



Office of the County Auditor

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Cook County Auditor

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TONI PRECKWINKLE

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January 12, 2024

The Honorable Tony Preckwinkle, President
Board of Cook County Commissioners
118 N. Clark Street, Room 537
Chicago, Illinois 60602

Dear President Preckwinkle and Board of Commissioners:

We have conducted an audit of the Justice Advisory Council Grant Administration and Management Process in accordance with the [Cook County Auditor Ordinance](#) and our Audit Plan. Our sample dates for this audit were grants that provided payments from December 1, 2021, through November 30, 2022. Our fieldwork was conducted from November 2022 through June 2023.

The overall objective of our audit was to assess the policies, procedures, and internal controls used in the grant administration and management process to ensure that grant funds are managed in an effective and efficient manner. Grants funded through money received from the American Rescue Plan Act (ARPA) were excluded from this review, as separate oversight is underway.

The audit report contains four recommendations. The Executive Summary provides an overview of the audit and recommendations.

We express our appreciation for the cooperation from the Justice Advisory Council staff extended to Isaac Pablo, Field Auditor III and Joe L. Walthour Jr, Audit Supervisor during this audit. We have discussed our recommendations with the Justice Advisory Council. The Justice Advisory Council management has had an opportunity to review our report. Management comments are included in their entirety within the Recommendations section.

Respectfully Submitted,

Mary Modelski
County Auditor

CC: Avik Das, Executive Director
Ali Abid, Deputy Director



COOK COUNTY GOVERNMENT

OFFICE OF THE COUNTY AUDITOR

Justice Advisory Council Grant Administration and Management Process

Internal Audit Report

Report Date: January 12, 2024

Issued By:
Mary Modelski, County Auditor

Audit Conducted By:
Isaac Pablo, Field Auditor III
Joe Walthour, Audit Supervisor

EXECUTIVE SUMMARY

The Office of the County Auditor (OCA) completed an audit of the grant administration and management¹ process for the Justice Advisory Council (JAC). The objective of this audit was to assess the policies, procedures, and internal controls to ensure traditional² grant funds were managed in an effective and efficient manner. This audit was accomplished through interviews with the JAC staff and gathering, reviewing, and testing documentation related to a sample of grant transactions. The OCA recognizes that the JAC manages grants that are funded by federal American Rescue Plan Act (ARPA) dollars; however, their operating procedures for the ARPA grants are not within the scope of this audit report. With regards to the operating procedures the JAC applied to traditional grant funds during County Fiscal Year 2022, the OCA found them to be out of date, Request for Qualifications (RFQ) or Proposals (RFP) procurement methods were not consistently used, documentation for transactions were not consistently collected and retained, and awarded amounts were not consistently tracked.

The OCA conducted this audit in accordance with generally accepted government auditing standards. These standards require that the OCA plan and perform the audit to achieve the audit objective(s) and obtain sufficient and appropriate evidence that provides a reasonable basis for findings and conclusions. The OCA concluded that the evidence obtained provides a reasonable basis. The fieldwork was conducted from November 2022 through June 2023, wherein the OCA selected and reviewed a sample of transactions from fiscal year 2022 funded traditional grant programs.

The JAC management was presented and asked to respond to four recommendations covering areas of improvement in the grant administration and management process. These areas were:

- Updating policies and ensuring grant administration and management procedures are performed.
- Ensuring grant funding documentation was collected, stored, and retained.
- Tracking and monitoring the distribution of traditional grant funds to award recipients.
- Establishing and communicating a structured Fraud Risk Management awareness program.

Please refer to the Recommendations section for more details of the four recommendations along with management's responses, corrective action plans, and estimated completion dates.

¹ Grant administration consists of the Pre-Award, Award, and Post-Award phases. Grant management consists of the Award and Post-Award phases.

² Traditional grants are grants not funded with money received through the American Rescue Plan Act.

