



OFFICE OF INSPECTOR GENERAL
City of Chicago



REPORT OF THE INSPECTOR GENERAL'S OFFICE:

QUARTERLY REPORT OF THE INSPECTOR GENERAL'S OFFICE
FOURTH QUARTER 2012

JANUARY 15, 2013

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OFFICE OF INSPECTOR GENERAL

City of Chicago

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January 15, 2013

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 (IGO) during the fourth quarter of 2012, filed with the City Council pursuant to Section 2-56-120 of the Municipal Code of Chicago.

The report has two format changes from prior editions.

First, while we continue to report our disciplinary recommendations and the City's final actions on an individual case-by-case basis, we are no longer reporting aggregate statistics on whether the City imposed the same, less, or greater discipline than the IGO recommended. This aggregate tracking does not provide for a complete understanding of the IGO or its role in City government, nor is it a fair metric for the City's attentiveness to disciplinary matters. Our disciplinary recommendations are not binding, but are merely advisory in nature, based generally on the conduct at issue in the investigation itself. And each investigation is truly distinct from all others. Moreover, final disciplinary determinations are the province of City department heads, who take action not merely on the basis of the investigations reported out by this office, but also on the basis of other information relating to, among other things, historical performance and disciplinary issues, and must often take into consideration operational and organizational issues beyond the scope of an individual investigation. Ultimately, a Commissioner's final action in response to an IGO investigation is a matter for which the City is accountable to the public, not the IGO, and those actions should rise and fall solely on their individual case merits.

Second, as of last fall, the IGO has been sending management advisories to City leadership, namely the Mayor's Chief of Staff. These advisories provide summaries of management problem observed by the IGO which we believe the City should be apprised of in an official capacity, but for which we have not conducted a full IGO audit or investigation. We offer these advisories as an additional tool for identifying for City leaders operational or procedural issues they may wish to address before they become larger problems. We hope they, and the public, find them useful.

Most important, and in addition to our regular work, the IGO completed an external Peer Review inspection in November. It is the first the office has submitted to in its 23 year history. I am pleased to report that the Peer Review Committee unanimously agreed that the IGO Investigations and Audit Sections met national standards, and the Committee found no reportable instances of failure to meet those standards. The Committee highlighted the IGO's respect and

cooperation in the review, something they felt was a hallmark of a professional staff truly interested in a full and open review of their work.

In October 2011, the IGO reached an agreement with the Association of Inspectors General, the national professional organization of Inspectors General, to perform the review in November 2012. The Committee, which was comprised of senior personnel from federal and local oversight bodies, examined IGO internal safeguards and management and operational procedures, in order to provide assurance that appropriate policies, procedures, and applicable audit and investigative standards existed are being followed.

Last year, I committed this office by regulation to undergo an external peer review every three years, as I believe it offers us the opportunity to significantly improve the quality, standardization, and professionalism of IGO work product. The Peer Review Committee did not disappoint, and I have found their work and recommendations to be incredibly helpful. In turn, I hope the review will provide all City officials and stakeholders with confidence that IGO inquiries, reports, and recommendations directed to the promotion of greater accountability, efficiency, and effectiveness in City programs are performed to national standards.

I anticipate receiving the final Peer Review Committee reports in coming weeks and will then publish their findings on our website.

As we continue to standardize and professionalize our operations, we have set ambitious goals for the next quarter. They include:

- Publishing a cost recovery report to provide quantitative dollar values of specific IGO investigations and audits;
- Publishing and requesting public comment on an IGO Strategic Plan; and,
- Finalizing the integration of our Audit and Program Review functions.

Lastly, I would like to note that this is the final quarterly report to which David Grossman, who has served as the IGO Director of Investigations since 2005, will contribute. After a decade of City service in multiple departments, and a stellar career in the Federal Bureau of Investigation that dates back to his pivotal role in Operation Greylord, Mr. Grossman will retire this month. It is difficult to overstate the importance of his tenure with the IGO, as my predecessor would surely attest. This office is a better investigative agency because of his skills and ceaseless efforts to combat waste, fraud, and abuse of the public trust. We thank him for his dedication to public service, and will miss him greatly.

As always, I encourage you to do your part in eliminating waste, fraud, abuse, and inefficiency in City government. Please continue to send your complaints to the IGO, and please continue to send in your ideas for audits. Our work can only go so far without the help of Chicago residents, City employees, and vendors. Do not hesitate to alert our office if you have suggestions for improvement in City or IGO operations, our reporting mechanisms, or if you have any questions or concerns about IGO inquiries.

Respectfully,

A handwritten signature in blue ink, appearing to be 'J. Ferguson', written in a cursive style.

Joseph M. Ferguson
Inspector General
City of Chicago

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This quarterly report provides an overview of the operations of the Inspector General’s Office (IGO) during the period from October 1, 2012 through December 31, 2012. The report includes statistics and narrative description of the IGO’s activity that it is required to report per the City’s Municipal Code.

A. MISSION OF THE INSPECTOR GENERAL’S OFFICE

The mission of the IGO is to prevent and root out fraud, corruption, waste, and mismanagement, while promoting economy, efficiency, effectiveness and integrity in City government. The IGO is a watchdog for the residents of the City, and has jurisdiction to conduct inquiries into most aspects of City government.

The IGO accomplishes its mission through investigations, audits, inspections, program reviews, evaluations, research, and data collection. IGO summary reports are sent to the Mayor and the responsible City management officials with findings and recommendations for corrective action and discipline. Narrative summaries of sustained investigations are released in quarterly reports. Audits, inspections, and evaluations are sent to the responsible management officials for comment and then are released to the public through publication on the [IGO website](#).

B. INVESTIGATIONS

The IGO Investigation 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

The IGO received 349 complaints over the preceding quarter. The following table provides detail on the actions the IGO has taken in response to these complaints.

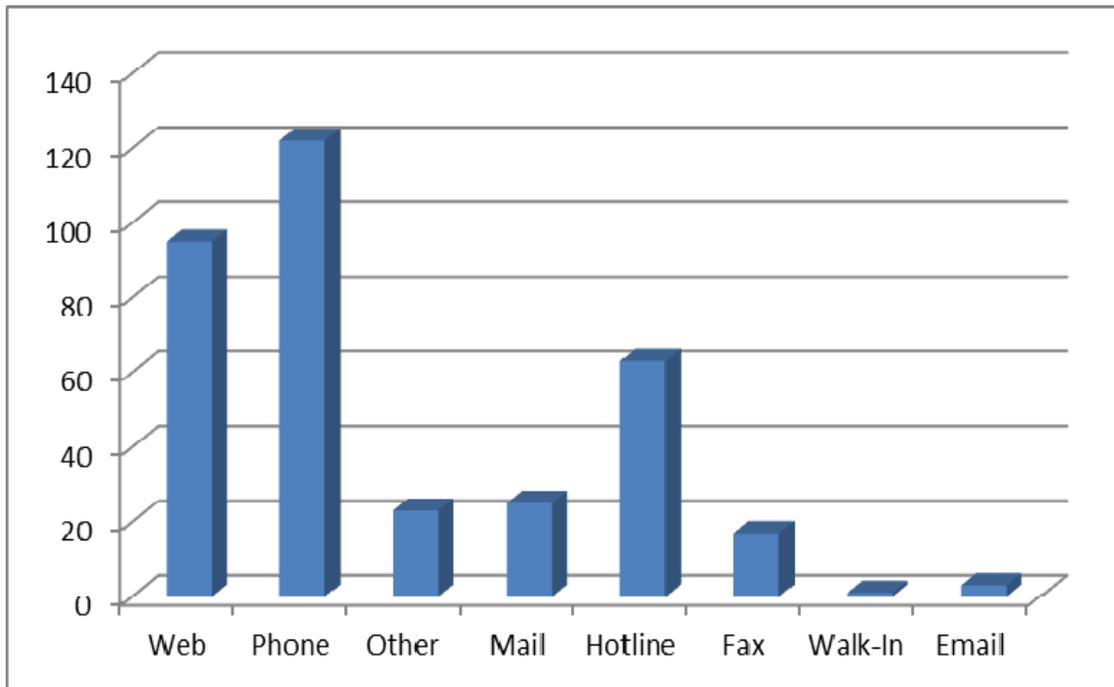
Table #1 – Complaint Actions

Status	Number of Complaints
Declined	268
Investigation	47
Referred	34
Other	0
Total	349

As the table shows, for the vast majority of complaints, the IGO declined to investigate the allegation. The primary reason that the IGO declines a complaint is due to a lack of resources. That determination involves a form of cost/benefit evaluation by the Director of Investigations which, among other factors, gauges potential magnitude or significance of the allegations advanced in the complaint both individually and programmatically, investigative resources needed to effectively investigate the matter, and actual investigative resources presently

available. More serious forms of misconduct, greater monetary losses, and significant operational vulnerabilities suggested by the allegations receive priority. A subset of matters of lesser individual significance, but regular occurrence will also be opened. The chart below breaks down the complaints the IGO has received during the past quarter by the method in which the complaint was reported.

