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Lapses in Aviation Contracting Process Leads to at Least \$55,000 in Cost Overruns

The City of Chicago Office of Inspector General (IGO) released a report on the Chicago Department of Aviation's (CDA) contracting process, as well as the CDA's response to the IGO's findings.

The IGO identified lapses in the contracting process of the 2007 construction of a sidewalk at O'Hare International Airport which led to a waste of at least \$55,000. These lapses paralleled those identified in a prior IGO investigation, involving the 2007 construction of an employee break area, which resulted in the waste of funds. That prior investigation prompted new CDA contracting procedures designed to catch and prevent the contracting improprieties identified by the IGO.

The present IGO investigation focused on a sidewalk built between Higgins Road and the Aviation Administration Building on Patton Road. Using interviews with multiple City employees, including the City's Department of Transportation (CDOT) and Department of Procurement Services (DPS), a third party vendor, and a plain reading of the contract CDA used for the sidewalk construction, the IGO determined that CDA significantly overpaid for the sidewalk. Due to its failure to use an already existing lower-cost contracting option, CDA spent \$191,830 on the sidewalk; the IGO report estimates that CDA wasted at least \$55,000 and possibly as much as \$102,373.

However, given CDA's recent steps to improve the construction contract process, and the fact that many of the primary decision makers associated with the Patton Road project are no longer with the City, the IGO made no disciplinary recommendations.

To better assess the effectiveness of the CDA's new contracting procedures, the IGO requested that the CDA provide information regarding:

- 1) CDA's current procurement and contract management policies, procedures, and approval mechanisms in place to ensure that all expenditures and use of CDA contracts are cost effective, legitimate, and appropriate;
- 2) Any and all instances of variation from those policies, procedures, and approval mechanisms since September 1, 2010;
- 3) Designation of those individuals currently responsible for CDA procurements and contracts and a description of their responsibilities;

- 4) Agendas and minutes from the CDA Capital Improvement Program “roundtable” meetings;
- 5) Any additional information regarding the CDA contracting that CDA believes is relevant to the public report.

[In its response](#), which the IGO also posted on its website, the CDA pointed to a more recent example of similar work, which demonstrates its current capacity to limit construction costs. The CDA also included information on other CDA contract management and cost control practices such as its Capital Improvement Program roundtable.

“Ensuring that the CDA is managing contracts in a manner that appropriately limits costs is vital for the City,” said Inspector General Joe Ferguson. “The department manages a diverse set of complex and expensive construction and capital improvement contracts. Waste is never acceptable. However, our investigation revealed that CDA took prompt action to incorporate lessons learned from prior IGO findings and recommendations into its new practices.”

[The full report](#) can be found online at the IGO website: www.chicagoinpectorgeneral.org. Follow the IGO on Twitter @ChicagoIGO for the latest information on how the IGO continues to fight waste, fraud, abuse, and inefficiency in Chicago government.

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