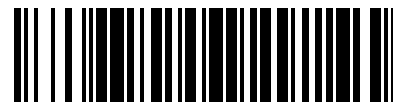




City of Chicago



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JANUARY 2019

CITY OF CHICAGO OFFICE OF INSPECTOR GENERAL

FOURTH QUARTER REPORT 2018



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TO THE MAYOR, MEMBERS OF THE CITY COUNCIL, CITY CLERK, CITY TREASURER, AND 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 2018, filed with the City Council pursuant to Section 2-56-120 of the Municipal Code of Chicago.

This report comes at a time of looming transition for the City. A new administration in Springfield allows for a reset in the relationship between City and State government. Chicago itself is going through the process of electing a new mayor and City Council, by which City residents will signal priorities for the next four years. Significant, structural changes are likely to emerge in the areas of anti-corruption and police reform. OIG matters brought to final disposition in the recently concluded quarter reflect that those two areas warrant such reform.

Two criminal cases—a federal case involving an employee of a municipal agency who perpetrated a payroll fraud, and a state case involving City contractors who perpetrated a fraudulent Minority Business Enterprise program pass through fraud scheme—concluded with felony convictions and substantial recovery of taxpayer money. Unfortunately, there will always be some, whether internal (municipal employees) or external (private contractors), who will view municipal government as a target for exploitation for personal gain. Thus, internal controls and independent oversight must evolve with increasingly complex and technical operations to mitigate temptations and opportunities for malfeasance at the public's expense.

But oversight will not be able to effect programmatic improvements, without a commitment to change from leadership in City departments. One year ago, OIG, acting at the prompt of both the United States Department of Justice (DOJ) and the Mayor's Police Accountability Task Force (PATF), created an anonymous hotline for Chicago Police Department (CPD) personnel. Both DOJ and the PATF heard from rank and file officers that they had little confidence in the efficacy of the internal police disciplinary system because, among other reasons, reports of misconduct they observed in the Department would not be acted upon and put them at risk of retaliation. Rank and file fear of reprisal was greatest in situations involving misconduct by supervisors and others in higher ranks. The CPD Member Hotline

created by OIG addresses these very important concerns through a double-blind registration process that assigns each registering member a unique, untraceable login number, thus providing a confidential means of reporting misconduct and providing suggestions for improvements to OIG.

CPD leadership has done little to support or promote the Member Hotline, and as a result, one year since it went online, only 21 of 14,198 CPD employees have registered, and only 12 complaints or suggestions have been received. Despite that minimal level of participation, the CPD Member Hotline has yielded its first meaningful outcome, summarized in the enclosed quarterly report, reaffirming its value when used.

In that matter, a high-ranking CPD employee was found to have committed a host of violations. The supervisor directed personnel of various rank, under the supervisor's command, to pick up and transport the supervisor's child from school to a district police station. The subordinates—all sworn members—were directed to do so while on duty and were directed to use CPD vehicles for that purpose. Once the child was brought to the district station, the subordinates had to monitor the child for two to three hours per incident, which occurred weekly, over a span of approximately one year. The subordinates told OIG that they knew what they were being ordered to do was inappropriate, but they feared consequences for refusing to do so. They also told OIG that having to pick up and monitor the child diverted them from their duties. They further reported being demoralized by the situation. More than one of them expressed fear that answering OIG's questions truthfully may subject them to retaliation in the form of adverse job consequences. When interviewed by OIG, the supervisor fabricated a pretext to legitimize what was manifestly inappropriate conduct. OIG recommended that the supervisor be disciplined up to and including termination, noting that the supervisor's response to the investigation demonstrated a lack of judgment necessary for the supervisory role. The Superintendent, finding all of the core misconduct to have occurred, suspended the supervisor for seven days.

The outcome here reflects that the right mechanism for reporting misconduct, along with prompt and thorough investigation, goes no further than leadership is willing to take it. The courage of the reporting party who followed Department and City rules requiring the reporting of wrongdoing, as well as the obeisance to duty of the numerous demoralized subordinates, appeared not to factor into the Department's response. Reform is often discussed in relation to measures to attend to so-called *rogue officers*. In fact, reform is constituted mostly of measures that support the rank and file by endowing them with the support, training, guidance, equipment, and protection to do the right thing, the right way.

Other aspects of looming transition—the entering of the federal consent decree between the City and the Office of the Illinois Attorney General, the appointment of a

court monitor, and the creation and implementation of a community oversight board—remain urgently needed.

While we all wait through the transitions, OIG will, through its work, continue to press for change.

Respectfully,

A handwritten signature in blue ink, appearing to read 'J. Ferguson', with a stylized flourish at the end.

Joseph M. Ferguson
Inspector General
City of Chicago

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FOURTH QUARTER 2018 HIGHLIGHTS

**586**COMPLAINTS
RECEIVED

For approximately one year, a high-ranking Chicago Police Department (CPD) supervisor directed on-duty officers to chauffeur the supervisor's child from school to a district police station in a CPD vehicle and monitor the child, improperly diverting CPD resources away from the community and impeding the officers' abilities to execute their official duties.

189MATTERS
CONCLUDED

A Department of Streets and Sanitation laborer used leave under the Family and Medical Leave Act (FMLA) ostensibly to care for an ill family member, when in fact the laborer was incarcerated for a felony conviction.

\$27,200CAMPAIGN
FINANCE
RETURNS

A Chicago Department of Public Health (CDPH) employee engaged in approved secondary employment with an entity over which the employee had contract management authority, presenting a conflict of interest exposing systemic flaws in CDPH's secondary employment approval process. As a result, CDPH bolstered its conflict of interest policies and training.

