

REPORT DIGEST

PROGRAM AUDIT OF

FUNDING PROVIDED BY OR THROUGH THE STATE OF ILLINOIS TO THE CHICAGO PROJECT FOR VIOLENCE PREVENTION FOR THE CEASEFIRE PROGRAM

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State of Illinois
Office of the Auditor General

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SYNOPSIS

Senate Resolution 686 directed the Auditor General to conduct a program audit of the funding provided by or through the State of Illinois to the CeaseFire program. Our audit concluded that:

- In State fiscal years 2004 through 2006, the Chicago Project and its community partners received \$16.2 million from a variety of sources to operate the CeaseFire program and fund other Chicago Project activities.
- The State of Illinois provided the largest amount of funding, \$11.1 million, followed by private foundations at \$3 million, federal monies totaling \$1.8 million and Cook County with \$325,000 in funding.
- The Chicago Project was to utilize the funds, in part, for: subcontracts with community partners; salaries and benefits for Chicago Project staff; salaries and benefits for its own outreach staff to support community sites; and public education materials. Our testing found that some of the funds did not go for the stipulated purposes.
- Our examination of documentation at the Chicago Project and State contracts on file at the Comptroller found numerous weaknesses in the administration of the CeaseFire program that included:
 - During FY06, the Department of Corrections provided funding for CeaseFire outside the payment terms of the agreement.
 - During FY06, the Chicago Project charged a total of \$365,000 in administrative fees that was not delineated in the funding agreement with DOC. DOC officials condoned the practice even though it was not outlined in the agreement.
 - UIC and the Chicago Project allowed community partners to initiate work without a written agreement in place.
 - Insufficient diligence by Chicago Project staff led us to question \$371,534 in reimbursements to community partners.
- CeaseFire communities were determined during the audit period by two sources—the Chicago Project or individual legislators that provided funding in the State budget.
- The Department of Corrections had no predetermined performance measures contained in funding agreements with the University of Illinois detailing what results were expected for the funding levels received. The agreements simply set forth payment schedules.

REPORT CONCLUSIONS

The Chicago Project for Violence Prevention (Chicago Project) was formed in 1995 as a strategic public health initiative to support accelerated community-based and citywide violence prevention. Housed within the School of Public Health at the University of Illinois at Chicago (UIC), the Chicago Project is supported by private foundation grants and with local, State, and federal funds. CeaseFire is a major program operated by the Chicago Project and is designed to combat violence within the community.

FUNDING SOURCE

In State fiscal years 2004 through 2006, the Chicago Project and its community partners **received \$16.2 million** from a variety of sources to operate the CeaseFire program and fund other Chicago Project activities. The State of Illinois provided the largest amount of funding, \$11.1 million, followed by private foundations at \$3 million, federal monies totaling \$1.8 million and Cook County with \$325,000 in funding. See inset for source of funds.

CHICAGO PROJECT/CEASEFIRE REVENUES	
State FY04-FY06	
Source	Amount
State	\$11,069,600
Foundation	2,985,505
Federal	1,782,249
County	324,640
Total	\$16,161,994
Source: OAG summary.	

During the same period, Chicago Project funding agreements proposed to use: 39 percent of the budgeted CeaseFire funds (\$6.4 million) for subcontracts with community partners; 30 percent (\$4.9 million) for salaries and benefits for Chicago Project staff; 15 percent (\$2.4 million) for salaries and benefits of its own outreach staff to support community sites; and 3 percent (\$414,564) for public education materials. The remaining funds were budgeted for seven other line item purposes such as equipment and supplies. Our testing found that some of the funds did not go for the stipulated purposes.

State Funding

While some State agencies provided funding to the Chicago Project as far back as 1999, the State of Illinois became the major funding source for the Chicago Project and CeaseFire program during the FY04 through FY06 time period.

State of Illinois agencies provided **\$10.8 million directly to UIC** for CeaseFire activities between FY04 and FY06. Funding agencies and funding amounts were:

- Department of Corrections (DOC) - \$6,750,000,
- Illinois State Police (ISP) - \$1,500,000,
- Illinois Criminal Justice Information Authority (ICJIA) - \$1,100,000,
- Department of Commerce and Economic Opportunity (DCEO) - \$750,000, and the
- Illinois Violence Prevention Authority (IVPA) - \$734,600.

In addition, the Department of Human Services (DHS) provided the CeaseFire community partner in the Auburn Gresham area of Chicago with **\$200,000** in funds during FY06 specifically for CeaseFire activities. In another community, East Garfield Park, the community partner received a **\$35,000** grant from IVPA for a youth violence prevention program similar to activities conducted as part of the CeaseFire program. These payments went **directly to these not-for-profit community partners** and did not filter through UIC and the Chicago Project.

Generally, there has been a shift in how the funding was directed for CeaseFire – from paying for administrative costs in FY04 to providing funds for specific CeaseFire communities in FY06. Our examination of budgeted purposes in the State funding agreements in effect during the audit period showed:

- Most State funding during the audit period for CeaseFire was to go for community expenses – outreach workers and related costs as well as subcontracts with community partners.
 - 72 percent (\$7.8 million) of the \$10.8 million in **direct funding to UIC** was budgeted for community activity.
 - 18 percent in State funding (\$2.0 million) was for salaries and fringe benefits for staff of the Chicago Project.

Regarding State funding, our examination of documentation at the Chicago Project and State contracts on file at the Comptroller found numerous weaknesses that included:

- In FY06, the Department of Corrections provided funding for CeaseFire **outside the payments terms** of the agreement. DOC never received adequate documentation that disbursements had been made by CeaseFire to all the specific communities in the funding agreement.
 - The Chicago Project was either not passing funding on to community partners in a timely manner or the community partners were not expending much of the funding allocated to their communities. The contract with DOC required proof that the initial half of the funding to each community by UIC (generally

- \$125,000) had been expended prior to DOC forwarding the second half of the appropriated funds to UIC. Only **27 percent** (4 of 15) of the communities had provided the Chicago Project with requests for reimbursement equaling at least half of the monies provided for in the State contract – though there were only **30 days left** in the contract period – yet DOC paid the second half of the contract; and
- UIC was required to “provide to the [I]DOC no later than 60 days from the final payment, documents indicating disbursements in accordance” with the terms for the second payment. Sixty days for delivery of this documentation should have been by September 13, 2006. However, as of March 29, 2007, 260 days after the final payment, DOC officials indicated that the final expense summary had never been received.
 - During FY06, the Chicago Project charged a total of **\$365,000** in administrative fees that was **not delineated in the funding agreement** with DOC. DOC officials condoned the practice even though it was not outlined in the agreement.
 - The CeaseFire budget for the FY04 DOC funding, dated May 10, 2004 – approximately 3½ months after work was to begin – failed to identify 18 individuals for positions that were described as “vacant” or “new hire.” These positions amounted to over **\$187,000**, or 37 percent, of the total budget.
 - The Illinois State Police paid monies for CeaseFire that appear to be **for services rendered prior to a contract being executed**. The contract, executed May 26, 2004, shows that the contract period was February 1, 2004 through June 30, 2004. The contract was not filed until June 23, 2004 – seven days prior to the end of the contract period.
 - Illinois Criminal Justice Information Authority grant agreements with UIC were generally executed well into the performance period for the grant. In FY05, the \$600,000 grant was executed February 18, 2005 – 4½ months after the initiation of the grant term.
 - Chicago Project use of Department of Commerce and Economic Opportunity FY04 funding differed significantly from the purposes contained in the contract between UIC and the State. Funds were not used in the budgeted amounts but were transferred to other lines.
 - Close-out documentation submitted June 15, 2005 – six months after the end of the grant period – showed that the Chicago Project spent 33 percent more than budgeted for the total of personnel costs and fringe