BACKGROUND

The JAC consists of Cook County employees and an executive director who was appointed by the President of the County Board. The JAC is responsible for coordinating and implementing criminal and juvenile justice reform efforts and community safety policy development. The duty of the JAC is to perform continuous study of the problems involved, to devise means to affect the improvement of the administration of justice in, and with relation to the County, and to formulate all proper suggestions and recommendations concerning legislation and other measures designed to bring about such improvement.

Prior to fiscal year 2014, grants issued to qualified organizations were subject to the approval of the Cook County Board of Commissioners. In fiscal year 2014 and thereafter, the JAC was authorized to issue the grant application process and authorized to execute said grant agreements³ in accordance with the Cook County Procurement Code (Chapter 2, Article VI, Division 4, Section 2-527(b) of the Cook County Code of Ordinances). The JAC was appropriated \$14,575,000 from Cook County operating funds in fiscal year 2022 for grants provided to qualified organizations operating on behalf of Cook County.

In fiscal year 2022 the JAC had eight active grant programs operating within its traditional grant portfolio, which were:

- Violence Prevention - Services and related initiatives focused on addressing community and individual violence and its impact, particularly as experienced by people involved with the criminal justice system.
- Recidivism Reduction - Services and related initiatives focused on supporting the successful behavior change and well-being of individuals involved in the criminal justice system, who are living in the community, but whose continued liberty remains in jeopardy based upon the nature of their system involvement.
- Restorative Justice - Services and related initiatives focused on providing individuals and communities with alternatives to justice system involvement, as well as addressing harm and trauma through restorative justice principles and practices.
- Returning Residents - Services and related initiatives focused on identifying and meeting basic safety and wellness needs for individuals involved with the criminal justice system, who are returning to the community from secure facilities or other institutional settings.
- Emerging Adults - Services and related initiatives focused on holistic, developmentally appropriate supports in the areas of education and employment, as well as behavioral and physical health for individuals involved in the criminal justice system ages 16 to 26.
- Electronic Monitoring – Services and related initiatives focused on seeking technical assistance and consultation on solutions to reduce community violence and prevent recidivism by enhancing electronic monitoring options for individuals with criminal justice system involvement.
- President’s Youth Justice Advisory Councils – Services and related initiatives focused on providing a youth perspective on policies and programs impacting youth in the juvenile justice system, as well as focused on reducing incarceration and recidivism rates.
- South Suburban Adult Services – Services and related initiatives focused on violence and recidivism prevention services for suburban Cook County adults.

³ Agreements are the contracts issued through OCPO to render goods, services, or equipment in the County.

The specific grant programs that received funding from County revenue in fiscal year 2022 were Violence Prevention, Recidivism Reduction, Restorative Justice, Returning Residents, and Emerging Adults. The programs that did not receive funding within fiscal year 2022 were Electronic Monitoring, President’s Youth Justice Advisory Councils, and South Suburban Adult Services. The JAC issued \$11,095,487.24⁴ to 54 recipients within these grant programs in fiscal year 2022.

The JAC used a Microsoft Excel spreadsheet, known as the “Invoice Tracker,” for monitoring recipients of grant funds. The Invoice Tracker contained the following information:

- Grant recipient name
- Program name
- Program type
- Contract number
- Award amount
- Contract period
- Requisition number
- Purchase order number
- Invoice number
- Invoice amount
- Invoice paid date
- Renewed contracts

For the fiscal year 2022, 172 grant transactions existed. Each transaction was listed as a line within the Invoice Tracker and documentation supporting the transaction was saved in a digital folder on the JAC SharePoint site.

AUDIT SCOPE AND OBJECTIVES

The objective of this audit was designed to assess the policies, procedures, and internal controls to ensure traditional grant funds were managed in an effective and efficient manner. The scope of this audit was traditional grant payments awarded in fiscal year 2022. The OCA excluded American Recovery Plan Act (ARPA) funds issued to JAC in fiscal year 2022.

The detailed audit objectives were the following.

