



OFFICE OF INSPECTOR GENERAL
City of Chicago



REPORT OF THE INSPECTOR GENERAL'S OFFICE:

QUARTERLY REPORT OF THE INSPECTOR GENERAL'S OFFICE
SECOND QUARTER 2013

JULY 15, 2013

866-IG-TIPLINE (866-448-4754)

www.chicagoinspectorgeneral.org



OFFICE OF INSPECTOR GENERAL

City of Chicago

Joseph M. Ferguson
Inspector General

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

July 15, 2013

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

Enclosed for your review is the public report on the operations of the City of Chicago Office of Inspector General (IGO) during the second quarter of 2013, filed with the City Council pursuant to Section 2-56-120 of the Municipal Code of Chicago.

During this quarter we have continued to solidify our performance audit capacity and capabilities, as evidenced by the audits summarized in this report. Relatedly, we continue the work of fully harmonizing our audit function with the investigations function that was and continues to be the foundation of the office.

Before becoming Inspector General, I spent fourteen years with the Chicago U.S. Attorney's Office. The pursuit of bad actors at that level exposes a prosecutor to systemic failures – some of which make possible the commission of crimes being investigated. But a prosecutor seldom gets to address those systemic issues. I saw then, and still see now, that offices such as the IGO provide a singular platform to investigate and prosecute bad actors on a case-by-case basis, while also addressing the systemic or programmatic failures that may allow inefficiency, corruption, and mismanagement to flourish.

Performance audits might be our most important tool in understanding those systemic issues and ensuring they are remedied at their root cause level. However, they are not, and should never be, our only tool in promoting efficiency, effectiveness and economy in governmental programs and operations.

The IGO has both a deep and proud investigative tradition, and a maturing audit function. Every day, it gets better at ensuring that each supports the other, and develops appropriately complementary skill sets each need to thrive. Most importantly, we're learning how these two very different forms of inquiry, each with its own separate set of objectives, can cooperate in their shared purpose of improving City government.

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

Respectfully,

A handwritten signature in blue ink, appearing to read 'J. Ferguson', with a long horizontal flourish extending to the right.

Joseph M. Ferguson
Inspector General
City of Chicago

TABLE OF CONTENTS

- A. MISSION OF THE INSPECTOR GENERAL’S OFFICE.....1**
- B. INVESTIGATIONS1**
 - 1. COMPLAINTS1
 - 2. NEWLY OPENED INVESTIGATIONS.....2
 - 3. CASES CONCLUDED IN QUARTER3
 - 4. PENDING INVESTIGATIONS3
 - 5. INVESTIGATIONS NOT CONCLUDED IN TWELVE MONTHS3
- C. SUSTAINED ADMINISTRATIVE CASES.....4**
 - 1. SYNOPSES OF CASES4
- D. CRIMINAL CASES, ADMINISTRATIVE APPEALS, GRIEVANCES, AND RECOVERIES8**
 - 1. SYNOPSES OF CRIMINAL CASES9
 - 2. DEVELOPMENTS IN PRIOR CRIMINAL CASES10
 - 3. SYNOPSES AND RESULTS OF ADMINISTRATIVE APPEALS OR GRIEVANCES.....11
 - 4. RECOVERIES12
- E. AUDITS, ADVISORIES, & OPEN CHICAGO.....13**
 - 1. ADVISORIES14
 - 2. AUDITS.....15
 - 3. OPEN CHICAGO UPDATES.....17
- F. HIRING OVERSIGHT17**

This quarterly report provides an overview of the operations of the Inspector General’s Office (IGO) during the period from April 1, 2013 through June 30, 2013. The report includes statistics and narrative description of the IGO’s activity that it is required to report per the City’s Municipal Code.

A. MISSION OF THE INSPECTOR GENERAL’S OFFICE

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

The IGO accomplishes its mission through investigations, audits, advisories, and hiring reviews. IGO summary reports of investigations 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 and advisories 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 661 complaints over the preceding quarter. The following table provides detail on the actions the IGO has taken in response to these complaints.

Table #1 – Complaint Actions

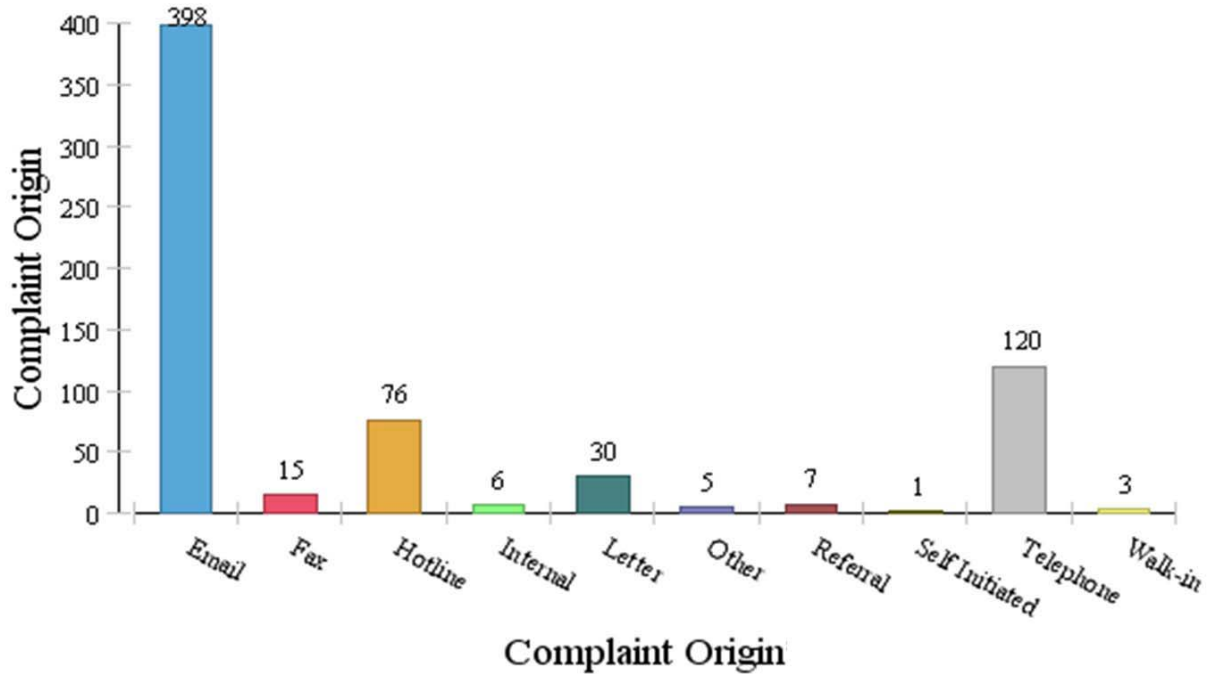
Status	Number of Complaints
Declined	492 ¹
Investigation	40
Referred	114
Other/Pending Review	15
Total	661

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 Deputy Inspector General for Investigations which, among other factors, gauges potential magnitude or significance of the

¹ One complainant accounted for 227 of these declined complaints.

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 Method²



2. Newly Opened Investigations

Over the quarter, the IGO opened 165 investigations. 160 were opened based on allegations of misconduct, and four were based on allegations of waste or inefficiency, one was based on an allegation of ineffectiveness, and none were opened for other reasons. Of these opened matters, 114 were immediately referred to other departments or investigative agencies. Thus, of all the complaints received in the quarter, 51 (30%) proceeded to a full IGO investigation. Of the newly opened investigations, 2 were found to be not sustained before the end of the quarter, none were found to be sustained before the end of the quarter, and 49 remain open.

