

LEGISLATIVE AUDIT COMMISSION



Performance Audit of
State Moneys Provided To The
Illinois Violence Prevention Authority
For The Neighborhood Recovery Initiative

February 2014

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Performance Audit

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RECOMMENDATIONS – 19

**Accepted- 3
Implemented - 11
Partially Accepted - 5**

Background

The Neighborhood Recovery Initiative (NRI) is a program designed to reduce risk factors associated with violence. In August 2010, the Governor's Office gave the Illinois Violence Prevention Authority (IVPA) the responsibility to develop a framework for the program as well as administer and oversee the program. The program served 23 communities in Cook County. In each of these communities, IVPA contracted with a lead agency which was responsible for managing the NRI program in its community and partnering and subcontracting with other community organizations to implement the various program components. The 23 lead agencies, in turn, contracted with 99 coordinating partners and 120 providing partners (community partners) to provide NRI services.

IVPA received \$54.55 million for Years 1 and 2 of the NRI program (from October 2010 through October 2012), \$44.55 million of which came from Governor's Discretionary appropriations in FY11; the remaining \$10 million were General Revenue funds appropriated in FY12. The monies were used to fund the four major NRI program components designed to rebuild "Illinois' most vulnerable neighborhoods and protect youth by offering more jobs and education opportunities." The four components were: 1) Mentoring Plus Jobs – provide youth with part-time jobs, mentoring, and social/emotional skills and support; 2) Parent Leadership – provide parents with skills that would enable them to be community leaders, educators, and mentors for other parents; 3) School-Based Counseling – provide funding for community providers to provide school-based early intervention and trauma-informed counseling services for students; and 4) Reentry – provide Reentry services for youth and young adults returning to the community from youth and adult correctional facilities.

On May 31, 2012, the Illinois House of Representatives adopted Resolution 1110, which directs the Auditor General to conduct a performance audit of the State moneys provided by or through the Illinois Violence Prevention Authority (IVPA) to

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the Neighborhood Recovery Initiative (NRI) under contracts or grant agreements in Fiscal Year 2011 and in Fiscal Year 2012. Auditors were asked to determine:

- the purposes for which State moneys were provided to the Authority for NRI;
- the relationship between the Safety Net Works (SNW) program and NRI;
- the nature and extent of monitoring by IVPA of how NRI used the State-provided moneys and whether certain residential communities of similar crime rates were excluded;
- the actual use of the State moneys by IVPA, including the identity of any sub-recipients and the amounts and purposes for employment;
- the number of positions paid through NRI by organizational unit, job title, function, and salary and whether employees completed and filled out appropriate timesheets;
- the number of positions supervised or managed by each management position and whether any of those employees are supervised or managed by more than one management position;
- whether, through a review of available documentation, NRI has met or is meeting the purposes for which the State moneys were provided, with specific information concerning NRI staffing levels, hiring procedures, and its compensation of employees; and,
- whether NRI is in compliance with the applicable laws, regulations, contracts, and grant agreements pertaining to its receipt of State moneys.

During the audit, Public Act 97-1151, signed into law on January 25, 2013, transferred staff, functions, funds, etc. from the IVPA to the Illinois Criminal Justice Information Authority (ICJIA). ICJIA began to provide oversight of NRI for Year 3 of the program and the NRI was assimilated into the Authority's already existing Community Violence Prevention Program. This report covers activities by IVPA during the first two years of NRI, a period which ended in October 2012. Recommendations relative to the NRI program are directed to ICJIA as the oversight responsibility going forward.

Report Conclusions

The audit of the first two years of the \$54.55 million NRI program found pervasive deficiencies in IVPA's planning, implementation, and management of the NRI program. The NRI program was hastily implemented which limited the time IVPA had to adequately plan for and implement the program. On August 13, 2010, the Governor attended a violence prevention conclave in Roseland where ministers requested he declare a State of Emergency on the current violence problem. Five days later, on August 18, 2010, IVPA was informed that the Governor's Office

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wanted to invest at least \$20 million in violence prevention and was directed to develop a framework for the NRI program. Less than two months later, on October 6, 2010, the Governor announced the NRI program; the program had increased to a cost of \$50 million for Chicago communities.

- The NRI program was hastily implemented, which limited the time IVPA had to adequately plan for and implement the program.
- No documentation existed showing how IVPA selected the NRI communities, and not all the most violent Chicago communities were included in the program.
- IVPA did not exercise due diligence in the selection of the lead agencies.
- IVPA was not adequately staffed.
- Contracts with community partners were not timely approved by IVPA.
- IVPA failed to adequately implement two critical financial control mechanisms: initial budgets and quarterly fiscal reports.
 - Required lead agencies' initial budgets were routinely revised, even after the end of the budget year; and
 - Quarterly reports required to be submitted by lead agencies and community partners were late and frequently revised.
- IVPA also failed to approve reallocation of funds.
- Contractually required staffing levels were not met by community partners.
- Required timesheets were not consistently maintained by community partners.
- Lead agencies changed NRI personnel and contractually required IVPA notification was not documented.
- IVPA did not adequately monitor the expenses incurred by lead agencies and community partners. Auditors selected 23 NRI agencies for site visits (2 went out of business, so only 21 were visited) and found that in many instances the supporting documentation provided did not support the expenditure amount reported by the agency on their close-out report. In other instances, expenses were unallowable. Auditors questioned \$673,674 in expenditures because two providers went out of business and auditors were unable to verify the appropriateness of their expenditures. In total, auditors questioned \$1.8 million of the \$4.4 million (40%) charged by these agencies to the NRI program.
- IVPA utilized an inadequate process to recover unspent NRI funds from lead agencies and community partners.
- IVPA did not exercise adequate oversight of the program's evaluation.

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| ACRONYMS & GLOSSARY | |
|--------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| IVPA | Illinois Violence Prevention Authority |
| ICJIA | Illinois Criminal Justice Information Authority |
| DHS | Illinois Department of Human Services |
| NRI | Neighborhood Recovery Initiative. A program implemented by the State in October 2010, and administered by IVPA, to reduce risk factors and promote protective factors associated with violence. |
| SNW | Safety Net Works. A program implemented by the State in December 2007, originally administered by DHS and later IVPA, to prevent violence by addressing a wide range of individual, family and community factors that keep young people from reaching their full potential and engage communities in comprehensive violence prevention activities through a coalition approach. |
| M+J | Mentoring Plus Jobs. NRI component that was to provide 80 youth in each community with part time jobs, mentoring and social/emotional skills and support. Mentors (16) and coordinators (2-3) would be hired part time. The youth jobs would be as Peer Leaders and Educators. |
| PLAN | Parent Leadership in Action Network. NRI component that was to provide 50 parents in each community with leadership, empowerment and self-care skills that would enable them to be community leaders, educators and mentors for other parents. Participating parents and 1-2 coordinators would be hired part time. |
| Reentry | NRI component that was to provide/expand reentry services for youth and young adults returning to the community from youth and adult correctional facilities. |
| SBC | School-Based Counseling. NRI component that was to provide funding for community providers to provide school-based early intervention and trauma-informed counseling services for students. |
| ILAACP | Illinois African American Coalition for Prevention. Contractor hired to manage the technical assistance part of NRI. |
| Lead Agency | Community organization that managed NRI in its community by partnering and subcontracting with other community organizations to implement the various program components. |
| Coordinating Partner | Community organization responsible for oversight of day-to-day operation of each component element of NRI. |
| Provider Partner | Community organization that assists in the delivery of day-to-day services for NRI. |

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Recommendations

- 1. The Illinois Criminal Justice Information Authority (ICJIA) should ensure that any changes to the Neighborhood Recovery Initiative (NRI) program are adequately planned, documented and communicated, before implementation.**

Findings: Fifty-four days from the date the Governor attended a meeting with ministers in Roseland on August 13, 2010, until his announcement of the program, the Illinois Violence Prevention Authority (IVPA) developed what became the Neighborhood Recovery Initiative (NRI). The program started with a price tag of \$20 million and eventually grew to \$50 million. The hasty implementation schedule created several problems for vendors, including not being allowed in Chicago schools due to a lack of contractual agreements.

Based on auditors' interviews with officials from the Governor's Office, the idea of what became NRI started with the Governor's attendance at a Violence Prevention Conclave in Roseland on August 13, 2010. The implementation process then involved:

- Five days later, on August 18, 2010, IVPA had been given the responsibility by the Governor's Office to develop a framework that invests \$20 million in addressing the violence problem.
- Two days later, on August 20, 2010, IVPA developed a framework costing \$20 million for 12 communities. After this was reviewed by Governor's Office, NRI was expanded to 20 communities and \$30 million 13 days later. Auditors saw no documentation to support why the program grew from the original directive.
- After meetings with aldermen, ministers, and NRI lead agency applicants that were named by the aldermen, the Governor announced the now \$50 million NRI program on October 6, 2010. Again, auditors saw no documentation at IVPA that showed any analysis as to why the increase in program funding, or who made the decision.
- Even before the official NRI announcement there was concern raised by IVPA Board members about funding for a new program when the State had been slow in paying for existing programs. According to IVPA Board meeting minutes, an official from the Governor's Office told the IVPA Board on September 30, 2010, that "the Governor's Office is committed to allocating some of the funds for this Initiative immediately and will allocate the rest after the election."

According to a review of the IVPA Director's email, the Director had some prior dealings with a number of outside contractors that became a part of NRI. On September 1, 2010, the IVPA Director informed the Governor's Office that an official from MEE Productions would be attending the meeting with aldermen

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scheduled for two days later. Additionally, an official from the Illinois African American Coalition for Prevention would also attend as his organization would be involved in the technical assistance part of the program.

The lack of adequate planning impeded effective program implementation as evidenced by concerns expressed by providing agencies. A review of quarterly report documentation showed that:

- Grand Prairie Services reported on July 8, 2011, that a barrier to the program was *“Last minute cancellations and rescheduling of training and meeting,”* and *“Managing school relations with the NRI lack of readiness for training and implementation.”*
- Telpochcalli Community Education Project, in its Year 1-Quarter 1 progress report stated, *“Another challenge faced with the program was MEE Productions’ inability to provide Spanish material. MEE Productions was not prepared to work with the Latino community. None of the MEE Productions’ materials were in Spanish or addressed Latino related issues.”*
- Black United Fund of Illinois officials on June 24, 2011, reported that *“The Overhead/Project Costs Box on the second page of the budgets of each of the NRI Program components was extremely frustrating, due to the absence of written instructions and/or guidelines....Some of the information provided by IVPA staff during the budget preparation and revision process was incorrect and/or inconsistent.”* This was eight months after the lead agencies’ contracts began.
- St. Sabina Church officials in their Year 1-Quarter 1 lead agency progress report explained *“The NRI partner application deadline followed shortly after the deadline to establish the advisory committee, which shortly followed the appointment of the project manager. The quick turn-around time resulted in a number of organizations that might have been potentially promising partners being eliminated from consideration.”*
- Safer Foundation officials reported *“Grant timeline has been changed repeatedly due to external factors. Handout materials were often unavailable. Speakers were knowledgeable and engaging, but several made it clear that they had been brought into the [NRI] program at the last minute and were unable to answer specific questions about the expectations of the grant. Several of the questions from the group could not be addressed in sufficient depth because the portions of the project they asked about have not yet been worked out.”* This report was completed by the provider on June 22, 2011, eight months after NRI began.