37AUDITED HIRING
SEQUENCES

This quarterly report provides an overview of the operations of the Office of Inspector General (OIG) during the period from October 1, 2018, through December 31, 2018. The report includes statistics and narrative descriptions of OIG's activity as required by the Municipal Code of Chicago (MCC).

I. MISSION OF THE OFFICE OF INSPECTOR GENERAL

The mission of OIG is to promote economy, effectiveness, efficiency, and integrity in the administration of programs and operations of City government.¹ OIG accomplishes its mission through investigations, audits, and other reviews. OIG issues summary reports of investigations to the appropriate authority, management officials, and/or the Mayor, with investigative findings and recommendations for corrective action and discipline. Summaries of sustained investigations and the resulting department or agency actions are released in quarterly reports. OIG's audit reports and advisories are directed to the appropriate agency authority or management officials for comment and then are released to the public on the [OIG website](#). OIG's department notifications are sent to the appropriate agency authority or 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.

II. INVESTIGATIONS

The OIG Investigations section conducts both criminal and administrative investigations into the conduct of governmental officers, employees, departments, functions, and programs, either in response to complaints or on the Office's own initiative.

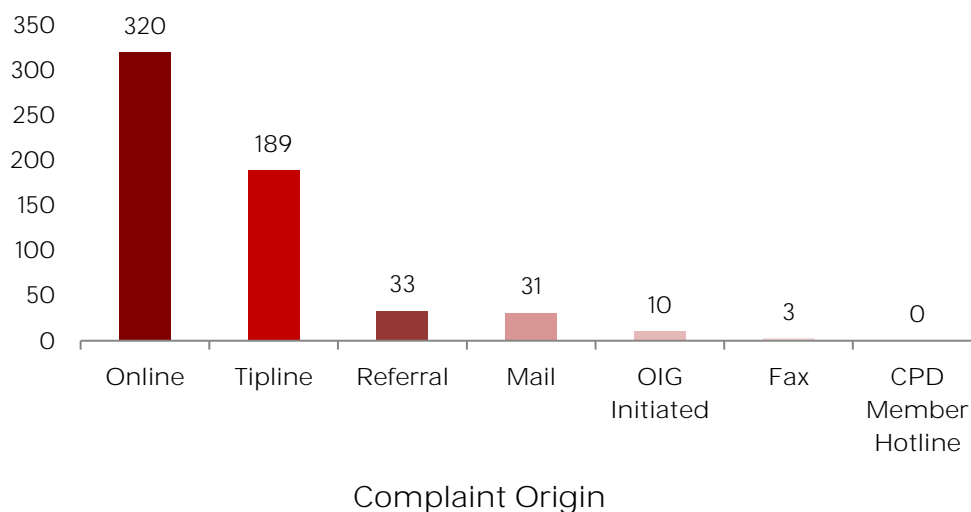
A. COMPLAINTS RECEIVED THIS QUARTER

OIG received 586 complaints during the fourth quarter. The chart below breaks down the complaints OIG received during the past quarter by the method in which the complaint was reported.²

¹ "City government" includes the City of Chicago and any sister agency which enters into an Intergovernmental Agreement (IGA) with the City for the provision of oversight services by OIG.

² In response to recommendations of the Mayor's Police Accountability Task Force and the U.S. Department of Justice, OIG created, at the request of the Chicago Police Department (CPD), a web-based Member Hotline permitting CPD personnel to file anonymous complaints and suggestions. The recommendation was based on findings that some CPD members, who have an affirmative duty to report misconduct, as mandated both by municipal ordinance and CPD General Orders, were reluctant

CHART #1 – COMPLAINTS BY REPORTING METHOD



Among other factors, OIG evaluates complaints to gauge the investigative viability and potential magnitude or significance of the allegations—both individually and programmatically.³

TABLE #1 – COMPLAINT ACTIONS

Status	Number of Complaints
Opened Investigation	26
Pending	114
Referred to Department/Sister Agency	131
Declined	315
Total	586

B. PRIOR QUARTER COMPLAINTS

OIG also took action on complaints that were pending at the end of the prior quarter by declining 45 complaints, opening 9 administrative or criminal investigations, and

to comply because of fear of reprisal for doing so and concern that their complaints and information would be disclosed. The CPD Member Hotline addresses this concern through a double-blind registration process that assigns each registering member a unique, untraceable login number. The CPD Member Hotline was activated during the fourth quarter of 2017. Since that time, only 21 of 14,198 CPD employees have registered and 12 complaints or suggestions have been received. To date, CPD has declined OIG suggestions to mandate registration for all members or, alternatively, to require such registration as a condition of graduation from the Police Academy.

³ OIG's complaint intake process allows it to assess the substance of a complaint prior to processing and, after thorough review, to filter out complaints that lack sufficient information or clarity on which to base additional research or action, or are incoherent, incomprehensible, or factually impossible.

referring 26 complaints to sister agencies. Additionally, one complaint was referred to the Hiring Oversight section. Four complaints remain pending. The following table provides the status of all complaints that were pending at the end of the previous quarter.

TABLE #2 – PRIOR PENDING COMPLAINTS

Status	Number of Complaints
Opened Investigation	9
Pending	4
Referred to Department/Sister Agency	26
Referred to Hiring Oversight	1
Declined	45
Total	85

C. NEWLY OPENED MATTERS

During the fourth quarter, OIG opened 195 matters. Of the newly opened matters, 157 were referred to other departments or investigative agencies. A total of 38⁴ cases proceeded to an OIG investigation. Of those cases, 36 remained open at the end of the quarter, 1 was closed sustained, and 1 was closed not sustained.