The table below categorizes the 165 matters logged by the IGO based on the subject of the investigation.

² As noted in Table #1, one complainant accounted for 227 emails.

Table #2 – Subject of Investigations

Subject of Investigations	Number of Investigations
City Employees	124
Contractors, Subcontractors, and Persons Seeking City Contracts	13
Appointed Officials	4
Elected Officials	2
Investigations of Persons Seeking Certification of Eligibility	0
Other	22

3. Cases Concluded in Quarter

During the quarter, 180 investigative matters were concluded, 130 of which were the aforementioned referrals to City departments or other investigative agencies. Of the remaining concluded matters, seven were closed as sustained and 43 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 165 investigations initiated this quarter, the IGO has a total of 193 pending investigations.

5. Investigations Not Concluded in Twelve Months

Under the Municipal Code, § 2-56-080 the IGO must provide quarterly statistical data on pending investigations open for more than twelve months. Of the 193 pending investigations, 71 investigations have been open for at least twelve months.

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

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

Reason	Number of Investigations
Additional complaints were added during the course of the investigation.	2
Complex investigation. May involve difficult issues or multiple subjects.	33
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.	22

On hold, in order not to interfere with another ongoing investigation.	2
Under review by the Legal Section or the Deputy Inspector General - Investigations prior to closing.	12
Total	71

C. SUSTAINED ADMINISTRATIVE CASES

IGO sustained cases can either be administrative, criminal, or both. Administrative cases generally involve violations of City rules, policies or procedures and/or waste or inefficiency. For sustained administrative cases, the IGO produces summary reports of investigation³ – a thorough summary and analysis of the evidence and a recommendation for disciplinary or other corrective action. These reports are sent to the Office of the Mayor, the Corporation Counsel, and the City departments affected or involved in the investigation.

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

1. Synopses of Cases

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

In addition to the IGO’s findings, each description includes the action taken by the department in response to the IGO’s recommendations. Departments have 30 days to respond to IGO recommendations. This response informs the IGO of what action the department intends to take. Departments must follow strict protocols, set forth in City’s Personnel Rules, Procurement Rules and/or applicable collective bargaining agreements, prior to imposing disciplinary or corrective action. Only when this process is complete and discipline has been imposed, or corrective action taken on a City employee or contractor does the IGO consider the department to have acted.

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

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

The two cases listed below were closed prior to the 1st Quarter 2013, but disciplinary action had not yet been finalized by the time that quarter’s report was published.

IGO Case # 11-0280

An IGO investigation found that a Motor Truck Driver with the Department of Streets and Sanitation (DSS) collected signatures from three coworkers while at work for nominating petitions for the 2011 Chicago mayoral campaign in violation of state law and the City’s Personnel Rules. The investigation also established that the employee knowingly submitted a forged signature to the Chicago Board of Election Commissioners and falsely certified that all the signatures were genuine despite knowing at least one was not, a violation of the Illinois Election Code.

When interviewed by IGO investigators, the employee lied about collecting signatures in the City workplace. Furthermore, within a day of being interviewed, the employee verbally harassed and threatened a coworker who had been interviewed by the IGO and went on to obtain confidential DSS employee medical information without authorization, intending to use the information to retaliate against coworkers. The employee’s threats and retaliation violated the Personnel Rules and the Municipal Code prohibiting retaliation for participating in an IGO investigation and obstruction of an IGO investigation. The IGO recommended that DSS terminate the employee and deem the employee permanently ineligible for hire.

DSS agreed with the IGO’s findings and terminated the employee. The employee appealed the termination to the City’s Human Resources Board. After a lengthy hearing, the hearing officer concluded that there was sufficient evidence to prove the employee had collected signatures at work, knowingly submitted a forged signature, lied to IGO investigators, and was discourteous to coworkers. However, the hearing officer found insufficient evidence that the employee retaliated against coworkers, obstructed the IGO investigation, or improperly accessed coworkers’ medical records. The hearing officer concluded by noting the seriousness of the proven misconduct and recommended the Human Resources Board uphold the termination.

Despite adopting the findings of the hearing officer, the Human Resources Board noted that the employee had been a “very good, reliable employee” with no record of prior discipline and concluded that termination for the various proven violations was not in keeping with progressive discipline. The Human Resources Board reduced the discipline to a “time-served suspension without pay,” resulting in a five-and-a-half month suspension.

IGO Case # 11-0892

The IGO has concluded an investigation that established that a Chicago Fire Department (CFD) Firefighter negligently operated a CFD sport utility vehicle (SUV), causing it to be irreparably damaged. The Firefighter (1) parked the SUV off-road in a grassy area near a Chicago Park District lagoon, (2) left the vehicle running, (3) exited the vehicle—leaving it unoccupied—to talk on his cell phone; and then (4) continued to talk on his cell phone while 30 feet from the vehicle. Ultimately, when the unoccupied SUV began moving toward the lagoon, the Firefighter was unable to prevent it from going into and becoming partially submerged in the lagoon. As a

result, the vehicle suffered irreparable water damage.⁴ For the Firefighter's failure to exercise reasonable care in operating a CFD vehicle, the IGO recommended that he be suspended without pay for three regular duty days.

The IGO's investigation also revealed that a CFD Battalion Chief (BC), who was both a witness to the accident and a member of the investigation team that responded to the accident, was willfully negligent in the performance of his investigatory duties. Most notably, the BC failed to categorize and treat the accident as "preventable" on the CFD accident report he completed—and offered no explanation for that omission—even though he told the IGO that the accident was clearly preventable. In addition, the BC acknowledged that as the accident occurred he heard the Firefighter yell out that he left the SUV in neutral. The BC omitted this highly relevant piece of information in his official account of the accident and in his IGO interview admitted his fault in doing so. As a result of the BC's material omissions and miscategorization, a Deputy District Chief, who was also a member of the accident investigation team, found the accident to have been "non-preventable." The BC's inaccurate and incomplete accident report minimized the Firefighter's responsibility for the SUV accident and effectively shielded him, and possibly his supervisor, from CFD sanction. For the BC's willful negligence in his investigation of the SUV accident, the IGO recommended that the BC be suspended without pay for ten regular duty days. The IGO also recommended that CFD clarify whether under CFD's Vehicle Accident Policy, a CFD employee who witnesses an accident can be a member of the responding accident investigation team.

CFD ultimately suspended the Firefighter for six days and the BC for one day. CFD also stated that it was reviewing its policies and procedures regarding a witness to an accident being a member of the responding accident investigation team.

City Departments took disciplinary action on 2 administrative cases the IGO sustained this quarter. They are summarized below.

IGO Case # 11-1531

An IGO investigation determined that a former employee of a law firm contracted by the City to collect debts owed to the City solicited money and other items from City debtors in the course of debt negotiations. The IGO identified three independent complaints that the employee solicited money, in amounts ranging from \$50 to \$200, from City debtors in order to negotiate lower settlement agreements. The individual was fired by the law firm and has no other pending relationships with the City. While the evidence was not sufficient to support criminal charges against the employee, and the Cook County State's Attorney declined to prosecute, the IGO found there was sufficient evidence to support an administrative finding of bribery. The IGO therefore referred the matter to the Law Department for review to determine whether any further action with respect to the former employee is warranted at this time.