- To assess the efficiency of the JAC Grant Administration and Management⁵ process over traditional grant funding provided by Cook County.
- To assess compliance with the production of documentation throughout the JAC Grant Administration and Management process.
- To assess the awarded amounts provided to traditional grant recipients and confirm that the JAC tracked the amounts.

⁴ The total of traditional grant-related awards transacted during fiscal year 2022.

⁵ In this audit report, grant management (Award and Post-Award) means the three grant administration phases (Pre-Award, Award, and Post-Award).

The following procedures were performed to assess the objectives.

- Created a JAC process lifecycle and document production flow to assess the JAC Grant Administration and Management process.
- Assessed compliance with document retention policies using a randomly selected sample of traditional grant recipients who had fiscal year 2022 payments.
- Compared the JAC tracked grant awards against that of the Department of Budget and Management Services (DBMS) and Office of the Chief Procurement Officer (OCPO).

AUDIT RESULTS

Based on the analysis and evaluation of the JAC Grant Administration and Management process for the traditional grant programs, the OCA reached the following conclusions:

- The JAC did not have an efficient Grant Administration and Management process during fiscal year 2022.
- The JAC did not adequately collect and retain documentation throughout the JAC Grant Administration and Management process during fiscal year 2022.
- The JAC did not continuously track all the awarded amounts provided to traditional grant recipients during fiscal year 2022.

RECOMMENDATIONS

Recommendation #1

During our review of the grant life cycle process in the JAC, we noted the following concerns over the issuing, monitoring, and tracking of grants funded by Cook County:

- The grant management policies and procedures in the JAC were last updated on September 1, 2018. According to management, modifications to their procedures have been made, but were not provided. Upon testing of the policies and procedures, JAC's policies and procedures were found not to be consistent with departmental practices.
- At the end of the RFQ/RFP evaluation process, lower ranked responders and proposers were issued grants. Although the JAC Executive Team exercised discretion consistent with the applicable RFQ/RFP procurement process, including consideration of the geographic spread of awards, and demographics of communities served, the discretion exercised was not adequately documented to ensure a transparent process in award determinations.
- When the RFQ method is used to solicit responders, qualified responders are placed on a qualified list. However, when a grant is awarded from the qualified list, JAC does not document how the qualified responder was selected for the grant award. When the qualified list selection process is neither documented nor supported
- The JAC had an invoice dated November 15, 2021, that was not paid until January 19, 2023. The JAC advised OCA that the delayed payment was due to technical difficulties.

- We were advised by management that a monitoring log is maintained for each grant. The log is to document the activities with the grantee such as site visits, contact made with the grantee regarding the required reporting and the payments provided. However, upon inquiries with staff, we discovered the monitoring log is not being maintained as required. Without such monitoring activities being documented, it is difficult to verify if they are being performed.

The OCA recommends that the JAC:

- Update the JAC Grants Manual⁶ to document and develop a comprehensive grant management policies and procedures manual. The manual should document the complete process from the development of the grant plan to the final close out of the grant. The manual should include a sample of documents created in the process, as well as, developing a timeline and process for updating the manual as changes occur to ensure the policies and procedures remain current.
- Monitor awards and payments to ensure timely release.
- Document the supplemental criteria used in the RFP and RFQ methods to select a Grantee.
- Develop a process for management to periodically review that the monitoring log is being maintained for each grant as required; the log documents the activities with the grantee such as site visits and contact made with the grantee regarding the required reporting and the payments provided.

With the implementation of the above recommendations, we believe the JAC will strengthen their internal control processes over the transparency of awarding grants and the subsequent monitoring of the grant activities on a timely basis.