The following table categorizes the matters opened by OIG this quarter based on the subject of the matter.

TABLE #3 – SUBJECT OF INVESTIGATIONS AND REFERRALS

Subject of Investigations and Referrals	Number of Investigations and Referrals
Employees	158
Contractors, Subcontractors, and Persons Seeking Contracts	8
Elected Officials	5
Appointed Officials	2
Licensees	10
Other	12
Total	195

D. CASES CONCLUDED IN QUARTER

During the fourth quarter, OIG concluded 189 opened matters, 157 of which were referred to the following: 127 to a City department and 30 to a sister agency or other

⁴ More than one case may be opened on the same complaint, accounting for discrepancies between the total number of complaints opened as investigations and the total number of cases opened this quarter.

external agency. Of the remaining concluded matters, 13 were closed as “sustained.” A case is sustained when the evidence sufficiently establishes that either an administrative or criminal violation has occurred or the case identifies a particular problem or risk that warrants a public report or notification to a department. A total of 11 matters were closed as “not sustained.” A case is not sustained when OIG concludes that the available evidence is insufficient to prove a violation under applicable burdens of proof. A total of 8 matters were closed “administratively.” A case is closed administratively when, in OIG’s assessment, it has been or is being appropriately treated by another agency or department, the matter was consolidated with another investigation or, in rare circumstances, OIG determined that further action was unwarranted.

TABLE #4 – CASES CONCLUDED IN THE FOURTH QUARTER

Status	Number of Cases
Referred to a City Department	127
Referred to a Sister/External Agency	30
Sustained	13
Not Sustained	11
Closed Administratively	8
Total	189

E. PENDING MATTERS

At the close of the fourth quarter, OIG had a total of 164 pending matters, including investigations opened during the quarter.

F. INVESTIGATIONS NOT CONCLUDED IN TWELVE MONTHS

Under MCC § 2-56-080, OIG must provide quarterly statistical data on pending investigations open for more than 12 months. Of the 164 pending matters, 56 investigations have been open for at least 12 months.⁵ The following table shows the general reasons that these investigations remain active.

TABLE #5 – REASONS INVESTIGATIONS WERE NOT CONCLUDED IN TWELVE MONTHS

Reason	Number of Investigations
Complex or resource-intensive investigation, which may involve difficult issues or multiple subjects	42

⁵ Of the 56 cases opened longer than 12 months, 12 are criminal matters being conducted under the direction of county, state, or federal prosecutorial bodies.

Extended due to higher-risk, time-sensitive investigations	10
Additional complaints added during the course of the investigation	2
On hold, so as not to interfere with another ongoing investigation	2
Total	56

G. ETHICS ORDINANCE COMPLAINTS

During the fourth quarter, OIG received 11 ethics ordinance complaints. OIG declined 7 ethics ordinance complaints because they lacked foundation, 1 ethics ordinance complaint was opened for investigation, and 3 ethics ordinance complaints were referred to the appropriate City department.

H. PUBLIC BUILDING COMMISSION COMPLAINTS AND INVESTIGATIONS

OIG received no complaints related to the Public Buildings Commission (PBC) in the fourth quarter.

III. ADMINISTRATIVE CASES

OIG investigations may result in administrative sanctions, criminal charges, or both. Investigations leading to administrative sanctions involve violations of City rules, policies or procedures, and/or waste or inefficiency. For “sustained” administrative cases, OIG produces summary reports of investigation—a summary and analysis of the evidence and recommendations for disciplinary or other corrective action.⁶ OIG sends these reports to the appropriate authority, including the Office of the Mayor, the Corporation Counsel, and the City departments affected by or involved in the investigation. When officials are found to be in violation of campaign finance regulations, the law affords them the opportunity to cure the violation by returning excess funds.

A. CAMPAIGN FINANCE INVESTIGATIONS

The MCC bans City vendors, lobbyists, and those seeking to do business with the City from contributing over \$1,500 annually to any elected City official’s or candidate’s political campaign. Potential violations of the cap are identified through complaints and OIG analysis. Other rules and regulations such as Executive Order 2011-4 place further restrictions on donations. Once a potential violation is identified, OIG notifies the donor and the donation recipient of the violation and, in accordance with the MCC, provides the individual or entities 10 days to challenge the determination or cure the violation by returning the excess donation. If the excess donation is returned in a timely manner, or it is determined that a violation did not occur, OIG closes the matter administratively. In the event the matter is not cured or rightfully challenged, OIG will sustain an investigation and deliver the case to the Board of Ethics for adjudication. This quarter, OIG resolved 7 campaign finance violation matters that involved \$27,200 in disallowed contributions. Details of the cases are provided in the table below.

TABLE #6 – CAMPAIGN FINANCE ACTIVITY

Case #	Donation Amount (Year)	Donation Source	Amount of Returned Funds
18-0588	\$2,000 (2017)	Company seeking to do business with the City	\$500
18-0601	\$11,200 (2017)	Company seeking to do business with the City	\$9,700

⁶ 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.”

