRI funds.
- The NRI program was not evaluated.

The audit contained 19 recommendations directed to the Illinois Criminal Justice Information Authority as the agency responsible for the continuation of the Neighborhood Recovery Initiative, with which the Authority generally agreed.

By way of opening remarks, Mr. Cutrone stated that the ICJIA administers a Community Violence Prevention Program, not the Neighborhood Recovery Initiative, which no longer exists. He stated that the ICJIA largely accepts the recommendations as good business practices which are consistent with ICJIA normal grant processes and procedures. Two Cornell University professors who specialize in employment-based mentoring assisted ICJIA in designing the mentoring program and training the people who train the actual mentors. A local partner helped design and implement a program to assist parents in protective factors that prevent children from engaging in criminal and violent behavior. Mr. Cutrone states that while ICJIA is a much larger agency than IVPA,

designing and implementing a \$20 million new program strained ICJIA's grant and research units, in particular.

Senator Barickman thanked the auditors for their work. He also acknowledged the presence of criminal probes into NRI. The Senator also stated that the Audit Commission duties are unique to those of the Auditor General and to those in law enforcement. He states that Audit Commission meetings are held in public which allows the public an opportunity to judge whether the Commission is providing prudent oversight of taxpayer dollars and the checks and balances necessary for government to be effective and accountable. He stated that the audit explains that the program had little documentation on its creation, the reason for the selection of communities served, why the budget quickly grew from \$20 million to \$50 million, or whether the program worked. The Senator stated that NRI has not been abolished, contrary to the ICJIA Director's claims. The Department of Labor received grants in the current budget. The Senator stated that he was puzzled by Director Cutrone's presence as his name hardly appears on any documents associated with the audit.

In response to questions from Representative Sandack on the borrowing of the NRI infrastructure, Mr. Cutrone stated that since receiving the program, on a continuing basis, ICJIA has identified agencies that were not performing adequately and had found other agencies to replace those. However, to rebuild the structure from scratch would have taken an entire fiscal year. Mr. Cutrone stated that although the core program at IVPA was based on social messaging, and the Community Violence Prevention Program (CVPP) at ICJIA is based on criminal justice and criminology, the NRI program did exhibit some success as 3,000 young people and 3,000 adults were provided jobs and unemployment and poverty are large contributors to crime and criminal activity. He added the ideas were not so bad, but the execution was lacking.

In response to questions from Representative Sandack about the IVPA Board, Mr. Cutrone stated that he was on the IVPA board, but not an active participant. He agreed that the board was co-chaired by the Attorney General and the Director of the Department of Public Health and met approximately quarterly. Mr. Cutrone did not know why the program grew from \$20 million to \$50 million over a period of several weeks.

In response to questions from Representative Sandack, Mr. Cutrone reported that he conferred with a total of 11 people from the Governor's office and talked and/or met with on two occasions the following: Vivian Anderson, John Schomberg, Brooke Anderson, Leslie Fields, Grant Klunzman, Rukhaya Alikhan, Iris Shaviro, Katie Hickey, and another person from GOMB. He also stated that during the period of time that the audit was coming to a close, he spent a great deal of time reviewing the potential audit findings and IVPA records and speaking with certain staff. Mr. Cutrone stated they discussed matters that could come up based on questions he had received from Audit Commission staff and that general counsel and the chief of staff of ICJIA were present also. He stated none of the people he met with were around the NRI program during the audit period.

In response to further questions from Representative Sandack, Mr. Cutrone recalled that IVPA was disbanded in January 2013.

In response to other questions from Representative Sandack, Mr. Cutrone stated that ICJIA does award grants in a non-competitive manner if an organization has an idea that fulfills a perceived need. However, the governing board acts through its budget committee. There must be empirical research to support the proposed program and there are a large number of grants that go to continuing programs.

In response to another question from Representative Sandack, Mr. Cutrone stated that while there was efficacy in social messaging to deal with public health problems, his research unit was unable to locate studies showing that social messaging was effective with respect to crime and violence.

