



**OFFICE OF THE INSPECTOR GENERAL**  
*City of Chicago*



***REPORT OF THE INSPECTOR GENERAL'S OFFICE:***

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***QUARTERLY REPORT OF THE INSPECTOR GENERAL'S OFFICE***  
***THIRD QUARTER 2011***

**OCTOBER 2011**

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## OFFICE OF THE INSPECTOR GENERAL *City of Chicago*

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October 15, 2011

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 Office of Inspector General (IGO) during the third quarter of 2011, filed with the City Council pursuant to Section 2-156-120 of the Municipal Code of Chicago. In order to keep you apprised of IGO activities and operations, the enclosed report again includes summaries of sustained IGO investigations, policy recommendations, audits and hiring compliance efforts.

This is the eighth quarterly report this office has produced under my tenure, and the second that the IGO has presented to the new Mayor and City Council.

Last quarter, I noted this office's continuing inability to hire the talent it needed to accomplish its mission, as well as its continuing lawsuit with the City concerning access to information. Specifically, the new administration, in our view, had continued to follow the practices of its predecessor that resulted in weakening this office through attrition and closing off access to information.

I am pleased to report the new administration is working to address our hiring concerns, and the new *Shakman* oversight positions I described in our last quarterly are now moving their way through the City's hiring bureaucracy. We hope to be able to fill them in short order once that process is completed sometime during the 4th Quarter.

Further, though the Mayor's 2012 budget proposal for the IGO is slightly less than the furlough-adjusted appropriation to this office for FY2011, it actually is more valuable; for the first time in my tenure, we will be able to fill vacancies, many of which have been empty for years. The administration's honest approach to budgeting, which includes ending the prior deceptive use of vacancies as a budget management tool, is welcome not only from an oversight perspective but from a managerial one.

Despite these appreciable and significant operational improvements, the IGO's independence remains contingent, if such a thing as contingent independence can be said to exist. We are approaching the two-year anniversary of the filing of a lawsuit over whether the IGO can enforce subpoenas it is statutorily empowered to independently issue in order to obtain records it is statutorily entitled to access and use in its work. The administration has carried forward the position of its predecessor in saying it may not. In essence, the City's stance is that the IGO is not an independent agency, and that certain of its investigative and enforcement capacities instead are contingent upon the discretion of the Law Department itself. Further, their stance

maintains that where the IGO and the Law Department have conflicting views on a subpoena enforcement issue, the Mayor is the exclusive arbiter, without recourse or review by a court, even in instances in which the Law Department or the Mayor themselves may have a conflict of interest.

I would be remiss if I did not point out this standard does not comport with national best practices; in fact, this is not an issue for other many inspectors general across the country. It is not an issue at the federal level, where the long prevailing practice is unfettered IGO access to all agency records, including records and communications that might be regarded as privileged with respect to outside third parties, nor is it a problem for comparable municipal inspector general functions, including, most notably, in New York City.

The Illinois Supreme Court has accepted the Administration's petition appealing a decision by the Illinois Appellate Court earlier this year recognizing the IGO's ability to independently seek judicial enforcement of a subpoena served on the Corporation Counsel. *Ferguson v. Georges*, 948 N.E.2d 775 (Ill. Ct. App. 2011). A more detailed progress report will be provided in the next quarterly report, by which time briefing to the high court likely will have been completed. In the meantime, we continue to urge the Administration to drop the petition and instead focus on drafting a memorandum of understanding to ensure unfettered IGO access to City "premises, equipment, personnel, books, records and papers," as specified in the IGO ordinance.<sup>1</sup>

A core element of the work of this office involves holding public employees and officials accountable for their actions; it is only fair that this office is, in turn, held to account for how it conducts itself. To further the IGO's accountability to the Mayor, the City Council, City officials, employees, and vendors, and most importantly, the public, I am pleased to announce we will be promulgating rules and regulations for IGO investigations for the first time in the 22 year history of the office. It is my hope these rules and regulations educate and inform both subjects of and witnesses to IGO investigations, as well as those who wish to further understand IGO operations. In the meantime, anyone with questions is encouraged to consult the IGO website, where answers to Frequently Asked Questions (FAQs) are posted to help explain the investigation process.<sup>2</sup>

This report has also been sent to the heads of City Departments to distribute as they see fit. We hope the report will help City employees better understand the IGO's mission, as well as how their conduct is governed by the City Personnel Rules and their own Department's policies and procedures.

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<sup>1</sup> Chicago Municipal Code, sec. 2-56-090.

<sup>2</sup> <http://chicagoinspectorgeneral.org/about-the-office/igo-investigation-faqs/>

The IGO remains ready and able to pursue the charges prescribed in its ordinance, and to serve as we are best able to ensure integrity in City government. We look forward to developing the professional relationships necessary for effective oversight in government with the new administration and City Council, and hope to continue to receive the feedback we need to improve our own work.

Respectfully,

A handwritten signature in black ink, appearing to read 'J. Ferguson', with a stylized flourish at the end.

Joseph M. Ferguson  
Inspector General

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This quarterly report provides an overview of the operations of the Inspector General’s Office (IGO) during the period from July 1, 2011 through September 30, 2011. The report includes statistics and narrative description of the IGO’s activity that the IGO 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 492 complaints over the preceding quarter. The following table provides detail on the actions the IGO has taken in response to these complaints.

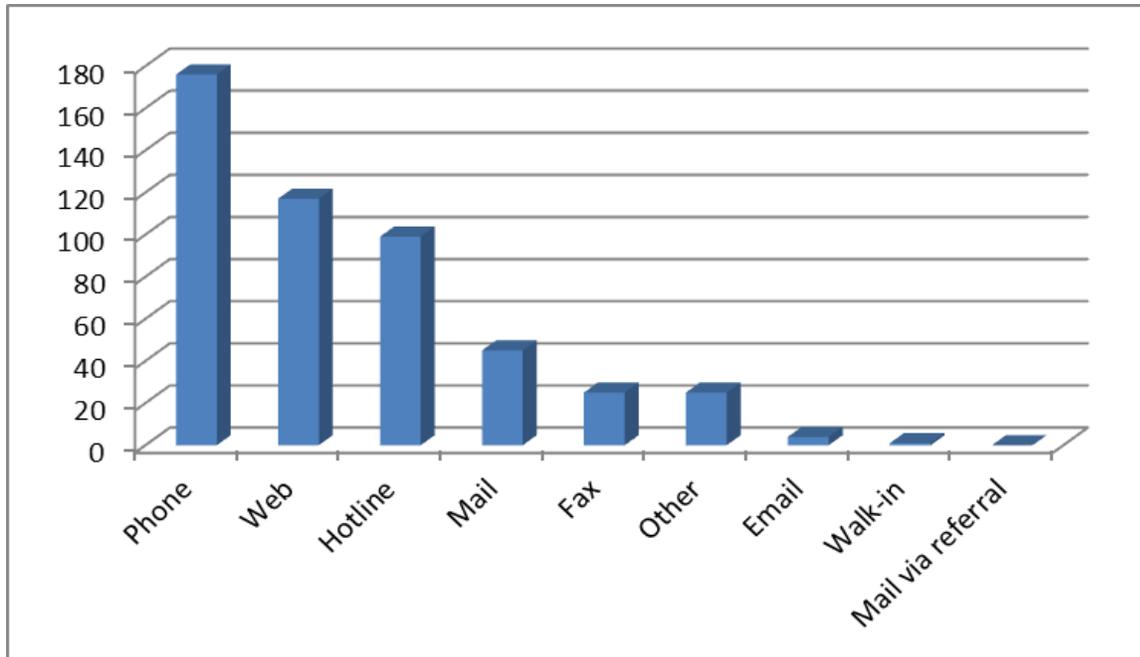
**Table #1 – Complaint Actions**

<b>Status</b>	<b>Number of Complaints</b>
Declined	385
Investigation	60
Referred	43
Other	4
<b>Total</b>	<b>492</b>

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 103 investigations. Of these, 101 were opened based on allegations of misconduct, two were based on allegations of waste or inefficiency and none were opened for other reasons. Of these opened matters, 43 were immediately referred to other departments or investigative agencies. Thus, of all the complaints received in the quarter, 60 (12%) proceeded to a full IGO investigation. Of the newly opened investigations, 12 were found to be not sustained before the end of the quarter, while 48 remain open. The table below categorizes the 103 matters logged by the IGO based on the subject of the investigation.

**Table #2 – Subject of Investigations**

<b>Subject of Investigations</b>	<b>Number of Investigations</b>
City Employees	91
Contractors, Subcontractors, and Persons Seeking City Contracts	6
Appointed Officials	0
Elected Officials	2
Investigations of Persons Seeking Certification of Eligibility	0
Other	4

**3. Cases Concluded in Quarter**

During the quarter, 154 investigative matters were concluded, 43 of which were the aforementioned referrals to City departments or other investigative agencies. Of the remaining concluded matters, 11 were closed as sustained and 100 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 investigations initiated this quarter, the IGO has a total of 218 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 218 pending investigations, 86 investigations have been open for at least twelve months. The table below shows the general reasons that these investigations are not yet concluded.

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

<b>Reason</b>	<b>Number of Investigations</b>
Additional complaints were added during the course of the investigation.	20
Complex investigation. May involve difficult issues or multiple subjects.	46
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.	0
On hold, in order not to interfere with another ongoing investigation.	17
Under review by the Legal Section or the Director of Investigations prior to closing.	3
<b>Total</b>	<b>86</b>

**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<sup>1</sup> – 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 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

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<sup>1</sup> 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.”

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 5 cases listed below were closed prior to the 3rd Quarter 2011, but disciplinary action had not yet been finalized by the time the 2nd Quarter 2011 report was published.