⁴ According to City records, the 2006 Ford Expedition SUV was purchased for \$29,565. After this incident the City auctioned the SUV and received \$2,225. The Department of Fleet and Facility Management calculated that the City suffered a "net loss" of \$10,750 with respect to the SUV (the vehicle's black book retail value (\$12,975) minus the amount received at auction (\$2,225))

The Corporation Counsel responded by reporting that Law Department attorneys had reviewed the matter and concluded that there is no basis for any further action. While the employee solicited money from City debtors, there was no indication that any funds were actually paid, or that City funds were diverted to the employee. Accordingly, the Law Department concluded that there is no basis for pursuing a cost recovery or other action against the individual. The Law Department noted, however, that should the Cook County State's Attorney reconsider its position not to prosecute, the Law Department will cooperate fully with any prosecution.

Additionally, the IGO's investigation identified two City employees whose City debts were referred to the outside law firm for collection, despite the City's initiative to pursue employee debts in house. Such outside law firms often collect at a discounted rate and further receive a percentage of what they collect. The IGO thus also recommended that the Law Department review its procedures for identifying and taking internal action against City debtors who are employed by the City in order to reduce, if not eliminate altogether, the referral of such matters to outside law firms. Further, the IGO recommended that the Law Department consider whether to require the law firms to refer back to the City the cases of any debtors later identified as City employees.

The Corporation Counsel responded that the Department of Finance initially identifies whether a debtor is a City employee by matching the name and address of the debtor against the name of the employee and the home address the employee supplies the City. If both items for a debtor match a City employee, then efforts are made to collect the debt by the City internally. In some cases, the system used to match outstanding debt to City employees fails to match the debt for reasons including variations in formatting (e.g. hyphenated versus unhyphenated), misspellings of the employee's or debtor's name, and inaccurate or incomplete address information.

The Law Department noted that when a collection firm determines the debtor is a City employee, the firm bears the burden of the costs involved in these efforts. Both the Law Department and the Department of Finance agree that if the City's initial screening fails to detect that the debtor is a City employee, the matter should remain with the collection law firm. Once a debt is referred to a law firm, a collection cost equal to the firm's contingency fee is added to the total amount owed by the debtor, and the extra expense should be recouped by the collection firm when the debt is satisfied. Therefore, the Law Department reasoned, there is little cost advantage to the City to withdraw the debt from the law firm. In addition, the Law Department commented, it would not be fair or equitable to take such cases away from the collection firm, which, by that time, has already expended time and money in tracking down the debtor and attempting to collect the debt.

IGO Case # 12-0866

An IGO investigation determined that an official with the Department of Cultural Affairs and Special Events (DCASE) violated the City's Hiring Plan by directing a not-for-profit organization affiliated with the City to hire three specific individuals to manage a City-funded project. The City's current Hiring Plan, mandated by court order in the *Shakman* litigation, includes the Contractor Policy, which prohibits City employees from seeking to influence the hiring decisions of any contractor, including any not-for-profit agency, engaged to perform

services for the City. Despite having received training on the new Contractor Policy, the official personally directed the not-for-profit organization to hire the three individuals as part of the organization’s agreement to take over administration of the project. Accordingly, the IGO found that the official performed at a level lower than that ordinarily expected of other employees in similar positions and recommended that DCASE impose appropriate discipline, to be determined at the discretion of the Commissioner.

In addition, the investigation found that an attorney with the Law Department assigned to advise DCASE in the matter failed to promptly relay all relevant facts to management, causing added confusion and delay in the City’s response. The IGO therefore found that the attorney also performed at a level lower than that ordinarily expected of other employees in similar positions and recommended that the Law Department impose appropriate discipline, to be determined at the discretion of the Corporation Counsel.

In response, the Commissioner of DCASE agreed with the IGO’s findings and reported that the official would receive a two-day suspension without pay and would also receive additional Hiring Plan Contractor Policy training. The Corporation Counsel also agreed with the IGO’s findings regarding the Law Department attorney and reported that the attorney would receive a two-day suspension. The Corporation Counsel further noted that all Law Department employees who deal with contracts of any kind have now been trained on the Contractor Policy. Additionally, Law Department transactional attorneys attended a discussion session with IGO Hiring Oversight staff regarding clarification and improvement of protocols to ensure compliance with the City’s Hiring Plan and Contractor Policy.

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

The IGO investigates both administrative and criminal allegations.

In criminal cases, the IGO partners with a prosecuting agency, such as the U.S or State’s Attorney’s Office, which prosecutes the case. For the purposes of IGO quarterly reports, criminal cases are concluded when the subject of the case is indicted.

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

⁵ HRB definition: A “three-member board is appointed by the Mayor and is charged with the responsibility of conducting hearings and rendering decisions in instances of alleged misconduct by career service employees. The Board also presides over appeal hearings brought about by disciplinary action taken against employees by individual city departments.”

City of Chicago. Department of Human Resources – Structure.

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

It should be noted that a criminal complaint is not evidence of guilt. Defendants are presumed innocent and entitled to a fair trial at which the government has the burden of proving guilt beyond a reasonable doubt.

1. Synopses of Criminal Cases

One case the IGO concluded this quarter produced criminal charges.

(A) IGO Case # 12-1239

On April 25, 2013, Daniel Rankins was arrested for allegedly soliciting and accepting a \$600 cash payment to assist with filing a false bankruptcy case to avoid paying a fine or fees to the City before obtaining the release of a vehicle from the city's auto pound. The Federal Bureau of Investigations (FBI), U.S. Attorney's Office (USAO), the U.S. Bankruptcy Court, the U.S. Trustee's Office for the Northern District of Illinois, and the IGO partnered on the investigation.

According to the unsealed complaint affidavit, Rankins was accused of exchanging cash payments for orchestrating and assisting in the filing of false bankruptcy petitions to avoid paying impound fees to the city. As a result of the allegedly fraudulent bankruptcy cases, the City suffered the loss of fines and fees due for each impounded vehicle, while the U.S. Bankruptcy Court suffered the loss of the \$306 filing fee for each case.

In May 2012, the City Department of Revenue (now Finance Department) alerted the U.S. Trustee for the Northern District of Illinois, which administers individual bankruptcy cases and liquidates debtors' nonexempt assets, to a significant increase in the number of individuals who appeared to be using bankruptcy as a means of obtaining the release of their vehicles from City auto pounds without paying associated fines or fees. The City requires that individuals present their impound paperwork and pay what is owed at the Revenue Department before the City will release their vehicles from the pound. Revenue Department officials told the U.S. Trustee's office that it appeared as though individuals were approaching people at the revenue office and assisting with filing false Chapter 7 bankruptcy cases to get their vehicles released without paying fines or fees.

The U.S. Trustee's Office reviewed and identified more than 1,000 individual pro se bankruptcy filings in which the only creditors identified in the petitions were the Revenue Department and the City's auto pounds. In almost all of these cases, the debtors filed applications claiming an inability to pay the \$306 Bankruptcy Court filing fee.

According to the bankruptcy trustee's office, almost all of these cases contained additional indications that the cases were filed fraudulently, with the debtors failing to appear at court hearings to review their applications to waive the filing fee. Eventually, nearly all of these cases were dismissed due to the failure of the debtors to file required documents, and the filing fees were never collected.

The complaint affidavit details an undercover operation on January 7, 2013, to identify individuals who accepted cash in exchange for assisting with the filing of a false bankruptcy petition to obtain the release of impounded vehicles. An undercover officer went to the Revenue

Department office, located at 400 West Superior St., and was approached by an individual who allegedly arranged for Rankins to contact the officer, which he did, later that day. The undercover officer told Rankins that \$4,200 was owed to get a car released from the City pound, and Rankins allegedly said that he usually charged half of what a person owed the City to get their car. The officer told Rankins that he/she had only \$600 and they arranged to meet that afternoon.

