

# LEGISLATIVE AUDIT COMMISSION



Performance Audit of  
State Moneys Provided to the  
Illinois Criminal Justice Information Authority  
For Community Based Violence Prevention Programs,  
The After-School Program, and the Chicago Area Project

April 2016

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Springfield, Illinois 62706  
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## **Performance Audit**

### **State Moneys Provided To The Illinois Criminal Justice Information Authority For Community Based Violence Prevention Programs, The After-School Program, and the Chicago Area Project**

**April 2016**

#### **RECOMMENDATIONS – 28 RECOMMENDATIONS REPEATED FROM PREVIOUS REPORT – 12**

**Accepted – 14  
Implemented – 13  
Partially Accepted and Under Study – 1**

## **Background**

### **Introduction**

The first Performance Audit of State Moneys Provided to the Illinois Violence Prevention Authority (IVPA) for the Neighborhood Recovery Initiative (NRI) revealed that IVPA had pervasive deficiencies in the planning, implementation, and management of the \$54.55 million NRI grant program in FY11 and FY12. Effective January 25, 2013, Public Act 097-1151 transferred the powers and responsibilities of IVPA to the Illinois Criminal Justice Information Authority (ICJIA).

On April 7, 2014, the Illinois House of Representatives adopted House Resolution Number 888, which directed the Auditor General to conduct a performance audit of the State moneys provided by or through the Illinois Criminal Justice Information Authority (ICJIA) to all community based violence prevention programs, the After-School Program, and the Chicago Area Project under contracts or grant agreements in FY13 and in FY14. Auditors were asked to determine the following:

1. The purposes for which State moneys were provided to ICJIA for the community based violence prevention programs, the After-School Program, and the Chicago Area Project;
2. The nature and extent of monitoring by ICJIA of how the programs used the State-provided moneys and whether certain residential communities of similar crime rates were excluded;
3. The actual use of the State moneys by ICJIA, including the identity of any sub-recipients and the amounts and purposes for employment;
4. The number of positions paid through the programs by organizational unit, job title, function, and salary and whether employees completed and filled out appropriate timesheets;

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5. The number of positions supervised or managed by each management position and whether any of those employees were supervised or managed by more than one management position;
6. Whether, through a review of available documentation, the programs met or were meeting the purposes for which the State moneys were provided, with specific information concerning the programs' staffing levels, hiring procedures, and its compensation of employees; and,
7. Whether the programs were in compliance with the applicable laws, regulations, contracts, and grant agreements pertaining to the programs' receipt of State moneys.

**Illinois Criminal Justice Information Authority**

ICJIA activities date back to 1973 when it was a division within the Illinois Law Enforcement Commission. ICJIA, established by executive order in 1982, began operating January 1, 1983, after passage of the Illinois Criminal Justice Information Act (20 ILCS 3930/1 et.seq.) by the Illinois General Assembly. Selected responsibilities of ICJIA are detailed in State statute and are listed in Exhibit 1-1.

ICJIA is overseen by a 24-member Board of Directors delineated in statute (20 ILCS 3930/4). The Governor appoints a chairman and all Governor appointees serve at the pleasure of the Governor for a term not to exceed four years. Exhibit 1-2 provides ICJIA Board membership during the audit period.

ICJIA policies and procedures require that all grant awards be presented to the Board's Budget Committee for approval. These approval presentations, known as designations, include information on the funds, proposed expenditures, and details of the award program.

Day-to-day operations at ICJIA are under the oversight of the Executive Director. During the course of this audit, leadership in the Executive Director's office changed.

The Federal and State Grants Unit (FSGU) oversees the federal and State assistance programs that ICJIA administers, including ten federal initiatives and the Illinois Motor Vehicle Theft Prevention Act. FSGU is responsible for developing program strategies, recommending programs to be funded, and monitoring all awards. The three grant areas covered by HR888, community based violence prevention programs, after-school programs, and the funding for the Chicago Area Project were all the responsibility of the FSGU. Additionally, the Office of Fiscal Management was responsible for filing of grant agreements and the Office of General Counsel reviewed each of the grant agreements before they were approved by the Board.

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<b>Exhibit 1-1 ICJIA RESPONSIBILITIES</b>	
1	Develop and operate comprehensive information systems for the improvement and coordination of all aspects of law enforcement, prosecution, and corrections.
2	Define, develop, and evaluate and correlate State and local programs and projects associated with the improvement of law enforcement.
3	Act as a central repository and clearing house for federal, State and local research studies, plans, projects, proposals, and other information.
4	Undertake research studies to aid in accomplishing its purposes.
5	Monitor the operation of existing criminal justice information systems in order to protect the constitutional rights and privacy of individuals.
6	Provide an effective administrative forum for the protection of the rights of individuals concerning criminal history record information.
7	Issue regulations, guidelines, and procedures which ensure the privacy and security of criminal history record information consistent with State and federal law.
8	Act as the sole administrative appeal body in the State of Illinois to conduct hearings and make final determinations concerning individual challenges to the completeness and accuracy of criminal history information.
9	Act as the sole, official, criminal justice body in the State of Illinois to conduct annual and periodic audits of the State central repositories for criminal history record information.
10	Advise ICJIA's Statistical Analysis Center.
11	Apply for, receive, and establish priorities for, allocate, disburse, and spend grants of funds that are made available by and received on or after January 1, 1983 from private sources or from the United States pursuant to the federal Crime Control Act of 1973.
12	Receive, expend, and account for such funds of the State of Illinois as may be made available to further the purposes of this Act.
13	Enter into contracts and cooperate with units of general local government or combinations of such units, State agencies, and criminal justice system agencies of other states for the purpose of carrying out the duties of ICJIA.
14	Establish general policies concerning criminal justice information systems and to promulgate such rules as are necessary.
15	Advise and make recommendations to the Governor and General Assembly on policies relating to criminal justice information systems.
16	Direct all other agencies under the jurisdiction of the Governor to provide whatever assistance ICJIA may lawfully require to carry out its functions.
17	Exercise any other powers that are reasonable and necessary to fulfill the responsibilities of ICJIA under this Act.
18	Exercise the rights, powers, and duties that have been vested in ICJIA by the Illinois Uniform Conviction Information Act, Motor Vehicle Theft Prevention Act, and Public Safety Agency Network Act.
19	Provide technical assistance in the form of training to local governments for the purposes of procuring grants for gang intervention and gang prevention programs.
Source: OAG developed from the Illinois Criminal Justice Information Act (20 ILCS 3930/7).	

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**Community Based Violence Prevention Program**

The Community Violence Prevention Program (CVPP) is a collaborative effort of public and private agencies that provides pro-social opportunities to youth in underserved communities. CVPP is the successor name for the Neighborhood Recovery Initiative (NRI). For purposes of this audit we will refer to the program as NRI/CVPP.

Contracts for the period beginning November 1, 2012, still referred to the program as NRI. Year 3 of NRI was for the period November 1, 2012 through October 31, 2013. Year 4 operated for the 10-month period November 1, 2013 through August 31, 2014. These two years will be defined as the scope of the audit for the NRI/CVPP examination.

ICJIA staff indicated that CVPP was a redesigned program from how NRI operated. CVPP components, according to ICJIA documentation, work to reduce deviant behaviors associated with risk factors, strengthen social skills, and increase parent leadership within the communities. CVPP is provided in 23 Chicago-area communities. The goals of the NRI/CVPP are provided in Exhibit 1-4.

Exhibit 1-4

**COMMUNITY VIOLENCE PREVENTION PROGRAM GOALS**

- Reduce risk factors and promote protective factors associated with violence through provision of jobs for community youth, adults, and professionals that promote community wellness and healthy behaviors, youth and parent leadership, and caring community environments.
- Provide community-based services for youth and young adults including social, emotional and job skill development, and mentoring.
- Building parent leadership within neighborhoods to create a foundation for stronger, healthier communities.

Source: ICJIA information.

**After-School Programs**

ICJIA supported a number of after-school programs in FY14. According to ICJIA documentation, after-school programs focus on social-cognitive skill development intervention in an effort to help youths develop these skills. A growing body of research in psychology, sociology, and economics suggests that social-cognitive skills are learned through experience. Youths who live in high-crime areas face additional challenges in developing these skills, since fighting and self-defense are sometimes adaptive strategies in addressing community-based threats to personal safety. Improving educational achievement, reducing youth violence, and improving the health and long-term life outcomes of disadvantaged youth are after-school program priorities.

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**Chicago Area Project**

Chicago Area Project (CAP) works toward the prevention and eradication of juvenile delinquency through the development and support of affiliated local community self-help efforts in Chicago communities where the need is greatest. Direct services occur through CAP's network of more than 40 affiliates offering educational, cultural, and recreational programs. CAP also advocates with neighborhood groups on behalf of their youth for improvements in schools, juvenile court systems, and employment opportunities.

**Report Conclusions**

Auditors found that there were many monitoring controls in place at ICJIA for the three grant programs. However, ICJIA did not enforce those controls. The audit of the Neighborhood Recovery Initiative/Community Violence Prevention Program (NRI/CVPP), the After-School Program (ASP) and monies provided to Chicago Area Project (CAP) found selection process issues, contract issues, monitoring issues, fund recovery issues, and questioned cost issues.

Years 3 and 4 of the NRI/CVPP Program covered the period November 2012 through August 2014 during which ICJIA expended \$28.4 million on the Program (\$11.2 in Year 3 and \$13.6 million in Year 4). These expenditures were made from GRF appropriations to ICJIA and from funds in a non-appropriated fund controlled by ICJIA. During years 3 and 4 of NRI/CVPP operations, 149 total agencies were involved in the Program and 28 were new to the Program in year 3 or year 4. Many of these same providers received an additional \$362 million in State funds from other activities in these years.

In FY14, ICJIA expended \$6.69 million on the After-School Program (ASP) initiative. Overall, 21 agencies were awarded funds with only 8 of 28 counties in "priority" areas being served by ASP funding.

In FY13, the Chicago Area Project (CAP) expended \$4.2 million in grants from ICJIA, and \$4.9 million in grants from ICJIA in FY14. CAP funded five violence prevention programs, outside of the NRI/CVPP activities for FY13-14 with budgets totaling \$3.6 million.

The issues revealed in the performance audit were as follows:

- **Selection Process Issues:** Auditors found that ICJIA:
  - Went outside its normal process and allowed an official from the Governor's Office to select the communities, providers, and funding levels for NRI/CVPP in Year 3 of the Program.

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- Selected grantees from only eight of 28 “priority” counties in the State for the ASP.
- **Contract Issues:** Examination of the contracts for the three grant programs found:
  - Contracts in all three grant programs were not executed timely.
  - ICJIA allowed CAP to shorten the FY13 grant period without amending the agreement. Additionally, ICJIA and CAP failed to execute a budget for the FY14 funding.
- **Monitoring Issues:** Examination of program information found:
  - Quarterly reporting was not timely for all three grant programs.
  - ICJIA failed to conduct site visits to ASP providers and was not timely in visits to NRI/CVPP providers.
  - Salaries charged to NRI/CVPP and CAP grants were in excess of figures reported in filings with the Attorney General.
  - ICJIA allowed CAP to hold between \$1 million and \$2 million over the course of the grant.
  - \$1.53 million in CAP funding that could not be reconciled to documents we received from CAP due to inaccuracies and/or inconsistencies in the documentation.
  - Required background checks for the NRI/CVPP program were not always completed.
  - Ineligible clients received reentry services for NRI/CVPP Program.
- **Fund Recovery Issues:** Analysis of Payment documentation and claimed expenses found:
  - Over \$2.2 million not recovered from NRI/CVPP Program; and
  - Nearly \$427,000 not recovered from the CAP funding.
- **Questioned Cost Issues:** Auditors tested provider expenditures and questioned:
  - Over \$289,000 in the NRI/CVPP Program;
  - Over \$532,000 in the ASP Program; and
  - Over \$318,000 in the CAP funding.

<b>ACRONYMS &amp; GLOSSARY</b>	
ICJIA	Illinois Criminal Justice Information Authority
NRI	Neighborhood Recovery Initiative. A program implemented by the State in October 2010; transferred to ICJIA in 2012; designed to reduce risk factors and promote protective factors associated with violence.

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CVPP	Community Violence Prevention Program. A program redesigned from NRI for Year 4; administered by ICJIA; designed to reduce deviant behaviors associated with risk factors, strengthen social skills, and increase parent leadership within the communities.
ASP	After-School Program
CAP	Chicago Area Project
DHS	Illinois Department of Human Services
YEP	Youth Employment Program. NRI/CVPP component that was to provide youth in Chicago area communities with job readiness training, mentoring, and part-time employment.
Parent Program	NRI/CVPP component that was to provide funding for parents to receive training on parenting and program orientation and then to act as Parent Leaders for various community projects that promote protective factors for child maltreatment.
Reentry Program	NRI component that was to fund case managers with a caseload of youth and young adults on parole in NRI/CVPP communities with services that could help them transition back to their communities and reduce recidivism.
Year 3	NRI program in operation at ICJIA November 1, 2012 – October 31, 2013.
Year 4	CVPP program in operation at ICJIA November 1, 2013 – August 31, 2014.
Lead Agency	Community organization that managed NRI/CVPP in its community by partnering and subcontracting with other community organizations to implement the various program components.
Participating Partner	Community organization that assisted in the delivery of day-to-day services for NRI/CVPP.