IGO Case # 09-0627

The IGO investigated two closely connected companies which both participated in the City’s Minority and Women-Owned Business Enterprise (M/WBE) program. One of the companies engaged in construction work and the other company specialized in electrical work. With respect to the construction company, the investigation established that two brothers, both Caucasian, used a Hispanic male as a minority “front” for the company in order to obtain MBE certification from the City. Although the company was ostensibly owned by the Hispanic male, the two brothers actually controlled the company during the approximately ten years the company was certified as a City MBE. The IGO also determined that the company’s superintendent, who handled project estimates and contract bidding, knew about the MBE fraud for several years, but failed to take any corrective action, and in fact facilitated its operation under false pretenses.

With respect to the electrical company, which was owned by the wives of the brothers who orchestrated the above-described MBE fraud, the IGO’s investigation revealed that the company’s owners submitted a false No Change Affidavit<sup>2</sup> as part of the company’s 2004 WBE recertification application. In addition, one of the owners of the electrical company made material misrepresentations to the City in a February 2005 letter responding to the City’s proposed decertification of the company. The submissions falsely claimed that the female owners controlled the daily business operations of the company, when the owners did not actually have such control.

With respect to the construction company, the IGO recommended that the two brothers, the Hispanic male and the company’s superintendent be permanently debarred for their involvement in the MBE fraud. The IGO also recommended that the two female owners of the electrical company be permanently debarred for making false material statements to the City in connection with the company’s WBE certification. Finally, the IGO recommended that both the construction company and the electrical company be permanently debarred.

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<sup>2</sup> A No Change Affidavit is a document an MWBE firm must complete annually in order to maintain its MWBE status. The form states there have been no changes in the circumstances of that firm affecting its ability to meet the size, minority and women-owned business status, ownership and controls requirements established by the City of Chicago Regulations.

The Department of Procurement Services (DPS) has initiated the process to permanently debar all six individuals and the electrical company. DPS did not initiate debarment proceedings against the construction company because the Illinois Secretary of State’s records indicated that the company dissolved in 2008.

IGO Case # 09-1280

An IGO investigation determined that a Foreman of Custodial Workers in the Department of General Services (DGS) signed and edited a “Time and Attendance Edit Sheet” of a subordinate employee knowing it contained fraudulent information and then lied to the IGO to cover up this misrepresentation. Specifically, the Foreman requested a subordinate, DGS Employee A, to bail her coworker, DGS Employee B, out of jail. DGS Employee A then submitted a “Time and Attendance Edit Sheet” claiming that she should receive credit for eight hours of work on April 14, 2009. This Edit Sheet was false, as she had in fact spent April 14, 2009 bailing DGS Employee B out of jail. This IGO investigation determined that the Foreman signed DGS Employee A’s Time and Attendance Edit Sheet and marked that she “Forgot ID Card.” The Foreman of Custodial Workers signed this document knowing it contained fraudulent information, and then lied to the IGO in order to cover up this misrepresentation.

The Foreman’s request that DGS Employee A bail DGS Employee B out of jail put undue pressure on a subordinate employee. The Foreman, having been a supervisor for over ten years, should have realized the inappropriateness of this request. The Foreman’s falsification of the attendance sheet then turned this inappropriate situation into serious misconduct, and his behavior during this investigation was uncooperative and dishonest. For the Foreman’s knowing falsification of attendance records (Personnel Rule XVIII, ¶ 11), as well as his continued lies to the IGO (¶ 8), the IGO recommended he be terminated.

DGS agreed with the IGO’s finding and would have moved forward with termination, but while the charges were being drafted, the Foreman retired. DGS requested DHR place the Foreman on the City’s ineligible for hire list and DHR has done so.

IGO Case # 10-0263

An IGO investigation found that an Acting Ward Superintendent (AWS) and a Refuse Collection Coordinator (RCC) with the Department of Streets and Sanitation (DSS) failed to properly process citations written for sanitary code violations, such as high weeds violations on privately-owned lots. These tickets were never served on the lot owner nor assigned an administrative hearing date. As a result, there was never a chance that the citations would be paid by the owner of the lot. The consequence was a potential loss to the City of a minimum of \$50,000 in unrecovered fines. Both the RCC and the AWS eventually admitted to IGO investigators that they habitually failed to complete the tickets they initiated. However, the AWS initially lied to the IGO when questioned about the misconduct, which resulted in more time and resources being expended to complete the investigation.

The RCC’s grossly substandard performance was tempered only by her cooperation with the IGO, which the IGO regarded as a mitigating factor in recommending a 30-day suspension. DSS

agreed with the finding of incompetence and inefficiency, but reduced the suspension to 20 days due to a lack of prior discipline.

The AWS magnified his misconduct by repeatedly lying to the IGO over the course of two interviews. Given his supervisory position, the extent of time that he failed to properly perform his duties, and his failure to cooperate with the investigation, the IGO recommended his discharge. DSS agreed that the investigation “clearly demonstrates the [AWS’s] incompetence and inefficiency” and terminated him from his position as Ward Superintendent for the misconduct as well as for lying to the IGO. DSS, however, returned him to his former position as a Laborer, citing City Personnel Rules concerning leaves of absences for career service employees.

#### IGO Case # 10-0343

An IGO investigation found that two Department of Human Resources (DHR) employees defrauded the City by claiming reimbursement for parking expenses they did not incur, made false representations to their supervisors on official City documents, and lied to the IGO during the investigation.

The employees, whose job responsibilities required them to perform site visits at healthcare facilities around the City, submitted reimbursement requests that included parking receipts which they claimed to receive each time they parked at a certain Loop-area garage, which in fact they were not. Instead, they simply made photocopies of the same receipt again and again, altering them to reflect the date on which they claimed they parked. One of these employees made use of his/her spouse’s monthly access pass at the garage and never incurred any out-of-pocket expenses at all (and therefore had nothing to be reimbursed for). When the IGO interviewed that employee, he/she claimed to have reached a special arrangement with his/her supervisors to be reimbursed for half of what it would have cost to park at the garage. That was a false statement. The employee’s supervisors denied that any such agreement existed. The second employee, after offering several shifting accounts, admitted that he/she did not even park at the facility from which the receipt stubs were purportedly issued, and simply submitted parking receipts that were provided to him/her by the first employee.

The investigation also found that two supervisors failed in their responsibilities to adequately review the reimbursement requests submitted by the two employees. Each supervisor merely looked to the other to perform the substantive review of the requests, and both shied away from having to reject the reimbursement requests even though they found them suspicious. A cursory review of the phony receipts (with identical handwriting and dollar amounts) should have alerted them that the two employees were not submitting genuine reimbursement claims. The IGO recommended that the two employees receive termination and the supervisors be suspended for three days each.

DHR’s new commissioner concurred with all of the recommendations. However, one of the employees retired before the DHR commissioner took office. The other employee for whom we recommended termination resigned under inquiry. Both of these employees were placed on the City’s ineligible for hire list.

IGO Case #10-1467

An IGO investigation established that on at least one occasion, an Associate Compliance Officer in the former Office of Compliance, now detailed to DPS, accessed the City's Taleo hiring software and database to view confidential information regarding the employee's own application and a coworker's application for other City jobs. As an Associate Compliance Officer previously charged with monitoring hiring compliance, the employee knew or should have known the confidential and sensitive nature of the City's hiring information, and that unauthorized access to the City's hiring information, including interviewers' comments, as well as the identities and qualifications of other applicants, is a violation which could jeopardize the City's hiring process and expose the City to liability.

The IGO's investigation further found that although current policies clearly prohibit personal use of the City's data and software, DHR, which administrates the Taleo system, lacked a consistent policy or procedure designed to identify and address potential conflicts of interest of City employees with Taleo access who use the system to apply for other City positions. The department also appeared to lack an effective audit system to ensure that user accounts are timely deactivated as necessary. The IGO therefore recommended DHR consider adding a regular, automated audit procedure for all active Taleo accounts and consider adopting a policy and training all Taleo account-holders on how to appropriately identify and address potential conflicts that may arise with respect to Taleo.

The IGO also recommended the Associate Compliance Officer receive a one-day suspension.

DPS agreed with the IGO's findings and imposed a one-day suspension. DHR also concurred with the IGO's assessment and recommendation with respect to the Taleo system. DHR reported that it was in the process of assessing the Information Services Division of DHR and determining the best way to implement the IGO's recommendations. DHR further reported that it was reviewing a draft Taleo policy and usage document that had been drafted but not yet implemented by the prior DHR administration and will inform the IGO once it had finalized its Taleo policies and procedures.

City Departments took disciplinary action on the following 8 administrative cases the IGO sustained this quarter. They are summarized below.

IGO Case # 07-0831

An IGO investigation determined that in 2006, a Department of Water (DWM) Plumber falsely represented to the City Bureau of Licensing and Registration that he had been employed for over four years as a "plumber's apprentice" with a local Plumbing Company (Company A) in order to meet the prerequisites to sit for the City of Chicago Plumber License Exam. The owner of Company A signed the City employee's application and provided a letter stating that the City employee had been employed with Company A from 1988-1993. Based on the application and supporting materials, the City employee sat for the Plumber License test, which he passed, on the fifth try, in 2008.

Company A could not produce any documentation of the City employee's alleged 4-year tenure. The owner of Company A admitted to IGO investigators that he did not know any individual with the City employee's name. The owner further stated that if the City employee had ever worked at Company A, it was certainly not for four or more years. The owner of Company A further admitted to having issued approximately five to ten so-called "courtesy letters" for individuals who had never been employees of Company A but needed to document four years of experience required to qualify to sit for the Plumber License Exam.