Management Response/Corrective Action

Management accepts the recommendations as listed and offers the following corrective action response:

Although the JAC internal “Grants Manual” dated back to 2018 for the purposes of this audit. The practices of JAC during FY22 (and beyond) also had to align with the “Grants Management Manual” of 2019 developed and promulgated by the Cook County Department of Budget and Management Services of the Bureau of Finance (DBMS and BOF) and fiscal specific practices needed to align with the “Grant Subaward Financial Management Manual” published 8/26/22 and revised 2/16/23 as promulgated by BOF. Therefore the JAC is currently updating its internal “JAC Grants Manual” and anticipates integrating best practices currently applied to ARPA grants management to all its grants as well as integrating practices in collaboration with the Bureau of Economic Development, Office of the Chief Procurement Officer, DBMS and BOF as they are each actively advancing a countywide set of practices in grants management.

The JAC Grants Management Manual for JAC will be complete by May 2024 although the improved practices are already in place because the JAC has expanded relevant grants management personnel over the course of fiscal year 2022 and 2023, and the operation conforms with ARPA related oversight and practices.

- All grant awards are awarded via a competitive process through an RFQ, RFP, or Notice of Funding Opportunity and supported by the Office of the Chief Procurement Officer, as applicable.

⁶ The JAC referenced the DBMS 2019 Grants Manual and Bureau of Finance (BOF) 2022/2023 Financial Grants Manual to govern operations during FY22 in addition to the JAC 2018 internal manual.

- **Monitoring Logs:** Beginning with ARPA grants, JAC has overhauled its process for documenting monitoring and engagement with subrecipients. Grant Monitors are required to consistently update the monitoring logs for each subrecipient. The log includes any contact made with subrecipients via email, phone, and site visit. Each subrecipients has a monitoring log as part of their file that can be found on the SharePoint site that is available for review by management at any time. In addition, we anticipate with the GovGrants grants management software, will help to support the monitoring of subrecipients and tracking subrecipient engagement. Management will review the monitoring logs on a monthly basis to ensure that the logs are current. Monitoring log maintenance and review is integrated in the supervisory oversight of grant monitors on either a monthly or more frequent basis depending on the grantee involved.

Estimated Completion Date

May 2024

Recommendation #2

The OCA randomly selected 28 payments from the 172 transactions located in the Cook County Oracle E-Business Suite Enterprise Resource Planning (EBS) system. The 28 transactions were tied back to the program recipient folders. OCA discovered that the JAC did not sufficiently collect, monitor, store, and retain grant documentation in accordance with the *Local Records Commission of Cook County, IL Application for Authority to Dispose of Local Records*.

- The 28 program recipient folders did not contain a Letter of Good Standing. This oversight may lead to the awarding of grant funds to applicants who are not in Good Standing.
- The 28 program recipient folders did not contain documentation of a site visit. We were advised by management that site visits are performed once per fiscal year. Grant monitoring through site visits is required to evaluate performance and compliance with agreement terms and conditions.
- Three of the 28 program recipient folders had agreements issued without retaining documentation of the Sole Source method evaluation process, and 8 of the 28 program recipient folders did not have a Sole Source Justification and Certification Form at the time of testing. After further involvement with the Office of the Chief Procurement Officer and JAC management, approved Sole Source documentation was then finally located.
- Thirteen of the 28 program recipient folders did not contain executed⁷ agreements and agreement extension addendums. Grant programs and recipients cannot be adequately monitored without reviewing the retained executed agreements and extension addenda for agreed upon terms.
- Four of the 28 program recipient folders where payments were made for services rendered outside of the agreement period, and three of the 28 program recipient folders had payments made for services rendered but did not have an invoice retained. Grant monitoring of the terms and conditions of the agreement is inadequate when payments are made outside of the agreement period and invoices are not retained.

⁷ Tested documents were considered executed when it had a signature from senior management in both the JAC and the grant-awarded organization.

- Seventeen of the 28 program recipient folders did not contain fiscal year 2022 programmatic and fiscal reports. Monitoring the progress of recipients for the purpose of maintaining transparency and preventing fraud and abuse is hampered without programmatic and fiscal reports.
- Eighteen of the 28 program recipient folders did not contain the Notice of Award letters sent to the recipients. Compliance with the *Local Records Commission of Cook County, IL Application for Authority to Dispose of Local Records* provision on the retention of grant records and reports for three years after the final expenditure report is prohibited.