benefits; spent less than 1 percent on travel; and spent none of the money provided for subcontractors. The subcontractor funding was scheduled to be used for clergy mobilization; however, the Chicago Project used it toward the increased personnel and fringe benefit line items. DCEO followed appropriate Departmental procedures by sending follow-up correspondence to the grantee to obtain submission of the close-out report; determined upon review of the received document that it contained excessive variances; and has neither accepted nor approved the close-out report as of July 17, 2007.

- The contract between UIC and DCEO required the hiring of eight outreach workers. Documentation obtained from the Chicago Project showed that fewer than eight outreach workers were on the job in the identified police beats in 4 of 12 months during calendar year 2004.
- DCEO officials indicated that while monitoring the funds distributed as member initiatives does occur, no on-site monitoring of this \$750,000 had been conducted by DCEO.
- UIC information showed that \$884,848 had been charged to the DCEO grant in their financial system - \$134,848 more than the total grant from DCEO. A UIC official indicated that the grant was overcharged and that transfers to other grants were processed during close-out. In May 2007, the official could not tell us what other grants these transfers went to. On July 27, 2007, 4 days after our exit conference, UIC officials provided information on the transfers; however the information failed to adequately clear this issue.

Private Funding

The Chicago Project for Violence Prevention **has received, or is scheduled to receive**, substantial support - \$6.6 million – from multiple non-State sources for various costs and activities. Some of these grants provided by private sources during the period FY04 through FY06 have grant **periods that either started before or extended past** the audit period defined in Senate Resolution 686.

For the period **specifically between** FY04 and FY06, the Chicago Project received \$3 million from 23 private sources to supplement activities of the Chicago Project and the CeaseFire program. Private

funding was utilized primarily for the support of the administrative function for the Chicago Project, and to a much lesser extent, front-line community activity.

Federal Funding

During FY04 through FY06, CeaseFire received \$1.78 million in grants from the United States Department of Justice (USDOJ). The grants provided funds to: (1) support CeaseFire in the West Garfield Park, Logan Square, and West Humboldt Park neighborhoods of Chicago; (2) enhance the capacity of CeaseFire to serve other communities through additional outreach workers and violence interrupters; and (3) support core functions that are necessary to these sites.

Cook County Funding

During FY04-FY06, the Chicago Project received \$324,640 from Cook County officials under five separate grant agreements. Eighty-three percent of the funds provided by Cook County to the Chicago Project was from the Local Law Enforcement Block Grant for the B.A.D.G.E. program. The programs under which funds were provided were administered by the Judicial Advisory Council and the State's Attorney's Office. County funding was mainly budgeted for salaries and fringe benefits.

COMMUNITY ALLOCATIONS

CeaseFire program communities were determined during the audit period by two sources – Chicago Project administration or individual legislators who directed funding for specific communities. Beats within the specific communities were determined by Chicago Project staff, reportedly on a data driven basis. During FY04, **Chicago Project officials determined** which Chicago communities would receive funding.

As CeaseFire funding became designated in the State budgets in FY05 and FY06, funds for Chicago communities were included based on recommendations from State legislators. In the FY05 State budget, no individual communities were named to receive monies for CeaseFire – the Chicago communities were once again determined by Chicago Project officials in consultation with State legislators. In FY06, the State budget dictated which communities were to receive funding.

CEASEFIRE MONITORING

UIC and the Chicago Project did not have an adequate system in place to ensure that contracts had been properly executed in a timely manner. As a result, community partners were allowed to initiate work without a written agreement in place.

- In 18 percent (7 of 39) of the subcontracts reviewed, the agreements were **not executed until after** the performance period for the contract had expired.
- The **39 subcontracts totaled \$5.3 million**.
- The **average** amount of time to properly execute the subcontract was **128 days** – when comparing the “performance period beginning date” with the subcontract execution date. The timeliest effort in executing a subcontract was the 21 days to execute the FY06 agreement with the Little Village community partner. It took UIC 248 days to execute the agreement with an Aurora community partner in FY06.

The Chicago Project did not enforce provisions of the subcontractor agreements related to the hiring of outreach workers by the community partners. Contractually, community partners are required in the scope of work section to hire a specific number of outreach workers to conduct CeaseFire activities. Seventy-two percent (28 of 39) of the subcontracts with community partners contained, in the Scope of Work Statement, an indicator of how many outreach workers were required to be hired by the community partner. The subcontracts either gave a definitive, specific number of outreach workers or gave a minimum number to hire “per beat.” During FY04 through FY06, the community partners only hired 69 percent (868.5 of 1267 worker-months) of the required number of staff for the duration of the contracts. Additionally, community partners had failed to hire over 398 worker-month positions during the course of the contracts. We saw no written indication that the Chicago Project enforced this provision of the subcontracts.

The funding agreements between UIC and State funding agencies do not contain any performance measures that have to be achieved for funding provided by the State. The Chicago Project regularly reports on the decreases in shootings in CeaseFire zones in which it operates; however, it cannot measure how much of the decrease was due to CeaseFire or other activities/programs operating in the same communities. An analysis of Chicago Police Department shooting statistics showed that while shootings have decreased in CeaseFire zones, other non-CeaseFire beats sometimes had greater decreases. CeaseFire does not always operate in the most violent communities.

Community partners submit reimbursement requests to the Chicago Project for expenses incurred as part of the CeaseFire program. Chicago Project staff review these requests and process payments, which are then made by the University of Illinois at Chicago. Our review of the expense reimbursements for 15 subcontracts showed significant weaknesses in review by Chicago Project staff. A lack of formal procedures for how to review the requests and insufficient diligence by Chicago Project staff resulted in the weakness. We questioned **\$371,534 of the \$1.9 million** paid (20 percent) under these subcontracts.

Exceptions noted included:

- Undocumented Expenses - \$263,999;
- Personnel Issues - \$40,134;
- Expenses Outside the Contract Period - \$21,861;
- Payroll Taxes/Fringe Benefit Issues - \$16,024;
- Purchases at the End of the Contract Period - \$14,700; and
- Other Exceptions - \$14,815.

The purpose of our testing was to determine how well the Chicago Project monitored the funding reimbursed to the community partners. As such, we reviewed all the documentation available at the Chicago Project. We did not perform audit procedures on the subcontractors, nor did we seek additional documentation from the subcontractors for our exceptions. The Chicago Project should have had the necessary support prior to reimbursing the community partners.