**Recommendations**

- 1. ICJIA should conduct due diligence on providers that are to be part of its grant programs. (Repeated-2014 #11)**

**Findings:** ICJIA went outside its normal approval process in the awarding of grants for NRI/CVPP. In Year 3 of the program, an official from the Governor’s Office provided

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ICJIA with the communities that were to be in the program, the grantees to be funded, and the grant award amounts to the providers. Even though 14% of the Year 3 providers were new to the program, auditors saw no evidence to support why the providers were selected.

**ICJIA Response:** Grants administered by ICJIA follow the requirements of The Federal & State Unit Policies and Procedures version December 2012 (FSUPP) which require funding recommendations based on a competitive bidding or needs-based allocation process. A competitive RFP is the standard method in which ICJIA identifies qualified grantees for grant fund designations. Despite these requirements being in place and a competitive RFP standard practice, the prior leadership of ICJIA, under the direction of the prior administration in the Governor's Office, disregarded FSUPP's requirement that funding recommendations be based on a competitive bidding or needs-based allocation process.

Under the current administration and current ICJIA leadership, ICJIA has and will continue to adhere to the requirements of the FSUPP. In addition, ICJIA's Federal and State Grants Units (FSGU), in partnership with ICJIA's Research & Analysis Unit (R&A) shall periodically perform an analysis of data indicating the greatest criminal justice and victim service priority issues and service gaps across Illinois. This analysis shall rely on objective data, such as crime statistics and victimization studies, demographic data, input from experts and system stakeholders, and a consideration of research studies and current efforts to address the priority issues and gaps in services identified. This analysis may also include the presentation of this information to an assembled Authority committee, such as the Victim Services ad-hoc Committee or the Budget Committee, when required by the grantor. The outcome of this analysis and the deliberations of such committees will help identify priority issues and service gaps that need to be addressed.

Finally, the Illinois Grant Accountability and Transparency Act (GATA), 30 ILCS 708/1 *et seq.*, requires that all grantees undergo a standardized fiscal and programmatic risk assessment. The implementation of GATA will allow ICJIA to better identify potential weaknesses that can either be addressed through more stringent oversight or by disqualifying certain grantees.

**Updated Response:** Implemented. ICJIA developed several competitive Requests for Application and Notices of Funding Opportunity (NOFOs) in 2016, which were based on research-supported data and analysis. ICJIA has continued to implement the use of NOFOs in 2017 to identify new grantees. ICJIA has also implemented the use of a programmatic risk assessment form under the new grant-making procedures of the Grant Accountability and Transparency Act (GATA). ICJIA will review its grantees' responses to the GATA Internal Control Questionnaire (ICQ), which details grantees' financial and

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administrative capacity, before making new grant awards. ICJIA is actively addressing its grantees' ability to effectively manage grant funds, pre-award and post-award.

- 2. ICJIA should ensure full compliance with all interagency agreements. Additionally, it should take steps to ensure that funds being transferred to other State agencies for distribution to community based organizations do not overlap with the community based organizations' ICJIA funds for similar purposes.**

**Findings:** ICJIA transferred \$1.7 million, or 11% of the Year 3 appropriation for NRI/CVPP, to DHS via an intergovernmental agreement (IGA). Additionally, ICJIA failed to adequately monitor the terms of the IGA with DHS for the transfer of \$1.7 million which resulted in DHS violating two sections of the IGA, relative to quarterly reporting and return of unspent funds.

DHS agreed to maintain adequate books, records, audits, and supporting documents to verify compliance and make those documents available to ICJIA.

As a result of the \$1.7 million transfer from the total \$15 million appropriated to ICJIA, ICJIA provided less services to their community based organizations for violence prevention programs. Reentry services were restored to additional communities in Year 4 when the entire \$15 million was utilized for NRI/CVPP.

Requesting Board approval for designation of the \$1.7 million transfer from ICJIA to DHS after the performance period started and on the same day the IGA was signed did not allow Board members to perform proper due diligence to determine if the funding will be effectively spent. Failure by ICJIA to monitor the IGA with DHS put the State at risk that certain youth would receive funds through both DHS' Summer Youth Program as well as ICJIA's NRI/CVPP Youth Employment Program.

**ICJIA Response:** Grants administered by ICJIA follow the requirements of FSUPP. The document details the proper process for the execution of agreements prior to their start date. All proposed designations require Budget Committee oversight and approval. Despite these requirements being in place, the prior leadership of ICJIA, under the direction of the prior administration in the Governor's Office, disregarded FSUPP's requirement that funding recommendations be based on a competitive bidding or need-based allocation process and improperly appropriating these funds. Under the current administration and current ICJIA leadership, ICJIA has and will continue to adhere to the requirements of the FSUPP.

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In addition, FSGU has established a process that proposed designations are presented 4-6 weeks prior to program start. FSGU will communicate justifications for this process exception, which is normally due to meeting schedule coordination, to the Budget Committee. The Budget Committee has the authority to approve or deny the designation. Additionally, ICJIA will initiate an internal program audit process to review all pending and outstanding agreements on a quarterly basis in addition to currently updating the FSUPP with additional conditions and requirements for implementation in 2nd Quarter 2016.

**Updated Response:** Implemented. ICJIA is currently addressing how to avoid duplicative funding to community-based organizations for the same scope of services. ICJIA has implemented the use of Exhibit G in the GATA Uniform Grant Agreement (UGA), which requires grantees to list all state agency contracts, into ICJIA's grant agreements. Additionally, ICJIA now requires designation approval from ICJIA's Board within 4-6 weeks prior to the start of a program.

- 3. ICJIA should ensure it has a proper understanding of the uses of its appropriations and payments for those obligations. Additionally, if the grant performance period for State grants is problematic, ICJIA should always require the grant period to coincide with the end of the State fiscal year.**

**Findings:** ICJIA received \$7.3 million from DHS to make NRI/CVPP payments in July and August 2014 for the program despite ICJIA having sufficient General Revenue Fund (GRF) appropriations to make the payments for those two months. The need for the transfer apparently was a misunderstanding by ICJIA officials, the result of which was fewer dollars for DHS to expend on its programs while ICJIA General Revenue Funds lapsed.

ICJIA officials misunderstood the position of the Comptroller's Office relative to FY14 GRF funds being used for payment of the last two months of the NRI/CVPP contracts. ICJIA officials used FY13 GRF monies to make payments through the lapse period at the end of FY13 for NRI/CVPP. In fact, 30% (\$4.5 million of \$15 million) of the FY13 appropriated monies paid to lead agencies was during the lapse period.

**ICJIA Response:** ICJIA agrees with the finding. Under the current administration and current ICJIA leadership, ICJIA now has the proper understanding of the uses of its appropriations and payments for those appropriations. This action was made by the prior ICJIA leadership under the direction of the prior administration in the Governor's Office. It is not a standard practice to receive funds under general appropriation that is not marked solely for ICJIA's program activities. State grants administered by ICJIA typically coincide with the State fiscal year. Federal grants administered by ICJIA have grant periods that are set by the federal government.

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**Updated Response:** Implemented. ICJIA has the proper understanding of fiscal procedures in the uses of its appropriations and payments for those obligations. In its grant-making activities for the “Stopgap” FY 2017, ICJIA adhered to the State Finance Act (30 ILCS 105/25(a)) in ensuring that the performance period of its grant programs coincided with specified appropriated term, ending on December 31, 2016.

**4. ICJIA should require, approve, and maintain copies of all contractual agreements for all services funded by or through the agency regardless of the amount or purpose of the agreement. (Repeated-2014 #16)**

**Findings:** ICJIA could not provide auditors all contracts between lead agencies and the providing agencies in Years 3 and 4 of NRI/CVPP nor did they require contracts for all services between lead agencies and providing partners in Year 4 of NRI/CVPP. Additionally, a lead agency in Rogers Park utilized contracts for providing agencies that did not contain budgets or all standard terms and conditions.

When asked about the lack of contracts between lead agencies and providing agencies in Year 4 of NRI/CVPP, the same ICJIA official provided the written guidance given to lead agencies in Year 4 of NRI/CVPP. The guidance states, “An agency designated \$25,000 or less AND are not providing crucial services (for example, the agency is only providing program space) does not require a subagreement. The lead agency may place the cost within the contractual category of their budget.”

In a separate conversation with the same official regarding Year 4 contracts with providing agencies, the official was asked whether lead agencies would have executed agreements with the providing agencies even though ICJIA did not have to approve such agreements. The official reported that ICJIA assumes there would be executed agreements.

**ICJIA Response:** FSUPP details the proper process for management of agreements prior to and after execution. This process details the requirement to file the original signed agreement and any other original documents in a Masterfile stored in the ICJIA offices. Despite these requirements being in place, the prior leadership of ICJIA, under the direction of the prior administration in the Governor's Office, disregarded FSUPP when executing these contracts. Under the current administration and current ICJIA leadership, ICJIA has and will continue to adhere to the requirements of the FSUPP. Additionally, ICJIA will implement an update before the end of the 2nd Quarter 2016 to FSUPP, with additional grant monitoring requirements that will streamline and add efficiencies to our operation. Finally ICJIA will initiate an internal program audit process to review all pending and outstanding agreements on a quarterly basis.

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**Updated Response:** Implemented. ICJIA's updated Federal & State Unit Policies and Procedures (FSUPP) is currently being codified and should be completed by September 2017. The updated FSUPP addresses many of the major concerns related to site visits. ICJIA is preparing to train staff and implement the FSUPP changes in the fall of 2017.

FSUPP requires that ICJIA maintain all contracts and agreements in the relevant master file. Under the new requirements, a site visit would be required within the first six months of a new program and then, at a minimum, once every 12 months for high-risk grantees and once every 24 months for medium and low-risk grantees. Site visits would also be required when programmatic or compliance issues demonstrate the need for a more immediate visit. For equipment and/or technology grants, ICJIA grant staff will site visit a sample of at least 10 percent of programs to confirm equipment purchases, relevant accounting documents, and uses of equipment.

- 5. ICJIA should ensure that there is timely execution of all contracts for grant services, including the NRI/CVPP program. Further, ICJIA should follow its own policies and not allow the contracts to be signed if not executed within six months of the start date. Additionally, ICJIA should consider only allowing service providers to initiate grant services after an executed contract has been approved. (Repeated-2014 #12)**

**Findings:** ICJIA failed to timely execute contracts for the NRI/CVPP Program with lead agencies. Further, the contracts for community service providers that contract with the lead agencies, which were approved by ICJIA, were also not timely. Additionally, five grants with providers were signed more than six months after the start of the grant, in violation of ICJIA agreement process policy. Finally, ICJIA allowed grantee agencies to work on NRI/CVPP activities prior to execution of the contractual agreements.

During review of NRI/CVPP grantee files maintained at ICJIA, auditors analyzed the execution of contractual grant agreements by ICJIA and found execution to not be timely. Auditors examined all 200 potential contractual agreements over Years 3 and 4 of the NRI/CVPP program. Some agreements were maintained in the NRI/CVPP files at ICJIA, others had to obtain through communications with lead agencies.

An ICJIA legal counsel told auditors that lead agencies had to wait to execute the agreements with the service providers in the communities until ICJIA had approved the agreements.

**ICJIA Response:** FSUPP details the proper process for the execution of agreements prior to their start date. Despite these requirements being in place, the prior leadership of ICJIA, under the direction of the prior administration in the Governor's Office,

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disregarded FSUPP when executing these contracts. Under the current administration and current ICJIA leadership, ICJIA has and will continue to adhere to the requirements of FSUPP. Additionally, ICJIA will implement an update before the end of the 2nd Quarter 2016 to FSUPP with additional grant monitoring requirements that will streamline and add efficiencies. Finally, ICJIA will initiate an internal program audit process to review all pending and outstanding agreements on a quarterly basis.

**Updated Response:** Accepted. ICJIA now endeavors to execute all grant agreements prior to the program start. ICJIA will not execute an agreement for a program six months past the program start date.

- 6. ICJIA should enforce provisions of grant agreements and require timely fiscal reporting by providers that contain accurate approved budget numbers and explanations when the expenses change. Additionally, ICJIA, when it delegates its responsibility for community oversight to lead agencies, should implement the necessary controls to ensure lead agencies enforce contract provisions relative to timely fiscal reporting. Finally, ICJIA should always collect and review quarterly fiscal reports from all program providers to not only comply with contract provisions but to maintain adequate oversight of State dollars. (Repeated-2014 #13)**

**Findings:** NRI/CVPP agencies failed to timely submit quarterly fiscal reports to either the lead agencies or ICJIA. In many instances the fiscal reports submitted contained inaccurate approved budget figures and different claimed expenses from quarter to quarter (e.g., the amount at the end of the quarter was not the same as the beginning of the next quarter as it should have been). Additionally, ICJIA failed to retain in its files fiscal reports on all the providers in Year 3 of the program despite a contractual requirement that these reports be submitted to ICJIA. Finally, in Year 4, ICJIA weakened the control over fiscal monitoring by removing this requirement from grant agreements. The results are summarized in Exhibit 2-8.