Chart #1 - Complaints by Method



2. Newly Opened Investigations

Over the quarter, the IGO opened 81 investigations. All 81 were opened based on allegations of misconduct; none were based on allegations of waste or inefficiency, or other reasons. Of these opened matters, 34 were immediately referred to other departments or investigative agencies. Thus, of all the complaints received in the quarter, 47 (13.4%) proceeded to a full IGO investigation. Of the newly opened investigations, 4 were found to be not sustained before the end of the quarter, while 43 remain open. The table below categorizes the 81 matters logged by the IGO based on the subject of the investigation.

Table #2 – Subject of Investigations

Subject of Investigations	Number of Investigations
City Employees	75
Contractors, Subcontractors, and Persons Seeking City Contracts	3
Appointed Officials	0
Elected Officials	1

Investigations of Persons Seeking Certification of Eligibility	0
Other	2

3. Cases Concluded in Quarter

During the quarter, 83 investigative matters were concluded, 34 of which were the aforementioned referrals to City departments or other investigative agencies. Of the remaining concluded matters, 10 were closed as sustained and 39 were closed not sustained. A case is sustained when the preponderance of the evidence establishes that misconduct has occurred. A case is not sustained when the IGO concludes that the available evidence is insufficient to prove wrongdoing under applicable burdens of proof.

4. Pending Investigations

Including the 81 investigations initiated this quarter, the IGO has a total of 188 pending investigations.

5. Investigations Not Concluded in Twelve Months

Under the Municipal Code, § 2-56-080 (2010), the IGO must provide quarterly statistical data on pending investigations opened for more than twelve months. Of the 188 pending investigations, 56 investigations have been open for at least twelve months. The table below shows the general reasons that these investigations are not yet concluded.

The table below shows the general reasons that these investigations are not yet concluded.

Table #3 – Reasons Investigations are not Concluded in Twelve Months

Reason	Number of Investigations
Additional complaints were added during the course of the investigation.	2
Complex investigation. May involve difficult issues or multiple subjects.	28
Lack of sufficient investigative resources over the course of the investigation. Investigators' caseloads were too high to enable cases to be completed in a timely manner.	5
On hold, in order not to interfere with another ongoing investigation.	4
Under review by the Legal Section or the Director of Investigations prior to closing.	17
Total	56

C. SUSTAINED ADMINISTRATIVE CASES

IGO sustained cases can either be administrative, criminal, or both. Administrative cases generally involve violations of City rules, policies or procedures and/or waste or inefficiency.

For sustained administrative cases, the IGO produces summary reports of investigation¹ – a thorough summary and analysis of the evidence and a recommendation 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. The IGO may issue summary reports of investigation recommending administrative action based on criminal conduct.

1. Synopses of Cases

The following are brief synopses of investigations completed and reported as sustained matters. These synopses are intended solely 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 the IGO’s findings, each description includes the action taken by the department in response to the IGO’s recommendations. Departments have 30 days to respond to IGO recommendations. This response informs the IGO 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. Only when this process is complete and discipline has been imposed, or corrective action taken on a City employee or contractor does the IGO consider the department to have acted.

This process can often take several weeks. In deference to the deliberative processes of City Departments and contractual rights of employees relating to discipline, the IGO waits to report on cases regarding current City employees until the subject’s department has acted on the IGO’s report. For cases in which a department has failed to respond within 30 days (or 60 days if a full extension has been granted), the response will be listed as late.

The four cases listed below were closed prior to the 3rd Quarter 2012, but disciplinary action had not yet been finalized by the time that quarter’s report was published.

IGO Case # 05-1798

An IGO investigation determined that two city contractors (Contractor A – owned by husbands, and Contractor B – owned by wives), improperly collaborated on their City bids for a contract for the rental of heavy machinery.

¹ Per *Chicago Municipal Code*, sec. 2-56-060 (American Legal 2009), “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.”

In addition, Contractor A falsely claimed to be a local business on its bid submission to the Department of Procurement Services (DPS) to avoid a 2% automatic increase of its bid amount, when in fact it was located in a suburb.

The IGO recommended that the contractors and the owners be permanently debarred from all future City business.

DPS moved to impose permanent debarment, and the contractors and owners objected and sought a hearing. A hearing has been scheduled for Wednesday, January 23, 2013, and Tuesday, February 5, 2013.

IGO Case # 08-0568

An IGO investigation determined several improprieties related to a contract for services utilized by the Office of Emergency Management and Communications (OEMC). Specifically, the investigation found that an MBE-certified City contractor knowingly hired and sought reimbursement for the salaries of employees over whom it exercised no real supervision and who were effectively “common-law” employees in violation of the hiring regulations developed pursuant to the *Shakman* decree. In addition, the contractor sought and received reimbursement for services which were not provided under the contract and sought MWBE credit for work performed outside of its certification.

The IGO recommended disciplinary action against four current or former OEMC employees for their roles in facilitating the hiring and use of “common-law” employees by a vendor; for failing to take necessary action to identify and stop the use of such “common-law” employees and for providing false information to the IGO.

In addition, the IGO recommended that the contractor, the subcontractor, and their principals be permanently debarred from doing business with the City and that the MBE certified subcontractor be decertified.

The IGO further recommended that OEMC and DPS review their relevant policies and procedures in relation to these findings and make changes where necessary to prevent similar violations. Lastly, the IGO recommended that OEMC conduct a cost benefit analysis as to the financial and institutional benefit of using contractors for the services referenced in this report versus hiring City employees.

In February 2011, OEMC responded that one of the employees referenced in the report had left City service prior to the issuance of the report, and the other had resigned shortly after the IGO report had issued. OEMC also declined to impose any discipline on the two remaining OEMC employees.

On October 21, 2011, DPS reported that it did not believe there was a basis for debarring the Contractor, but was considering the imposition of a financial penalty or deferred debarment. On May 31, 2012, DPS reported that it had entered into a settlement agreement with the Contractor and its president.

Last summer, DPS entered into a settlement agreement with the Contractor and its principal. Pursuant to the terms of the Agreement, the Contractor agreed to deferred debarment² for a period of three (3) years. The Contractor acknowledged that the *Shakman* decree prohibits the hiring of employees by City contractors on behalf of the City, and has further agreed to abide by the restrictions of the *Shakman* Decree. The Contractor also agreed to pay the City \$29,975.34 in settlement of the City's claims against the Contractor relating to overcharges for these employee's salaries.

IGO Case # 11-0669

An IGO investigation determined that the president and owner of a daycare business submitted a forged letter of credit to the Department of Housing and Economic Development (DHED) in connection with an application for a building permit. The investigation established that the owner knowingly submitted the forged letter or, at the very least, acted with deliberate ignorance or reckless disregard of the truth. The IGO referred the case to the Law Department for consideration of a false statements prosecution (Municipal Code of Chicago § 1-21-010).

Following a review by the Law Department, the City cited the owner and the daycare business for violating the City's false statements ordinance. In October 2012, pursuant to an agreed settlement, the Department of Administrative Hearings (DAH) entered an order holding the owner individually liable for \$1,040 in penalties and costs and dismissed the citation against the daycare business.

In addition, because the investigation revealed information of potential fraud by a daycare contractor of both the Chicago Public Schools and the State of Illinois Department of Human Services, the IGO recommended that DHED review the case for a possible referral to those or other appropriate regulatory agencies. The IGO would have referred the information to those agencies itself but for the fact that the IGO ordinance (M.C.C. § 2-56-110) prohibits it from providing investigatory files and reports to any agency other than the United States Attorney, the Illinois Attorney General or the State's Attorney of Cook County.

DHED reported that it would forward a copy of the false statements complaints to the Chicago Public Schools and the State of Illinois Department of Human Services.

IGO Case # 12-0139

The IGO found that two employees of the Chicago Department of Aviation (CDA) knowingly and repeatedly violated City electronic timekeeping (aka Kronos system) and information

² "Deferred Debarment", as the City has historically used the term, refers to an agreement between a vendor and the City in which the Chief Procurement Officer, while finding that the vendor's actions would support the imposition of debarment, agrees to defer debarment proceedings in exchange for the vendor's agreement to comply with all City rules and regulations, to pay fines or restitution, and/or to undertake other remedies specific to the harm it caused. If the vendor does not satisfy its obligations under the agreement, the vendor agrees to accept debarment without any additional formal process.

technology (IT) policies thus allowing one employee to be credited with overtime that had not been approved.

Specifically, the IGO found that a CDA Clerk III, whose main responsibility included timekeeping duties was credited with an excessive amount of overtime over a nearly 18 month period. The Clerk III's records were edited by an Aviation Security Officer (ASO) who had been assigned to perform clerical duties, and the ASO made the edits without the required supporting documentation. In addition, the ASO and the Clerk III exchanged their personal Kronos passwords in violation of the City IT policy, which enabled the Clerk III to self-edit his/her own time.