Community partners did not always receive the entire amount of funding provided by the General Assembly and outlined in the State budget. State funding agreements make no mention of giving the Chicago Project any discretion in utilizing funding provided by the State. During the audit period:

- The 39 community partner subcontractors received 83 percent of the named funding in State contracts from the Chicago Project.
- Over \$1.1 million was withheld by the Chicago Project, generally during FY05 and FY06, for program support expenses like the hiring of violence interrupters and core administrative functions.
- We found that the amounts withheld were not always consistent from community to community.
- There were other non-State funding sources that provided funds for similar activities, such as violence interrupter salaries and administrative functions of the Chicago Project.

In addition to the \$1.1 million in community monies withheld for expenses paid by the Chicago Project, there was a significant total **of the**

community funding remaining that was not spent by the communities but rather for purposes determined by the Chicago Project. In our sample of 15 subcontracts, 16 percent of the total subcontract amounts during FY04 through FY06 for those selected subcontractors were not paid out by the Chicago Project. The total amounted to \$352,000. Failure to expend all State funds in the communities designated in the appropriation bill by the General Assembly, and detailed in the contract between the State and UIC, circumvents the intent of the General Assembly.

Due to the funding mechanism used to provide funding for CeaseFire, the State would be unable to recover any unspent funds under the Grant Funds Recovery Act for the majority of State monies actually provided. If the State desires to continue funding for CeaseFire, providing those funds through a generic grant line item appropriation, along with proper monitoring by the State funding agency, would ensure the State's ability to pay for just the services it desires. (pages 1-7)

INTRODUCTION

On April 6, 2006, the Illinois Senate adopted Resolution Number 686, which directed the Auditor General to conduct a program audit of funding provided by or through the State of Illinois to CeaseFire Illinois (See Appendix A for a copy of the Resolution). The Resolution directed the Auditor General to determine:

- The total amount of funding provided by or through State of Illinois sources to CeaseFire in Fiscal Years 2004, 2005, and 2006;
- The source of all funding provided to CeaseFire in those fiscal years;
- The purposes for which that funding was provided, including how decisions concerning the allocation of funding to various Chicago communities were made; and
- Whether the State agencies providing funding or CeaseFire Illinois maintain performance measures and statistics reflecting the outcomes achieved with State funding. (page 7)

STATE FUNDING SOURCES AND USES OF FUNDING

State of Illinois agencies provided **\$10.8 million directly** to the University of Illinois for CeaseFire activities between FY04 and FY06. The Illinois State Police, Department of Commerce and Economic Opportunity, Department of Corrections, Illinois Criminal Justice Information Authority, and the Illinois Violence Prevention Authority funded CeaseFire during the audit period.

Five State agencies provided \$10.8 million directly to the University of Illinois for CeaseFire during State FY04-FY06.

The Department of Human Services provided the CeaseFire community partner in the Auburn Gresham area of Chicago with **\$200,000** in funds during FY06 specifically for CeaseFire activities. In another community, East Garfield Park, the community partner received a **\$35,000** grant from IVPA for a youth violence prevention program similar to activities conducted as part of the CeaseFire program. These payments went **directly to these not-for-profit community partners** and did not filter through UIC and the Chicago Project. Total State funding for CeaseFire, by fiscal year and agency, is presented in Digest Exhibit 1.

Community partners received State funds directly from State agencies.

Digest Exhibit 1 STATE FUNDING FOR CEASEFIRE State FY04-FY06				
Agency	FY04	FY05	FY06	Total ¹
DOC	\$500,000.00	\$2,600,000.00	\$3,650,000.00	\$6,750,000.00
ISP	1,500,000.00	0.00	0.00	1,500,000.00
ICJIA	500,000.00	600,000.00	0.00	1,100,000.00
IVPA	135,000.00	317,300.00	317,300.00	769,600.00
DCEO	750,000.00	0.00	0.00	750,000.00
DHS	0.00	0.00	200,000.00	200,000.00
Total	\$3,385,000.00	\$3,517,300.00	\$4,167,300.00	\$11,069,600.00
Note: ¹ Total includes \$235,000 paid directly to partners.				
Source: OAG summary of State agency documentation.				

Most State funding during the audit period for CeaseFire was budgeted for community expenses – outreach workers and related costs as well as subcontracts with community partners. Seventy-two percent (\$7.8 million) of the \$10.8 million in **direct funding to UIC** was budgeted for community activity. While State contracts indicated specific amounts for specific communities, we found that the front-line community partners seldom received the entire amount designated in the State budget.

\$7.8 million in State funds during State FY04-FY06 were to be used for community activity.

Another 18 percent in State funding (\$2.0 million) was budgeted for salaries and fringe benefits for staff of the Chicago Project. We summarized the budgeted uses for the State funding during FY04 through FY06. This summary is presented in Digest Exhibit 2. (pages 29-31)

Digest Exhibit 2				
CEASEFIRE BUDGETED USES OF STATE FUNDING				
State FY04-FY06				
	FY04	FY05	FY06	Total
Community Partners	\$1,050,350	\$1,668,058	\$3,650,000	\$6,368,408
Community Outreach				
Salaries/Benefits	431,449	788,550	157,512	1,377,511
Chicago Project				
Salaries/Benefits	678,128	906,498	378,959	1,963,585
Equipment	200,569	69,277	3,000	272,846
Consultants/Training	61,005	186,225	0	247,230
Public Education Materials	221,581	15,500	0	237,081
Indirect/Other Costs	51,965	42,810	5,520	100,295
Community Expenses	42,500	42,500	0	85,000
Telephone	26,535	45,041	4,416	75,992
Supplies	27,058	30,700	3,157	60,915
Travel/Transportation	17,195	23,808	4,735	45,738
Total	\$2,808,335	\$3,818,967	\$4,207,299	\$10,834,601
Note: Some State funding was provided over fiscal years. Total difference due to rounding.				
Source: OAG developed from contracts received from the Comptroller.				

Department of Corrections

The Department of Corrections provided \$6.75 million in funding during the audit period for CeaseFire activities in the community as well as administrative costs for operating the program at the Chicago Project and UIC. There has generally been a shift in how the funding was directed for CeaseFire – from paying for administrative costs in FY04 to providing funds for CeaseFire communities in FY06. Seventy-nine percent of the DOC funding for CeaseFire (\$5.3 million) was directed to be used in the communities.

Corrections has become the major funding source for CeaseFire.

Funding was provided by DOC through Memoranda of Understanding (MOUs) between the Department and UIC. We found that, during FY06, DOC provided funding for CeaseFire outside the payment terms of the agreement. Additionally, during FY06, we found that the Chicago Project was charging an administrative fee to each of the community line item amounts that was not delineated in the MOU with the Department. (page 31)

Illinois State Police

The Illinois State Police provided \$1.5 million in funding during FY04 for CeaseFire activities in the community as well as some administrative costs for operating the program at the Chicago Project and UIC. An ISP official reported that the Governor’s Office directed ISP to provide funding to CeaseFire. Seventy percent of the ISP funding for CeaseFire (\$1.05 million) was directed to be used in the communities through subcontracts.

