



OFFICE OF INSPECTOR GENERAL
City of Chicago



REPORT OF THE OFFICE OF INSPECTOR GENERAL:

***QUARTERLY REPORT OF THE
OFFICE OF INSPECTOR GENERAL
FOURTH QUARTER 2014***

JANUARY 15, 2015

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OFFICE OF INSPECTOR GENERAL
City of Chicago

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January 15, 2015

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 (OIG) during the fourth quarter of 2014, filed with the City Council pursuant to Section 2-56-120 of the Municipal Code of Chicago.

In 2014, we witnessed the deepening recognition that meaningful oversight is not a temporary solution but rather a permanent and necessary component of good government. This recognition was manifested in, among other things, increasing calls from the public, Mayor, Departments Heads, and Aldermen for OIG to examine, through investigation, audit, or program review, some of the most challenging and controversial issues in the City. During the recently concluded quarter, a City Council legislative committee requested and received IG testimony regarding an OIG report. This, the first such instance in the twenty-five year history of the office, reflects maturation in the relationship between elected officials and OIG in a manner that progressively parallels best practices seen at the federal level. Our stakeholders increasingly appear to appreciate that effective independent oversight brings exponential returns on the budgetary investment. The recent affirmative expansion of OIG's jurisdiction and responsibilities—effective February 1, 2015—to the Public Building Commission, one of the City's Sister Agencies, is a further reflection of the foregoing.

The coming year will be one of fiscal reckoning for the City of Chicago. The Mayor and City Council will need to make difficult decisions about whether the City must cut services, increase fees, or raise taxes in order to address the long-looming pension cliff and the echoing effects of overspending and borrowing by prior administrations.

As we face these challenges, robust independent oversight and the insights and efficiencies it yields at all levels of City government will be paramount. Today, oversight of City Council is constrained by a host of legal and procedural limitations on its jurisdiction and effectiveness. Proposals to address those shortcomings and bring about truly effective independent oversight have been introduced into the City Council but remain pending. Regardless of form, a solution is required. As our leaders face the City's serious fiscal challenges, the public must have confidence in the integrity of their executive and legislative activities. That trust requires an

embrace of independent oversight throughout all parts of City government. Only then can our government focus on the immediate challenges ahead in a manner that the public deserves.

Respectfully,

A handwritten signature in blue ink, appearing to read 'J. Ferguson', is centered below the word 'Respectfully,'.

Joseph M. Ferguson
Inspector General
City of Chicago

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This quarterly report provides an overview of the operations of the Office of Inspector General (OIG) during the period from October 1, 2014, through December 31, 2014. The report includes statistics and narrative descriptions of OIG’s activity as required by the City’s Municipal Code.

A. MISSION OF THE OFFICE OF INSPECTOR GENERAL

The mission of OIG is to promote economy, effectiveness, efficiency, and integrity in City government by rooting out corruption, waste, and mismanagement. OIG is a watchdog for the taxpayers of the City, and it has jurisdiction to conduct independent inquiries into most aspects of City government.

OIG accomplishes its mission through investigations, audits, and other reviews. OIG issues summary reports of investigations to the Mayor and appropriate City management officials, with investigative findings and recommendations for corrective action and discipline. Narrative summaries of sustained investigations are released in quarterly reports. OIG’s Audit Reports and Advisories are directed to management officials for comment and then are released to the public through publication on the OIG website. OIG’s Department Notifications are sent to management officials for attention and comment and are summarized, along with any management response, in the ensuing quarterly report. Finally, OIG issues reports as required by the Hiring Plan and as otherwise necessary to carry out its hiring oversight functions.

B. INVESTIGATIONS

The OIG Investigations 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

OIG received 515 complaints during the preceding quarter. The following table provides detail on the actions OIG has taken in response to these complaints.

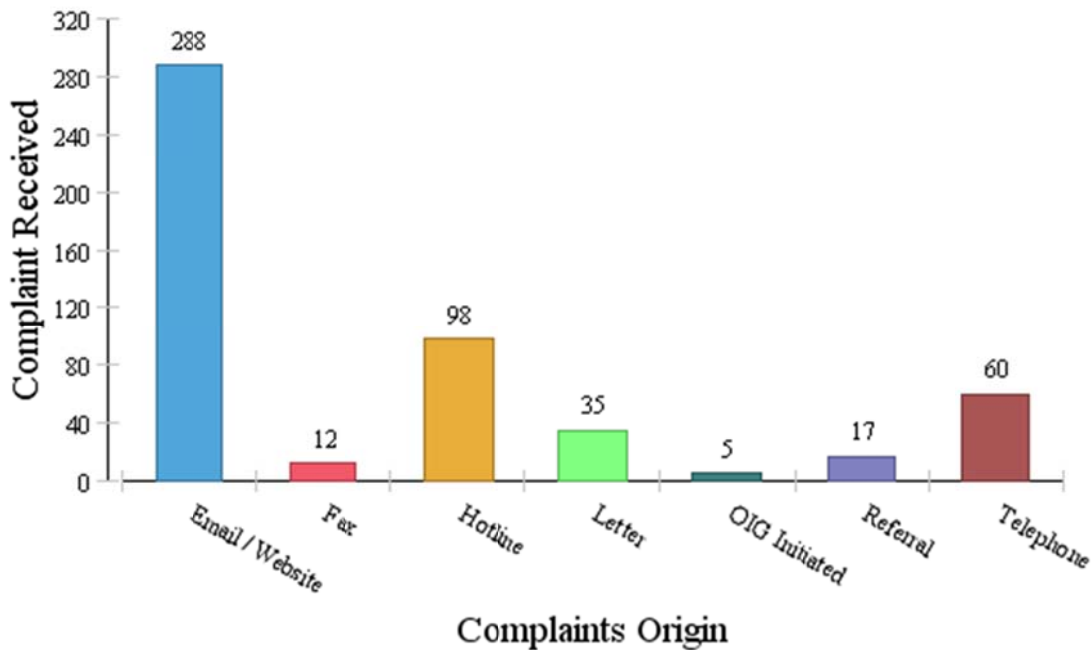
Table #1 – Complaint Actions

Status	Number of Complaints
Declined	370
Accepted	37
Referred	91
Other/Pending Review	17
Total	515

As the table shows, for the vast majority of complaints, OIG declined to investigate the allegation. Before OIG declines to investigate a complaint it is evaluated by a Complaint Intake

Committee and the Deputy Inspector General for Investigations. Among other factors, this evaluation gauges the investigative viability and potential magnitude or significance of the allegations—both individually and programmatically. The chart below breaks down the complaints OIG received during the past quarter by the method in which the complaint was reported.

Chart #1 - Complaints by Reporting Method



2. Newly Opened Investigations

During the quarter, OIG opened 119 investigations. Of the opened investigations, 118 centered on allegations of misconduct, 1 centered an allegation of “other.” There were 5 OIG-initiated complaints this quarter. Of the 119 opened matters, 102 were immediately referred to other departments or investigative agencies. Seventeen cases proceeded to a full OIG investigation and remained open at the end of the quarter.¹

The following table categorizes the 119 matters opened by OIG based on the subject of the investigation.

¹ Opened investigations may include complaints received in prior quarters.