Both the Clerk III and the ASO had been trained in proper timekeeping and editing procedures, and both admitted that they knew it was wrong: a) to make edits without sufficient documentation, and b) to make edits on their own records. Both admitted that they knew it was wrong to share their Kronos passwords. The Clerk III was also able to effectuate this scheme by not submitting documentation for supervisory approval as required - precisely because the Clerk III knew that the supervisor would not approve the time. In addition, in the few instances that the Clerk III actually submitted the proper paperwork, it appears that alterations had been made to those records after they had been signed by the supervisor which increased the amount of comp time. Finally, the Clerk III initially lied to the IGO by claiming to have followed procedure for all of the overtime credited.

As a result of this scheme, the Clerk III was able to accrue at least 500 hours of overtime, a large amount of which was ultimately "cashed in."

The IGO recommended discharge for both employees.

CDA, in consultation with the Law Department, determined that discharge was appropriate for both employees. Following the established disciplinary process, the employees were discharged. Both employees have grieved their discharges, and arbitration hearings have been scheduled. The results of those hearings will be reported in a subsequent Quarterly Report.

City Departments took disciplinary action on one administrative case the IGO sustained this quarter. It is summarized below.

IGO Case # 12-0400

An IGO investigation revealed that a senior manager with the OEMC, failed to report an incident of racial harassment to the DHR or OEMC's Equal Employment Opportunity (EEO) Liaison as required by the City's Personnel Rules. The IGO recommended that the manager receive a written reprimand and undergo training. The IGO also recommended that two other employees involved in the incident receive training on the City's diversity and EEO policies, and that OEMC consult with the DHR Commissioner to refresh and improve training of, minimally, all

OEMC supervisory personnel, on the City’s policies and procedures for handling complaints of discrimination or harassment.

OEMC declined to issue a written reprimand for the employee, and instead opted for oral counseling of the employee. OEMC cited the senior manager’s efforts to address the incident with the employees, as well as the manager’s lack of training on the topic or any previous disciplinary history. OEMC further reported that it had reached out to the Diversity and EEO Division of DHR to schedule a mandatory training for OEMC supervisory personnel.

D. CRIMINAL CASES, ADMINISTRATIVE APPEALS, AND GRIEVANCES

The IGO investigates both administrative and criminal allegations.

In criminal cases, the IGO partners with a prosecuting agency, such as the U.S or State’s Attorney’s Office, which prosecutes the case. For the purposes of IGO quarterly reports, criminal cases are concluded when the subject 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. The IGO monitors the results of administrative appeals before the Human Resources Board (HRB)³ and grievance arbitrations concerning our disciplinary recommendations.

1. Synopses of Criminal Cases

None of the IGO cases concluded this quarter produced criminal charges.

2. Developments in Prior Criminal Cases

During the quarter, there were no resolutions in ongoing cases stemming from prior IGO criminal investigations.

3. Synopses and Results of Administrative Appeals or Grievances

To date, two of the subjects involved in the 5 investigations that were summarized in this report have appealed his/her discipline to the HRB.

The IGO will continue to provide updates as appropriate on appeals or grievances concerning IGO disciplinary recommendations in future quarterly reports.

³ HRB definition: A “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 April 13, 2010)

(A) *Update of IGO Case # 10-0294*

In June 2012, DPS removed a sub-contractor’s certification in the area of window supply.

As reported in an earlier quarterly report, the IGO conducted an investigation of two companies which worked as a contractor and sub-contractor on two O’Hare and Midway Residential Sound Insulation Program (RSIP) contracts. The sub-contractor is a Minority, Women-Owned and Disadvantaged Business Enterprise (M/W/DBE). The investigation revealed that the contractor: (1) failed to conduct background checks on its employees as required by the RSIP contracts’ General Conditions; and (2) orchestrated a DBE “pass through” scheme with the sub-contractor on both RSIP contracts, wherein the contractor purchased windows and doors from non-DBE suppliers and used the sub-contractor as an unnecessary middle-man in an effort to obtain DBE credit. The investigation also revealed that the contractor made deceptive statements to the City regarding the sub-contractor’s function on the RSIP contracts.

Based on these findings, the IGO recommended that the contractor’s Vice-President and President be permanently debarred. In addition, the IGO recommended that the contractor be permanently debarred. The IGO also recommended that the Department of Procurement Services (DPS) (1) remove the supply of windows from the sub-contractor’s M/WBE specialty area; (2) refer its ultimate findings regarding the sub-contractor specialty area to Metra, which has certified the company as a DBE since 1994, so that Metra can remove the supply of windows from the sub-contractor’s DBE specialty area; (3) collect damages from the contractor for its DBE shortfall on the two RSIP contracts to the extent permitted by law; and (4) adjust its historic DBE compliance figures to eliminate any inappropriate DBE credits given to the contractor or sub-contractor for the two RSIP contracts.

(B) *Update of IGO Case # 10-0314*

The IGO determined that an operating engineer with the City of Chicago Department of Water Management (DWM) violated the City’s Residency Ordinance by residing in Berwyn, Illinois while employed by the City. The DWM employee resided in an apartment in Berwyn for 12 years prior to becoming a City employee in September 2008. Although the DWM employee claimed that he began renting an apartment in the City in July 2008, after his purported move, the employee, by his own admission: (1) continued to spend as many as 20 nights a month at his old Berwyn apartment; (2) kept clothes, toiletries, tools, books, movies, and a sound system at the Berwyn apartment; (3) operated a side heating and plumbing repair business out of the Berwyn apartment; (4) kept the utilities for the Berwyn apartment under his name; and (5) opened a checking account that listed the Berwyn apartment as his address.

The DWM employee’s admissions confirmed the substantial surveillance and documentary evidence gathered during the IGO’s investigation, including the employee’s 2012 car insurance application in which he listed the Berwyn residence as his mailing address and the garaging address for his vehicle. The DWM employee also affirmatively indicated in that application that he spent 10 or more months at the Berwyn residence during the year. Thus, the record clearly established that the DWM employee did not abandon his Berwyn residence when he became a

City employee and, accordingly, did not establish a domicile in the City as required by the Municipal Code of Chicago.

As the City’s Residency Ordinance mandates discharge for residency violations, the IGO directed the City to terminate the employee and place him on the ineligible for hire list. The Law Department subsequently drafted a statement of charges and DWM, after receipt of that statement, discharged the DWM employee.

The DWM employee appealed his termination and following a hearing, the hearing officer found that “the City ha[d] not proven by a preponderance of the evidence that the Respondent was not an actual resident of the City from the time he began to work for the City in 2008 until his discharge in September 2012.” The City plans to request oral argument before the Human Resources Board (HRB), after which the HRB will make its ruling. The IGO will report on the HRB’s final decision in a subsequent Quarterly Report.

(C) Update of IGO Case # 11-0959

In November 2012, the Law Department reported that it had demanded a DWM Electrical Mechanic pay \$832.48 in restitution for wages and partial costs of an IGO investigation. The investigation revealed the mechanic had used a City vehicle to provide personal transportation to a non-City employee unrelated to any City work for several months in 2011.

The mechanic has since entered a voluntary wage deduction payment plan and has repaid the full amount.

GPS records established that on 86 occasions, the Electrical Mechanic used a City vehicle for personal use during the work day, for an estimated total of 21.5 hours. The IGO recommended that DWM suspend the employee for at least 5 days and seek cost recovery for the 21.5 hours spent on personal business while on the clock and the IGO’s investigatory costs. DWM agreed with the IGO’s findings and suspended the Electrical Mechanic for 10 days.

E. AUDITS, PUBLIC REPORTS, MANAGEMENT ADVISORIES, & OPEN CHICAGO UPDATES

In addition to confidential disciplinary investigations, the IGO produces a variety of public reports and audits. This work includes independent professional audits, policy reviews and recommendations, and evaluations of the operations of City departments, programs, functions, and those doing business with the City. These engagements focus on the integrity, accountability, economy, efficiency and effectiveness of each subject. The IGO is also now publishing management advisories sent to City leadership. These advisories provide a summary of a management problem observed by the IGO which we believe the City should be apprised of in an official capacity, but for which we have not conducted a full IGO audit or investigation. We have summarized 8 management advisories, audits, and public reports that were released this quarter, as well as three Open Chicago posts.

1. Management Advisories

(A) *IGO Case # 10-0277, Management Advisory re: Unemployment Benefits Paid to City of Chicago Employees*

In the course of investigating an allegation of unwarranted unemployment benefits paid to a part-time City of Chicago employee, the IGO conducted an inquiry into (1) the potential scope of unemployment benefit fraud involving City employees at the City's expense; and (2) the existence and effectiveness of fraud detection mechanisms.

