City of Chicago

F2014-59

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Document Tracking Sheet

Meeting Date:	7/30/2014
Sponsor(s):	Dept./Agency
Type:	Report
Title:	Inspector General's Quarterly Report (2014 Q2)
Committee(s) Assignment:	

OFFICE OF INSPECTOR GENERAL

City of Chicago

REPORT OF THE OFFICE OF INSPECTOR GENERAL:

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QUARTERLY REPORT OF THE OFFICE OF INSPECTOR GENERAL SECOND QUARTER 2014

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OFFICE OF INSPECTOR GENERAL
City of Chicago

Joseph M. Ferguson
Inspector General

740 N Sedgwick, Suite 200
Chicago, Illinois 60654
Telephone: (773) 478-7799
Fax: (773) 478-3949

July 15, 2014

To the Mayor, Members of the City Council, the City Clerk, the City Treasurer, and the residents of the City of Chicago:

Enclosed for your review is the public report on the operations of the City of Chicago Office of Inspector General (OIG) during the second quarter of 2014, filed with the City Council pursuant to Section 2-56-120 of the Municipal Code of Chicago.

Among the more significant events of the second quarter is the dismissal of the City of Chicago as a defendant in the 45 year old *Shakman* case. In June, Magistrate Judge Sidney I. Schenkier of the U.S. District Court for the Northern District of Illinois found the City in substantial compliance with the *Shakman* Accord. Based on that finding, which was validated by the court-appointed Monitor, Noelle Brennan, and the plaintiffs as led by Michael Shakman, the court formally shifted all hiring oversight responsibilities from the Federal Monitor to OIG. This formalized a handoff of responsibilities that had been transitioned to OIG over the preceding two years.

Additions to the hiring plans for the Chicago Police Department (CPD) and Chicago Fire Department (CFD) were critical to the City's achievement of substantial compliance. Among other things, the plans, as amended, include more rigorous, standard-based, documented processes governing CPD's operational deployments, assignments, and merit promotions as well as CFD's temporary assignments, assignments, and performance selection. In addition, substantive changes were made to the administration of the CPD Merit Selection and the CFD Performance Selection Processes. OIG also gained independent access to data on employment activities within CPD and CFD, thus enabling OIG's monitoring and auditing of these new processes going forward.

OIG looks forward to working with the Department of Human Resources, CPD, and CFD in the coming months to fully implement our oversight in this area. With the majority of technical components deemed necessary for a professional hiring system in place, OIG will turn its attention to ensuring not only the full implementation of the City's various Hiring Plans through rigorous compliance oversight, but also the longer-term objective of effecting a full paradigm shift, both operationally and culturally, in City employment practices.

The second quarter also brought significant developments from other OIG operational components. In April, an OIG investigation resulted in the federal indictment of Antionette

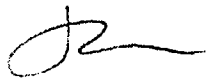
Chenier, a long-time City employee, for her years-long scheme to embezzle money from the Chicago Department of Transportation (CDOT). The arrest and underlying OIG investigation resulted in the employee's separation from the City. Also working from OIG findings, CDOT and the Department of Finance promptly acted to tighten permit program protocols and fast-track an initiative to improve controls for cash handling Citywide.

In addition, OIG's Audit and Program Review section released an audit reviewing the accuracy of CPD's tracking and public reporting of crime statistics related to assaults. The findings highlighted a critical error that prompted CPD to correct its reporting of assault statistics, moving from an event to a victim basis. While OIG did not examine the process of recording incidents in the field, we found that CPD's categorization of assault-related crimes was within national standards for accuracy. The report, both its positive and negative findings, demonstrates the impact of OIG's independent review and analyses and the important contributions it makes to public debate and to public confidence in City operations.

We look forward to reporting on developments in new areas of OIG activity expected in the coming quarter, including the complete implementation of new hiring oversight mechanisms respecting CPD and CFD, and the full engagement of the City's ethics enforcement system under the legislative reforms that took effect in July 2013.

As always, I encourage you to do your part in eliminating waste, fraud, abuse, and inefficiency in City government. Please continue to send OIG your complaints and your ideas for audits. Do not hesitate to alert our office if you have suggestions for improving City or OIG operations or our reporting mechanisms, or if you have any questions or concerns about OIG inquiries.

Respectfully,



Joseph M. Ferguson
Inspector General
City of Chicago

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This quarterly report provides an overview of the operations of the Office of Inspector General (OIG) during the period from April 1, 2014, through June 30, 2014. The report includes statistics and narrative descriptions of OIG's activity as required by the City's Municipal Code.

A. MISSION OF THE OFFICE OF INSPECTOR GENERAL

The mission of OIG is to promote economy, effectiveness, efficiency and integrity in City government by rooting out corruption, waste, and mismanagement. OIG is a watchdog for the taxpayers of the City, and it has jurisdiction to conduct independent inquiries into most aspects of City government.

OIG accomplishes its mission through investigations, audits, and other reviews. OIG issues summary reports of investigations to the Mayor and appropriate City management officials, with investigative findings and recommendations for corrective action and discipline. Narrative summaries of sustained investigations are released in quarterly reports. OIG's Audit Reports and Advisories are directed to management officials for comment and then are released to the public through publication on the OIG website. OIG's Department Notifications are sent to management officials for attention and comment and are summarized, along with any management response, in the ensuing quarterly report. Finally, OIG issues reports as required by the Hiring Plan and as otherwise necessary to carry out its hiring oversight functions.

B. INVESTIGATIONS

The OIG Investigations Section conducts both criminal and administrative investigations into the performance of governmental officers, employees, departments, functions, and programs, either in response to complaints or on the office's own initiative.

1. Complaints

OIG received 415 complaints during the preceding quarter. The following table provides detail on the actions OIG has taken in response to these complaints.

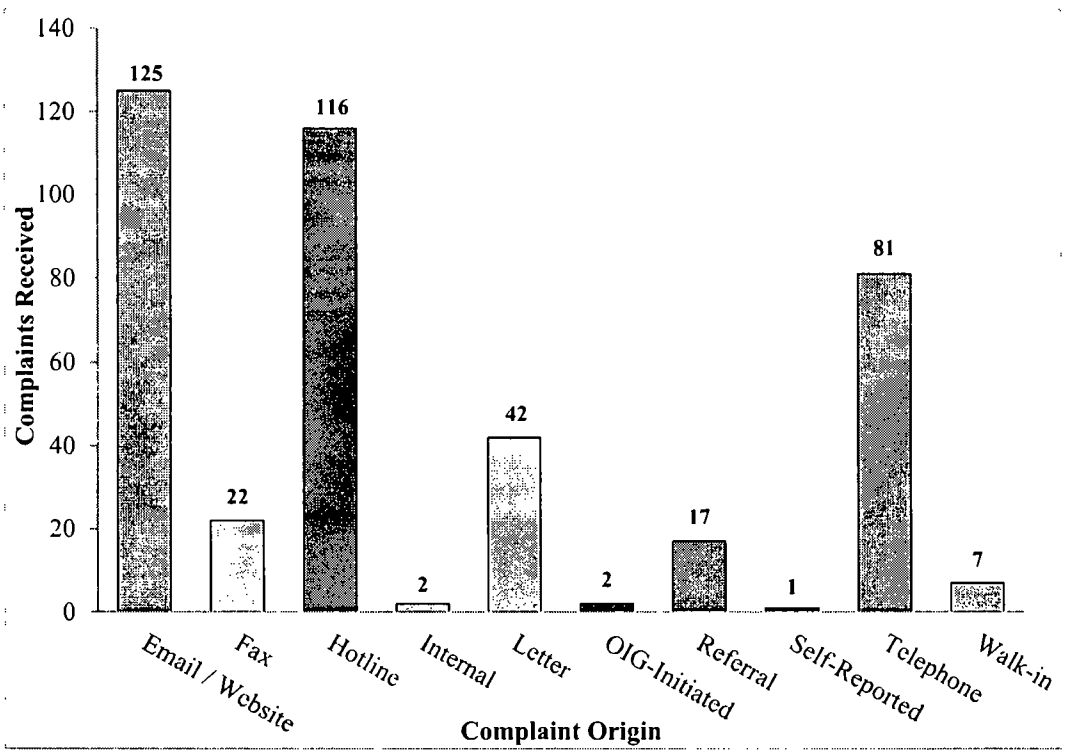
Table #1 – Complaint Actions

Status	Number of Complaints
Declined	246
Accepted	31
Referred	87
Other/Pending Review	51
Total	**415**

As the table shows, for the vast majority of complaints, OIG declined to investigate the allegation. The primary reason that OIG declines a complaint is lack of resources. That

determination involves a cost/benefit evaluation by the Complaint Intake Committee and the Deputy Inspector General for Investigations. Among other factors, this evaluation gauges the investigative viability and potential magnitude or significance of the allegations advanced in the complaint both individually and programmatically, the investigative resources likely needed to effectively investigate the matter, and the investigative resources presently available. Allegations suggesting more serious forms of misconduct, greater monetary losses, and significant operational vulnerabilities receive priority. A subset of matters of lesser individual significance but regular occurrence will also be opened. The chart below breaks down the complaints OIG received during the past quarter by the method in which the complaint was reported.