Table #2 – Subject of Investigations

Subject of Investigations	Number of Investigations
City Employees	91
Contractors, Subcontractors, and Persons Seeking City Contracts	5
Elected Officials	6
Other	17
Total	119

3. Cases Concluded in Quarter

During the quarter, OIG concluded 123 investigative matters, 102 of which were the aforementioned referrals to City departments or other investigative agencies. Of the 102 referred investigative matters, 81 were referred to a City department, and 21 were referred to a sister agency. Of the remaining concluded matters, 6 were closed sustained, 11 were closed not sustained, and 4 were closed administratively. A case is sustained when the evidence sufficiently establishes that either an administrative or criminal violation has occurred. A case is not sustained when OIG concludes that the available evidence is insufficient to prove a violation under applicable burdens of proof. A case is closed administratively when the matter, in OIG’s assessment, has been or is being appropriately treated by another agency or department, the matter was consolidated with another investigation, or the investigation was sustained but did not result in a disciplinary recommendation.

4. Pending Investigations

Including the remaining 17 investigations opened this quarter, OIG has a total of 120 pending investigations.

5. Investigations Not Concluded in Twelve Months

Under the Municipal Code of Chicago (MCC) § 2-56-080, OIG must provide quarterly statistical data on pending investigations open for more than twelve months. Of the 120 pending investigations, 40 investigations have been open for at least twelve months.

The following table shows the general reasons that these investigations remain active.

Table #3 – Reasons Investigations Were Not Concluded in Twelve Months

Reason	Number of Investigations
Additional complaints were added during the course of the investigation.	1
Complex investigation. Generally involve difficult issues or multiple subjects.	35
On hold, in order not to interfere with another ongoing investigation.	1
Under review by the Legal Section or the DIG-Investigations prior to closing.	3
Total	40

6. Ethics Ordinance Complaints²

During this quarter, OIG received no ethics ordinance complaints.

C. SUSTAINED ADMINISTRATIVE CASES

OIG cases can be administrative, criminal, or both. Administrative cases involve violations of City rules, policies or procedures, and/or waste or inefficiency. For sustained administrative cases, OIG produces summary reports of investigation³—a thorough summary and analysis of the evidence and recommendations 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. OIG may issue summary reports of investigation recommending administrative action based on criminal conduct.

The following are brief synopses of investigations completed and reported as sustained matters. These synopses are intended 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 OIG’s findings, each description includes the action taken by the department in response to OIG’s recommendations. Departments have 30 days to respond to OIG recommendations. This response informs OIG of what action the department intends to take. Departments must follow strict protocols, set forth in City’s Personnel Rules, Procurement

² Effective July 1, 2013, the OIG ordinance, MCC § 2-56-120, was amended establishing a new requirement that OIG report the number of ethics ordinance complaints declined each quarter and the reasons for declination.

³ Per MCC § 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.”

Rules, and/or applicable collective bargaining agreements, prior to imposing disciplinary or corrective action.

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

Table #4 – Overview of Cases Completed and Reported as Sustained Matters

Case Number	Department	Number of Subjects	OIG Recommendation	Department Action
11-0374	Family & Support Services	1	Debarment	Debarment – Three Years
11-0619	Procurement	1	Debarment	Debarment – Lifetime
13-0093	Transportation	1	Ineligible for rehire	Ineligible for rehire
13-0183	Procurement Services	1	Debarment	Issued Debarment Notification
13-0292	Water Management	1	Termination	Resigned
13-0419	Fire	1	Appropriate Discipline up to and including Termination	1 Day Suspension
13-0476	Finance	1	Appropriate Discipline	Written Reprimand
14-0054	Transportation	1	Appropriate Discipline	Written Reprimand
14-0390	Fleet and Facility Management	1	Make findings and place OIG Report in Personnel File	Concurred with OIG findings and placed OIG Report in Personnel File

(A) *OIG Case #11-0374*

An OIG investigation established that a City of Chicago delegate agency continued to receive City grant funds despite repeated financial mismanagement, including amassing substantial outstanding tax liabilities. The delegate agency, through its board president, concealed these issues by submitting monthly certifications falsely attesting that it was current on its payroll taxes and had no tax delinquencies.

After several Department of Family & Support Services’ (DFSS) internal audits found the delegate agency was substantially lacking basic financial management standards, in large measure because of tax delinquencies, the delegate agency took steps to satisfy part of its tax debt and to outsource its payroll processing. Subsequently, a new DFSS audit report found the delegate agency to be in compliance with financial management standards. However, DFSS based that determination on incomplete documentation and false assurances from the delegate

agency's directors that concealed the full measure of the delegate agency's tax delinquencies and other financial mismanagement.

OIG recommended that the Department of Procurement Services (DPS) consider pursuing remedies against the delegate agency pursuant to § VIII 8.04 of the City's Debarment Rules for making repeated false statements in its monthly reimbursement requests and for failing to remain current on its tax contributions. OIG also recommended that the City consider seeking any appropriate remedies against the delegate agency that are available in the delegate agency agreements.

On June 10, 2014, DPS sent a redacted copy of OIG's report to the delegate agency and allowed 30 days for it to respond to the findings and recommendation. On December 1, 2014, DPS issued a Notice of Debarment after it received no response to its prior notice. DPS determined that the delegate agency and its two principal officers were "not responsible" vendors and imposed a three-year period of debarment prohibiting the delegate agency and its two principal officers from entering into, or performing work on, any City contracts.

(B) OIG Case #11-0619

In June 2014, OIG issued a letter to DPS recommending the initiation of proceedings to permanently debar a former delegate agency, its president, and various corporate entities related to its president, based on the debarment of those entities by the Chicago Board of Education for fraudulent conduct associated with a public contract. OIG also noted the pendency of a civil suit brought by the State of Illinois against those same entities seeking nearly \$9,000,000 for improper grant payments and improper grant administration.

DPS issued a Notice of Proposed Debarment seeking to permanently debar the delegate agency, its head, and various corporate entities from working on City contracts, and gave the delegate agency, its head, and various corporate entities 30 days to respond to five enumerated grounds for debarment. The subjects filed no response, which DPS considered to be an admission of the finding. Accordingly, DPS imposed final, permanent debarment upon the delegate agency, its president, and various corporate entities related to that individual, which prohibits any of these entities from entering into, or performing work on, any City contracts.

(C) OIG Case #13-0093

An OIG investigation established that a retired Department of Transportation (CDOT) Concrete Laborer improperly applied for and accepted leave under the Family and Medical Leave Act of 1993 (FMLA) while serving a prison sentence at an Illinois Department of Corrections facility.

The Concrete Laborer was arrested and convicted for aggravated driving on a revoked or suspended license, which violated the Illinois Vehicle Code and, in this case, was a felony with a mandatory period of imprisonment. In 2013, the Concrete Laborer used all available paid leave—vacation, sick leave, etc.—to account for absences related to the initial arrest, court dates, and the beginning of the prison sentence.

Once those leaves were exhausted, the Concrete Laborer applied for and received FMLA leave. In the FMLA application, the Concrete Laborer provided documents that created the impression that the Concrete Laborer needed leave to care for an ill daughter. The Concrete Laborer was in prison for *the entire period of* FMLA leave. There is no evidence indicating that the Concrete Laborer provided any care—psychological, physical, nutritional, or hygienic—for an ill daughter during the incarceration, and the Concrete Laborer admitted as much during an interview. Because the Concrete Laborer was providing no care whatsoever, the Concrete Laborer was ineligible for all of the FMLA leave received. Further, the record is clear that when the Concrete Laborer accepted FMLA leave for time spent in prison, the Concrete Laborer did so with the knowing concealment of a material fact: the continuing confinement in an IDOC prison.