Based on that inquiry, the IGO recommended that the DHR consider the following measures that may both assist and supplement IDES' fraud detection efforts respecting City employees and better assure that City taxpayers are paying no more than that which City employees are entitled: (1) disseminate to all departments the quarterly unemployment benefits report from Sedgwick—the private City contractor that represents the City in the administration of unemployment benefits for City employees—so that each department could learn which of its current or former employees were receiving unemployment benefits, identify any anomalies, and report its findings to DHR; (2) develop staff expertise in IDES' fraud-prevention methods to identify any weaknesses in IDES' system or ways in which the City could better assist IDES in the detection of fraud; (3) consult with IDES about automated provision of the weekly wages of underemployment benefit claimants directly to IDES by the City, thus eliminating the inherent risks of fraud and inaccuracies arising from the calculation and telephonic self-reporting of that information to IDES by individual claimants; and (4) propose that the Mayor's Office seek an amendment to the Illinois Unemployment Insurance Act's broad confidentiality provision, *see generally* 820 ILL. COMP. STAT. 405/1900(A), allowing the City to obtain information from IDES regarding claimants' reported wages and perform its own fraud checks. In addition, the IGO recommended that DHR work with the appropriate City departments to determine whether the City factors unemployment compensation into the full cost of employing part-time workers such as crossing guards and traffic control aides, especially when it evaluates converting full-time positions into part-time positions.

DHR responded to the IGO's letter and stated that the Department will be working with Sedgwick to format the quarterly report it receives from Sedgwick so that DHR can provide that information to operating departments, allowing them to monitor unemployment claims made by former and current employees. DHR further noted that it will continue to provide information to City departments regarding unemployment claims, including an explanation of the types of claims that are chargeable to the City, as a means of preventing and detecting fraud.

As to the IGO's third recommendation, according to DHR's response, Sedgwick indicated that it can provide the weekly wages of underemployment benefit claimants to IDES so long as DHR generates a report that shows the weekly wages of still-active employees. DHR stated that it spoke to the Department of Finance (DOF) about generating such a report and DOF indicated that this may be possible. DHR said it would work with DOF and Sedgwick on formatting the report and creating a procedure for providing it to Sedgwick on a regular basis for submission to IDES.

Finally, DHR said that it will discuss with the Mayor's Office the IGO's recommendation to seek an amendment to the Illinois Unemployment Insurance Act's broad confidentiality provision and

that it will discuss with the Mayor’s Office and the Office of Budget and Management whether the City factors unemployment compensation into the full cost of employing part-time workers.

(B) Management Advisory re: Security Cameras

On September 14, 2012, the IGO sent a management letter to the Mayor’s Chief of Staff recommending that all City departments that installed surveillance or security cameras perform an inventory audit to determine which are operational, and which require repair or replacement.

The IGO also recommended that they City direct all relevant departments to develop and adhere to a periodic testing and maintenance schedule to ensure the camera equipment is operational.

The letter stemmed from multiple instances of the IGO encountering non-functional video equipment in investigations. These instances included:

- 1) An IGO investigation involving cashiers at the Clerk's Office who deal with large amounts of cash was impeded when the IGO requested the video recording of the site of suspected criminal misconduct at a teller station and was informed that the camera housing (the round, opaque cover) had filled with water due to a leak from the ceiling above. While the camera was live, the image it produced was blurred to an extent that made it essentially useless. In the same investigation, another camera in the same facility that should have produced serviceable alternative images was rendered ineffectual because the camera's field of view had at some prior unknown time migrated from its installed position and thus captured activity of only a small portion of the intended monitoring area.
- 2) In the course of a recent investigation, the IGO recovered a security video recording that was clear and focused, but had a digital time stamp substantially out of sync with the events being recorded, thus severely impairing its evidentiary value.
- 3) An IGO investigation regarding the improper euthanizing of a dog by an Animal Care and Control employee was impeded due to a non-functioning camera in the dog pavilion at ACC.
- 4) An IGO investigation of bribery against an ACC employee was also hampered by a broken camera that should have been covering the ACC parking lot. Fortunately, video footage from a working camera in the lobby of ACC actually exonerated the employee as it showed that the ACC employee had not taken a bribe as the complainant had falsely alleged.
- 5) During an IGO theft investigation, the IGO found that only four of twelve video cameras were working at the Department of General Services facility where the theft occurred.

The IGO has not yet received a response.

(C) *Management Advisory re: Employee Solicitations*

On October 26, 2012, the IGO sent a management letter to the Mayor's Chief of Staff apprising her of an uptick in complaints the IGO had received regarding solicitations of City employees by their co-workers and supervisors during work.

These solicitations ranged from annual cookie sales to donations for specific individual employees, and were reported from multiple departments.

Such solicitations violate City Rules, namely Personnel Rule XVIII. However, the IGO does not have the time or resources required to investigate each *de minimus* complaint, and instead recommended that the Mayor's Chief of Staff remind all City employees that non-City sanctioned solicitations during working hours are a direct violation of Personnel Rules.

The IGO has not yet received a response.

2. Audits

(A) *DWM Inventory Audit*

On October 4, 2012, the IGO released an audit of the Chicago Department of Water Management's (DWM) inventory process for parts used by DWM employees to repair the City's water and sewer infrastructure.

The audit concluded that DWM's internal controls were inadequate to ensure that assets were properly accounted for and safeguarded in DWM's inventory tracking systems.

DWM's Bureau of Operations and Distribution parts storage facilities are where the City maintains an inventory of parts, including pipes, valves, clamps, and couplings used by DWM employees to repair water and sewer mains. The total 2011 year-end value of inventory reported by DWM to the City of Chicago Comptroller's Office was \$18,211,031, of which \$16,172,703 was parts while the remainder was tools and consumable supplies such as paper products.

The IGO audit compared physical inventory at DWM storage locations to inventory balances recorded in the inventory software system, and found that physical inventory amounts did not match the records for 43% of the parts sampled. DWM was unable to account for 27% of these inaccuracies, and offered a range of possible reasons for the others including employees moving parts in the warehouse without recording the change in location, incorrectly counting the number of parts in inventory, and adding or removing parts without notifying supervisors. Further, the audit found that DWM did not have written policies and procedures to guide these manual inventory operations, and was not aware of the Comptroller's inventory policies and procedures, which it is required to follow.

The audit also found that the inventory balance of parts used to repair fire hydrant heads was overstated because parts were not removed from inventory records as they were used, and the 2011 year-end inventory balance was understated by at least \$152,925 due to an error in the design of the recordkeeping software. As a result of these over/understatements, the year-end

amounts reported to the Comptroller’s Office are incorrect and therefore incorrectly stated in the annual financial statements.

Finally, there were significant gaps in security measures needed to safeguard inventory at the main warehouse. The primary indoor parts storage location did not have security cameras, functional swipe card access panels, or a security guard.

DWM took a number of steps to address the deficiencies discovered during the audit. For example, DWM installed additional security cameras, including four inside the Inventory Cage at their 39th & Iron facility. DWM leadership also worked to ensure its management adheres to the citywide inventory policies and procedures issued by the Comptroller’s office.

(B) CPD Tuition Reimbursement Audit

On December 18th, 2012, the IGO released an audit that found waste and inefficiency in the Chicago Police Department’s (CPD) administration of its Tuition Reimbursement Program (TRP).

The IGO sought to determine if CPD was effectively administering the \$6.5 million program. Among its findings, the IGO found \$180,375 owed to the City by 15 employees who resigned City service prior to their fulfillment of a service commitment owed to CPD.

The TRP reimburses City employees for college tuition. Eligibility is not contingent on the courses having a relationship to official duties, but it is contingent upon grades and fulfillment of department service requirements. Employees who resign prior to completing their service requirement are required to repay the City.

The audit’s three significant findings were:

- CPD failed to identify 15 former employees who owed the City \$180,375 because they voluntarily terminated employment before completing their required service. Eight of these had been missed by CPD during its review of terminations and seven had not been identified because CPD staff were 20 months behind in reviewing terminations.
- CPD incorrectly accepted 6.2% of tuition reimbursement applications after the program deadline, and, equally concerning, an additional 49.2% of the audit sample could not be verified for timeliness because CPD administrators had not time-stamped the file documents.
- CPD overpaid 3.1% of tuition reimbursements in the audit sample due to errors and lack of review.

Although the audit did not look at terminations that occurred prior to January 2008, the IGO believes that is likely that other TRP participants who resigned prior to that were not identified by CPD.

3. Public Reports

(A) *IGO Case # 12-1139 Review of the City’s Animal Exhibition License and Permit Procedures*

On October 26, 2012, the IGO published a review of the City’s animal exhibition license and permit procedures. The review was prompted by a series of complaints regarding the welfare of circus animals visiting Chicago and whether the City had adequate licensing and enforcement provisions in place for animal exhibitors.

The IGO’s review found that traveling animal exhibitors present a special enforcement challenge for the City because exhibitors often apply for an exhibitor’s license at the last minute and arrive just a few days before performing, providing little time for inspection or review of application materials. However, the review also found that the City has no deadline by which exhibitors must apply for the license, requires significantly less information from exhibitors than other major cities, and lacks the specialized inspection capacity that may be needed to identify issues specific to the animals included in a given exhibit.