Chart #1 - Complaints by Reporting Method



2. Newly Opened Investigations

During the quarter, OIG opened 108 investigations. Of the opened investigations, 103 centered on allegations of misconduct, four centered on allegations of waste and inefficiency, and one centered on an allegation of "other." There were two OIG-initiated complaints this quarter. Of the 108 opened matters, 94 were immediately referred to other departments or investigative agencies. 14 cases proceeded to a full OIG investigation and remained open at the end of the quarter.[1]

[1] Opened investigations may include complaints received in prior quarters.

The following table categorizes the 108 matters opened by OIG based on the subject of the investigation.

Table #2 – Subject of Investigations

Subject of Investigations	Number of Investigations
City Employees	79
Contractors, Subcontractors, and Persons Seeking City Contracts	8
Elected Officials	2
Other	19
Total	108

3. Cases Concluded in Quarter

During the quarter, OIG concluded 130 investigative matters, 94 of which were the aforementioned referrals to City departments or other investigative agencies. Of the 94 referred investigative matters, 80 were referred to a City department, and 14 were referred to a sister agency. Of the remaining concluded matters, 11 were closed sustained, 21 were closed not sustained, and 4 were closed administratively. A case is sustained when the evidence sufficiently establishes that either an administrative or criminal violation has occurred. A case is not sustained when OIG concludes that the available evidence is insufficient to prove a violation under applicable burdens of proof. A case is closed administratively when the matter, in OIG's assessment, has been or is being appropriately treated by another agency or department, the matter was consolidated with another investigation, or the investigation was sustained but did not result in a disciplinary recommendation.

4. Pending Investigations

Including the remaining 14 investigations opened this quarter, OIG has a total of 108 pending investigations.

5. Investigations Not Concluded in Twelve Months

Under the Municipal Code of Chicago (MCC) § 2-56-080, OIG must provide quarterly statistical data on pending investigations open for more than twelve months. Of the 108 pending investigations, 55 investigations have been open for at least twelve months.

The following table shows the general reasons that these investigations remain active.

Table #3 – Reasons Investigations Were Not Concluded in Twelve Months

Reason	Number of Investigations
Additional complaints were added during the course of the investigation.	2
Complex investigation. Generally involve difficult issues or multiple subjects.	35
Lack of sufficient investigative resources over the course of the investigation. Investigator's caseloads were too high to enable cases to be completed in a timely manner.	14
On hold, in order not to interfere with another ongoing investigation.	1
Under review by the Legal Section or the DIG-Investigations prior to closing.	3
Total	**55**

6. Ethics Ordinance Complaints[2]

During this quarter, OIG received one ethics ordinance complaint.

C. SUSTAINED ADMINISTRATIVE CASES

OIG cases can be administrative, criminal, or both. Administrative cases involve violations of City rules, policies or procedures, and/or waste or inefficiency. For sustained administrative cases, OIG produces summary reports of investigation[3]—a thorough summary and analysis of the evidence and recommendations for disciplinary or other corrective action. These reports are sent to the Office of the Mayor, the Corporation Counsel, and the City departments affected or involved in the investigation.

Criminal cases involve violations of local, state, or federal criminal laws, and are typically prosecuted by the Cook County State's Attorney's Office, the U.S. Attorney's Office, or the Illinois Attorney General's Office, as appropriate. OIG may issue summary reports of investigation recommending administrative action based on criminal conduct.

[2] Effective July 1, 2013, the OIG ordinance, MCC § 2-56-120, was amended establishing a new requirement that OIG report the number of ethics ordinance complaints declined each quarter and the reasons for declination.

[3] Per MCC § 2-56-060, "Upon conclusion of an investigation the inspector general shall issue a summary report thereon. The report shall be filed with the mayor, and may be filed with the head of each department or other agency affected by or involved in the investigation."

1. Synopses of Cases

The following are brief synopses of investigations completed and reported as sustained matters. These synopses are intended to provide an illustrative overview of the general nature and outcome of the cases for public reporting purposes and thus do not contain all allegations and/or findings for each case.

In addition to OIG's findings, each description includes the action taken by the department in response to OIG's recommendations. Departments have 30 days to respond to OIG recommendations. This response informs OIG of what action the department intends to take. Departments must follow strict protocols, set forth in City's Personnel Rules, Procurement Rules, and/or applicable collective bargaining agreements, prior to imposing disciplinary or corrective action.

In deference to the deliberative processes of City departments and the contractual rights of employees relating to discipline, OIG waits to report on cases regarding current City employees until the subject's department has acted on and/or responded to OIG's report. For cases in which a department has failed to respond in full within 30 days (or 60 days if a full extension has been granted), the response will be listed as late.

Table #4 – Overview of Cases Completed and reported as Sustained Matters

Case Number	Department	Number of Subjects	OIG Recommendation	Department Action
10-0484	Water Management	1	Discharge	Discharge
11-0294	Fleet and Facility Management	1	Appropriate Discipline / Termination	Termination
11-0374	Procurement Services	1	Appropriate Remedies	Pending
12-1022	Public Health	1	Appropriate Discipline / Termination	Non-Termination Discipline
13-0166	Public Health	1	Termination	Resignation in Lieu of Termination
13-0183	Procurement Services	1	Debarment	Notice of Proposed Debarment
14-0054	Transportation	1	Termination	Resignation in Lieu of Termination

(A) OIG Case # 10-0484

An OIG investigation established that a Plumber employed by the Department of Water Management (DWM) resided in Crystal Lake, Illinois in violation of the City's residency ordinance, MCC § 2-152-340. OIG accordingly recommended that DWM take action consonant with the Residency Ordinance, which mandates discharge, and designate and refer the Plumber for placement on the ineligible for rehire list maintained by the Department of Human Resources (DHR).

Based on the evidence presented by OIG, DWM found the Plumber in violation of the Residency Ordinance and related City Personnel Rule and served charges upon the Plumber seeking discharge. Following a review of the Plumber's response to the charges, DWM discharged the Plumber. The Plumber appealed the decision to the City's Human Resources Board and the hearing is scheduled for August.

(B) OIG Case # 11-0294

An OIG investigation established that four spools of copper-lined industrial cable wire, each weighing nearly 1000 pounds and with an aggregate value of $21,800, were stolen from a City facility (the Facility) sometime between February 8 and March 4, 2011, and that during that time frame a Department of General Services (DGS)[4] employee violated the City Personnel Rules by compromising the Facility's security system and rendering the Facility vulnerable to theft for more than ten hours.

More specifically, while off-duty at home on the evening of Friday, February 11, 2011, and without any legitimate operational or duty-related purpose, the employee remotely disarmed the alarm system at the Facility. In addition, the employee reprogrammed the system's primary and secondary phone numbers so that in the event of an alarm the system alerts would not be directed to the Department or the Office of Emergency Management and Communications (OEMC). The employee left the Facility in this compromised state overnight for over ten hours, finally restoring the phone numbers and re-arming the system from home while off-duty early Saturday morning. The employee had no credible explanation for the unauthorized remote disarming and reprogramming of the Facility's alarm system, or the employee's remote rearming of the system early the next morning. The investigation demonstrated that the employee's actions compromised the security of the Facility. Further, OIG found that the employee knew that the Facility's security video cameras were disabled during this time period, and cellular telephone tracking placed the employee near the Facility shortly after disabling the security system.