The implementation of the School-Based Counseling (SBC) component, while delayed, was also not fully planned out prior to implementation. Documentation showed that:

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- Youth Service Project officials reported in their Year 1-Quarter 1 progress report *“The biggest challenge of this quarter was that initially there was an urgency to get the program up and running, but then it was progressively halted.”*
- Mt. Carmel Parish Community Center in describing the barriers encountered stated *“On October 10, 2011, SBC clinicians were placed into the identified schools.”* This was 236 days after the contract began and 36 days prior to the end of Year 1 services. This report was completed by the provider on December 15, 2011.
- Youth Guidance officials in their Year 1 closeout report described the barriers encountered, *“The greatest challenge has been not being able to provide clinical services in schools despite the great need for these services because we do not have a returned and executed contract with CPS as of yet.”* This report was submitted December 12, 2011, which was 21 days after the contract for Year 1 NRI services ended. The provider expended 72% of the contract funds without seeing any children in the Chicago Public Schools.
- Alternatives, Inc. officials reported *“Challenges occurred because clinicians were not allowed to start their jobs in Chicago Public Schools this Spring because of contract issues between IVPA and CPS Administration....Also, for those schools that we contacted, it was confusing to first tell them that we were hoping to start services during the Spring and then have to go back to them stating that we couldn’t provide services until the next school year.”*
- Amani-Trinity United Community Health Corporation officials reported in their Year 2-Quarter 1 progress report that *“The SBC program’s ability to provide services in the schools remains on hold.”* This report was completed by the provider on March 1, 2012 - 356 days after the execution of the contract for SBC started between Amani and the lead agency (Black United Fund of Illinois).

The IVPA Director told aldermen in a September 7, 2010 correspondence asking them to identify a lead agency for their community that *“The Initiative is on a very fast track, so we are requesting that you respond immediately to this request.”* The same official, in an October 13, 2010 correspondence to three lead agency leaders said that *“we need to operate on a very fast track to integrate the South Suburbs sites into the cohort of 20 other Lead Agencies.”* Implementing NRI without complete planning increases the likelihood that providing agencies are not adequately versed in how the program is to operate, increasing the chances that State funds are not efficiently expended.

ICJIA Response: ICJIA agrees with the recommendation with respect to the Community Violence Prevention Program (CVPP) currently administered by ICJIA. As the OAG states, the first two years of what was previously titled the

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Neighborhood Recovery Initiative (which are the subject of this performance audit), were managed by the Illinois Violence Prevention Authority (IVPA). The IVPA was terminated by P.A. 97-1151 and all of IVPA's rights and responsibilities were transferred to ICJIA by that Act. ICJIA notes that certain assertions of fact, implications and conclusions contained in the Audit Report are not sufficient to fully describe and give context to the planning process undertaken by IVPA. ICJIA further notes that the recommendation is consistent with current ICJIA practices and will be with regard to CVPP.

Auditor Comment: *Despite having this finding for 106 days, ICJIA fails to provide details and documentation supporting its assertion that the audit report is “not sufficient to fully describe and give context to the planning process undertaken by IVPA.” ICJIA was first provided this finding and recommendation on October 15, 2013. At the exit conference on January 15, 2014, ICJIA requested we add additional explanation regarding the planning process. Given that ICJIA provided no documentation at the exit conference that fully supported these activities, we communicated to ICJIA if they wanted additional planning details included in the audit report, they were free to include these additional details in its written responses, which ICJIA chose not to do.*

2. ICJIA should accurately develop budgets for each year of NRI and not make changes to previous year budgets after that year is completed.

Findings: The budget process IVPA utilized for NRI resulted in making multiple changes to the first year budget after the budget year had concluded. Additionally, IVPA approved the transfer of unspent Year 1 funds to Year 2 without increasing the workload for the providers of Reentry and SBC services.

After Year 1 ended, IVPA continued to amend the budgets for Year 1 funds. IVPA paid all the Reentry services for youth and young adults returning to the community from correctional facilities (\$250,000 in Chicago and \$150,000 in south suburbs) and School-Based Counseling or SBC (\$275,000 in Chicago and \$150,000 in south suburbs) monies to each of the lead agencies, but the leads did not pay, nor contract for the total amount of the component to the providing partners in Year 1 because the two components were late in being rolled out.

According to IVPA officials budget revisions were necessary because the community providing partners did not receive all of the funds for Reentry and SBC that were in the initial budget. However, auditors noted that the providing partners only worked part of Year 1 on these activities. Adding more into the budgets for Year 2 would not result in additional SBC counseling to a child from Year 1. Nor

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would there be any additional reentry participants that would have received services in Year 1.

Even though providing partners did not receive all the funds for Reentry and SBC in Year 1, they also did not perform any additional work in Year 2 for those funds that were rolled into the Year 2 budgets. What did result was the lead agencies being overpaid and IVPA not collecting the overpayment as required by the Grant Funds Recovery Act. Instead, IVPA took that amount out of what was owed to the lead agencies in Year 2 payments. This process resulted in multiple amendments to funding agreements with lead agencies.

An IVPA official indicated that the budgets were adjusted to better reflect how the money was spent in Year 1. She said this was done to give agencies spending authority in Year 2. She said that this meant that lead agencies did not have the authority to spend the extra money from Year 1 as it was rolled over. She said that IVPA forgot to include this extra amount and that the second round of budget changes reflected this amount and the lead agencies then had the authority to provide the subcontracted agencies with the funds. Constantly changing a budget from Year 1 to Year 2 of the NRI program defeats the purpose of developing a budget for guidance to the providers and oversight for IVPA.

ICJIA Response: ICJIA agrees with the recommendation with respect to the Community Violence Prevention Program (CVPP) currently administered by ICJIA.

As the OAG states, the first two years of what was previously titled the Neighborhood Recovery Initiative (which are the subject of this performance audit), were managed by the Illinois Violence Prevention Authority (IVPA). The IVPA was terminated by P.A. 97-1151 and all of IVPA's rights and responsibilities were transferred to ICJIA by that Act. ICJIA further notes that the recommendation is consistent with current ICJIA practices and will be with regard to CVPP.

- 3. ICJIA should ensure that decisions regarding the NRI program are adequately documented. Additionally, if decisions are to be made by non-State personnel, ICJIA should require conflict of interest disclosures be completed for any non-State personnel that are involved in the decision making process for the NRI program.**

Findings: As opposed to putting out a competitive Request for Proposal that may have gathered multiple interested and qualified parties, IVPA and the Governor's Office sought out non-State personnel to recommend what agencies to utilize as leads.

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For competitive grants IVPA required the reviewers of the grant applications to sign a conflict of interest disclosure. The disclosure is not required for non-competitive

grants. NRI was a non-competitive grant. There was no documentation in the IVPA files to show that IVPA had conducted any due diligence on the individuals they asked to recommend lead agencies to determine whether they had any potential conflicts in the recommendations that were made. It appears that the recommendations were largely utilized by IVPA in naming lead agencies.

LEAD AGENCY SELECTION ACTIVITIES

- On August 18, 2010, IVPA was tasked with developing a framework for a program that the Governor wanted to invest \$20 million in regarding violence prevention. A Governor's Office official told auditors that since the goal was to cut down on violence, the Governor's Office thought IVPA would be the right place to house this effort. This assignment occurred less than a month after IVPA adopted administrative rules to provide oversight to the grant process.
- On September 3, 2010, officials from IVPA and the Governor's Office met with Chicago area aldermen and local elected officials regarding NRI and lead agency selection at the Governor's Office in the Thompson Center in Chicago.
- On September 5, 2010, IVPA officials informed the Governor's Office that outreach to aldermen that could not make the meeting two days earlier would be performed.
- On September 7, 2010, IVPA sent correspondence to Chicago aldermen asking them to identify one lead agency for their NRI community.
- On January 5, 2014, 495 days after documentation was first requested on the meeting with aldermen, ICJIA provided a sign-in sheet for the alderman meeting held on September 3, 2010, stating it had been "misfiled" even though the IVPA staff stated there was no sign in sheet.
- On September 13, 2010, IVPA sent an email to a number of community organizations that had apparently submitted a profile to IVPA to be a lead agency stating *"The Aldermen in your community chose a different lead organization to be the Lead Applicant. Your attendance at the Sept 16th meeting is not required. Please do not attend as this meeting is just for the lead applicants."*
- Also, on September 5, 2010, the IVPA Director informed an official from the Governor's Office that she had just spoken with the Alderman from Austin and that the Alderman was *"going to pull together the other aldermen from Austin and together they will make the decision about the Lead Agency."*
- An Alderman from the North Lawndale community wrote to the Governor on December 14, 2010, that *"I have designated the Better Boys Foundation (BBF) as the lead agency for North Lawndale's Neighborhood Recovery Initiative (NRI)."*

Source: OAG developed from NRI documentation.

After recommendations were made, IVPA then sent RFP documentation to the recommended leads to complete and return to IVPA. IVPA was referring to a list

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of lead agencies in mid-September 2010, prior to scoring the RFP responses in October 2010.

Provider Agency Selection

Agencies that were to provide day-to-day NRI services were selected by lead agencies after consultation with various religious groups. Also, there were different levels of documentation for those selections in the sample of lead agencies auditors contacted. Finally, even though IVPA and the Governor's Office did not conduct any evaluations of provider agencies, they apparently met to discuss whether to approve or not approve the decision of those who did evaluate the providers.

On September 21, 2010, IVPA and Governor's Office officials met with Chicago area ministers regarding NRI partner selection process. The same day IVPA sent an email titled Important Message to Lead Agencies notifying them of the results of the ministers meeting. The IVPA Director explained that the ministers *"are interested in being involved in the local Advisory Committees and recommending partner organizations to assist in implementing the Initiative. They expressed concern about 'lead agencies picking their same old friends' to be part of the Initiative...In addition to encouraging them to participate on advisory committees, we provided a form for them to submit to IVPA to recommend potential partners."*

Six days later, on September 27, 2010, IVPA and the Governor's Office met with south suburban ministers regarding NRI. On October 4, 2010, there was a meeting of Latino clergy in the Governor's Office regarding NRI. Lead agencies were notified by IVPA on October 3, 2010, that *"Partner decisions should not be made unilaterally by the Lead Agency. It is very important (and required) that you get input from your Advisory Committees and from interested ministers and community organizations as we move forward."*

The IVPA Director sent a correspondence on December 13, 2010, to officials in the Governor's Office about an upcoming meeting where *"we will review and approve (or not) the Lead Agencies' Provider Partner recommendations."* Given that documentation showed IVPA had delegated the responsibility for partner decisions to the lead agencies and the fact that any evaluations of the partners would not have been conducted by IVPA or the Governor's Office, auditors are not clear as to what criteria IVPA and Governor's Office would use in their approval of the partner agencies. Again, there was no documentation in the IVPA files to show that IVPA had conducted any due diligence on the individuals that recommended partners for NRI.

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Auditors selected five lead agencies that provided NRI services during the first two years of the program, requested all provider evaluations and reviewed documentation to determine who evaluated provider applications and made the decisions to select the partners. None of the five conducted the same type of evaluation.