Then, after exhausting FMLA leave, and while still in prison, the Concrete Laborer applied for a personal leave of absence. The Concrete Laborer again submitted documents creating the impression that the leave was necessary to care for an ill daughter. The Concrete Laborer continued the personal leave for the remainder of the prison sentence and until retirement.

The foregoing conduct violated City Personnel Rules relating to leave, falsification of employment records, failure to maintain a required license, unbecoming conduct, and violation of laws.

OIG would have recommended termination were the Concrete Laborer still a City employee. However, the Concrete Laborer retired during the course of OIG's investigation. OIG therefore recommended that CDOT make findings of violations and refer the Concrete Laborer to DHR for placement on the do-not-rehire list, that DHR so designate the Concrete Laborer, and that both CDOT and DHR place a copy of those findings (and OIG's report) in the Concrete Laborer's personnel file for appropriate consideration in the event the Concrete Laborer seeks re-employment with the City.

On November 10, 2014, CDOT responded. CDOT requested that DHR place the Concrete Laborer on the ineligible for rehire list and place a copy of the OIG's findings in the Concrete Laborer's personnel file.

(D) *OIG Case #13-0183*

OIG recommended debarment after an investigation concluded that a consultant hired by a City-certified Minority Business Enterprise (MBE) falsely created a letter from the City, forged the signature of a City employee, and submitted that fraudulent letter to the City MBE contractor. The MBE contractor provided timely notification to DPS and OIG once it suspected the forgery, and cooperated with OIG's investigation. The consultant denied creating or sending the forged letter. However, the evidence established that the forged document was sent from the consultant's email account and that the consultant was the only one who would potentially stand to benefit from sending such a letter. Based on this finding, OIG recommended that DPS initiate proceedings to permanently debar the consultant from performing work on City contracts.

DPS issued a Notice of Proposed Debarment seeking to permanently debar the consultant from working on City contracts, and gave the consultant 30 days to respond to five enumerated grounds for debarment. On December 1, 2014, when no response was filed, DPS imposed final

and permanent debarment on the consultant, which prohibits the consultant from entering into, or performing work on, any City contracts.

(E) OIG Case #13-0292

An OIG investigation established that an employee in the City's Department of Water Management (DWM) violated the City's residency requirement by residing in Crown Point, Indiana. More specifically, the evidence established that around February 2007 the employee abandoned a City residence and, around the same time, established a residence in Indiana. Thereafter the employee remained in the Indiana residence, never abandoning it to re-establish a City residence. In addition, the employee repeatedly lied to OIG during the employee's interview, violating the City's Personnel Rules.

OIG accordingly recommended that DWM take action consonant with MCC § 2-152-050, which mandates discharge for failing to be a resident of Chicago and designate and refer the employee for placement on the ineligible for rehire list maintained by DHR.

In response, DWM stated that the employee was currently on disability and that the department would schedule a pre-disciplinary hearing when the employee returned to work. The employee subsequently resigned and was designated as ineligible for re-hire.

(F) OIG Case #13-0419

An OIG investigation concluded that a Chicago Fire Department (CFD) Firefighter violated Illinois law, CFD's General Orders and Code of Professional Conduct, as well as the City's Personnel Rules by driving on a suspended driver's license in the course of the Firefighter's official duties from October 2013 to at least July 2014.

In August 2013, the Firefighter was involved in an on-duty accident while driving a personal vehicle. Following the accident, the Firefighter provided police with vehicle insurance information for a policy that had expired in January 2013. The Firefighter subsequently refused to post security for the damages caused to the other party's vehicle, leading the Illinois Secretary of State to suspend the Firefighter's driver's license in October 2013. In addition, upon discovering that the Firefighter's vehicle insurance policy had expired, the other party to the accident complained to the Illinois Department of Transportation (IDOT) as well as CFD and OIG.

OIG notified a senior CFD official in November 2013 that the Firefighter's driver's license was suspended. However, OIG investigators conducting surveillance in July 2014 observed the Firefighter continuing to operate a vehicle while on-duty and while the Firefighter's driver's license remained suspended. OIG further established that a sibling of the Firefighter rented the vehicle specifically for the Firefighter's use.

Based on the Firefighter's serial and continuing violations of State law, CFD General Rules, and City Personnel Rules, OIG recommended that CFD initiate appropriate disciplinary action against the Firefighter up to and including termination. CFD found that the investigation

established multiple legal and policy violations but issued the Firefighter a one-day suspension, stating that a one-day suspension is what the Department has imposed on other personnel with similar violations.

(G) OIG Case # 13-0476

An OIG investigation established that a Help Desk Technician with the Department of Finance (DOF) violated City Personnel Rules by, among other things, accessing confidential information in a City database without authorization. More specifically, the Help Desk Technician acted without authorization and outside the scope of employment by accessing a brother-in-law's personnel records and seeking preferential treatment by contacting DHR employees to request a change in the status of the brother-in-law's separation from City service.

Based on these findings, OIG recommended that DOF impose discipline commensurate with the level of offense, taking into consideration the Help Desk Technician's past disciplinary history and work record. DOF reported that it imposed a written reprimand following its review and discussion with the employee.

(H) OIG Case # 14-0054

An OIG investigation established that a Supervisor with CDOT performed managerial duties at a level lower than that ordinarily expected of other employees in similar positions in violation of City Personnel Rules. Specifically, the Supervisor tasked an employee with handling both billing and receipts for CDOT permits and then failed to adequately supervise the employee's work, allowing a massive theft to go undetected for years.

The Supervisor was aware of the risks posed by the obvious failure to segregate financial functions and eventually took some steps to alert senior management. But the Supervisor focused only on the long-term need for upgraded permitting software and transferring certain responsibilities to DOF. The Supervisor took no intermediate steps to minimize the on-going risk. OIG recommended that CDOT impose discipline against the Supervisor commensurate with the gravity of the violations, past disciplinary and work history, department standards, and any other relevant considerations.

CDOT reported that it had issued a written reprimand to the Supervisor for violation of City Personnel Rule XVIII, Section 1, Paragraph 39. CDOT agreed the allegations were sustained, but took into consideration the long, discipline-free tenure of the Supervisor, as well as the Supervisor's attempts to inform senior management of deficiencies and staff shortages in the permit office, and the Supervisor's efforts to improve financial controls in the permitting system.

(I) *OIG Case # 14-0390*

An OIG investigation established that a Department of Fleet and Facility Management (2FM) Blacksmith stole approximately \$75 worth of copper wiring from the Blacksmith's work facility.

While OIG's investigation was ongoing, 2FM conducted its own inquiry into the theft, discharged the Blacksmith, and placed the Blacksmith on the ineligible for rehire list. 2FM is currently pursuing criminal charges against the Blacksmith in connection to the theft. OIG therefore recommended that 2FM direct that a copy of the OIG report be placed in the Blacksmith's personnel file for appropriate consideration in the event the Blacksmith ever seeks re-employment with the City.

2FM agreed with the OIG findings and recommendation and placed a copy of the OIG investigative report in the Blacksmith's personnel file.

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

In criminal cases, OIG partners with the U.S. Attorney's Office, the Illinois Attorney General's Office, or the Cook County State's Attorney's Office. For the purposes of OIG quarterly reports, criminal cases are considered concluded when the subject(s) of the case is publicly charged by complaint, information, or indictment.

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. OIG monitors the results of administrative appeals before HRB⁴ and grievance arbitrations concerning our disciplinary recommendations.