18-0601	\$2,500 (2017)	Company seeking to do business with the City	\$1,000
18-0601	\$3,500 (2018)	Company seeking to do business with the City	\$2,000
18-0605	\$10,000 (2017)	Company seeking to do business with the City	\$10,000
18-0605	\$2,500 (2017)	Company seeking to do business with the City	\$1,500
18-0605	\$2,500 (2017)	Company seeking to do business with the City	\$2,500

B. SUSTAINED ADMINISTRATIVE INVESTIGATIONS

The following are brief synopses of administrative investigations completed and reported as sustained investigative matters. These synopses are intended to illustrate the general nature and outcome of the cases for public reporting purposes and thus may not contain all allegations and/or findings for each case.

In addition to OIG's findings, each synopsis includes the action taken by the department in response to OIG's recommendations. City departments have 30 days to respond to OIG recommendations.⁷ This response informs OIG of what action the department intends to take. Departments must follow strict protocols, set forth in the City's Personnel Rules, Procurement 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 does not 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. The following table lists concluded matters for which OIG received a department response and action was taken this quarter.

⁷ PBC has 60 days to respond to a summary report of investigation by stating a description of any disciplinary or administrative action taken by the Commission. If PBC chooses not to take action or takes an action different from that recommended by OIG, PBC must describe that action and explain the reasons for that action. If OIG issues a report to the Chairman of the City Council Committee on Committees, Rules and Ethics, the Chairman must forward the report to the appropriate City Council authority within 14 days. After receiving the report, that individual has 30 days to provide a written response to the Inspector General (or 60 days if a full extension has been granted or if action by the Chairman of the Committee on Committees, Rules and Ethics is required).

TABLE #7 – OVERVIEW OF CASES COMPLETED AND REPORTED AS SUSTAINED MATTERS

Case Number	Department or Agency	OIG Recommendation	Department or Agency Action
18-0201	Chicago Police Department	Discipline up to and including discharge	7-day suspension
16-0465	Department of Streets and Sanitation	Discharge	Discharge

1. Misuse of Chicago Police Department Resources (OIG Case #18-0201)

An OIG investigation established that a high-ranking CPD employee (“Supervisor”) directed on-duty CPD officers to chauffeur the Supervisor’s child from school to the district police station in a CPD vehicle on a weekly basis, for approximately one year. Those same officers subsequently, at the Supervisor’s direction and while on-duty, monitored the Supervisor’s child for recurring two to three-hour periods at the district police station. Thus, the evidence reflected that the Supervisor violated CPD rules by improperly diverting CPD resources away from the community to further the Supervisor’s own familial interests and, at times, provide an alternative child care option.

More specifically, the Supervisor admitted that:

- In September 2017, the Supervisor directed a subordinate supervisory officer (SSO) to have on-duty CPD officers pick up the Supervisor’s child from a school outside the Supervisor’s district and transport the child to the district police station on a weekly basis.
- From September 2017 to at least July 2018, on most Wednesday afternoons, on-duty police officers, at the Supervisor’s direction, drove approximately three miles in a CPD vehicle to pick up the Supervisor’s child from school, and then drove the child back to the district police station.
- From September 2017 to at least July 2018, on most Wednesday afternoons, the SSO and other police officers, while on-duty and at the Supervisor’s direction, monitored the Supervisor’s child at the district police station for a period of at least two to three hours.
- From September 2017 to at least July 2018, on most Wednesday evenings, the Supervisor drove the Supervisor’s child from the district to the child’s mother’s residence in the Supervisor’s assigned CPD vehicle.
- The Supervisor failed to inform or obtain authorization from CPD for the weekly transportation and oversight of the Supervisor’s child by on-duty CPD officers.

The police officers' transportation and monitoring of the Supervisor's child clearly impeded their ability to execute their official duties. The time officers spent traveling to a school outside their assigned district and then transporting the Supervisor's child back to the district on a weekly basis, which took at least 30 minutes, was time those officers could not devote to completing their official assignments. The Supervisor's misuse of CPD resources was compounded because, on occasion, as many as three CPD officers went to pick up the Supervisor's child from school.

With respect to the time the Supervisor's child spent at the district police station on Wednesday afternoons, the majority of the officers who monitored the Supervisor's child described their interactions as child care or babysitting. Officer testimony further demonstrated that supervising the child required them to take their attention away from what should have been their primary objective: serving the community. One officer recounted a time that the officer had to hang up on a domestic violence victim because the officer needed to attend to the Supervisor's child. Another officer stated that when the Supervisor's child was at the district station "it was a hindrance towards being able to perform our tasks. It definitely made productivity go down." An additional officer stated that the police officers at the district sometimes took the Supervisor's child to the car wash to keep the child "occupied." The evidence further reflected that the SSO, instead of attending to supervisory responsibilities, was effectively forced to engage in custodial tasks with the Supervisor's child so that certain other police officers in that district could carry out their assigned duties free from distractions.

By tasking police officers with the care and oversight of the Supervisor's child, the Supervisor created additional stress for those officers, which ultimately had a detrimental impact on their morale. Multiple officers who oversaw the Supervisor's child described the child's presence at the district as a safety concern. As a result, the officers, understandably, had concerns that they would be blamed if something happened to the Supervisor's child while the child was in their care. The Supervisor's actions also placed subordinates in the difficult position of having to choose whether to disobey a directive from a superior or engage in non-police business while on-duty.

