



**Association of Inspectors General
524 West 59th Street, 3532N
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May 30, 2019

Joseph M. Ferguson
Inspector General
Office of Inspector General, City of Chicago
740 N. Sedgwick, Suite 200
Chicago, Illinois 60654

Dear Inspector General Ferguson,

On behalf of the Association of Inspectors General (AIG) Peer Review Team (PRT), I am writing to share with you some observations we made when we were at your offices from February 25, 2019, through March 1, 2019. The PRT was invited to conduct a Peer Review of your organization's Investigations and Audit and Program Review (APR) Sections from November 1, 2015 to October 31, 2017. The PRT unanimously concluded that both the Investigations and APR Sections complied with the major standards set by the AIG Principles and Standards for Offices of Inspector General (Green Book), and the Generally Accepted Government Auditing Standards (GAGAS) (Yellow Book) issued by the U. S. Government Accountability Office (GAO), with a minor deficiency concerning investigative training in the Investigations Section. An earlier opinion letter dated March 11, 2019, provided this unqualified opinion. The purpose of the present letter is to provide the comments shared with you and your executive staff during the exit conference that took place on March 1, 2019. At your request, we also performed an informal assessment of the policies and procedures of the new Public Safety (PS) Section pursuant to the Green Book standards, however, the PS Section did not initiate or conclude any work products during the period under review.

On March 1, 2019, the PRT met with you and your executive leadership. We provided you with our general conclusion regarding compliance and noted several areas of distinction and consideration regarding the Sections. We also met separately with your Chief of Staff, General Counsel, and Deputy Inspectors General (DIG) for Investigations, APR and PS. In general, the same comments were shared in those meetings, although more operational detail and operating considerations may have been provided to assist your executive team with their functional responsibilities.

The remainder of this letter will address specific areas of distinction and consideration. These comments are based on the direct observations of the PRT members assigned

to review each Section; interviews with external stakeholders; interviews with Section staff, including interviews with the Chief of Staff, General Counsel, DIGs and Chiefs; case file reviews; review of Sectional administrative and operating materials; and the professional judgment and experience of the PRT members. Once again, nothing in this management letter diminishes the Team's unanimous conclusion of the PRT members that the reviewed areas of the City of Chicago Office of Inspector General (COC-OIG) met all relevant major AIG and GAGAS standards for the period under review, with a minor deficiency concerning investigative training in the Investigations Section.

Overall Comments

- **Staff Morale:** Interactions with all personnel and staff during the review were absolutely outstanding. It was evident that the COC-OIG personnel were proud of their organization and enjoyed their jobs. While there is always room for improvement in any agency, the PRT members received a majority of positive comments regarding the relationship between the executive team, management team, and staff, as well as communication from top to bottom. To maintain this level of enthusiasm continues, we recommend the COC-OIG consider ensuring that all staff are engaged and committed to an environment of professionalism and high morale. In turn, ensure that the management team continues to recognize and consider employee contributions and ideas, distribute balanced workloads, and provide equitable growth opportunities to all staff.
- **Strategic Plan:** During the review, the PRT members reviewed the COC-OIG's 2017-2019 Strategic Plan. The plan was very ambitious, detailing: Strategic Themes, Goals, and Initiatives with 16 specific initiatives; and ways to measure success. As part of the plan, the COC-OIG spent considerable resources upgrading information technology assets, a server room, computer equipment, and establishing a continuity of operations off-site location and plan. The implementation is commendable. The COC-OIG had implemented nearly all of their strategic plan tasks, and are in the process of developing a new plan for the next several years.
- **Outreach and Transparency:** The COC-OIG was in the process of gaining access to several City of Chicago database systems and continuing to develop its Center for Information Technology and Analytics (CITA) Unit that serves all members of the COC-OIG. This area continues to be an area of distinction. With the database accesses acquired, CITA compiles large data sets for statistical models, trends, predictions, and analyses that enable the COC-OIG to develop cases, conduct city-wide program reviews and audits, and monitor city-wide hiring practices. This important task continues to improve, as it remains dedicated to providing transparency to government operations and instill trust in the COC-OIG by the public.