1. Synopses of Criminal Cases

During this quarter, one criminal charge resulted from OIG cases. A criminal charge in the form of a complaint or indictment is not evidence of guilt. The defendants are presumed innocent and are entitled to a fair trial at which the government has the burden of proving guilt beyond a reasonable doubt.

(A) *State of Illinois v. Lennie Perry, et al., 14CR-18627 (Cir. Ct. of Cook Cty)*

On October 30, 2014, Lennie Perry, a former Pool Motor Truck Driver for the City of Chicago Department of Streets and Sanitation, was arraigned on an indictment returned by a Cook County grand jury on October 17, 2014. The indictment charges Perry with bribery, theft, and official

⁴ HRB definition: "The 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 July 9, 2014)

misconduct by a public employee in violation of the Illinois Criminal Code. The investigation, which was conducted by OIG, working in conjunction with the Office of the Cook County State's Attorney and Chicago Police Department (CPD), revealed that Perry, on three separate occasions and while on duty as a City tow truck driver, relocated automobiles parked on City streets. He then solicited and received bribes in exchange for returning the relocated vehicles to the victims. Perry's wife, Arica Reed-Perry, is also charged in the indictment with bribery and theft for the role that she played in the scheme.

2. Developments in Prior Charged Criminal Cases

During this quarter, there were three significant developments in previously reported criminal cases.

(A) *United States v. Martin O'Malley, et al., 14-CR-135 (ND IL)*

As reported in OIG's September 2014 Quarterly Report, John Bills, Karen Finley, and Martin O'Malley were indicted on August 13, 2014, on federal corruption charges involving the City of Chicago's red light camera program. The Federal Bureau of Investigation (FBI), the Internal Revenue Service (IRS) Criminal Investigation Division, and OIG partnered on the investigation.

Martin O'Malley, the Redflex Traffic Systems, Inc., customer liaison with the City, was charged with conspiring to commit federal program bribery. The 23-count indictment alleges that Redflex officials, including Finley, its former CEO, provided Bills, who managed the City's red light camera program, with approximately \$570,000 cash and other personal benefits in exchange for Bills' providing inside information and assisting Redflex in obtaining, keeping, and expanding its Chicago contracts that grew to \$124 million. Finley and other officials of Phoenix-based Redflex arranged to funnel the cash and benefits to Bills through his friend, O'Malley, by hiring O'Malley as an independent contractor who passed much of his \$2 million compensation on to Bills, the indictment alleges. Bills retired in 2011 as Managing Deputy Commissioner of the Chicago Department of Transportation after 32 years with the City.

On December 10, 2014, Martin O'Malley entered a voluntary plea of guilty for conspiracy to commit federal program bribery, a violation of 18 U.S.C. § 371. The conspiracy charge carries a maximum of five years in prison and a \$250,000 maximum fine, or twice the loss, whichever is greater, as well as mandatory restitution. In entering this plea, O'Malley admitted that he conspired to corruptly solicit and to accept cash payments and other personal benefits intending that an agent of the City of Chicago be influenced and rewarded in connection with contracts for the Red Light Camera Enforcement Program.

O'Malley further agreed to an entry of a forfeiture judgment of \$98,837.84.

The Court referred the matter to the probation office for presentence investigation. There is no sentencing date set at this time. All other defendants in this case are presumed innocent and are entitled to a fair trial at which the government has the burden of proving guilt beyond a reasonable doubt.

(B) *United States v. Daniel Rankins, 13-CR-331 (ND IL)*

As reported in OIG's July 2013 Quarterly Report, Daniel Rankins was arrested on April 25, 2013, and charged with violations of federal law for 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.

On December 1, 2014, Daniel Rankins pleaded guilty to devising or intending to devise a scheme and participating in a scheme to defraud the City of Chicago in violation of 18 U.S.C. § 157. Rankins faces a maximum sentence of up to five years in prison.

The investigation was based on a complaint by the City's Law Department (DOL), which noticed a significant increase in the number of individuals who appeared to be using bankruptcy as a means of obtaining the release of their vehicles and suspected that individuals were offering assistance with filing false bankruptcy cases. The OIG and FBI joint investigation subsequently revealed that Rankins (also known as "Little D") orchestrated and assisted in the filing of false Chapter 7 bankruptcy petitions to avoid paying City impound fees. Specifically, Rankins admitted that he solicited and accepted \$600 cash payment from an undercover officer in exchange for assisting the officer in filing a false bankruptcy case. Sentencing is set for March 30, 2015.

As a result of the findings in this case, DOL is now working more closely with the U.S. Trustee's Office to carefully screen suspicious bankruptcy petitions before releasing an impounded vehicle whenever the owner submits proof of bankruptcy.

(C) *United States v. Elizabeth Perino, 11-CR-0492 (ND IL)*

On December 18, 2014, Elizabeth Perino was charged by federal indictment with mail and wire fraud for her part in defrauding the City of Chicago MWBE program. The indictment, which followed a joint investigation by OIG and FBI, alleges that Perino, through her company, Perdel Contracting Company, acted as a pass-through on a multi-million dollar runway repair project at O'Hare Airport and provided fraudulent WBE invoices to support previously unmet DBE goals in a compliance audit of another O'Hare public works project. More specifically, the indictment alleges that Perino schemed with the Contractor and caused documents to be prepared and submitted to defraud the City by falsely claiming to have provided equipment and labor when Perdel did not perform, manage, or supervise any work on either project.

Perino was originally charged by complaint in July 2011 as an offshoot of an OIG/FBI investigation of MWBE program fraud by Anthony Cappello. Cappello pleaded guilty in July 2012 to participating in a scheme to fraudulently obtain City of Chicago contracts valued at more than \$2.3 million. As part of his sentence, that included a two year term of probation, Cappello paid \$169,676 as restitution to the City, representing his profit from those contracts, and a \$25,000 fine.

(D) *United States v. Guy Potter and Matthew Giovenco*, 11-CR-316 (ND IL)

As last reported in OIG's January 2014 Quarterly Report, a joint OIG, Federal Bureau of Investigation (FBI), Cook County State's Attorney's Office (CCSAO), and USAO investigation concluded in an April 2011 indictment of four defendants on mail fraud charges for their roles in a sham minority cable installation business called ICS Cable, Inc., that obtained \$8.3 million in contracts from a City cable television provider.

ICS Cable, Inc., was controlled and operated by Guy Potter and Matthew Giovenco. They and others fraudulently disguised ICS Cable Inc. as a minority-owned business to obtain \$8.3 million in City-mandated minority sub-contracts under the lakefront cable franchise held by RCN Telecom Services of Illinois LLC.

On September 10, 2013, Potter and Giovenco were convicted on six counts of mail fraud in violation of 18 U.S.C. § 1341. Potter was sentenced to 4½ years, and Giovenco was sentenced to three years in prison. The two men were also ordered to forfeit \$2.2 million in profits and pay \$217,580 in restitution to RCN. Both men appealed the rulings.

On December 9, 2014, the United States Court of Appeals for the Seventh Circuit (2014, WL 6888505) affirmed the district court's rulings in this case.

3. Synopses and Results of Administrative Appeals or Grievances

To date, OIG has been notified of one update of appeals to HRB occurring in the fourth quarter regarding discipline imposed as a result of an OIG investigation.

