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FOR IMMEDIATE RELEASE: April 17, 2015
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OIG Releases 1st Quarter 2015 Report

The City of Chicago Office of Inspector General (OIG) has transmitted its first quarter report for 2015 to the City Council and City officials. The report summarizes the Office's activity from January 1 through March 31, 2015.

In his opening letter, Inspector General Joe Ferguson notes that, in the City of Chicago, the first quarter of 2015 ended with a pivot towards the necessary work of meeting the City's fiscal challenges. He encourages all City stakeholders—including the Mayor, City Council, the City Clerk, the City Treasurer, and the public—to resist the impulse to address these challenges in terms of fixing budget deficits. Rather he urges approaching them with the objective of fixing government through the identification of long-term, sustainable solutions to inefficient aspects of the administration of City programs and services. Such an approach would look to tactically leverage best practices in municipal management such as zero-based budgeting, performance-based budgeting, and performance management.

OIG's work this quarter demonstrates the need for such principles. For example,

- In a memo to the Department of Finance (DOF) OIG introduced concepts for a pilot claims analysis project. Under the program, DOF would engage in risk management by routinely analyzing the trends of claims against the City. OIG's memo to DOF also noted that the City may not have procedures in place to identify and reconcile duplicate claims made to DOF and the Committee on Finance.
- An OIG investigation exposed an insufficiency in supervisory oversight of the Chicago Department of Transportation's billing and collection activities. The oversight enabled a long-running embezzlement scheme to go undetected resulting in the loss over \$700,000 of City money. OIG investigation helped bring about the successful prosecution of the perpetrator, and concluded with full financial recovery for the City and the strengthening of the City's cash handling and financial control procedures.
- An OIG audit follow-up inquiry demonstrated that the Chicago Fire Department has yet to commit to meaningful performance measurement. Another audit follow-up inquiry disclosed the Department of Streets and Sanitation's continued costly and potentially unlawful practice of providing garbage pickup service to certain not-for-profit organizations.

Additional highlights in this quarter's report include:

- A ruling by the Human Resources Board (HRB), reversing the City's prior dismissal of a Fleet and Facility Management (2FM) employee who engaged in a string of unauthorized actions that compromised a City facility's security system. 2FM had terminated the employee after an OIG investigation found that the employee's unauthorized remote disarming of a security system rendered a facility and its contents vulnerable to theft. In fact, the employee's unusual and unexplained conduct occurred within the same 24 day period when four spools of copper-lined industrial cable wire with an aggregate value of \$21,800, and each weighing nearly 1000 pounds, was stolen from the facility.
- A federal grand jury indicted the owners of 350Green LLC, a company that the City hired to install and maintain charging stations for plug-in electric vehicles. These individuals have been charged with engaging in a scheme to fraudulently obtain over \$2.9 million federal and state grant funds from the City of Chicago, the State of Pennsylvania Department of Environmental Protection, and two California entities.
- OIG notified the Chicago Police Department (CPD) and the Department of Law (DOL) of a risk inherent in the "call-out" procedures used when officers are detailed for duty related to pending court actions. Existing practices were based on officers self-reporting their times without corresponding certification or documentation by the legal offices to which they were temporarily detailed. Such a system made it impossible to reconcile actual hours worked. This created a significant lack of accountability and posed a substantial control risk for timekeeping fraud. In response to the OIG notification, CPD detailed the steps it took to improve the timekeeping process for court-related details.
- An OIG investigation established that a DSS Tow-Truck Driver violated City rules by releasing a towed vehicle in exchange for cash. The Tow-Truck Driver sought a cash payment of \$150 from the owners of a towed vehicle in exchange for the vehicle's immediate release. DSS terminated the Tow-Truck Driver in October 2014 and, in February of 2015, HRB upheld the Department's action.

The full Report can be found online at the OIG website: bit.ly/OIG2015Q1

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