While driving the officer to the Dirksen Federal Courthouse, Rankins allegedly provided bankruptcy filing paperwork that was already completed except for the petitioner’s personal and vehicle information, and signature. Rankins allegedly explained that the officer was “wiping out” the City as a creditor by filing the bankruptcy. After completing the paperwork, the undercover officer entered the courthouse and filed the bankruptcy petition. The officer returned to Rankins’ vehicle, paid Rankins the \$600, and was driven back to the Revenue Department, where Rankins instructed the officer to enter the east side of the building and speak with a Revenue Department representative who accepted the bankruptcy paperwork.

Bankruptcy fraud carries a maximum penalty of five years in prison and a \$250,000 fine. If convicted, the Court must impose a reasonable sentence under federal statutes and the advisory United States Sentencing Guidelines.

A status hearing was held on June 25, 2013. The next status hearing is set for September 19, 2013.

2. Developments in Prior Criminal Cases

During the quarter, there were developments in three of the IGO’s prior criminal investigations.

(A) Update of IGO Case # 06-0253

A joint IGO, FBI, Cook County State’s Attorney’s Office, and USAO investigation led to the indictment and prosecution of four defendants on mail fraud charges for their roles in a sham minority cable installation business called ICS Cable, Inc. (ICS) that obtained \$8.3 million in contracts from a City cable television provider. The defendants included: (i) Guy Potter, 66, of Versailles, KY and (ii) Matthew Giovenco, 43, of Grayslake, IL, two non-minority operators who controlled the cable installation business, (iii) Jerone Brown, 32, of Chicago, who served as the minority-front or purported minority owner of ICS, and (iv) Cheronne Mayes, 53, a retired City of Chicago employee who created and filed false documents for Potter and Giovenco and paid a \$500 bribe to another City employee to expedite the minority-owned business certification for ICS, which enabled it to obtain City-mandated minority subcontracts from the cable provider.

On April 4, 2013, after a week-long trial in front of two juries, Potter and Giovenco were separately convicted of 6 counts of mail fraud. Each count carries a maximum penalty of 20 years in prison and a \$250,000 fine. Brown and Mayes each previously pleaded guilty to 1 count of mail fraud and cooperated with the Government by testifying at trial. The Government also is seeking forfeiture of \$2,225,000 in proceeds derived as a result of the scheme. All four defendants are scheduled for sentencing on July 29, 2013.

In addition, a fifth defendant, Leon Moore, 44, a former City employee, was charged separately by information with lying to the FBI about whether he accepted a bribe for expediting the minority-owned business certification. Moore pleaded guilty and was sentenced to two years' probation (including 10 hours of community service per week until he is employed) and a small fine in January 2012.

(B) Update of IGO Case # 08-0028

On May 17, 2013, Karen Huff, a former project coordinator for a senior citizen center was sentenced to one year of probation with thirty hours of community service. She had been found guilty of forgery, official misconduct, and attempted theft of government property for her attempted use of City funds earmarked for official purposes to instead buy \$544 worth of food for a “booze-cruise” for co-workers and friends.

The IGO partnered with the Cook County State’s Attorney’s Office in the investigation.

(C) Update of IGO Case # 07-2077

Sentencing for all three defendants, originally scheduled for May 10, 2013, was continued until July 24, 2013.

On January 6, 2011, Jesse Brunt (the president and founder of “Brunt Bros. Transfer Inc.”), Brunt Brothers, and Anthony Duffy, the former manager of one Illinois corporation and president of another, were indicted on three counts of federal mail fraud stemming from an alleged MBE “pass-through” scheme. The indictment claimed that Brunt Brothers fraudulently received more than \$3 million from the City after being hired to clean and videotape city sewers south of 63rd Street, when, in fact, it did not actually perform the work specified by the contract.

On March 12, 2013, Brunt Bros. Transfer Inc., Brunt’s company, pleaded guilty to one count of mail fraud related to the company’s role as a “pass-through” on the sewer cleaning contracts.

Previously, on February 25, 2012, Anthony Duffy plead guilty to lying to the Federal Bureau of Investigations about his failure to disclose two key investors in a sewer company that performed work on behalf of the City. On February 20, 2013, he was ordered to pay \$428,438.74 to the City, and was permanently enjoined from seeking contract work with the City.

On December 6, 2012, Brunt pleaded guilty to one count of mail fraud for acting as a minority “pass-through” on the sewer cleaning contracts.

The IGO partnered with the Federal Bureau of Investigation and the U.S. Attorney’s Office in the investigation.

3. Synopses and Results of Administrative Appeals or Grievances

To date, the IGO has been notified of no appeals to the Human Resources Board (HRB) or grievances regarding discipline imposed this past quarter as a result of an IGO investigation.

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

(A) *Update of IGO Case # 10-0863*

An IGO investigation determined that a Building Inspector with the Conservation Bureau of the Department of Buildings (DOB) improperly signed off on building permits associated with three properties that were the subject of Administrative Hearing cases because of building code violations. In doing so, the inspector indicated that the mandated repair work was completed and the properties were in compliance despite the fact that the inspector had not conducted valid inspections. The evidence also showed that the same general contractor performed work on these three properties and that the inspector had a personal relationship with that general contractor. These findings showed a pattern of misrepresentation and preferential treatment by the inspector which not only constituted personnel rule violations, but also fundamentally undermined the inspector’s trustworthiness. For these reasons, the IGO recommended that the inspector be discharged and considered ineligible for hire.

DOB discharged the employee, and the employee appealed to the Human Resources Board. The hearing began June 25, and has been extended for a second date on July 25.

The IGO also recommended that DOB ensure that the work rule prohibiting conflicts of interest be reinforced among its inspectors, and that the potential conflict of interest prohibition be affirmatively extended to prohibit inspecting the construction work performed by friends or relatives and not simply the property owned by friends or relatives.

DOB reported that it consulted with the Board of Ethics, which recently provided a draft of a comprehensive conflict of interest policy and that policy has been distributed to the appropriate collective bargaining units for comment in accordance with the contracts. DOB expects to roll out its new policy sometime in August 2013.

4. Recoveries

IGO investigations and audits can lead to financial recoveries for the City. This quarter, there was one financial recovery.

(A) *Update of IGO Case # 06-0874*

An IGO investigation, previously summarized in the Third Quarter 2010 Report, has led to two recoveries for the City. On June 10, 2013, the IGO was notified that following a hearing, an Administrative Law Judge entered judgments in favor of the City - one subject of the investigation was ordered to pay the City \$10,474.57, and another was ordered to pay \$1,905.08 and has agreed to make monthly payments for a year to pay off the debt.

The investigation revealed that two Phlebotomists and a Certified Medical Assistant in the CDPH routinely claimed and were paid for time they actually spent commuting to work. Each of the three employees commuted to and from work on City time by “swiping in” or “swiping out” at City facilities located substantial distances from their assigned work locations and frequently at facilities

close to their respective residences. The investigation additionally found that each of the three employees also regularly and improperly claimed and received reimbursement for miles driven in their personal vehicles that were not related to City work activity.

The investigation also found that a Public Health Administrator II (who retired in 2009) provided virtually non-existent supervision, thereby enabling the misconduct.

The IGO recommended that the Phlebotomists and the Certified Medical Assistant be terminated. The IGO would have recommended that the Public Health Administrator II be suspended for 60 days had she not retired.