Investigations Section – Areas of Distinction

- **Prior Considerations:** The PRT members reviewed considerations made by the 2016 AIG Peer Review Team and found that the Investigations Section implemented a suggested improvement of the Complaint Intake Process resulting in higher efficiency and effectiveness.
- **External Relationships:** The PRT members interviewed external stakeholders from the United States Attorney's Office, City Council, and the Cook County State's Attorney's Office. We found that the Investigations Section staff have taken steps to develop highly effective working relationships with these entities. In our meetings, one stakeholder commented that the COC-OIG is "the best OIG in the city and county."
- **Case Files:** The Peer Review Team found there were 1042 cases opened during the review period of November 1, 2015, through October 31, 2017. The PRT members randomly selected 5% of the cases for review from the following categories: Closed Administratively; Not Sustained; Referred; Sustained; Sustained Department Notification; and Open. After selection, some reviews were excluded from review because they were subject to the Grand Jury Rule (6e). The reviews were conducted of physical case files with some comparison and confirmation of the work in the automated case management system. The requested files were easily retrieved for review and they were determined to be organized with investigative reports that were well prepared and comprehensive in content.
- **Personnel & Leadership:** The PRT members found all Investigators, Chief Investigators, the Deputy Inspector General for Investigations, and complaint intake staff to be competent and highly professional.
- **Investigations Section Manual:** The PRT members reviewed the COC-OIG Investigations Section manual and found it to be a highly useful and comprehensive instruction on investigative policy and procedure. The manual had been updated since the previous AIG peer review and is carefully maintained to reflect current operational requirements.
- **Complaint Intake Processing:** The COC-OIG considered the recommendations of the previous peer review (2016) and continued to improve their complaint intake process. In the 2016 report, the Complaint Intake Processing was identified as an area of distinction for the office based on the highly collaborative process, and it was noted that the manner in which complaints were received and reviewed was a time intensive task for the investigative staff. Since that

report, the office established a dedicated two-person team for receiving, documenting, performing preliminary complaint development, and reporting of complaints to the Complaint Intake Committee. This change provided continuity and consistency to this critical process and relieved the investigative staff of the periodic schedule disruption that was delaying work concerning on-going investigations. This change added measurable quality improvements to the evolving complaint intake process and demonstrates the COC-OIG's commitment to ensuring the timely and attentive consideration of complaints received by the office.

- **Recording of Subject Interviews:** In the past few years, the Investigations Section of the COC-OIG investigative procedures manual was changed to direct investigators to ask all subjects of investigations to consent to an audio recording and/or a court reporter documentation of each interview. While, in some instances, a subject may not consent to an audio recording, the usefulness in collecting and maintaining a verbatim record of the interview is indisputable. The Investigations Section reported that the implementation of this procedure dramatically reduced the incidence of motion to suppress actions in the courts. For the COC-OIG, this meant less investigator time was wasted responding to legal actions, and an elimination of disputes in the accuracy of subject statements made in the course of the investigation. This newly implemented procedure reflects the COC-OIG value of fair and accurate reporting for the benefit of all stakeholders.
- **Sustained Case Reporting Meetings:** At the conclusion of "Sustained" investigations, the investigative team and Deputy Inspector General for Investigations present the case facts to the Inspector General, Chief of Staff, General Counsel, and other key office members for a final decision on case closure. This meeting is focused on examining the case facts to determine if the burden of preponderance of evidence has been established. All members are invited to be probative and challenging to ensure the best quality review and decision making. The PRT members identified this process to be a high standard of collaboration that ensures the best possible outcomes in Sustained investigations and commend the office for implementation of this procedure.

Investigations Section – Areas of Consideration

- **Complaint Review:** The PRT members reviewed selected investigations opened during the reviewable period and found several instances where potentially viable investigative leads seemed to be present but had not been pursued prior to the case being "Closed Administrative" or "Not Sustained." In these instances, the cases appear to have been closed due to a lack of evidence presented in the complaint. A list of these cases and the specific examples was provided to the Deputy Inspector General for Investigations. The PRT members recommend the

COC-OIG consider a more thorough review of initial complaints, and/or clearly document reasoning for closing actions without following up on all investigative leads.