The City employee, however, asserted that there were no financial records of his employment because he was only paid in cash, usually around \$20-\$50 a year. He also asserted that during his time at Company A, he never filled out any paperwork (such as an application or any HR forms), and that he only received direction from an employee who had since died. The City employee's interview statements were contradicted by the statement of the owner of Company A and the City employee's own representations on previous applications to the City and Chicago Journeymen Plumbers Union Local 130.

The investigation indicated that the circumstances underlying the City employee's acquisition of a City of Chicago plumber's license when he did not have the requisite experience appears reflected a broader phenomenon in the Chicago plumbing industry. The owner of Company A's use of the term "courtesy letter" to describe the fraudulent letters being written as "favors" raises concerns about clouted greasing of the skids for entrance to the plumbing exam. The owner of Company A explained these type of letters are "common" in his industry. As a result technically unqualified applicants, such as the subject City employee in this matter, can become licensed and employed by the City as a \$44 an hour plumber despite lacking the requisite experience, while those who lack connections must spend four years learning the trade as a plumber's apprentice.

The IGO recommended the City employee be terminated, and the Department of Buildings file a written complaint with the Board of Plumbing Examiners to start the process of revoking both the City employee and the owner of Company A's plumbing licenses for conspiring with others to obtain a license through a willful misrepresentation of facts to the Board and a willful violation of a provision of the Code.

DWM agreed with the Report's findings and terminated the City employee, who is now appealing his termination to the Human Resources Board. No proceedings are pending with the Board of Plumbing Examiners as of this date. The IGO will provide future updates as warranted.

#### IGO Case # 08-1361

An IGO investigation revealed that a Department of Housing and Economic Development employee (DHED) violated the City's Ethics Ordinance by representing a delegate agency – of which he/she is the president – in meetings to lobby City officials in the Office of Budget and Management and the Department of Planning & Development that were arranged (in one case a meeting set up by an aldermanic office) for the purpose of for City grant money for his/her organization. The IGO became aware of the employee's illegal participation in seeking City grants after the City elected to not renew its contract with the employee's organization. It was

then, after the organization had been defunded by the City, the City employee redoubled efforts to get City funding from City officials for the organization.

The investigation also showed profound deficiencies in the financial records and management of the delegate agency (a non-profit organization). The organization's nominal executive director was not minimally competent in that role (which even the subject DHED employee did not dispute) and was unable to answer the simplest questions about the organization and its recordkeeping without the help of the DHED employee. Years earlier, when the organization was seeking City grants, the DHED employee signed written verifications that he/she would comply with the Ethics Ordinance in his/her dual roles as a City employee and as president of the delegate agency, and "did not and will not" participate in the contract awarding/grantmaking process between the City and the organization. However, as the employee admitted when eventually confronted, that is exactly what happened.

The poorly run delegate agency would likely never have been in the running for City grant awards had it not been for the DHED employee's impermissible participation in seeking funds from City officials. A scenario in which a self-interested City employee bolsters the chances of a weak organization winning a City grant simply by virtue of his/her connections within City government is precisely the kind of abuse of City employment that the Ethics Ordinance is meant to prevent. In this case, the DHED employee's own official job duties involved working with other delegate agencies which have received and regularly seek further City grants, making the conflict of interest inherent and misconduct in this matter all the more inexcusable.

The IGO recommended the DHED employee be terminated from his/her employment and that he/she be permanently debarred from serving on a board or in a staff position for any organization that serves as a City delegate agency. Further, the IGO recommended the organization be permanently debarred as a City delegate agency.

DHED agreed with the IGO's findings, but elected to suspend the employee for 21 calendar days, citing his/her clean employment record and length of service; the fact that the employee's *actual* City job duties involved substantially less responsibility than his/her *official* City job title and duties reflected and; that he/she ultimately was unsuccessful in securing City funding for the organization (which the IGO itself regards as irrelevant especially given the years long course of ethical misconduct that include a number of false conflict of interest and ethics certifications). DHED also stated the employee had been counseled on the Ethics Ordinance, would be prohibited from serving on the board of any DHED delegate agency for as long as he/she remains a City employee and would be discharged should any further violation occur. It also indicated that it would issue a directive to all employees highlight relevant provisions of the Ethics Ordinance and reminding them that representation as occurred in this case is "strictly prohibited."

DPS consideration of the IGO's recommendations related to debarment of the delegate agency remains pending and the outcome noted in a future IGO quarterly report.

IGO Case # 10-0078

The IGO concluded an investigation of mileage reimbursement claims submitted by Chicago Fire Department (CFD) firefighters assigned as inspectors to the Fire Prevention Bureau (FPB). After reviewing reimbursement forms that FPB inspectors submitted in 2009 – just a one-year snapshot of what many in the CFD volunteered has been a decades-long practice – the IGO found substantial numbers of false claims, conservatively valued at approximately \$100,000 and recommended the termination of 54 firefighters working at the FPB.

Though discipline is still pending for one inspector, CFD terminated four inspectors, issued suspensions ranging from 30 to 60 days for 43 inspectors, while six others resigned under inquiry.

For additional information on this case, please see the IGO’s [separate report](#).

IGO Case # 10-0117

An IGO investigation concluded that a vendor company and its president committed several significant violations of the company’s City contract to provide flooring installation services at O’Hare. The company failed to comply with the State of Illinois’ prevailing wage rate with respect to its laborers, failed to disclose to the City that it employed subcontractors to perform certain work, failed to maintain minimum insurance coverage, and provided the Chicago Department of Aviation (CDA) misleading information on laborers’ airport badge applications: The laborers had access to secure areas within O’Hare and the company falsely stated that some of them were company employees when, in fact, they were not. The company president also made false and contradictory statements to IGO investigators.

The IGO also found that the crucial aspects of the City’s Minority and Women-owned Business Enterprise (MWBE) program lacked standardized, documented procedures and appropriate oversight. The IGO recommended that the company and its president be permanently debarred. The IGO also made recommendations for DPS to improve the MWBE program, including that it formally document a standardized process for designating contracts as Target Market contracts, create standard definitions for MWBE-vendor certification areas (a company’s area of expertise), and more thoroughly review compliance plans, including a clear assignment of substantive oversight by senior City officials.

DPS responded that, prior to receiving IGO’s recommendation of permanent debarment, it had issued the company and its president a four-year debarment and that it would not change that decision. DPS’s imposition of that debarment was the result of Findings of Fact and Conclusions of Law issued by the Illinois Department of Labor in an administrative case related solely to the company’s failure to comply with the State’s prevailing wage rate. DPS mentioned in its response that the Debarment Rules contemplate debarment when it serves the public interest and not for the purposes of punishment and, therefore, a four-year debarment sufficiently served that end. DPS agreed that it needed to conduct more robust reviews of vendor compliance plans and cited to recent training conducted by IGO for that purpose as evidence of its commitment to improve its performance. Further, DPS responded that it is in the process of reviewing MWBE

certification procedures as part of a large review of the MWBE program and would consider “whether a more uniform system of definitions for certification areas can be established.”

#### IGO Case # 10-0410

The IGO found that a Water Chemist III with DWM submitted a forged college transcript when hired by the City in 1981 and falsely declared a minor in chemistry in order to meet the City’s desired minimum qualifications for the position of Water Chemist I. The individual repeated the lie in a personnel form submitted to DWM in 1997<sup>3</sup>. In fact, the individual had no background in chemistry, and as a result, did not meet the minimum requirements for any of the three City positions the individual held over the last 30 years. In an interview with the IGO, the individual ultimately admitted that the documents were false but attempted to deflect responsibility by denying any memory of submitting them.

After the IGO’s interview, but before the formal conclusion of the IGO investigation, the individual resigned. The IGO therefore recommended the individual be coded as “Resigned Under Inquiry” and placed on the ineligible for hire list. The IGO further recommended that a copy of the summary report be placed in the individual’s personnel file.

Both DHR and DWM stated they would place a copy of the IGO’s summary report in the individual’s personnel files maintained by the City and the department, and DHR reported the individual would be designated as “Resigned Under Inquiry.” But relying on a March 4, 2011 memorandum from the former Chief of Staff, DHR responded that, because the individual resigned before a statement of charges could be issued, the individual could not be placed on the City’s Ineligible for hire list. Rather, DHR asserted, “the appropriate remedy for an employee who has Resigned Under Inquiry is to place the Summary Report in the employee’s personnel file.”

#### IGO Case # 10-0656

The IGO determined that a City Department of Public Health (CDPH) data entry operator violated the City’s residency requirement by living in a south suburb. During the interview of the employee, s/he admitted that s/he had not resided in the City for at least six months. The employee also violated his/her duty to cooperate with the IGO’s investigation by refusing to answer relevant questions asked by the IGO during the course of its investigation. Based on these findings, the IGO recommended that the City terminate the employee and place him/her on the ineligible for hire list.

CDPH concurred with the IGO’s recommendations and served the employee with a statement of charges. The employee subsequently resigned.

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<sup>3</sup> Of note, although not directly relevant to the conduct under investigation, is that the subject individual was also on the so-called “Clout List” seeking a promotion in June, 1997.

IGO Case # 10-0860

An IGO investigation found that a City contractor and its president committed insurance fraud in connection with the company's two City contracts. Specifically, the contractor repeatedly misrepresented to its workers' compensation insurers that its payroll costs were no higher than \$250,726, despite the fact that the contractor employed at least 125 employees to service a multi-million dollar City contract and had payrolls as high as \$1.5 million. As a result, the contractor underpaid the State workers' compensation insurance fund by more than \$1 million for years 2007-2008 alone, and continues to substantially underpay for its insurance coverage. The fraud constituted a violation of the contractor's contract terms as well as the Illinois Workers' Compensation Act, 820 ILCS 305/25.5(a)(5).