Exhibit 2-8 <b>NRI/CVPP PROGRAM QUARTERLY REPORTING ANALYSIS</b> Program Years 3 and 4				
	<i>Program Year 3</i>			
	<i>Providing Agencies</i>	<i>% of Total</i>	<i>Lead Agency</i>	<i>% of Total</i>
Total Number of Quarterly Reports Required	415	---	110	---
Fiscal Report Submitted Timely:				
Yes	120	29%	59	54%
No	159	38%	48	44%

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Unknown/Undated	23	6%	3	3%
No Report Submitted	113	27%	0	0%
Maximum Number of Days Late	313	---	271	---
Average Number of Days Late	35	---	38	---
Required Two Different Signatures				
Yes	223	54%	91	83%
No	79	19%	19	17%
No Report	113	27%	0	---
Program Report Submitted				
Yes	161	39%	94	85%
No	254	61%	16	15%
	<i>Program Year 4</i>			
	<i>Providing Agencies</i>	<i>% of Total</i>	<i>Lead Agency</i>	<i>% of Total</i>
Total Number of Quarterly Reports Required	317	---	110	---
Fiscal Report Submitted Timely:				
Yes	117	37%	37	34%
No	126	40%	66	60%
	<i>Providing Agencies</i>	<i>% of Total</i>	<i>Lead Agency</i>	<i>% of Total</i>
Unknown/Undated	3	1%	2	2%
No Report Submitted	71	22%	5	5%
Maximum Number of Days Late	192	---	251	---
Average Number of Days Late	37	---	47	---
Required Two Different Signatures				
Yes	222	70%	101	92%
No	24	8%	4	4%
No Report	71	22%	5	5%
Program Report Submitted				
Yes	94	39%	75	85%
No	148	61%	13	15%
Source: OAG developed from quarterly fiscal reporting forms.				

Examination of the fiscal reports found that provider and lead agencies would utilize budget figures on the forms which did not agree with what was approved in the grant budget. These inconsistencies were not supported by budget revisions approved by ICJIA. Additionally, the amount of claimed expenses from the end of one quarter to the beginning of the next quarter was not always the same. Exhibit 2-9 provides an example based on fiscal reports for a reentry provider from the Auburn Gresham community in Year 3 of the program.

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Exhibit 2-9 <b>FISCAL REPORT INCONSISTENCIES EXAMPLE TARGET AREA DEVELOPMENT CORPORATION REENTRY PROVIDER IN AUBURN GRESHAM COMMUNITY Program Year 3</b>							
Budget Category	Contract Budget	Budget Figure Used on Fiscal Report					Closeout Report
		11/1/12-12/31/12	1/1/13-3/31/13	4/1/13-6/30/13	7/1/13-8/31/13	7/1/13-9/30/13	
Personnel	\$40,388.00	\$40,388.00	\$40,388.00	\$39,249.00	\$31,761.70	\$32,707.50	\$31,761.70
Equipment	\$0.00	\$0.00	\$0.00	\$1,500.00	\$0.00	\$1,250.00	\$0.00
Commodities	\$843.70	\$843.70	\$843.70	\$982.20	\$713.00	\$818.50	\$713.00
Travel	\$1,332.00	\$1,332.00	\$1,332.00	\$492.80	\$123.30	\$410.67	\$123.30
Contractual	\$7,436.30	\$7,436.30	\$7,436.30	\$7,776.00	\$4,902.00	\$6,480.00	\$4,902.00
Total	\$50,000.00	\$50,000.00	\$50,000.00	\$50,000.00	\$37,500.00	\$41,666.67	\$37,500.00
<i>Cumulative Expenses Last Quarter</i>		\$0.00	\$0.00	\$8,843.55	\$18,720.25	\$17,243.21	\$28,312.33
<i>Cumulative Expenses to Date</i>		\$0.00	\$3,841.25	\$19,175.65	\$28,312.33	\$30,637.36	\$32,114.40
<i>Report Due Date</i>		1/10/13	4/10/13	7/10/13	9/10/13	10/10/13	11/30/13
<i>Report Submitted</i>		3/26/13	4/16/13	7/13/13	3/25/14	10/15/13	3/25/14
Source: OAG developed from ICJIA information.							

**ICJIA Response:** ICJIA's FSUPP requires fiscal reports on a quarterly basis. Despite these requirements being in place, the prior leadership of ICJIA, under the direction of the prior administration in the Governor's Office, disregarded FSUPP's requirement to make these reports. Under the current administration and current ICJIA leadership, ICJIA has and will continue to adhere to the requirements of FSUPP. In addition, ICJIA has and will continue to enforce the provisions of the grant agreements and require timely fiscal reports.

**Updated Response:** Accepted. ICJIA is addressing the challenges inherent in administering and overseeing the entire program activities and fiscal performance of expansive, multi-tiered grant programs like the Community Violence Prevention Program (CVPP), which included approximately 23 lead agencies and 149 providing partners.

Notably, ICJIA has instituted a Lead Agency policy that will define the role and responsibilities of lead agencies. The policy details lead agencies' fiscal oversight and quality assurance responsibilities of their sub-grants. Lead agencies are to monitor sub-grantees to ensure compliance with state and/or federal statutes, regulations, and the terms and conditions of the sub-grant agreement. All sub-grantees must comply with GATA requirements and submit quarterly data and fiscal reports to their lead agency. ICJIA will monitor lead agencies' performance and administrative oversight through periodic progress reports and site visits.

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Further, the updated FSUPP will require that ICJIA’s grants unit maintain all fiscal reports in ICJIA’s master files, including the final fiscal reports of sub-grantees. Having all fiscal reports will ensure that both ICJIA’s grantees and sub-grantees are in compliance with contractual and budgetary commitments.

- 7. ICJIA should consider revising its grant process to require the identification of individuals who are to be charged to the grant. Additionally, ICJIA should consider revising its fiscal reporting to have grantees report the identities of the staff charged to the grant funds on a quarterly basis. Finally, ICJIA should revise its process to ensure that providers do not charge grant funds in excess of the amounts the providers actually pay the staff who work on the grant.**

**Findings:** ICJIA failed to require the identification of individuals by name who were to be paid with NRI/CVPP grant funds. The sample examination found 18 instances where the salaries of the position titles listed in grant budgets were higher than what the individuals holding those position titles actually were paid by the providers, as reported by the providers on a report to the Attorney General. While there may be explanations for differences, ICJIA did not seek those explanations. When the State grant pays out at a rate higher than the individual actually earns, State monies may not be expended on program purposes.

Auditors examined the budgets of all 200 potential contractual agreements maintained in the NRI/CVPP files at ICJIA, as well as communicated with lead agencies that had not executed agreements with all its subgrantees. Auditors performed a comparison (see Exhibit 2-10) between the salary figures listed in the grant budgets and the salary figures reported by the providers for the same job titles on the Illinois Charitable Organization Annual Report maintained by the Illinois Attorney General. Auditors found 18 instances where the salary in the budget for the grant was higher than the salary listed as paid compensation in the Annual Reports. These differences would result in ICJIA-paid grant funds being in excess of what was paid as wages to the individuals in those job titles.

<b>Exhibit 2-10 NRI/CVPP GRANTS - SALARY DIFFERENCES Program Years 3 and 4</b>						
	<i>Community</i>	<i>Provider</i>	<i>Year</i>	<i>Position</i>	<i>Budget Salary</i>	<i>Annual Report Salary</i>
1	Englewood	Changing Life Education Initiative	3	Financial Officer	\$50,616	\$11,569
2	Englewood	Changing Life Education Initiative	4	Financial Officer	\$50,616	\$3,825

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3	Albany Park	Albany Park Neighborhood Council	3	Executive Director	\$70,000	\$66,065
4	Brighton Park	Pilsen Wellness Center	4	Corporate Compliance Officer	\$90,000	\$85,018
5	Brighton Park	BUILD, Inc.	4	Director of Operations	\$67,000	\$62,211
6	Cicero	Corazon Community Services	3	Executive Director	\$75,000	\$69,616
7	Cicero	Youth Crossroads, Inc.	3	Executive Director	\$82,000	\$78,540
8	Greater Grand Crossing	Greater Auburn Gresham Development Corporation	3	Executive Director	\$75,000	\$72,247
9	Hermosa	Fellowship Connection	3	Executive Director	\$80,000	\$45,907
10	Hermosa	Segundo Ruiz Belvis Cultural Center	3	Executive Director	\$60,000	\$55,000
11	Humboldt Park	Puerto Rican Cultural Center	3	Executive Director	\$60,230	\$49,500
12	Multiple	Healthcare Alternative Systems	3	Human Resources VP	\$93,194	\$87,610
13	Multiple	Healthcare Alternative Systems	4	Human Resources VP	\$98,040	\$92,367
14	Multiple	Healthcare Alternative Systems	4	Controller	\$90,100	\$82,000
15	Pilsen-Little Village	Latinos Progresandro	3	Director of Development	\$45,000	\$25,000
16	West Chicago	Goodcity	3	Chief Financial Officer	\$94,537	\$88,435
17	Thornton Township	Thornton Township Youth Committee	3	Executive Director	\$115,000	\$15,000
18	Thornton Township	Thornton Township Youth Committee	4	Executive Director	\$61,000	\$20,394
Source: OAG developed from NRI/CVPP grant agreements and Annual Reports on file at the Attorney General's Office.						

ICJIA's Associate Director of the Federal and State Grants Unit reported that ICJIA did not require specific names for personnel because employees change. She said ICJIA only requires titles and that this reduces the number of budget revisions.

**ICJIA Response:** Grants administered by ICJIA follow the requirements of FSUPP. ICJIA is currently in the process of updating the FSUPP with additional conditions and requirements for implementation in 2nd Quarter 2016. As part of this update, we are revising the type of fiscal reports we require from our grantees and the fiscal reports due dates, thus allowing a more granular review of details related to grantee expenses, income and match funds. These revised forms will be the foundation documents for the internal program audit process to review the fiscal reports, in addition to the supplemental documents on personnel, equipment and other line item expenses with the use of grant funds. This review will identify the person paid with grant funds and any payment discrepancies.

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**Updated Response:** Implemented. ICJIA recently updated its quarterly fiscal form to provide more detail of its grantees' salary expenditures. ICJIA also instituted more stringent time-keeping requirements for grant-funded personnel, which includes time certifications based on the employee's full time equivalent (FTE) on the program. In all grant agreements, ICJIA has implemented the use of Section C of the GATA Uniform Budget Template, which requires the grantee to detail personnel expenses funded by the grant, including the employee's name, position, salary/wage, and percentage of time charged to the grant. Finally, during grantee audits, ICJIA's Grantee Auditor will verify the salary of grant-funded staff by reviewing payroll-related documents to ensure grantees are not charging grant funds in excess of the salary amounts stipulated in the approved grant budgets.

**8. ICJIA should comply with its policy and conduct timely site visits of new program grantees for effective monitoring of the programs.**

**Findings:** ICJIA violated its policy by not completing site visits to NRI/CVPP lead agencies in a timely manner. The site visits that were completed were, on average, 124 days past due. Additionally, three communities had the site visit completed after Year 3 of the program was completed. Finally, ICJIA failed to conduct a site visit in either Year 3 or 4 for a lead agency that was new to the program, and whose Board members had operated a former NRI lead agency, an agency which owed money to the State when it went out of business.

Auditors examined all the community files for the NRI/CVPP program for Years 3 and 4. Within those files was documentation to support when ICJIA conducted site visits to lead agencies. Analysis is presented in Exhibit 2-11.

Exhibit 2-11 <b>ICJIA NRI/CVPP SITE VISIT ANALYSIS</b> Program Year 3 (November 1, 2012-October 31, 2013)					
	<i>Community</i>	<i>NRI/CVPP Lead Agency</i>	<i>Site Visit Deadline (Program Start + 180 Days)</i>	<i>Site Visit Date</i>	<i># Days Late</i>
1	Albany Park	Albany Park Community Center	04/30/13	08/14/13	106
2	Auburn Gresham	Catholic Bishop of Chicago-St. Sabina	04/30/13	11/13/13	197
3	Austin	Circle Family Healthcare Network	04/30/13	08/15/13	107
4	Brighton Park	Pilsen Wellness Center	04/30/13	08/21/13	113
5	Cicero	Corazon Community Services	04/30/13	08/29/13	121
6	East Garfield Park	Uhlich Children's Advantage Network	04/30/13	08/20/13	112

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7	Englewood	Children's Home and Aid Society of Illinois	04/30/13	08/13/13	105
8	Grand Boulevard	Chicago Area Project	04/30/13	11/13/13	197
9	Greater Grand Crossing	Greater Auburn Gresham Development Corporation	04/30/13	08/20/13	112
10	Hermosa	Fellowship Connection	04/30/13	08/27/13	119
11	Humboldt Park	Chicago Commons	04/30/13	08/20/13	112
12	Logan Square	Alliance of Local Service Organizations	04/30/13	08/15/13	107
13	Maywood	Proviso Leyden Council for Community Action	04/30/13	08/15/13	107
14	North Lawndale	Sinai Community Institute	04/30/13	08/22/13	114
15	Pilsen-Little Village	Fellowship Connection	04/30/13	08/27/13	119
16	Rogers Park	Organization of the North East	04/30/13	08/15/13	107
17	Roseland	Community Assistance Programs	04/30/13	08/13/13	105
18	South Shore	Black United Fund of Illinois, Inc.	04/30/13	09/20/13	143
19	West Chicago	Goodcity NFP	04/30/13	08/22/13	114
20	West Garfield Park	Chicago Area Project	04/30/13	11/13/13	197
21	Woodlawn	Woodlawn Children's Promise	04/30/13	No Site Visit	
22	Bloom/Rich Township	Southland Health Care Forum	04/30/13	08/20/13	112
23	Thornton Township	Healthcare Consortium of Illinois	04/30/13	08/16/13	108
<i>Average # of Days Late</i>					<b>124</b>
Source: OAG developed from ICJIA NRI/CVPP documentation.					