- **Complaint Intake:** During the review of the investigative complaint intake section the PRT members determined that not all complaints are documented when they are received through the COC-OIG hotline or other sources when they believe the matter is not related to the City of Chicago. As a best practice, we recommend the COC-OIG consider logging all complaints, even when it may not relate to the City of Chicago. This process of logging all complaints will enable the COC-OIG to possibly better serve public interest, even though some of the complaints may not be within their jurisdiction. It will allow for tracking of complaints that are referred to an appropriate agency or office. This will also instill trust by the public, while building a robust intelligence collection for use in data analysis over time. Complaints received that are not within the purview of the COC-OIG should be documented and then, following the current practice, referred to the appropriate external agency for information or action.
- **Complaint Monitoring and Follow-up:** As a standard procedure, the Investigations Section confers with external agencies such as the Chicago Police Department (CPD) Bureau of Internal Affairs (BIA) over complaints involving BIA staff. This action is taken to ensure that both agencies are not investigating the same allegation(s) and to allow the BIA the opportunity to fulfill its mandate to investigate misconduct allegations concerning CPD staff. While this procedure provides efficiency in allegation resolution, the COC-OIG does not currently continue to monitor the allegation after referral to BIA to ensure all appropriate steps were taken and that all of the complainant's allegations were addressed by the BIA. Often, a complainant may make a broader complaint to the COC-OIG than is investigated by a BIA. This procedure may leave the COC-OIG vulnerable to criticism of not fulfilling its responsibility to perform independent and objective reviews of complaints. The PRT recommends the COC-OIG consider monitoring all cases referred to BIA (or other city internal affairs units) and evaluate their conclusions to ensure all allegations were examined appropriately.
- **Management of Disciplinary Memorandums:** A review of referrals issued by the CIC-OIG to the City of Chicago Department leadership identified that the CIC-OIG did not have a mechanism for tracking responses. Further, when responses were requested, a 30-day suspense was identified in the referral. A review by the PRT members found that the COC-OIG does not have a centralized process for tracking these referrals to ensure City of Chicago Department compliance with the 30-day response. As an example, in one case it was found that a referral made to the Chicago Fire Department with a

recommendation for action against an employee in January 2016, did not have a response letter from the Chicago Fire Department included in the case file. This illustrates possible non-compliance by the City of Chicago Departments. We recommend that the COC-OIG consider implementing processes or procedures to detect non-responses and timely follow up, such as a centralized tracking and suspense system for referrals to City of Chicago Departments requiring a response.

- **Training Management:** The PRT members reviewed the training for investigative personnel and determined a lack of documentation, and since there was a lack of documentation a determination could not be made conclusively if the standards were being met. In accordance with the Green Book, all investigative staff should complete at least 40 hours of Continuing Professional Education (CPE) every 2 years to enhance professional proficiency. The review found there was an informal standard of requiring investigators to seek certification as a Certified Inspector General Investigator through the Association of Inspectors General and the COC-OIG has funded that training. To maintain this certification, each investigator must receive 40 hours of CPE every two years to comply with the CPE requirements set forth by the association. COC-OIG's 2017-2019 Strategic Plan includes an initiative (which is ongoing) that focuses on determining critical competencies and training plans for each position. To ensure compliance with these standards, and consistent with that initiative, we recommend the office consider implementing a training program that drives training in priority areas and establishes a standard for staff by the type of training and period by when it should be completed. Also recommend a consideration that training plans be monitored centrally to ensure all staff complete requirements and that there is compliance with mandates.
- **Training Opportunities:** Interviews of investigative staff found them generally uncertain of what training opportunities were available for them or how the investigative section was funded to provide staff training. We recommend the COC-OIG make training opportunities known to personnel, and possibly implement a training development plan for personnel. We note that this, too is the subject of an ongoing Strategic Initiative under the 2017-2019 Strategic Plan.

APR Section – Areas of Distinction

- **External Relationships:** The PRT members interviewed external stakeholders and determined the APR Section has taken positive steps in developing and maintaining working relationships with auditees in their collaborative efforts to work with auditees while the audit is ongoing. The PRT members interviewed external stakeholders who stated positive comments such as “The IG function is critical to our success” and “The IG is incredibly helpful.”

- **Training and Professional Qualifications:** The PRT members reviewed the APR Section training files and found that all staff met the training for CPE hour requirements in accordance to GAGAS.
- **Case Files:** The PRT members selected closed audit assignments and follow-up assignments for the review period and found the files to be complete and well-organized. The PRT members were able to locate and explore each area of APR's Section workpapers with little or no guidance.
- **Personnel & Leadership:** The PRT members were impressed by the professionalism and courtesy observed of the APR Section staff.
- **APR Section Manual:** The manual was very detailed and well organized, which allowed the PRT members to understand the audit processes and workpaper requirements.