Additionally, the IGO concluded that the contractor's president attempted to conceal the fraud by making false and contradictory statements to the IGO. First, the president contended that the contractor notified its insurance broker of its increase in employees and, later, claimed that the unreported employees were actually covered through an undisclosed subcontractor, explanations that were both belied by the documentary and testimonial evidence gathered by the IGO. Based on these findings, the IGO recommended permanent debarment of the contractor and its president and that the Department of Law consider an enforcement action for violations of § 1-21-010 of the Municipal Code (False Statements).

DPS began debarment proceeding for the contractor and its president. The Law Department reported that, at the request of the Cook County State's Attorney's Office, it would not to pursue a False Statements enforcement action at this time, so as not to interfere with a potential criminal prosecution for the contractor's insurance fraud.

IGO Case # 10-1005

The IGO concluded an investigation that revealed employees with the City Commission on Animal Care and Control (ACC) performed below the level ordinarily expected of them by failing to provide timely and accurate information to the owner of a privately owned pet dog impounded by ACC that died while in ACC custody. ACC records obtained by the IGO showed that on June 9, 2010, ACC impounded a yellow Labrador mix breed dog after it escaped from its owner's yard. For reasons never determined, the dog died while in an ACC vehicle during the several hours from the time it was captured until it arrived at the main ACC facility.

The owner made multiple inquiries to ACC over a three day period in an attempt to locate her pet. ACC employees responded to the inquiries by repeatedly informing the owner that her dog had not been picked up or impounded by ACC. When the owner contacted ACC again on fourth day, an ACC employee informed her that her dog was at the ACC facility where she could come to retrieve it. The owner said that she was not informed that the dog had died. When the owner arrived at the facility to claim her pet, a different ACC clerk informed the owner that her dog had died days prior that it's remains were not at the ACC facility, but rather had probably been sent to a crematorium used by ACC, although the employee did not know for certain because ACC did not keep records regarding the transmittal of remains.

The IGO concluded that in their totality the facts of the case reflected incompetent performance of duties as defined under City’s Personnel Rules. The investigation permitted identification of only two of the ACC employees involved in the sequence of events. The IGO recommended that one of them be suspended for three days for his/her performance in this matter. The IGO did not recommend discipline against the other employee because we could not exclude the possibility that the employee believed that he/she was following ACC policy regarding disclosure of information over the telephone. The IGO also recommended that ACC undertake the following measures to minimize, if not eliminate, the risk of such an occurrence in the future:

- (1) Immediate database entry of information regarding impounded pets from the field at the time a lost pet is taken into ACC custody, rather than entry at the end of a shift (or longer).
- (2) Review its protocols for providing accurate and timely information to the owners of lost pets who contact ACC.
- (3) Require all ACC employees responsible for communicating with lost pet owners to provide accurate information by mandating that they diligently search the internal database and A&A (activity) sheets before informing an owner that ACC has not picked up their lost pet.
- (4) Review department protocols for dead on arrival (DOA) lost pets. Just as ACC has a mechanism in place for owners to view photographs of lost pets housed in the medical pavilions which are not accessible to the public, a similar and sensitive mechanism should be created for lost pets that arrive at the ACC facility DOA and likely will have owners searching for them.
- (5) Train all staff involved in customer service in use of the Chameleon database to include methods and means by which searches may be conducted in response to customer inquiries about lost pets.

The ACC employee against whom the IGO recommended discipline resigned prior to his/her pre-disciplinary hearing. ACC has yet to respond to the policy recommendations. The IGO will provide a further update regarding the agencies response when and as appropriate.

**2. Policy Recommendations arising from IGO Investigations**

One of the functions of the IGO is to recommend “to the mayor and the city council policies and methods for the elimination of inefficiencies and waste, and the prevention of misconduct.”<sup>4</sup> If IGO investigations reveal misconduct that is not being addressed by a City policy or procedure, the IGO recommends policy changes to the Mayor and the relevant department either in the summary reports that detail the investigation or in separate policy-focused reports. In addition to the previously summarized ten cases, there were three sustained cases that produced policy recommendations, as follows:

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<sup>4</sup> *Chicago Municipal Code*, sec. 2-56-030(c)

(A) Updated CFD Response to IGO Case #09-1562

As reported in the quarterly report for the Second Quarter of 2011<sup>5</sup>, on June 21, 2011, the IGO concluded its review of all overtime and holiday premium payments to “exempt” members of the Chicago Fire Department (CFD) who are not covered by the Chicago Fire Fighters Union Local 2 Agreement with the City of Chicago. The IGO’s review revealed that of the 44 exempt titles within the department, the CFD has paid deputy district chiefs (DDCs) and assistant deputy chief paramedics (ADCPs) overtime and holiday premium payments and, for much of the past 6 years, has paid 1.5 overtime to an additional 5 titles within the personnel and internal affairs departments. Collectively, these payments had dramatically risen since 2006 and remained at significantly high levels for the past 4 years. Moreover, for each of the past six years, the collective payment of overtime and holiday premium pay to employees bearing those seven exempt titles negated all furlough savings for those employees.

CFD’s payment of straight overtime to DDCs and ADCPs reached its peak in 2009 with a total of \$314,234 and fell slightly in 2010 to a total of \$289,887. Holiday premium pay to DDCs and ADCPs also steadily increased over the past 6-year period and after peaking in 2008 at \$288,697, leveled off at \$247,456 in 2010.

CFD has provided overtime or holiday premiums, along with other cash benefits included in the Local 2 Agreement, to these seven non-union titles—most significantly to DDCs and ADCPs—at its discretion and at a significant expense to taxpayers. The IGO recommended that the CFD end this practice. In addition, the IGO recommended that CFD work with the Department of Law to determine which, if any, CFD exempt employees are in fact entitled to receive cash overtime as a matter of any applicable laws, including the Fair Labor Standards Act (FLSA). The IGO also recommended that the CFD institute a written policy that clearly and expressly detailing the compensation provided to exempt CFD members. Finally, the IGO recommended that the CFD conduct an analysis to determine how the large increase in cash overtime and holiday premium payments can be curtailed or altogether eliminated, while maintaining operationally-necessary staffing.

The annual totals of 1.5 overtime paid to all exempt employees—including IAD and personnel employees—remained fairly steady in 2005 through 2007 but spiked dramatically in 2008 to a high of \$115,903. In 2010, after the IGO issued its Interim Report, the CFD discontinued the payment of 1.5 overtime to all exempts and recouped some of the 1.5 overtime payments erroneously issued in 2009 and 2008.

In August 2011, CFD provided the IGO with an updated response to the IGO’s recommendations. First, CFD reported that, as recommended by the IGO, it had consulted with the Department of Law on the applicability of the Fair Labor Standards Act (FLSA) and other wage and employment laws to DDCs and ADCPs. Based on this consultation, CFD decided to continue its practice of providing straight-time overtime to DDCs and ADCPs, explaining that, in consultation with Law, it determined that because the positions of DDC and ADCP are unique for their 24/7 operational and administrative functions, “the decision to compensate DDCs and

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<sup>5</sup> <http://chicagoinspectorgeneral.org/wp-content/uploads/2011/07/Q2-2011-Report.pdf> (pp. 11-12).

ADCPs at a non-premium rate, i.e., the equivalent of straight time, for working an additional 24 hour shift . . . is consistent with their executive and administrative exemptions under the FLSA and prudent given applicable laws and operational needs.”

Also consistent with the IGO’s recommendations, the CFD reported that it had discontinued holiday premium pay for exempt rank CFD members and recouped all monies paid out in error in the form of 1.5 overtime to exempt members in 2008 and 2009. The CFD provided the IGO with a copy of a letter dated August 16, 2011 from the CFD Commissioner to all DDCs and ADCPs, informing them that “[o]vertime compensation for DDCs and ADCPs shall be paid at the straight time rate. DDCs and ADCPs who work a holiday will receive no extra pay for working a holiday, unless you are working overtime.” The CFD further reported that it would provide the IGO documentation of all 1.5 overtime recoupment upon request.

In response to the IGO’s specific recommendation that the CFD analyze whether the contract benefits of duty availability pay and protective gear and uniform allowance continue to make sense for exempt employees and to eliminate them where appropriate, the CFD reported that it would continue to extend these benefits to DDCs and ADCPs. The CFD explained its decision by stating that DDCs and ADCPs work under the same conditions and schedules as front-line personnel covered under the Local 2 Agreement and have the same need to replace/repair items affected through the normal course of their duties.

Finally, in response to the IGO’S recommendation that the CFD analyze the overtime costs of the past Lieutenant oral boards and have a cost-effective plan in place before the next testing sequence, the CFD reported that it will analyze the administration of Lieutenant oral boards to avoid significant overtime for DDCs when the next Lieutenants test is being considered, keeping in mind the input of the test developer and the Department of Human Resources. In its March 2011 response, the CFD reported that 21 DDCs were utilized, resulting in \$146,097 in overtime, representing 46% of all straight overtime paid to exempts in 2009.

The IGO thanks and commends the CFD’s engagement and thorough analysis of and response to the overtime issues raised by the IGO report, including those issues where the parties ultimately disagreed regarding the final outcome.

*(B) IGO Case #10-0428 re: World Business Chicago*

The IGO issued a review on July 21, 2011 of World Business Chicago’s (WBC) involvement in the City’s approval of Tax Increment Financing (TIF) proposals. WBC, a City-funded economic development organization, routinely submits to the City letters in support of corporations applying for TIF funds. The City, in turn, relies on WBC’s letters as evidence of community support for the proposed TIF projects. The IGO’s review found that in 2009, WBC staff advocated for the approval of significant TIF subsidies for two major corporations—CME Group and United Air Lines—despite the fact that the companies’ executives were then serving on WBC’s board of directors. WBC did not disclose the apparent conflict of interest to the City and had no policy mandating disclosure, or otherwise governing this conflict.