The contract for the ISP funding contained a document titled “Spending Projection for Illinois State Police Grant” which outlined a budget and the anticipated expenditures for the funding use. This document was dated May 3, 2004 – three months after the agreement beginning date and two months prior to the end of the contractual period. According to an ISP official, ISP never saw the budget attached to the MOU nor did ISP know what the funding was to be used for within CeaseFire. The Director of the ISP signed the MOU, but there was no indication of the date of that signing.

The monies paid by ISP to CeaseFire appear to be **for services rendered prior to a contract being executed**. The ISP contract, executed May 26, 2004, for payment for CeaseFire activities, filed with the Comptroller, shows that the contract period was February 1, 2004 through June 30, 2004. The contract was not filed until June 23, 2004 – seven days prior to the end of the contract period.

The MOU provided no mechanism for the Chicago Project to report on how the ISP funds were actually expended. Failure to include such reporting in the agreement does not protect State assets. (pages 35-36)

Illinois Criminal Justice Information Authority

During FY04 and FY05, the Illinois Criminal Justice Information Authority **provided \$1.1 million** for CeaseFire activities. Monies used to fund CeaseFire operations were from federal sources that were passed to the Illinois Violence Prevention Authority by ICJIA through an interagency agreement. IVPA then passed the funds onto UIC for CeaseFire through a subcontract grant agreement. Funds appropriated to ICJIA by the General Assembly for grants to State agencies from the Criminal Justice Trust Fund were used for the monies that filtered to CeaseFire.

The Governor’s Office directed the State Police to fund CeaseFire activity in State FY04.

The ISP funding contract was executed seven days prior to the end of the contract period.

ICJIA provided \$1.1 million in funding for CeaseFire.

ICJIA funding was generally for operating CeaseFire activities in two Chicago communities – West Garfield Park and Southwest. Southwest encompasses a cluster of areas that is defined as Chicago Lawn, West Lawn, Gage Park, and West Elsdon. Ninety-five percent of the ICJIA funding, \$1.05 million, was for salaries/benefits for both Chicago Project staff (\$428,183) and community outreach staff (\$618,834).

We found that grant agreements with UIC for ICJIA funds were generally executed well into the performance period for the grant. The grant agreement for the \$600,000 in FY05 funding was executed February 18, 2005 – 4½ months after the initiation of the grant term. (pages 37-38)

Illinois Violence Prevention Authority

The Illinois Violence Prevention Authority provided funds for CeaseFire in all three years of the audit period. IVPA used General Revenue Fund appropriations to provide **\$734,600** directly to UIC for CeaseFire. Additionally, we found that the CeaseFire community partner in East Garfield Park received a **\$35,000** grant from IVPA in FY04 for a youth violence prevention program similar to activities conducted as part of the CeaseFire program. These payments went **directly to this not-for-profit community partner** and did not filter through UIC and the Chicago Project. (page 38)

Department of Commerce and Economic Opportunity

The Department of Commerce and Economic Opportunity executed a grant agreement on May 12, 2004 to **provide \$750,000** in funding for CeaseFire. The agreement was for **calendar year 2004** and was a Legislative Add-On grant at DCEO. The funding was to go for program expansion located in the 8th Police District of the City of Chicago – specifically the Gage and Marquette Park area.

The DCEO grant agreement to provide funding contained a budget document. Documentation containing the grant close-out report to DCEO from UIC showed that reported expenditures differed from those shown in the contract agreement. Funds were not used in the budgeted amounts but transferred to other lines.

- Close-out documentation submitted June 15, 2005 – six months after the end of the grant period – showed that CeaseFire spent 33 percent more than budgeted for the total of personnel and fringe benefit costs; spent less than 1 percent on travel; and spent none of the money provided for subcontractors. The subcontractor funding, which was part of the contractual budget line, was scheduled to be used for clergy mobilization;

DCEO provided \$750,000 in funding for CeaseFire.

Actual uses of DCEO funds differed from budget request – with no documentation that DCEO approved such uses.

- however, the Chicago Project used it toward the increased personnel and fringe benefit line items. DCEO followed appropriate Departmental procedures by sending follow-up correspondence to the grantee to obtain submission of the close-out report; determined upon review of the received document that it contained excessive variances; and has neither accepted nor approved the close-out report as of July 17, 2007.
- Additionally, while the contract between UIC and DCEO required the hiring of eight outreach workers, documentation obtained from the Chicago Project showed that fewer than eight outreach workers were on the job in the identified police beats in 4 of 12 months during calendar year 2004. DCEO officials indicated that while monitoring the funds distributed as member initiatives does occur, no on-site monitoring of this \$750,000 had been conducted by DCEO.
 - Quarterly Expense Reports, as required by the contract, were also not provided by the UIC/Chicago Project by their respective due dates although DCEO officials did follow up with the Grantee in attempts to obtain them. Documentation showed that the first three calendar year 2004 quarterly reports were actually provided by UIC on October 9, 2006. The quarterly reports were not fully certified by the Department, as only one of the two required DCEO official signatures was in place on October 23, 2006 – **22 days before** our entrance conference with DCEO for this audit and **22.5 months after** the end of the contractual grant period. According to DCEO officials, the second required signature is being withheld pending the budget modification review process, as well as the approval of the submitted close-out report.

UIC information showed that \$884,848 had been charged to the DCEO grant in their financial system - \$134,848 more than the total grant from DCEO. A UIC official indicated that the grant was overcharged and that transfers to other grants were processed during close-out. In May 2007, the official could not tell us what other grants these transfers went to. On July 27, 2007, four days after our exit conference, UIC officials provided information on the transfers; however the information failed to adequately clear this issue. (pages 39-41)

Quarterly expense reports were submitted to DCEO 22.5 months after the end of the contract.

The University of Illinois overcharged the DCEO grant.

PRIVATE FUNDING SOURCES AND BUDGETED USES

The Chicago Project receives substantial support from private sources.

The Chicago Project has received, or is scheduled to receive, substantial support from multiple non-State sources. Documentation obtained from the Chicago Project showed that over the three-year period defined in the Resolution, private funding sources **either provided or were going to provide** the Chicago Project \$6.6 million for various costs and activities. Some of these grants provided by private sources have grant **periods that either started before or extended past** the audit period defined in Senate Resolution 686.

Examining just the period **specifically between** FY04 and FY06, the Chicago Project received \$2,985,505 from 23 private sources to supplement activities of the Chicago Project and the CeaseFire program.

Private funding primarily supports the administrative function within the Chicago Project.