**ICJIA Response:** Accepted. Grants administered by ICJIA follow the requirements of FSUPP. The document details the proper process for conducting site monitoring. ICJIA will adhere to those requirements. Despite these requirements being in place, the prior leadership of ICJIA, under the direction of the prior administration in the Governor's Office, disregarded FSUPP's requirement and its own policies. Under the current administration and current ICJIA leadership, ICJIA has and will continue to adhere to the requirements of FSUPP. In addition, ICJIA maintains a requirement to conduct a site visit within 6 months of a new program inception, and every 24 months thereafter (at minimum).

- 9. ICJIA should ensure that all required background checks have been completed for all required grant programs, including the NRI/CVPP program. Additionally, ICJIA should consider requiring some type of background check or waiver for employer staff who participate in programs where the State is placing youth. (Repeated-2014 #15)**

**Findings:** Required background checks were not always completed on the adults who worked in the NRI/CVPP program. Additionally, while ICJIA told some providers in Year 4 that background checks were not required, contracts were not amended to include this change. Finally, while the Youth Employment Program component of the NRI/CVPP

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program placed youth in private employment, ICJIA did not require adults in these employment situations to have background checks.

During site testing of 20 agencies, which is summarized in Exhibit 2-12 on the following page, auditors found that only 48% (224 of 467) of the required background checks were completed or maintained in the agency files. Additionally, 56% of the background checks were completed (125 of 224) after the employee started working on the program.

ICJIA did not require any background check on the individuals that employed youth sent from the State grant program although these individuals would spend the most time with the youth as part of the program.

**ICJIA Response:** Implemented. Background checks are not a requirement of the current FSUPP. ICJIA, on program-by-program basis, will require background checks or some other validation method as a requirement for employee staff who participate in programs which place youth. ICJIA will assess the need for background checks based on the scope of the program and persons funded by the grant.

Exhibit 2-12 <b>BACKGROUND CHECK ANALYSIS FOR EXPENSE TESTING SAMPLE</b> Program Years 3 and 4						
	<i>Provider</i>	<i>Required Number Checks</i>	<i>Number Checks Completed</i>	<i>Percent Checks Completed</i>	<i># Checks Completed After Start Date</i>	<i>Percent Completed After Start Date</i>
1	Pilsen Wellness Center	6	5	83%	0	0%
2	Children's Home & Aid Society of Illinois	5	4	80%	1	25%
3	Corazon Community Services	62	18	29%	18	100%
4	Goodcity NFP	7	2	29%	2	100%
5	Chicago Commons	28	27	96%	12	44%
6	Ebenezer Community Outreach	21	11	52%	8	73%
7	The Miracle Center	8	4	50%	1	25%
8	Impact Ministries	1	0	0%	0	N/A
9	Centro Sin Fronteras	2	0	0%	0	N/A
10	Chicago Area Project	43	16	37%	14	88%
11	The Answer, Inc.	2	0	0%	0	N/A
12	Blocks Together	45	36	80%	8	22%
13	Developing Communities Project	36	4	11%	4	100%
14	Enlace Chicago	93	49	53%	48	98%
15	Greater Auburn Gresham Development Corporation	93	42	45%	4	10%

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16	New Life Knew Solutions	2	1	50%	1	100%
17	Mt. Vernon Baptist Church	1	0	0%	0	N/A
18	The Beloved Community	7	4	57%	4	100%
19	Latino Cultural Exchange	2	0	0%	0	N/A
20	Treatment Alternatives for Safe Communities	3	1	33%	0	0%
<b>Total</b>		<b>467</b>	<b>224</b>	<b>48%</b>	<b>125</b>	<b>56%</b>
Source: OAG developed from ICJIA and Provider NRI/CVPP documentation.						

- 10. ICJIA should take the steps necessary to ensure that providers are complying with participation requirements of grant agreements and not simply delegating oversight to other entities. Additionally, ICJIA should review all reentry service providers for Years 3 and 4 of the NRI/CVPP program to determine if ineligible clients were served, whether the ineligibility was because of parole status, age, or type of crime. Finally, ICJIA should recover State grant funds that would have been spent on these ineligible clients from the service providers. (Repeated-2014 #14)**

**Findings:** During Year 3 of NRI/CVPP, providers of reentry services provided services to ineligible clients in violation of the grant agreement. While ICJIA was made aware of this situation, ICJIA did not provide any documentation to auditors to show it had taken action against the violating providers. In fact, it awarded nearly \$300,000 in reentry contracts to the same providers in Year 4.

**ICJIA Response:** Grants administered by ICJIA follow the requirements of the FSUPP. ICJIA is currently in the process of updating the FSUPP with additional conditions and requirements for implementation 2nd Quarter 2016. As part of this update we are revising the type and submittal schedules for the fiscal reports that will allow a more granular review of details related to grantee expenses, income and match funds. These revised forms will be the foundation documents for the internal program audit process to review the fiscal reports, in addition to the supplemental documents on personnel, equipment and other line item expenses with the use of grant funds. This review will identify the person paid with grant funds and any payment or contractual discrepancies.

ICJIA's Office of General Counsel (OGC) will investigate the providing agencies that served ineligible non-parolees in the Re-entry component of the CVPP program. Recovery actions under the GFRA will be initiated on a case-by-case basis after OGC evaluates the programmatic errors.

**Updated Response:** Accepted. ICJIA's Lead Agency policy now defines lead agencies' fiscal oversight and quality assurance responsibilities of their sub-grants. The policy

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requires lead agencies to monitor and provide technical assistance to sub-grantees. ICJIA will monitor lead agencies' performance and administrative oversight through periodic progress reports and site visits.

In the Year 4 CVPP re-entry sub-agreements, re-entry providers committed to “[e]ngaging the target population of juveniles returning to the community from the Department of Juvenile Justice (DJJ) youth centers, and 13-28 year olds youth and young adults reentering from Department of Correction (DOC) correctional facilities).” The age range of “targeted” re-entry clients was widened from 17-24 in Year 3 to 13-28 in Year 4 in order to provide services to a larger population of individuals returning from DJJ and DOC.

According to a report published in October of 2016 by ICJIA's Research & Analysis (R & A) Unit, the CVPP re-entry program enrolled over 150 youth, ages 13 to 20, who had completed a period of incarceration in DJJ, and over 360 young adults, ages 17 to 28, who had returned from DOC facilities. ICJIA's fiscal audit investigation revealed that no contractually ineligible re-entry clients received grant-funded services which would support recovery action.

In future grant programs in which ICJIA seeks to limit eligibility requirements of participants, ICJIA will clearly set forth these requirements in the grant agreement.

- 11. ICJIA should enforce provisions of grant agreements and ICJIA guidelines relative to the purchase of equipment by providing agencies. ICJIA should either require the mandatory correspondence and maintain that in its files, or not allow the purchase expenses by the providers. Finally, ICJIA should determine whether the dollar amount of the exceptions noted by auditors should be recovered from providing agencies.**

**Findings:** ICJIA, and its lead agencies for NRI/CVPP in Years 3 and 4 of the program, failed to enforce provisions of grant agreements and ICJIA guidelines regarding a time restriction on the purchase of equipment. Analysis showed that over \$100,000 in equipment was purchased outside the time frame delineated in the contracts and guidelines.

Auditors examined the Property/Inventory Reports that were required to be submitted with the yearly final fiscal closeout reports for the NRI/CVPP program to determine when equipment was purchased. The results, summarized by community, are presented in Exhibit 2-13. The Exhibit includes the technical assistance provider which worked across communities.

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<b>Exhibit 2-13  NRI/CVPP PROGRAM EQUIPMENT PURCHASES MADE OUTSIDE OF 90-DAY PERIOD  Program Years 3 and 4</b>		
<b><i>Community</i></b>	<b><i>Year 3</i></b>	<b><i>Year 4</i></b>
Albany Park	\$1,392.88	\$399.00
Auburn Gresham	\$1,664.87	\$2,033.86
Austin	\$2,829.97	\$4,265.67
Brighton Park	\$0.00	\$0.00
Cicero	\$198.47	\$1,634.92
East Garfield Park	\$1,339.00	\$0.00
Englewood	\$2,100.00	\$0.00
Grand Boulevard	\$5,199.09	\$2,907.99
Greater Grand Crossing	\$3,201.24	\$0.00
Hermosa	\$24,303.51	\$0.00
Humboldt Park	\$350.00	\$0.00
Logan Square	\$2,570.00	\$529.29
Maywood	\$0.00	\$6,726.89
North Lawndale	\$5,033.54	\$0.00
Pilsen-Little Village	\$8,312.69	\$6,861.85
Rogers Park	\$251.00	\$0.00
Roseland	\$0.00	\$0.00
South Shore	\$1,088.97	\$0.00
West Chicago	\$1,814.43	\$678.84
West Garfield Park <sup>(1)</sup>	\$0.00	\$0.00
Woodlawn	\$6,810.00	\$1,309.69
Thornton Township	\$1,087.98	\$602.39
Bloom/Rich Township	\$499.19	\$2,512.97
IL African American Coalition <sup>(2)</sup>	\$2,108.73	\$0.00
<b><i>Total</i></b>	<b><i>\$72,155.56</i></b>	<b><i>\$30,463.36</i></b>
NOTE: <sup>(1)</sup> The amounts reported for West Garfield Park are for the providing agencies ONLY. Equipment purchases by CAP as the LEAD and YEP provider in both Grand Boulevard and West Garfield Park are included with Grand Boulevard.		
NOTE: <sup>(2)</sup> Provided technical assistance and networking for NRI/CVPP.		
Source: OAG developed from ICJIA and providing agency reports.		

**ICJIA Response:** ICJIA is currently in the process of updating the FSUPP with additional conditions and requirements for implementation 2nd Quarter 2016. As part of this update we are revising the type of fiscal reports we require from our grantees and the fiscal reports due dates, thus allowing a more granular review of details related to grantee expenses, income and match funds. These revised forms will be the foundation documents for the internal program audit process to review the fiscal reports in addition

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to the supplemental documents on personnel, equipment and other line item expenses with the use of grant funds. This review will identify the equipment purchased with grant funds and any payment, procurement or budget discrepancies. We will develop a procedure that requires grantees to provide confirmation of equipment purchases within the stated timeframes of the grant agreement. ICJIA's Fiscal Department will verify any prohibited CVPP equipment expenditures. OGC will then initiate recovery actions under the Grant Funds Recovery Act against providing agencies for any unallowable or undocumented equipment expenditures.

**Updated Response:** Implemented. The late execution of many CVPP grant agreements impeded the timely purchase of budgeted equipment items. ICJIA's Year 3 CVPP grant agreements did not require that an item of equipment be purchased within 90 days after the start date of the agreement. ICJIA has initiated recovery action against Year 4 providing agencies that have violated this provision with unduly delayed equipment purchases. And ICJIA has recently updated its quarterly fiscal form to provide greater detail of its grantees' expenditures, including equipment purchases.

Further, ICJIA has now implemented the GATA UGA for all its federal and state grant programs. This agreement formalizes ICJIA's existing policy, requiring a grantee that has purchased an equipment item beyond 90 days after the start date of the grant agreement to submit a letter explaining the purchase delay. ICJIA may then respond by reducing funding, canceling the grant agreement, or allowing a reallocation of the funding. Finally, in upcoming grantee audits, ICJIA's Grantee Auditor will review and verify that the grantee 1) purchased budgeted equipment within 90 days of the grant start date, and 2) is properly maintaining inventory records for equipment purchases.

**12. ICJIA should require all vendors to comply with information requests necessary to conduct complete evaluation of State grant programs. Further, ICJIA should look to implement penalties on vendors who fail to comply with these information requests. Finally, ICJIA should require evaluation contractors to comply with contractual requirements and submit required deliverables or seek to recover funds if those deliverables are not submitted. (Repeated-2014 #6)**

**Findings:** ICJIA failed to enforce provisions of an intergovernmental grant agreement with the University of Illinois at Chicago (University) for an evaluation project. ICJIA did not require the University to submit the deliverables outlined in the grant agreement. Additionally, data which was required to be submitted by community partners under NRI/CVPP for evaluation was not always submitted. Finally, ICJIA research staff was prohibited from sharing information with its grants staff responsible for oversight of the NRI/CVPP awards.

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In the previous audit of the NRI program, the Auditor General cited the former oversight agency for failure to enforce contract provisions relative to community partners submitting the required data for evaluation or seek to remove community partners from the program. ICJIA, as the successor agency for the program, agreed with the recommendation and stated that it would “*require lead and subcontracting provider agencies to submit data as called for in contracts.*” (emphasis added)

An ICJIA official told auditors regarding deliverables that “*there were issues with [contractor] that prevented UIC from obtaining a complete and adequate database to perform their analysis.*”

**ICJIA Response:** FSUPP details the proper process for the execution of agreements prior to their start date. ICJIA will initiate an internal program audit process to review all required program deliverables on a quarterly basis, in addition to currently updating the FSUPP with additional conditions and requirements for implementation 2nd Quarter 2016. OGC is currently investigating the use of grant funds from this evaluation contract. The matter is currently in the informal hearings stage of GFRA proceedings.