In response to another question from Representative Sandack, Mr. Cutrone stated he did not know who made the decision to make NRI grants non-competitive. He also stated that he did not know if there were non-competitive processes being used to combat violence in Peoria, Decatur, Metro-East, or other parts of downstate.

In response to another question from Representative Sandack, Mr. Cutrone argued that IVPA did develop a selection process apart from those identified by elected officials. IVPA developed criteria for agencies to apply, reviewed agency profiles, and then invited agencies to submit an application, which they poorly termed RFP.

In response to further questions from Representative Sandack, Mr. Cutrone understood that IVPA staff did an evaluation by reviewing profiles and the applications submitted in response to the RFP.

In response to another question from Representative Sandack, Mr. Cutrone stated that he had read the IVPA's choice of communities was based on a study done to initiate the Safety Net Works Program.

In response to a final question from Representative Sandack, Mr. Cutrone stated that the nature of the services being used by programs at ICJIA to address risk factors for crime and violence at the community level and the individual level is different than NRI.

In a series of questions for the auditors from Representative Reis, Mr. Maziarz stated that from the auditors' random selection of documentation, FICA and other payroll items were paid. He also stated that IVPA did not approve movement of funds among line items timely, if at all.

In response to questions from Representative Reis, Mr. Cutrone stated that youth were employed to hand out pamphlets.

In response to further questions from Representative Reis, Mr. Cutrone stated that aldermen from the City of Chicago and comparable elected officials from the suburbs were asked to recommend agencies to apply to IVPA to become lead agencies, and that there was a vetting process at IVPA. Mr. Cutrone's recollection was that the initial profiles were reviewed by IVPA Director Barbara Shaw and some additional staff. The review of the responses to the RFP was done by an IVPA staff member and another oftentimes State employee, usually outside IVPA. The reviewers scored the proposals and based on those scores, certain recommendations were made to the IVPA Board by the IVPA Director. Mr. Maziarz stated that the problem auditors had with the evaluations was that the criteria was different on the forms: some were not signed, and some had sections crossed out. But the auditors' main problem was the evaluations came after the places were selected.

Representative Reis asked if ICJIA should have given more scrutiny to its decision to continue working with the Chicago Area Project, and Mr. Cutrone stated that ICJIA continues to evaluate all providers, but it's unlikely that ICJIA will receive any additional funding for these activities.

In response to another question from Representative Reis, Mr. Cutrone stated he had no personal knowledge of who made the decision, but funds at IVPA were transferred from the appropriated account into a non-appropriated fund so the funds would not be subject to the fiscal year limitation, but ICJIA does not use that process. Mr. Holland added that the transfer occurred a week before the end of the fiscal year. Mr. Holland opined that allowing this to happen would emasculate the appropriations process. Mr. Cutrone stated that he was aware that according to the legal opinion applied to the IVPA, the transfer was appropriate. Mr. Holland disagreed with characterizing the transfer as appropriate.

In response to another question from Representative Reis, Mr. Cutrone stated he did not know what happened to equipment purchased with grant funds, but ICJIA procedure allows discretion in deciding whether capital equipment should be recovered. If the equipment is being used for similar activities, ICJIA may allow the agency to keep the equipment.

In response to another question from Representative Reis, Mr. Cutrone stated that he was not aware that the IVPA Board had any involvement with the audit.

In response to Representative Reis' question on why the evaluation of NRI did not address the program's effectiveness at reducing violence, Mr. Cutrone stated that when a program is providing services to 1-2% of individuals in communities, no program with that limited population is going to affect the overall level of violence in that community. IVPA's evaluation was to determine if NRI reduced the chances of engaging in acts of crime and violence in the individuals it attempted to serve. He stated that if appropriations had continued, it was their intention to do a long term outcome evaluation for the individuals actually involved in the program. Mr. Cutrone added that the problems with the data collection and the problems that caused for evaluation did not produce

meaningful evaluation results for the NRI program. Mr. Maziarz stated that a lot of the agencies did not provide the information and IVPA decided they didn't need some of the reports.