Private funding was utilized primarily for the support of the administrative function for the Chicago Project. Seventy-seven percent (\$2.3 million) of private funding provided during the audit period was for salaries and benefits for Chicago Project staff. Outside consultants and training (\$185,406), public education materials (\$145,996), and staff travel (\$36,740) accounted for other administrative uses of the private funds. Digest Exhibit 3 breaks private funding down into component line item descriptive categories. (pages 43-44)

Digest Exhibit 3				
CEASEFIRE/CHICAGO PROJECT BUDGETED USES OF PRIVATE FUNDING				
State FY04-FY06				
	FY04	FY05	FY06	Total
Chicago Project				
Salaries/Benefits	\$712,988	\$627,838	\$944,680	\$2,285,506
Consultants/Training	82,756	15,000	87,650	185,406
Public Education Materials	60,671	21,229	64,096	145,996
Indirect/Other Costs	10,555	24,718	95,671	130,944
Supplies	10,117	5,777	42,700	58,594
Travel/Transportation	9,245	11,667	15,828	36,740
Telephone	889	1,111	16,154	18,154
Equipment	1,375	3,500	3,000	7,875
Community Expenses	0	1,000	0	1,000
Community Outreach				
Salaries/Benefits	0	0	115,291	115,291
Total ¹	\$888,596	\$711,840	\$1,385,070	\$2,985,506
Note: ¹ Total differs from text due to rounding.				
Source: OAG developed from Chicago Project for Violence Prevention documentation.				

FEDERAL FUNDING SOURCES AND BUDGETED USES

During FY04 through FY06, UIC received \$1.78 million in grants from the United States Department of Justice (USDOJ). The grants provided funds to: (1) support CeaseFire in the West Garfield Park, Logan Square, and West Humboldt Park neighborhoods of Chicago; (2) enhance the capacity of CeaseFire to serve other communities through additional outreach workers and violence interrupters; and (3) support core functions that are necessary to these sites.

Federal funding significantly increased during State FY06. While federal funding levels for CeaseFire decreased from FY04 (\$511,427) to FY05 (\$143,248), a large funding increase – coupled with a supplemental award by USDOJ for CeaseFire – increased the FY06 award to \$1,127,574. (pages 44-45)

The federal government provided \$1.78 million in grants for CeaseFire during State FY04-FY06.

COOK COUNTY FUNDING SOURCES AND BUDGETED USES

During FY04-FY06, the Chicago Project received \$324,640 from Cook County officials under five separate grant agreements. Eighty-three percent of the funds provided by Cook County to the Chicago Project were from the Local Law Enforcement Block Grant for the B.A.D.G.E. program. The programs under which funds were provided were administered by the Judicial Advisory Council and the State’s Attorney’s Office. County funding was mainly budgeted for salaries and fringe benefits. (pages 45-47)

SELECTION OF CHICAGO COMMUNITIES FOR CEASEFIRE PROGRAM

CeaseFire program communities were determined during the audit period by two sources – Chicago Project administration or individual legislators that directed funding for specific communities. Beats within the specific communities were determined by Chicago Project staff, reportedly on a data driven basis.

Senate Resolution 686 directed us to determine how decisions concerning the allocation of funding to various Chicago communities were made. During FY04, the State (ISP and DOC) provided funding for CeaseFire based on a proposal submitted by the Chicago Project. In the proposed budget, **Chicago Project officials determined** monies should go to community partners in the following Chicago communities: Auburn-Gresham, Logan Square, Rogers Park, East Garfield Park, Belmont-

Chicago communities have been selected by either Chicago project staff or designated in State budget agreements.

Cragin and Grand Boulevard – as well as Rockford, Aurora, East St. Louis and Maywood.

As CeaseFire became designated in the State budget in FY05 and FY06, funds for Chicago communities were included based on recommendations from State legislators. In the FY05 State budget, no individual communities were named to receive monies for CeaseFire. However, the contract with DOC did designate various Chicago communities, determined by Chicago Project officials in consultation with State legislators. In FY06, the State budget dictated which communities were to receive funding. (pages 47-48)

TIMELY EXECUTION OF SUBCONTRACTS WITH COMMUNITY PARTNERS

The University of Illinois at Chicago and the Chicago Project did not have an adequate system in place to ensure that contracts had been properly executed in a timely manner. As a result, community partners were allowed to initiate work without a written agreement in place. In 7 of 39 subcontracts, the agreements were **not executed until after** the performance period for the contract had expired. Good business practice would dictate that work not be initiated until a formal agreement is in place.

**7 of 39
subcontracts were
not executed until
after the contract
period had
expired.**

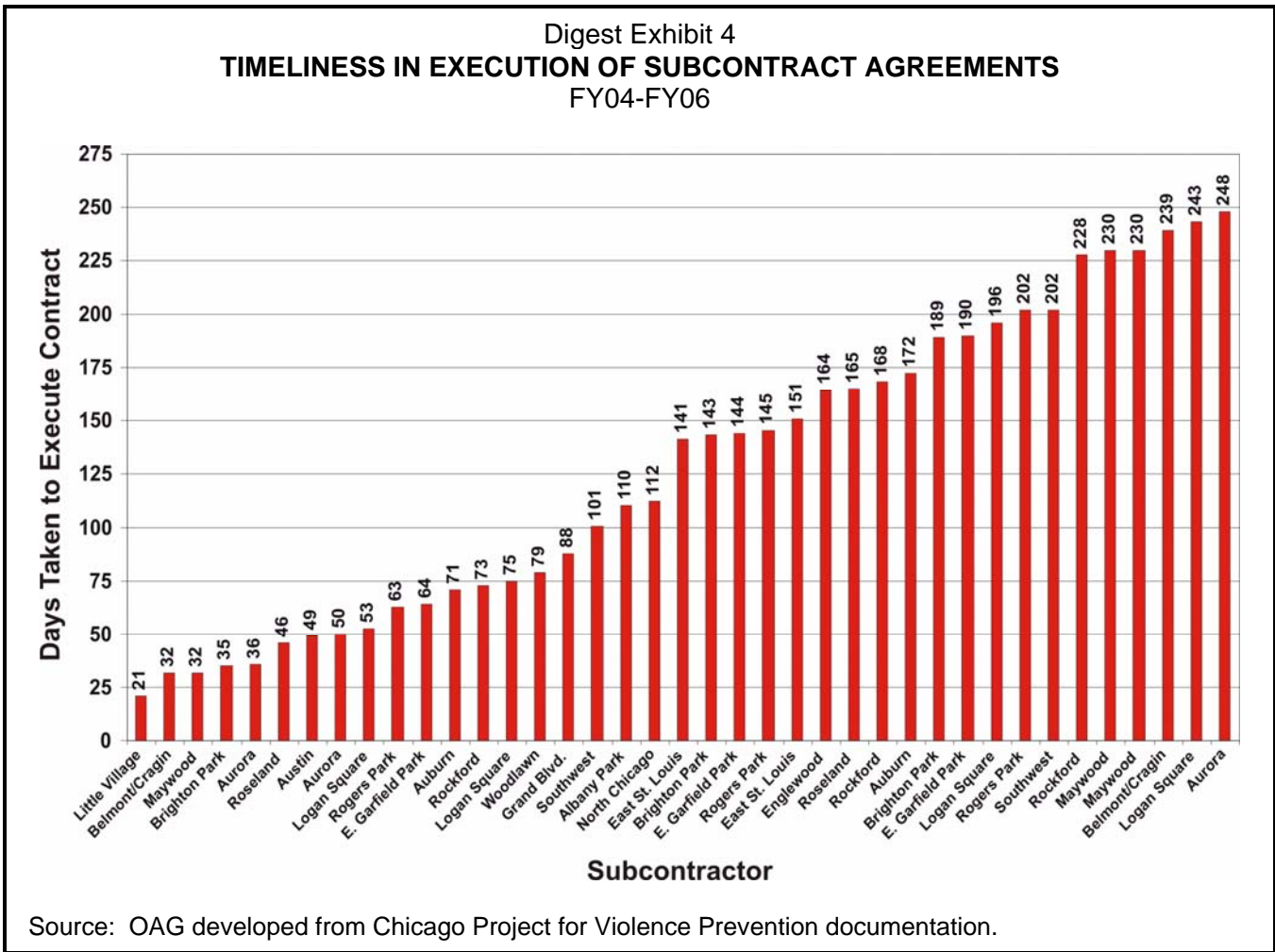
During the audit we reviewed all 39 subcontracts between UIC and the community partners for CeaseFire during FY04 through FY06. These **39 subcontracts totaled \$5.3 million**. The **average** amount of time to execute the subcontract was **128 days** when comparing the date when performance was to begin with the subcontract execution date. The timeliest effort in executing a subcontract was the 21 days to execute the FY06 agreement with the Little Village community partner. It took UIC 248 days to execute the agreement with the Aurora community partner in FY06. The breakdown of the lack of timely execution is presented in Digest Exhibit 4.