OIG's investigation also revealed that the employee repeatedly compromised City security by allowing several other City employees to log onto the employee's City laptop and the laptop's alarm system program with the employee's username and password, in violation of the City's information security policy.

[4] In April 2011, the Department of General Services merged with the Department of Fleet Management (2FM) to become the Department of Fleet and Facilities Management.

Because the employee's performance deficiencies revealed in the investigation were serious and reckless in nature, went to the very heart of the employee's duties and responsibilities, and raised fundamental questions of judgment and trust, OIG recommended that the Department of Fleet and Facilities Management (2FM) take disciplinary action against the employee, up to and including termination.

Based on the evidence presented by OIG, 2FM discharged the employee. The employee subsequently appealed the termination to the Human Resources Board, and a hearing is scheduled for late July.

(C) OIG Case # 11-0374

An OIG investigation established that a City of Chicago delegate agency continued to receive City grant funds despite repeated financial mismanagement, including amassing substantial outstanding tax liabilities. The delegate agency, through its board president, concealed these issues by submitting monthly certifications falsely attesting that it was current on its payroll taxes and had no tax delinquencies.

After several Department of Family and Support Services's (DFSS) internal audits found the delegate agency was substantially lacking basic financial management standards, in large measure because of tax delinquencies, the delegate agency took steps to satisfy part of its tax debt and to outsource its payroll processing. Subsequently, a new DFSS audit report found the delegate agency to be in compliance with financial management standards. However, DFSS based that determination on incomplete documentation and false assurances from the delegate agency's directors that concealed the full measure of the delegate agency's tax delinquencies and other financial mismanagement.

OIG recommended that the Department of Procurement Services (DPS) consider pursuing remedies against the delegate agency, pursuant to the City's Debarment Rules § VIII 8.04, for making repeated false statements in its monthly reimbursement requests and failing to remain current on its tax obligations. OIG also recommended that the City consider seeking any additional remedies against the delegate agency that are available under its delegate agency agreements.

On June 10, 2014, DPS provided notification of the investigative findings and recommendation to the delegate agency and requested a response within 30 days. According to DPS, it will provide OIG with additional details on any actions it plans to take after it receives the delegate agency's response.

(D) OIG Case # 12-1022

An OIG investigation established that an Inspector with the City Department of Public Health (CDPH) violated the City's Personnel Rules. The Inspector failed to fully inspect a scrapyard over the course of multiple months and thereby failed to discover a large amount of stolen City property at the site. Further, during the investigation, the Inspector admitted to submitting

inaccurate inspection reports during the same time period, undermining the public's trust in CDPH's overall effectiveness at protecting public health.

OIG recommended that CDPH impose discipline against the Inspector, up to and including termination. OIG noted in its disciplinary recommendation that the Inspector's repeated and knowing submission of false inspection reports have irrevocably tainted the Inspector's credibility and have potentially disqualified the Inspector from effectively executing one of the position's core functions—testifying under oath. The conduct and findings resulting from this investigation qualify as impeachment material that potentially require disclosure in any contested proceeding involving the official records or testimony generated by the Inspector. OIG also recommended that CDPH review its inspection procedures to ensure effective supervision and completion of inspections. CDPH agreed with both of OIG's findings. The department imposed a 14-day suspension on the Inspector. In addition, it is reviewing and enhancing its operations. Specifically, CDPH committed to training supervisors and inspectors on new policies and procedures and holding employees accountable for following them. CDPH also determined that the Inspector's supervisor should be held accountable and issued a written reprimand.

(E) OIG Case # 13-0166

An OIG investigation concluded that a CDPH Inspector violated several City Personnel Rules by improperly soliciting personal benefits for an unapproved secondary employment in the course of official City business.

While performing City inspections, the Inspector solicited the homeowners and contractors relevant to the inspections to switch electric energy suppliers to a specific company. The Inspector was a consultant to this company and earned commissions when the homeowners and contractors became company customers. In one specific instance, while conducting an official City inspection, the Inspector solicited personal benefits from a building-trades contractor. The Inspector promised to pass the contractor's work at three south side houses if the contractor agreed to become a customer of the electricity company. In exchange, the Inspector then submitted fraudulent and false test samples and forms, thereby guaranteeing that the work would pass the City inspection for contaminants.

On at least two other occasions, homeowners told OIG that the Inspector had, during an inspection, solicited them as well. Other records revealed that occupants of at least four other residences the Inspector inspected also became customers of the company that the Inspector promoted. These homes were unsafe and unhealthy for residents, many of whom were children who tested positively for elevated levels of lead in their blood. The Inspector should have treated these homes as the serious public-health hazards that they were. Instead, the Inspector used them as a means to attract potential customers for an unapproved side job.

This conduct violated several City personnel rules, including those prohibiting the use of one's status as a public official to effectuate the exchange of an object of value, the provision of preferential treatment, and the solicitation and acceptance of a valuable thing for personal use. This conduct also violated City personnel rules prohibiting providing false information in forms, reports, or documents and making false representations about the quantity and quality of work performed.

Moreover, the personal gain the Inspector pursued in the course of conducting official City business was connected to secondary employment the Inspector never reported to the City. The Inspector conducted the unapproved secondary employment in a way that violated several City rules and regulations regarding secondary employment.

Based on the severity, scope, and numerosity of the Inspector's misconduct, important public-safety considerations, and departmental standards, OIG recommended that CDPH terminate the Inspector's employment and designate and refer the Inspector to DHR for placement on the ineligible for rehire list. CDPH concurred with OIG's findings and initiated termination procedures against the Inspector. During the pendency of those termination procedures, the Inspector resigned and retired from City service. CDPH stated that the Inspector's resignation will be coded "resigned in lieu of discharge" and would request that the Inspector be placed on the ineligible for rehire list.

(F) OIG Case # 13-0183

OIG recommended debarment of a Consultant hired by a City-certified Minority Business Enterprise (MBE) subcontractor to provide compliance-type work on a City contract after an investigation concluded that the Consultant improperly created a letter purportedly from the City, forged the signature of a City employee, and submitted that fraudulent letter to the City contractor. The MBE subcontractor provided timely notification to DPS and OIG once it suspected the forgery and cooperated with OIG's investigation. The Consultant denied creating or sending the forged letter, but the documentary evidence established that the letter was sent from the Consultant's email account and that the Consultant was the only one who would potentially stand to benefit from sending such a letter. Based on these findings, OIG recommended that DPS initiate proceedings to permanently debar the Consultant from performing work on City contracts.

DPS issued a Notice of Proposed Debarment, seeking to permanently debar the Consultant from working on City contracts, and gave the Consultant 30 days to respond to five enumerated grounds for debarment. According to DPS, it will provide OIG additional details on any actions it plans to take after it receives the Consultant's response.

(G) OIG Case # 14-0054

An OIG investigation established that a Chicago Department of Transportation (CDOT) employee embezzled funds payable to the City, in violation of the City's Personnel Rules against misappropriating City funds, engaging in conduct prohibited by federal statute, and engaging in conduct unbecoming a City employee. OIG recommended that CDOT terminate the employee and designate the employee as permanently ineligible for rehire.

Based on the evidence presented by OIG, CDOT presented charges and sought to terminate the employee. The employee resigned in lieu of termination. CDOT designated the employee as ineligible for rehire.

D. CRIMINAL CASES, ADMINISTRATIVE APPEALS, GRIEVANCES, AND RECOVERIES

OIG investigates both administrative and criminal allegations.

In criminal cases, OIG partners with the U.S. Attorney's Office, the Illinois Attorney General's Office, or the Cook County State's Attorney's Office. For the purposes of OIG quarterly reports, criminal cases are considered concluded when the subject(s) of the case is indicted.