The IGO found no violations of the law or City regulations on the part of WBC, United, or CME Group.

But given the persistent concerns regarding transparency in the City’s TIF program, the IGO recommended, at a minimum, that the Office of Budget and Management (OBM) or the Mayor, as WBC Chairman, require WBC to adopt a rigorous conflict of interest policy. Such a policy would require WBC to disclose potential conflicts when making recommendations for City action—including the approval of TIF funds—in which its employees, volunteers, officers, or directors have a financial interest.

The IGO further recommended that WBC discontinue its practice of submitting letters in support of specific TIF subsidies and that the City no longer rely on WBC’s letters as evidence of community support for TIF projects because:

- (1) WBC is headed by the Mayor and is dependent upon the City for the majority of its funding and therefore is not an independent organization;
- (2) WBC engages in minimal analysis of the merits of the TIF proposals for which it advocates; and
- (3) WBC directors who are active officers or directors of corporations each owe a fiduciary duty to their own companies, creating possible conflicts of interest in WBC’s evaluation of and advocacy for certain TIF proposals.

The corporate nature of WBC’s governing board further calls into question the organization’s ability to effectively recruit a broad range of businesses to Chicago and to advocate for TIF assistance for businesses that would best serve the goals of the TIF program. Given WBC’s unique ties to the City in both its structure and mission and its integral role in the TIF approval process, the IGO believes that efforts to ensure transparency and integrity in the organization’s operations are critical. The IGO will provide a further update as warranted if and when World Business Chicago takes action on the IGO report.

### **3. Updates from Prior Cases**

#### IGO Case # 07-1691

In the Quarterly Report for the third quarter of 2010<sup>6</sup>, the IGO reported that an investigation had determined that the Office of Emergency Management and Communications (OEMC) improperly routed a \$23 million sole source contract for digital radios to a vendor, circumventing a competitive bid and proposal process. Specifically, the IGO noted that:

In order to bypass the City’s usual competitive procurement process, OEMC provided several justifications, including an earlier \$2 million investment in similar technology with the same vendor. The IGO determined that this

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<sup>6</sup> <http://chicagoinspectorgeneral.org/wp-content/uploads/2011/03/2010-Q3-Report-Final.pdf> (at pp. 7-8).

investment did occur, although at a significantly lower level – \$350,000, or 82.5% less – than OEMC claimed. More troubling, the initial investment also happened without any contract or procurement process whatsoever. In fact, OEMC had falsified documents to push the initial purchase through an unrelated contract with the vendor. By using the earlier, unauthorized purchase to justify the later sole-source contract, OEMC essentially “bootstrapped” a \$23 million contract on an earlier, \$350,000 fraudulently-obtained purchase.

...

As a result, the City is now committed to a digital radio system that has never been the subject of any sort of competitive procurement process. To be clear, the IGO is *not* suggesting that the vendor's system is not the best one for the City's needs – the IGO did not evaluate that. The point is, neither did OEMC.

...

OEMC's long-running failure to effectively manage the procurement and contract process presents a significant risk to the City's emergency preparedness, fiscal security, and grant compliance. In reaching this conclusion, the IGO is not suggesting that the City's current emergency preparedness is substandard. We did not evaluate that. We merely note that bypasses of competitive bid and purchase and contract protocols increases the risk of substandard outcomes in this critical realm.

OEMC strenuously disagreed with the IGO analysis, insisting that policies and procedures implemented by OEMC administration subsequent to the events under investigation adequately addressed the concerns raised in the IGO report.<sup>7</sup>

However, recent media reports suggest that the digital radio system is still not working because of the exact issues raised by the IGO, and then dismissed by OEMC. Specifically, the digital radios have been unable to consistently function with one another, leaving CFD firefighters and paramedics to use incompatible analog radios. Should CFD need to communicate with CPD officers, the City's 911 call center has to connect them. Moreover, a recent National Institute for Occupational Health and Safety investigation noted that the lack of radios for all firefighters contributed to the deaths of two CFD firefighters in a fire on Dec. 22, 2010.

The IGO originally noted in 2010 that prior OEMC management had allowed an anachronistic procurement program to delay the delivery of mission-critical life-saving equipment. During this

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<sup>7</sup> In his response to the IGO report, the then-OEMC Executive Director stated:

“However, even more troubling to OEMC is this particular statement contained in the report, ‘OEMC's long-running failure to effectively manage the procurement and contract process presents a significant risk to the City's emergency preparedness, fiscal security and grant compliance.’ What evidence or expert opinion is such a bold statement based upon? With all due respect, the IGO report fails to explain exactly how the City of Chicago's emergency preparedness, fiscal security and grant compliance are at a significant risk. Much to the contrary, through the actions of the OEMC, the City of Chicago is prepared for emergencies and fiscally secure.”

The then-OEMC Executive Director has since returned to the CFD as a Deputy Fire Commissioner.

past quarter, the IGO met with the new Director of OEMC, who has indicated an awareness of and intention to address both the historical procurement problems he inherited, as well as those forward going. The IGO stands available to provide support to OEMC and DPS in their ongoing efforts to refine and update procurement processes and procedures, specifically those including public safety equipment.

#### IGO Case # 09-0806

In the quarterly report for the Second Quarter of 2011<sup>8</sup>, the IGO reported an investigation that found that a Deputy Commissioner with the Department of Streets and Sanitation (DSS), in addition to other misconduct, arranged for two DSS employees to be chauffeured to work by City employees while the employees were on City time.

Among other recommendations, the IGO recommended a three-day suspension for one of the City employees who served as a personal chauffeur while on City time, in a City vehicle. The DSS Commissioner agreed with the IGO's recommendation, but did not impose the suspension until almost six months after the IGO released its report. In addition, the Commissioner imposed the suspension beginning on September 9, 2011, a Friday, and ending on September 11, 2011, a Sunday. Because the suspended City employee's regular work schedule was Monday through Friday, the three-day suspension effectively functioned as a one-day suspension. Moreover, when the suspended City employee returned to work on September 12, 2011, he earned approximately \$900 dollars in overtime that day and night, thus more than recovering the wages he lost due to his suspension. The management of the imposition of the suspension largely vitiated, if not wholly offset, the punitive effect of the publicly stated disciplinary outcome. Such manipulations occurred in this department during the prior administration which, upon learning of them, banned such practices. A freshening of that prohibition from the new administration may be in order.

#### **4. Disciplinary and Other Corrective Action Recommendations**

In the 13 sustained cases described above, the IGO made 191 discipline or other corrective action recommendations. The number of recommendations can exceed the number of cases because cases can have more than one subject. The table below details the discipline or corrective action the IGO recommended.

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<sup>8</sup> <http://chicagoinspectorgeneral.org/wp-content/uploads/2011/07/Q2-2011-Report.pdf> (p.5)

**Table #4 – Discipline Recommendations**

Type of IGO Recommended Discipline	Number of subjects
<i>Employee Discipline</i>	
Reprimand	0
Suspension less than or equal to 10 days	4
Suspension 11 to 29 days	0
Suspension equal to 30 days	1
Suspension over 30 days	0
Termination	60
<i>Other Corrective Action</i>	
Debar	11
Do not (re)hire	61
Other	0
Cost Recovery	54
<b>Total</b>	<b>191</b>

(A) *Departmental Action*<sup>9</sup>

Of the 191 recommendations contained in this quarter’s 13 summary reports:

- In 37 instances, departments imposed the same discipline/corrective action recommended by the IGO.
- In 87 instances, a department imposed less discipline/corrective action than the IGO recommended.
- In no instance did a department impose more discipline/corrective action than the IGO recommended.
- In 11 instances, subjects of the investigation resigned during the inquiry.
- In 56 instances, formal action is still pending.

In 1 instance a department imposed discipline/corrective action when the IGO did not recommend any discipline on investigations summarized in this report.

(B) *Results of Appeals or Grievances*

Under the City’s Personnel Rules and/or applicable collective bargaining agreements 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. The IGO monitors the results of administrative appeals before the Human Resources Board (HRB)<sup>10</sup> and grievance arbitrations concerning our disciplinary recommendations.

<sup>9</sup> This data is as of April 14, 2010.

<sup>10</sup> 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](http://www.cityofchicago.org/city/en/depts/dhr/auto_generated/dhr_our_structure.html) (accessed April 13, 2010)

To date, 1 of the subjects involved in the 13 investigations that were summarized in this report has appealed his/her discipline to the HRB, and no hearings have been set.

In future quarterly reports we will provide updates as appropriate on appeals or grievances concerning IGO disciplinary recommendations.

**D. CRIMINAL CASES**

As discussed above, in addition to administrative allegations, the IGO also investigates 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.

**1. Synopses of Cases**

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

**2. Developments in Prior Criminal Cases**

During the quarter, there were resolutions in four of the IGO’s prior criminal investigations.

*(A) IGO Case #05-1539, Maryanne Koll*

On September 19, 2011, Maryanne Koll, a retired CDPH food sanitation inspector who operated Kollmar Food Safety Institute from her home in Burr Ridge, was convicted of one count of bribery conspiracy following a stipulated bench trial.

Koll, who was authorized by the Illinois Department of Public Health to teach food service sanitation classes and administer state certification exams, was convicted of conspiracy to commit bribery for accepting at least \$79,650 in return for fraudulently arranging to provide bogus certificates for at least 531 individuals.

Koll is scheduled to be sentenced January 19, 2012, by U.S. District Judge Harry Leinenweber, who rendered a guilty verdict after Koll and the government provided agreed facts and legal arguments in writing. She faces a maximum penalty of five years in prison and a \$250,000 fine.