Perhaps most troublingly, the Supervisor disingenuously and implausibly claimed that the Supervisor's use of CPD officers to transport and oversee the Supervisor's child was appropriate because the officers were unknowingly participating in a community policing study the Supervisor was conducting involving children, for which the Supervisor's child was the "test case." There is no evidence to corroborate the Supervisor's claim. The Supervisor did not obtain authorization from CPD to conduct a study, did not inform a single person of the Supervisor's "study" prior to OIG's investigation (including the Supervisor's supervisory chain), did not create a methodology, did not create any documentation related to the study, did not observe

the child's interactions with CPD officers at the district, conducted no interviews with the "participants" of the study, had no timeline for the completion of the supposed study, and apparently created no metrics to measure the effectiveness of the study. Accordingly, the Supervisor's testimony about the purported "study" was a baseless, *post hoc* attempt to justify conduct that the Supervisor knew or should have known was wrong.

OIG recommended that CPD discipline the Supervisor, up to and including discharge. OIG further noted that the Supervisor's continued attempts to justify the conduct in question raised serious questions about the Supervisor's judgment and ability to serve in a supervisory position.

In response, CPD suspended the Supervisor for seven days. CPD stated that it concurred that from August 2017 to August 2018 the Supervisor "directed officers to use CPD vehicles to transport a minor family member to a Chicago Police Station" and requested that CPD members "monitor a minor family member at a Chicago Police Station without an official police purpose" in violation of Department Rules. However, CPD concluded that the Supervisor's conduct did not violate Department Order U03-04, which states that, "Relatives, dependents, and friends of Department members may make brief visits to Department facilities, but their access will be limited to public areas or areas designated by the exempt member," because "exempt members are specifically authorized to allow access to Department facilities" under the order.

CPD further stated that the Supervisor's transportation of a minor family member in a Department vehicle without a police purpose did not violate CPD rules because "there was no evidence that the transportation of a minor family member for a short period, when the [Supervisor] was leaving or arriving to the District, removed the [Supervisor] from assigned duties or disrupted Department operations."

2. FMLA Fraud and False Statements (OIG Case #16-0465)

An OIG investigation established that a Department of Streets and Sanitation (DSS) laborer used leave under the Family and Medical Leave Act (FMLA), as well as personal leave, ostensibly to care for an ill family member, when in fact the laborer was incarcerated for a felony conviction of aggravated driving under the influence. While incarcerated, the laborer, through a relative, submitted fraudulent leave extension requests and doctor's notes to DSS in order to support the false representation that the laborer was continuing to care for the ill family member. Additionally, upon release from prison, and before returning to active duty, the laborer falsely affirmed on a criminal background disclosure form that the laborer had never been convicted of a crime.

OIG recommended DSS discharge the laborer and refer the laborer for placement on the ineligible for rehire list maintained by the Department of Human Resources (DHR).

In response, DSS discharged the employee and placed the employee on the ineligible for rehire list. The employee's appeal of the discharge is pending.

OIG also referred the doctor, who provided the fraudulent medical notes, to the Illinois Department of Financial and Professional Regulation (IDFPR). Subsequently, IDFPR filed a complaint against the doctor. The complaint is currently pending.

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

Criminal investigations may uncover violations of local, state, or federal criminal laws, and may be prosecuted by the U.S. Attorney's Office, the Illinois Attorney General's Office, or the Cook County State's Attorney's Office, as appropriate. For the purposes of OIG quarterly summaries, criminal cases are considered concluded when the subject(s) of the case is publicly charged by complaint, information, or indictment.⁸

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 the Human Resources Board (HRB) and grievance arbitrations concerning OIG's disciplinary recommendations.

A. SYNOPSES OF CRIMINAL CASES

During this quarter, there were no criminal cases charged.

B. DEVELOPMENTS IN PRIOR CHARGED CRIMINAL CASES

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

1. U.S. v. Tara D. Smith, 18 CR 164 (N.D. Ill.)

On October 26, 2018, former Public Building Commission (PBC) Manager of Payroll and Benefits Tara Smith was sentenced to 36 months of probation, 200 hours of community service, and restitution in the amount of \$51,018 to PBC and \$40,371 to the Internal Revenue Service, for one count of filing a false tax return, in violation of Title 26, United States Code, Section 7206(1). Ms. Smith, who processed payroll for PBC's employees, admitted that in 2014 and 2015 she periodically submitted false information to ADP, PBC's payroll processor, which represented that Smith was entitled to additional payroll payments when Smith knew that, in fact, she was not. In total, Smith arranged to receive an additional \$51,018 in unauthorized payroll payments from PBC, which were then deposited into bank accounts she controlled.

Smith further admitted that she filed materially false and fraudulent U.S. Individual Income Tax Return Form 1040s in 2014, 2015, and 2016, in which she willfully failed to report all the income she received. In addition, in January 2015, Smith sought to

⁸ OIG may issue summary reports of investigation recommending administrative action based on criminal conduct prior to, during, or after criminal prosecution.

conceal certain of the unauthorized payments by submitting to ADP via email an amended W-2 that did not reflect the unauthorized payments she received in 2014. Smith thereby committed wire fraud in violation of Title 18, United States Code, Section 1343, as the email Smith sent was routed through a computer server located in a state outside of Illinois.