**The average
amount of time to
execute a
subcontract was
128 days.**

UIC staff are responsible for processing the subcontract agreements. State funds totaling \$50,000 from the Department of Corrections in FY05 was earmarked for the expertise the University could provide in subcontract development. Six of the seven subcontracts which were **not executed until after the performance period had expired** were FY05 agreements.

Failure to execute a subcontract with the community partners, and allowing those partners to initiate work without an executed contract, does not bind the community partner to comply with applicable laws,

regulations and rules and may result in improper and unauthorized payments. (pages 51-52)



INADEQUATE HIRING OF OUTREACH STAFF BY COMMUNITY PARTNERS

Contractually, community partners are required in the scope of work section to hire a specific number of outreach workers to conduct CeaseFire activities. During FY04 though FY06, the community partners only hired 69 percent (868.5 of 1267 worker-months) of the required number of outreach workers over the duration of the contract. Additionally, community partners had failed to hire over 398 worker-months positions during the course of the contracts. Chicago Project staff charged with monitoring the community partners took little action to ensure compliance with the agreements.

- Outreach workers are the “front-line” in the CeaseFire Campaign to Stop the Shooting. The job description included

Community partners were allowed to hire fewer outreach workers – in violation of contractual agreements.

72 percent of the subcontracts required specific hiring criteria for outreach workers.

with every subcontract states that “Skilled outreach workers are a key ingredient to the success of the initiative.” As such, ensuring that community partners have the required number of outreach workers should be paramount to the Chicago Project.

- In 72 percent (28 of 39) of the subcontracts with community partners, each contained, in the Scope of Work Statement, an indicator of how many outreach workers were required to be hired by the community partner. The subcontracts either gave a definitive, specific number of outreach workers or gave a minimum number to hire “per beat.”
- A Chicago Project official indicated they were aware that community partners had not had the required number of outreach workers on staff and that it was a problem. The official explained that reasons for not complying with the subcontract on this issue included: turnover in outreach staff; inability of some community partners to hire ex-offenders; and delays in getting a community up and running. Digest Exhibit 5 breaks down the analysis by community and fiscal year. (pages 53-55)

Digest Exhibit 5							
SUBCONTRACTOR COMPLIANCE IN HIRING OUTREACH WORKERS							
FY04-FY06							
Community	FY	Contract Beginning Date	Contract Ending Date	Monthly Number of Outreach Workers Per Contract	Total Number of Outreach Worker Months for Contract Period ¹	Actual Number of Outreach Worker Months During Contract	Difference
Albany Park	2006	09/01/05	06/30/06	6	60	35	-25
Auburn	2004	02/01/04	06/30/04	8	40	36	-4
Auburn	2005	07/01/04	12/31/04	12	72	53	-19
Aurora	2004	05/03/04	06/30/04	8	16	0	-16
Aurora	2006	03/01/06	06/30/06	8	32	1	-31
Austin	2006	11/01/05	06/30/06	6	48	24	-24
Brighton Park	2006	08/01/05	06/30/06	6	66	23	-43
E.Garfield Park	2006	10/01/05	06/30/06	3	27	28	1
East St. Louis	2005	01/01/05	06/30/05	3	18	10	-8
East St. Louis	2006	07/01/05	06/30/06	3	36	32.5	-3.5
Englewood	2006	07/01/05	06/30/06	3	36	36	0
Grand Blvd	2006	09/15/05	06/30/06	6	57	23	-34
Little Village	2006	12/01/05	06/30/06	6	42	31	-11
Logan Square	2004	02/01/04	06/30/04	8	40	31	-9
Logan Square	2005	07/01/04	12/31/04	4	24	27	3
Logan Square	2006	07/01/05	06/30/06	6	72	37	-35
Maywood	2004	03/15/04	06/30/04	8	28	27	-1
Maywood	2005	07/01/04	01/31/05	8	56	54	-2
Maywood	2006	07/01/05	06/30/06	3	36	58	22
North Chicago	2006	09/01/05	06/30/06	4	40	36	-4
Rockford	2004	03/15/04	06/30/04	8	28	6	-22
Rockford	2005	07/12/04	06/30/05	4	46	56	10
Rockford	2006	07/01/05	06/30/06	6	72	56	-16
Rogers Park	2004	02/16/04	06/30/04	8	36	22	-14
Rogers Park	2005	07/01/04	02/28/05	4	32	47	15
Rogers Park	2006	07/01/05	05/31/06	12	132	40	-92
Roseland	2005	07/01/04	06/30/05	4	48	14	-34
Woodlawn	2006	10/01/05	06/30/06	3	27	25	-2
Totals				168	1,267	868.5	-398.5
Note: ¹ Calculated by taking the number of months from the contract and multiplying by the required number of outreach workers per month.							
Source: OAG summary of Chicago Project subcontracts and Outreach Staff Status Charts.							

PERFORMANCE MEASURES AND STATISTICS

Department of Corrections funding agreements for CeaseFire did not contain performance measures.

The major State funding agency for CeaseFire, the Department of Corrections, had no predetermined performance measures contained in funding agreements with the University of Illinois detailing what results are expected for the funding levels received. The agreements simply set forth payment schedules.

Corrections officials stated they were to “pass through” funds for CeaseFire without any monitoring role for those funds.

DOC officials stated that, prior to FY07, the only role of DOC was to “pass through” the funds for CeaseFire with no monitoring of results or expenditures. Failure to set performance measures for the funding CeaseFire receives limits the General Assembly’s ability to determine whether the program is meeting expectations and whether further funding is warranted. Given that the State has invested \$11 million in CeaseFire during the audit period, it should require the program to **develop performance measures to assess the impact** that the monies had on the problem for which funds were provided.

CeaseFire officials cannot isolate the effect of its efforts in reducing shootings.