CDPH agreed with IGO recommendations and initiated termination proceedings for the two Phlebotomists and Certified Medical Assistant in July. CDPH's response also noted that it was prepared to issue a 30-day suspension for the Public Health Administrator should she return to work for the City.

(B) Update of IGO Case # 10-0712

In 2012, the IGO reported on an investigation of a CDPH Communicable Disease Control Investigator II who routinely engaged in time falsification. Assigned to work in the field with tuberculosis patients, instead the employee signed-in in the mornings and then returned home, shopped and ran errands. The employee admitted she falsified her time records because she knew other CDPH employees got away with doing it. She resigned from City employment shortly after the IGO interview.

The IGO also recommended that the Law Department consider seeking cost recovery from the employee. The Law Department pursued the repayment of the portion of the salary she received while observed under surveillance attending to personal business as well as money she received as mileage reimbursement on the dates of surveillance. In February 2013, the employee paid the \$624.68 specified in the Law Department's demand letter.

E. AUDITS, ADVISORIES, & OPEN CHICAGO

In addition to confidential disciplinary investigations, the IGO produces a variety of public reports. This work includes independent, objective analysis and evaluations of City programs and operations with recommendations to strengthen and improve the delivery of City services. These engagements focus on the integrity, accountability, economy, efficiency and effectiveness of each subject. The IGO also now publishes advisory letters sent to City leadership. These letters provide a summary of a management problem observed by the IGO that we believe the City should be apprised of in an official capacity. We have summarized 4 advisories and audits that were released this quarter.

1. Advisories

(A) IGO Case # 10-1071, Advisory re: Fire Pump Inspections

On May 15, 2013, the IGO sent the Fire Commissioner an advisory regarding unlicensed fire sprinkler contractors performing inspections witnessed by CFD personnel. The advisory reported that the CFD Fire Prevention Bureau does not ensure all City-mandated tests of fire pumps are performed by licensed contractors. The City's Fire Code requires building owners to hire private contractors to perform inspections of all fire pumps used for standpipe or sprinkler systems, at the time of installation and every year thereafter. These tests must be performed "in the presence of a representative" of the Fire Prevention Bureau. By law, any private contractor performing inspections or tests of fire sprinkler systems and control equipment (such as fire pumps) must be licensed by the Office of the State Fire Marshal (OSFM).

The IGO reviewed the list of all contractors that performed City-mandated fire pump tests from January 2006 through September 2010 and identified six contractors for which the OSFM has no record of any fire sprinkler license. From January 2006 through November 2011, these six contractors performed a total of 3,525 City-mandated fire pump tests. The IGO has referred these contractors to the Illinois Attorney General's Office for enforcement of the state's licensing requirements.

A senior Fire Prevention Bureau member informed the IGO that inspectors do not require contractors to provide proof that they are licensed and have no protocol to follow if they discover that contractors are unlicensed. Even if there is a question regarding a contractor's license, CFD does not prohibit the contractor from performing inspections or tests. An OSFM representative reported to the IGO that the City's observance of all tests is unusual and CFD inspectors do not necessarily possess the same engineering or technical qualifications of the licensed contractors.

The IGO recommended that CFD confirm that a contractor is properly licensed before scheduling any fire pump tests or inspections and immediately report any unlicensed contractors to OSFM. More broadly, the IGO noted that these findings call into question the larger value of the Chicago Fire Code's requirement that a Fire Prevention Bureau representative personally observe every test performed by a private contractor. The IGO encouraged CFD to evaluate whether the code requirement that pump tests be performed in the presence of Fire Prevention Bureau representatives remains the most effective use of resources and CFD expertise.

In his June 10, 2013 response, the Fire Commissioner expressed his gratitude on behalf of the Fire Prevention Bureau for the advisory and reported that, going forward, the CFD will request proof of OSFM licensure from pump test companies annually. In addition, the CFD will require proof of licensure again, during the scheduling phase for all pump tests. If any inconsistencies are discovered, CFD will notify OSFM immediately.

The Commissioner further noted that Chicago's high-rise building landscape is unique and has its own set of challenges. CFD believes that the practice of sending a CFD representative to view pump tests fits its core mission of protecting life and saving property. In addition, the Commissioner noted, CFD oversees pump system tests because third party companies may submit erroneous reports if they are not monitored. Properly functioning fire pumps are

paramount to effective fire suppression and rescue efforts. The Fire Commissioner further reported that the 18 inspectors who perform pump tests individually possess several years of experience in administering and overseeing pump tests and must be well-versed with National Fire Protection Association Codes 10, 13, 20 and 25. The inspectors receive continuing, hands-on training several times throughout the year.

The advisory and the City’s response are available on the IGO website.

2. Audits

(A) Follow-Up Report on Department of Family and Support Services Grant Monitoring

In April 2012, the IGO published an audit of processes related to the Department of Family and Support Services (DFSS) grant monitoring function. The purpose of the audit was to determine whether DFSS had effective grant monitoring policies and procedures and whether reimbursements to grantees were properly made and recorded.

Based upon the audit’s results, the IGO determined that grant monitoring processes were generally effective. However, the IGO found deficiencies arising from DFSS’s misunderstanding of segregation of duties and governmental auditing reporting standards, insufficient management oversight, and ineffective grant close-out procedures. At that time, DFSS responded with corrective actions it planned to take.

In March 2013, the IGO inquired with DFSS regarding the current status of those corrective actions, and on April 24, 2014, the IGO published a follow-up report to the original 2012 audit. The follow-up report, and the City’s response, is available on the IGO website.

(B) Commission on Animal Care & Control Shelter Operations

On May 2, 2013, the IGO published an audit of the City’s Commission on Animal Care and Control (CACC) shelter operations.

The audit found that although animals were housed for the minimum time frames required by ordinance, which provides owners a chance to reunite with their stray or confiscated pets, CACC still faces several challenges.

- CACC is significantly understaffed. According to the National Animal Control Association guidelines for minimum daily time spent cleaning and feeding animals, CACC was understaffed by 29.5%, or 303 staffing hours, at the time of the audit.
- 38% of neglected and abused animals under CACC care did not receive veterinary examinations within 24 hours of arrival as required by CACC policy.
- 5 animals were incorrectly shown in CACC’s Chameleon data system as still housed at the facility, though they had actually been adopted more than a month prior to the audit.

The IGO made several recommendations for the CACC to improve its operations, including:

- After finding that 5 animals were incorrectly shown in CACC’s data system as still housed at the facility even though they’d been adopted more than a month prior, the IGO recommended that CACC design and implement procedures to ensure adoption records are better input into the CACC data system. The IGO also recommended that CACC ensure staff follow up on all animals listed as missing during inventory.
- After noting that CACC faced significant shortfalls among its cleaning and feeding staff, the IGO recommended that the department work to fill those vacancies as soon as possible. Further, the IGO recommended that CACC routinely evaluate whether it is meeting appropriate guidelines for time spent cleaning and feeding animals, and to determine the more appropriate staffing strategies (hourly workers, salaried employees, and volunteers) to ensure those guidelines are met.

(C) Red-Light Camera Program

On May 14, 2013, the IGO published an audit of the City’s Red-Light Camera (RLC) program. The audit found that Chicago Department of Transportation (CDOT) was unable to substantiate its claims that the City chose to install and maintain red-light cameras at intersections with the highest angle crash rates in order to increase safety.

Additionally, the audit found that:

- CDOT was unable to produce evidence that it continually evaluates cameras for relocation, as stated in its “Intersection Prioritization Steps for Relocations.” Further, since the program started in 2003, the City has relocated only ten cameras from five intersections out of the present total of 384 cameras at 190 locations.
- For one set of cameras, the City is spending nearly 56% of the purchase price on maintenance expenditures each year.
- CDOT was unable to verify the accuracy of the information it uses to determine RLC installation locations.