The IGO made several recommendations to improve the City’s animal exhibitor licensing and enforcement process. First, to mitigate the short period of time available to inspect and address concerns with temporary animal exhibitors, the IGO recommended that Animal Care and Control (ACC), establish firm deadlines for license and permit application materials well in advance of the proposed event and require significantly more information with the application than is presently required. Such information would include veterinary records, proof of the exhibitor’s United States Department of Agriculture (USDA) license, as well as the most recent inspection reports from the USDA or other jurisdictions. Second, the IGO recommended that ACC exercise its authority to promulgate rules and regulations regarding the specific requirements necessary to approve or deny a license or permit application in order to provide greater transparency and consistency in enforcement of the City’s animal welfare requirements. Lastly, the IGO recommended that ACC provide additional training for its inspectors or work with outside specialists to ensure that all ACC inspections are conducted competently.

In response to the report, ACC stated that it was reviewing best practices to develop the most appropriate permitting, inspection, and enforcement process for animal exhibitions in Chicago, and would work with the Law Department to draft rules and regulations for animal exhibitions. ACC also reported that future permitting and licensing will include stringent application deadlines in advance of the event as well as additional compliance requirements. Finally, ACC pledged to seek additional training for inspectors and veterinarians to identify issues specific to exotic animals included in Chicago exhibits.

(B) *IGO Case # 08-1982 Review of TIF Public Benefits Clauses and Charitable Donations Update*

On November 26, 2012, the IGO released a follow-up report to its October 2011 review of Tax Increment Financing (TIF) Public Benefits Clauses and Charitable Donations. The follow-up

report described 10 additional, previously undisclosed public benefits clauses and detailed the City’s actions in response to the IGO’s 2011 report.

The IGO’s original October 2011 review found that the City had provided \$3,726,740 in donations through 27 public benefits clauses to 23 private non-profits, all but one of which were signed in the ten-year period from 2000-2009. That report revealed that the designation of the private charities lacked criteria, process, and accountability. The original review also made several recommendations to the Mayor and City Council focused on establishing a more open and transparent public benefits clause process. Four of the 10 additional public benefits clauses committed a total of \$375,000 in cash contributions to private entities, bringing the total value of donations directed to 25 private non-profits in TIF redevelopment agreements to \$4,101,740.

The follow-up report also detailed several steps the City took following the IGO’s October 2011 review. In March 2012, the City amended its “Tax Increment Financing Policy Guidelines,” to restrict cash donations to just those private entities “integrally involved” in a TIF project. The IGO noted to DHED that while the new guideline did limit the practice, it failed to provide criteria and procedures for the qualification, identification, or selection of entities that are “integrally involved in the TIF-funded project,” and it also failed to address the IGO’s concerns about transparency, accountability, and preferential treatment raised in the original 2011 review.

In its response to the IGO, DHED reported that it has since affirmatively prohibited the City’s practice of directing cash donations to private charities by revising the TIF Guidelines to eliminate the exception for private charities integrally involved in a TIF funded project. DHED stated that the practice of directing cash donations to private entities through TIF agreements stopped in 2009 and that, under the current administration, the practice is not permissible.

The IGO noted that DHED’s formal termination and prohibition of the practice effectively mooted the continuing concerns noted in both of the IGO reports. The IGO commended DHED for its responsiveness in the matter, and acknowledged the City’s efforts to address an issue that presented significant concerns regarding transparency and accountability in the City’s TIF program. The IGO will continue to monitor the City’s use of public benefits clauses and the TIF program to ensure it is administered effectively and with transparency and accountability.

(C) Parking Meter Lease Description

On October 12, 2012, the IGO published a report describing the City’s rights and powers retained under the 2008 Metered Parking Concession Agreement with Chicago Parking Meters, LLC.

The report provided the public and City officials with a simplified baseline summary of what the City can and cannot do under the contract.

4. Open Chicago Updates

Open Chicago is an IGO initiative to enhance transparency in City government by increasing the amount of publicly available information about City government thereby promoting efficiency, effectiveness and integrity in the City’s operations through meaningful public scrutiny. The IGO

formally notifies the Administration of its intent to publish specific data and, in doing so, solicits any legal or programmatic objections the City may have, and encourages the City itself instead publish the data. The IGO worked with the Mayor’s Office to publish three new datasets this quarter.

a. 2008- 2010 Annual Water Use Audit

Description: The Department of Water Management is required to file an annual water use audit with the State of Illinois Department of Natural Resources. These audits report how much water the City pumps out of Lake Michigan, how much water goes to residential, commercial and municipal uses, and how much leakage the system experiences.

Link: http://www.cityofchicago.org/city/en/depts/water/supp_info/lmo2-2011.html

b. Red Light Camera Crash Analysis

Description: In 2010 and 2011 the Chicago Department of Transportation evaluated the effect of red-light cameras on crashes at 50 intersections. The analysis compared crash data for two years before and two years after red-light camera installation. Total crashes at these intersections were reduced by 9.8%, angle crashes were reduced by 29.2%, and rear-end crashes increased by 22.6%. Angle crashes are the crash type most often associated with serious injury or fatalities. Crashes with injuries were reduced by 16.9% and crashes with property damage over \$500 were reduced by 14.2% at these 50 intersections in the two years following red-light camera installation.

Link: http://www.cityofchicago.org/city/en/depts/cdot/supp_info/red-light_cameraenforcement.html

c. Overtime Data for Sworn Members of the Chicago Police Department

Description: Previously, the City published overtime and supplemental earnings data for all City employees except for sworn members of the Chicago Police Department (CPD) on its data portal.

Link: <https://data.cityofchicago.org/Administration-Finance/Employee-Overtime-and-Supplemental-Earnings/92xk-4rg9>.

F. HIRING COMPLIANCE

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 to the *Shakman* litigation, case number 69 C 2145 (USDC, NDIL), 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.

Under Chapter XII of the new City of Chicago General Hiring Plan, Chapter XI of the CPD Hiring Plan, and Chapter IX of the CFD Hiring Plan, IGO Hiring Oversight is required to review and audit various components of the hiring process and report on them on a quarterly basis.

This quarter, IGO Hiring Oversight conducted the following reviews:

1. *Contacts by Hiring Departments. Review of all reported or discovered instances where hiring departments contacted the Department of Human Resources (DHR) 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 in this Hiring Plan.*

In the last quarter, IGO Hiring Oversight received two reports of direct departmental contacts from DHR. One of these reports involved a department employee forwarding an applicant’s email regarding technical issues with the City’s Recruiting Management System (RMS)⁴ to DHR. The other report involved a department employee contacting DHR to inquire as to why a certain applicant was not included on a referral list.⁵ When hiring departments contact DHR to inquire about status of a particular applicant(s), in violation of Section II.C.1 of the General Hiring Plan, it gives the appearance of preferential treatment towards that applicant(s). As such, to ensure fairness in the hiring process, DHR instructed the department to have the applicant (and any future applicants) contact DHR directly to find out the status of their application.

2. *Exemptions. Review of adherence to exemption requirements and Exempt Lists and propriety of Exempt List⁶ modifications.*

The Exempt List was last updated in March 2012 and is on DHR’s website. IGO Hiring Oversight receives notification of each new individual hired into an Exempt position. In the last quarter, the City made three changes to the Exempt List. It added one Division Superintendent title to the Department of Streets and Sanitation to manage the City’s residential recycling program. The City also converted two of its Deputy Director positions into a Deputy Procurement officer position and an IT Director position. These changes are not reflected in the March 2012 Exempt List posted online. In the first quarter of 2013, IGO Hiring Oversight will conduct its annual audit of Exempt positions.

3. *Senior Manager Hires. Review of hires using Chapter VI, the Senior Manager Hiring Process.⁷*

⁴The City’s Recruiting Management System (RMS) is an electronic system that selects or sorts Applicant data according to designated criteria and otherwise processes and presents information for the hiring process.

⁵ A referral list is a list that is generated by DHR of applicants/bidders who meet the predetermined minimum qualifications for a position.

⁶ 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 where any factor may be considered in actions covered by the City’s Hiring Plans and Other Employment Actions, unless otherwise prohibited by law.

Of the 56 hire packets we reviewed this past quarter, eleven were for Senior Manager positions. None of the Senior Manager hire packet reviews this quarter contained an error. We also monitored the interviews for three Senior Manager hiring sequences. We did not find any violations of the Hiring Plan in our monitoring of these Senior Manager interview sequences.

4. Written rationale. *Review of any written rationale when no consensus selection was reached during a Consensus Meeting.*⁸

Consensus selections were reached during all Consensus Meetings that occurred during the 4th Quarter of 2012.

5. Emergency Appointments. *Review of circumstances and written justifications for any emergency hires made pursuant to the Personnel Rules and Section 2-74-050(8) of the Chicago Municipal Code.*

The City made no emergency appointments during the 4th Quarter of 2012.