- Circle Family Healthcare submitted evaluations conducted on only the six agencies that were selected for the NRI program, none for the losing providers. Additionally: the evaluations were not dated; one evaluator was not on the agency provided list of evaluators; there were no guidelines on what constituted a recommendation on the forms; there was no recommendation noted for 5 of 22 evaluations; and 2 recommendations were “not to fund” yet the organizations did receive an award.
- Children’s Home and Aid Society submitted evaluation scoring documents that provided numerical ratings for each provider, both those selected and those not selected. However, some providers that did not receive an NRI sub-grant had more total evaluation points than others that did receive a sub-grant.
- The Greater Auburn-Gresham Development Corporation submitted evaluations but they were not signed by the evaluator. Additionally, some criteria on the forms were not completed and there were differing numbers of evaluations among the vendors that proposed on the individual component.
- The Village of Maywood submitted consensus sheets signed by Advisory Committee members. There were no criteria-based evaluations completed nor were there consensus sheets for agencies that applied but were not selected.
- Chicago Area Project (CAP), as the lead agency in West Garfield Park, reported that it provided NRI participant recommendations to IVPA for evaluation and approval. There was no documentation to show how CAP developed such a listing.
- Four agencies reported that none of the evaluators signed a conflict of interest disclosure. The fifth, Chicago Area Project, responded that this was not applicable.

An official from the Governor’s Office could “not recall who made the decision to ask Aldermen for recommendations” regarding the lead agencies for the beginning of the program. An IVPA official reported that “*elected officials had no role in the application/budget review or in the final decision about grant awards.*” This is inconsistent with an email from IVPA to some agencies that had submitted a lead agency applicant profile on September 13, 2010.

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Agency Selection in Year Three of NRI

There were multiple changes to the makeup of the providers, both lead agencies and providing partners, for Year 3 of the NRI program. An ICJIA official reported that the decision to make changes to the leads and providing partners was made by an official from the Governor's Office based on an analysis conducted by an IVPA official. However, another IVPA official, in describing the analysis to auditors stated *"These documents are not comprehensive, don't evaluate all providers, and don't contain backup information substantiating the information provided. They were created hastily upon the Gov. Office request."*

ICJIA Response: ICJIA agrees with the recommendation with respect to the Community Violence Prevention Program (CVPP) currently administered by ICJIA. As the OAG states, the first two years of what was previously titled the Neighborhood Recovery Initiative (which are the subject of this performance audit), were managed by the Illinois Violence Prevention Authority (IVPA). The IVPA was terminated by P.A. 97-1151 and all of IVPA's rights and responsibilities were transferred to ICJIA by that Act. ICJIA notes that certain assertions of fact, implications and conclusions contained in the Audit Report are not sufficient to fully describe and give context to the selection process undertaken by IVPA to identify lead and provider agencies. ICJIA further notes that the recommendation is consistent with current ICJIA practices and will be with regard to CVPP.

Auditor Comment: *Despite having this finding for 106 days, ICJIA fails to provide details and documentation supporting its assertion that the audit report is not sufficient to "fully describe and give context to the selection process" IVPA utilized to identify lead and provider agencies. The audit report discloses the use of non-State personnel (Chicago aldermen) as an integral part of that selection process. The audit report also accurately describes that IVPA took no steps to ensure that the non-State personnel involved in the selection process were free of any real or perceived conflicts of interest.*

4. ICJIA should follow scoring award criteria and complete the same evaluations for all NRI community agencies.

Findings: IVPA failed to completely evaluate all lead agencies' proposals for NRI as detailed in a Request for Proposals (RFP). On September 8, 2010, IVPA issued an RFP for a "Governor's Neighborhood Recovery Plan" to select agencies to administer the program. Applications were to be received by IVPA by October 8, 2010. However, the lead agencies were already identified for NRI by the time the RFP was issued in that aldermen had been asked for recommendations at a meeting five days earlier. Auditor examination of the 23 individual community files

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maintained at IVPA for NRI found no evidence of any such RFP evaluations. On February 15, 2013, IVPA provided score sheets filled out by two IVPA evaluators for each of the 23 communities for Year 1 of NRI that matched the point criteria outlined in the RFP. The auditors' examination of these evaluations found:

- 87% (40 of 46) of the evaluation scoring forms did not contain all of the criteria for evaluators to mark. For example, only six forms contained the criterion *"The applicant adequately describes their willingness to implement the Governor's Neighborhood Recovery Initiative program design and participate in technical assistance, training, networking and evaluations activities as required."* The forms utilized for the other 40 evaluations did not contain this criterion.
- 51 criteria that had no marking on various evaluations.
- 46% (21 of 46) of the evaluations had scoring in the "Compliance with Program Requirements" category that had been changed. Original marks in the 6 criteria were crossed out and changed to reflect all the scores being made in the "Excellent" column. There was no documentation or explanation as to who changed the scoring or why.
- 13% (6 of 46) of the evaluations were undated which did not allow auditors to be able to determine if the evaluations were conducted and scored prior to or after the applications were submitted. These evaluations were for Pilsen Wellness Center, Auburn-Gresham Community Development Corporation, Southwest Youth Collaborative, and the Woodlawn Organization.
- 70% (16 of 23) of the communities necessitated follow up by IVPA staff to the application materials sent in by the proposer. This follow up occurred after the proposals were scored, a violation of the evaluation process stated in the RFP.
- For a West Garfield Park evaluation conducted by one of the two IVPA staff, none of the five budget sub-criteria were checked by the evaluator; the evaluator did not note any strengths of the budget but did note as a weakness "some errors" as part of the evaluation. The evaluator scored the Chicago Area Project at the maximum 5 points for an excellent budget.
- While proposals were due October 8, 2010, auditors noted that some evaluations were completed prior to that due date and other proposals were not submitted by the due date.

An IVPA official indicated that the scoring process allowed IVPA to identify any proposers that did not have the ability to go forward as a lead agency. The official indicated that this was found for two proposers. However, auditors were not provided with any such evaluation forms for these two proposers.

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For Year 2, IVPA provided renewal review forms to auditors. The review showed that 34 provider renewal reviews were not documented by IVPA. Despite this lack of documentation of the review, the providers had Year 2 NRI subcontracts. Seven of those 34 were lead agencies.

An IVPA official reported that the scoring form was revised and it appeared that some staff members inadvertently used the wrong form. Relative to following scoring guidelines, an IVPA official stated that *“Scoring forms are not individually reviewed or proofed.”* Failing to consistently score all evaluations creates skepticism of the evaluation process for selecting NRI lead agencies.

| NRI Proposal Evaluation Criteria | |
|-------------------------------------------------------|-------------------|
| Agency Qualifications and History of Past Performance | 25 points maximum |
| Community Area and Population to be Served | 15 points maximum |
| Compliance with Program Requirements | 30 points maximum |
| Management and Staffing Plan | 25 points maximum |
| Budget | 5 points maximum |

ICJIA Response: ICJIA agrees with the recommendation with respect to the Community Violence Prevention Program (CVPP) currently administered by ICJIA. As the OAG states, the first two years of what was previously titled the Neighborhood Recovery Initiative (which are the subject of this performance audit), were managed by the Illinois Violence Prevention Authority (IVPA). The IVPA was terminated by P.A. 97-1151 and all of IVPA’s rights and responsibilities were transferred to ICJIA by that Act. ICJIA notes that certain assertions of fact, implications and conclusions contained in the Audit Report do not make an appropriate distinction between a competitive selection process and a non-competitive selection process, as IVPA employed. ICJIA further notes that the recommendation is consistent with current ICJIA practices and will be with regard to CVPP.

Auditor Comment: *Despite having this finding for 106 days, ICJIA fails to provide details and documentation supporting its assertion that the audit report does not “make an appropriate distinction between a competitive selection process and a non-competitive selection process.” The audit report clearly notes that a competitive process was not required and that a competitive process was not used. The report does note, however, that once the lead agencies were selected, for reasons that were not documented, IVPA issued an RFP to select agencies for the NRI program and only sent it to those agencies which were already selected by the non-competitive process. The audit also noted that IVPA’s scoring of the proposals had numerous deficiencies.*

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- 5. ICJIA should utilize a payment method for NRI that is tied to actual expenditures of State dollars and not quarterly reports that are subsequently revised. Additionally, ICJIA should ensure that payments for NRI are only made pursuant to the contractual agreement.**

Findings: IVPA utilized a payment plan for NRI that relied on agencies to submit accurate quarterly fiscal data in order to receive its next payment. The method resulted in agencies holding large sums of State dollars that had not been expended.

During the examination of the NRI contractual agreements and community files, auditors found that agency payments under the program were triggered by the submission of a quarterly progress and fiscal report. IVPA developed contractual documents between itself and the lead agencies in the 23 NRI communities. These agreements laid out a payment schedule on how and when IVPA would make payments under the program. The payments were to be made after receipt and review of the various quarterly reports.

Likewise, IVPA developed contractual agreements for the lead agencies to utilize when contracting for NRI services with providing partners. These agreements also laid out a payment schedule based on receipt and approval of the various quarterly reports.

An examination of the quarterly reports submitted to IVPA by the lead agencies and by the providing partners to the lead agencies did not uncover where the reports were “approved” by anyone. Additionally, agencies certified that “all the information in this report is accurate,” which was not always the case because multiple revisions were made to the quarterly reports.

Payment documentation in Year 1 of NRI showed that 4 equal payments were made by IVPA to lead agencies. These amounts were \$306,250 for the Chicago communities and \$200,000 for the south suburb communities. Year 2 of NRI showed payments to agencies by IVPA that did not appear to follow any set amount in that the payments differed extensively. There was no documentation to show why the payments were for differing amounts. The result is that agencies were allowed to hold significant amounts of State funds. For example:

- Corazon Community Services, lead agency for Cicero, was paid \$306,250 on November 12, 2010, as the first payment for NRI. On February 7, 2011, IVPA received the 1st quarterly report which showed \$43,471 in expenses for the quarter. Apparently, after a review of this report that contained no detailed support for the expenses, IVPA then authorized a second payment of \$306,250 to Corazon which was issued February 24, 2011. However:

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- 122 days after the 1st quarter report was due, Corazon revised the expenses for the 1st quarter down to \$26,323 on June 6, 2011; then,
- 129 days after the 1st quarter report was due, Corazon again revised the expenses for the 1st quarter to \$30,061 on June 13, 2011; and finally,
- 209 days after the 1st quarter report was due, Corazon again revised the 1st quarter expenses to \$31,006 on September 1, 2011.
- On June 10, 2011, IVPA processed and the Comptroller issued the 3rd payment of \$306,250 to Corazon even though the 2nd quarter report had not been received. Documentation in the IVPA files indicated it did not receive the 2nd quarter report until July 21, 2011 (82 days late). The early payment is a violation of the contract between Corazon and IVPA. Before receiving the 2nd quarter report, IVPA had paid Corazon \$918,750 and had only seen self-reported expenses totaling just over \$43,000, expenses that were revised as explained above.
- A review of over 300 lead agency quarterly reports saw no indication of a signed review by IVPA staff. IVPA files did not contain supporting documentation for the quarterly reports it received from lead agencies. Absent this support, IVPA has to rely on the self-reported information from the lead agencies.

An NRI contract monitor said NRI contract monitors do not have specific policies and procedures. Another IVPA official stated IVPA started a process of initialing reports as they were reviewed, but she was not sure that was ever formalized. The official also indicated that when lead agencies were oriented to the program, IVPA encouraged the lead agencies to get the fiscal back-up from the community partners and spot check.

ICJIA Response: ICJIA agrees with the recommendation with respect to the Community Violence Prevention Program (CVPP) currently administered by ICJIA. As the OAG states, the first two years of what was previously titled the Neighborhood Recovery Initiative (which are the subject of this performance audit), were managed by the Illinois Violence Prevention Authority (IVPA). The IVPA was terminated by P.A. 97-1151 and all of IVPA's rights and responsibilities were transferred to ICJIA by that Act. ICJIA further notes that the recommendation is consistent with current ICJIA practices and will be with regard to CVPP.