The audit, which was designed to answer nine questions posed by six members of the City Council, sought to determine if red-light camera installations were made based on CDOT’s stated primary criterion of reducing angle crashes to increase safety.

The IGO made two recommendations for the City going forward. First, the City should establish and follow clear criteria for its decisions on where to locate automated traffic law enforcement systems. Second, the City should retain records and verifiable documentation of the process for each location decision.

CDOT responded that it intends to review the RLC installation and removal criteria and determine what, if any, modifications should be made going forward. Additionally, it pledged to work with the winning RLC vendor to review current camera locations and ensure that the criteria have been met and appropriately documented at intersections where cameras are now located.

3. Open Chicago Updates

The IGO did not publish any Open Chicago updates this quarter.

F. HIRING OVERSIGHT

On June 24, 2011, the City of Chicago filed the 2011 City of Chicago Hiring Plan (“General Hiring Plan”). The General Hiring Plan, which was agreed to by the parties and approved by the Court on June 29, 2011, replaced the 2007 City of Chicago Hiring Plan which was previously in effect. The City of Chicago also filed the 2011 Chicago Police Department Hiring Plan (CPD Hiring Plan) on October 14, 2011, and the 2011 Chicago Fire Department Hiring plan (CFD Hiring Plan) on December 15, 2011.

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

In the last quarter, IGO Hiring Oversight conducted reviews of the following matters to ensure compliance with the hiring processes:

1. *Contacts by Hiring Departments. Review of all reported or discovered instances where hiring departments contacted the Department of Human Resources (DHR) to lobby for or advocate on behalf of actual or potential Applicants or Bidders for Covered Positions or to request that specific individuals be added to any referral or eligibility list except as permitted in this Hiring Plan.*

In the last quarter, IGO Hiring Oversight received one report of direct departmental contact from DHR. This report involved a department merely forwarding correspondence they had received from an applicant inquiring about their application status. DHR instructed the department to have the applicant contact DHR directly for any hiring related inquiries.

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

⁶ The Exempt List is a list of all City positions that are exempted from the requirements governing Covered positions (*Shakman-Exempt*). *Shakman-Exempt Positions are those for which any factor may be considered in actions covered by the City’s Hiring Plans and Other Employment Actions, unless otherwise prohibited by law.*

The Exempt List was last updated by DHR on February 8, 2013 and provides for 1,280 City positions to be classified as *Shakman*-Exempt. Specifically, these 1,280 *Shakman*-Exempt positions cover various titles for which the City is allowed to fill a specific number of slots using the *Shakman*-Exempt Hire Process outlined in Chapter VIII of the General Hiring Plan. IGO Hiring Oversight currently receives notification of and reviews all *Shakman*-Exempt appointments and modifications to the Exempt List. In addition to these ongoing reviews, IGO Hiring Oversight conducts annual audits of the Exempt List to ensure that the City is complying with the Exempt List requirements and to determine whether DHR is maintaining an accurate record of *Shakman*-Exempt employees and titles.

In the first quarter of 2013, IGO Hiring Oversight completed the 2013 annual Exempt List audit (2013 Audit). The 2013 Audit identified various discrepancies between the Exempt List and the City’s personnel database and DHR’s personnel tracking system. IGO Hiring Oversight issued a memorandum to DHR detailing the results of the 2013 Audit at the end of the first quarter of 2013 to which DHR provided a response in the beginning of the last quarter. In their response, DHR provided justifications for the various discrepancies and updated the City’s personnel database as well as their own personnel tracking system to reconcile the identified discrepancies. After reviewing DHR’s response, IGO Hiring Oversight had no further comments or concerns regarding the City’s Exempt List and personnel records.

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

Of the 49 hire packets we reviewed this last quarter, seven were for Senior Manager positions. Of the seven Senior Manager hire packets reviewed, one contained an error due to a missing Hire Certification. This error did not constitute a Hiring Plan violation. The “Selected Hiring Sequences” and “Hire Certification” sections below include this error in their tallies. We did not monitor interviews for any Senior Manager hiring sequences this last quarter.

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

Consensus selections were reached during all Consensus Meetings that occurred during the 2nd Quarter of 2013.

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

⁸ A Consensus Meeting is a discussion that is led by the DHR Recruiter held at the conclusion of the interview process. During the Consensus Meeting, the interviewers and the Hiring Manager review their respective interview results and any other relevant information to arrive at a hiring recommendation.

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 2nd Quarter of 2013.

In the last quarter, IGO Hiring Oversight conducted audits of the following matters to ensure compliance with the hiring processes:

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

IGO Hiring Oversight currently reviews most modifications to class specifications, minimum qualifications, and screening/hiring criteria. In the last quarter, the City changed the minimum qualifications or included equivalencies for four positions in the following City departments: (1) the Chicago Department of Public Health; (2) the Department of Fleet and Facilities Management; (3) the Department of Housing and Economic Development; and (4) the Department of Family and Support Services. Additionally, DHR submits to IGO Hiring Oversight a monthly report of updated or newly created class specifications. IGO Hiring Oversight reviewed the changes and the monthly report 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.*

Each quarter, IGO Hiring Oversight examines a sample of referral lists and provides commentary to DHR whenever potential issues arise. Of the 32 referral lists reviewed in the last quarter, five contained errors. All of the errors occurred in the area of candidate assessment. We recognize that aspects of candidate assessment can be subjective and that there can be differences of opinion in the evaluation of a candidate’s qualifications. Therefore, our designation of “errors” is limited to cases in which applicants who, based on the information they provided, (1) did not quantitatively meet the minimum qualifications and were referred; (2) failed to provide all of the required information and/or documents listed on the job posting and were referred; or (3) quantitatively did meet the minimum qualifications and were not referred.

3. Testing. *Test Administration and Scoring.*

IGO Hiring Oversight reviews test development materials, test administration materials, test administrations, and final test scores prior to candidate selection on an ad hoc basis. In the last quarter, IGO Hiring Oversight did not review any test development materials;

⁹ Class Specifications are descriptions of the duties and responsibilities of a Class of Positions that distinguish one Class from another. They are, in effect, the general descriptions utilized to determine the proper level to which a Position should be assigned, and they include the general job duties and minimum qualifications of the Position. Class Specifications shall include sufficient detail so as to accurately reflect the job duties.

however, IGO Hiring Oversight did monitor the administration of nine tests. While not considered a violation of the Hiring Plan, IGO Hiring Oversight found three duplicate questions in one foreman promotional test for a position in the Department of Fleet and Facilities Management. IGO Hiring Oversight notified DHR of this error and all candidates were credited for the duplicate questions.

In addition to reviewing test documentation and monitoring test administrations on an ad hoc basis, IGO Hiring Oversight implemented a process to conduct quarterly audits of completed test administrations.¹⁰ In the last quarter, IGO Hiring Oversight conducted an audit of the testing administration materials¹¹ for 13 completed test administrations covering five City departments. IGO Hiring Oversight issued a memorandum to DHR detailing the completed test administration audit findings to which DHR will provide a response in the next quarter. A summary of the audit findings and DHR’s response to those findings as well as any additional information regarding the completed test administration audit will be provided in the next quarterly report.

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.