(A) *OIG Case #10-0484*

Following several contemporaneous anonymous complaints, OIG initiated an investigation into the residency of a Plumber employed by the Department of Water Management (DWM). OIG conducted surveillances, gathered and analyzed records, and interviewed neighbors and the employee. The investigation clearly established that the Plumber actually resides in Crystal Lake, Illinois, in violation of the City's residency requirement mandated by MCC § 2-152-050. OIG accordingly recommended that DWM take action consonant with the Residency Ordinance, which mandates discharge, and designate and refer the Plumber for placement on the ineligible for rehire list maintained by DHR.

DWM agreed with OIG's findings and recommendation and served charges upon the Plumber seeking discharge. Following a review of the Plumber's response to the charges, DWM discharged the Plumber. The Plumber appealed the decision to the City's HRB, and following a hearing, HRB upheld the discharge on December 26, 2014.

4. Recoveries

This quarter OIG received one report of cost recovery actions or other financial recoveries related to an OIG investigation.

(A) *OIG Case #09-0407*

A previous OIG investigation established that a consulting firm (the Company) failed to perform a commercially useful function with respect to the services of a consultant (the Consultant) it was to provide CDOT pursuant to a directed task order the City issued the Company in connection with its existing master consulting agreement. Specifically, the Company, a minority-owned business enterprise for a substantial portion of the Consultant's two-year tenure at CDOT, effectively operated only as a payroll processor for the Consultant and did not manage or supervise the Consultant's work under the directed task order.

Based on these findings, OIG recommended that DPS take action against the Company consistent with sanctions the Company had previously faced for a similar offense, including the recovery of monies the Company obtained in its capacity as a payroll service for the Consultant.

In December 2014, DPS entered into a Memorandum of Understanding (MOU) with the Company, in which the Company agreed to make a payment to the City in the amount of \$33,300 and to extend the term of a previous MOU, under which, among other conditions, the Company agreed to abide by the restrictions of the *Shakman* decree, abide by all material contractual terms in all agreements between the Company and the City, and cooperate in good faith with any City investigation. The Company subsequently made the \$33,300 payment to the City on December 24, 2014.

E. AUDITS AND REVIEWS

In addition to confidential disciplinary investigations, OIG produces a variety of public reports including independent and objective analyses 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 following summarizes an audit and a review released this quarter.

(A) *Department of Buildings Elevator Inspections Audit*

On October 28, 2014, OIG published an audit of Department of Buildings (DOB)'s compliance with the annual elevator inspection requirements set forth in the municipal code. The audit found that, according to available records, 66% of buildings covered by MCC § 13-20-100 did not receive an annual elevator inspection in 2013; 62% of violations for inspected elevators cited from January 2006 to December 2013 remained unresolved; and \$236,355 in inspection revenue

was not billed because DOB failed to enter data in a timely manner or create fee records appropriately.

In response, the Department committed to more timely and complete data processing and to expanding the Annual Inspection Certification (AIC) program in 2015. DOB also committed to improving its sampling methodology for periodic compliance auditing of AIC buildings, which OIG found was insufficient to assess the effectiveness of the overall program.

(B) Red-Light Camera Program Review

On October 10, 2014, OIG released a review of the Red-Light Camera (RLC) program in response to publicly-reported and unexplained anomalies in red-light citation counts. The review focused on the City's management of the RLC program and how the anomalies went either unnoticed or unaddressed. OIG concluded that CDOT management of the program as operated by the previous vendor, Redflex Traffic Systems, Inc., was insufficient to identify and resolve the anomalies. Under its new contract with Xerox State & Local Solutions, Inc., CDOT has taken steps to improve the Department's RLC contract management.

In its response to the review, CDOT agreed with OIG's conclusions and recommendations and announced additional steps to improve program management going forward.

F. ADVISORIES AND DEPARTMENT NOTIFICATION LETTERS

Advisories and department notification letters describe management problems observed by OIG in the course of other activities including audits and investigations. These are problems that OIG believes it should apprise the City of in an official capacity. OIG issued one department notification letter this quarter.

(A) Notification Regarding CPD's Issuance of Retirement Credentials

OIG provided CPD with strong evidence showing that certain routine practices within the department's Human Resources Division (CPD-HR) could lead to the improper issuance of retirement credentials to retiring exempt members who are not eligible to receive them. Exempt members are those police officers who hold ranks higher than captain and serve at the pleasure of the Superintendent.

Evidence in certain instances showed that CPD-HR issued retirement credentials without first completing the intra-departmental checks specified by written orders and procedures. These checks are necessary to assure the member is in "good standing"—a prerequisite for credential eligibility. Retirement credentials consist of an identification card and a retirement star.

This issue was identified during the course of an OIG investigation that found that CPD issued credentials to an ineligible exempt member (the Retired Officer or Officer), who at the time of retirement was the subject of a Bureau of Internal Affairs investigation for lying to federal agents. CPD-HR's error was compounded when a former high-level manager certified to the State of Illinois that this Officer retired in good standing. As a result of this certification, the

Retired Officer currently possesses the concealed-carry privileges of an active-duty law-enforcement officer (LEO).

Internal Affairs should be credited with taking affirmative steps to notify the state organization responsible for approving retired-LEO concealed-carry privileges in Illinois (Illinois Retired Officer Concealed Carry or IRROC) of this error. However, such notification alone was insufficient to revoke the Retired Officer's privileges because CPD-HR had not taken any effort to clarify the record nor revoke and retrieve the CPD retirement credentials issued to the Retired Officer. Thus, IRROC has been presented with conflicting instructions from what it regards to be two co-equal components within CPD. IRROC determined that the intra-department conflict required resolution by the CPD Superintendent. As a result, the Retired Officer continues to possess a CPD-issued retirement star and identification card and maintains a concealed-carry privileges continue to this day.

OIG provided this notification to alert CPD of the need to take corrective action in this particular instance and to bring CPD-HR's out-processing practices for exempts into full compliance. Among other things, OIG suggested that the Office of the Superintendent consider the following:

- Take steps to ensure that CPD-HR currently complies with all CPD Standard Operating Procedures (SOPs) and written orders equally with respect to retiring non-exempt and exempt CPD members. In particular, CPD-HR should verify eligibility for retirement credentials *before* issuing them.
- Take steps to correct the improper issuance of retirement credentials to the Retired Officer, including the revocation of the credentials at issue and the recalling the retirement star and identification card.
- Direct a letter from the Office of the Superintendent to IROCC advising that the Retired Officer did not retire in good standing, that any CPD certifications to that effect are in error, and that Retired Officer is ineligible for concealed-carry privileges on the basis of CPD service.

In response, CPD took a number of actions. First, by letter dated September 23, 2014, CPD stated that going forward, its HR Unit will ensure compliance with all SOPs, and in particular will verify eligibility for credentials prior to issuance for all retiring personnel. Second, CPD directed a letter to the Director of the Illinois State Police (ISP), advising ISP that the Retired Officer in fact did not retire in good standing and that any prior CPD certifications to that effect were erroneous. CPD also requested that ISP revoke any concealed-carry privileges the Retired Officer possessed based on the erroneous certification of good standing. Finally, CPD formally requested of the Retired Officer and his attorney that the Retired Officer return the Retired Officer credentials. However, neither the Retired Officer nor his attorney responded to the request and, to date, CPD has not recovered them from the Retired Officer. Additionally, notwithstanding CPD's clarification of the Retired Officer's status and concealed carry request, the Illinois State Police has yet to revoke or otherwise terminate the Retired Officer's Concealed Carry Certification.

