

Why We Did This Audit

The mission of the Neighborhood Opportunity Fund (NOF) Small Grants program is to improve the social and economic conditions in Chicago's most disinvested communities. OIG launched this audit to determine whether the Department of Planning and Development's (DPD) administration of the program furthers that mission.

Background

The NOF is an economic development tool funded by payments from developers allowed to build downtown construction projects that exceed size limits of the Chicago Zoning Ordinance. NOF funds are used for grants to businesses and cultural organizations in historically disinvested areas on the South and West Sides.

The NOF Small Grants program awards grants of up to \$250,000 each. Between 2016 and November 2022, DPD awarded 187 grants totaling \$32 million. The Department disburses this grant funding once contracted work is completed. As of November 2022, DPD has disbursed \$11 million, approximately 34% of the awarded funds.

We thank DPD staff and management for their cooperation during the audit.



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Audit of the Department of Planning and Development's Administration of the Neighborhood Opportunity Fund Small Grants Program

OIG concluded that DPD adheres to selection and monitoring procedures, ensuring the NOF Small Grants program selects awards grants to qualified applicants for approved project costs. However, the Department does not formally measure the program's progress toward defined goals. This precludes DPD from determining whether the program achieves its intended effect of improving social and economic outcomes.

Findings

DPD awarded NOF small grants to eligible applicants and ensured that grantees complied with program requirements. While there is room for improvement, the Department's grantee selection and project monitoring processes align with best practices by clearly defining program eligibility, measuring applicants against criteria, and ensuring that grantees are reimbursed only for eligible and approved costs.

However, DPD has no specific, documented program goals and does not formally measure program performance. Therefore, it cannot demonstrate whether the program achieves its intended social and economic outcomes. Nor does DPD collect the contractually required quarterly reports from its program administrator, which should include performance metrics. NOF Small Grants program staff stated that they do not formally measure program performance because they have prioritized completing grantee projects rather than evaluating program outcomes.

Recommendations

OIG recommends that DPD improve its current procedures to ensure completion of all grantee selection steps and retention of related records. Furthermore, DPD should define measurable program goals and develop performance measurement procedures that facilitate the assessment of progress toward those goals. Finally, DPD should ensure that it collects the contractually required quarterly performance reports from the program administrator.

Department Response

In response to our audit findings and recommendations, DPD stated that it will develop comprehensive procedures to track and retain selection process procedure results. In addition, the Department will work with an external consultant to convert the guiding principles of the NOF Small Grants program into clear measurable goals. DPD also committed to implementing a quarterly program performance process that will include reviewing the program administrator's contractually required reports and briefing senior staff on the program's progress.