- 6. ICJIA should take the steps necessary to enforce provisions of contractual agreements involving evaluation of the NRI program. Further, ICJIA should require community partners to comply with contractual agreements and submit the required data for evaluation or seek to remove the community partners from the program. ICJIA should also consider tying payments to contractual deliverables to ensure work**

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is not only completed but also completed according to the agreed upon dates. Given the investment the State has in the NRI program, ICJIA should conduct an evaluation of how effective the NRI program has been in reducing violence levels in the applicable communities that received funding.

Findings: IVPA failed to enforce provisions of an intergovernmental grant agreement with the University of Illinois at Chicago (University) relative to an NRI Evaluation Project. IVPA had neither required the University to submit the deliverables outlined in the grant agreement nor followed the timeline for providing the deliverables. Additionally, data which was required to be submitted by community partners under NRI for evaluation was not always submitted. Further IVPA did not require the University to assess whether NRI had been effective in reducing violence in the communities in which State funds were expended, a major goal of the NRI program.

On June 28, 2011, IVPA entered into an intergovernmental grant agreement with the University *“for purposes of data analysis and evaluation of the Neighborhood Recovery Initiative.”* The agreement, as amended, required IVPA to pay \$498,351 for the evaluation services. IVPA made two payments, on June 30, 2011 and June 22, 2012, to satisfy the payment terms of the agreement. Auditors’ analysis of available documentation and interviews with staff at IVPA and the University found:

- The agreement’s Scope of Work section contained a schedule and timeline for 23 project deliverables. At the close of 2012, 10 of 22 project deliverables were not submitted. On May 15, 2013, IVPA provided 12 other deliverables not outlined in the contract. Auditors cannot verify this information because there were no contract amendments to support these changes.
- The University did submit Quarterly Process Reports to IVPA on the project. However, as of November 2012, not all of the reports were submitted and others were either not submitted in the stated timeframe as delineated in the agreement or contained insufficient information for us to determine when they were submitted.
- On May 15, 2013, auditors were provided copies of reports for Year 1 and Year 2 of the NRI program. This was 562 days after the end of Year 1 and 196 days after the end of Year 2 of NRI.
- The University submitted “drafts” of the Services and Outcomes Reports for all four components to NRI. These drafts were due to IVPA on January 1, 2012. While 2 of 4 reports were undated, the other two reports were dated July and August of 2012 - over six months late. An examination of these reports found that there was a significant amount of missing data for which to conduct the evaluations. To illustrate:

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- The Mentoring Plus Jobs (M+J) component to NRI required the communities to provide jobs for 1,840 youth across the 23 communities. The draft report for M+J had data for only 74% of the NRI communities and for 43% (792 of 1,840) of the total participants for M+J.
- Likewise, the PLAN component required the communities to provide jobs for 1,060 low-income parents across the 23 communities. The draft report for PLAN had data for 87% of the NRI communities and for only 49% (521 of 1,060) of the total participants for the PLAN component.
- According to IVPA staff, the community partners are required to enter data into the database designed by Social Solutions, an external vendor for NRI.

Community NRI service providers reported to auditors and IVPA multiple concerns about the evaluation process. Auditors' review of the IVPA files did not uncover any information to show that IVPA addressed the lack of data problem reported by the agency.

The University investigator for the evaluation agreed the University reports do not address if NRI had an impact on violence. The official stated he is working with ICJIA staff for Year 3 to hopefully provide some information on violence levels. He added that the measures collected for NRI in the first two years didn't include violence issues and weren't included in the questions that had to be answered in the pre- and post-tests during data collection. That information was more of a process evaluation.

Representatives from the Governor's Office told auditors that the Governor's Office wanted the Crime Lab at the University of Chicago to do evaluation work for NRI. An official of the Crime Lab indicated that they were interested in conducting the evaluation, including a cost/benefit analysis on the program all on a pro bono basis. An IVPA official declined the offer. A different IVPA official explained that the crime lab uses very elaborate evaluations with control groups. She said that this was not the type of evaluation IVPA wanted.

An IVPA official reported that there had been verbal discussions with University officials about making changes to the deliverables schedule for the NRI evaluation agreement. However, auditors must note that IVPA and the University did not memorialize these discussions into an amendment to the evaluation agreement. According to the principal investigator for the University on the NRI evaluation, the project had been delayed. The University experienced a change from the original lead principal investigator for the project, evaluation team turnover; and longer than expected amount of time for Social Solutions to "clean" the data.

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IVPA officials indicated that, when dealing with community partners, it is sometimes difficult to get them to enter evaluation data due to different levels of technological expertise. Auditors note that the contractual agreement signed by the partners **requires** the submission of data for evaluation purposes. Additionally, IVPA paid almost \$2.8 million over the two years of the NRI program to a consultant to schedule a training program for community partners.

During the two-year period covered by the NRI program, IVPA paid \$44.55 million to community partners for program activities. Not having completed evaluations to determine if NRI was having an impact lessens IVPA's ability to know if Year 2 funds were being utilized in the most efficient manner.

ICJIA Response: ICJIA agrees with this recommendation in part. As the OAG states, the first two years of what was previously titled the Neighborhood Recovery Initiative (which are the subject of this performance audit), were managed by the Illinois Violence Prevention Authority (IVPA). The IVPA was terminated by P.A. 97-1151 and all of IVPA's rights and responsibilities were transferred to ICJIA by that Act. ICJIA has evaluated and will continue evaluations of the ICJIA CVPP program which is the successor to NRI. ICJIA will hold lead and provider agencies to their contractual obligations regarding data reporting and will take progressive corrective action up to and including termination of a contract if other corrective actions are unsuccessful. ICJIA will ensure that contractual obligations regarding evaluation contracts will be enforced and if circumstances require, will enter into contract amendments to document any agreements to modify the original contract terms and schedules. ICJIA will require lead and subcontracting provider agencies to submit data as called for in contracts. ICJIA will further tie payments to deliverables. ICJIA does not agree that overall community violence levels are an appropriate measure of the effectiveness of a discrete program such as NRI or CVPP. NRI provided direct services in the way of jobs and mentoring to about 1700 youth and jobs to 1600 adults per year, parenting skills services to roughly 1,000 parents per year, counseling services to over 3600 youth over the two years, and re-entry services to almost 600 young people returning to the community from correctional facilities. NRI services were provided to between 1 and 2 per cent of the population in the NRI communities. ICJIA is in the process of developing a long term outcome evaluation to determine whether individuals participating in the CVPP have lower rates of criminal involvement and other measures of improved social outcomes.

Auditor Comment: *The audit report does not recommend using "overall community violence levels" to measure the effectiveness of the NRI program. The only place overall community violence levels are discussed in the report is to determine, as required by House Resolution No. 1110, whether residential*

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communities with crime rates similar to communities selected to participate in the NRI program were excluded from the program.

The audit report does recommend an evaluation of the effectiveness of the program in reducing violence. NRI was a violence prevention program. The IVPA had a \$498,000 contract with the University of Illinois “for purposes of data analysis and evaluation” of the NRI program. The U of I contract did not require an assessment of the program’s impact on violence. In a discretionary program as large as the NRI program, simple logic would suggest management would want to know, and should be able to show, whether the \$55 million program was having its desired impact.

7. ICJIA should enforce provisions of the NRI contracts with lead agencies and ensure it is aware of the staff assigned to conduct NRI activities under the State grant.

Findings: IVPA failed to monitor lead agency personnel assigned to the NRI grant. The lack of monitoring resulted in \$1.4 million in questioned personnel costs charged to the State grants.

During the review of lead agency files maintained at IVPA, auditors identified instances where staff detailed in the contract with IVPA for NRI services were either changed or not included on the quarterly fiscal report forms submitted by the lead agencies. Auditors examined all community lead agency quarterly reports, compared the staff to those detailed in the contract, and noted the following exceptions:

- IVPA staff developed the contractual agreements for the lead agencies. Additionally, IVPA developed the quarterly fiscal reporting forms, which includes a “Personnel Expenses Detail Chart,” for lead agencies to provide for monitoring purposes. The Chart lists the individuals charged to the grant along with the salary and fringe amounts for the quarter for each individual.
- At some time during the first two years of NRI, lead agencies in all 23 communities failed to provide the Personnel Expenses Detail Chart to some degree. Without the Chart, auditors were unable to determine who was charged to the State grant. Absent this information in the quarterly reports, IVPA staff would also have been unable to determine who was being paid with State grant funds.
- For those quarters in which the Charts were not submitted for review, lead agencies charged \$885,169 in salary and fringe benefits to the State NRI grants.
- There were additional questioned payments of \$483,879 for instances where an individual appeared on the Personnel Detail Chart that had not

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- been identified in the contract with IVPA or had not been reported as hired on previous quarterly reports. While lead agencies may have reported the individual on a current quarterly report, that report was not submitted until after the end of the quarter; therefore, auditors would have called that an exception in that it did not meet the requirement of the contract.
- The IVPA files did not contain any evidence of the notifications of new hires coming in a form other than on the quarterly reports. Additionally, IVPA files did not contain timesheets to show specifically when individuals charged to the NRI grants worked on those activities.
 - Auditors saw no indication that IVPA questioned these individuals not identified, or not identified timely, in their monitoring of the NRI program.

Section 7 of the original contracts with lead agencies for NRI required the grantees to appoint, assign and commit specific individuals to implement the activities of the grant. The contract goes on to state, “[I]f for any reason, Grantee finds it necessary or desirable to substitute, add, or subtract personnel to conduct activities under this Agreement, Grantee shall submit a written notice to Authority within ten (10) business days of the personnel substitution, addition, or subtraction. Such notice must include the name or names of any substituted or additional personnel, together with such person’s resume and the reason for such personnel substitution, addition, or subtraction.”

An IVPA official told auditors that the fiscal reports contain personnel salary and fringe payments; however, the files do not contain payroll and timesheet detail.

ICJIA Response: ICJIA agrees with the recommendation with respect to the Community Violence Prevention Program (CVPP) currently administered by ICJIA. As the OAG states, the first two years of what was previously titled the Neighborhood Recovery Initiative (which are the subject of this performance audit), were managed by the Illinois Violence Prevention Authority (IVPA). The IVPA was terminated by P.A. 97-1151 and all of IVPA’s rights and responsibilities were transferred to ICJIA by that Act. ICJIA notes that certain assertions of fact, implications and conclusions contained in the Audit Report are not sufficient to fully describe and give context to the staff monitoring process undertaken by IVPA. ICJIA further notes that the recommendation is consistent with current ICJIA practices and will be with regard to CVPP. However, ICJIA generally only identifies individuals hired under grants by job title and not by name to avoid any appearance that ICJIA favors certain individuals in its grant process.

Auditor Comment: *Despite having this finding for 106 days, ICJIA fails to provide details and documentation supporting its assertion that the audit report does not “fully describe and give context to the staff monitoring process undertaken by IVPA.” IVPA developed the contractual requirement that staffing changes were*

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to be reported within 10 days. Our analysis found that providers did not comply with this contractual requirement and it was not enforced by IVPA.

- 8. ICJIA should either ensure that providers hire the required number of positions for NRI or determine if other levels need to be memorialized in contractual agreements. Additionally, when quarterly reports show problems with hiring practices, ICJIA should document how those problems are resolved.**

Findings: Not all providers maintained the contractually required number of positions for the M+J and PLAN components. Additionally, while IVPA developed the design for the number of staff to be required in each community, there was no documentation to show that IVPA took any steps to correct the staffing deficiencies. In fact, auditors saw a correspondence which stated that IVPA implemented a hiring freeze for M+J in the summer of 2012.