G. HIRING OVERSIGHT

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,⁵ OIG is required to review and audit various components of the hiring process and report on them quarterly. The General Hiring Plan requires both reviews and compliance audits. The plan defines reviews as a “check of all relevant documentation and data concerning a matter,” and audits as a “check of a random sample or risk-based sample of the documentation and data concerning a hiring element.”

1. Hiring Process Reviews

(A) Contacts by Hiring Departments

OIG reviews all reported or discovered instances where hiring departments contacted DHR or CPD Human Resources (CPD-HR) 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 by the Hiring Plan.⁶

During the fourth quarter of 2014, OIG received one report of a direct departmental contact from DHR. The department asked DHR how seven candidates who took a military make-up exam would be integrated into an existing eligibility list.

(B) Political Contacts

OIG reviews all reported or discovered instances where elected or appointed officials of any political party or any agent acting on behalf of an elected or appointed official, political party, or political organization contact the City attempting to affect any hiring for any Covered Position or Other Employment Actions.⁷

⁵ 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. This Hiring Plan was refiled, though not amended, on May 15, 2014. The City of Chicago also filed an amended Chicago Police Department Hiring Plan for Sworn Titles (CPD Hiring Plan) and an amended Chicago Fire Department Hiring Plan for Uniformed Positions (CFD Hiring Plan) on May 15, 2014, which were approved by the Court on June 16, 2014. Collectively, the General Hiring Plan, the CPD Hiring Plan, and the CFD Hiring Plan will be referred to as the “City’s Hiring Plans.”

⁶ Chapter II, C(1) of the General Hiring Plan provides that Hiring departments shall not contact DHR to lobby for or advocate on behalf of actual or potential Applicants or Bidders for Covered Positions, nor may hiring departments request that specific individuals be added to any referral or eligibility list except as permitted in this Hiring Plan. Hiring departments may contact DHR to inquire about the status of selected Candidates. Any DHR employee receiving a contact violating this section shall report it to the DHR Commissioner and OIG Hiring Oversight within forty-eight (48) hours.

⁷ Chapter II, C(3) of the General Hiring Plan provides that “Nothing in this Hiring Plan shall limit the right of any citizen, including elected officials, to make recommendations not based on Political Reasons or Factors or other Improper considerations to personnel involved in making employment decisions on behalf of the City. In the case of hiring for Covered Positions, recommendations from public office holders or political party officials that are based on their personal knowledge of the person’s work experience, skill or other job-related qualifications are permitted and may be considered, to the extent that the department considers any recommendations for a particular Position.”

Additionally, out of an abundance of caution, City employees often report contacts by elected or appointed officials that may be categorized as inquiries on behalf of their constituents but not an attempt to affect any hiring decisions for any Covered Position or Other Employment Actions.

During the fourth quarter of 2014, OIG received one report of a political contact regarding the position of Police Officer. The contact was an inquiry for information regarding the appeal process for the POWER test.

(C) Exemptions

OIG reviews adherence to exemption requirements, Exempt Lists, and the propriety of Exempt List⁸ modifications. OIG receives and reviews notifications of all *Shakman*-Exempt appointments and modifications to the Exempt List on an ongoing basis from DHR. In addition to these ongoing reviews, OIG conducts an annual review of the Exempt List to ensure that the City is complying with the *Shakman* requirements to determine whether DHR is maintaining an accurate record of *Shakman*-Exempt employees and titles.

OIG completed the 2014 annual Exempt List audit, and reported its findings and DHR's response in OIG's first quarter report of 2014. OIG continues to receive notifications of exempt appointments and received 14 such notices in the fourth quarter.

(D) Senior Manager Hires

OIG reviews hires pursuant to Chapter VI covering the Senior Manager Hiring Process.⁹

Of the 55 hire packets OIG reviewed this past quarter, 14 were for Senior Manager positions. Two of the Senior Manager hire packets contained an error—improper marks on the candidate assessment forms. OIG communicated these errors to DHR and recommended that all documentation related to the correction of the errors be included in the hire packets.

(E) Written Rationale

OIG reviews any written rationale when no consensus selection was reached during a Consensus Meeting.¹⁰

OIG did not receive any notice of a Consensus Meeting that did not result in a consensus selection for the fourth quarter of 2014.

⁸ 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.

⁹ Senior Manager Classes are not covered by a collective bargaining agreement; not career service Positions (i.e. they are employees-at-will); not Exempt; and involve significant managerial responsibilities.

¹⁰ A Consensus Meeting is a discussion that is led by the DHR Recruiter 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.

(F) *Emergency Appointments*

OIG reviews circumstances and written justifications for any emergency hires made pursuant to the Personnel Rules and MCC § 2-74-050(8).

The City reported no emergency appointments during the fourth quarter of 2014.

(G) *Review of Contracting Activity*

Prior to offering any contract or other agreement terms to any not-for-profit agency, for-profit contractor, or other organization or entity to provide services for the City, the requesting department shall give OIG advance notification. OIG is also required to review City departments’ compliance with the City’s “Contractor Policy” (Exhibit C to the City’s Hiring Plan). Per the Contractor Policy, OIG may choose to review draft contract or agreement terms to assess whether they are in compliance with the Policy. In addition to contracts, pursuant to Chapter X of the Hiring Plan, OIG must receive notification of the procedures for using volunteer workers at least 30 days prior to implementation. The following chart details these contract and volunteer program notifications.

Table #5 – Contract and Volunteer Opportunity Notifications

Contractor, Agency, Program, or other Organization	Contracting Department	Duration of Contract or Agreement
Perspectives Charter School Internship	Buildings	Unknown
Request for Proposals	Cultural Affairs and Special Events	Through 7/12/15
Northrop Grumman	Emergency Management and Communications	24 months
M3 Medical Management	Family and Support Services	10/20/2014 -12/5/2014
M3 Medical Management	Family and Support Services	12/8/2014 - 2/27/2015
M3 Medical Management	Family and Support Services	1/2/2015 - 3/6/2015
Arcadis U.S., Inc.	Fleet and Facilities Management	36 months
Partners of America	Department of Innovation and	Unknown
Chicago Collections Consortium	Library	8/8/2015 - 11/15/15
Bloomberg Family Foundation	Mayor’s Office	12 months
C40	Mayor's Office	48 months
Harvard Kennedy School Mayoral Fellow	Mayor's Office	Unknown
Legislative Counsel and Government Affairs Internship	Mayor's Office	Unknown
M3 Medical Management	Mayor's Office for People with Disabilities	10/29/2014 - 12/31/14
Volunteer Internship	Planning and Development	Ongoing
University of Chicago Crime Lab Internship	Police Department	2014 school year
Professional Dynamic Network	Procurement Services	12/2/2014 - 12/31/2014

Contractor, Agency, Program, or other Organization	Contracting Department	Duration of Contract or Agreement
Professional Dynamic Network	Procurement Services	1/2/2015 - 4/30/2015
Locum Tenens	Public Health	1/2/2015 - 3/31/2015
M3 Medical Management	Public Health	11/3/14 - 1/31/15
M3 Medical Management	Public Health	10/29/2014 - 12/31/2014
M3 Medical Management	Public Health	1/5/2015 - 03/31/2015
M3 Medical Management	Public Health	1/5/2015 - 03/31/2015
M3 Medical Management	Public Health	1/5/2015 - 03/31/2015
Task Order	Transportation	6 - 12 months
Volunteer Internship	Transportation	Fall Semester

2. Hiring Process Audits

(A) Modifications to Class Specifications,¹¹ Minimum Qualifications, and Screening and Hiring Criteria

OIG audits modifications to class specifications, minimum qualifications, and screening/hiring criteria. In the last quarter, OIG received notification that the City changed the minimum qualifications or included equivalencies for nine hiring sequences across 2FM, DOL, the Chicago Department of Aviation (CDA), the Department of Innovation and Technology, DFSS, and DOF. OIG had no objections to the changes.