The OCA recommends the JAC:

- Sort the documentation folders based on fiscal year, procurement method, program purpose, then grant recipients.
- Completely document the evaluation process prior to the execution of an agreement.
- Ensure the Sole Source Justification form accurately:
 - Reflects the agreement time period.
 - Reflects a completely documented and executed form.
 - Reflects a completed agreement renewal.
 - Stored appropriately within JAC file structure and a copy resides in the Office of Procurement.
- Retain the Letter of Good Standing in the grant recipients' folders.
- The Service Agreement documentation include:
 - An executed addenda for extensions.
 - The agreement period and award amount in the extension addenda.
 - All the pages of the agreement that was executed.
- Pay invoices within the agreement period of an executed agreement and retain documentation to support grant payments made.
- Ensure programmatic and fiscal reports are requested from the grant recipients and retained in the grant recipients' folders.
- Retain copies of the Notice of Award letters.
- Ensure that site visits are performed during the agreement period, and the evaluation results are documented and retained.

Management Response/Corrective Action

Management accepts the recommendations as listed and offers the following corrective action response:

- JAC continues to evolve and improve on organizing supporting documentation. Since ARPA, the JAC has improved its tracking of supporting documentation with the use of SharePoint. The SharePoint site is organized by Grant Initiative, Applicants, and Subrecipients. Each Subrecipient has a folder that contains, the agreements, fiscal documents, monitoring log, risk assessment. A SharePoint Directory has also been created to support the navigation of the site to be better be able to locate documentation.
- The JAC documents its evaluation process in the Executive Summary upon completion of the grant award process for each Grant Initiative. The JAC began public posting Executive Summaries of each grant initiative on the JAC Grants website in the fall of 2022.

- All applicants are asked to submit a Letter of Good Standing along with their application. The Letter of Good Standing is housed along with the applicant's grant application for funding.
- As mentioned previously, each subrecipient has a folder that contains the subrecipient agreement, financial documents (including financial reports), and amendments. Programmatic reports are now housed in Smartsheets, until the GovGrants system becomes available.
- All award letters are retained on SharePoint.
- In Spring 2023, the JAC developed a new site visit tool to better track and document site visits. The Site Visit tool is completed during the site visit and afterwards is posted on the SharePoint in the Subrecipients Site Visit folder.
- Payments are issued during grant agreement periods; if an unforeseen circumstance prohibited payment from being issued during the grant period then authorization for payment will go before the County Board for approval.

Estimated Completion Date

May 2024

Recommendation #3

During our review of the JAC Invoice Tracker, we noted the following concerns over the tracking of grants funded:

- The JAC Invoice Tracker was not continuously updated to reflect tracked grant-related purchase orders and invoices. Grant payments issued to recipients could potentially exceed the budgeted grant expense amount when not appropriately monitored and tracked.
- The JAC Invoice Tracker was not developed to classify grant applicants as: recommended, not recommended, qualified, or not qualified, as well as, whether recipients received grant funding through the RFQ/RFP or Sole Source procurement methods. Grant awards to ineligible applicants and/or unjustified recipients can be made when they are not properly classified in the grant administration process.
- The JAC Invoice Tracker agreement numbers were not consistently reported in EBS and on purchase order supporting documentation. JAC relied upon OCPO to perform such duties. Dependence on internal or external personnel for completion of data entry without reviewing the input data can result in inaccurate, inconsistent, or missing information.
- The JAC Invoice Tracker was not developed to detect grant recipients receiving three or more consecutive agreements. RFQ/RFP solicitations have a Consecutive Award Limitation that disqualifies responders who receive three or more consecutive awards under a program area. The JAC Invoice Tracker will allow this action if manual controls are not designed to prevent consecutive awards and track all the awarded agreements for a specific recipient or program type.

