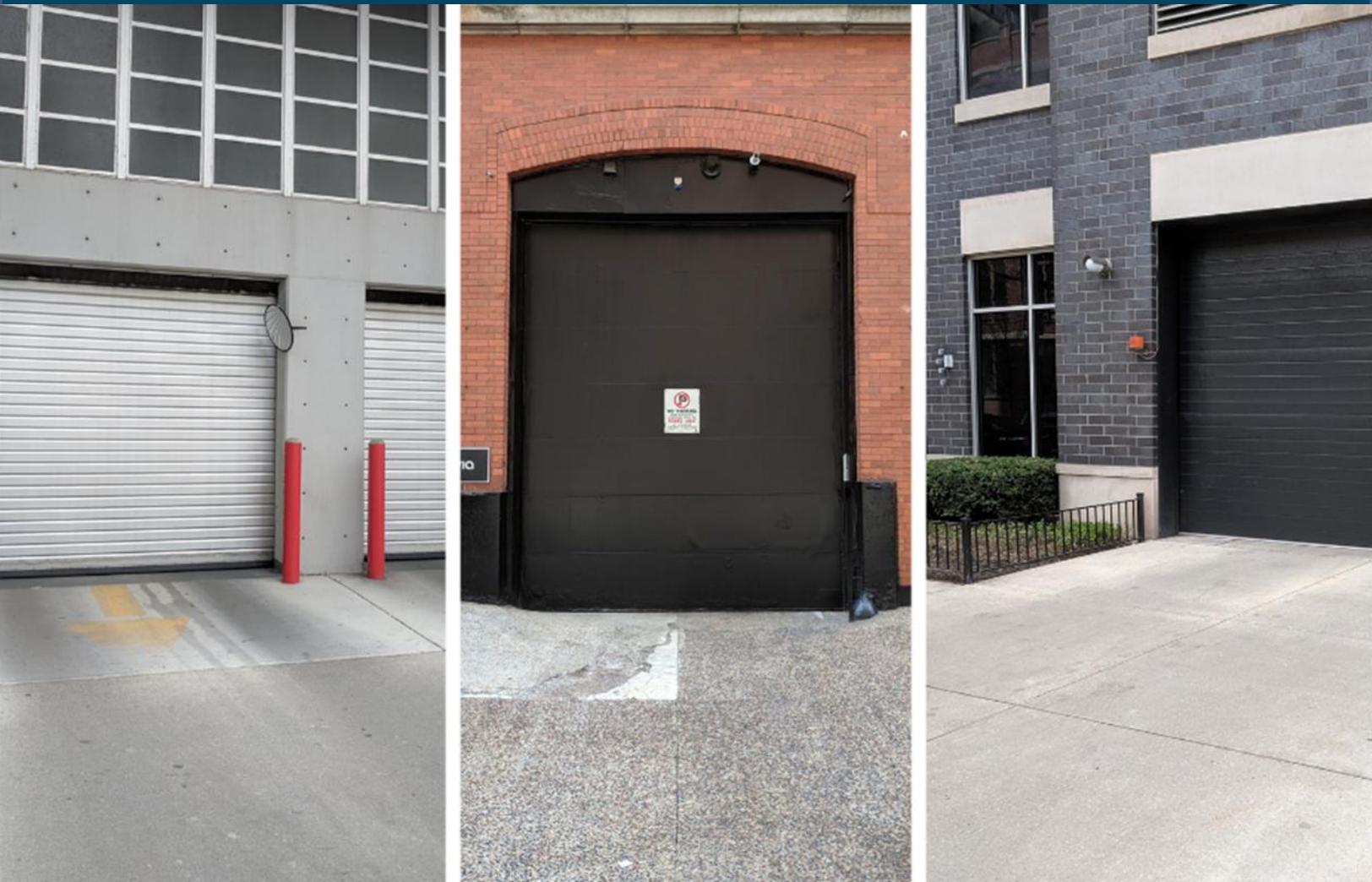


APRIL 2020

CITY OF CHICAGO OFFICE OF INSPECTOR GENERAL

CHICAGO DEPARTMENT OF TRANSPORTATION COMMERCIAL DRIVEWAY BILLING FOLLOW-UP INQUIRY





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APRIL 21, 2020

**TO THE MAYOR, CITY COUNCIL, CITY CLERK, CITY TREASURER,
AND RESIDENTS OF THE CITY OF CHICAGO:**

The City of Chicago Office of Inspector General (OIG) has completed a follow-up to its July 2019 audit of the Chicago Department of Transportation's (CDOT) billing process for commercial driveway permit annual fees. Based on the Department's responses, OIG concludes that CDOT has partially implemented corrective actions related to the audit findings.