In response to other questions from Representative Reis about the UIC evaluation report, Mr. Cutrone stated he did not know why the UIC contract was paid before the issuance of the final report. He added that his understanding of IVPA procedures was once the Board authorized a program, it was up to IVPA staff to execute the decision. IVPA staff would have decided when to write the check.

In response to a final question from Representative Reis, Mr. Cutrone stated he was aware of certain criticisms of IVPA's administration of the program and the efficacy of the program. However, it was toward the end of the audit process that he began an in-depth study of the NRI program.

In response to questions from Representative Crespo, Mr. Cutrone stated that since last summer he had reported to Vivian Anderson, Deputy Chief of Staff in the Governor's office for public safety issues. He stated that in the past when one of their attorneys died, that affected their ability to follow procedures, but generally they are able to administer and monitor grants.

In response to other questions from Representative Crespo, Mr. Cutrone stated that once the Authority approves the designation for the grant, they send out grant materials, ask the potential grantee to describe the program for which they are asking ICJIA support and provide a budget. Thereafter is a period of negotiation between grant staff and grantee to make sure they conform to ICJIA standards. Then there are multiple layers of review before the grants are executed. Once the grants are executed, most grantees are required to report quarterly on progress and file fiscal reports documenting expenditures. Those are reviewed by grant monitors. If there are any issues, the grant monitors will contact the grantee and they also make site visits. These are all ICJIA grant policies.

In response to further questions from Representative Crespo, Mr. Cutrone stated that GRF supports ICJIA's operations while grant funds are mostly federal funds and they administer a State grant program from a surcharge on insurance companies that insure motor vehicles. He stated that the House Public Safety Appropriations committee reviews their approp request plus one of the Senate approp committees.

In response to further questions from Representative Crespo, Mr. Cutrone stated that he did not attend many IVPA Board meetings due to the press of work at ICJIA, but he sent a designee. He was appointed to the IVPA Board because of his position at ICJIA. The designee did not make substantial reports to him, but occasionally they discussed what occurred at the meetings. Mr. Cutrone stated he was aware of the agenda items, but he instructed his designee in how to vote on Board issues or leave it to their discretion—but the designee generally knew how to vote.

In response to a series of questions from Representative Crespo to the auditors, Mr. Maziarz stated that one of the first items the auditors requested from IVPA was a copy of the analysis that resulted in the selection of the 23 communities. However, former Director Shaw did not have it. Auditors asked DHS and even looked through 20 boxes of information and reviewed email accounts of the former DHS Secretary and three others, and couldn't find any analysis.

In response to other questions from Representative Crespo, Mr. Holland stated that auditors questioned whether due diligence was taking place to find out if conflicts existed especially for decisions made by individuals outside of IVPA.

In response to another question from Representative Crespo on whether the changes made to quarterly reports and budgets signaled incompetence on the grantee's part or were they intentionally misleading the granting organization. Mr. Holland attributed it to a failure of planning, implementation, and management throughout the entire program.

In response to a final question from Representative Crespo, Mr. Cutrone stated that his sources of information in providing the responses were from reading the audit report, reviewing IVPA documentation and talking with IVPA staff now at ICJIA. Mr. Cutrone conceded that he was still responsible for the decisions of the IVPA Board whether or not he actively participated on the Board.

Mr. Holland stated that he would make the Board minutes available to LAC members.

In response to questions from Representative Mautino, Mr. Cutrone listed a variety of traditional employment including customer services, receptionists, IT, food service, tutoring, day care centers, medical and dental offices, government agencies, etc. The program also included 40 hours of intensive job readiness training in every aspect.

In response to a question from Representative Mautino, Mr. Holland stated that his office has begun the audit process to look at the specific programs mentioned in HR 888.