*(B) IGO Case #06-0253, Leon Moore*

On July 28, Leon Moore, a former City worker, plead guilty to making a false statement to federal investigators regarding whether he had ever accepted anything in return for prioritizing or expediting the review or certification of an application for minority certification.

Moore worked for DPS from July 1996 to November 2005. Moore’s responsibilities included reviewing applications for certification of MWBE firms. From approximately 2000 to 2003, he was chairman of the certification committee and had the ability to expedite review and certification of MWBE applications.

In 2009, the FBI was investigating corruption and fraud relating to the City's certification of minority businesses, and it was material to the investigation whether Moore accepted bribes or payoffs in return for certifying or expediting the review or certification of companies as MBEs. Moore's guilty plea is an acknowledgement that in March 2009, he lied to agents when he stated "in sum and substance that he never accepted anything in return for prioritizing or expediting the review or certification of an application for a minority certification."

Moore's sentencing is currently set for October 27.

*(C) IGO Case #05-1709, U.S. Occupational Health*

On August 31, 2011, U.S. Occupational Health (USOH) was sentenced to one year probation, to pay \$600,000 in restitution, and pay a \$5,000 fine after pleading guilty to one count of mail fraud.

USOH, an Illinois corporation, was a medical services company that had a contract to perform medical testing and examinations to City employees. USOH's contract stipulated that results of particular medical tests (specifically pulmonary function studies, x-rays, and EKGs) for Chicago Police Department (CPD) and Chicago Fire Department (CFD) employees be reviewed by board-certified specialists in radiology, cardiology, and pulmonology.

The investigation by the IGO and the Federal Bureau of Investigation found that USOH defrauded the City by using stamps of qualified specialists to indicate that the results of those tests had been properly reviewed. Between 1999 and 2005, USOH examined more than 10,000 CPD and CFD applicants for the City. This caused the City to overpay \$600,000 due to the fraud.

However, the judge hearing the case, noted the prosecution and defense had agreed that USOH is currently insolvent, which will limit their ability to pay full restitution to the City.

*(D) Crooked Code Update*

Another defendant in Operation Crooked Code was sentenced this quarter. Operation Crooked Code involved extensive cooperation between the IGO, U.S. Postal Inspection Service (USPIS), the FBI, and the U.S. Attorney's Office. To date, there have been twenty-one individuals convicted under Operation Crooked Code, fifteen of whom were current or former City employees.

*Dumitru Curescu*

On July 18, Curescu, a developer, was sentenced to 6 months in custody, 3 months community confinement, and 3 years supervision. He was also ordered to pay a \$200 assessment fee. He had been found guilty on one count of conspiracy to bribe a City official and one count of paying a bribe to a zoning inspector.

## **E. HIRING COMPLIANCE**

On March 26, 2010, the IGO was assigned responsibility for monitoring the City's hiring and employment compliance with the law and protocols imposed under the *Shakman* Accord. Assumption of that responsibility was formalized by ordinance passed by the City Council on May 12, 2010.<sup>11</sup> The IGO carries out this monitoring function principally through its Hiring Oversight Section (IGO Hiring Oversight), which reviews, monitors, and audits key processes in the City's hiring and related employment practices and receives complaints, including allegations of unlawful political discrimination and retaliation and other improper influence in connection with any aspect of City employment.

On June 8, 2011, former Deputy Inspector General for Hiring Oversight Soo Choi was confirmed as the Commissioner for the City's Department of Human Resources (DHR). Soon after her appointment, Commissioner Choi hired IGO Associate Compliance Officer Christopher Owen as her First Deputy Commissioner and IGO Associate Compliance Officer Rebecca Strisko as her Deputy Commissioner over Employment Services.

In our last quarterly report, we identified two serious impediments that were compromising IGO Hiring Oversight's ability to provide stringent oversight of the City's hiring processes to ensure the City complies with the *Shakman* Decrees. The first of these was serious understaffing in the IGO Hiring Oversight Section. While the unit is currently operating at 33% of its allocated staffing, the vacancies are currently working their way through the City's hiring bureaucracy. In the interim, the unit is comprised of two Assistant Compliance Officers and an Assistant Inspector General who has been partly diverted from investigations to undertake certain responsibilities of the vacated deputy position previously held by Commissioner Choi. Filling these existing vacancies is essential in order to provide the oversight required to ensure compliance with the law and protocols required under the *Shakman* Accord.

The second impediment discussed in the last quarterly report is the continuing legal dispute regarding IGO access to information and documents in the possession of the City's Law Department. This roadblock remains unchanged – the IGO still does not have unfettered access to the City's documents and records. Recently, the Illinois Supreme Court granted the Law Department's petition to appeal the Illinois Appellate Court's ruling recognizing the IGO's ability to hire a private attorney to seek judicial enforcement of a subpoena served on the Corporation Counsel.<sup>12</sup> *Ferguson v. Georges*, 948 N.E.2d 775 (Ill. Ct. App. 2011). If the new Administration succeeds in its argument to the Supreme Court that the IGO's authority to enforce its subpoenas is subordinate to the authority and decisions of the Law Department and that there should be no IGO recourse to the courts to resolve such enforcement and legal conflict issues, IGO Hiring Oversight's ability to provide vigorous oversight of the City's compliance with the *Shakman* Accord will be severely handicapped.

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<sup>11</sup> See *Chicago Municipal Code*, sec. 2-56-035

<sup>12</sup> The investigation underlying the lawsuit involves, among other things, possible *Shakman* violations.

## QUARTERLY REPORTING OF HIRING OVERSIGHT DATA

On June 24, 2011, the City of Chicago filed the 2011 City of Chicago Hiring Plan (“General Hire Plan”). The General Hire Plan, which was agreed to by the parties and approved by the Court on June 29, 2011, replaced the 2007 City of Chicago Hiring Plan which was previously in effect. Negotiations are still ongoing for the Chicago Fire Department Hiring Plan and the Chicago Police Department Hiring Plan.

Under Chapter XII of the new City of Chicago General 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 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, we received five reports of direct departmental contact from DHR. Two reports did not constitute departmental contacts, as the departments simply forwarded information received from an outside entity out of an abundance of caution.

The remaining three reports did constitute departmental contacts as defined above. The first contact involved a department head inquiring why two specific candidates were disqualified and not allowed to test for a position. DHR instructed the department head to have the candidates contact DHR directly to find out their application status. The second contact involved a department head requesting that a *Shakman-Exempt*<sup>13</sup> employee be returned to their previous *Shakman-Covered Senior Manager* (non-career service) position. DHR explained that only employees who were previously in career service positions and left for Exempt appointments can be returned to their original career service position without going through the hire process. In this case, the *Shakman-Covered Senior Manager* position would have to be posted and go through the Senior Manager Hire Process.

The final contact occurred during a meeting with DHR and a department’s interview panel. During the meeting, the interview panel expressed frustrations of not being able to fill a position because the qualifications of the candidates on the referral list<sup>14</sup> did not match the qualifications the department was hoping to capture. They then presented

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<sup>13</sup> Exempt positions are excepted from the requirements of the Hiring Plan. For Exempt positions, political reasons and other factors may be considered in making employment decisions, unless otherwise prohibited by law.

<sup>14</sup> A referral list is a list that is generated by DHR of applicants/bidders who meet the predetermined minimum qualifications for a position.

DHR with a redacted resume of, in their opinion, a “great” applicant who applied but was not referred for an interview. The interview panel revealed that they received this redacted resume from a senior level employee in their department who “knew the applicant from their work in the Mayor’s Office.” Although the resume was redacted, IGO Hiring Oversight believed that presenting this resume to DHR constituted a violation of the II.C.1 direct contact provision of the general hiring plan. We recommended, in order to preserve the integrity of the hire sequence, the position be reposted and all employees who reviewed the redacted resume recuse themselves from the hire sequence. DHR and the Department agreed to repost the position with a new recruiter. However, due to a lack of eligible interviewers, the department could only ask one of the original interviewers to recuse herself and selected a new interviewer to replace her.

2. *Exemptions. Review of adherence to exemption requirements and Exempt Lists and propriety of Exempt List<sup>15</sup> modifications.*

The Exempt List was last updated in April 2011 and is on DHR’s website. Numerous changes in the individuals holding Exempt positions have occurred as a result of new department heads restructuring their departments. In addition to these personnel changes, several department heads have requested, and DHR has granted, changes to the titles of Exempt positions within their departments.

This movement has resulted in the addition of one Deputy Director position in the Office of the City Clerk (OCC). At some point, the previous administration transferred a Deputy Director position to OCC from a portion of the Exempt List dedicated to City departments (and not OCC). Although such action is not contemplated by the *Shakman* Accord, IGO and the *Shakman* Monitor’s Office raised no objections to DHR officially adding this position to the Exempt List after reviewing the situation.

3. *Senior Manager Hires. Review of hires using Chapter VI, the Senior Manager Hiring Process.<sup>16</sup>*

Of the 89 hire packets we reviewed this past quarter, six were for Senior Manager positions. Two of these six packets contained errors, which were due to missing documentation. These errors did not constitute a hiring violation.

In our review of one particular Senior Manager Hiring sequence, we worked with DHR and the *Shakman* Monitor’s Office to reach an agreement on an action not detailed in the recently filed Hiring Plan. In September 2011, we raised concerns about a sequence in which the Department of Procurement Services (DPS) moved to hire an individual as a

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<sup>15</sup> The Exempt List documents all positions labeled *Shakman*-Exempt. The link to the current Exempt List can be viewed [here](#).

<sup>16</sup> 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.

