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Sent:	Thursday, October 4, 2012 4:08 PM
To:	Irving, Toni <Toni.Irving@Illinois.gov>; Cutrone, Jack <Jack.Cutrone@Illinois.gov>
Cc:	McCambridge, Wendy <Wendy.McCambridge@Illinois.gov>
Subject:	Lakeside Review

Good morning,

The review of Lakeside is listed below. Please let me know if you have questions.

Warm regards,

Lorri

Agency Issues:

Lakeside was initially a reentry providing partner but took over as coordinating partner effective October of 2011. While their programmatic efforts may have been successful, it's important that Lakeside understand that NRI requires efficiency and success in both programmatic and fiscal operations. It goes without saying that with the severe reduction in funding for NRI agencies has been prioritized according to their compliance with both fiscal and program operations.

That said, IVPA and GAGDC, their lead agency, have had several issues with spending with Lakeside, the first challenge occurred upon review of their closeout report for FY11. The second issue dealt with an unallowable reallocation request, which occurred around June of this year. After the second issue occurred, IVPA insisted that Lakeside submit documentation with their quarterly reports for all costs associated with their Meeting and Training and Emergency Costs line items for the duration of their NRI grant.

Summary:

Year 1 Closeout (Q3) - Lakeside initially charged most of their budget for two line items within the final quarter of FY11. Although Lakeside did assume services for another agency, their spending created obvious red flags for us. It appeared that Lakeside was attempting to spend down money within their budget because of the end of the grant cycle, which is not allowed. Although many non-profit organizations have an unspoken policy regarding not returning money to funders, IVPA staff has been clear in communicating to our NRI agencies that IVPA takes a different approach. Agencies are expected to spend money within their respective budgets judiciously and certainly as needed but we have been clear about not spending money unnecessarily. As IVPA does not require its grantees to submit documentation for their quarterly reports, we requested that Lakeside provide documentation for all expenses in the aforementioned line items.

After careful analysis of their documentation and several clarifying calls and emails, IVPA and GAGDC (the lead agency) discovered the following:

· There was confusion regarding what could and could not be charged to emergency costs (this was an IVPA issue). Lakeside was provided an additional line item in the budget that covered emergency client costs and non emergency client costs to prevent future confusion.

· Lakeside utilized NRI funds to take reentry clients to events, and in some cases, provide "clients" (we were unable to confirm who attended every event) with spending money, which is not allowed (trips included: fall football classic, Six Flags trip and UniverSoul Circus). ***Note: NRI providers are prohibited from providing clients with spending money for any reason.***

· Large sums of money were consistently provided to reentry case managers and the reentry project coordinator to purchase various items for clients. Balance of funds given to employees to make purchases for clients was not always returned, according to records provided by Lakeside. (Amounts weren't excessive but points to sloppy accounting practices)

· Lakeside purchased clothes for NRI clients to attend social event created and paid for by Lakeside with NRI funds. Event was celebratory and had no connection to jobs or education, which made the purchases unnecessary.

· Lakeside submitted documentation for creation of a manual that could not be substantiated. 2 different copies of the manual were submitted as being samples of what was created with NRI dollars. After the first copy was questioned, a second, different copy was provided. Upon review of the second manual, we discovered that much of it was pulled from various websites. The manual also included a sponsorship page that didn't include IVPA or NRI. (Unbeknownst to Lakeside, we followed up with one of the sponsors whose logo appeared

in the book and they were not aware that Lakeside was using their logo and were not a part of the document. This information was not shared with Lakeside.)

Determination: Although there were receipts provided for almost all of their expenditures, a number were clearly not allowable and others were questionable. Lakeside's documentation wasn't completed correctly and client expenditures and participation wasn't always clearly documented. Because of the large sum of money spent in such a short period of time, it appeared that that the agency was attempting to spend down funding regardless of actual client need. Our (IVPA and GAGDC's) conversations with Lakeside were tenuous at times with quite a bit of push back regarding submission of full documentation for expenditures (partial receipts were provided for a number of client purchases, which on at least 2 receipts included liquor).

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