This quarter, IGO Hiring Oversight conducted audits of the following matters to ensure compliance with the hiring process:

1. Modifications to Class Specifications⁹, Minimum Qualifications, and Screening and Hiring Criteria.

IGO Hiring Oversight currently reviews most modifications to class specifications, minimum qualifications, and screening/hiring criteria. In the last quarter, the City changed the minimum qualifications or included equivalencies for nine positions in the Department of Innovation and Technology, the Department of Fleet and Facilities Management, the Department of Transportation, the Department of Housing and Economic Development, the Department of Cultural Affairs and Special Events, and the Chicago Fire Department. IGO Hiring Oversight reviewed the changes and had several concerns regarding the changes for the positions in the Chicago Fire Department, which will be addressed in a future quarterly report. IGO Hiring Oversight did not have any concerns regarding the changes for any of the other positions reviewed this quarter. IGO

⁷ Senior Managers are (1) not covered by a collective bargaining agreement; (2) at-will employees; (3) not *Shakman Exempt*; and (4) perform significant managerial responsibilities. These positions are filled pursuant to a Court-approved process.

⁸ A Consensus Meeting is a discussion that is led by the DHR Recruiter held 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.

⁹ 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.

Hiring Oversight also receives notice of and reviews class specifications for new titles added to the City. In that last quarter, the City added two new titles to replace the old titles used for private secretary hires.

Additionally, IGO Hiring Oversight found several positions in the City that did not have class specifications posted on DHR’s website as required by Section II.B.1.a of the General Hiring Plan. DHR was alerted to this issue and as a result created two new class specifications which IGO Hiring Oversight reviewed and did not have any objections.

2. Referral Lists. *The lists of Applicants/Bidders who meet the predetermined minimum qualifications for the Position that are generated by DHR.*

In previous quarters, IGO Hiring Oversight reviewed the referral lists for most hiring sequences. In the past quarter, IGO Hiring Oversight implemented an audit model under which we examine a risk-based sample of referral lists. Using this audit model, we reviewed 40 referral lists and provided commentary to DHR whenever potential issues arose. Of the 40 referral lists reviewed in the past quarter, six contained errors. All errors occurred in the area of candidate assessment. We recognize 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 who, based on the information they provided, (1) did not quantitatively meet the minimum qualifications and were referred; (2) failed to provide all of the required information and/or documents listed on the job posting and were referred; or (3) quantitatively did meet the minimum qualifications and were not referred. We have provided detailed information to DHR management so that they may address these errors, and we are tracking DHR’s progress in reducing these mistakes.

3. Testing. *Test Administration and Scoring.*

IGO Hiring Oversight continues to receive prompt notification from DHR regarding approvals of new tests, proposed changes to existing tests, and the dates of testing administrations. IGO Hiring Oversight did not observe any problems in our audits of tests developed in the past quarter. In addition, we did not observe any irregularities in the administration of the 4 tests we monitored during the quarter. IGO Hiring Oversight will continue to audit testing activities and also plans to conduct a larger audit of scored tests in the next quarter.

4. Selected Hiring Sequences. *10% of the aggregate of in-process and completed (at least 5% of completed) hiring sequences from the following departments or their successors: Streets and Sanitation, Water Management, Aviation, Transportation, Buildings, Fleet, and six other City departments selected at the discretion of IGO Hiring Oversight.*

In previous quarters, IGO Hiring Oversight reviewed the hire packets for most hiring sequences. The hire packets include all documents and notes maintained by individuals involved in the selection and hiring process. In the 4th Quarter, IGO Hiring Oversight implemented an audit model under which we examine a risk-based sample of hire

packets. We reviewed 56 hire packets. Of the 56 hire packets reviewed, six packets contained at least one error. These errors included missing or invalid documentation (for example, an expired driver’s license) and missing Hire Certifications. None of these errors were considered violations of the Hiring Plan.

In addition to reviewing hire packets, IGO Hiring Oversight reviews hiring sequences through in-person monitoring of intake meetings, interviews, and consensus meetings. The implementation of the audit model for hire packets has facilitated an increase in such monitoring activities. In the 4th Quarter, we monitored four intake meetings, interviews for eight hiring sequences, and five consensus meetings. These figures include the interviews for the three Senior Manager hiring sequences described above. We did not find any violations of the Hiring Plan in our monitoring of these hiring sequence activities.

5. *Hiring Certifications. The required certifications attesting that no Political Reasons or Factors or other Improper considerations were taken into account in the applicable action.*

Of the 56 hire packets reviewed in the last quarter, four contained missing or invalid Hiring Certifications from DHR and/or the Hiring Department. After reporting the omissions to DHR, the missing certifications were provided and included in the packets. The “Selected Hiring Sequences” section above included these errors in its tally.

6. *Acting Up.¹⁰ Review of the City’s compliance with Chapter XI and any implementing procedures.*

IGO Hiring Oversight reviews the City’s compliance with Chapter XI of the General Hiring Plan, the Acting Up Policy, and all waivers processed by DHR. We continue to review drafts and provide comments on the City’s revised Acting Up Policy as it nears completion. In order to ensure that we have the capability to independently gauge departments’ compliance with the policy, IGO Hiring Oversight has held conversations with individuals from DHR and the Department of Finance about using City databases and tracking systems to better monitor Acting Up. Next month, we are meeting with representatives from DHR, the Department of Finance, and the Office of Budget Management to discuss these capabilities further.

In November, DHR notified us that individuals in the Chicago Department of Aviation (CDA) had exceeded the 520-hour Acting Up limit without receiving a waiver from DHR as required by the current policy. After reviewing the circumstances of the violation, we determined that the violation resulted from ineffective tracking of Acting Up hours as opposed to a willful violation of the policy.

In October, DHR forwarded us emails from the Chicago Fire Department (CFD) indicating that it was selecting individuals to act up without creating the necessary

¹⁰ 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.

relevant pools and rotating the Acting Up opportunities. From our understanding of the issue, CFD has never been in full compliance of the Acting Up Policy, partly as a result of legacy issues stemming from the defunct Office of Compliance. As the City begins to more actively implement its Acting Up Policy, IGO Hiring Oversight will work with DHR and CFD to ensure that the department is in full compliance going forward.

The following chart details the waivers approved by DHR in the last quarter:

Department	Position	Number of Employees	Date of Response	Duration of Waiver
Fleet & Facilities Management	Foreman of Machinist Automotive	3	10/11/2012	12/31/2012
Water	Assistant Chief Operating Engineer	1	10/12/2012	12/31/2012
Water	Operating Engineer-Group A	3	10/12/2012	12/31/2012
Fleet & Facilities Management	Foreman of Laborers	3	10/30/2012	12/31/2012
Water	Assistant Chief Operating Engineer	1	11/8/2012	12/31/2012
Fleet & Facilities Management	Foreman of Machinists	1	11/13/2012	12/31/2012
Fleet & Facilities Management	Assistant Chief Operating Engineer	1	12/5/2012	12/31/2012

- Arbitrations and Potential Resolution of Grievances by Settlement. Review of all arbitration decisions arising out of Accord complaints, as well as any other arbitration decisions and potential grievance settlement agreements that may impact the procedures under this Hiring Plan.*

In the last quarter, IGO Hiring Oversight reviewed four settlement agreements, which are detailed below.

International Brotherhood of Electrical Workers Local 9 (IBEW Local)

DHR entered into a settlement agreement with IBEW Local 9 which provided that in order to reduce the use of overtime, DHR would fill the position of Coordinating Fire Communications Operator (CFCO) with a qualified current Supervising Fire Communications Operator (SFCO) employee who achieves a passing rating on the test

and interview. Filling the CFCO position will result in vacancies in the SFCO position, the Fire Communications Operator II position, and the Fire Communications Operator position. These vacancies will be filled using the recall process outlined in the IBEW Local 9 Collective Bargaining Agreement (CBA).

Laborers International Union of North America Local 1001 (Laborers Local 1001)

DHR entered into a settlement agreement with Laborers Local 1001 which provided that DHR would add two applicants, who were previously rejected and deemed unqualified because of incorrect and/or insufficient information entered by the applicants during the online application process, to the referral list for a General Laborer position.

International Union of Operating Engineers Local 150 (IUOE Local 150)

DHR entered into a settlement agreement with IUOE Local 150 which provided that DHR would allow an applicant, who was previously rejected and deemed unqualified because of incorrect and/or insufficient information entered by the applicants during the online application process, to rebid on a General Foreman of Hoisting Engineers position.

Laborers International Union of North America Local 1001 (Laborers Local 1001)

DHR entered into a settlement agreement with Laborers Local 1001 which provided that DHR would allow an applicant, who was previously rejected and deemed unqualified because of incorrect and/or insufficient information entered by the applicants during the online application process, to rebid on an Airport Maintenance Foreman position.