The OCA recommends that the JAC:

- Pay purchase orders out of the designated program accounts and develop a process to reconcile the dollar amounts captured on the Invoice Tracker to the corresponding program in EBS. Any differences should be investigated immediately.
- Incorporate the results from the RFQ/RFP and Sole Source procurement methods into the Invoice Tracker to prevent ineligible or unjustified payments.
- Confirm that agreement numbers referenced in EBS are correct after OCPO creates or updates purchase orders for new and renewed agreements.
- Design a compliance check to prevent the eligibility of recipients who received three or more consecutive agreements, incorporate the compliance check into the JAC payment documentation process, and use the compliance check in the Pre-Award phase.

Management Response/Corrective Action

Management accepts the recommendations as listed and offers the following corrective action response:

- In fiscal year 2022 the JAC expanded its grants management leadership team to include a dedicated Director of Financial Control and in fiscal year 2024 the fiscal control program under this position will include three fiscal analysts (title TBD) to further assist grants and contract tracking and management.
- The JAC will continue to issue payment from the approved program accounts that are specific to grantee.
- The JAC has reduced the number of grant programs regardless of funding source to two programs: Violence Prevention and Returning Residents. The paid amounts that are reflected in the finance tracker will mirror the amounts in EBS.
- The JAC confirms agreement numbers are correctly reflected in EBS that is entered in by OCPO.
- The JAC has an Executive Summary that includes awarded and non-awarded applicants.
- The finance/invoice tracker currently in use by JAC is countywide and developed to manage ARPA-funded grants; this tracker ultimately corresponds to what is in EBS and the Director of Financial Control and the expanded team under that position will rely on a modified version of the tracker now in use.
- The JAC no longer abide by the exclusion of three or more consecutive years of awarded grants.

Estimated Completion Date

Completed

Recommendation #4

The JAC did not have a structured Fraud Risk Management awareness program⁸ integrated into the Grant Administration and Management process. This has been attributed to the lack of written, updated standard operating procedures incorporating fraud-related activities and training. Fraud Risk Management is the mitigation of abnormalities through the implementation of controls that detect, deter, and prevent fraud. The lack of a structured Fraud Risk Management awareness program leaves JAC exposed to potential grant fraud.

The OCA recommends that the JAC introduce a structured Fraud Risk Management awareness program focused on:

- Adopting a “no-fraud-tolerance” attitude throughout JAC.
- Identifying areas of vulnerability to implement controls that mitigate fraud risks within the Grant Administration and Management process.
- Establishing, documenting, and implementing a Fraud Risk Management philosophy.
- Communicating, at least annually, the Fraud Risk Management program awareness to the JAC Personnel and external stakeholders.

Management Response/Corrective Action-

Management accepts the recommendations as listed and offers the following corrective action response:

The JAC continues to be committed to an attitude of zero tolerance for fraud. The attitude of zero tolerance for fraud continues to be reflected in our daily grant management practices. The JAC welcomes the opportunity and recommendation to further this attitude through increased emphasis on fraud mitigation, through its newly adopted Fraud Risk Management and awareness Program. The program will include additional training regarding fraud for subrecipients during their initial Subrecipient Orientation and annually for JAC staff in grant and fiscal operations. The JAC also welcomes the support of OCA in identifying resources and training for staff to better be able to identify fraud. “No-Fraud-Tolerance Attitude” is currently in effect across all of the JAC operations; the Fraud Risk Management Awareness Program is a component of the updated Grants Management Manual to integrate any further resources from OCA and be completed no later than May 2024. The procedures in place related to managing ARPA-funded grants are integrated into JAC as the minimum standard for all grants management for help in identifying and mitigating fraud.

Estimated Completion Date

May 2024

⁸ A fraud deterrence process of identifying to mitigate factors that may permit fraud to occur (Committee of Sponsoring Organizations of the Treadway Commission (COSO). 2016. Fraud Risk Management Guide. Durham, NC: American Institute of Certified Public Accountants (AICPA). Fraud Risk Management Reference Source: Association of Certified Fraud Examiners (ACFE) Anti-Fraud Playbook.