Mentoring Plus Jobs – Youth

For M+J, Chicago communities were to hire 80 youth that needed to be employed for NRI. The south suburbs were to hire 40 youth to meet the contractual requirements of participation in the program. During the first two years of NRI the analysis found:

- The average number of youth employed was only 66 per period in the Chicago communities and an average of 35 in the south suburbs.
- Agencies were able to meet the staffing requirement 21% of the time (28 out of 135 total reporting periods).
- Agencies failed to hit the required staffing level 67% of the time (90 of 135).
- In 7% of the reporting periods, agencies hired more than the required number of youth.
- 6% of the time (8 of 135) auditors could not determine if the staffing level was achieved because either the coordinating partner did not report the staff hired or the quarterly report was not submitted to IVPA.

Mentoring Plus Jobs – Adult Mentors

M+J also had a staffing requirement for adult program component mentors. Chicago area communities were required to have 16 mentors and south suburb communities were to have 8 mentors. Again, for the first two years of NRI, auditors found:

- The average number of adults employed was 15 per period in the Chicago communities and an average of 7 in the south suburbs.

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- 22% of the time (30 of 135) auditors could not determine if the staffing level was achieved because either the coordinating partner did not report the staff hired or the quarterly report was not submitted to IVPA.
- There were 8 periods where agencies reported hiring mentors yet there were no youth hired in those same quarters.

Parent Leadership in Action Network (PLAN)

The PLAN component also required certain staffing levels based on the program design and contract executed with the agencies that provided the services. Fifty low-income adults were to be hired in Chicago area communities and 20 in the south suburbs. Auditors examined all the coordinating partner reports and found:

- The average number of adults employed under PLAN was 40 per quarter in the Chicago communities. South suburb agencies reported hiring the required average of 20 adults for PLAN.
- For 3% of the reporting periods (3 of 90) auditors could not determine if the staffing level was achieved because either the coordinating partner did not report the staff hired or the quarterly report was not submitted to IVPA.

IVPA instituted a hiring freeze of youth in the M+J component during the 2nd quarter of Year 2. Agency staff expressed frustration from time to time in quarterly reports with the M+J and PLAN staffing issues:

- Auburn Gresham Development Corporation officials in their Year 2-Quarter 2 PLAN progress report described a barrier encountered: *“The challenges were that parents had to quit the program because the little money they obtained was affecting their Child support, unemployment & disability benefits.”*
- Instituto del Progreso Latino reported in its Year 1-Quarter 3 progress report that in speaking to the youth recruiting process for M+J, officials indicated that *“it is very difficult, if not near impossible to hire and retain youth that are from the community that may have had questionable dealings in the streets (ex. gang affiliations - even if they are attempting to leave the life or have given it up) or are troubled/nearly unemployable, as MEE Productions has encouraged us to do.”*

IVPA officials were aware of these issues as they received copies of all the quarterly reports. Auditors saw nothing in the community files to show that IVPA had addressed these issues relative to not meeting staffing levels by providers.

ICJIA Response: ICJIA agrees, in part, with the recommendation with respect to the Community Violence Prevention Program (CVPP) currently administered by ICJIA. As the OAG states, the first two years of what was previously titled the Neighborhood Recovery Initiative (which are the subject of this performance audit),

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were managed by the Illinois Violence Prevention Authority (IVPA). The IVPA was terminated by P.A. 97-1151 and all of IVPA's rights and responsibilities were transferred to ICJIA by that Act. ICJIA notes that certain assertions of fact, implications and conclusions contained in the Audit Report are not sufficient to fully describe and give context to the hiring of NRI staff and participants. ICJIA further notes that the recommendation is generally consistent with current ICJIA practices. However, with regard to service programs, ICJIA sets goals in its contracts rather than absolute contractual requirements for numbers of participants and requires agencies to provide an explanation when such goals are not met, and will do the same with regard to CVPP.

Auditor Comment: *Despite having this finding for 106 days, ICJIA fails to provide details and documentation supporting its assertion that the audit report does not “fully describe and give context to the hiring of NRI staff and participants.” The IVPA developed contracts and design of Mentoring Plus Jobs and Parent Leadership in Action Network components required the providers to hire certain specific staffing levels. The State fulfilled its end of the agreement by providing the funding for the full amount of the staffing design to the lead agencies. IVPA failed to enforce these contractual requirements.*

9. ICJIA should ensure that NRI providers maintain contractually required timesheets on staff that perform NRI activities. Additionally, ICJIA should be consistent with respect to timesheets in all contractual agreements for NRI.

Findings: IVPA failed to enforce contractual provisions regarding the maintenance of timesheets for Mentoring Plus Jobs (M+J) and Parent Leadership in Action Network (PLAN) staff. Additionally, IVPA developed contracts which required the use of timesheets for some of the NRI components but not in others.

Auditors randomly selected 23 agencies to verify expenses charged to State funds as part of the NRI grant. Auditors also tested to see if timesheets were maintained pursuant to contractual agreements.

The contracts for M+J and PLAN require the coordinating agencies to maintain timesheets for payroll purposes. Contracts for providing partners, Reentry, SBC, and the lead agencies are silent on the maintenance of timesheets.

During site work, auditors reviewed whether timesheets were available at the various agencies and found:

- 30% of the agencies (7 of 23) did maintain timesheets on their staff.
- 35% of the agencies (8 of 23) did not maintain timesheets on their staff.

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- 22% of the agencies (5 of 23) had partial support for timesheets.
- 13% of the agencies (3 of 23) were either not able to be tested due to the agencies closing, or, in the case of Cicero Area Project, had no salary charges to the NRI program.

An IVPA official said there was nothing in the grant agreements which required timesheets. She said that IVPA does receive payroll documentation which supports time spent on certain activities. Auditors would note the official's explanation was not consistent with contractual agreements reviewed during the audit.

ICJIA Response: ICJIA partially agrees with the recommendation with respect to the Community Violence Prevention Program (CVPP) currently administered by ICJIA, particularly as to the youth and parents who participate in the program. As to providers, ICJIA will evaluate whether each provider's current timekeeping policy and documentation is sufficient under the grants.

10. ICJIA should take the necessary steps to gather and monitor information to ensure that individuals are not paid in excess of 100% of their time for work on NRI and other State grant programs.

Findings: IVPA failed to monitor provider staff that worked for either multiple providers or for providers that provided services in multiple settings to ensure the State was not paying for more than 100% of the staff's time.

Auditors tested five agencies' grants files, for IVPA grants as well as grants from other State agencies, to see if individuals had worked for multiple providers or had worked for the same provider but in different components or in different communities. The examination found at least three instances wherein the State paid in excess of 100% of the time for a staff member and four other instances where a similar problem may have existed, but due to a lack of timesheets, auditors were unable to determine whether the work overlapped for an individual that worked for multiple NRI providers or other State funded grants. For instance:

- Vision of Restoration. The State paid in excess of 100% of the time for a staff member while she was working on two components in the NRI program in Maywood.
 - She was charged at 100% time as a project coordinator for Reentry with a lead agency.
 - She was charged at 10% as the executive director/project coordinator for the work the agency did in the M+J component at the same time.

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- The same individual was being charged at 5% of her time to a DCEO grant at the same time.
- The Link and Option Center. The State paid in excess of 100% of the time for a staff member while she was working on multiple components in multiple communities for NRI in the south suburbs and another special project grant overseen by IVPA.
 - She was charged at 50% time with the lead agency as the program coordinator for the reentry component in Thornton Township.
 - She was also paid at 50% time as the project coordinator for the SBC component in the same community.
 - Additionally, she was paid at 50% time for her work as the program coordinator for Reentry in Rich Township at the same time.
 - She was also paid at a 12% rate for work in SNW during part of the same period, under another grant overseen by IVPA.
 - In year 2 of NRI, the same individual was paid for 50% and 20% time, respectively, for being a program coordinator in Thornton Township for the same components identified above.
 - Her rate of reimbursement for the SNW grant increased to 20% during the period that extended to October 31, 2012.
 - The lack of timesheets in IVPA files made it impossible for auditors or IVPA to know if this individual was working on the State funded grants at the same time or not.

While there may be explanations as to various work arrangements (for example, working overtime or working hours past the regular day on additional NRI activities) the IVPA files did not contain evidence that the exceptions noted above had been evaluated and that IVPA had approved the time.

Some IVPA staff told auditors that there are some checks of provider staff between SNW and NRI programs. Other staff indicated there were no checks between programs.

ICJIA Response: ICJIA agrees with this recommendation generally but does note that there may be instances, as the Audit Report notes, where an individual may legitimately be putting in more than full time employment (more than 40 hours per week) but ICJIA will monitor such situations carefully. ICJIA will require that it be notified whether any individual employed as a result of ICJIA's CVPP is being paid under more than one grant from ICJIA or other granting agency and will require that those individuals submit timesheets to ICJIA so that any potential abuses may be identified.

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11. ICJIA should ensure it has documentation to support how communities are selected for NRI State grant monies before expending funds on any programs.

Findings: IVPA could not provide supporting analysis for the Chicago communities selected to participate in NRI. Additionally, the communities selected for NRI by IVPA and the Governor's Office were not all the most violent in terms of crime in the Chicago area. Auditors' comparison of NRI communities to the violent crime totals published by the Chicago Police found seven Chicago neighborhoods that were among the 20 most violent neighborhoods that did not receive NRI funding. In Year 3 of NRI another Chicago community, Hermosa, was added to the NRI program. This community ranked 48th in violent crime from 2005-2010.

- The NRI press release stated, "The initiative will begin in a number of Chicago neighborhoods the Illinois Violence Prevention Authority has identified as having the most need."
- According to the former Director, IVPA utilized the analysis conducted by the Department of Human Services (DHS) for the Safety Net Works (SNW) Program, an initiative of the Blagojevich Administration, to determine which communities to fund for the NRI program.
- In each of years 2005 through 2010, there were Chicago neighborhoods not receiving NRI funds, but having higher violent crime totals than Chicago neighborhoods receiving NRI funds. Six neighborhoods in the top twenty in all 6 years analyzed did not receive NRI funding.

Auditors inquired as to whether the practice of a lack of documentation in selecting communities has continued into Year 3 of the NRI program. ICJIA officials reported that a new community, Hermosa, was added to the NRI program in Year 3. Hermosa was ranked 48th based on violent crime totals from 2005-2010. Auditors asked ICJIA officials on June 26, 2013, whether there was any analysis to support the addition of this community or whether the Governor's Office made the decision to add this community to NRI. On October 22, 2013, an ICJIA official responded that Hermosa was not selected by ICJIA staff nor did ICJIA know who specifically added Hermosa. Hermosa was added to the program in the fall of 2012 based on a list provided to ICJIA by officials from the Governor's Office.

When asked about the target communities and supporting analysis, the former IVPA Director said:

- The targeted communities were initially identified by the former Department of Human Services Secretary as part of Safety New Works (SNW).
- IVPA did not have the actual analysis, just the listing of eligible communities that resulted from the analysis which was used as the basis of selection for the NRI target communities.

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- The south suburb communities were an addition to the list after they appealed to the Governor's Office for inclusion.