In administrative cases, a City employee may be entitled to appeal or grieve a departmental disciplinary action, depending on the type of corrective action taken and the employee's classification under the City's Personnel Rules and/or applicable collective bargaining agreements. OIG monitors the results of administrative appeals before the Human Resources Board[5] and grievance arbitrations concerning our disciplinary recommendations.

1. Synopses of Criminal Cases

During this quarter, two criminal charges resulted from OIG cases. A criminal charge in the form of a complaint or indictment is not evidence of guilt. The defendants are presumed innocent and are entitled to a fair trial at which the government has the burden of proving guilt beyond a reasonable doubt.

(A) United States of America v. John Bills, 14-CR-135 (U.S.D.C. ND IL)

On May 14, 2014, John Bills was arrested and charged with one count of federal program bribery. The Federal Bureau of Investigation (FBI), the Internal Revenue Service Criminal Investigation Division, and OIG partnered on the investigation.

Bills, a retired City of Chicago official who managed the City's red light camera program and served on the City's contract evaluation committee, allegedly accepted cash and personal benefits totaling hundreds of thousands of dollars to steer $124 million in City contracts to Redflex Traffic Systems, Inc. Bills retired in 2011 as Managing Deputy Commissioner of CDOT after 32 years with the City.

According to an FBI affidavit supporting the criminal complaint, between 2003—when the City awarded Phoenix-based Redflex its initial contract—and 2011, Bills allegedly received cash bribes, an Arizona condominium, and other forms of payment. These payments and gifts were funneled from Redflex through Bills's friend (Individual A), who received $2 million in salary, bonuses, and commissions as a consultant to Redflex. Individual A withdrew large amounts of cash, totaling more than $643,000 between 2006 and 2011. These withdrawals temporally correspond to Bills's repayment of personal loans and numerous personal expenditures, including the $12,500 cash purchase of a used Mercedes-Benz. In addition, before Bills retired,

[5] HRB definition: A "The three-member board is appointed by the Mayor and is charged with the responsibility of conducting hearings and rendering decisions in instances of alleged misconduct by career service employees. The Board also presides over appeal hearings brought about by disciplinary action taken against employees by individual city departments." City of Chicago. Department of Human Resources – Structure. http://www.cityofchicago.org/city/en/depts/dhr/auto_generated/dhr_our_structure.html (accessed July 9, 2014)

he allegedly made it known to Redflex employees that he wanted a job with Redflex. After it was decided that Redflex could not hire him directly, Redflex arranged for Bills to get a job with Company B, which was funded by Redflex. Company B employed Bills through the early spring of 2012.

Federal program bribery carries a maximum penalty of 10 years in prison and a $250,000 fine. If convicted, the court must impose a reasonable sentence under federal sentencing statutes and the advisory United States Sentencing Guidelines.

(B) United States of America v. Antionette Chenier 14-CR-185(U.S.D.C. ND IL)

On April 9, 2014, Antionette Chenier, a clerk for CDOT, was arrested for allegedly embezzling more than $741,000 in City permits fees. On June 12, 2014, Chenier was indicted on six counts of embezzlement and four counts of tax evasion. The FBI, the Internal Revenue Service Criminal Investigation Division, and OIG partnered on the investigation.

From 1993 through 2005, Chenier was assigned to CDOT. From 2006 through 2008, she was assigned to OEMC before being transferred back to CDOT. As a clerk working in CDOT's City Hall permitting office, she was involved in processing moving van and dumpster permit fees.

Although CDOT issues moving van and dumpster permits and collects payment, the checks are often made payable to OEMC, which previously administered the permit process. According to the complaint affidavit, bank records show that Chenier opened a personal bank account in August 2008 and a business account at the same bank in March 2009 under the name "OEMC Chenier," and she was the sole signatory on both accounts. Between August 2008 and January 2014, she allegedly deposited several hundred checks, totaling $741,299, payable to OEMC and other City departments into her personal and business accounts. In January of this year, bank officials noticed Chenier's unusual banking activity and froze her business account, according to the affidavit.

Each count of embezzlement carries a maximum penalty of 10 years in prison and a $250,000 fine. In the event of a conviction, the Court must impose a reasonable sentence under federal statutes and the advisory United States Sentencing Guidelines.

2. Developments in Prior Charged Criminal Cases

During this quarter, there were no significant developments in previously reported criminal cases.

3. Synopses and Results of Administrative Appeals or Grievances

To date, OIG has been notified of one update of appeals to the Human Resource Board occurring in the second quarter regarding discipline imposed as a result of an OIG investigation.

(A) OIG Case #13-0254

In April 2014, OIG reported that the Department of Buildings (DOB) terminated an employee after an OIG investigation found that the employee, during the work day, slapped and grabbed a waitress on her buttocks while at lunch with two other DOB employees. DOB concluded that the employee committed a battery, was discourteous to a member of the public, exhibited conduct unbecoming a public employee, and made false, inaccurate, or deliberately incomplete statements in an official OIG investigation in violation of the Personnel Rules.

The employee appealed the termination to the Human Resources Board. At the hearing, the waitress recanted her statement of events previously given to OIG investigators and denied that the incident occurred. As a result, the Human Resources Board reversed the termination and reinstated the employee with full back pay, seniority, and other benefits.

4. Recoveries

This quarter OIG received two reports of cost recovery actions or other financial recoveries related to an OIG investigation.

(A) OIG Case #10-1492

OIG previously reported on an investigation establishing that the former executive director of a City delegate agency violated the City's False Claims Act. The former executive director also caused the delegate agency to breach its delegate agency agreements by submitting fraudulent reimbursement vouchers to the City and falsely representing to the City that the agency had fully paid its payroll taxes. The investigation further established that the executive director stole more than $11,000 from the City by fraudulently obtaining personal health and dental insurance in excess of the amounts authorized by the delegate agency agreements.

Based on these findings, OIG recommended that the executive director be permanently debarred and that the City seek cost recovery from the executive director pursuant to the False Claims Act. DPS permanently debarred the executive director in 2012.

With respect to cost recovery, the Department of Law (DOL) informed OIG that the City entered into a settlement and repayment agreement in March 2014, in which the executive director agreed to repay the City $11,693 in 36 monthly installments as restitution for the City's overpayments of health-care reimbursements.

(B) OIG Case #10-1532

A previously reported OIG investigation revealed that a Roofer with DGS, now part of 2FM, repeatedly falsified City timekeeping and other work records in order to operate a personal side business painting houses while on City time. In addition, the Roofer lied to OIG investigators and later instructed a witness not to cooperate with the investigation. OIG recommended that DGS terminate the Roofer and that DOL consider an enforcement action against the Roofer under the City's false claims ordinance for a civil penalty and cost recovery for the 14 hours of

time falsification observed by OIG investigators and OIG's investigative costs. DGS agreed with OIG's findings and terminated the Roofer.

In February 2014, after the former employee had exhausted all appeals of the termination, DOL demanded the individual pay $527.10 in overpaid wages for the 14 hours of time falsification. In March 2014, the individual complied and repaid the City. DOL declined to pursue a false claims prosecution or seek OIG investigatory costs.

E. AUDITS

In addition to confidential disciplinary investigations, OIG produces a variety of public reports including independent and objective analyses and evaluations of City programs and operations with recommendations to strengthen and improve the delivery of City services. These engagements focus on the integrity, accountability, economy, efficiency, and effectiveness of each subject.

The following are summaries for three audits released this quarter.

(A) Chicago Police Department Assault-Related Crime Statistics Classification and Reporting Audit

On April 7, 2014, OIG released an audit of the Chicago Police Department's (CPD) classification of and summary reporting on assault-related crimes that occurred in 2012. The audit found that CPD incorrectly classified 3.1% of 2012 assault-related events contained in incident reports. However, CPD's CompStat reports and the City's Data Portal accurately reflected the assault-related incidents in CPD's data warehouse, the Criminal History Record Information System.

OIG also identified significant errors in CPD's reports to the Illinois Uniform Crime Reporting (I-UCR) program, which feeds into FBI's Uniform Crime Reporting (UCR) system. Contrary to I-UCR reporting requirements, CPD failed to count each victim in multiple victim crimes as a separate offense. This resulted in a 24% undercount in victim offenses in the reporting sample OIG examined. In addition, CPD erroneously excluded certain crimes committed against protected persons, thereby underreporting all aggravated assaults and batteries to the I-UCR program by 5.7% and 3.2% respectively.