**Updated Response:** Partially Accepted/Under Study. ICJIA is currently exploring enforcement mechanisms for grantee participation in research studies and evaluations by ICJIA’s Research Unit. As a research organization that receives federal funding, ICJIA houses its own internal Institutional Review Board (IRB). ICJIA’s IRB ensures certain protections are in place to safeguard the rights and welfare of human subjects in many of ICJIA’s studies. These IRB-approved studies require, under federal regulations, that subjects be informed that the study is voluntary and refusal to participate would not result in penalties or benefits, including loss of grant funding. ICJIA is currently developing a Data Sharing policy which will provide guidance on its practice and procedure of gathering data from its grantees and other partner organizations. This policy will include compliance oversight on the participation of its grantees with information requests and performance evaluations that do not fall within the regulatory ambit of its IRB.

After an extensive inquiry, ICJIA has concluded that no actionable claim exists on the 2013 CVPP evaluation contract. The contract with the software database vendor, which was used in previous studies by the Illinois Violence Prevention Authority, lacked detailed deliverables. Further, ICJIA made final payment in January of 2014 upon receipt of the database. Moving forward, ICJIA will ensure that its contracts provide quantifiable and specific deliverables, and refrain from making final payment until these deliverables are satisfactorily met.

Finally, ICJIA has implemented the use of the UGA’s Exhibit E, Performance Measures, which requires grantees to outline performance-related reporting requirements, including

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outcomes. If standards are not met, ICJIA may then take corrective action or terminate funding.

- 13. ICJIA should enforce contract requirements relative to recovery of unspent funds. Additionally, ICJIA should ensure that contractual controls are not circumvented by the decisions of any ICJIA official, including the chief executive. (Repeated-2014 #19)**

**Findings:** ICJIA failed to collect \$213,400 in unspent funds from a timekeeping contract for the Youth Employment Program (YEP) component of the NRI/CVPP program in Year 3 of the program, a violation of the contract. Additionally, an ICJIA official allowed some of these unspent funds to be applied to another grant to the timekeeping provider for activities outside the scope of the timekeeping agreement, also a violation of the contract. The time lag in applying the funds to a Year 4 NRI/CVPP community contract had a negative impact on the provider being able to accomplish the goals related to the program. The net unspent funds were part of a settlement agreement for reimbursement between the timekeeping contractor and ICJIA that was executed 545 days after the funds should have originally been returned.

An ICJIA official told auditors that CAPs did not provide the services in FY14 and there was no evaluation done. The official explained ICJIA did not renew the contract in Year 4 based on information received from the leads. Finally, the official reported that ICJIA never verified the payments from CAPs to the youth. The former ICJIA Executive Director made the decision to allow monies from one grant to be utilized for another grant.

**ICJIA Response:** ICJIA's Fiscal Department and OGC will review dollar amounts to verify the dollars spent outside of the grant terms and initiate the process to recover any such funds.

**Updated Response:** Accepted. ICJIA will adhere to the requirement in its grant agreements that grantees and sub-grantees return unexpended funds within 45 days following the end of the grant performance period. ICJIA's updated FSUPP will also provide that the grant monitor shall collect additional documentation from the grantee that will be made part of the grantee's master file. This will include refund checks from the grantee to ICJIA, and if there are sub-grantees, refund checks from the sub-grantee to the grantee. If there are sub-grantees, copies of the final fiscal reports of all sub-grantees shall also be included. Decisions on recouping unspent funds and other contractual enforcement actions will be decided solely by ICJIA attorneys.

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- 14. ICJIA should review expense testing exceptions found by auditors, determine whether repayments of funds is appropriate, and seek recoveries from providers of unallowable or undocumented expenses from the NRI/CVPP program. Additionally, ICJIA should consider some form of risk-based testing of expenses that are self-reported by providing agencies to better safeguard State monies. (Repeated-2014 #18)**

**Findings:** ICJIA failed to effectively monitor expenses charged by providers of NRI/CVPP services in Years 3 and 4 of the program. ICJIA had delegated responsibility for fiscal monitoring of provider partners to NRI/CVPP lead agencies. ICJIA and the lead agencies relied on self-reported figures from the service providers for expenses claimed against the grant. Only 7 of 25 lead agencies reported requiring providers to submit support for claimed expenses on quarterly reports. The sample site work called into question the claims for some of the 18 other lead agencies. The testing at a sample of NRI/CVPP agencies found instances of unsupported expenses and unallowable expenses. In total, auditors questioned over \$289,000 in expenses charged to State grant funds.

**ICJIA Response:** ICJIA's Fiscal Department will verify CVPP undocumented expenses of cited lead and providing agencies. OGC will then initiate recovery actions under the GFRA against any agencies with unallowable or undocumented amounts. Expenditures and fund requests from ICJIA's approved appropriation is thoroughly reviewed by ICJIA's Fiscal Unit.

**Updated Response:** Accepted/Implemented. ICJIA's Fiscal Department, led by its full-time Recovery Auditor (appointed in the spring of 2016) has reviewed the OAG's site-testing exceptions. ICJIA's attorneys have sought repayment and initiated recovery action against all OAG site-tested CVPP providers. ICJIA's recovery efforts adhere to the procedures of the Illinois Grant Funds Recovery Act (GFRA). During the informal hearing stage, audit-cited agencies have the opportunity to substantiate their questioned expenses to ICJIA's Fiscal Department. If the agencies fail to do so, and do not repay remaining unallowable expenses, ICJIA's attorneys proceed to formal action under the GFRA, and cases are assigned to administrative law judges of the Department of Public Health (DPH). To date, ICJIA has recouped a total of \$157,461 in unallowable expenses/unspent funds from CVPP agencies and closed recovery of all but 4 of the approximately 100 CVPP agencies.

ICJIA hired a Grantee Auditor in August of 2016 whose function is to perform financial audits of federal and state grantees. The Grantee Auditor's primary objectives are to 1) ensure expenses claimed by grantees per fiscal reports are accurate and supported by proper documentation and match grant budgets, 2) ensure grantees are following federal and GATA guidelines as it pertains to grants, and 3) ensure grantees have implemented

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proper financial and procedural internal controls. The Grantee Auditor has thus far conducted 10 on-site, week-long financial audits of grantees, with 10 more planned through the end of 2017. These on-site audits enhance ICJIA's ability to identify any spending irregularities or unallowable costs.

- 15. ICJIA should consider revising its policies and require agencies to account for grant funds in separate accounts to increase the timeliness in repayment of unspent amounts and ensure the funds are not spent on non-grant purposes.**

**Findings:** ICJIA's policies and procedures do not require grantees to maintain separate accounts for grant funds. Auditors found two instances where repayment agreements with providers were executed even though the providers agreed with the unspent amount of grant funds, indicating that the NRI/CVPP grant funds were spent on non-NRI/CVPP-related activities or the funds would have been readily available to be repaid.

When an agency has been overpaid in the NRI/CVPP grant program, and the funds to repay the unspent monies are not available, then apparently the funds were spent outside the grant budget which is a violation of the contract. Requiring the agencies to maintain separate accounts for the grant funds could help ensure that unspent funds are timely returned to the State.

**ICJIA Response:** ICJIA's grant agreements require grantees to maintain generally accepted standards of accounting. This allows easy and transparent review and reconciliation of expenditures against grant funds to ensure the funds are not spent on non-grant purposes. Additionally, ICJIA will initiate a grantee audit process to verify that proper policies are in place to ensure unspent amounts are repaid in a timely fashion and funds are not spent on non-grant purposes.

**Updated Response:** Accepted. In order to ensure that each grant awarded by ICJIA is accounted for separately, the current ICJIA grant agreement requires grantees to deposit grant funds into an account separate from any of its other bank accounts, or treat such funds as a separate line item. Grantees shall ensure that the federal and matching funds for each award are accounted for separately. Grantees are also required to have an accounting system that provides accurate, current, and complete disclosure of all financial transactions related to each state and federally-funded program. Accounting records must contain information pertaining to state and federal pass-through awards, authorizations, obligations, unobligated balances, assets, outlays, and income.

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Audits by ICJIA's Grantee Auditor include examining a grantee's financial accounting systems to ensure separate revenue and expenditure accounts are maintained for all grant and matching funds.

- 16. ICJIA should confirm amounts of unspent funds and amounts over approved budget line items from the NRI/CVPP program in Years 3 and 4. Additionally, ICJIA should take expedient action to collect these State funds. Finally, ICJIA should enforce provisions of its policies relative to revising approved budget lines in order for State resources to be utilized only for ICJIA approved activities. (Repeated-2014 #19)**

**Findings:** ICJIA was not timely in recovery of NRI/CVPP unspent grant funds and funds spent in excess of approved budgets. Grant agreements required providers to submit a refund of unexpended funds within 30 days of the end of the grant period. The auditors found \$2,212,705 in funds that were not recovered by ICJIA for 84 providers that had either unspent funds or spent over approved budget lines in Years 3 and 4 of the NRI/CVPP program.

NRI/CVPP contracts between ICJIA and lead agencies and the lead agencies and the providing agencies detail reporting requirements for close-out of the agreements. Within 30 days of the expiration date of the agreement, the agency must submit to ICJIA: (1) final financial status report, (2) final progress reports, (3) property inventory report, (4) any refund of unexpended funds, and (5) other documents required.

**ICJIA Response:** ICJIA's Fiscal Department will verify CVPP unspent funds and amounts over budget line items. Then, OGC will initiate recovery actions under the GFRA against lead and providing agencies for all unspent funds and amounts over budget line items. Grants administered by ICJIA follow the requirements of FSUPP. ICJIA is currently in the process of updating the FSUPP with additional conditions and requirements for implementation 2nd Quarter 2016. As part of this update, we are revising the type and submittal schedules for the fiscal reports that will allow more granular review of details related to grantee expenses, income and match funds. These revised forms will be the foundation documents for the internal program audit process to review the fiscal reports in addition to the supplemental documents on personnel, equipment and other line item expenses with the use of grant funds.

**Updated Response:** Implemented. ICJIA's Fiscal Department has reviewed the master files and financial records maintained by ICJIA of all CVPP agencies listed in Exhibit 2-15. ICJIA's attorneys have initiated recovery action against all CVPP agencies for which ICJIA's Fiscal Department has confirmed outstanding unspent funds or unallowable over-budget expenditures.

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To date, ICJIA has recouped a total of \$157,461 in unallowable expenses/unspent funds from CVPP agencies and closed recovery of all but 4 of the approximately 100 CVPP agencies listed in Exhibits 2-14 and 2-15 of the Audit Report. Upon review of ICJIA's grant file and documentation provided by grantees, ICJIA's Fiscal Department determined that approximately \$1.8M of cited unspent funds were in fact properly expended or returned. This fiscal information, however, was often not properly and completely recorded in ICJIA's files.

In response to this finding, ICJIA is adopting measures to strengthen its file maintenance practice. Specifically, the updated FSUPP will now require that ICJIA's grant unit maintain 1) all fiscal reports, including those of sub-grantees; 2) copies of all repayment checks, including checks of sub-grantees' unspent funds to lead agencies; and 3) copies of all executed sub-agreements and sub-contracts.

Further, ICJIA has fully implemented the GATA UGA for both its state and federal grant programs. Specifically, ICJIA will adhere to, and enforce, the UGA's requirement that non-discretionary line-item transfers (over 10% or \$1,000 of the line item) require pre-approval from ICJIA. ICJIA will also require lead agency approval of such re-allocations by its sub-grantees. Compliance of this provision will be tested in future on-site grantee audits: ICJIA's Grantee Auditor will review and verify that ICJIA approval was given for transfers between approved budget line items if the amount transferred exceeded 10% or \$1,000 of the line item.

- 17. ICJIA should ensure that there is timely execution of all contracts, including those for After-School Program (ASP) services. Further, ICJIA should either follow its own policies and not allow the contracts to be signed after six months or change ICJIA policy. Additionally, ICJIA should consider only allowing service providers to initiate services, including ASP services, after an executed contract has been approved. (Repeated-2014 #16)**

**Findings:** ICJIA failed to timely execute contracts for the ASP with grantee agencies, allowing two grantees to go the entire grant period without an executed contract in place, finally executing the contract on the last day of the grant period. Further, four grants were signed more than six months after the start of the grant, in violation of ICJIA's agreement process policy. Additionally, ICJIA allowed grantee agencies to work on ASP activities prior to execution of the contractual agreement.

During review of ASP grantee files maintained at ICJIA, auditors analyzed the execution of contractual grant agreements by ICJIA and found that execution was not timely. See Exhibit 3-2 and 3-7 for the analysis results.