When asked about the supporting analysis, DHS' audit liaison said the analysis was conducted over six years ago and may have been shredded. In a written response to auditors regarding the original SNW analysis which resulted in a list of SNW target communities, DHS stated, "*We have not been able to find any analysis of the communities, this information has not been found.*"

Auditors reviewed approximately 20 boxes of SNW documentation at DHS' Chicago office and found no documentation to support the analysis DHS conducted as part of the SNW to determine which communities were eligible to participate in SNW.

ICJIA Response: ICJIA agrees with the recommendation with respect to any additional communities that might be added to CVPP. As the OAG states, the first two years of what was previously titled the Neighborhood Recovery Initiative (which are the subject of this performance audit), were managed by the Illinois Violence Prevention Authority (IVPA). The IVPA was terminated by P.A. 97-1151 and all of IVPA's rights and responsibilities were transferred to ICJIA by that Act. As to existing CVPP communities, they have already been selected and ICJIA is not contemplating terminating services in those areas in light of the infrastructure and community organization collaborations which have been built up in the last several years. ICJIA has begun and will continue efforts to have organizations in the existing communities formally expand their catchment areas to provide services to individuals from other communities in need, though not presently a named CVPP community, a practice which some agencies have already begun.

12. ICJIA should ensure that approval of all contracts for NRI services is maintained and that timely approvals are completed. Additionally, ICJIA should only allow providers to initiate NRI services after an executed contract has been approved.

Findings: IVPA failed to timely approve contracts for NRI services with service agencies. Additionally, some contractual documents contained no indication that IVPA had approved the agreements. Finally, IVPA allowed service agencies to work on NRI activities prior to execution of the contractual agreement.

Auditors examined all 663 contractual agreements maintained in the NRI files at IVPA and found:

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- **Approval:**
 - 5% of the contract approvals (32 of 663) had either no evidence of approval by IVPA (25 instances) or may have had an approval signature but was not dated (7 instances), not allowing auditors to determine when the approval was made.
- **Approval and Agreement Execution:**
 - 23% of the contracts (154 of 663) were approved by IVPA prior to execution of the contract between the lead agency and the providers.
 - 32% of the contracts (211 of 663) were approved by IVPA the same day the contract was executed.
 - 40% of the contracts (265 of 663) were approved by IVPA after the contract was executed by the lead and providing agencies.

An IVPA official said that the agencies were allowed to begin work on a grant prior to execution, but that they would only be reimbursed if the contract was executed.

ICJIA Response: ICJIA agrees with this recommendation, in part, for the CVPP. As the OAG states, the first two years of what was previously titled the Neighborhood Recovery Initiative (which are the subject of this performance audit), were managed by the Illinois Violence Prevention Authority (IVPA). The IVPA was terminated by P.A. 97-1151 and all of IVPA's rights and responsibilities were transferred to ICJIA by that Act. ICJIA's practice does require approval of contracts for all its grants including the CVPP contracts through a multi-level approval process. Delays in approval may occasionally result from negotiating details of the contract budget or its narrative description of the program to be implemented, delays in grantees returning grant contracts or providing other required information or material to ICJIA such as Civil Rights and EEOC Certifications, proof of 501 (c)(3) status, DUNS registration and similar materials in the pre-execution review process or at execution stage, delays in returning contracts executed by the grantee for execution by ICJIA, occasional periods during ICJIA's yearly grant cycle when many grants are being processed for signature at the same time or other occasional staffing issues. ICJIA respectfully disagrees with the recommendation that providers only be allowed to initiate services after an executed contract has been approved. While this is a requirement under the Illinois Procurement Code for most procurements, grants are exempt from that Code requirement. There are cogent reasons for this exclusion. Often, as is the case with CVPP, grant contracts are being processed that are continuation grants for programs that are in operation. When there are delays in execution of a continuation contract for whatever reason, it would not be good policy to require the grantee to halt the program until the contract can be executed. ICJIA's grant contract sets forth the performance period for the grant and provides that ICJIA may reimburse a grantee for grant project activities engaged in before execution of the contract, as long as those activities are within the performance period. In

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the case of such a continuation grant, but most especially with respect to new grant programs, a grantee or potential grantee that engages in grant program activities before a contract is actually executed does so at its own risk. In the event that no contract is executed, ICJIA will not and is not required to provide reimbursement for activities undertaken in expectation of a grant. The type of obligations under ICJIA's grant contracts are covered by the Statute of Frauds which require that certain types of contracts be in writing to be enforceable, and prohibits enforcement of alleged verbal agreements. In its approximate 30 years of existence, ICJIA has never been subject to such a claim.

Auditor Comment: While ICJIA officials indicate that delays in grant approvals may happen "occasionally," auditors would not characterize the failure to timely approve 40 percent of agreements as "occasional". Furthermore, ICJIA's response does not explain the 32 NRI contracts that showed no evidence of IVPA approval. Programs should be properly planned and staffed so that the need to allow grantees to begin work before a contract is approved does not even become an issue. Allowing a grant provider to work without an executed approved agreement, even though it is not prohibited by the Procurement Code, is a bad business practice and exposes both the State and the grantee to unnecessary risks (such as if State funds are not spent as intended).

13. ICJIA should ensure that lead agencies are appropriately monitoring partner agencies. ICJIA should ensure that lead agencies require partner agencies to submit quarterly reports that are timely and accurately approved and certified. Additionally, ICJIA should consider collecting and reviewing all supporting documentation to ensure State resources are appropriately expended on the NRI program.

Findings: NRI partner agencies failed to timely submit quarterly progress reports to either the lead agencies or IVPA. Additionally, the accuracy of the quarterly reports was questionable in some instances. There was no indication in the community files that IVPA or the lead agency questioned the accuracy issues.

Quarterly progress reports served two purposes for the NRI program: as a **monitoring mechanism** for the lead agencies and IVPA; and as a mechanism to trigger the next payment to the providing agency. Lead agencies received the quarterly reports from providers within their designated communities. They forwarded copies to IVPA after receipt and approval of the report. Lead agencies submitted their quarterly reports directly to IVPA for review.

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Lead Agency Timeliness in Submitting Reports

IVPA community files contained 181 originally submitted quarterly reports by lead agencies.

- 62% (113 of 181) of the reports were on average 21 days late based on due dates established on the report.
- The files contained 121 quarterly reports that had been revised by agencies even though they had originally certified the accuracy of the earlier submission.

Coordinating and Providing Partner Timeliness in Submitting Reports

IVPA community files contained 1,085 originally submitted quarterly reports by providing partners. A review found:

- 42% (458 of 1,085) of the reports were, on average, 16 days late based on due dates established on the report.
- 14% (154 of 1,085) of the original reports were either unsigned (4 instances), undated (138 instances), or unsigned and undated (12 instances) making it impossible to determine when the reports were completed.
- The files contained 233 quarterly reports that had been revised by providing partners even though they had originally certified the accuracy of the earlier submission.
- Absent lead agency certification of the accuracy of the reports it is questionable that any review was conducted on the quarterly reports given that IVPA did not collect information on the detail behind the expenses.

Accuracy of Quarterly Reports

Lead agencies were responsible for certifying the accuracy of the quarterly reports. Only 12% (129 of 1,085) of the originally submitted quarterly reports were certified as accurate on the same day by the lead agency as the day the information was certified by the providing partner.

Same Fiscal Report Submitted for Two Different Periods

New Life Knew Solutions, a partner agency for M+J in East Garfield Park submitted the same fiscal closeout form to the lead agency, Mt. Vernon Baptist Church, in Year 2 as it did for Year 1. IVPA received this report on April 11, 2013, and did not question the accuracy of the report.

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Line Items Equally Expensed Across All Quarters

Latino Cultural Exchange Coalition, a partner agency for Reentry in Humboldt Park, submitted its Year 2 closeout to the lead agency, Chicago Commons, which included the exact same amounts in each of the four quarters of the program. IVPA received this report on January 10, 2013, and did not question the accuracy of the report.

When asked if IVPA assumes that the lead agency has reviewed and approved community partner quarterly reports and determined that information is correct prior to the lead agency submitting the quarterly reports to IVPA, an IVPA official said that IVPA encouraged the lead agencies to get the fiscal back-up from the community partners and spot check. She mentioned that lead agencies are required to review the program reports.

ICJIA Response: ICJIA agrees with the recommendation with respect to the Community Violence Prevention Program (CVPP) currently administered by ICJIA, that it should ensure that lead agencies are appropriately monitoring partner agencies. ICJIA further agrees with the recommendation that lead agencies require partner agencies to submit reports that are timely and accurately approved and certified. ICJIA has considered the question of whether it should (and can) collect and review all supporting documentation and has determined that it would simply not be feasible to do so with existing grant and other staff. However, ICJIA will be requiring lead agencies to assume a more active role in monitoring activities of provider agencies. In addition to reviewing quarterly provider fiscal and program progress reports, lead agencies will continue to be required to have monthly site meetings with each of their provider agencies. ICJIA will require lead agencies to document those meetings and the matters discussed. The lead agencies will be required for each such meeting to pick one area of expenditures, to discuss the expenditures with the provider agency, and to require that supporting documentation be produced to support the claimed expenditure.

14. ICJIA should enforce contractual provisions for the population of Reentry participants that should be served by providing partners for the NRI program. Additionally, ICJIA should examine which providers are not serving the contractually required number of Reentry participants and look to adjust funding to levels that are more appropriate to actual service levels.

Findings: IVPA allowed providers of Reentry services to serve a population that was in violation of the contractual agreement for NRI. Additionally, many providers

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did not fulfill contractual obligations for the number of program participants to be served under the Reentry component.

During the examination of the NRI contractual agreements and community files auditors saw that some providers reported serving a different population of youth than what was prescribed in the contract. Additionally, summary documentation developed by the University of Illinois at Chicago confirmed this finding. Also, providers were not serving the required number of clients for the staffing approved by IVPA.

- The University of Illinois at Chicago, in July 2012, provided a services and outcomes report for the Reentry component from Year 1 of the program. There were 585 recorded participants for Reentry in Year 1. Of the 585, 37 Reentry participants did not have an age recorded in the database. And 12% (65 of 548) fell outside the contractually required age range (17-24) to receive services.
- Contractual agreements for Reentry services for NRI detailed that each case manager was to maintain a caseload of 15-20 participants. Utilizing the participant numbers reported by the University that were pulled from the database developed by Social Solutions, auditors found that 78% (18 of 23) of the NRI communities failed to maintain the caseloads required by the contracts.
- Officials from Proviso Leyden Council for Community Action reported in their Year 1-Quarter 3 Reentry progress report that *“Agency still provided services to those that did not fall within NRI guidelines.”*
- Officials from Healthcare Alternative Systems in their Year 1-Quarter 2 Reentry progress report explained that *“To date we have only been referred 2 individuals.”*
- Officials from New Life Centers of Chicagoland reported on its Year 1-Quarter 2 Reentry progress report, stated *“Our contract stipulates we need to have a case load of 15-20 youth for our full-time case worker, and 7-10 for our part-time case worker. Our concern and frustration is how can we meet these contractual obligations when Little Village/Pilsen does not have many youth on parole?”* The provider had 1 client in June and 7 during the period ending August 15, 2011.

IVPA officials were aware of these issues as they received copies of all the quarterly reports. Auditors saw nothing in the community files to show that IVPA had addressed these issues with service of Reentry participants.