2. State of Illinois v. John Balzano and Natalie Balzano, 18 CR 33210 (Cir. Ct. of Cook County)

On October 5, 2018, John Balzano, the manager of a car wash that had contracted with the City of Chicago, pleaded guilty to stealing nearly \$1 million from the City of Chicago via a contracting pass-through scheme. Standing before Circuit Court Judge Kenneth J. Wadas, Mr. Balzano pleaded guilty to one Class 1 felony of theft of government property (720 ILCS 5/16-1(a)(2)) and one Class 2 felony of fraudulently obtaining money reserved for disadvantaged business enterprises (720 ILCS 5/17-10.3(d)). Mr. Balzano and his spouse and business partner, Natalie Balzano, had been charged with defrauding the City by working with a Minority Business Enterprise (MBE) subcontractor, the owner of Oak Park-based PJ's Ace Hardware, who generated false invoices for car wash products that were sold and delivered by non-MBE suppliers. Mr. Balzano placed the orders directly with the non-MBE suppliers, and PJ's Ace Hardware created new invoices, marked up by 15 to 20 percent, which Mr. Balzano paid to make it appear that J&J Car Wash was complying with the city's MBE contract goal to spend at least 16.9 percent of the total contract price with MBEs. J&J President Natalie Balzano then submitted bids to the city for car wash contracts.

Judge Wadas sentenced Mr. Balzano to 30 months of probation, 300 hours of approved community service, and restitution in the amount of \$100,000, for which Mr. Balzano presented payment in full on October 5, 2018. Mr. and Mrs. Balzano were also permanently barred from owning any interest in or acting as an officer, director, or manager of any entity that does business with the City of Chicago. The Illinois Attorney General dismissed all charges against Natalie Balzano in exchange for her agreement to the court order barring her from doing business with the City.

Previously in connection with this investigation, Clyde Williams, the owner of PJ's Ace Hardware, and Kurt Koziol, the former owner of Koziol Car Wash, which had also been under contract with the City, pleaded guilty to one charge of Class 4 felony theft of government property (720 ILCS 5/16-1(a)(2)). State of Illinois v. Kurt Koziol, 18 CR 52 (Cir. Ct. of Cook County); State of Illinois v. Clyde Williams, 17 CR 17440 (Cir. Ct. of Cook County). Pursuant to plea agreements, Williams agreed to pay the City restitution of \$22,280.51, and Koziol agreed to pay the City restitution of \$8,637.24. Williams and Koziol were also ordered permanently barred from doing business with the City, and Williams was ordered permanently barred from receiving City MBE certification.

C. SYNOPSES AND RESULTS OF ADMINISTRATIVE APPEALS, GRIEVANCES, OR OTHER ACTIONS

OIG has been notified of three updates regarding appeals to HRB or an arbitrator or other actions in the fourth quarter regarding discipline imposed or other actions resulting from OIG investigations.

1. Sexual Assault of Non-City Employee (#17-0595)

As reported in the second quarter of 2018, a Chicago Department of Aviation (CDA) electrical mechanic sexually harassed at least two non-City employees, including an incident in which the employee reached inside the shirt of a non-City employee and touched her breasts.

Pursuant to OIG's recommendation, CDA discharged the mechanic, and the mechanic challenged that discharge. On October 16, 2018, following a hearing, a hearing officer upheld the mechanic's discharge. On November 16, 2018, the Human Resources Board upheld the hearing officer's ruling, finding that the City presented sufficient evidence to sustain its burden of proof that the mechanic, among other misconduct, engaged in sexual harassment and committed a battery against the non-City employee.

2. Residency Violation (#16-0414)

As reported in the third quarter of 2018, an OIG investigation established that a CDA employee lived in Lake in the Hills, Illinois, since 2016. In the course of the investigation, OIG gathered documents including the 2016 deed and mortgage in the employee's name for the Lake in the Hills property. The employee claimed to have purchased the Lake in the Hills home for the employee's spouse to reside in during their marital separation. However, OIG conducted multiple surveillances at the Lake in the Hills property and observed the employee commuting from the Lake in the Hills property at times associated with the employee's weekday commutes.

Pursuant to OIG's recommendation, CDA discharged the employee and placed the employee on the ineligible for rehire list maintained by DHR. The employee initiated an appeal of the discharge but later withdrew the appeal.

3. Financial Interest in City Contracts (#16-0222)

In the third quarter of 2018, OIG reported that it had concluded an investigation establishing that a CPD officer violated the City of Chicago Ethics Ordinance by having a financial interest in a company that served as a subcontractor on a City contract at O'Hare International Airport. The officer was the president and sole owner of the subcontractor. The officer, relying on advice from the prime contractor, said

that they thought the arrangement was permissible, because the City did not pay the subcontractor directly. The officer never sought advice from the Board of Ethics (BOE) concerning the subcontractor's involvement in a City contract. The subcontractor, owned and operated by the officer, worked on the City contract for six years and was paid at least \$1.75 million during that time. OIG recommended that BOE find probable cause to conclude the officer violated the Ethics Ordinance and impose appropriate sanctions.

At its July 2018 meeting, BOE found probable cause that the officer violated the Ethics Ordinance. BOE sustained that finding at its October 2018 meeting after meeting with the officer and the officer's attorney. At its December 2018 Board meeting, BOE approved a settlement agreement with the officer for a fine of \$8,000. As part of the settlement, the officer acknowledged that the City of Chicago Department of Law retains authority to pursue an action for damages or an accounting of pecuniary benefits the officer received in violation of the ordinance.

D. RECOVERIES

This quarter OIG received one report of financial recovery related to an OIG investigation.

TABLE #8 – OVERVIEW OF COST RECOVERY ACTIONS

Case Number	Date	Source	Amount
15-0589	10/5/2018	John Balzano	\$100,000 (City of Chicago)

V. 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 the one report released this quarter.

1. Department of Administrative Hearings Adjudication Timeliness Second Follow-Up Inquiry (#18-0705)⁹

OIG completed a second follow-up to its May 2016 audit of the Department of Administrative Hearings' (DOAH) efforts to ensure timely adjudication of cases. The original audit found that DOAH did not measure clearance rates or time to disposition and that DOAH's overall clearance rate from 2012 through 2014 was 99.3% (meaning that DOAH opened only slightly more cases than it closed). The Department was unaware of its quarterly caseload backlog and increase in time to disposition for some case types identified by the OIG's analysis.