While State agencies do not require performance measures of CeaseFire, the Chicago Project does extensive analysis on the effect of the program in some of the communities in which it operates. Evaluators on staff at the Chicago Project report that they use a standard and accepted scientific method to determine intervention effectiveness on the outcome of shootings. Evaluation centers around three comparisons of CeaseFire zones’ reductions in shootings. The first comparison examines CeaseFire against zones that have similar baseline shooting rates but do not have CeaseFire activities. The second comparison examines “neighboring” beats around CeaseFire zones. The last comparison is the shooting rate for the City of Chicago as a whole. Chicago Project analyses have shown favorable results in CeaseFire zones.

While shootings have gone down in CeaseFire beats, other non-CeaseFire beats sometimes have larger decreases.

While the Chicago Project regularly reports on the decreases in shootings in CeaseFire zones in which it operates, it cannot measure how much of the decrease was due to CeaseFire or other activities/programs operating in the same communities. An analysis of Chicago Police Department shooting statistics showed that while shootings have decreased in CeaseFire zones, other non-CeaseFire beats sometimes had greater decreases. CeaseFire does not always operate in the most violent communities. (pages 55-59)

MONITORING OF COMMUNITY PARTNER EXPENSES

Community partners submit reimbursement requests to the Chicago Project for expenses incurred as part of the CeaseFire program. Chicago Project staff review these requests and process payments, which are then made by the University of Illinois at Chicago. Our review of the expense reimbursements for 15 subcontracts showed significant weaknesses in review by Chicago Project staff. We questioned \$371,534 of the \$1.9 million paid (20 percent) under these subcontracts. A lack of formal procedures for how to review the requests and insufficient diligence by Chicago Project staff resulted in the weakness.

The subcontract agreements **do address** the fiscal activity reports required for a vendor to be paid. Each agreement lays out specific timing language and documentation needed for payment to be disbursed.

The purpose of our testing was to determine how well the Chicago Project monitored the funding reimbursed to the community partners. As such, we reviewed all the documentation available at the Chicago Project. We did not perform audit procedures on the subcontractors, nor did we seek additional documentation from the subcontractors for our exceptions. The Chicago Project should have had the necessary support prior to reimbursing the community partners.

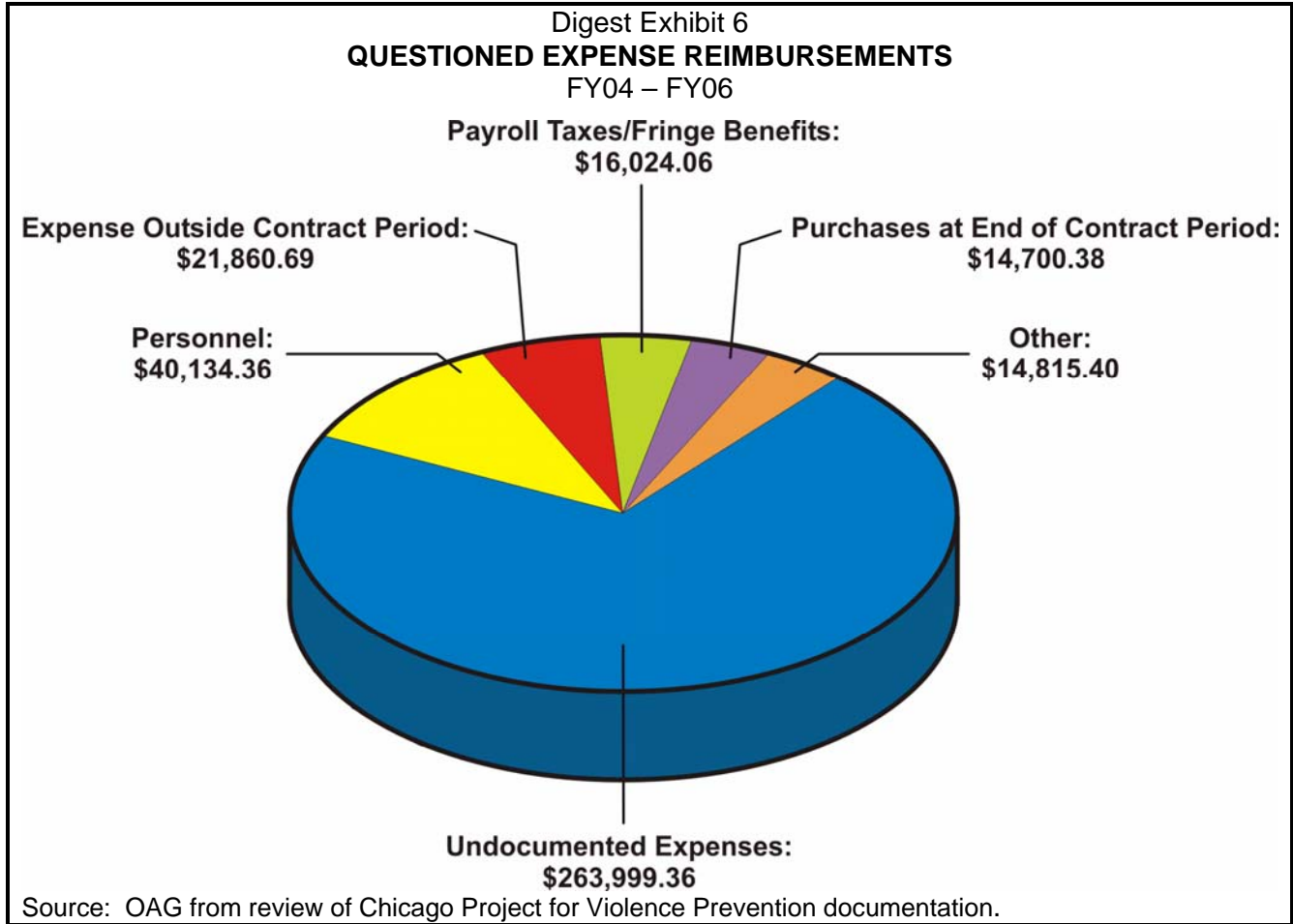
Our testing exceptions were summarized into six categories: Undocumented Expenses, Purchases at the End of the Contract Period, Personnel, Expense Outside the Contract Period, Payroll Taxes/Fringe Benefits, and Other Exceptions. The breakdown questioned in each category is provided in Digest Exhibit 6.

Three Chicago Project staff had responsibility for reviewing and approving the reimbursement requests – the Finance Director, the Assistant Director for Grants Administration, and a Project Coordinator. The Finance Director stated that there are no formal policies and procedures for how the reimbursement requests are to be reviewed.

Failure to adequately review vendor requests for reimbursement resulted in questioned or insufficiently documented expenses being paid by the Chicago Project. Additionally, contractual provisions are developed to protect funds that are disbursed. Failure to enforce these provisions again puts organization’s assets at risk of misuse and waste. (pages 60-65)

We questioned \$371,534 in reimbursements to community partners due to a lack of oversight by Chicago Project staff.

Contractual provisions were not always enforced by the Chicago Project – which makes assets susceptible to misuse and waste.