The purpose of the 2019 audit was to determine whether CDOT accurately and completely billed commercial property owners for driveways that use the public way. Our audit found that the Department either did not bill, or inaccurately billed, an estimated 6,713 permitholders, resulting in an annual revenue loss between \$1.1 million and \$1.5 million. In addition, CDOT had no confidence that all relevant driveways were recorded in its driveway permit system. Finally, OIG found that the City did not actively pursue payment for driveway permit fees that were past due.

Based on the results of the audit, OIG recommended several steps that CDOT should take to correct data problems hampering its billing operations and to prevent such problems in the future. Furthermore, we recommended that CDOT collaborate with other departments to include driveway permit fees in the City's standardized debt collection process. In its response to the audit, CDOT described corrective actions it would take.

In February 2020, OIG inquired about the status of corrective actions taken by CDOT. Based on CDOT's follow-up response, OIG concludes that CDOT partially implemented corrective actions. Specifically, CDOT created procedures to correct inaccurate driveway records and prevent future inaccuracies, developed and initiated a process to migrate data to the new Infor Public Sector (IPS) IT system, and documented standardized driveway permitting and billing procedures to share with relevant employees.

Once fully implemented, OIG believes the corrective actions reported by CDOT may reasonably be expected to resolve the core findings noted in the audit. We urge the Department to fully implement the recommendations by identifying inaccurate driveway permit records or undocumented driveways, crediting and reimbursing overbilled accounts, developing monitoring tools for permits at risk for inaccurate billing or non-billing, and migrating to IPS as planned in June 2020. Below, we summarize our two audit findings and recommendations, as well as the Department's response to our follow-up inquiry.

We thank the staff and leadership of CDOT for their cooperation during the audit and responsiveness to our follow-up inquiries.

Respectfully,

A handwritten signature in blue ink, appearing to read 'J. Ferguson', is positioned above the printed name.

Joseph M. Ferguson
Inspector General
City of Chicago

FOLLOW-UP RESULTS

In February 2020, OIG followed up on its July 2019 Chicago Department of Transportation Commercial Driveway Billing Audit.¹ CDOT responded by describing the corrective actions it has taken and providing supporting documentation. Below, we summarize OIG's two findings, the associated recommendations, and the status of CDOT's corrective actions. Our follow-up inquiry did not observe or test implementation of the new procedures; thus, we make no determination as to their effectiveness, which would require a new audit with full testing.

FINDING 1:

CDOT EITHER DID NOT BILL OR INACCURATELY BILLED AN ESTIMATED 6,713 PERMITHOLDERS, RESULTING IN AN ANNUAL REVENUE LOSS BETWEEN \$1.1 MILLION AND \$1.5 MILLION.

OIG Recommendation:

OIG recommended that CDOT take the following actions to improve the accuracy of its driveway billing practices:

1. Correct inaccurate or missing data that results in unbilled or inaccurately billed permit fees, specifically driveways with unknown property owners, prolonged pending case statuses, missing billing addresses, waiver errors, "removed" driveway errors, unchecked "able to invoice" boxes, or inaccurate central business district identification.
2. Design and implement procedures to prevent future inaccuracies, specifically driveways with unknown property owners, prolonged pending case statuses, missing billing addresses, waiver errors, "removed" driveway errors, unchecked "able to invoice" boxes, or inaccurate central business district identification.
3. Credit accounts that have been overbilled and provide reimbursements for those that have overpaid.
4. Collaborate with the Department of Assets, Information and Services (AIS, formerly the Department of Innovation and Technology) to retire NSR/Suntrack and transfer functionality and data to Hansen.
5. Remove or consolidate NSR/Suntrack database fields that are redundant, rarely used, or unnecessary, and ensure these problems are not replicated once functionality is transferred to Hansen.

¹ The 2019 CDOT Commercial Driveway Billing Audit is available on the OIG website: <https://igchicago.org/wp-content/uploads/2019/06/CDOT-Driveway-Billing-Audit.pdf>.