CPD agreed with OIG's findings and stated that it was reviewing all aggravated assaults and batteries from 2012 and 2013 to ensure the accuracy of its reports to I-UCR. CPD will also provide clearer guidance on multi-victim crime reporting in its Field Reporting Manual and, if needed, will add categories to its classification rules in order to better address I-UCR reporting needs for incidents involving protected persons.

(B) Department of Streets and Sanitation Garbage Ordinance Enforcement Audit

On June 23, 2014, OIG released an audit of the Department of Streets and Sanitation (DSS)'s enforcement of service eligibility (MCC § 7-28-240). Specifically, OIG looked at the provision of garbage service to multi-unit residences covered by the ordinance's "grandfather" clause and to not-for-profit organizations. According to DSS's own estimates, annual garbage service to these multi-unit dwellings and not-for-profit organizations cost the City $3,275,207 and $3,316,274, respectively.

The audit concluded that DSS's enforcement of MCC § 7-28-240 was neither effective nor efficient. The ordinance provides for City garbage service to certain multi-unit dwellings that would otherwise be required to procure private garbage service. OIG found that DSS's ordinance enforcement mechanism, the grandfather list, has been seriously inaccurate and that—prior to OIG's initial inquires in 2013—the list had not been updated since 2007.

DSS conducted an informal survey and began a full review of the grandfather list in late 2013 with the assistance of DOL. Properties removed as a result of the review may free up to approximately $1.41 million in wasted department resources. However, OIG also found that the Department's efforts to improve the accuracy of the grandfather list were unduly time and resource intensive. DSS agreed with OIG's recommendation that it develop and implement a more efficient updating process and stated that it is working with DOL to develop a self-certification and audit process.

In addition, the audit concluded that DSS's provision of garbage service to some not-for-profit organizations constituted the provision of free services at taxpayer expense that is not legally authorized under the Municipal Code. OIG recommended that DSS either discontinue the service, or work with City Council to set explicit standards in the MCC for the collection of garbage from not-for-profit organizations. In its response to the audit, DSS provided its own interpretation of not-for-profit service authorization under MCC § 7-28-240.

(C) Department of Business Affairs and Consumer Protection Confiscated Property Audit

On June 23, 2014, OIG released an audit of the Department of Business Affairs and Consumer Protection's (BACP) Business Compliance and Enforcement division. BACP conducts unannounced business inspections to identify license violations, such as selling unstamped cigarettes, drug paraphernalia, or expired infant formula. When BACP investigators find contraband, they issue an Administrative Notice of Violation, confiscate those items, and store the items for hearing.

The audit found that BACP effectively safeguarded property confiscated from businesses violating the MCC and that it accurately managed its physical inventory and the data contained in its inventory database, the Integrated Revenue Information System. Furthermore, BACP's policies and procedures were well documented and effectively communicated to BACP staff.

Based on the audit results, OIG concluded that BACP's processes for managing and destroying confiscated property were effective and reflected best practices, including standards promulgated by the International Association for Property and Evidence and the professional practices of the Illinois State Police.

F. ADVISORIES AND DEPARTMENT NOTIFICATION LETTERS

Advisories and department notification letters describe management problems observed by OIG in the course of other activities including audits and investigations. These are problems that OIG believes it should apprise the City of in an official capacity. OIG sent five advisories and department notification letters this quarter.

(A) Advisory Concerning the City's Real Property Management

OIG sent an advisory to the Mayor's Office concerning the management of real property owned by the City. The advisory noted that the City actively tracks and markets unused property and may also engage in narrow re-use or consolidation projects. However, the City does not periodically evaluate its full property portfolio to ensure that all City buildings and land are put to their best use.

The advisory presented,

- an example of one property used for free employee parking that might be a candidate for re-use or sale in a long-term management plan;
- frameworks for real property assessment including The Urban Institute Center on International Development and Governance's Guidebook on Real Property Asset Management for Local Governments and The New York State Comptroller's Local Government Management Guide for Capital Assets (2008);
- brief information on the Chicago Infrastructure Trust's real asset management proposal called Reinvent Chicago.

In response, 2FM stated that it evaluates the City's leased and owned facilities for optimal space utilization. The response did not address the example provided in the advisory, the real property assessment frameworks, or the need for real property assessment identified by the Chicago Infrastructure Trust.

(B) Notification Concerning the Department of Fleet and Facility Management's Security Procedures and Policies for Vehicles in its Care

OIG advised 2FM that it does not appear to have robust procedures for inventorying, tracking, and securing City vehicles and their contents in the possession of 2FM for servicing.

The letter, stemming from an OIG investigation of theft of up to $3,000 in material from a City vehicle, highlighted a number of security concerns:

- 2FM employees are not required to take inventories of vehicles' contents;
- City employees not associated with 2FM are permitted unescorted and undocumented access to at least one facility's vehicle storage lot;
- 2FM does not require a signature or identification when a driver drops off or picks up a City vehicle;
- there is no written policy that requires a driver to check in or out with 2FM.

OIG suggested that 2FM review its vehicle tracking and security policies and procedures. OIG also suggested that 2FM consider communicating to other departments its policies, procedures, and responsibilities respecting City vehicles and vehicle content left in 2FM custody.

2FM responded, stating that it would formally document its policy for receiving and releasing vehicles, assure the policy is applied consistently across 2FM's maintenance facilities, and send it to 2FM's customer departments and agencies with a memorandum reinforcing the proper procedures for checking-in and retrieving a vehicle from a maintenance facility.

2FM further noted that it would install signs at its maintenance facilities directing equipment operators to check-in at the Service Office upon arrival and pick-up and indicating the areas within the facilities from which non-2FM personnel are restricted without being escorted or first showing the proper identification.

(C) Notification Concerning the Department of Fleet and Facility Management's Procurement Process and Inventory Controls

OIG advised 2FM that its current procurement process and inventory controls left it subject to fraudulent purchasing and theft of materials and supplies.

2FM implemented new procedures in May 2012 that tightened scrutiny of purchase order requests and made supervisors and employees more accountable for 2FM's inventory of tools, equipment, and other materials. However, in the context of an investigation, OIG found that 2FM's new policies did not appear to sufficiently safeguard it against fraudulent orders under a $2,500 dollar amount and orders that are submitted by supervisor-level employees.

OIG suggested that 2FM review the revised policies as appropriate and ensure compliance with the City's Inventory Policies and Procedures. Further, OIG advised that 2FM regularly employ random inventory checks, which are provided for in the revised policies but have only been performed by 2FM once and then at the request of OIG.

2FM responded, stating that it has made additional improvements to its procurement and inventory procedures since the May 2012 revisions. However, 2FM's response was vague as to how those improvements were likely to deter the procurement and inventory vulnerabilities OIG identified.

In May 2014, OIG investigators conducted a follow-up tour and interview with a senior 2FM manager whose duties include oversight of the procurement procedures and inventory management. 2FM now stores its inventory in a new, more secure, location and requires its employees to present work orders to receive newly-purchased tools and materials. Employees sign-out equipment on a log that 2FM tracks. 2FM's steps address deficiencies related to inventory tracking, but certain vulnerabilities in the procurement procedures appear to remain unchanged.

The senior manager also represented that 2FM complies with the terms of the City's Inventory Policies and Procedures with the one exception being that it does not conduct a department-wide inventory count due to a shortage of employees to perform that task.

(D) Notification to the Chicago Police Department and the Department of Finance Regarding Conflicts Between Officers and Parking Enforcement Aides

OIG recently notified CPD and the Department of Finance (DOF) about evidence of an acrimonious institutional relationship between CPD officers and Parking Enforcement Aides (PEAs) employed by DOF. An OIG investigation into a hostile, public, on-duty encounter between a PEA and a sworn police officer indicated the existence of more widespread discord between CPD and DOF.