STATE FUNDING ISSUES

Community partners did not always receive the entire amount of funding provided by the General Assembly and outlined in the State budget. During the audit period, the 39 subcontractors received 83 percent of the named funding in State contracts from the Chicago Project. Over \$1.1 million was withheld by the Chicago Project, generally during FY05 and FY06, for program support expenses, like the hiring of violence interrupters and core administrative functions. We found that the amounts withheld were not always consistent from community to community. As discussed in Chapter Two, there were other non-State funding sources that provided funds for similar activities – violence interrupter salaries and administrative functions of the Chicago Project. State funding agreements make no mention of giving the Chicago Project any discretion in utilizing funding provided by the State.

In addition to the \$1.1 million in community monies withheld for expenses paid by the Chicago Project, there was a significant total **of the community funding remaining** that was not spent by the communities but rather for purposes determined by the Chicago Project. In our sample of 15 subcontracts, 16 percent of the total subcontract amounts during FY04 through FY06 for those selected subcontractors were not paid out by the Chicago Project. The total amounted to \$352,000. Failure to expend all State funds in the communities designated by the General Assembly, and detailed in the contract between the State and UIC, circumvents the intentions of the General Assembly.

Due to the funding mechanism used to provide funding for CeaseFire, the State would be unable to recover any unspent funds under the Grant Funds Recovery Act for the majority of State monies actually provided. If the State desires to continue funding for CeaseFire, providing those funds through a generic grant line item appropriation, along with proper monitoring by the State funding agency, would ensure the State's ability to pay for just the services it desires.

Community Funding Levels

During FY06, the State budget listed specific named communities and appropriated funding for those communities devoted for CeaseFire. Throughout the audit period, the funding agreements listed various funding levels for either specific communities or community partners. When the Chicago Project developed subcontract agreements with the community partners, the amounts did not always agree to the funding levels provided by the State.

During the audit period, there were 39 subcontract agreements with community partners and an additional subcontract with a public relations firm – all named in either the State budget or funding agreements. Total State funding directed to these subcontractors was over \$6.5 million. The agreements with these subcontracts totaled only \$5.4 million. Therefore, the Chicago Project took the discretion to expend the remaining \$1.1 million. Digest Exhibit 7 shows how much was retained from the funding level to the subcontract agreement by community. The Chicago Project then determined how the funds were to be spent.

Digest Exhibit 7 shows a negative balance for the Englewood community in FY06. While the State funding agreement, as directed in the Department of Corrections budget, funded \$150,000 for Englewood, the University of Illinois executed an amendment to the contract to increase the total funding by an additional \$70,000 on June 30, 2006 – **the last day of the contract period.**

The State cannot recover unspent funds due to the funding mechanism utilized to fund CeaseFire.

\$1.1 million of State funding directed toward specific communities was never put into agreements with the community partners – but left to the discretion of the Chicago Project.

Digest Exhibit 7 DIFFERENCES IN FUNDING LEVELS AND SUBCONTRACTOR AGREEMENTS FY04-FY06				
Location	FY	Community Funds Per State Contract	Actual Contract Amount	Amount Not Distributed by UIC
Albany Park	2006	\$ 250,000.00	\$ 200,000.00	\$ 50,000.00
Auburn	2004	265,350.00	265,350.00	0.00
Auburn	2005	444,447.00	444,447.00	0.00
Aurora	2004	65,000.00	28,133.00	36,867.00
Aurora	2005	70,201.00	N/A	70,201.00
Aurora	2006	250,000.00	115,432.69	134,567.31
Austin	2006	250,000.00	200,000.00	50,000.00
Belmont-Cragin	2004	25,000.00	25,000.00	0.00
Belmont-Cragin	2005	40,000.00	35,000.00	5,000.00
Brighton Park	2004	25,000.00	25,000.00	0.00
Brighton Park	2005	40,000.00	35,000.00	5,000.00
Brighton Park	2006	250,000.00	57,750.00	192,250.00
E. Garfield Park	2004	35,000.00	35,000.00	0.00
E. Garfield Park	2005	40,000.00	35,000.00	5,000.00
E. Garfield Park	2006	250,000.00	130,000.00	120,000.00
East. St. Louis	2005	100,000.00	100,000.00	0.00
East. St. Louis	2006	250,000.00	220,000.00	30,000.00
Englewood	2006	150,000.00	220,000.00	-70,000.00
Grand Blvd	2006	250,000.00	200,000.00	50,000.00
Little Village	2006	250,000.00	200,000.00	50,000.00
Logan Square	2004	210,000.00	210,000.00	0.00
Logan Square	2004	0.00	19,814.00	-19,814.00
Logan Square	2005	180,000.00	158,513.54	21,486.46
Logan Square	2006	250,000.00	210,000.00	40,000.00
Maywood	2004	125,000.00	125,000.00	0.00
Maywood	2005	250,000.00	209,880.00	40,120.00
Maywood	2006	250,000.00	158,239.05	91,760.95
North Chicago	2006	250,000.00	220,000.00	30,000.00
Rockford	2004	95,000.00	89,575.00	5,425.00
Rockford	2005	120,000.00	120,000.00	0.00
Rockford	2006	250,000.00	220,000.00	30,000.00
Rogers Park	2004	125,000.00	125,000.00	0.00
Rogers Park	2005	161,410.00	116,807.26	44,602.74
Rogers Park	2006	250,000.00	220,000.00	30,000.00
Roseland	2004	25,000.00	25,000.00	0.00
Roseland	2005	250,000.00	250,000.00	0.00
Southwest	2004	20,000.00	20,000.00	0.00
Southwest	2005	27,000.00	25,000.00	2,000.00
Woodlawn	2006	250,000.00	192,220.00	57,780.00
Draft, Inc.	2004	150,620.00	150,620.00	0.00
Total		\$6,539,028.00	\$5,436,781.54	\$1,102,246.46

Source: OAG developed from Chicago Project documentation.

Chicago Project officials indicated that monies withheld from the community funding levels went for payment of outreach staff and violence interrupters that were hired and paid by UIC. Additionally, the officials indicated that sometimes the agreements are put into place late in the performance period and that decreases were due to only providing services for part of the fiscal year. Regardless of the reason, the Chicago Project still receives the “entire” amount from the State.

Unspent Community Partner Funds

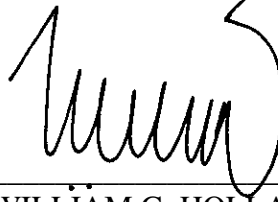
We also found that not all of the subcontract maximum expenditure levels were met, which resulted in additional funds that the Chicago Project was able to expend at its discretion – again, outside any language to that effect in the funding agreements.

We selected 15 subcontracts for expenditure testing. The subcontracts between UIC and the vendors totaled \$2.2 million. Total actual payments made by UIC to the vendors were \$1.9 million. The remaining \$352,000 was left for the Chicago Project to expend as needed. (pages 66-71)

\$352,000 of unexpended community partner funds were left to be spent at the discretion of the Chicago Project.

AUDIT RECOMMENDATIONS

The Audit contains nine recommendations and one Matter for Consideration by the General Assembly. The audited agencies generally agreed with the recommendations. Appendix H of the audit report contains the agency responses.



WILLIAM G. HOLLAND
Auditor General

WGH\MJM
August 2007