OIG recommended that DOAH use clearance rates and time to disposition to evaluate its own performance on an ongoing basis. We further recommended that when DOAH management identifies changing trends, it should work with ticketing departments to identify underlying causes and, where necessary, create plans to address them.

In November 2017, OIG conducted the first inquiry and concluded that the Department had begun to implement corrective actions. Based on DOAH's response to OIG's second follow-up inquiry of October 2018, more than two years after the original audit, OIG concluded that DOAH has still has not fully implemented agreed upon corrective actions. Specifically, although DOAH has created clearance-rate and time-to-disposition monitoring reports and incorporated a written clearance-rate policy into its clearance-rate report, the reports are not finalized. We urged DOAH to complete the process of designing and implementing complete and accurate clearance-rate and time-to-disposition monitoring reports.

⁹ Published December 20, 2018. See: <https://igchicago.org/2018/12/20/oig-second-follow-up-report-on-audit-of-doah-adjudication-timeliness/>.

VI. 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 manner. OIG completed no advisories and one notification this quarter.

1. Conflict of Interest Screening for CDPH Employees Working Secondary Employment (#17-0355)

OIG notified the Department of Law (DOL) and Chicago Department of Public Health (CDPH) regarding concerns about CDPH employees exercising contract management authority over contracts for which they have a conflict of interest, as well as systemic flaws in CDPH's secondary employment approval process.

After receiving a complaint that a CDPH official was advocating for the official's secondary employer while on City time, an OIG investigation established that the official was engaged in approved secondary employment with the same community health center over which the official held contract management authority at CDPH. While OIG did not find evidence that the official took advantage of the contract management authority to evaluate, award, or affect funding for this health center, the official's employment with a CDPH contractor for which the official held contract management authority created an appearance of impropriety that should have been avoided.

Further, OIG found limitations in how CDPH approved employee requests for secondary employment and screened for conflicts of interest. Specifically, OIG discovered that many individuals responsible for ensuring compliance with these procedures were unaware of the appropriate criteria for approving secondary employment and for preventing conflicts of interest by CDPH staff, including establishing recusals and preventing CDPH employees from having secondary employment with delegate agencies.

OIG recommended that DOL assist CDPH in creating a policy to ensure the approval process for outside employment focuses on identifying and addressing any potential conflicts of interest, including specifying how individuals with actual or potential conflicts of interest recuse themselves from activities that affect their secondary employer. Further, OIG recommended that CDPH review all current outside employment approvals, to ensure that no additional, active conflicts of interest exist. Finally, because it is unlikely that CDPH is the only City department that lacks clear policies and protocols in this area, OIG recommended that DOL consider establishing a City-wide policy on conflicts of interest and recusal related to secondary

employment and work with DHR to amend the City's Outside Employment Form for new City employees.

In response, DOL met with CDPH and DHR officials to discuss the outside employment screening process and informed OIG that DOL is working with DHR to update the City's Outside Employment Form. DOL reported that it anticipates that in the future DHR will require annual recertification of departmental outside employment approval, to ensure that any change in City employment or outside employment circumstances is regularly reviewed. In addition, CDPH informed OIG that it had taken several steps to address these concerns: (1) enhanced an internal CDPH tracking spreadsheet of all approved outside employment to include additional information about the dual employer, including the employee's role and title with the dual employer; (2) completed a review of all currently approved secondary employment at CDPH to assess potential conflict of interest; and (3) developed a refresher training for all CDPH managers and supervisors on their roles and responsibilities when reviewing dual employment requests, with a specific focus on evaluating potential conflicts of interest regarding contract management authority. The training took place on December 11, 2018.

VII. OTHER REPORTS AND ACTIVITIES

As an expert in government oversight and as part of its mission to promote economy, effectiveness, efficiency, and integrity, OIG may periodically participate in additional activities and inquiries in the service of improving accountability in City government. During this quarter, there were no additional reports.

VIII. HIRING OVERSIGHT

Under Chapter XII of the City of Chicago General Hiring Plan, Chapter XI of CPD Hiring Plan, and Chapter IX of the CFD Hiring Plan, OIG is required to review and audit various components of the hiring process and report on them quarterly.¹⁰ The City's Hiring Plans require both reviews and compliance audits. The Hiring Plans define 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."

A. HIRING PROCESS REVIEWS

1. Contacts by Hiring Departments

OIG tracks all reported or discovered instances where hiring departments contacted DHR or the Chicago Police Department 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.

During the fourth quarter of 2018, OIG did not receive any reports of direct contacts by hiring departments.

2. Political Contacts

OIG tracks 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.

Additionally, 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, OIG received notice of eight political contacts:

¹⁰ 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 refilled, 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."