Senior Compliance Officer position whom they had ranked as their second choice in another recent hiring sequence for the same job title without reposting the position or conducting new interviews. Although the City’s Hiring Plan does not contemplate this action for Senior Manager hiring, it is common for other titles that are otherwise more tightly regulated by the Hiring Plan. After discussing the matter internally and with the *Shakman* Monitor’s Office, IGO agreed with DHR that this omission from the Hiring Plan was an oversight and allowed DPS to move forward with the hire. Going forward, all City departments are allowed to hire candidates in ranked order on a Pre-Qualified Candidate list for Senior Manager positions, provided that their applications have not expired pursuant to provisions set forth in the Hiring Plan.

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

In July 2011, DHR informed us that interviewers for a Supervising Investigator hiring sequence in the Independent Police Review Authority (IPRA) were unable to reach a consensus on which candidate to hire. In accordance with the Hiring Plan, the hiring manager for the sequence submitted a memorandum detailing the rationale for hiring the selected candidate. After reviewing the memorandum and all documentation in the hiring packet, IGO concluded that IPRA had properly executed the hiring sequence.

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 3<sup>rd</sup> Quarter of 2011.

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

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

We are currently reviewing all job descriptions, minimum qualifications, and screening/hiring criteria, thus allowing us to note and review these modifications. In the last quarter, the City has changed the job title of a Senior Manager position in DHR and the minimum qualifications for a position in the Chicago Department of Public Health. IGO reviewed the changes and raised no objections to them.

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

IGO Hiring Oversight currently reviews most candidate and bidder lists. In the past quarter, we reviewed 45 lists and provided commentary to DHR whenever potential issues arose. Of the 45 referral lists reviewed in the past quarter, nine contained errors. All nine errors occurred in the area of candidate assessment. We recognize that aspects

of candidate assessment can be subjective and that there can be a difference 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. In our audit of tests developed in the past quarter, we did not observe any problems. We will continue reviewing a sampling of test administrations in the next quarter.

4. Selected Hiring Sequences. *10% in 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.*

We are currently reviewing most hiring sequences and have worked directly with DHR staff and management to address errors when they arise. In reviewing these sequences, we examine hiring packets, which contain all of the documents in the hiring process, including all documents and notes maintained by individuals involved in the selection process. In the past quarter, we reviewed 89 hire packets. Of the 89 hire packets reviewed, 23 contained at least one error. These errors included missing or invalid documentation (for example, an expired driver’s license), and missing Hire Certifications. As with the referral list errors, we have provided detailed information to DHR management so that they may address them, and we are tracking DHR’s progress in reducing these mistakes.

General Services Hiring Sequence Suspension

In August 2011, IGO issued a memorandum to DHR recommending that it require the Department of General Services (DGS) to redo the interview sequence for a promotional position with new interviewers. After reviewing the interview assessment forms for the hiring sequence, we believed that the interviewers violated the Hiring Plan and directives in the City’s Interview and Consensus Meeting Training by allowing Improper<sup>17</sup> considerations to enter into their selection of candidates for hire. Specifically, the assessment forms contained notes indicating the interviewers considered candidates’ subjective personality traits and their connections to DGS in evaluating them. For

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<sup>17</sup> The City’s Hiring Plan defines Improper as describing “a consideration constituting preferential treatment which is not job related.”

example, all three candidates whose interview forms showed that they had a connection to DGS were among the six individuals selected for hire. In one instance, an interviewer noted that a selected candidate “Knew other DGS people.”

DHR reported that they would not recommend redoing the sequence. In rejecting our recommendation, DHR argued that the comments we highlighted in our memorandum were not inappropriate when placed in their proper context in the forms because the interviewers also noted the objective qualifications of the candidates. In the case of the candidate who “Knew other DGS people,” DHR reasoned that the comment was ambiguous because the interviewer “could have been recording a factual statement...in the same way that [the interviewer] recorded that the candidate asked questions about the department.” DHR also argued that requiring DGS to redo the interview sequences may have a “chilling effect” on interviewers’ note-taking in the future if their candid comments were construed in such a way as to be held against them.

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 89 hire packets reviewed in the last quarter, 14 were missing at least one required hire certification from DHR and/or the Hiring Department. After reporting the omissions to DHR, the missing certifications were provided and included in the packets.

6. Acting Up.<sup>18</sup> *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. The following chart details the waivers approved by DHR in the last quarter:

<b>Department</b>	<b>Position</b>	<b>Number of Employees</b>	<b>Date of Response</b>	<b>Duration of Waiver</b>
Water	Assistant Chief Operating Engineer	2	08/19/2011	09/30/2011
Water	Chief Operating Engineer	3	08/19/2011	09/30/2011
Water	Foreman of Electrical Mechanics	1	08/19/2011	09/30/2011
Water	Operating Engineer – Group A	3	08/19/2011	09/30/2011

<sup>18</sup> 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.

Library	Librarian IV	1	08/25/2011	Additional 90 continuous calendar days
CDOT	Foreman of Cement Finishers	1	08/31/2011	Additional 90 continuous calendar days
CDOT	Foreman of Bridge & Structural Ironworkers	3	09/09/2011	Additional 90 continuous calendar days
Aviation	Aviation Security Sergeants	6	09/22/2011	Additional 90 continuous calendar days

7. *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, we reviewed two settlement agreements. The first settlement, reached between the Department of Water Management and the International Association of Machinists and Aerospace Workers, Local 126, allowed an employee to retake a portion of a skills demonstration test. The other settlement, reached between the Office of Emergency Management and Communications and the Service Employees International Union, Local 73, gave 72 laid-off employees first bidding rights on Unit II SEIU represented bargaining unit vacancies.

**QUARTERLY REPORTING OF CONTRACTING ACTIVITY**

IGO Hiring Oversight is required to receive notifications of all draft contracts and other agreements with Temporary Employment Agencies, not-for-profit agencies, for-profit contractors and other organizations and entities providing services to the City under Section 2b of the City’s “Contractor Policy” (Exhibit C to the General Hire Plan). We may choose to review the drafts for the purpose of assessing whether the draft contract or agreement terms are in compliance with the Policy. IGO Hiring Oversight received notifications for 12 draft contracts in the last quarter, and reviewed 9 of these contracts. The following chart details the contract notifications we received and/or reviewed in the last quarter:

<b>Name of the Contractor, Agency or other Organization</b>	<b>Name of Contracting Department</b>	<b>Duration of such Contract or Agreement</b>	<b>Approved by DHR?</b>
Illinois Restaurant Association	DCASE	03/01/2011 – 12/31/2011	n/a
Systems Development Inc.	DGS	Ongoing	n/a

Ravenswood Special Events Inc.	DCASE	05/05/2011 – 12/31/2011	n/a
Ravenswood Special Events Inc.	DCASE	05/05/2011 – 12/31/2012	n/a
M3 Medical Management	DFSS	08/01/2011 – 12/31/2011	Yes
Ruth Masters	Law	Conclusion of particular case	Yes
Professional Dynamic Network	License Appeal Commission	Various Dates between 07/22/2011 – 12/30/2011	Yes
M3 Medical Management	DHR	90 days	Yes
Professional Dynamic Network	Finance	09/01/2011 – 02/28/2012	Yes
Professional Dynamic Network	CTO	08/31/2011 – 12/31/2011	Yes
M3 Medical Management	CDPH	10/03/2011 – 12/09/2011	Yes

In conjunction with IGO Hiring Oversight’s contract compliance activities, IGO Hiring Oversight also provided assistance to numerous departments by reviewing sections and suggesting edits to four RFPs that had potential *Shakman* concerns.

IGO Hiring Oversight is concerned that it is not receiving notification of all draft contracts, and will work with DPS in the coming quarter to ensure compliance with the notification requirement of the City’s Contractor Policy.

**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 one escalation in the last quarter. We will report out on this escalation in the next quarterly report.

- 2. Processing of Complaints. IGO Hiring Oversight receives complaints regarding the hiring process, including allegations of unlawful political 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 31 complaints in the past quarter. Of those complaints, 13 were referred from the *Shakman* Monitor’s Office. The chart below summarizes the disposition of these 31 complaints as well complaints from the previous quarter which were not closed when we issued our last report.

Status	Number of Complaints
Complaints Pending from the 2 <sup>nd</sup> Quarter	16
Complaints Received in the 3 <sup>rd</sup> Quarter	31
Total closed in the 3 <sup>rd</sup> Quarter	36
Closed by Referral to IGO Investigations	8
Closed by Referral to DHR	4
Closed with Recommendations to the Hiring Department and/or DHR	0
Pending with IGO Hiring Oversight as of 10/1/11	11

In the past, many complaints were forwarded to the IGO by the *Shakman* Monitor’s Office and/or EthicsPoint, the vendor that conducted complaint intake for the Office of Compliance, which previously was responsible for the City’s Hiring Oversight functions. Due to the City ending its contract with EthicsPoint and the IGO’s discussions with the *Shakman* Monitor’s Office, we have been contacted directly by complainants with more frequency. Complaints can be made on-line, via e-mail, by phone, via fax, or by mail. We are currently working with the *Shakman* Monitor’s Office and City departments to create more awareness of IGO Hiring Oversight’s role in monitoring City hiring and employment practices and the means of making complaints. We are also working to improve our website’s *Shakman* page to make it easier for complainants to navigate.

### 3. Volunteer Workers.

IGO Hiring Oversight is required to receive notification of the “procedures for using volunteer workers to IGO Hiring Oversight at least thirty (30) days prior to implementation” under the General Hiring Plan. We became concerned this quarter that we were not receiving such notification, as we had seen numerous unpaid internship position postings on the City’s website that we had not received notification of. We brought out concerns to DHR. After discussions, we created a working procedure that we hope will provide IGO Hiring Oversight with enough information to ensure compliance with *Shakman* and provide DHR more flexibility in implementing such volunteer positions. DHR will provide IGO Hiring Oversight with at least 7 days’ notice before implementing any volunteer procedures. For posted, competitive

opportunities, “implementation” will be considered the first day of posting. For unsolicited offers by organizations such as universities, DHR will notify IGO Hiring Oversight immediately after being approached. Many of these will not come to fruition; therefore, DHR will notify IGO Hiring Oversight whether or not DHR allowed the operating department to participate in the program.