Mr. Cutrone confirmed that although seven of the most violent communities in Chicago were not served by NRI, none of the communities being served would be considered "Mayberry".

In response to further questions from Representative Mautino, Mr. Cutrone stated that the decision on which former NRI programs would still receive funding was primarily made by the then Deputy Chief of Staff for Public Safety Dr. Toni Irving. She indicated that they were to use the existing collaborations of community organizations to implement the program. If any changes were being considered, Dr. Irving gave final approval.

In response to further questions, Mr. Cutrone explained the grant monitors make site visits at least once a year, or more for a new grantee. At the site visit they complete a 13-page script to evaluate progress. There is some testing of expenditures and supporting documentation. Each grantee is categorized using a risk assessment tool. ICJIA has two unfilled positions for monitors. Mr. Cutrone stated that if a grantee is not accomplishing their goals, ICJIA tries to develop a corrective action plan. If the correction efforts fail, then the grant is terminated.

In response to a final question from Representative Mautino on ICJIA's planning process, Mr. Cutrone stated, when funds came to the Authority, they searched for areas to address like employment and mentoring. Then ICJIA researches possible programs that would be effective. Then after proper planning, we solicit grant applications. We require grantees to identify the practices they will use. We evaluate the strength of the proposal and the ability of the organization to implement the program.

In a series of questions from Senator Barickman to the auditors, Mr. Maziarz stated that auditors did not get an explanation on why the program grew so rapidly, but there was documentation showing that communities were added, but there was no documentation about why they were added. There was no documentation on who created the program or had the idea for it. Mr. Holland stated there was a meeting of various civic leaders in Chicago who suggested this type of program. Mr. Maziarz stated that auditors did not see of list of who was invited to or who attended the meeting. Toni Irving stated that the Governor had been invited at the request of ministers in an area that had recently experienced a violent shooting.

In a series of questions from Senator Barickman, Mr. Cutrone identified Toni Irving as Deputy Chief of Staff in the Governor's office for Public Safety. He also stated the decision to maintain services in the existing communities that have been served by NRI was presented to him by Dr. Irving. She also indicated which agencies were to be used in the new program being developed. Mr. Cutrone stated he was answerable to Dr. Irving.

In response to another question from Senator Barickman, Mr. Cutrone stated that by the time he was aware in detail of the problems with the NRI program, Dr. Irving had left State service, so he never asked her about why those original communities were selected and he did not make an effort to locate the analysis. Mr. Maziarz stated that no name was every presented to them except the analysis was conducted by DHS during Secretary Adams' tenure.

In response to another question posed to the auditors by Senator Barickman, Mr. Holland stated that auditors secured emails for Barbara Shaw and a number of people at DHS because they had left State service, but auditors talked with Malcolm Weems and Toni Irving.

In response to other questions from Senator Barickman, Mr. Cutrone did not know why West Englewood, the fourth most violent neighborhood, was excluded from

the NRI program, or why Logan Square, the 22<sup>nd</sup> most violent neighborhood, was selected for funding and not West Englewood. Mr. Cutrone stated that all identified high violence areas are being served under the ICJIA programs. Mr. Cutrone stated that no one provided analysis or justification for choosing Hermosa, the 48<sup>th</sup> most violent neighborhood. Mr. Cutrone clarified that since the beginning, the service provider for Hermosa, Fellowship Connection, also provides services to Albany Park and Humboldt Park.

In response to other questions from Senator Barickman, Mr. Cutrone had no knowledge of why or who was involved in the selection of certain south suburban communities for NRI. Mr. Cutrone was also unaware of the coordinating agencies that were added to the NRI program. He also did not know if direct agencies were providing funds to other pass through agencies.

In response to another question from Senator Barickman, Mr. Cutrone stated that no one expressed a concern to him that politics was being discussed at an IVPA Board meeting, and that the reference to the election could be interpreted as a discussion of timing rather than politics.