Each quarter, IGO Hiring Oversight examines a sample of hire packets, which include all documents and notes maintained by individuals involved in the selection and hiring process. A portion of the hire packets are examined on an ongoing basis prior to the hires being completed. The remaining hire packets are examined after the hires have been completed. During the second quarter of 2013, IGO Hiring Oversight completed a review of hire packets for 49 hiring sequences, which covered 326 selected candidates and 21 City departments. Of the packets reviewed, five contained at least one error. All of these errors included missing or invalid Hire Certifications. These errors were not considered violations of the Hiring Plan.

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 hire packets for 49 hiring sequences reviewed in the last quarter, five contained missing, invalid, or late Hiring Certifications from DHR and/or the Hiring Department. After reporting the omissions to DHR, the missing or invalid certifications were provided and included in the packets. The “Selected Hiring Sequences” and the “Senior Manager Hires” sections above included these errors in their tallies.

¹⁰ A test administration is considered to be completed when a test has been administered and the final candidate scores have been sent from the DHR Testing Division to the DHR Recruiting Division for candidate selection and processing.

¹¹ Testing administration materials include (1) the test booklet(s); (2) the answer key; (3) the finalized test results sent to the DHR Recruiter; (4) the answer sheets completed by the candidates; (5) Candidate sign in/sign out sheets; and (6) the rating sheets completed by the interviewers as part of the Foreman Promotional Process.

6. *Monitoring Activities. Intake Meetings, Tests, Interviews, Screening Board Meetings, Merit Board Meetings, and Consensus Meetings.*

IGO Hiring Oversight conducts in-person monitoring of City hiring activities to identify potential violations of the City’s Hiring Plans or other errors. During the last quarter, our office monitored seven intake meetings, six tests, three sets of job interviews, one Merit Board meeting, and two consensus meetings. Other than the error identified in the “Testing” section above, IGO Hiring Oversight did not identify any other errors or violations of the Hiring Plan while monitoring these hiring activities.

7. *Acting Up.*¹² *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 Plan¹³, the Acting Up Policy, and all Acting Up waivers processed by DHR.

DHR is currently working to finalize its Acting Up Policy. As the policy approaches its final form, IGO Hiring Oversight has worked with DHR, the Department of Finance, the Department of Law, and the *Shakman* Monitor’s Office to ensure that it contains language that will enable the IGO to efficiently audit Acting Up data to determine whether departments are administering and reporting on Acting Up properly. After the policy is finalized, DHR will provide targeted training to operating departments to ensure that it is administered uniformly. To prepare for implementation, IGO Hiring Oversight is finalizing an audit policy to meet the auditing requirements of the City’s Hiring Plans.

The following chart details waivers to the City’s 520-hour Acting-Up limit approved by DHR in the last quarter:

Department	Position	Number of Employees	Date of Response	Waiver Expiration
Water Management	Assistant Chief Operating Engineer	1	4/10/2013	6/30/2013
Water Management	Chief Mason Inspector	1	5/8/2013	7/31/2013
Fleet & Facilities Management	Foreman of Laborers	4	5/29/2013	7/31/2013
Water Management	Chief Operating Engineer	1	5/29/2013	8/31/2013
Transportation	Asphalt Foreman	20	6/11/2013	12/31/2013

¹² 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.

¹³ Chapter VIII of the CFD Hiring Plan and Chapter X of the CPD Hiring Plan follow the same guidelines as Chapter XI of the General Hiring Plan.

Transportation	Foreman of Cement Finishers	17	6/11/2013	12/31/2013
----------------	-----------------------------	----	-----------	------------

8. Arbitrations and Potential Resolution of Grievances by Settlement. *Audit 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.*

IGO Hiring Oversight is required to conduct audits of all arbitration decisions and grievance settlement agreements that arise out of Accord complaints or that may impact the procedures under the City’s Hiring Plans or Other Employment Actions.¹⁴ Currently, IGO Hiring Oversight is only notified of arbitration decisions and settlement agreements that require approval from DHR and/or the Department of Law (Law). However, settlement agreements that do not result in arbitration or require a change in the City’s Personnel Database (CHIPPS) are mostly handled on the departmental level; therefore, IGO Hiring Oversight does not receive notification of these settlement agreements even when they may have impact on Other Employment Actions.

In the first quarter of 2013, IGO Hiring Oversight met with the Labor Relations and the Labor Litigation Divisions in Law to gain a better understanding of the grievance and settlement process and to establish a framework by which IGO Hiring Oversight could audit departmental level labor relations activities. Since those meetings, the City has created and implemented a universal grievance tracking database which will be used by all City Labor Relations Liaisons (LRLs)¹⁵. IGO Hiring Oversight will be able to work with LRLs to access grievance information through this database in order to meet the auditing requirements of the City’s Hiring Plans. IGO Hiring Oversight will continue receiving notifications from Law and DHR of arbitration awards and settlement agreements requiring their approval. In addition, IGO Hiring Oversight initiated an audit of labor relations activities as they pertain to the City’s Hiring Plans and Other Employment Actions in the following City departments: (1) the Chicago Public Library; (2) the Chicago Department of Transportation; (3) the Department of Water Management; and (4) the Chicago Department of Public Health. The results of this audit will be detailed in the next quarterly report.

In the last quarter, IGO Hiring Oversight received and reviewed four settlement agreements from DHR and Law. The following chart details: 1) the Union involved in the settlement agreement; 2) the City Department(s) affected by the settlement agreement; 3) the position(s) affected by the settlement agreement; and 4) a brief description of the terms of the settlement agreement.

¹⁴ An “Other Employment Action” is any change in the terms and conditions of employment in addition to those detailed in this Hiring Plan and includes, but is not limited to: hiring, firing, promotion, demotion, lay-off, reinstatement, reemployment, transfer, reclassification, granting overtime, assignment, withholding of any job benefit and imposition of any employment sanction or detriment.

¹⁵ Each City department has designated LRLs who are responsible for managing the grievance and settlement process and working directly with Unions regarding labor disputes and maintaining all grievance related documentation.

Union	City Department	Position	Settlement Description
Pipefitter’s Association, Local 597	DHR, Water Management	Foreman of Steamfitters	The City agreed to allow a Foreman of Steamfitters to take a voluntary demotion and return to his or her former position as a Steamfitter.
American Federation of State, County, and Municipal Employees	DHR, Police (CPD), Public Health	Various	City agreed to: (1) extend the recall rights for AFSCME employees, whose rights expire between 1/1/2011 and 11/29/2013, to 11/30/2013; (2) offer Library Page positions to employees on the AFSCME layoff list prior to considering other applicants; (3) fill 55 civilian AFSCME positions in CPD with employees on the recall list, then post for any additional vacancies in several phases; and (4) subject AFSCME recalls to probationary periods and drug screening.
Laborer’s Union, Local 1092	DHR	Various	City agreed to interpret the term "bidder" in the Posting and Bidding Section (Section 15.2) of the Local 1092 CBA, to not apply to individuals who were hired into their current 1092 represented position under the City's outside application process (external candidates).
International Union of Operating Engineers, Local 399	DHR, Water Management, Aviation	Operating Engineer – Group C	City agreed to grant a one to one transfer for two City employees in Water Management and Aviation to avoid potential violations of the City’s Ethics Ordinance.

QUARTERLY REPORTING OF CONTRACTING ACTIVITY

IGO Hiring Oversight is required to review City departments’ compliance with the City’s “Contractor Policy” (Exhibit C to the General Hiring Plan). In our previous quarterly report, we expressed concern that the City was failing to notify IGO Hiring Oversight of all draft contracts and other agreements “prior to offering any contract or other agreement terms to any Temporary Employment Agencies, not-for-profit agencies, for-profit contractors and other organizations and entities providing services to the City,” as required under Section II.B.2.b. of the Contractor Policy.