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ICJIA Response: ICJIA agrees with the recommendation with respect to the Community Violence Prevention Program (CVPP) currently administered by ICJIA. As the OAG states, the first two years of what was previously titled the Neighborhood Recovery Initiative (which are the subject of this performance audit), were managed by the Illinois Violence Prevention Authority (IVPA). The IVPA was terminated by P.A. 97-1151 and all of IVPA's rights and responsibilities were transferred to ICJIA by that Act. ICJIA however notes that certain assertions of fact, implications and conclusions contained in the Audit Report are not sufficient to fully describe and give context to the reentry payment process by IVPA. ICJIA is working with the Department of Corrections and the Department of Juvenile Justice and will work with probation departments to determine as accurately as possible the number of reentry eligible participants that can be expected in each community. ICJIA notes that recordkeeping by some of those entities is by zip code rather than community and zip codes may overlap one or more community areas which may present difficulties in absolutely accurate determinations. ICJIA has expanded the range of ages eligible for CVPP services and will enforce those age limits for reimbursement claims by the provider agencies.

Auditor Comment: *Despite having this finding for 106 days, ICJIA fails to provide details and documentation supporting its assertion that the audit report does not “fully describe and give context to the reentry payment process by IVPA.”*

- 15. ICJIA should ensure that all required background checks have been completed for the NRI program by developing procedures to check, at least on a test basis, provider compliance with this contractual provision. Additionally, ICJIA should consider requiring some form of background check on the youth employed in the program to ensure that they are individuals that can truly assist the NRI program goal to decrease violence.**

Findings: Required background checks were not always completed on the adults that worked in the NRI program. Additionally, IVPA did not require background checks on the youth employed in the program even though the providing agencies had expressed concerns regarding the make-up of the youth on numerous occasions.

Auditors selected 23 agencies for site visits to examine supporting documentation for expenses charged to State grant funds and to examine the deliverables required under contractual agreements.

- During site testing 38% (94 of 245) of the required background checks were not completed or not maintained in the agency files.

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- For the background checks reviewed, auditors found no evidence that they turned up instances of child abuse or sex offenses. Although not prohibited from being hired, auditors noted instances where staff were hired that had convictions in their background check such as aggravated financial identification theft; possession of a controlled substance; armed robbery; neglect of a child; battery; theft; burglary; and, prostitution. These adults hired in the NRI program are to be acting in a mentoring role and working with youth.
- Two youth that were part of M+J in South Shore were involved in a home invasion in August 2012 that resulted in one youth accidentally shooting and killing the other youth. In attempting to respond to the resident concerns, a MEE Production official stated *“As regrettable as these events were, the call to dismantle prevention-focused programs such as the Neighborhood Recovery Initiative is unjustified. The conditions that feed into young people making uninformed and dangerous choices call for more support for such programs, not less.”*

Auditors saw no evidence of copies of any background checks in IVPA’s files. They found numerous concerns about the individuals hired as part of NRI in provider files.

- Youth Peace Center (M+J provider in Roseland) officials in their Year 2-Quarter 3 fiscal report stated *“Moving forward, if it’s going to be required to continue to use adults from the community that have criminal backgrounds, limited education and limited work experience...there needs to be more...extensive pre-employment and mentoring training.”*
- Instituto del Progreso Latino (M+J provider in Pilsen) in its Year 1-Quarter 3 progress report explained, about the recruiting process for M+J, that *“it is very difficult, if not near impossible to hire and retain youth that are from the community that may have had questionable dealings in the streets (ex. gang affiliations - even if they are attempting to leave the life or have given it up) or are troubled/nearly unemployable, as MEE Productions has encouraged us to do.”*
- Teamwork Englewood officials stated in their Year 2-Quarter 1 progress report for Reentry *“Due to the violence surge there were some clients that were unable to attend services due to their gang or neighborhood affiliations.”*

An IVPA official stated that *“There is no background check for minors; their records are sealed. Youth recruited to the program may have delinquent records as this program was geared to high risk youth.”* The official also reported that IVPA does not maintain copies of background checks. The grantees were required to conduct them and maintained their own records.

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ICJIA Response: ICJIA agrees with the recommendation with respect to the Community Violence Prevention Program (CVPP) currently administered by ICJIA. As the OAG states, the first two years of what was previously titled the Neighborhood Recovery Initiative (which are the subject of this performance audit), were managed by the Illinois Violence Prevention Authority (IVPA). The IVPA was terminated by P.A. 97-1151 and all of IVPA's rights and responsibilities were transferred to ICJIA by that Act. ICJIA however does not accept all assertions of fact, implications and conclusions contained in the Audit Report as to requiring background checks with respect to all adults or all youth employed by the program. ICJIA further notes that the recommendation is consistent with current ICJIA practices and will be with regard to CVPP.

Auditor Comment: *Despite having this finding for 106 days, ICJIA fails to provide details and documentation supporting its assertion that it does not accept the report's conclusions as to "requiring background checks with respect to all adults or all youth employed by the program." Regarding background checks on adults, the audit report simply recommends that background checks required by the contract be done. Regarding youth, the audit report recommends that ICJIA should consider performing some sort of background check. Its non-acceptance of the report's conclusions on this matter is puzzling given that in its response, ICJIA states it agrees with the recommendation and that it is consistent with current ICJIA practices.*

16. ICJIA should follow the contractual provisions detailed in NRI contracts when processing/approving budget reallocations. Further, ICJIA should take the necessary steps to make the guidance for reallocation approvals consistent with contractual provisions.

Findings: IVPA failed to enforce provisions of contractual agreements for the expenditure of grant funds for NRI related to the reallocation of funds for specific line item expenditures. Further, IVPA policy on reallocations was inconsistent with contractual provisions which the parties agreed to when signing the contract to accept State grant funds.

An examination of IVPA community NRI documentation uncovered multiple reallocations of NRI budgets by the lead agencies and providing partners. Some of these reallocations were with the consent of IVPA, others were not. The IVPA policy, using dollar thresholds, distinguishes between those reallocations that require IVPA approval with those that do not. However, these thresholds are not delineated in contractual agreements with the lead agencies and community service providers. In some instances IVPA approved the Year 1 reallocations after

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the end of the contract term for Year 1 of the NRI program. Exhibit 4-6 below provides the results of a review of the files for the first two years of NRI.

Lead agencies approved reallocations without requiring the providers to submit supporting documentation for the expenses charged to the NRI grants. Only 30% (7 of 23) of lead agencies reported to auditors that supporting documentation was required to be submitted. IVPA did not require lead agencies to submit detailed support for the expenses they reported quarterly.

| |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Exhibit 4-6 |
| REALLOCATION ANALYSIS SUMMARY |
| <ul style="list-style-type: none"> • 278 reallocations totaling \$1,054,031 were contained in the community files. • 70% (195 of 278) lacked documentation to show that IVPA had approved the reallocation. • 17% (46 of 278) failed to contain justifications as to why the reallocations were needed. • 49 days was the average number of days for IVPA to approve the reallocations that it actually did approve for the lead agencies • 75 days was the average number of days for IVPA to approve the reallocations that it actually did approve, but approved after the end of the contract term date for lead agencies. • 18% (38 of 211) of the reallocations were not approved by the lead agency. The lead agency was responsible for monitoring the fiscal records of the providing partners • 53% (148 of 278) of the reallocations were utilized for the quarterly fiscal reporting process in the form of “last approved budget” without approval from IVPA. |
| Source: OAG analysis of IVPA file information. |

An IVPA official reported that the reallocations were used to make up for “underages and overages” on the fiscal reports. The official also stated that IVPA “*allowed reallocations that hadn’t been approved ahead of time in order to accurately reconcile to agencies’ actual expenses with approved budgets.*” Auditors note, however, that while IVPA approved these reallocations, it did so without examining the actual expense documentation reported by the NRI partners.

ICJIA Response: ICJIA agrees with the recommendation with respect to the Community Violence Prevention Program (CVPP) currently administered by ICJIA. As the OAG states, the first two years of what was previously titled the Neighborhood Recovery Initiative (which are the subject of this performance audit), were managed by the Illinois Violence Prevention Authority (IVPA). The IVPA was terminated by P.A. 97-1151 and all of IVPA’s rights and responsibilities were transferred to ICJIA by that Act. ICJIA will continue to follow its current budget revision practices, which are compliant with this recommendation.

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17. ICJIA should include sections in all grant agreements for NRI, including those between lead agencies and sub-partners, to protect the State against misuse of State funds and should exercise the State’s right to request capital equipment be returned to the State when it is no longer used for its intended purposes.

Findings: IVPA has not requested any of the equipment purchased with State grant funds for the NRI program from former providers or lead agencies be returned for failure to comply with grant agreements or after the providers left the NRI program.

Unlike the agreements between IVPA and the lead agencies, there is no section in the agreements between the lead agencies and sub-partners detailing use and possession of equipment.

- There were 242 partners in Years 1 and 2 of NRI.
- 17% of the providers (41 of 242) only participated in Year 1 of NRI.
- 37% of the providers (89 of 242) left the NRI program after Year 2.

For all providers that participated in NRI but left the program by the end of Year 2, there was a total of \$192,562.30 reported for capital expenditures charged to State grants. Two lead agencies, The Woodlawn Organization in Year 1 and Southwest Youth Collaborative in Year 2, were out of the NRI program by the end of the second year. These two agencies expended \$5,506.71 on capital purchases that should have been recovered by IVPA pursuant to the contract for NRI services.

An IVPA official reported that Section 9 of the lead agency grant agreements (regarding use and possession of equipment) was not included in the subcontract template. The IVPA official further stated that *“We have not requested any of the equipment from former sub grantees or lead agencies be returned.”*

ICJIA Response: ICJIA agrees with the recommendation with respect to the Community Violence Prevention Program (CVPP) currently administered by ICJIA. As the OAG states, the first two years of what was previously titled the Neighborhood Recovery Initiative (which are the subject of this performance audit), were managed by the Illinois Violence Prevention Authority (IVPA). The IVPA was terminated by P.A. 97-1151 and all of IVPA’s rights and responsibilities were transferred to ICJIA by that Act. For its grants, ICJIA contracts do address capital equipment. These contracts indicate that ICJIA has discretion to allow the grantee to keep the equipment past the end of the grant period if it is going to be used for a purpose consistent with the purpose of the grant. Similar provisions will apply to CVPP.

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18. ICJIA should develop procedures for its own review of expense support for NRI activities as well as procedures for lead agencies to utilize in monitoring expenses for NRI.

Findings: IVPA delegated responsibility for fiscal monitoring of provider partners to NRI lead agencies. Only 7 of 23 lead agencies required provider partners to submit support for claimed expenses on quarterly reports. Testing at a sample of NRI agencies found instances of unsupported expenses and unallowable expenses among some of the 121 lead agencies and 233 providing partners.

Seven lead agencies reported to us that they required support for expenses from the providers they oversee. Fifteen lead agencies reported that documentation to support the expenditures was not required. The lead agency for Woodlawn had its contract cancelled by IVPA in February 2012. The Woodlawn attorney did not provide a response to a request for information on several occasions.