DHR continues to submit to OIG a bi-monthly report of updated or newly created class specifications.

(B) Referral Lists

OIG audits the lists of Applicants/Bidders who meet the predetermined minimum qualifications generated by DHR for the position. Each quarter, OIG examines a sample of referral lists and provides commentary to DHR whenever potential issues arise. OIG recognizes 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, based on the information provided,

- were referred and did not quantitatively meet the minimum qualifications;
- were referred and failed to provide all of the required information and/or documents listed on the job posting; or
- were not referred and quantitatively met the minimum qualifications.

In the last quarter, OIG audited 14 referral lists, none of which contained errors.

¹¹ 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.

(C) *Testing*

OIG also audited testing administration materials¹² for 19 completed test administrations¹³ from the third quarter of 2014.

OIG found six errors within the testing administration materials across five test administrations and reported the errors to DHR. The individual errors and DHR's response to each error are detailed below. These errors did not affect the candidates' placement on position eligibility lists nor the final candidate selection decisions and did not constitute a violation of the Hiring Plan.

i. Citywide - Foreman of Motor Truck Drivers, Parts I & II

OIG determined that the grading of two candidates' answer sheets did not conform to the answer key. In both instances, the DHR Testing Manager agreed with our assessment and rescored the test. Ultimately, the rescore did not affect either candidate's placement on the eligibility list or the final selection decision for the position.

ii. Chicago Department of Aviation - Aviation Security Officer, Written Test

One candidate was listed as "no-show" on the finalized test results sent to the DHR Recruiter, but had signed the sign-in sheet and had a graded exam. However, this notation did not affect the candidate's placement on the eligibility list or the final selection decision for the position because the candidate failed the exam.

iii. Chicago Department of Aviation - Aviation Security Officer, Written Test

OIG determined that the grading of a candidate's answer sheet did not conform to the answer key. In this instance, the DHR Testing Manager agreed with our assessment and rescored the test. Ultimately, the rescore did not affect the candidate's placement on the eligibility list or the final selection decision for the position.

iv. Chicago Department of Finance - Parking Enforcement Aide, Multiple Choice/Service Ability Inventory

OIG determined that the grading of a candidate's answer sheet did not conform to the answer key. In this instance, the DHR Testing Manager agreed with our assessment and rescored the

¹² Testing administration materials include (1) the test booklet (or booklets, if multiple versions of the test were administered); (2) the sign-in/sign-out sheets; (3) the answer key; (4) the final cut score(s) and any documentation regarding the change of a cut score(s); (5) the individual test scores for each candidate for each test(s) that was administered; (6) the finalized test results sent to the DHR Recruiter; (7) the answer sheets completed by the candidates; (8) the rating sheets completed by the interviewers as part of the Foreman Promotional Process; (9) any additional emails or notes identifying issues surrounding the test administration or scoring (e.g. documentation identifying the individual test score changes for tests that are rescored, memos to file regarding non-scheduled candidates being allowed to test, etc.); and (10) referral lists.

¹³ 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.

test. Ultimately, the rescore did not affect the candidate's placement on the eligibility list or the final selection decision for the position.

v. Department of Water Management - Chief Operating Engineer, Foreman Process Pt. III

The test administration materials for this exam did not include the referral list, or any accompanying documentation explaining its absence. OIG viewed the referral list as a required part of the test administration materials and therefore we are considered the missing referral list to be an error. OIG notified DHR that the missing referral list was counted as an error.

Additionally, the Foreman promotional process was eliminated for the majority of Foreman titles within the City. The former process required candidates to complete a three-part assessment in order to be eligible for a Foreman position. Part I consisted of a written exam designed to assess a candidate's knowledge of City of Chicago's Personnel Rules, Ethics Ordinance and *Shakman* Compliance. Part II was a written exam designed to assess supervisory skills and technical knowledge, and Part III was an optional structural interview designed to assess supervisory skills and technical knowledge.

Under the new process, effective January 1, 2015, there will still be an exam designed to assess supervisory potential and technical knowledge. However, the optional structured interview is now a required and must follow the protocols outlined in Chapter V of the General Hiring Plan, which provide the same interview protocols used for all non-senior manager interview titles. Instead of a written exam on the City of Chicago's Personnel Rules, Ethics Ordinance and *Shakman* Compliance, all selected candidates will complete training on these topics upon hire. For those department specific titles, the department, in conjunction with DHR, may decide to change the title to Non-Interview.

(D) *Selected Hiring Sequences*

The Hiring Plan requires OIG to audit 10% of the aggregate of in-process hiring sequences and at least 5% of completed hiring sequences from the following departments or their successors: DSS, DWM, CDA, CDOT, DOB, 2FM, and six other City departments selected each quarter at the discretion of OIG.

Hire packets include all documents and notes maintained by City employees involved in the selection and hiring process. As required by the Hiring Plan, OIG examines some hire packets prior to the hires being completed and others after the hires have been completed.

During the fourth quarter of 2014, OIG completed an audit of hire packets for 36 hiring sequences. OIG selected these packets based on risk factors such as past errors, complaints, and historical issues with particular positions. These 36 sequences covered 14 departments and 190 selected candidates. Of the 36 packets audited, there were errors in two packets. One error involved improper marks on a Candidate Assessment Form and the other error was due to a missing Hire Certification. In each case, OIG contacted the appropriate DHR Recruiter and we

have been informed that corrected or replacement documentation has been obtained and placed in the appropriate hire packet.

Additionally, during the audit of hire packets, OIG found that for one hiring sequence, although there was a consensus reached regarding the selected candidate, there was not a consensus on the order of the Pre-Qualified Candidates. The selected candidate did not accept the offer, resulting in the hire of a Pre-Qualified Candidate for which no consensus was reached. While there was a written rationale for the no consensus hire in the hiring packet, the rationale was not provided to OIG at the time of hire. The OIG recommended that in circumstances where a written rationale has been prepared by a Hiring Manager during a hiring sequence, DHR should promptly forward the memorandum and any other accompanying documentation to the attention of OIG Hiring Oversight. This measure will ensure that OIG Hiring Oversight reviews all written rationale. DHR agreed to provide OIG with all written rationale if there is no consensus on ranking the Pre-Qualified Candidates, even if a consensus has been reached on the selected candidate.

(E) Monitoring Hiring Sequences

In addition to auditing hire packets, OIG checks hiring sequences through in-person monitoring of intake meetings, interviews, and consensus meetings. Monitoring involves observing and detecting compliance anomalies in real time with a primary goal of identifying gaps in the internal controls.

OIG monitors hiring sequences based on risk factors such as past errors, complaints, and historical issues with particular positions. During the past quarter, OIG monitored one intake meeting, five test administrations, five sets of interviews, and five consensus meetings. The table below shows the breakdown of monitoring activity by department.¹⁴

Table #6 – Fourth Quarter 2014 OIG Monitoring Activities

Department	Intake Meetings Monitored	Tests Monitored	Interview Sets Monitored	Consensus Meetings Monitored
Emergency Management and Communication	0	2	0	0
Police Department	0	0	1	1
Finance	1	1	0	0
Planning and Development	0	0	1	1
Fire Department	0	2	1	1
Family & Support Services	0	0	1	1
Aviation	0	0	0	1
Treasurer	0	0	1	1
Total	1	5	5	6

¹⁴ If a department is not included in this table, OIG did not monitor any elements of a hiring sequence for that department in-person.