In general, there is a perception of a rivalry between PEAs and police officers; a perception shared by both sides and supported by online commentary. PEAs believe that CPD police officers are unnecessarily targeting PEAs for abuse. That perception, whether exaggerated or real, resulted in DOF supervisors advising their subordinates to avoid police officers while on duty. PEAs asserted that CPD officers are adversarial to PEAs in certain or all districts. Police officers, for their part, felt that PEAs unnecessarily saturate areas with enforcement. In the case OIG investigated, there was a public screaming match between a PEA and an officer—two uniformed City employees—on a City street.

OIG suggested CPD and DOF take steps to clarify respective roles, acknowledge their common mission, work together in mutual recognition of shared values, and undertake efforts toward rapprochement before there is any further incident or escalation of tensions deleterious to the public standing of their respective enforcement functions.

Following OIG's letter, CPD and DOF leadership met to explore the issues OIG raised and to open lines of communication. CPD and DOF developed a plan that, in their view, strengthens their partnership and results in better service to the public. CPD and DOF further agreed that if any disagreement arises between a police officer and a PEA, the officer and PEA will summon each's respective supervisors to address the issue.

(E) Notification to Department of Streets and Sanitation Regarding Vehicle Use Policies

OIG notified DSS that its vehicle use policies provided inadequate and internally conflicting guidance to employees and supervisors, thus exposing the City to risks of liability and waste associated with misuse of take-home vehicles. These policy conflicts were discovered during an investigation of a DSS employee driving and parking an assigned City vehicle at home while on duty and outside of the ward while off-duty. During the investigation, OIG encountered three separate written DSS directives dated between 2009 and 2011 respecting vehicle use. In addition to noting that none of these policies referenced the current City Vehicle and Equipment Policy issued by 2FM to departments Citywide, OIG interviews with supervisors about vehicle use practices revealed a non-alignment of policies with practice.

OIG recommended that DSS review its vehicle use policies and practices to consolidate and align existing policies with current operational needs. DSS responded that following its review, it decided to reissue the 2FM City Vehicle and Equipment Policy (revised in August 2012) to all DSS employees with an express admonishment to disregard all prior DSS vehicle use policies and directives.

G. HIRING OVERSIGHT

Under Chapter XII of the City of Chicago General Hiring Plan, Chapter XI of CPD Hiring Plan, and Chapter IX of the City of Chicago Fire Department (CFD) Hiring Plan,[6] OIG is required to review and audit various components of the hiring process and report on them quarterly. The General Hiring Plan requires both reviews and compliance audits. The plan defines reviews as a, "check of all relevant documentation and data concerning a matter," and audits as a, "check of a random sample or risk-based sample of the documentation and data concerning a hiring element."

1. Finding of Substantial Compliance

On June 16, 2014, Judge Sidney I. Schenkier of the US District Court for the Northern District of Illinois entered an order finding the City of Chicago to be in substantial compliance with the *Shakman* Accord. The Order terminated federal hiring oversight and the *Shakman* Accord and dismissed the City as a defendant from the forty-five year old case. In addition, the ruling formally shifted all hiring oversight responsibilities from the Federal Monitor to the Hiring Oversight section of OIG. All rules governing City hiring remain in full effect and the use of political reasons or factors or other improper considerations during any stage of the hiring process for *Shakman* covered positions is still expressly prohibited.

[6] On June 24, 2011, the City of Chicago filed the 2011 City of Chicago Hiring Plan ("General Hiring Plan"). The General Hiring Plan, which was agreed to by the parties and approved by the Court on June 29, 2011, replaced the 2007 City of Chicago Hiring Plan which was previously in effect. The City of Chicago also filed the 2011 Chicago Police Department Hiring Plan (CPD Hiring Plan) on October 14, 2011, and the 2011 Chicago Fire Department Hiring plan (CFD Hiring Plan) on December 15, 2011. Collectively, the General Hiring Plan, the CPD Hiring Plan, and the CFD Hiring Plan will be referred to as the "City's Hiring Plans".

Further, the finding of substantial compliance followed several additions to City hiring plans including—most notably—a more rigorous, standard-based, documented process governing CPD's operational deployments, assignments, and merit promotions and CFD's temporary assignments, assignments, and performance selection process. These new processes are monitored by OIG Hiring Oversight. In addition, substantive changes were made to the administration of the CPD Merit Selection Process, including a requirement that the Merit Selection Board interview each nominated candidate, a specification of the process for the development of interview questions, and agreement on the written and technical ability of OIG to monitor the selection activities of the Merit Board. Similar modifications were made to CFD's Performance Selection Process. OIG also gained independent access to data related to employment activities within CPD and CFD, enabling OIG to more effectively monitor and audit these new processes.

OIG Hiring Oversight looks forward to working with DHR, CPD, and CFD in the coming months to fully implement these new policies and processes and will provide detailed reporting of the implementation and activities under the new processes in future quarterly reports.

2. Hiring Process Reviews

(A) Contacts by Hiring Departments

OIG reviews all reported or discovered instances where hiring departments contacted DHR or CPD Human Resources (CPD-HR) to lobby for or advocate on behalf of actual or potential Applicants or Bidders for Covered Positions or to request that specific individuals be added to any referral or eligibility list except as permitted by the Hiring Plan.[7]

During the last quarter, OIG received two reports of direct departmental contacts from DHR or CPD-HR. One of these reports involved a department contacting DHR to inquire whether three candidates applied and, if they did, whether they met the minimum qualifications. The second report involved an employee contacting DHR to inquire why the employee's child did not receive any communication from an application submitted for a different department. While this does not fall under the technical definition of a direct contact, DHR reported it out of an abundance of caution.

(B) Exemptions

OIG reviews adherence to exemption requirements, Exempt Lists, and the propriety of Exempt List[8] modifications. OIG receives and reviews notifications of all *Shakman*-Exempt

[7] Chapter II, C(1) of the General Hiring Plan provides that Hiring departments shall not contact DHR to lobby for or advocate on behalf of actual or potential Applicants or Bidders for Covered Positions, nor may hiring departments request that specific individuals be added to any referral or eligibility list except as permitted in this Hiring Plan. Hiring departments may contact DHR to inquire about the status of selected Candidates. Any DHR employee receiving a contact violating this section shall report it to the DHR Commissioner and OIG Hiring Oversight within forty-eight (48) hours.

[8] The Exempt List is a list of all City positions that are exempted from the requirements governing Covered positions (*Shakman*-Exempt). *Shakman*-Exempt Positions are those for which any factor may be considered in actions covered by the City's Hiring Plans and Other Employment Actions, unless otherwise prohibited by law.

appointments and modifications to the Exempt List on an ongoing basis from DHR. In addition to these ongoing reviews, OIG conducts an annual review of the Exempt List to ensure that the City is complying with the *Shakman* requirements to determine whether DHR is maintaining an accurate record of *Shakman*-Exempt employees and titles.

In the first quarter of 2014, OIG completed the 2014 annual Exempt List audit (2014 Audit), and reported its findings and DHR's response in OIG's first quarter report. OIG has not received notice of any Exempt List modifications in the second quarter. OIG continues to receive notification of exempt appointments and received 33 such notices in the second quarter.

(C) Senior Manager Hires

OIG reviews hires pursuant to Chapter VI covering the Senior Manager Hiring Process.[9]

Of the 20 hire packets OIG reviewed this past quarter, two were for Senior Manager positions. One of the Senior Manager hire packets contained an error. Specifically, the hire packet contained improper marks on the candidate assessment forms. OIG communicated these errors to DHR and recommended that all documentation related to the correction of this error be included in the hire packet.

(D) Written Rationale

OIG reviews any written rationale when no consensus selection was reached during a Consensus Meeting.[10]

OIG did not receive any notice of a Consensus Meeting that did not result in a consensus selection for the second quarter of 2014.

(E) Emergency Appointments

OIG reviews circumstances and written justifications for any emergency hires made pursuant to the Personnel Rules and MCC § 2-74-050(8).

The City reported no emergency appointments during the second quarter of 2014.