In response to another question from Senator Barickman, Mr. Cutrone stated that although there were 11 employees at IVPA at the time of the Governor's announcement, there was a plan to implement the program with a substantial increase in the number of IVPA staff. Mr. Holland stated that the audit shows that the agency was not able to administer a program of that magnitude.

In response to other questions from Senator Barickman about the IVPA Board, Mr. Holland stated that the Board was presented with a summary of the NRI program for the first time on September 30, 2010. Mr. Maziarz added that the Board meeting minutes show that they had concerns about the idea of funding a new program because some contractors were pretty far behind in their payment process.

In response to other questions from Senator Barickman about tracking hours of NRI employees, Mr. Cutrone spoke of contracting with the Community Assistance Program in Roseland that was able to keep timekeeping records electronically through phone calls. Mr. Cutrone stated that while ICJIA discussed this new contract, no mention was made of the \$155,000 in unexpended grant funds from NRI that had not been returned. Mr. Cutrone explained that when ICJIA contracted with the Community Assistance Program, the final close-out had not been completed on the Community Assistance Program and NRI. Mr. Cutrone stated that ICJIA is actively engaged in collecting uncollected and unspent NRI funds with considerable success. ICJIA requires the return of unspent funds from prior grant periods before issuing a payment for a new grant.

In response to other questions from Senator Barickman about the Chicago Area Project, Mr. Cutrone stated that ICJIA is making a total review of the grants given to the Chicago Area Project, but they were not instructed to do so by the Governor's Office.

Senator Barickman asked if the Chicago Area Project had returned \$150,000 in funds and Mr. Cutrone stated that they have recouped substantial funds from the Chicago Area Project, but he was unsure of the amount. The Senator asked why ICJIA would contemplate designating almost \$2 million in grant funds to the Chicago Area Project. Mr. Cutrone stated that the General Assembly instructed the agency in their appropriation bill to make a grant to the Chicago Area Project in each of two years for \$5 million. Senator Barickman wondered why the State continued to award funds to agencies that owe the State money.

In response to a questions from Senator Barickman on why ICJIA believes that the audit does not offer sufficient context to some of its findings, Mr. Cutrone stated that he had a number of examples of items where the impression needs to be corrected. Mr. Cutrone stated that the Governor's office saw and signed-off on ICJIA's responses to the audit. Mr. Cutrone explained that in a section of the first recommendation regarding that fact that the provider expended 72% of the contract funds without ever seeing any children in the Chicago Public Schools makes it sound like they spent 72% of their money without providing counseling service, which is not true. Due to the very lengthy delay in instituting services in the Chicago Schools, the lead agencies devised an alternative plan, providing counseling services in community settings rather than the schools. The audit does not provide the proper context. Representative Mautino stated that Mr. Cutrone agreed to provide answers to seven recommendations to the members in writing.

Mr. Holland responded that once the audit was complete, ICJIA was given three weeks to respond, and Mr. Cutrone asked for and received an additional three weeks, but instead of responding with specifics, he provided a statement suggesting the audit was misleading or incorrect. Mr. Maziarz stated that ICJIA had no documentation for their statements that disagreed with parts of the audit finding. He explained that while Mr. Cutrone could have used these undocumented statements in his responses that are printed in the audit, it is the auditors' policy to include only documented statements in the findings section of the audit report.

Senator Barickman stated that he believes the Audit Commission had only scratched the surface in finding out what happened to taxpayer funds used for NRI. He asked for emails for Barbara Shaw especially those including Dr. Irving and Mr. Weems.

Representative Mautino stated that the audit would remain open and he recognized that Representative Brauer did not have an opportunity to ask questions, but the Commission's meeting time had expired since the Senate was currently in session.

## **ADJOURNMENT**

There being no further business to come before the Commission, upon a motion properly made by Senator Brady, seconded by Representative Crespo and carried, the meeting adjourned at 11:25 a.m.