Additionally, on June 16, 2014, a new section of the CFD Hiring Plan for Uniformed Positions (CFD Hiring Plan) became effective. This section established a formal process for Specialized Unit Assignments, which includes a formal Consensus Meeting. During the fourth quarter, OIG monitored an assignment hiring sequence. While monitoring the sequence, CFD-HR personnel staff expressed uncertainty on how to conduct a Consensus Meeting. Therefore, OIG issued a memo recommending that at least two CFD employees be trained on how to conduct a Consensus Meeting. CFD agreed with our recommendation and DHR gave the necessary training to CFD Personnel in December 2014.

(F) Hiring Certifications

Hiring Certifications are the required certifications attesting that no political reasons or factors or other improper considerations were taken into account in the applicable action.

Of the 55 hire packets audited in the last quarter, one had a Hiring Certification related error. OIG communicated the documentation error with the DHR Recruiter and we have been informed that corrected documentation has been obtained and placed in the appropriate hire packet.

(G) Acting Up¹⁵

OIG audits the City's compliance with Chapter XI of the General Hiring Plan,¹⁶ the Acting Up Policy, and all Acting Up waivers processed by DHR.

In the beginning of 2014, DHR implemented a new Acting Up policy coupled with stricter enforcement and reporting requirements. The new policy is a substantial improvement over its predecessor, and OIG initiated an audit to track compliance with the revised policy. The Recordkeeping Consistency section is a new element of the Policy and requires Acting Up to be coded in City payroll records using an Acting Up earnings element. OIG audited the compliance with the Recordkeeping Consistency section of the Acting Up policy of CDA, the Office of Emergency Management and Communications (OEMC), CDOT, CFD, CPD, and DWM. The audit found either complete compliance or only minor issues within CDA, CFD, and DWM. Within OEMC, CDOT, and CPD, the audit found inconsistencies between Acting Up that was reported and the use of Acting Up earnings elements in the City's payroll systems. Each department agreed to take the appropriate corrective actions.

The following chart details waivers to the City's 90-Day Acting Up limit approved by DHR in the last quarter.

¹⁵ 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.

¹⁶ 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.

Table #7 – DHR Approved Waivers to the City’s 90 Day Acting Up Limit

Department	Position	Number of Employees	Date of Response	Duration of Waiver
Transportation	Foreman of Sheet Metal Workers	1	10/14/2014	12/31/2014
Buildings	Supervising Electrical Inspector	2	10/20/2014	12/31/2014
Water Management	Assistant Chief Operating Engineer	1	10/20/2014	12/31/2014
Water Management	Foreman of Electrical Mechanics	1	10/20/2014	12/31/2014
Transportation	Foreman of Asphalt Helpers	1	11/7/2014	12/31/2014
Water Management	Foreman of Construction Laborers	1	11/13/2014	12/31/2014
Water Management	District Superintendent	1	11/18/2014	12/31/2014
Transportation	Foreman of Cement Finishers	3	11/19/2014	12/31/2014
Transportation	General Foreman of Linemen	2	12/18/2014	12/31/2014

(H) Arbitrations and Potential Resolution of Grievances by Settlement

OIG 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.

During the fourth quarter of 2014, OIG received notice of one settlement agreement from DHR. In this settlement, the arbitrator ruled that 2FM Garage Attendants who replaced, removed, or installed medium and heavy duty tires were not Acting Up and therefore the City did not have grounds for requiring these duties to be regulated by the Acting Up policy.

3. Reporting of Other OIG Hiring Oversight Activity

(A) Escalations

Recruiters and Analysts in DHR and CPD-HR must escalate concerns regarding improper hiring to OIG. OIG evaluates the circumstances surrounding the escalation and may take one or more of the following actions: 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 OIG.

The OIG received four escalations during the fourth quarter of 2014. Three of the four escalations were concluded within the fourth quarter, and the details of the completed ones are outlined below.

i. Department of Aviation

On October 17, 2014, the DHR Testing Manager informed OIG that DHR received complaints alleging candidate pre-selection on the part of the assessors from candidates who had taken a Foreman promotional exam in CDA. After conducting its review, OIG found no evidence of candidate pre-selection, and recommended processing the hire of the originally selected candidate.

ii. Department of Procurement Services

On October 24, 2014, DHR reported to OIG that they had received complaints from DPS employees that the Hiring Managers for a particular sequence may have pre-selected candidates. After conducting its review, OIG found no evidence of candidate pre-selection, but recommended that the department replace the Hiring Managers in the sequence and issue written communication to DPS employees regarding the duty to report political contacts as defined in Chapter II Section C.4 of the Hiring Plan. DPS agreed with our recommendations, and the sequence continued with new Hiring Managers. Additionally, the department also issued written communication pertaining to political contacts to all DPS employees.

iii. Chicago Public Library

On November 12, 2014, a DHR Recruiter reported to OIG that the interviewers for a sequence failed to complete the overall ratings sheet with the Candidate Assessment Forms for any of the candidates because Public Library personnel did not include the sheet in the packets. After conducting its review, OIG recommended that the interviewers complete the missing pages from the Candidate Assessment forms prior to the Consensus Meeting.

(B) *Processing of Complaints*

OIG receives complaints regarding the hiring process, including allegations of unlawful political discrimination and retaliation and other improper considerations in connection with any aspect of City employment. All complaints received by OIG are reviewed as part of OIG's complaint intake process. Hiring-related complaints may be resolved in several ways depending upon the nature of the complaint. If there is an allegation of a Hiring Plan violation or breach of a hiring related policy or procedure, OIG Hiring Oversight may open a case into the matter to determine if such a violation or breach occurred. If a violation or breach is sustained, OIG Hiring Oversight may make corrective recommendations to the appropriate department or refer the matter to the Investigations Section of OIG. If, after sufficient inquiry, no violation or breach is found, OIG Hiring Oversight will close the case as not sustained. If, in the course of inquiry, OIG Hiring Oversight identifies a non-hiring-related process or program that could benefit from a more comprehensive audit, OIG Hiring Oversight may refer that matter to OIG Audit and Program Review.

OIG Hiring Oversight Section received 19 complaints in the past quarter. The table below summarizes the disposition of these 19 complaints as well as the cases and complaints from the previous quarter that were not closed when OIG issued its last quarterly report.

Table #8 – Disposition of Hiring Oversight Complaints Received in the Fourth Quarter 2014

Status	Number of Complaints
Cases Pending as of the End of the 3 rd Quarter of 2014	14
Complaints Pending as of the End of the 3 rd Quarter 2014	2
Complaints Received in the 4 th Quarter of 2014	19
Complaints Referred by OIG Investigations in the 4 th Quarter of 2014	0
Total Complaints Closed without Inquiry in the 4 th Quarter of 2014	2
Total Cases Closed in the 4 th Quarter of 2014	11
Closed by Referral to OIG Investigations	0
Closed by Referral to DHR	0
Closed with Recommendations to the Hiring Department and/or DHR	0
Pending with OIG Hiring Oversight as of 12/31/2014	22