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<b>Exhibits 3-2 and 3-7 ASP CONTRACT EXECUTION ANALYSIS FY14</b>					
<b>ASP Grantee</b>	<b>Grant Period</b>		<b>Grant Execution</b>	<b>Days w/o Agreement- % grant elapsed</b>	<b>Total Payments from State</b>
	<b>Start Date</b>	<b>End Date</b>			
New Life Centers of Chicagoland	02/01/14	06/30/14	06/02/14	121-81%	\$71,892
Alternative Schools Network	02/01/14	06/30/14	05/12/14	100-67%	\$40,740
Aunt Martha's Youth Service Center	02/01/14	06/30/14	06/30/14	149-100%	\$92,230
Boys & Girls Clubs of Freeport & Stephenson County	02/01/14	06/30/14	05/12/14	100-67%	\$100,174
Communities in Schools of Aurora	02/01/14	06/30/14	05/06/14	94-63%	\$130,400
East St. Louis School District #189	02/01/14	06/30/14	06/11/14	130-87%	\$190,470
Egyptian Community United School District #5	02/01/14	06/30/14	05/14/14	102-68%	\$110,039
Lake County ROE's Attendance & Truancy Division	02/01/14	06/30/14	05/06/14	94-63%	\$180,000
Lessie Bates Davis Neighborhood House	02/01/14	06/30/14	05/12/14	100-67%	\$162,000
Logan Square Neighborhood House Association	02/01/14	06/30/14	05/06/14	94-63%	\$74,047
Mujeres Latinas en Accion	02/01/14	06/30/14	05/12/14	100-67%	\$62,905
Safer Foundation	02/01/14	06/30/14	06/11/14	130-87%	\$52,643
Urban Gateways	02/01/14	06/30/14	05/14/14	102-68%	\$70,558
Youth Organizations Umbrella	02/01/14	06/30/14	05/12/14	100-67%	\$119,400
Coordinated Youth and Human Services	02/01/14	06/30/14	05/06/14	94-63%	\$102,444
SGA Youth & Family Services	02/01/14	06/30/14	05/12/14	100-67%	\$262,500
<b>Number of Days in Grant Period</b>	<b>149</b>		<b>Maximum</b>	<b>149</b>	
			<b>Minimum</b>	<b>94</b>	
			<b>Average</b>	<b>107-72%</b>	
Illinois Alliance of Boys & Girls Clubs	10/01/13	06/30/14	04/16/14	197-72%	\$1,316,812
University of Chicago Crime Lab	10/01/13	06/30/14	05/05/14	216-79%	\$362,046
Youth Guidance	10/01/13	06/30/14	04/17/14	198-73%	\$2,631,552
<b>Number of Days in Grant Period</b>	<b>272</b>		<b>Maximum</b>	<b>216</b>	
			<b>Minimum</b>	<b>197</b>	
			<b>Average</b>	<b>204-75%</b>	
Peoria Park District	11/01/13	06/30/14	06/30/14	241-100%	\$178,104
<b>Number of Days in Grant Period</b>	<b>241</b>				
DHS Interagency Agreement	02/07/14	06/30/14	02/07/14	0-0%	\$300,000
<b>Number of Days in Grant Period</b>	<b>143</b>				
ICJIA Administrative Expenses					\$79,510
<b>Total Expenditures</b>					<b>\$6,690,466</b>
Source: OAG developed from ICJIA ASP documentation.					

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During the entrance conference, the former ICJIA Executive Director said there was a delay in contract execution. He said between the prior NRI audit, staff turnover, and only one grant supervisor and two grant monitors, it was unlikely ICJIA would spend down the dollars, but they were trying.

**ICJIA Response:** FSUPP details the proper process for the execution of agreements prior to their start date. Despite these requirements being in place, the prior leadership of ICJIA, under the direction of the prior administration in the Governor's Office, disregarded FSUPP when executing these contracts. Under the current administration and current ICJIA leadership, ICJIA has and will continue to adhere to the requirements of the FSUPP. Additionally, ICJIA will implement an update before the end of the 2nd Quarter 2016 to the FSUPP with additional grant monitoring requirements that will streamline and add efficiencies. Finally, ICJIA will initiate an internal program audit process to review all pending and outstanding agreements on a quarterly basis.

**Updated Response:** Accepted. ICJIA now endeavors to execute all grant agreements prior to the program start. ICJIA will not execute an agreement for a program six months past the program start date.

**18. ICJIA should enforce provisions of grant agreements and require timely fiscal reporting by grantees. ICJIA should always collect quarterly fiscal reports from all program providers to not only comply with contract provisions but to maintain adequate oversight of State dollars. (Repeated-2014 #13)**

**Findings:** 35 of 67 (52%) of ASP grantee agencies failed to timely submit quarterly fiscal reports to ICJIA. Additionally, ICJIA failed to maintain quarterly program reports in its files on all agencies despite a contractual requirement that these reports be submitted to ICJIA.

ASP grantee agencies did not receive the spreadsheet with the fiscal reporting worksheets via e-mail until May 8, 2014; 96 days after the performance period began for the competitively awarded grantees.

**ICJIA Response:** FSUPP requires fiscal reports on a quarterly basis. Despite these requirements being in place, the prior leadership of ICJIA, under the direction of the prior administration in the Governor's Office, disregarded FSUPP's requirement to make these reports. Under the current administration and current ICJIA leadership, ICJIA has and will continue to adhere to the requirements of the FSUPP. In addition, ICJIA has and will continue to enforce the provisions of the grant agreements and require timely fiscal reports. In order to add efficiency, ICJIA is currently developing an RFP for a new grant

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system that will provide better oversight and control of the submittals from the grantees and allow timely communication and identification of any fiscal or contractual issues.

**Updated Response:** Accepted. The updated FSUPP will require ICJIA's grant unit to maintain all fiscal reports in ICJIA's master files, including the final fiscal reports of both lead agencies and sub-grantees. Having all fiscal reports will ensure that ICJIA's grantees and sub-grantees are in compliance with contractual and budgetary commitments.

ICJIA had planned to implement a new grant management system, in partnership with the Illinois Department of Information Technology (DoIT). DoIT's implementation of a new grant management has been delayed due to organizational restructuring. ICJIA is preparing to issue a RFP for a new, more robust grant management system in fall 2017. This system will allow grantees to submit many documents electronically, including quarterly fiscal reports, which will improve ICJIA's oversight of the fiscal and program activities of its grantees.

**19. ICJIA should comply with its policy and conduct timely site visits of new program grantees for effective monitoring of the programs.**

**Findings:** ICJIA violated its policy by not completing site visits to ASP agencies. Even though ASP was a new program for ICJIA, it did not conduct any site visits. Twenty-one agencies from around the State received ASP grant monies from ICJIA in FY14. Total State payments were \$6.7 million.

During the audit, auditors examined all the community files for the ASP program for FY14 and did not find evidence that ICJIA conducted any site visits to the agencies. An ICJIA official reported to auditors that site visits were not performed on the ASP grants.

**ICJIA Response:** FSUPP details the proper process for conducting site monitoring, which ICJIA now follows. Despite these requirements being in place, the prior leadership of ICJIA, under the direction of the prior administration in the Governor's Office, disregarded FSUPP's requirement and its own policies. Under the current administration and current ICJIA leadership, ICJIA has and will continue to adhere to the requirements of the FSUPP. In addition, ICJIA requires site visits within 6 months of new program inception and every 24 months thereafter, at a minimum.

**Updated Response:** Accepted. ICJIA FSUPP is currently being codified and should be completed by September 2017. The updated FSUPP addresses many of the major concerns related to site visits. ICJIA is preparing to train staff and implement the FSUPP changes in the fall of 2017.

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- 20. ICJIA should enforce provisions of grant agreements and ICJIA guidelines relative to the purchase of equipment by providing agencies of the After-School Program. ICJIA should either require the mandatory correspondence and maintain that in its files, or not allow the purchase expenses by the grantees. Finally, ICJIA should determine whether the dollar amount of the exceptions noted by auditors should be recovered from the grantees and seek all necessary recoveries. (Repeated-2014 #17)**

**Findings:** ICJIA failed to enforce a provision of grant agreements and ICJIA guidelines regarding a time restriction on the purchase of equipment for the ASP in FY14. Analysis showed that over \$26,000 in equipment was purchased outside the time frame delineated in the contracts and guidelines.

Auditors examined the Property/Inventory Reports that were required to be submitted with the final fiscal closeout reports for the FY14 ICJIA-monitored ASP to determine when equipment was purchased.

ICJIA's Associate Director of the Federal and State Grants Unit told auditors that the requirement for purchases being 90 days from the beginning of the performance period "*was not strictly enforced.*" The official added that ideally ICJIA would have liked to have letters from providers but due to the length of time it took to open up grants it was well after the 90-day timeframe. However, auditors note that ICJIA, through a clause in the contract, allowed providers to begin work on the grant at the beginning of the performance period even if an executed contract was not in place.

**ICJIA Response:** ICJIA is currently in the process of updating the FSUPP with additional conditions and requirements for implementation 2nd Quarter 2016. As part of this update we are revising the type and submittal schedules for the fiscal reports that will allow more granular review of details related to grantee expenses, income and match funds. These revised forms will be the foundation documents for the internal program audit process to review the fiscal reports in addition to the supplemental documents on personnel, equipment and other line item expenses with the use of grant funds. This review will identify the equipment purchased with grant funds and any payment, procurement or budget discrepancies. FSUPP prohibits grant expenditures outside of the grant term. We will develop a procedure that requires grantees to provide confirmation of equipment purchases within the stated timeframes of the grant agreement. ICJIA's Fiscal Department will verify ASP unallowable equipment expenditures. OGC will then initiate recovery actions under the GFRA against providing agencies for any unallowable or undocumented equipment expenditures.

**Updated Response:** Accepted. The late execution of After School Program (ASP) grant agreements impeded the timely purchase of budgeted equipment items. ICJIA has

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sought recovery from ASP grantees for unduly delayed equipment purchases. Further, ICJIA has now implemented the GATA UGA for all its federal and state grant programs. ICJIA will monitor, and enforce, the UGA's requirement that a grantee that has purchased an equipment item beyond 90 days after the start date of the program must submit a letter explaining the purchase delay. ICJIA may then take certain action against the grantee, including reducing funding, canceling the grant agreement, or allowing a reallocation of the funding. Finally, in upcoming grantee audits, ICJIA's Grantee Auditor will review and verify that the grantee 1) purchased budgeted equipment within 90 days of the grant start date, and 2) is properly maintaining inventory records for equipment purchases.

- 21. ICJIA should review expense testing exceptions found by auditors, determine whether repayment of funds is appropriate, and seek recoveries from providers of unallowable or undocumented expenses from the ASP program. Additionally, ICJIA should consider some form of risk-based testing of expenses that are self-reported by providing agencies to better safeguard State monies. (Repeated-2014 #18)**

**Findings:** ICJIA failed to effectively monitor expenses charged by providers of ASP services in FY14. ICJIA did not go on site, even on a test basis, to monitor expenses and relied on self-reported figures from the service providers. Five providers selected claimed \$3.067 million in ASP expenses in FY14. Auditors questioned \$532,000 (17.35%) of those expenses. Most of the amount questioned was due to a lack of documentation from the providers. Additionally, auditors questioned \$11,782 in some line items that were over the ICJIA approved budgets maintained in the grant agreements.

When asked about \$3,238 in pre-approved travel charged by Mujeres Latinas en Accion, an ICJIA official reported there was no pre-approval for the travel. Relative to the spending over the approved budget lines of \$8,345.44, the same official stated "*the close-out is being referred to our Office of General Counsel for follow-up for grants fund recovery.*" This correspondence was on June 18, 2015, after auditors raised the issue with ICJIA and 353 days after the grant period ended.

**ICJIA Response:** ICJIA is currently in the process of updating the FSUPP with additional conditions and requirements for implementation 2nd Quarter 2016. As part of this update we are revising the type and submittal schedules for the fiscal reports that will allow more granular review of details related to grantee expenses, income and match funds. These revised forms will be the foundation documents for the internal program audit process to review the fiscal reports in addition to the supplemental documents on personnel, equipment and other line item expenses with the use of grant funds.

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Additionally, we are developing a risk assessment form that we will use to as part of our internal program audit process which will identify the risk level of the grantee along with specific program requirements. The level of risk identified could prompt a desk review or audit of the grantee's activities.

ICJIA's Fiscal Department will verify ASP unspent funds and amounts over budget line items. OGC will then initiate recovery actions under the GFRA against providing agencies for remaining unallowable or undocumented amounts. Expenditures and fund requests from ICJIA's approved appropriation is thoroughly reviewed by ICJIA's Fiscal Unit.

**Updated Response:** Accepted. ICJIA has recently updated its quarterly fiscal form to provide more detail of its grantees' expenditures to identify any spending irregularities or unallowable costs. ICJIA will review a grantee's GATA ICQ responses before granting it a new grant award. ICJIA is actively addressing its grantees' ability to effectively manage grant funds, pre-award and post-award.

ICJIA has initiated recovery action against all OAG site-tested ASP providers. To date, ICJIA has recouped \$225,339 of \$532,022 in questioned expenses and closed recovery of all site-tested ASP agencies. Finally, ICJIA's Grantee Auditor will conduct in-depth fiscal reviews and testing of ICJIA grantees' grant expenditures to aid in identifying any undocumented or unallowable costs.