Auditors randomly selected 23 NRI providers, went on-site, and reviewed the documentation to support the expenses charged to the NRI program for the applicable time the provider was in the program and found:

- The total expenses reported on the closeout reports for the 23 providers were \$4,398,464.
- A review indicated that 40% of expenses (\$1,771,522) were either not supported by detailed backup documentation or appeared to be unallowable based on IVPA expense criteria. Exhibit 4-8 summarizes the expense testing performed at the agencies.
- Auditors were only able to test 21 of the 23 agencies as Southwest Youth Collaborative and MAGIC both went out of business. Without access to these records, auditors are unable to verify the appropriateness of \$673,674 in State funds provided to these two providers.
- In many cases the supporting documentation supplied to auditors by the providers (payroll ledgers or receipts and invoices) did not total to the amounts included on the closeout reports. In other instances there were expenses that were not allowable based on criteria for the program developed by IVPA. Specific expenses questioned included:
 - Christian Love MB Church spent \$75,203 as a PLAN coordinating agency in Year 1 of NRI in East Garfield Park. When auditors went on-site the provider had no documentation to support any of the expenditures or any payroll documentation to support wages paid. A provider official certified to auditors the lack of documentation. The provider only had activity sheets for the parent activities.

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- Youth Guidance, a SBC provider in five communities, made three payments totaling \$2,938 from NRI funding on October 31, 2012, the last day of Year 2 of the program. Youth Guidance was not brought back for Year 3 due to the cancellation of SBC as a program component. Payment specifics are below:
- Mt. Vernon Baptist Church, the lead agency in East Garfield Park, paid \$1,582 to a reverend on February 24, 2012. The only support was a cancelled check with “2011 Taxes-for 1099 NRI” on the memo line. The reverend does not appear in the contract, payroll, personnel detail or closeout reports. Mt. Vernon also paid one of its subcontractors (People’s Development) \$11,160 on December 3, 2012, over a month after the end of Year 2, with the only support being a cancelled check with “NRI Balance” in the memo column.

Auditors first questioned the practice of not requiring support for expenses in August 2012. IVPA then decided, in October 2012, to have NRI agencies submit expense support for the last quarter of Year 2 of the program.

Technical Assistance Subcontractors

In late November and mid-December 2012, the head of the technical assistance program (ILAACP) emailed subcontractors informing them that IVPA was requiring subcontractors to provide supporting documentation for expenses for the period July 1, 2012, through October 31, 2012. A review of files at ILAACP found that subcontractors complied with the request. However, there were problems with the support.

- Lurie Children’s Hospital of Chicago signed a contract for the period totaling \$72,371 that contained a clause stating the contractor “agrees to expend all funds within the terms” of the agreement. The fiscal report for the period showed that the subcontractor expended all of the funds. The scope of work section in the contract largely only listed hours and hourly rates for specific staff at \$100 per hour. Supporting documentation submitted by the subcontractor included a ledger with a payroll code. However, there were no timesheets to allow a reviewer make the determination if the subcontractor complied with the hourly rate stated in the contract. The support also included multiple documents related to refreshments and travel by staff. These types of expenditures were not detailed in the contract. Additionally, many of the travel expenses were for a period prior to the contract start date of July 1, 2012.

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An IVPA official said that when lead agencies were oriented to the program, IVPA encouraged the lead agencies to get the fiscal back-up from the community partners and spot check. She mentioned that lead agencies are required to review the program reports.

| Exhibit 4-8 SUMMARY OF EXPENSE SITE TESTING Years 1 and 2 | | | | |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|-------------------------------|------------------------|-----------------------|
| Provider | Community | Closeout Total Expenses | Questioned Expenses | Percent Questioned |
| Southwest Youth Collaborative | West Chicago | \$376,335 | \$376,336 | 100% |
| Mt. Vernon Baptist Church | East Garfield Park | \$403,153 | \$183,882 | 46% |
| Healthcare Consortium of IL | Thornton Township | \$338,985 | \$125,822 | 37% |
| Better Boys Foundation | North Lawndale | \$388,803 | \$177,695 | 46% |
| Grand Prairie Services | Bremen Township | \$367,692 | \$237,399 | 65% |
| Organization of the Northeast | Rogers Park | \$247,974 | \$45,728 | 18% |
| MAGIC | Woodlawn | \$297,338 | \$297,338 | 100% |
| Instituto del Progreso Latino | Pilsen-Little Village | \$411,404 | \$56,233 | 14% |
| Southland Hispanic Leadership | Rich Township | \$18,922 | \$1,810 | 10% |
| Totally Positive Productions | Englewood | \$9,435 | \$4,468 | 47% |
| Youth Crossroads | Cicero | \$39,394 | \$6 | 0% |
| South Shore Chamber | South Shore | \$193,535 | \$46,393 | 24% |
| Christian Love MB Church | East Garfield Park | \$75,203 | \$75,203 | 100% |
| The Network Room | Rich Township | \$32,345 | \$4,025 | 12% |
| Neighborscapes | Bremen Township | \$8,975 | \$3,098 | 35% |
| Cicero Area Project | Cicero | \$8,000 | \$0 | 0% |
| Kids Off the Block | Roseland | \$7,850 | \$3,955 | 50% |
| Chicago Youth Centers | Grand Boulevard | \$178,641 | \$926 | 1% |
| Black United Fund of IL | South Shore | \$221,195 | \$68,549 | 31% |
| Howard Area Community Center | Rogers Park | \$186,372 | \$6,459 | 3% |
| Youth Guidance | West Chicago | \$131,484 | \$2,572 | 2% |
| Bremen Youth Services | Bremen Township | \$17,337 | \$1,270 | 7% |
| Amani Trinity United Health | South Shore | \$438,090 | \$52,355 | 12% |
| Total | | \$4,398,462 | \$1,771,522 | 40% |
| Note: Mt. Vernon Baptist Church did not have support for an additional \$14,646 in payments to one subpartner. Southwest Youth Collaborative had no support for an additional \$128,936 in payments to subpartners. | | | | |
| Note: Southwest Youth Collaborative and MAGIC both went out of business which did not allow us to go on-site to test expenses for these providers. | | | | |
| Source: OAG developed from site analysis. | | | | |

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ICJIA Response: ICJIA agrees with the recommendation with respect to the Community Violence Prevention Program (CVPP) currently administered by ICJIA. As the OAG states, the first two years of what was previously titled the Neighborhood Recovery Initiative (which are the subject of this performance audit), were managed by the Illinois Violence Prevention Authority (IVPA). The IVPA was terminated by P.A. 97-1151 and all of IVPA's rights and responsibilities were transferred to ICJIA by that Act. ICJIA notes that it has such policies in place for all of its grants and is in the process of refining those for CVPP after its first year of experience with the program. While it is not feasible for ICJIA or the lead agencies to require the submission of all supporting documentation for all expenditures, ICJIA will be requiring site visits by the lead agencies to the individual providers, and for the lead agency to examine, on a test basis, a reported expenditure and to examine supporting documentation for the expenditures, and to provide ICJIA with documentation that the procedure has been followed.

Auditor Comment: *Contrary to our recommendation, ICJIA's response indicates that its planned action will be to continue to delegate its expenditure monitoring responsibilities to lead agencies, with ICJIA only receiving documentation that lead agencies are following established procedures. Our recommendation calls for ICJIA to become more proactive in its oversight of the expenditure of State funds by developing "procedures for its own review of expense support for NRI activities . . ." [emphasis added], in addition to improving lead agencies' expense review procedures. During the audit period, IVPA delegated expenditure review responsibility to the lead agencies. Based on site visits conducted by OAG auditors, which found insufficient supporting documentation for 40 percent of expenditures incurred by 23 provider agencies, auditors concluded that ICJIA needed to significantly improve its oversight of expenditures. Clearly, relying solely on lead agencies to review NRI expenses has not been an effective control.*

19. ICJIA should enforce contractual provisions relative to collection of unspent grant funds for the NRI program to ensure all unspent funds are returned to the State in a timely manner. Also, ICJIA should reconsider any NRI policy which allows rollover of unspent funds from a year to a subsequent year for NRI activities.

Findings: IVPA utilized a process for recovering unspent grant funds that has failed to timely recover unspent NRI funds for the State. IVPA allowed unspent grant funds from Year 1 of NRI to be carried over for provider use in Year 2 of the program.

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Auditors' analysis of unspent funds by providing partners totaled \$8.3 million for the first two years of NRI (\$5.2 million in Year 1 and \$3.1 million for Year 2).

- 82% of the providers in Year 1 did not expend all of their NRI funds.
- 77% of the providers in Year 2 did not expend all of their NRI funds.

| Exhibit 4-9 PROVIDER NRI UNSPENT FUNDS ANALYSIS Years 1 and 2 | | | | |
|----------------------------------------------------------------------------|-----------------------------------|---------------------------|-----------------------------------|---------------------------|
| Category | # Providers Year 1 | % Total Year 1 | # Providers Year 2 | % Total Year 2 |
| Providers with Unspent Funds 0% | 37 | 18.23 | 40 | 23.26 |
| Providers with Unspent Funds <1% | 9 | 4.43 | 11 | 6.40 |
| Providers with Unspent Funds 1-25% | 75 | 36.95 | 97 | 56.40 |
| Providers with Unspent Funds 26-50% | 67 | 33.00 | 21 | 12.21 |
| Providers with Unspent Funds 51-75% | 11 | 5.42 | 3 | 1.74 |
| Providers with Unspent Funds 76-100% | 4 | 1.97 | 0 | 0.00 |
| Total | 203 | 100.00 | 172 | 100.00 |
| Source: OAG developed from IVPA information. | | | | |

- For Year 2, the analysis of IVPA files showed that some providers and lead agencies did repay unspent funds. Documentation provided by IVPA to auditors during the course of the audit showed the collection of very little NRI funds.
 - 50 agencies, both lead agencies and providing partners, which had unspent funds that needed to be repaid pursuant to contractual provisions.
 - These 50 agencies had over \$2 million in unspent funds for NRI in Year 2 which IVPA did not provide documentation to show it had collected, as of mid-January 2014.

Timely analysis of unspent funds by IVPA was lacking during the audit period. For example:

- Westside Association for Community Action (Westside) conducted Reentry services for Better Boys Foundation (BBF) in North Lawndale. In Year 1, BBF determined Westside did not spend \$11,407 from Year 1 funds for NRI. IVPA instructed BBF to either deduct the amount of unspent funds from

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- Year 2 payments to Westside or have Westside return the funds to BBF. This instruction was on September 10, 2012, one and one-half months prior to the end of Year 2 of NRI.
- In another example, the disposition of unspent funds report for Maywood for Year 1 of NRI was finalized in a correspondence dated September 12, 2012. This was 11 months after the end of Year 1 and 1 month before the end of Year 2 of NRI.

Based on contractual provisions, Year 2 of NRI ended October 31, 2012. Unspent funds were to then be submitted to the State by December 15, 2012. Auditors were still receiving Year 2 closeout reports in September 2013 making recovery based on the 45 days impossible.

ICJIA Response: ICJIA agrees with the recommendation with respect to the Community Violence Prevention Program (CVPP) currently administered by ICJIA. As the OAG states, the first two years of what was previously titled the Neighborhood Recovery Initiative (which are the subject of this performance audit), were managed by the Illinois Violence Prevention Authority (IVPA). The IVPA was terminated by P.A. 97-1151 and all of IVPA's rights and responsibilities were transferred to ICJIA by that Act. ICJIA notes the recommendations are consistent with its normal grant practices. ICJIA notes that it is actively pursuing collection activities for unspent, unreturned NRI funds including use of Grant Fund Recovery Act proceedings where appropriate.

Auditor Comment: *The audit report acknowledges ICJIA's recovery efforts. However, 22 of the 50 providers that owed unspent funds back to the State (totaling \$1.2 million) at the end of Year 2 were still in the Program during Year 3. It is concerning that these amounts would still be uncollected as of January 15, 2014, 396 days after they were due based on contractual agreements and the Grant Funds Recovery Act.*