Following meetings with the Department of Law and the Department of Procurement Services, we saw a substantial increase in the number of notices of draft contracts that we received. Over time, however, these notifications have dropped off. In instances where we have expressed concern about a new contract we have not received, the City has been prompt in responding to our request to review the contract.

Despite our concerns above, we did receive notice of several draft contracts and agreements in the last quarter. Per the Contractor Policy, we may choose to review the drafts for the purpose of assessing whether the draft contract or agreement terms are in compliance with the Policy. The following chart details these contract notifications:

Name of the Contractor, Agency or other Organization	Name of Contracting Department	Duration of such Contract or Agreement	Approved by DHR?
Kobotech	Cultural Affairs and Special Events	Until 12/31/2013	n/a
Mutual Aid Box Alarm System	Fire	Until 12/15/2013	n/a
I-GO	Transportation	24 months	n/a
Scheidt & Bachmann	Aviation	Unspecified	n/a
Malcolm X College	Fire	Until 3/30/2014	n/a
Illinois Manufacturing Extension Center	Housing & Economic Development	Until 6/1/2015	n/a
Global Philanthropy Partnership	Mayor's Office	Unspecified	n/a
Northeastern Illinois Public Safety Training Academy	Fire	Until 9/1/2013	n/a
Professional Dynamic Network	License Appeal Commission	Until 1/3/2014	Yes
Trent Hinkle	Police	1 year	Yes
M3 Medical Management	Public Health	Until 12/31/2013	Yes

M3 Medical Management	Family & Support Services	6 months	Yes
Professional Dynamic Network	Procurement	3 months	Yes

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 four escalations in the last quarter, two of which are still pending. The details of these pending escalations will be reported in a future quarterly report once IGO Hiring Oversight’s review is complete. The details of the two escalations received and closed this quarter are detailed below.

Mayor’s Office of People with Disabilities

IGO Hiring Oversight was contacted on April 19, 2013, by a DHR Recruiter who reported that interviewers for a position with the Mayor’s Office for People with Disabilities (MOPD) had written their preference rankings of the interviewed candidates on their candidate assessment forms. These rankings corresponded with the candidate rankings determined in the consensus meeting. The DHR Recruiter confirmed that the rankings were not on the candidate assessment forms at the beginning of the consensus meeting and that the interviewers must have written the preference rankings at the end of the meeting after consensus was reached. After reviewing the hiring documentation and communicating with MOPD and DHR, IGO Hiring Oversight found no evidence that MOPD attempted to manipulate the hiring sequence or that Political Reasons or other Improper factors affected the process.

Following IGO Hiring Oversight’s recommendation, DHR instructed the interviewers to provide a written statement detailing (1) when they made the notations on the candidate assessment forms; (2) whether they discussed the candidates prior to the consensus meeting; and (3) why the notations were made. These written statements and IGO Hiring Oversight’s recommendation were placed in the hiring packet for the position. DHR also agreed to address the issue of writing on candidate assessment forms during and after the consensus meeting in future Interview and Consensus Meeting trainings.

Department of Water Management

IGO Hiring Oversight was contacted on May 23, 2013, by a DHR Recruiter who reported that the posting language for a position with the Department of Water Management (DWM) incorrectly stated that the position's selection process included an interview. DHR indicated that the position was a "non-interview" position and only required the successful completion of a skills assessment and a willingness and ability questionnaire. After reviewing the posting and class specification documentation and communicating with DHR, IGO Hiring Oversight found no evidence that DWM or DHR attempted to manipulate the hiring sequence or that Political Reasons or other Improper factors affected the process. Following IGO Hiring Oversight's recommendation, DHR proceeded with the hiring sequence using the skills assessment and willingness and ability questionnaire and informed the referred candidates about the posting language error and the correct selection process.

As stated in previous quarterly reports, two escalations were pending from 2012 and one escalation was pending from 2011. IGO Hiring Oversight has completed reviews of these three escalations which are detailed below.

Department of Water Management (pending from the 2nd Quarter of 2011)

IGO Hiring Oversight was contacted on June 24, 2011, by a DHR Recruiter who reported that an interviewer for a position in the Department of Water Management (DWM) alleged that the other interviewer in the same hiring sequence (1) failed to disclose a conflict of interest with one of the selected candidates and (2) considered Improper factors when evaluating that same candidate during the interview process. After reviewing the hiring documentation and communicating with DHR and DWM, IGO Hiring Oversight did not find conclusive evidence that the interviewer or DWM attempted to manipulate the hiring sequence or that Political Reasons or other Improper factors affected the process. Following IGO Hiring Oversight's recommendation and to maintain the integrity of the hiring sequence, DHR instructed DWM to conduct new interviews with the candidates for the position with a new interview panel, which resulted in different candidates being selected for the position.

Chicago Department of Transportation (pending from 1st Quarter of 2012)

IGO Hiring Oversight was contacted on March 27, 2012, by a DHR Testing Administrator who reported that one of the candidates for a position in the Chicago Department of Transportation appeared to have received the answers for the test (current test) prior to the testing administration, based on the responses given on his or her answer sheet. Specifically, the candidate had submitted identical answers to a previous test given for the same position approximately two years earlier. Per the Testing Administrator, the two tests contained the same questions, however, the order of the questions was different. As a result of the different ordering of the questions, the candidate failed the current test and was ineligible for hire. After reviewing the hiring documentation and communicating with DHR and CDOT, IGO Hiring Oversight did not find conclusive

evidence that the candidate or CDOT attempted to manipulate the hiring sequence or that Political Reasons or other Improper factors affected the process. Given that the candidate did not pass the test and was ineligible for hire into the position, IGO Hiring Oversight recommended that DHR allow CDOT to continue with filling the position through the current hire sequence. DHR agreed with IGO Hiring Oversight’s recommendation and the hiring sequence proceeded through the selection process.

Department of Water Management (pending from 1st Quarter of 2012)

IGO Hiring Oversight was contacted on March 9, 2012, by a DHR Testing Administrator who reported that one of the candidates for a foreman promotional position in the Department of Water Management (DWM) appeared to have received the answers for the foreman promotional test prior to the testing administration, based on the responses given during his or her oral interview. After reviewing the hiring documentation and communicating with DHR and DWM, IGO Hiring Oversight did not find conclusive evidence that the candidate or DWM attempted to manipulate the hiring sequence or that Political Reasons or other Improper factors affected the process. Following IGO Hiring Oversight’s recommendation, DHR allowed DWM to continue with filling the position through the current hire sequence.

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

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

IGO Hiring Oversight received 42 complaints in the last quarter. In the past, the office’s Investigations and Hiring Oversight divisions used separate systems for receiving and tracking complaints. Beginning in January 2013, both divisions began using the same system for these purposes. Because of this integration, virtually all of the complaints IGO Hiring Oversight receives have been initially reviewed by the Investigations division before being sent to IGO Hiring Oversight for review. This process has resulted in fewer complaints being referred back to Investigations for further review. The chart below summarizes the disposition of complaints received in the last quarter as well as those which were not closed when we issued our last report.

Status	Number of Complaints
Complaints Pending from the 1 st Quarter of 2013	5
Complaints Received in the 2 nd Quarter of 2013	42
Total closed in the 2 nd Quarter	35
Closed by Referral to IGO Investigations	0
Closed by Referral to DHR	0
Closed with Recommendations to the Hiring Department and/or DHR	0
Pending with IGO Hiring Oversight as of 6/30/2013	12