APR Section – Areas of Consideration

- **Prior Considerations:** The PRT members reviewed the 2016 AIG Peer Review Management letter which suggested COC-OIG should determine if it would be more efficient to implement an audit-based system for the APR Section instead of using Remedy on a very limited basis. Due to the small volume of audits and the size of the APR Section staff, the COC-OIG “concluded that it would not be cost-effective for APR to procure an electronic audit management system, but that we would continue to use Remedy in the same manner as we do now.” The PRT members found that the APR Section continues to utilize Remedy on a limited basis, and stores documentation and most of their work on a shared drive rather than in an automated system. We recommend COC-OIG re-consider procuring an electronic case management system for the APR Section, rather than using an office shared drive. Using an audit-based case management system would provide a more efficient process for workpaper documentation, workpaper ownership and documentation of management reviews and documented management guidance.
- **Documentation:** The PRT members noted several areas within the APR Section which could be improved concerning documentation. The PRT members recommend the COC-OIG consider improving documentation in the following areas:
 1. **Fraud Risk - Documenting the consideration of potential fraud risk indicators in the project planning phase of the audit.** The Performance Analyst should document potential significant exposures of fraud related to the audit

- objectives. Adding a section in the planning document template would allow the Performance Analyst to document what were the potential fraud risks that were identified and how the potential fraud risk indicators could impact the scope of the audit or its audit objectives.
2. **Prior Reviews** – As part of obtaining an understanding of the entity that is being audited, the Performance Analyst should document in the project planning phase, the results of any previous audits that are directly related to the potential audit objectives. Adding a section in the planning document template would allow the Performance Analyst to document if there were any previous audit(s), its results, and assess its impact on the scope of the audit or its audit objectives.
 3. **Source Documentation** – As part of the workpaper documentation, workpapers that were obtained from outside sources should completely identify the person, resource, and/or data system from which the material was acquired (person's full name and title, department, publication name, web site, date obtained, etc.). Improving the source documentation of a workpaper and how it was obtained, would provide any independent team member with the ability to recreate the information that was used as part of the audit.
- **Tracking Recommendations:** During the peer review, it was noted that there was not an automated system to track recommendations made in the audit report for consideration for a follow-up assignment. Although performing a follow-up assignment could depend on a variety of circumstances, there should be a system that allows COC-OIG management to track the date of recommendations and identify a potential follow up date, if needed. Recommend the COC-OIG consider implementing an automated system to track recommendations and findings, and also the actions taken concerning those recommendations and findings.

PS Section – Areas of Distinction

- **Mission and Management:** The COC-OIG expanded its organization to create a PS Section, which is a dedicated police oversight component performing Green Book inspections, reviews and evaluations of the operations of CPD and related public safety agencies and components in the City of Chicago. The PS Section is a unique entity in that it regularly conducts reviews of closed disciplinary investigations conducted by the Civilian Office of Police Accountability (COPA) and the BIA. The PRT members met with the PS Section Deputy Inspector General and two of the three PS Section Chiefs to discuss their roles in the organization and reviewed the draft of the PS Section Policies Manual. The PS Section Manual was very detailed and organized. The PS Section staff were

open to the recommendations made to the Manual by the PRT. The PS Section did not initiate or conclude any project work during the peer review period.

- **Personnel & Leadership:** The PRT members were impressed by the professionalism and courtesy observed of the PS Section staff.

Public Safety – Areas of Consideration

- None at this time.

Lastly, we would like to commend you on leading an admirable organization. The PRT recognizes the challenges of working in an environment where there are numerous and a variety of stakeholders, to include 50 Alderman and City of Chicago Departments and Offices. Working within the parameters you have been given, you and your team have achieved great successes. The COC-OIG has a unique jurisdiction and responsibility unlike other local government inspectors general offices. The PRT is grateful for the insightful learning experience. We hope that you find our comments helpful and we look forward to continuing to support your organization's needs in the future.

Please feel free to contact me or any member of the PRT if you have any questions.

Yours truly,

//Original Signed//

James S. Smith, CIG
PRT Leader, AIG Peer Review for COC-OIG, February-March, 2019

- cc:
- Robert A. Knox, CIG, Assistant Inspector General for Investigations (retired), Office of Inspector General, U.S. Department of the Interior
 - Joanne M. Kraynak, CIGI, Senior Internal Investigator, Office of Inspector General, Florida Department of Revenue
 - Carmen Weaver, CIGA, Investigator, Office of Inspector General, Defense Contract Audit Agency, U.S. Department of Defense
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