(F) Review of Contracting Activity

Prior to offering any contract or other agreement terms to any not-for-profit agency, for-profit contractor, or other organization or entity to provide services for the City, the requesting department shall give OIG advance notification. OIG is also required to review City departments' compliance with the City's "Contractor Policy" (Exhibit C to the City's Hiring

[9] Senior Manager Classes are not covered by a collective bargaining agreement; not career service Positions (i.e. they are employees-at-will); not Exempt; and involve significant managerial responsibilities.

[10] A Consensus Meeting is a discussion that is led by the DHR Recruiter at the conclusion of the interview process. During the Consensus Meeting, the interviewers and the Hiring Manager review their respective interview results and any other relevant information to arrive at a hiring recommendation.

Plan). Per the Contractor Policy, OIG may choose to review draft contract or agreement terms to assess whether they are in compliance with the Policy. In addition to contracts, pursuant to Chapter X of the Hiring Plan, OIG must receive notification of the procedures for using volunteer workers[11] at least 30 days prior to implementation. The following chart details these contract and volunteer program notifications.

Table #5 – Contract Notifications

Contractor, Agency, Program, or other Organization	Contracting Department	Duration of Contract or Agreement
BOLDplanning	Emergency Management and Communications	5/1/2014-4/30/2019
Applications Software Technology	Procurement Services	15 months
CDW Government LLC	Procurement Services	until 5/14/2016
Dell Marketing, L.P.	Procurement Services	3 years
Professional Dynamic Network	Procurement Services	5/1/2014-8/1/2014
Professional Dynamic Network	City Clerk	4/28/2014-8/15/2014
M3 Medical Management	Public Health	5/30/2014-6/30/2014
Seaway Bank	Finance	5/19/2014-7/15/2014
Professional Dynamic Network	License Appeal Commission	6/23/2014-7/4/2014; 8/25/14-8/26/14;8/29/14;11/28/14;
M3 Medical Management	Family and Support Service	6/2/2014-7/16/2014
Locum Tenens	Public Health	6/15/2014-9/30/2014
One Summer Chicago 2014	Various	Summer 2014
City Colleges/Federal Work Study Program	Public Library	Until agreement is terminated.
Clean Cities Workforce Development	Transportation	Summer 2014
West Central Association, Inc.	Planning and Development	1/1/2014-12/31/2014
Ravenswood Special Event, Inc.	Cultural Affairs and Special Events	12 months

[11] A volunteer worker is any worker, including a student, who is not paid a wage or a salary by the City of Chicago and who works for the City of Chicago.

3. Hiring Process Audits

(A) Modifications to Class Specifications,[12] Minimum Qualifications, and Screening and Hiring Criteria

OIG audits modifications to class specifications, minimum qualifications, and screening/hiring criteria. In the last quarter, OIG received notification that the City changed the minimum qualifications or included equivalencies for six hiring sequences in CDPH, DPS, DFSS, and DOL. OIG had no objections to the changes.

DHR continues to submit to OIG a bi-monthly report of updated or newly created class specifications.

(B) Referral Lists

OIG audits the lists of Applicants/Bidders who meet the predetermined minimum qualifications that are generated by DHR for the position. Each quarter, OIG examines a sample of referral lists and provides commentary to DHR whenever potential issues arise. OIG recognizes that aspects of candidate assessment can be subjective and that there can be differences of opinion in the evaluation of a candidate's qualifications. Therefore, our designation of "errors" is limited to cases in which applicants, based on the information provided,

- were referred and did not quantitatively meet the minimum qualifications;
- were referred and failed to provide all of the required information and/or documents listed on the job posting; or
- were not referred and quantitatively met the minimum qualifications.

In the second quarter of 2014, OIG audited two referral lists, neither of which contained errors.

(C) Testing

OIG also audited testing administration materials[13] for six completed test administrations[14] from the first quarter of 2014. In addition to the four exams created and administered by the City, OIG

[12] Class Specifications are descriptions of the duties and responsibilities of a Class of Positions that distinguish one Class from another. They are, in effect, the general descriptions utilized to determine the proper level to which a Position should be assigned, and they include the general job duties and minimum qualifications of the Position. Class Specifications shall include sufficient detail so as to accurately reflect the job duties.

[13] Testing administration materials include (1) the test booklet (or booklets, if multiple versions of the test were administered); (2) the sign in/sign out sheets; (3) the answer key; (4) the final cut score(s) and any documentation regarding the change of a cut score(s); (5) the individual test scores for each candidate for each test(s) that was administered; (6) the finalized test results sent to the DHR Recruiter; (7) the answer sheets completed by the candidates; (8) the rating sheets completed by the interviewers as part of the Foreman Promotional Process; (9) any additional emails or notes identifying issues surrounding the test administration or scoring (e.g. documentation identifying the individual test score changes for tests that are rescored, memos to file regarding non-scheduled candidates being allowed to test, etc.).

audited the candidate scoring reports for the only two "off-the-shelf," or vendor developed, examinations administered during the first quarter. While the City administered the examinations, it was not responsible for the development, validation, or scoring. Generally, OIG does not have access to the actual vendor developed examinations due to the proprietary and confidential nature of the exam materials. Therefore the audited vendor developed administration materials did not include information that would enable OIG to verify the grading or calculation of scores.

OIG found three errors in the audited test administration materials and reported the errors to DHR. The individual errors and DHR's response to each error are detailed below. These errors did not affect the candidates' placement on position eligibility lists nor the final candidate selection decisions and did not constitute a violation of the Hiring Plan.

i. Department of Streets and Sanitation – Foreman of Hoisting Engineers, Foreman Promotional Process Parts I and II

OIG determined that the grading of five candidates' answer sheets did not conform to the answer key provided. In all five instances, the DHR Testing Specialist agreed that the incorrect answer key was provided for OIG's audit. Ultimately, the errors did not result in any rescores.

ii. Chicago Police Department – Administrative Service Officer I

OIG determined that the audited test administration materials were incomplete. In this instance, the sign-in sheet containing the signatures of each tested candidate did not correspond with the referral list in the audited file. The DHR Testing Specialist agreed with our assessment and stated the candidates were pulled from two different referral lists. The audited file should have contained both referral lists. DHR agreed to consistently include all referral lists with the testing administration materials moving forward.

iii. Chicago Police Department – Administrative Service Officer II

OIG determined that the audited test administration materials were incomplete. In this instance, the vendor's categorization of the candidates did not seem to conform to the candidate's scores. The DHR Testing Specialist agreed with our assessment that the audited file was incomplete. The candidates had been administered an additional assessment which was not included in the file. The vendor's categorization of the candidates was based on scores from both assessments. Ultimately, there were no rescores.

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[14] A test administration is considered to be completed when a test has been administered and the final candidate scores have been sent from the DHR Testing Division to the DHR Recruiting Division for candidate selection and processing.

(D) Selected Hiring Sequences

The Hiring Plan requires OIG to audit 10% of the aggregate of in-process and at least 5% of completed hiring sequences from the following departments or their successors: DSS, DWM, the Department of Aviation, CDOT, DOB, 2FM, and six other City departments selected each quarter at the discretion of OIG.

Hire packets include all documents and notes maintained by City employees involved in the selection and hiring process. As required by the Hiring Plan, OIG examines some hire packets prior to the hires being completed and others after the hires have been completed.

During the first quarter of 2014, OIG completed an audit of hire packets for 20 hiring sequences. OIG selected these packets based on risk factors such as past errors, complaints, and historical issues with particular positions. Of the 20 packets audited, there were errors in three packets. One error involved improper marks on Candidate Assessment Forms and two errors were due to missing or incomplete documentation (e.g., an expired driver's license). One of the errors resulted in an individual being hired without a required license. DHR reported that the hired individual later attained the necessary license but is still waiting to receive a copy. DHR has since updated the job posting to include a disqualifying question regarding this license in order to reduce the risk of this error occurring in the future.

(E) Monitoring Hiring Sequences

In addition to auditing hire packets, OIG audits hiring sequences through in-person monitoring of intake meetings, interviews, and consensus meetings. Monitoring involves observing and detecting compliance anomalies in real time with a primary goal of identifying gaps in the internal controls.

