



# OFFICE OF INSPECTOR GENERAL

## City of Chicago

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### **IGO Releases Audit of City's Department of Family & Support Services Grant Monitoring**

The City of Chicago Office of Inspector General (IGO) today published an audit of the City's Department of Family & Support Services (DFSS) grant monitoring practices.

The audit reviewed DFSS' policies and procedures for managing grants made to delegate agencies. The audit focused on procedures in place during 2010 and found that despite some deficiencies, DFSS' grant monitoring processes were generally effective. The IGO findings included:

- 1) Lack of timely follow-up on DFSS Fiscal Monitoring Unit findings. The IGO found that DFSS failed to follow-up with the Safer Foundation regarding DFSS audit findings and corrective action requested from the agency in September 2010. Following IGO audit inquiries, the Safer Foundation responded to DFSS's findings in January 2012.
- 2) Voided expenses charged to a grant program. The IGO found that checks made payable by the Cara Program to vendors were never cashed and were subsequently voided. The voids occurred after the program was closed out and the payments had already been charged to the program. Therefore, the grant money was never reimbursed to DFSS. DFSS agreed that such voided expenses should be credited back to the grant, and reissued a policy memorandum and scheduled future training regarding how delegate agencies should comply with closing grant funded programs.
- 3) Insufficient segregation of financial duties coupled with a lack of bank reconciliation created an opportunity for funds to be misused at the American Indian Center. A DFSS Fiscal Monitoring Unit report had noted seven months of no bank reconciliations but did not note the insufficient segregation of duties. A single staff member at the Center was responsible for preparing deposits, reconciling bank accounts, making deposits, and safeguarding the checks and signature plates. This same staff member was later arrested and convicted felony financial crimes, theft, and forgery charges after stealing more than \$60,000 by writing more than 150 checks to himself.

DFSS disagreed with an IGO finding regarding how the department treated a DFSS Fiscal Monitoring Unit report regarding Cares Chicago.

The DFSS Fiscal Monitoring Unit issued a report for Cares Chicago, which received grant funds from the Workforce Investment Act. The report stated there were no “audit findings” at Cares Chicago, though the report included six issues listed as “management recommendations”. The IGO found that three of the six recommendations were significant and believed these should have been considered findings, which would have required agency response and a corrective action plan; in turn this would have triggered further follow-up by DFSS. DFSS disagreed with the finding, and noted that DFSS’ “fiscal monitoring scope mirrors the scope used by our funding sources on the federal and state levels and by the City-Wide Single Auditors.”

“DFSS is the City’s gatekeeper for hundreds of millions of dollars in social service funding for Chicago residents,” said Inspector General Joe Ferguson. “This audit was intended to identify any weaknesses in fiscal monitoring and controls so that the City can be a better steward of federal and state grant dollars. I thank Commissioner Diaz and her staff for their time and assistance, and hope this audit assists their operations in the future.”

Approximately 95%, or \$467,606,701, of the DFSS 2010 budget appropriation consisted of grant funds.

The full audit can be found online at the IGO website: [www.chicagoinspectorgeneral.org](http://www.chicagoinspectorgeneral.org). Follow the IGO on Twitter [@ChicagoIGO](https://twitter.com/ChicagoIGO) for the latest information on how the IGO continues to fight waste, fraud, abuse, and inefficiency in Chicago government.

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