6. Identify and record existing, undocumented driveways.
7. Document and provide standardized driveway permitting, billing and monitoring procedures to relevant employees.
8. Develop monitoring tools to detect permits at risk for inaccurate billing or non-billing.

Status of Corrective Action: Partially Implemented

1. In September 2019, CDOT and AIS requested a report from the contractor responsible for the driveway database, but CDOT did not receive the report until January 27, 2020. CDOT used the report to obtain “a more robust understanding of driveway records” and to develop *Driveway Record Correction Procedures*, which the Department implemented in February 2020. As of February 29, 2020, CDOT had reviewed 60 records; the Department expects that it will take more than a year to correct all necessary records.
2. In Fall 2019, CDOT, with the aid of a mayoral fellow, assessed the driveway permitting workflow and developed *Standard Operating Procedures for Driveway Permits* (SOPs) to prevent future inaccuracies in records. The procedures address new driveway permits, transfer of driveway permits, disputed ownership of property, required permit fields, and permit fee exemptions. CDOT conducted SOPs training with relevant staff on January 28, 2020.
3. CDOT, in consultation with the Department of Law and the Department of Finance, created its *Debt Collection Policy and Procedures*, which went into effect on March 5, 2020. Given the recent implementation date, CDOT has yet to credit or reimburse any accounts.
4. CDOT stated that it completed its assessment for migration from NSR/Suntrack to Infor Public Sector (IPS, formerly known as “Hansen”) in December 2019. The migration to the new system is scheduled for June 2020, ahead of its original expectation for completed migration in 4th Quarter 2020. While IPS is not yet functional, CDOT stated that it has continued to work with AIS to solidify the business rules in IPS.
5. CDOT decided to forgo changes to NSR/Suntrack database fields due to the approaching transfer to IPS. CDOT committed to eliminating unnecessary statuses and status fields in IPS.
6. CDOT has not yet begun identifying undocumented driveways. The Department stated that once it migrates the driveway data into IPS, inspectors will have a mobile app that allows them to search driveways

they observe throughout the City and to ensure each driveway has a corresponding permit in the database.

7. CDOT issued the SOPs to driveway unit personnel on December 12, 2019, and the *Driveway Record Corrections Procedures* to individuals conducting the driveway data cleanup on February 24, 2020.
8. CDOT stated it will “avail itself of the reporting tools available in IPS 11” once launched in June 2020, but it does not currently have monitoring tools to detect permits at risk for inaccurate billing or non-billing.

FINDING 2:

THE CITY DOES NOT ACTIVELY PURSUE PAYMENT FOR PAST DUE DRIVEWAY PERMIT FEES.

OIG Recommendation:

OIG recommended that CDOT develop procedures to collect past due driveway permit fees and include these fees in the City’s standardized debt collection and verification processes. Another option would be to add annual driveway permit fees to the City’s utility bill, because driveway and water/sewer fees are both tied to real property. To ensure these processes are efficient and effective, CDOT should collaborate with the Departments of Finance and Law, as well as any other departments as necessary.

Status of Corrective Action: **Partially Implemented**

CDOT developed the internal *Debt Collection Policy and Procedure*, which provides instructions for calculating, and deciding when to pursue collection of, debt. The policy does not define how to incorporate driveway debt into the City’s overall debt collection process. CDOT stated that it will continue to develop a strategy for doing so.

MISSION

The City of Chicago Office of Inspector General (OIG) is an independent, nonpartisan oversight agency whose mission is to promote economy, efficiency, effectiveness, and integrity in the administration of programs and operations of City government. OIG achieves this mission through,

- administrative and criminal investigations by its Investigations Section;
- performance audits of City programs and operations by its Audit and Program Review Section;
- inspections, evaluations and reviews of City police and police accountability programs, operations, and policies by its Public Safety Section; and
- compliance audit and monitoring of City hiring and employment activities by its Hiring Oversight Unit.

From these activities, OIG issues reports of findings and disciplinary and other recommendations,

- to assure that City officials, employees, and vendors are held accountable for violations of laws and policies;
- to improve the efficiency and cost-effectiveness of government operations; and
- to prevent, detect, identify, expose, and eliminate waste, inefficiency, misconduct, fraud, corruption, and abuse of public authority and resources.

AUTHORITY

OIG's authority to produce reports of its findings and recommendations is established in the City of Chicago Municipal Code §§ 2-56-030(d), -035(c), -110, -230, and 240.

Cover image courtesy of Zachary McNealy.

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