**F. AUDITS/PROGRAM AND POLICY REVIEWS**

The IGO Audit Section and the IGO’s Special Assistants conduct independent and professional audits, reviews, 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 audit/review subject. 3 audits/reviews were released this quarter. The following are the quarterly statistics for the IGO’s audits and reviews.

**Audits**

The IGO published no audits this quarter.

**Program and Policy Review**

The Program and Policy Review Section conducts independent, objective, non-partisan research on the economy, efficiency, and effectiveness of City programs. This includes analyzing the performance of City programs and comparing the costs and benefits of City services. The Section’s research and analysis is intended to promote continuous improvement in the delivery of City services and serve as a resource for the City Council, civic and advocacy organizations, and the public.

**1. Budget Options for the City of Chicago 2011**

On September 26, 2011 the IGO released its second annual Budget Options report. This year’s edition provided 63 options to decrease City spending or increase revenue. For each option, an overview and an estimate of the savings or increased revenue that the option would generate was presented. Additionally, brief discussions of what proponents might argue in support of the option and, conversely, what opponents might argue against the option was included. Finally, a section was added this year for more complex or controversial options that provides an additional discussion of the option and additional information decision makers might want in deciding whether or not to implement the option.

Some options included in the report were:

- Reducing the ratio of managers to non-supervisory employees in City government to save more than \$100,000,000 annually
- Eliminating all Tax Increment Financing Districts to increase tax revenues to the City’s general fund by an estimated \$100 million annually
- Increasing the work week of all City employees to 40 hours to save approximately \$40 million annually

- Broadening the City’s Sales Tax to include more services generating an estimated \$450 million annually
- Eliminating Police and Fire Duty Availability Pay that costs the City approximately \$52 million a year
- Raise Water and Sewer Rates to the national average which would increase annual revenues by \$380 million
- Eliminating Police Department Supervisor Quarterly Pay saving approximately \$9.6 million annually
- Create a Commuter Tax estimated to generate \$300 million in annual revenues
- Eliminate Tuition Reimbursement for City Employees, saving approximately \$7.3 million
- Implement Congestion Pricing for vehicular traffic that is estimated to generate an additional annual revenues of \$235 million
- Reducing the number of paid holidays for City workers from 13 to 10 resulting in annual savings estimated at \$4.9 million
- Broadening the City’s Amusement Tax which would produce an additional \$105 million in annual revenues
- Eliminate the Fire Commissary Contract for yearly savings of \$2 million
- Doubling the City’s Boat Mooring Tax to generate an additional \$1.3 million

View all of the Budget Options and add your comments, questions, and criticisms here:

<http://chicagoinspectorgeneral.org/major-initiatives/budget-options/2011-budget-options-online-version/>

## **2. Best Practices and Recommendations for SSA Transparency**

The IGO recently conducted a review of the transparency of the City’s Special Service Area (SSA) program. The IGO found that all but one of the Service Provider Agencies have websites themselves, which in several instances offer explanatory narratives about the SSA and its services, scheduled meeting dates and SSA leadership. However, the quantity and quality of available information varies significantly across SSAs. In the best cases, the public can identify who the Service Provider Agency and SSA Commissioners are, can learn about the SSAs goals and strategies, find financial information such as budgets, and review minutes from past meetings. In the worst examples, there is no available online content.

To ensure that SSAs are accountable and transparent to taxpayers and their communities, the IGO recommended that the Department of Housing and Economic Development (DHED) require Service Provider Agencies to disclose more detailed organizational, finance, and performance information on each SSA’s website. The IGO also recommended that the City provide the SSAs’ annual budgets and workplans online. This recommendation was not meant to duplicate the disclosures of the Service Provider Agencies. Rather, it would provide program-wide information in a single source, and show that information in a uniform presentation across individual SSAs. Lastly, the IGO recommended that Aldermen link to SSAs in their wards on their official websites to raise the visibility of SSAs generally.

The IGO believes that improved transparency, both at the City level and the SSA Service Provider Agency level, will increase the SSA Program’s effectiveness by first, demonstrating commitment to SSA taxpayers, and second, creating accountability.

Read the full report here:

<http://chicagoinspectorgeneral.org/publications-and-press/press-releases/best-practices-and-recommendations-for-ssa-transparency/>

### **3. Effects of the Furlough Program on the Use of Overtime**

On July 20, 2011, the IGO released a report detailing the effects of the furlough program on the use of overtime by City employees. In 2009, 2010, and 2011, in the face of large budget deficits, one cost cutting strategy of the City of Chicago has been to require a portion of the City’s workforce to take unpaid time off (this strategy is commonly known as furloughs). The review found that the furlough program has not resulted in a widespread increase in overtime worked Citywide.

Another part of the City’s furlough cost cutting strategy has required employees to accept compensatory time instead of direct payment for overtime worked. The major effect of the substitution of compensatory time for direct pay overtime is to postpone payouts for overtime, whether in the form of payments or in paid time off, to future years. Since this provision was implemented, there has been a 144 percent increase, 201,000 hours, in the total compensatory time balance citywide, which represents an estimated liability of \$7.51 million that will need to be paid for in the next several years.

Read the full report here:

<http://chicagoinspectorgeneral.org/publications-and-press/press-releases/effects-of-the-furlough-program-on-the-use-of-overtime/>

### **4. Open Chicago Update**

In March 2011, the IGO launched Open Chicago, an initiative designed to increase the understanding of City government for all stakeholders (City residents, the media, and members of the City Council), and to promote efficiency, effectiveness and integrity in the City’s operations that can come only from accountability achieved through meaningful public scrutiny.

View all the information available via Open Chicago here:

<http://chicagoinspectorgeneral.org/major-initiatives/open-chicago/>

#### *Publishing Public Data*

One of the major components of Open Chicago is to publish or link to public, non-confidential City data and documents. In the third quarter of 2011, the IGO published three pieces of information through Open Chicago, which are detailed below.

#### **i. 2008 thru 2011 Overtime Reports**

The City recently [posted](#) all overtime payments made during 2008, 2009, 2010, and thru April 2011. (Notably excluded is overtime payment data for the Chicago Police Department, which is

the department where the most overtime payments occur.) The City posted this data in a pdf format, instead of in a format that easily enables analysis of the data. This was assumed to be an oversight given the City’s investment in its [data portal](#), which is designed for publishing this type of data in an enhanced format for access and analysis, and for which the City should be credited.

To help facilitate analysis of overtime spending, the IGO converted the pdfs into Excel and CSV files. While the IGO can provide this information, the City should publish this (and all such) information itself through its data portal to allow users to analyze and explore these datasets.

View the more user-friendly versions of the overtime reports [here](#).

ii. Small Business Improvement Fund (SBIF) Recipients thru August 2011

The City of Chicago’s Small Business Improvement Fund (SBIF) is a program which reimburses recipients for eligible improvements to buildings. Since 2000, the SBIF program has funded over \$28 million in grants to over 600 applicants. SBIF is funded by Tax Increment Financing (TIF) revenues and administered by [SomerCor 504](#), a non-profit development firm. SBIF grants are awarded to small businesses and property owners and reimburse applicants up to \$150,000 of eligible costs for repair work and property improvements. Recipients of SBIF grants can be viewed on the City’s data portal [here](#).

iii. Supplement to the Comprehensive Annual Financial Report for 2010

State Law requires that all governmental units publish within six months of the close of each fiscal year (December 31 for Chicago), financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited by a licensed public accountant. The purpose of the Comprehensive Annual Financial Statement (CAFR) is to provide complete and accurate financial information which complies with the reporting requirements of the Municipal Code of Chicago (Code).

In addition to the CAFR, each year the City publishes a Supplement to the CAFR, which contains additional information on the City’s finances. The 2010 CAFR Supplement can be viewed [here](#).

iv. Resource Pages

Another component of Open Chicago is to publish resource pages to provide user-friendly, accessible information about different programs within City government. This quarter the IGO published a resource page on the City’s Small Business Improvement Fund (SBIF).

For example, the IGO published a map of SBIF districts, which are established in 73 of the City’s 166 TIF districts, as shown here on this [map](#). A portion of TIF funding is used for grants awarded to small businesses and property owners. The grants reimburse applicants up to \$150,000 of eligible costs for repair work and property improvements. Business and property owners can apply for SBIF grants if they are in SBIF districts.

A SBIF grant is for capital improvements to a property made by a business owner or property owner. The improvements can be anything that becomes “real property,” meaning that it has to be built in, and of a permanent nature. Recipients have used SBIF grants for new windows, electrical and plumbing systems, roofing, and awnings. The program can cover all of the direct work as well as some of the “soft costs”, such as architectural or design work. Access the SBIF grant database on the [City’s Data Portal](#) for a sortable list of grant recipients, grant amounts and property improvements.

View the SBIF resource page here:

<http://chicagoinspectorgeneral.org/major-initiatives/open-chicago/small-business-improvement-fund-resource-page/>

*Public Feedback*

If you have ideas about other public documents that you believe the City should make public, questions about data and information that has been published, or other comments, questions, or criticisms, submit them via our [online suggestion box](#) or email them to [openchicago@chicagoinspectorgeneral.org](mailto:openchicago@chicagoinspectorgeneral.org).

**Table #5- Audit/Review Statistics**

Status	Number
Audits/Reviews Initiated	4
Audits/Reviews Closed	3
Audits/Reviews Pending	28