**22. ICJIA should memorialize all changes to grant agreements. Additionally, ICJIA should consider changing its policy on grant payments to ensure that providers do not simply hold large sums of State dollars prior to expending the monies. Finally, ICJIA should ensure that all grants have up to date budgets and scope of work sections to safeguard State monies. (Repeated-2014 #2)**

**Findings:** ICJIA officials allowed CAP to shorten a FY13 grant agreement period without documenting the change in the grant agreements, questioning whether the program was actually completed for funds provided in FY13. The ICJIA payment schedule allowed CAP to hold between \$1 million and \$2 million during the course of the grant. Finally, ICJIA never executed a budget for FY14, choosing instead to use the FY13 budget as a placeholder in order to get CAP paid. This budget included funding levels for providers that were not part of the NRI/CVPP program in FY14.

Auditors examined the CAP grant agreements for the \$10 million in appropriated funds through ICJIA in FY13 and FY14.

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<b>Exhibit 4-9 CHICAGO AREA PROJECT PAYMENTS AND BALANCES</b>			
November 2012 – August 2014			
<i>Date</i>	<i>Action</i>	<i>Amount</i>	<i>Balance at CAP</i>
<b>FY13</b>			
12/28/12	Initial State Payment	\$1,250,000.00	\$1,250,000.00
01/31/13	Expenses for quarter ended 12/31/12	\$467,657.71	\$782,342.29
03/27/13	Second State Payment	\$1,250,000.00	\$2,032,342.29
04/15/13	Expenses for quarter ended 03/31/13	\$572,356.03	\$1,459,986.26
05/29/13	Third State Payment	\$1,250,000.00	\$2,709,986.26
07/10/13	Expenses for quarter ended 06/30/13	\$1,403,622.31	\$1,306,363.95
08/16/13	Final State Payment	\$416,666.67	\$1,723,030.62
11/12/13	Expenses for quarter ended 08/31/13	\$1,082,052.41	\$640,978.21
<b>FY14</b>			
10/09/13	Initial State Payment	\$1,250,000.00	\$1,250,000.00
11/21/13	Expenses for quarter ended 09/30/13	\$203,461.11	\$1,046,538.89
12/10/13	Second State Payment	\$833,333.33	\$1,879,872.22
01/15/14	Expenses for quarter ended 12/31/13	\$1,048,145.60	\$831,726.62
03/13/14	Third State Payment	\$1,250,000.00	\$2,081,726.62
04/25/14	Expenses for quarter ended 03/31/14	\$836,255.70	\$1,245,470.92
05/15/14	Fourth State Payment	\$499,360.99	\$1,744,831.91
07/28/14	Fifth State Payment	\$500,000.00	\$2,244,831.91
08/01/14	Expenses for quarter ended 06/30/14	\$1,658,426.12	\$586,405.79
08/19/14	Sixth State Payment	\$100,000.00	\$686,405.79
09/16/14	Seventh State Payment	\$432,993.99	\$1,119,399.78
10/06/14	Expenses for quarter ended 08/31/14	\$694,173.21	\$425,226.57
Source: OAG developed from ICJIA documentation.			

An official from the ICJIA legal department stated that while ICJIA tried to get an approved budget with CAP for the FY14 contract period, but it never was able to be finalized. Therefore, ICJIA is holding CAP to the budget line items in the FY14 contract agreement.

On May 7, 2015, an ICJIA official told auditors that the amount over the appropriated figure in the CAP FY14 grant agreement (\$50,882.46) was a clerical error by ICJIA due to the processing a lot of amendments.

**ICJIA Response:** FSUPP details the proper process for the review and execution of grantee agreements and any agreement amendments. Despite these requirements being in place, the prior leadership of ICJIA, under the direction of the prior administration in the Governor's Office, disregarded FSUPP's requirement to properly review and execute grant agreements and amendments. Under the current administration and current ICJIA leadership, ICJIA has and will continue to adhere to the requirements of the FSUPP. In addition, ICJIA will initiate an internal program audit process to review all pending and

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outstanding agreements on a quarterly basis in addition to currently updating the FSUPP with additional conditions and requirements for implementation 2nd Quarter 2016.

**Updated Response:** Implemented. ICJIA's revised quarterly fiscal report is now used to track the spending rate of the initial grant cash received by the grantee upon execution of the grant agreement. ICJIA supplies the grantee with an initial cash disbursement that is a minority percentage of the grant award to fund the program's initiation cost. ICJIA now incrementally disburses grant funds to the grantee based on its quarterly fiscal reports, thereby reducing the opportunity of the grantee to hold large sums of grant funds at one time.

Further, ICJIA has fully implemented the GATA UGA for both its state and federal grant programs. Specifically, ICJIA will follow, and enforce, the UGA's requirement that non-discretionary line-item transfers (over 10% or \$1,000 of the line item) require pre-approval from ICJIA. ICJIA will also require lead agency approval of such re-allocations by its sub-grantees.

- 23. ICJIA should consider revising its grant process to require the identification of individuals who are to be charged to the grant. Additionally, ICJIA should consider revising its fiscal reporting to have grantees report the identities of the staff charged to the grant funds on a quarterly basis. Finally, ICJIA should revise its process to ensure that providers do not charge grant funds in excess of the amounts the providers actually pay the staff who work on the grant. (Repeated-2014 #10)**

**Findings:** ICJIA failed to require the identification of individuals who were to be paid with Chicago Area Project (CAP) grant funds. The examination found eight instances where the salaries listed in grant budgets were higher than what the individuals holding those position titles actually were paid by the providers, as reported by the providers on a report to the Attorney General. While there may be explanations for differences, ICJIA did not seek those explanations. When the State pays a rate higher than the individual actually earns, State monies may not be expended for program purposes.

During the audit, auditors examined the budgets of all non-NRI/CVPP grants that were part of the CAP and maintained in the files at ICJIA, as well as communicated with agencies that had received CAP funds provided by ICJIA. Auditors performed a comparison, the results of which are presented in Exhibit 4-10, between the salary figures listed in the grant budgets and the salary figures reported by the providers for the same job titles on the Illinois Charitable Organization Annual Report maintained by the Illinois Attorney General. Auditors found eight instances where the salary in the budget for the grant was higher than the salary listed as paid compensation on the Annual Reports.

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Exhibit 4-10 <b>CHICAGO AREA PROJECT GRANTS - SALARY DIFFERENCES</b> November 2012 – August 2014					
	<i>Provider</i>	<i>Year</i>	<i>Position</i>	<i>Budget Salary</i>	<i>Annual Report Salary</i>
1	DuPage County Area Project	3	Executive Director	\$86,400	\$76,400
2	DuPage County Area Project	4	Executive Director	\$86,400	\$78,067
3	DuPage County Area Project	3	Area Project Supervisor	\$56,500	\$45,000
4	DuPage County Area Project	4	Area Project Supervisor	\$50,000	\$46,719
5	DuPage County Area Project	3	Area Project Supervisor	\$56,500	\$45,000
6	DuPage County Area Project	4	Area Project Supervisor	\$62,000	\$46,719
7	Latino Organization of the Southwest	3	Executive Director	\$41,500	\$24,000
8	Latino Organization of the Southwest	4	Executive Director	\$88,000	\$24,000

Source: OAG developed from grant agreements and Annual Reports on file at the Attorney General's Office.

**ICJIA Response:** Grants administered by ICJIA follow the requirements of FSUPP. ICJIA is currently in the process of updating the FSUPP with additional conditions and requirements for implementation 2nd Quarter 2016. As part of this update, we are revising the type and submittal schedules for the fiscal reports that will allow more granular review of details related to grantee expenses, income and match funds. These revised forms will be the foundation documents for the internal program audit process to review the fiscal reports in addition to the supplemental documents on personnel, equipment and other line item expenses with the use of grant funds. This review will identify the person paid with grant funds and any payment or budget discrepancies.

**Updated Response:** Implemented. In all grant agreements, ICJIA has implemented the use of Section C of the GATA Uniform Budget Template, which requires the grantee to detail personnel expenses funded by the grant, including the employee's name, position, salary/wage, and percentage of time charged to the grant. ICJIA has instituted more stringent time-keeping requirements for grant-funded personnel, which includes time certifications based on the employee's FTE on the program. In addition, during grantee audits, ICJIA's Grantee Auditor will verify the salary of grant-funded staff by reviewing payroll-related documents to ensure grantees are not charging grant funds in excess of the salary amounts stipulated in the approved grant budgets.

- 24. ICJIA should enforce provisions of grant agreements and require timely fiscal reporting by providers that contain accurate approved budget numbers and explanations when the expenses change. Additionally, ICJIA, when it delegates its responsibility for community oversight to another agency, should implement the necessary controls to ensure that agency enforces contract provisions relative to timely fiscal reporting. Finally, ICJIA should**

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**always collect quarterly fiscal reports from all program providers to not only comply with contract provisions but to maintain adequate oversight of State dollars. (Repeated-2014 #13)**

**Findings:** Agencies provided with ICJIA/State grant funds by CAP failed to timely submit quarterly fiscal reports to either CAP or ICJIA. Additionally, ICJIA failed to maintain fiscal reports on all the providers in the FY13 funding year of the program despite a contractual requirement that these reports be submitted to ICJIA. Finally, in FY14, ICJIA weakened the control over fiscal monitoring by removing the requirement from grant agreements to submit the fiscal reports to ICJIA.

Quarterly fiscal and program reports, developed by ICJIA, served an important purpose for the grant funds provided to CAP which were in turn distributed to grant providers. The fiscal and program reports are a monitoring mechanism for oversight of the State dollars provided for the grant programs. The CAP providers were to submit their quarterly fiscal and program reports to both CAP and ICJIA during the FY13 funding period. During our review of community files maintained at ICJIA, and the documents we had to request from program agencies due to fiscal reports not being in the ICJIA files, auditors examined all original and revised quarterly reports to ascertain how timely these reports were submitted so that monitoring could be achieved. Those results are summarized in Exhibit 4-11.

Exhibit 4-11 CAP FUNDING QUARTERLY REPORTING ANALYSIS November 2012 – August 2014				
	FY13		FY14	
Total Number of Quarterly Reports Required	25	---	25	---
Fiscal Report Submitted Timely:				
Yes	9	36%	6	24%
No	6	24%	13	52%
Unknown/Undated	10	40%	5	20%
No Report Submitted	0	0%	1	4%
Maximum Numbers of Days Late	85	---	59	---
Average Number of Days Late	30	---	17	---
Required Two Different Signatures:				
Yes	10	40%	17	68%
No	15	60%	7	28%
No Report	0	0%	1	4%
Program Report Submitted:				
Yes	18	72%	12	60%
No	7	28%	8	40%
Source: OAG developed from quarterly reporting forms.				

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**ICJIA Response:** FSUPP requires fiscal reports on a quarterly basis. Despite these requirements being in place, the prior leadership of ICJIA, under the direction of the prior administration in the Governor's Office, disregarded FSUPP's requirement to make these reports. Under the current administration and current ICJIA leadership, ICJIA has and will continue to adhere to the requirements of the FSUPP. In addition, ICJIA has and will continue to enforce the provisions of the grant agreements and require timely fiscal reports. In order to add efficiency to our process, ICJIA is currently developing a RFP for a new grant system that will provide better oversight and control of the submittals from the grantees and allow timely communication and identification of any fiscal or contractual issues.

**Updated Response:** Implemented. ICJIA recently updated our quarterly fiscal forms and time-keeping policies, allowing increased review and verification of grant-funded salaries. The updated FSUPP will require ICJIA's grant unit to maintain all fiscal reports in ICJIA's master files, including the final fiscal reports of sub-grantees. Having all fiscal reports will ensure that ICJIA's grantees and sub-grantees are in compliance with all contractual and budgetary commitments. ICJIA is preparing to issue a RFP for the new grant management system in the fall of 2017.

- 25. ICJIA should enforce provisions of grant agreements and ICJIA guidelines relative to the purchase of equipment by providing agencies of the ICJIA funding to Chicago Area Project. ICJIA should either require the mandatory correspondence and maintain that in its files, or not allow the purchase expenses by the grantees. Finally, ICJIA should determine whether the dollar amount of the exceptions noted by auditors should be recovered from the grantees and seek all necessary recoveries. (Repeated-2014 #17)**

**Findings:** ICJIA failed to enforce a provision of grant agreements and ICJIA guidelines regarding a time restriction on the purchase of equipment for the grants made by Chicago Area Project (CAP) to providers funded in FY13 and FY14. Analysis showed that \$22,781 in equipment was purchased outside the time frame delineated in the contracts and guidelines.

Auditors examined the Property/Inventory Reports that were required to be submitted with the final fiscal closeout reports for the FY13 and FY14 grants paid from the CAP funds to determine when equipment was purchased. Auditor review of ICJIA files did not uncover any correspondence from the providers to explain why the equipment was not purchased within 90 days of the start of the grant performance period.

**ICJIA Response:** Grants administered by ICJIA follow the requirements of FSUPP. ICJIA is currently in the process of updating the FSUPP with additional conditions and

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requirements for implementation 2nd Quarter 2016. As part of this update we are revising the type and submittal schedules for the fiscal reports that will allow more granular review of details related to grantee expenses, income and match funds. These revised forms will be the foundation documents for the internal program audit process to review the fiscal reports in addition to the supplemental documents on personnel, equipment and other line item expenses with the use of grant funds. This review will identify the equipment purchased with grant funds and any payment or budget discrepancies.