QUARTERLY REPORTING OF CONTRACTING ACTIVITY

IGO Hiring Oversight is required to review City departments’ compliance with the City’s “Contractor Policy” (Exhibit C to the General Hiring Plan). In the last quarterly report, IGO Hiring Oversight raised several concerns regarding the City’s contracting activities and compliance with the Contractor Policy. These concerns included, 1) the City’s failure to notify IGO Hiring Oversight of all draft contracts and other agreements as required under Section II.B.2.b. of the Contractor Policy, and 2) the absence of the *Shakman* Boilerplate language in City contracts as required under Section II.B.4 of the Contractor Policy. In response to these concerns, IGO Hiring Oversight met with various divisions in the Department of Law (Law) and the Department of Procurement (DPS) to discuss the history and purpose of the Contractor Policy, the importance of the *Shakman* Boilerplate language and notifications to IGO Hiring Oversight, as well as to provide guidance on identifying problematic language in contracts and agreements.

Since the meetings with Law and DPS, IGO Hiring Oversight has seen a notable increase in the volume of notifications of draft contracts and agreements, and a remarkable increase in the number of agreements sent to IGO Hiring Oversight for Contractor Policy review, as well as the inclusion of the *Shakman* Boilerplate language in those drafts. However, the *Shakman* Boilerplate language is often missing the provision which

provides that Contractors, “will also cooperate with any inquiries by IGO Hiring Oversight or the *Shakman* Monitor’s Office related to the contract.” This cooperation provision is crucial to IGO Hiring Oversight’s ability to fully inhabit its role as the overseer of the City’s/Contractor’s compliance with the Contractor Policy and the *Shakman* Accord. IGO Hiring Oversight will continue to work with Law, DPS, and contracting departments to ensure that contracts contain the necessary language to allow for full oversight of the City’s contracting activities.

In the last quarter, IGO Hiring Oversight received notice of 45 draft contracts and agreements. Per the Contractor Policy, we may choose to review the drafts for the purpose of assessing whether the draft contract or agreement terms are in compliance with the Contractor Policy. The following chart details these contract and agreement notifications and identifies which drafts were reviewed by IGO Hiring Oversight:

Name of Contracting Department	Name of the Contractor, Agency or other Organization	Duration of such Contract or Agreement	Approved by DHR?
Mayor’s Office	Global Philanthropy Partnership	unknown	n/a
Board of Ethics	Second City	unknown	n/a
DHR	CEB Valtera*	10/2012 - 7/2013	n/a
CPD	IRS	10/2012 - 10/2014	n/a
DHED	LATA, Inc.*	unknown	n/a
Law	Delta Institute	unknown	n/a
CPD	CTA	3 years	n/a
Finance	Morneau Shepell Limited	5 years (with option of 3 year extension)	n/a
ACC	Cook County Sheriff's Office	3 years (with option of 2 one-year extensions)	n/a
Finance	NTT Data, Inc.	5 years (with option of 3 one-year extensions)	n/a
CFD	Northeastern Illinois Public Safety Training Academy	1/20/2013 (with possibility of extension)	n/a
DCASE	National Society of Colonial Dames in North America – ILLINOIS	2 years (with unlimited, automatic 1-yr extensions)	n/a
Law	Interstate JCDecaux, LLC	Through 12/31/2032 (with 1 or 2 year extensions)	n/a
DFSS	Western Kentucky University d/b/a Training and Technical Assistance Services (T/TAS)	12/1/2011 - 11/30/2013	n/a
DoIT	Computer Aid, Inc. (CAI)	5 years	n/a

DCASE	Chicago Convention and Tourism Bureau, Inc., dba Choose Chicago	7/1/2012 - 12/31/2012	n/a
CFD	Northeastern Illinois Public Safety Training Academy	5 years	n/a
DHR	CEB-Valtera*	9 months	n/a
DHR	CEB-Valtera*	6-8 months	n/a
DHED	Belmont-Central Chamber of Commerce	1/1/13 - 12/31/13	n/a
DHED	Lithuanian Human Services	1/1/13 - 12/31/13	n/a
DHED	United Hellenic American Congress	1/1/13 - 12/31/13	n/a
DHED	Morgan Park Beverly Hills Business Association	1/1/13 - 12/31/13	n/a
DHED	Lincoln Square Chamber of Commerce	1/1/13 - 12/31/13	n/a
DHED	Lakeview Chamber of Commerce	1/1/13 - 12/31/13	n/a
DHED	Six Corners Association	1/1/13 - 12/31/13	n/a
DHED	Greater Auburn Gresham Development Corporation	1/1/13 - 12/31/13	n/a
DHED	Little Village Chamber of Commerce	1/1/13 - 12/31/13	n/a
DHED	East Edgewater Chamber of Commerce	1/1/13 - 12/31/13	n/a
DHED	Uptown United	1/1/13 - 12/31/13	n/a
DHED	Northcenter Chamber of Commerce	1/1/13 - 12/31/13	n/a
DHED	West Ridge Chamber of Commerce	1/1/13 - 12/31/13	n/a
DHED	Chatham Business Association	1/1/13 - 12/31/13	n/a
DHED	Rogers Park Business Alliance	1/1/13 - 12/31/13	n/a
DHED	Rogers Park Business Alliance	1/1/13 - 12/31/13	n/a
DHED	Beverly Area Planning Association	1/1/13 - 12/31/13	n/a
DHED	Old Town Merchants and Residents Association	1/1/13 - 12/31/13	n/a
DHED	Rogers Park Business Alliance	1/1/13 - 12/31/13	n/a

DHED	Lakeview East Chamber of Commerce	1/1/13 - 12/31/13	n/a
DHED	Lakeview Chamber of Commerce	1/1/13 - 12/31/13	n/a
DHED	North Halsted Area Merchants Assosiation	1/1/13 - 12/31/13	n/a
DHED	Lincoln Park Chamber of Commerce	1/1/13 - 12/31/13	n/a
DHED	Lincoln Park Chamber of Commerce	1/1/13 - 12/31/13	n/a
DHED	Greater Southwest Development Corporation	1/1/13 - 12/31/13	n/a
Law	Bena Ruth Solomon	Conclusion of case	Yes
DPS	Professional Dynamic Network	11/27/2012 – 01/27/2013	Yes
DFSS	M3 Medical Management	12/17/2012 – 05/17/2013	Yes

* IGO Hiring Oversight did not conduct a review of the contract during this quarter.

REPORTING OF OTHER IGO HIRING OVERSIGHT ACTIVITY

1. *Review of Escalations. Recruiters and Analysts in DHR must escalate concerns regarding improper hiring to IGO Hiring Oversight. IGO Hiring Oversight evaluates the circumstances surrounding the escalation and may do one or more of the following: 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 the IGO.*

IGO Hiring Oversight received two escalations in the last quarter, one of which is still pending, and concluded two escalations from the 3rd quarter, which are detailed below. Additionally, two escalations are still pending from the 1st Quarter and one escalation is pending from 2011. The details of these pending escalations will be reported in a future quarterly report once IGO Hiring Oversight’s review is complete.

Chicago Department of Transportation (initiated in 3rd Quarter)

IGO Hiring Oversight was contacted on September 17, 2012, by a DHR Recruiter (Recruiter), who reported that a senior-level Chicago Department of Transportation (CDOT) Official (Official) had signed a Hire Certification in place of the Commissioner.¹¹ Upon further review, IGO Hiring Oversight discovered that the same

¹¹ Per the General Hiring Plan, all City employees (including the hiring department’s Commissioner) involved in any hiring process, other than for Exempt positions, must complete a Hire Certification attesting that no Political Reasons or Factors or other Improper considerations were considered in the action taken.

CDOT Official had repeatedly completed Hire Certifications in place of the Commissioner. IGO Hiring Oversight recommended that DHR, 1) communicate the seriousness of the deficient Hire Certifications to CDOT, 2) determine how many other hire sequences may have been affected by this practice, and 3) obtain new Hire Certifications signed by the Commissioner for those affected hire sequences. IGO Hiring Oversight also requested that CDOT provide a justification for this practice, to which CDOT responded that they believed the Commissioner’s delegated signature authority extended to Hire Certifications.

Following IGO Hiring Oversight’s recommendation, DHR met with CDOT to address their inappropriate execution of Hire Certifications, clarify the requirements of the General Hiring Plan, and identify which hire sequences required new Commissioner Hire Certifications. By the end of this quarter, IGO Hiring Oversight had received copies of all of the new Commissioner Hire Certifications for all affected CDOT hiring sequences. After discussions with DHR and CDOT, IGO Hiring Oversight found no evidence that the CDOT Official attempted to manipulate the affected hiring sequences or that Political Reasons or other Improper factors affected those processes. Following IGO Hiring Oversight’s recommendation, DHR allowed all of the affected hire sequences to proceed through the approval process.