OIG monitors hiring sequences based on risk factors such as past errors, complaints, and historical issues with particular positions. During the past quarter, OIG monitored two sets of job interviews and three consensus meetings. The table below shows the breakdown of monitoring activity by department.[15]

Table #6 – Second Quarter 2014 OIG Monitoring Activities

Department	Intake Meetings Monitored	Tests Monitored	Interview Sets Monitored	Consensus Meetings Monitored
Public Library	0	0	0	1
Streets and Sanitation	0	0	1	1
Fire Department	0	0	1	1
Total	0	0	2	3

[15] If a department is not included in this table, OIG did not monitor any elements of a hiring sequence for that department in-person.

(F) Hiring Certifications

Hiring Certifications are the required certifications attesting that no political reasons or factors or other improper considerations were taken into account in the applicable action.

Of the 20 hire packets audited in the last quarter, none had Hiring Certification related errors.

(G) Acting Up[16]

OIG audits the City's compliance with Chapter XI of the General Hiring Plan,[17] the Acting Up Policy, and all Acting Up waivers processed by DHR.

In the beginning of 2014, DHR implemented a new Acting Up policy coupled with stricter enforcement of reporting requirements. The new policy is a substantial improvement over its predecessor, and OIG initiated an audit to track compliance with the revised policy. OIG is in the process of providing feedback to audited City departments to discuss preliminary findings.

Additionally, OIG examined the timeliness of Acting Up reports across thirty-one City departments in the first and second quarters of 2014. During the first quarter, the monthly reporting from five departments was consistently delinquent. By the second quarter, all but two departments had reported Acting Up in a timely manner. As of the time of the filing of this report, both departments have responded and have provided the reports.

The following chart details waivers to the City's 90-Day Acting Up limit approved by DHR in the last quarter.

Table #7 – DHR Approved Waivers to the City's 90 Day Acting Up Limit

Department	Position	Number of Employees	Date of Response	Duration of Waiver
Water Management	Assistant Chief Operating Engineer	1	4/8/2014	until June 30, 2014
Transportation	District Asphalt Supervisor	1	4/4/2014	until end of 2014 Weekend Pothole Shift
Water Management	Supervising House Drain Inspector	1	4/2/2014	until June 30, 2014
Water Management	Chief Mason Inspector	1	4/4/2014	until June 30, 2014
Fleet and Facility Management	Foreman of Hoisting Engineer Mechanic	1	4/17/2014	until June 30, 2014

[16] Acting Up is where an employee is directed to, and does perform, or is held accountable for, substantially all of the responsibilities of a higher position.

[17] Chapter VIII of the CFD Hiring Plan and Chapter X of the CPD Hiring Plan follow the same guidelines as Chapter XI of the General Hiring Plan.

Department	Position	Number of Employees	Date of Response	Duration of Waiver
Fleet and Facility Management	Supervising Watchmen	5	4/23/2014	until July 31, 2014
Public Library	Regional Library Director	2	6/2/2014	until July 1, 2014
Water Management	Chief Water Rate Taker	1	5/20/2014	until August 19. 2014
Transportation	Foreman of Machinists	1	5/27/2014	until August 27, 2014
Fleet and Facility Management	MTD-Tire Repairman	1	6/5/2014	until July 31, 2014
Water Management	Foreman of Construction Laborers	1	6/16/2014	until September 11, 2014
Fleet and Facility Management	Foreman of Electrical Mechanics	2	6/26/2014	until September 26, 2014
Water Management	Foreman of Pipe Yard Salvage	1	6/25/2014	until September 25, 2014
Water Management	Supervising House Drain Inspector	1	6/25/2014	until September 25, 2014
Water Management	Chief Mason Inspector	1	6/25/2014	until September 25, 2014
Water Management	General Foreman of Electrical Mechanics	1	6/25/2014	until September 23, 2014
Water Management	Assistant Chief Operating Engineer	1	6/18/2014	until September 18, 2014
Water Management	Foreman of Pipe Yards	1	6/25/2014	until September 25, 2014

(H) Arbitrations and Potential Resolution of Grievances by Settlement

OIG is required to conduct audits of all arbitration decisions and grievance settlement agreements that arise out of Accord complaints or that may impact the procedures under the City's Hiring Plans or Other Employment Actions.

During the second quarter of 2014, OIG did not receive notice of any settlement agreements from DHR or DOL.

4. Reporting of Other OIG Hiring Oversight Activity

(A) Escalations

Recruiters and Analysts in DHR must escalate concerns regarding improper hiring to OIG. OIG evaluates the circumstances surrounding the escalation and may take one or more of the following actions: investigate the matter, conduct a review of the hiring sequence, refer the

matter to the DHR Commissioner or appropriate Department Head for resolution, and/or refer the matter to the Investigations Section of OIG.

OIG did not receive any Escalations, nor are there any pending, from the second quarter of 2014.

(B) Processing of Complaints

OIG Hiring Oversight receives complaints regarding the hiring process, including allegations of unlawful political discrimination and retaliation and other improper considerations in connection with any aspect of City employment. Complaints received by the OIG Hiring Oversight Section may be resolved in several ways depending upon the nature of the complaint. If there is an allegation of misconduct, the complaint may be referred to the Investigations Section of OIG. If there is an allegation of a breach of policy or procedure, the OIG Hiring Oversight Section may conduct an inquiry into the matter to determine if such a breach occurred. If a breach of policy or procedure is found, the OIG Hiring Oversight Section may resolve the matter by making corrective recommendations to the appropriate department or referring the matter to the Investigations Section of OIG. If no breach of policy or procedure is found, the OIG Hiring Oversight Section may refer the matter to DHR and/or the appropriate department for resolution, or close the complaint.

The OIG Hiring Oversight Section received 53 complaints in the past quarter. The chart below summarizes the disposition of these 53 complaints as well as the complaints from the previous quarter that were not closed when OIG issued its last report.

Table #9 – Disposition of Hiring Oversight Complaints Received in the Second Quarter 2014

Status	Number of Complaints
Cases Pending as of the End of the 1st Quarter of 2014	25
Complaints Received in the 2nd Quarter of 2014	53
Complaints Received in the 1st Quarter of 2014 and Referred to Hiring Oversight in the 2nd Quarter of 2014	3
Total Complaints Declined in the 2nd Quarter of 2014	15
Total Cases Closed in the 2nd Quarter of 2014	15
Closed by Referral to OIG Investigations	0
Closed by Referral to DHR	0
Closed with Recommendations to the Hiring Department and/or DHR	0
Pending with OIG Hiring Oversight as of 6/30/2014	51

CITY OF CHICAGO OFFICE OF INSPECTOR GENERAL

Public Inquiries	Rachel Leven (773) 478-0534 rleven@ChicagoInspectorGeneral.org
To Suggest Ways to Improve City Government	Visit our website: https://chicagoinspectorgeneral.org/get-involved/help-improve-city-government/
To Report Fraud, Waste, and Abuse in City Programs	Call OIG's toll-free hotline 866-IG-TIPLINE (866-448-4754). Talk to an investigator from 8:30 a.m. to 5:00 p.m. Monday-Friday. Or visit our website: http://chicagoinspectorgeneral.org/get-involved/fight-waste-fraud-and-abuse/

MISSION

The City of Chicago Office of Inspector General (OIG) is an independent, nonpartisan oversight agency whose mission is to promote economy, efficiency, and integrity in the administration of programs and operations of City government. OIG achieves this mission through:

- Administrative and criminal investigations
- Audits of City programs and operations
- Reviews of City programs, operations, and policies

From these activities, OIG issues reports of findings, disciplinary, and other recommendations to assure that City officials, employees, and vendors are held accountable for the provision of efficient, cost-effective government operations and further to prevent, detect, identify, expose and eliminate waste, inefficiency, misconduct, fraud, corruption, and abuse of public authority and resources.

AUTHORITY

The authority to produce reports and recommendations on ways to improve City operations is established in the City of Chicago Municipal Code § 2-56-030(c), which confers upon the Inspector General the following power and duty:

> *To promote economy, efficiency, effectiveness and integrity in the administration of the programs and operations of the city government by reviewing programs, identifying any inefficiencies, waste and potential for misconduct therein, and recommending to the mayor and the city council policies and methods for the elimination of inefficiencies and waste, and the prevention of misconduct.*