FSUPP prohibits grant expenditures outside of the grant term. As it relates to Site Monitoring, ICJIA has a requirement to conduct a site visit within 6 months of new program inception and every 24 months thereafter, at minimum. ICJIA's Fiscal Department will verify CAP's unallowable equipment expenditures. OGC will then initiate recovery actions under the GFRA against CAP for any unallowable or undocumented equipment expenditures.

**Updated Response:** Accepted. ICJIA has implemented the GATA UGA for all its federal and state grant programs. This agreement formalizes ICJIA's existing policy, requiring a grantee that has purchased an equipment item beyond 90 days after the start date of the grant agreement to submit a letter explaining the purchase delay. ICJIA may then, in its discretion, take certain action against the grantee, including reducing funding, canceling the grant agreement, or allowing a reallocation of the funding. In upcoming grantee audits, ICJIA's Grantee Auditor will review and verify that the grantee 1) purchased budgeted equipment within 90 days of the grant start date, and 2) is properly maintaining inventory records for equipment purchases.

ICJIA's Fiscal Department is reviewing disbursements and expenditures of all \$9M in state funds appropriated and then granted to Chicago Area Project (CAP) in FY 2013 and FY 2014. ICJIA will seek appropriate recovery of all OAG questioned amounts of equipment purchases confirmed by ICJIA's Fiscal Department.

- 26. ICJIA should review expense testing exceptions found by auditors, determine whether repayment of funds is appropriate, and seek recoveries from providers of unallowable or undocumented expenses from the Chicago Area Project Non-NRI/CVPP program. Additionally, ICJIA should consider some form of risk-based testing of expenses that are self-reported by providing agencies to better safeguard State monies. (Repeated-2014 #18)**

**Findings:** ICJIA failed to effectively monitor expenses charged by providers that received funding from CAP for the moneys CAP received from ICJIA. ICJIA did not go on site, not even on a test basis, to monitor expenses and relied on self-reported figures from the service providers. Testing at a sample of CAP funded agencies found instances of

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unsupported expenses and unallowable expenses. In total, auditors questioned over \$318,000 in expenses charged to State grant funds, with an additional \$79,944 in claimed line items over ICJIA approved levels.

Auditors selected all five providers that received monies from CAP in 2013-2014 for grant programs funded through ICJIA to test for documentation to back up expenses charged to the State grant funds. The five providers selected claimed \$3.177 million in grant expenses in 2013-2014. The examination questioned \$318,058 (10%) of those expenses. Questionable expenses, as summarized in Exhibit 4-12, took the form of claimed expenses not having adequate support or the expense not being allowable under ICJIA guidelines. Additionally, auditors questioned \$79,944 in some line items that were over the ICJIA approved budgets maintained in the grant agreements.

<b>Exhibit 4-12 CAP NON-NRI/CVPP GRANTS SUMMARY OF EXPENSE SITE TESTING November 2012 – August 2014</b>				
<i>Provider</i>	<i>Closeout Total Expenses</i>	<i>Questioned Expenses</i>	<i>Percent Questioned</i>	<i>Amount Over Approved Budget</i>
DuPage County Area Project	\$430,853.72	\$81,018.95	18.80%	\$4,951.54
Latino Organization of the Southwest	\$873,982.51	\$75,564.68	8.65%	\$0.00
St. Sabina Employment Resource Center	\$285,223.94	\$78,196.59	27.42%	\$46,894.45
ARK of St. Sabina	\$720,675.46	\$64,079.54	8.89%	\$28,097.90
Chicago Area Project	\$865,867.06	\$19,198.28	2.22%	\$0.00
<b>Total</b>	<b>\$3,176,602.69</b>	<b>\$318,058.04</b>	<b>10.01%</b>	<b>\$79,943.89</b>

Source: OAG developed from site analyses.

**ICJIA Response:** Grants administered by ICJIA follow the requirements of FSUPP. ICJIA is currently in the process of updating the FSUPP with additional conditions and requirements for implementation 2nd Quarter 2016. As part of this update, we are revising the type and submittal schedules for the fiscal reports that will allow more granular review of details related to grantee expenses, income and match funds. These revised forms will be the foundation documents for the internal program audit process to review the fiscal reports in addition to the supplemental documents on personnel, equipment and other line item expenses with the use of grant funds. This review will identify the equipment paid with grant funds and any payment or budget discrepancies.

Additionally, we are developing a risk assessment form that we will use as part of our internal program audit process which will identify risk level of the grantee along with specific program requirements. The level of risk identified could prompt a desk review or audit of the grantee's activities. As it relates to Site Monitoring, ICJIA has a requirement to conduct a site visit within 6 months of new program inception and every 24 months thereafter, at minimum. ICJIA's Fiscal Department will verify undocumented expenses of

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CAP. OGC will then initiate recovery actions under the GFRA against CAP for any unallowable or undocumented amounts.

**Updated Response:** Implemented. ICJIA’s Fiscal Department has reviewed the OAG’s expense testing of providers under ICJIA-funded CAP programs. ICJIA has initiated recovery actions under the GFRA, and sought repayment of confirmed unallowable expenses, from the site-tested providers under CAP.

During grantee audits, ICJIA’s Grantee Auditor now conducts in-depth fiscal reviews of grant expenditures in order to identify any spending irregularities or unallowable costs.

**27. ICJIA should confirm amounts of unspent funds and amounts over approved budget line items for agencies receiving funds through CAP in Years 3 and 4. Additionally, ICJIA should then take expedient action to collect these State funds. Finally, ICJIA should enforce provisions of its policies relative to revising approved budget lines in order for State resources to be utilized only for ICJIA approved activities. (Repeated-2014 #19)**

**Findings:** ICJIA delegated responsibility for oversight of State funds to Chicago Area Project (CAP). Additionally, ICJIA was not timely in recovery of grants from funds provided to CAP relative to unspent grant funds and funds spent in excess of approved budgets. Grant agreements required providers to submit a refund of unexpended funds within 30 days of the end of the grant period. Analysis showed almost \$427,000 in unrecovered CAP grant funding in FY13 and FY14 relative to four programs that had either unspent funds or spent over approved budget lines in FY13 and FY14 funding periods for the non-NRI/CVPP program grants. These providers and amounts are summarized in Exhibit 4-13.

<b>Exhibit 4-13 CAP NON-NRI/CVPP SUMMARY OF UNSPENT FUNDS AND EXPENSES OVER APPROVED BUDGETS November 2012 – August 2014</b>	
<i>Provider</i>	<i>Unspent/Over Approved Budget</i>
DuPage County Area Project	\$193,338.73
Latino Organization of the Southwest	\$94,332.01
ARK of St. Sabina	\$90,369.73
St. Sabina Employment Resource Center	\$48,915.21
<b>Total</b>	<b>\$426,955.68</b>
Source: OAG developed from Non-NRI/CVPP information.	

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A CAP official said ICJIA does not require them to submit any documentation for administrative expenses. Additionally, an official from the ICJIA legal department, in responding to auditor questions for a specific provider that spent in excess of approved budget lines stated that the amount owed was after allowing for ICJIA 10% rule (pursuant to ICJIA FSGU Policy and Procedure). Auditors saw no written documentation from the provider in the ICJIA files requesting the revision.

**ICJIA Response:** ICJIA's Fiscal Department will verify CAP's non-CVPP unspent funds and amounts over budget line items. Then, OGC will initiate recovery actions under the Grant Funds Recovery Act against CAP for all non-CVPP unspent funds and amounts over budget line items. Expenditures and fund request from ICJIA's approved appropriation is thoroughly reviewed by ICJIA's Fiscal Unit.

**Updated Response:** Accepted. ICJIA's Fiscal Department is performing a fiscal audit of the \$9 million in state funds appropriated and then granted to CAP in FY13 and FY14. ICJIA will seek repayment, and initiate recovery action, against CAP for all confirmed unallowable, undocumented, or unspent amounts.

Further, ICJIA has fully implemented the GATA UGA for both its state and federal grant programs. Specifically, ICJIA will follow, and enforce, the UGA's requirement that non-discretionary line-item transfers (over 10% or \$1,000 of the line item) require pre-approval from ICJIA. ICJIA will also require lead agency approval of such re-allocations by its sub-grantees. Compliance of this provision will be tested in future on-site grantee audits: ICJIA's Grantee Auditor will review and verify that ICJIA approval was given for transfers between approved budget line items if the amount transferred exceeded 10% or \$1,000 of the line item.

**28. ICJIA should conduct a complete review and account for the amount paid to CAP for grants in FY13 and FY14. Additionally, ICJIA should seek recovery of any amounts due back to the State based on its review.**

**Findings:** ICJIA has not collected all funds owed to the State from CAP for funding received in FY13 and FY14. Examination of the funds provided to CAP showed \$1.53 million that could not be reconciled with CAP-provided information. For FY13, ICJIA relied on CAP and a CAP spreadsheet to determine how much to recover in FY13. The examination of that documentation showed a number of inaccuracies and/or inconsistencies with the documentation.

Auditor reconciliation (see Exhibit 4-14) showed that the State paid CAP \$9.03 million in the two years of the program. The total of CAP checks to providers and the expense reports for CAP activities as the lead agency (administrative costs) or provider of services

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for the NRI/CVPP program totaled \$6.67 million. In Year 3, CAP made payments back to ICJIA of over \$834,000. State payments less the CAP-provided documentation for expenses and payments to providers and repayments by CAP leave \$1.53 million in funds we could not reconcile for the two-year period.

Exhibit 4-14 <b>CAP FUNDING RECONCILIATION</b> November 2012 – August 2014				
<i>Community/Action</i>	<i>FY13</i>	<i>FY14</i>	<i>Documentation</i>	<i>Source</i>
ICJIA/State Payments to CAP	\$4,166,666.67	\$4,865,688.31	State Warrants	Comptroller
<b>LESS: Payments/Expenses</b>				
Payments-LOS	\$519,996.66	\$527,665.34	Check Copies	CAP
Payments-DuCAP	\$350,000.03	\$438,198.35	Check Copies	CAP
Payments-St.Sabina Church	\$1,250,000.00	\$1,041,666.70	Check Copies	CAP
CAP-CYD Program	\$421,649.70	\$444,217.31	Fiscal Report	CAP
GB-CAP-Lead Agency Expenses	\$54,789.32	\$100,592.00	Fiscal Report	CAP
GB-CAP-YEP Provider Expenses	\$222,479.37	\$226,761.42	Fiscal Report	CAP
GB-Bright Star	\$18,000.00	\$15,830.36	Check Copies	CAP
GB-Chicago Youth Centers	\$135,157.60	\$90,104.66	Check Copies	CAP
GB-CSA/R	\$25,679.00	\$37,393.20	Check Copies	CAP
WGP-CAP-Lead Agency Expenses	\$52,164.92	\$98,830.96	Fiscal Report	CAP
WGP-CAP-YEP Provider Expenses	\$207,001.24	\$168,846.78	Fiscal Report	CAP
WGP-Fathers Who Care	\$9,000.00	\$9,808.82	Check Copies	CAP
WGP-Better Life for Youth	\$9,000.00	\$5,250.00	Check Copies	CAP
WGP-New Mt. Pilgrim	\$50,000.00	N/A	Check Copies	CAP
WGP-IL One Family One Child	\$71,415.00	N/A	Check Copies	CAP
WGP-TASC	\$39,420.00	N/A	Check Copies	CAP
WGP-NAEFI	N/A	\$31,096.49	Check Copies	CAP
<b>BALANCE:</b>	<b>\$730,913.83</b>	<b>\$1,629,425.92</b>		
LESS: <i>Repayment-Closeout</i>	\$400,508.93	\$0.00	Check Copies	ICJIA
LESS: <i>Repayment-Providers</i>	\$310,386.00	\$0.00	Check Copies	ICJIA
LESS: <i>Repayment-CAP</i>	\$123,517.10	\$0.00	Check Copies	ICJIA
<b>AMOUNT NOT RECONCILED</b>	<b>(\$103,498.20)</b>	<b>\$1,629,425.92</b>		
Note: LOS-Latino Organization of the Southwest; DuCAP-DuPage County Area Project; GB-Grand Boulevard; WGP-West Garfield Park; CAP-Chicago Area Project; YEP-Youth Employment Program; CYD-Community Youth Development program; CSA/R-Center for Social Adjustment/Reentry; TASC-Treatment Alternatives for Safe Communities; NAEFI-National Alliance for Empowerment of the Formerly Incarcerated.				
Source: OAG developed from ICJIA and CAP documentation.				

**ICJIA Response:** Expenditures and fund requests from ICJIA's approved appropriation are thoroughly reviewed by ICJIA's Fiscal Unit. As recommended by the OAG, ICJIA will undertake a full fiscal audit of the \$9 million received by CAP in state grants from FY13 and FY14. Once unallowable expenditures are verified, OGC will initiate recovery actions

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under the Grant Funds Recovery Act against CAP for all unallowable, undocumented, or unspent amounts.

**Updated Response:** Accepted. ICJIA's Fiscal Department is performing a fiscal audit of all the state funds appropriated and then granted to CAP in FY13 and FY14. This is a lengthy and intensive process due to the amount that CAP administered (\$9 million) and the levels (often 2 or 3) of administrative and program agencies under CAP.

ICJIA will initiate recovery action against CAP for all confirmed unallowable, undocumented, or unspent amounts.