Department of Streets and Sanitation Escalation (initiated in 3rd Quarter)

IGO Hiring Oversight was contacted on September 19, 2012, by a Recruiter, who reported irregularities on the candidate assessment forms for a recent hiring sequence in the Department of Streets and Sanitation (DSS). These irregularities included interviewers comparing candidates and referencing previous performance issues. After reviewing the hiring documentation and communicating with the Recruiter and the interviewers, IGO Hiring Oversight found no evidence that the interviewers attempted to manipulate the hiring sequence or that Political Reasons or other Improper factors affected the process. Following IGO Hiring Oversight’s recommendation, DHR allowed the hire sequence to proceed through the approval process.

Chicago Department of Transportation Escalation

IGO Hiring Oversight was contacted on October 17, 2012, by a Recruiter, who reported concerns regarding the selection process for a Bid hiring sequence¹² in CDOT. During the consensus meeting for the Bid hiring sequence, the interviewers were informed by the Recruiter that they would not discuss all of the candidates prior to making a selection decision as required by Section V.B.11 of the General Hiring Plan. Instead, the Recruiter stated they would only discuss and come to a final hiring decision for candidates where the interviewers assigned different overall candidate assessment ratings. Candidates either recommended or not recommended for hire by all interviewers would not be discussed as the final hiring decision for those candidates had already been determined.

¹² A Bid hiring sequence is a hiring sequence involving a City job opportunity which is only available to employees covered by a particular CBA.

Finally, at the end of the consensus meeting those recommended for hire were deemed relatively equally qualified and per the position's CBA, would be hired in order of seniority, as opposed to their relative match to the hiring criteria.¹³ Dissatisfied with this selection process and the selected candidate, the interviewers brought their concerns to a CDOT Official, who inquired with DHR whether they could withhold their Hire Certification to stop the hiring sequence.

In reviewing the circumstances surrounding this escalation, IGO Hiring Oversight first requested clarification from DHR as to why this consensus meeting process deviated from the process outlined in Section V.B.11 of the General Hiring Plan. DHR stated that as the result of several grievances, this new consensus meeting process was implemented in August 2012 for Bid hiring sequences and communicated to departments in the Interview and Consensus Meeting training. Based on the interviewers confusion and inconsistencies in how Recruiters were conducting Bid hiring sequence consensus meetings, IGO Hiring Oversight recommended that DHR develop a written policy documenting the consensus meeting process for Bid positions and distribute it to the Recruiters as well as to departments during Intake Meetings and meetings with Human Resources Liaisons (HRLs). DHR disagreed with this recommendation, stating a written policy would hamstring Recruiters in their facilitation of consensus meetings; however, they would continue to remind HRLs of this new consensus meeting process at future meetings.

Secondly, IGO Hiring Oversight addressed the issue of the CDOT Official attempting to withhold their signature on the Hire Certification to avert a candidate from being selected. The general hiring process for non-Senior Manager interviewed positions does not allow for management review of selection decisions made during consensus meetings. Additionally, Hire Certifications are only to be completed by City employees actually involved in the hiring process. Because the CDOT Official, 1) had no role in the hiring process, 2) had no authority to override a selection decision, and 3) was not the Commissioner of the hiring department, a Hire Certification from them was unnecessary and inappropriate. Further, a Hire Certification is not an approval form; rather, it is a statement made under penalty of perjury that no Political Reasons or Factors or other Improper considerations were considered in the hire process. Refusal to complete the Hire Certification, therefore, might be construed as evidence that Political Reasons or Factors or other Improper were considered. Following IGO Hiring Oversight's recommendation, DHR met with the CDOT Official to clarify the requirements of the General Hiring Plan, specifically the selection process and use of Hire Certifications.

Ultimately, IGO Hiring Oversight found no evidence that the interviewers or the CDOT Official violated the General Hiring Plan or that Political Reasons or other Improper factors affected the process. DHR allowed the hire sequence to proceed through the approval process.

¹³ Hiring Criteria are factors which elicit job-related knowledge, skills and abilities, identified in the Intake Meeting, that are used to evaluate Candidates to determine which Candidates will be offered the Position.

Annual Report of 2012 Escalations

Per Chapter XII of the General Hiring Plan and Section 2-56-035 of the IGO Ordinance, IGO Hiring Oversight is required to issue annual reports that include statistics on the number of escalations (as that term is defined in the General Hiring Plan) newly initiated, pending, closed with investigation¹⁴, and closed without investigation. The annual reports shall also include a description of the outcomes, findings, recommendations, and actions taken on the recommendations of any investigation of an escalation.

Descriptions of the outcomes, findings, recommendations, and actions taken on the recommendations resulting from escalation investigations in 2012 can be found in the Hiring Oversight Sections of the IGO’s 1st, 2nd, 3rd and 4th Quarterly Reports, located [here](#). The chart below summarizes the disposition of the 12 escalations received in 2012:

Status	Number of Complaints
Escalations Newly Initiated in 2012	12
Escalations Pending as of 1/1/2013	4*
Escalations Closed with Investigation by IGO Hiring Oversight	9
Escalations Closed without Investigation by IGO Hiring Oversight	0

* One of the pending escalations is from 2011.

2. *Processing of Complaints. IGO Hiring Oversight receives complaints regarding the hiring process, including allegations of unlawful political discrimination and retaliation and other Improper influence in connection with any aspect of City employment.*

Complaints made to IGO Hiring Oversight may be resolved in several different 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 the IGO. If there is an allegation of a breach of policy or procedure, IGO Hiring Oversight may conduct an inquiry into the matter to determine if such a breach occurred. If a breach of policy or procedure is found, IGO Hiring Oversight may resolve the matter by making corrective recommendations to the appropriate department or referring the matter to the Investigations Section of the IGO. If no breach of policy or procedure is found, IGO Hiring Oversight may refer the matter to DHR and/or the appropriate department for resolution or close the complaint.

IGO Hiring Oversight received 30 complaints in the past quarter. Of those complaints, 15 were referred from the *Shakman* Monitor’s Office. The chart below summarizes the disposition of these 30 complaints as well complaints from the previous quarter which were not closed when we issued our last report.

¹⁴ Investigation, in the case of Escalations, refers to a review conducted by IGO Hiring Oversight.

Status	Number of Complaints
Complaints Pending from the 3 rd Quarter of 2012	44*
Complaints Received in the 4 th Quarter of 2012	30
Total closed in the 4 th Quarter	30
Closed by Referral to IGO Investigations	1
Closed by Referral to DHR	0
Closed with Recommendations to the Hiring Department and/or DHR	0
Pending with IGO Hiring Oversight as of 1/1/2013	44

3. *Private Secretaries*

Under the City’s Hiring Plan, each Department/Agency head and Shakman Exempt Schedule G employee (typically deputy commissioners and other senior administrators) may hire one individual as a Private Secretary provided that individuals involved in the action certify that no Political Reasons or Factors or other Improper considerations affected their hiring decisions. Because these positions have less procedural safeguards than other *Shakman* covered positions they are particularly vulnerable to manipulation by City officials who wish to hire an individual without going through the general hiring process.

In September 2012, IGO Hiring Oversight received notice from DHR that the Chicago Department of Aviation (CDA) intended to hire three individuals using the private secretary process. While reviewing the materials, we noticed that the Personal Assistant title did not have minimum qualifications as required by the General Hiring Plan.¹⁵ Heightening our concern was the fact that one of the selected candidates was an Exempt employee of the Mayor’s Office who had also worked on the 2011 mayoral campaign. Placing this individual in a Private Secretary title would allow the individual to obtain *Shakman* Covered status with all of the protections the status provides without going through a competitive hiring process.

To determine whether Political Reasons or other Improper factors played a role in the selection of this individual, we spoke with the CDA hiring manager involved in the selection. The hiring manager acknowledged that she had solicited resumes for the position from a contact in the Mayor’s Office. DHR agreed to block the hire because utilization of the Personal Assistant title would be a violation of the Hiring Plan.

This instance closely mirrored another problematic Private Secretary appointment reported during the first quarter of 2012, where a hiring authority in that Private Secretary sequence also solicited resumes from an individual in the Mayor’s Office. Ultimately, that individual was not approved for the position because they did not meet the minimum

¹⁵ The Personal Assistant title was created by the City in 2008 before the 2011 Hiring Plan was filed requiring minimum qualifications for these positions.

qualifications required for the title the department intended to fill. In both instances, the selected individuals worked on both the 2011 mayoral campaign and on the same runoff campaign of an aldermanic candidate endorsed by the mayor. Also, in neither case was the solicitation of resumes reported to IGO Hiring Oversight as a political contact as required by Section II.C.4 of the General Hiring Plan.

DHR has since created two new titles to be exclusively used for Private Secretary titles: Executive Administrative Assistant I and Executive Administrative Assistant II. DHR also plans on reclassifying all individuals previously hired under the Private Secretary process to these new titles. While the consolidation of the Private Secretary titles has operational benefits, it is important to note that these newly created titles have considerably lower minimum qualifications than all of the previous titles used for Private Secretaries. We will continue to closely monitor Private Secretary hires in the next quarter.