- An alderman contacted DHR to inquire about DHR's decision not to refer one of the alderman's staff members for an interview for the Covered Position of community organizer at CPD.
- A precinct captain for an alderman contacted the Office of the Mayor seeking "assistance" with a pending termination of an employee at the Department of Planning and Development.
- An aldermanic aide contacted DHR to inquire about an employee who had been terminated from the Department of Family and Support Services.
- An employee from the Office of the Mayor contacted DHR to inquire about the status of a reasonable accommodation request made by an employee in the Covered Position of parking enforcement aide at the Department of Finance.
- An aldermanic aide contacted DHR to inquire about the status of several job applications submitted by a neighbor, including applications for the covered titles of electrical mechanic (automotive), machinist (automotive), and garage attendant at both the Department of Fleet and Facilities Management (2FM) and the Department of Transportation (CDOT).
- An aldermanic aide contacted DHR to discuss a complaint received by the alderman's office from a candidate for the Covered Position of general foreman of general trades at 2FM.
- An alderman contacted Business Affairs and Consumer Protection (BACP) to inquire about the department's hiring process and to ask whether an interview had been offered to a specific candidate for the Covered Position of assistant commissioner.
- An alderman contacted DHR to advise that a candidate for the Covered Position of assistant commissioner at BACP had complained about the hiring process for the position.

3. Exemptions

OIG tracks all reported or discovered Shakman Exempt appointments and modifications to the Exempt List on an ongoing basis.

OIG received notification of 47 exempt appointments in the fourth quarter.

4. Senior Manager Hires

OIG reviews hires pursuant to Chapter VI covering the Senior Manager Hiring Process. Of the 64 hire packets OIG reviewed in the fourth quarter, 27 pertained to senior manager positions, 4 of which contained an error. The errors involved missing or incomplete documentation, which DHR corrected after being informed of the errors

by OIG. Due to the nature of the errors and the corrective action taken, OIG had no further recommendations.

5. Written Rationale

When no consensus selection is reached during a Consensus Meeting, a Written Rationale must be provided to OIG for review.¹¹

During the fourth quarter, OIG did not receive any Written Rationales for review.

6. Emergency Appointments

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

The City reported no emergency appointments during the fourth quarter.

7. Review of Contracting Activity

OIG is 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 any solicitation documents, draft agreements or final contract or agreement terms to assess whether they are in compliance with the Contractor Policy. This review includes analyzing the contract for common-law employee risks and ensuring the inclusion of Shakman boilerplate language.

Under the revised Contractor Policy departments are no longer required to notify OIG of all contract or solicitation agreements or task orders.¹² However, all contract and solicitation agreements that OIG receives notice of will be reviewed. In addition, OIG will request and review a risk-based sample of contract documents from departments.

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. OIG also receives additional notifications of new interns and/or volunteer workers for existing programs.¹³

The table below details contracts and internship opportunities OIG reviewed in the fourth quarter.

¹¹ 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.

¹² The contractor policy was revised on June 7, 2017.

¹³ Chapter X.B.6 of the General Hiring Plan.

TABLE #9 – CONTRACT AND INTERNSHIP OR VOLUNTEER OPPORTUNITY NOTIFICATIONS

Contracting Department	Contractor, Agency, Program, or Other Organization	Duration of Contract/ Agreement
Budget Management	Clarity Partners, LLC	1 year
Cultural Affairs & Events	Social Media Marketing Services	Ongoing
Law	Volunteer Program	Ongoing
Procurement	Repair Services	5 years
Transportation	Professional Dynamic Network, Inc	1 year

B. HIRING PROCESS AUDITS

1. Modifications to Class Specifications,¹⁴ Minimum Qualifications, and Screening and Hiring Criteria

OIG reviews modifications to Class Specifications, minimum qualifications, and screening and hiring criteria. In the fourth quarter, OIG received notifications that DHR changed the minimum qualifications for six titles within the following departments: Aviation, Human Resources, Police, and Public Health.

OIG reviewed each of the proposed changes to minimum qualifications and had one concern regarding the use of equivalencies. In response, the Department clarified its desired language.

2. Referral Lists

OIG audits lists of applicants/bidders who meet the predetermined minimum qualifications generated by DHR for City positions. OIG examines a sample of referral lists and notifies DHR when potential issues are identified.

In the fourth quarter, OIG audited five referral lists, one of which contained an error. In response to the error, OIG self-initiated an investigation into the matter. This inquiry is ongoing.

¹⁴ "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.

3. Testing

The Hiring Plan requires that OIG conduct an audit of DHR test administrations and scoring each quarter. In the fourth quarter, OIG audited testing administration materials¹⁵ for 19 test administrations¹⁶ covering 9 City departments, which were completed during the third quarter of 2018.

OIG did not identify any scoring errors affecting test administrations and did not request any further action. However, prior to the audit, DHR self-reported an error for a makeup exam that affected a selection decision. This matter is the subject of a current escalation and OIG will report on its outcome in a future quarterly report.

4. Selected Hiring Sequences

Each quarter, the Hiring Plan requires OIG to audit at least 10% of in-process hiring sequences and at least 5% of completed hiring sequences conducted by the following departments or their successors: 2FM, CDA, CDOT, DSS, the Department of Buildings, the Department of Water Management, and six other City departments selected at the discretion of OIG.

Auditing the hiring sequence requires an examination of the hire packets, which include all documents and notes maintained by City employees involved in the selection and hiring process for a particular position. As required by the Hiring Plan, OIG examines some hire packets during the hiring process and examines other packets after the hires are completed.

In the fourth quarter, OIG completed an audit of hire packets for 37 hiring sequences completed during the third quarter of 2018. These hiring sequences involved 16 departments. Of the 37 hire packets audited, OIG identified 1 Hire Plan violation and 4 errors affecting 4 sequences. The errors involved missing or incomplete documentation. OIG provided these findings to DHR and corrective steps were taken.

¹⁵ "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)—the threshold score for passing the exam—and any documentation regarding the change of a cut score(s); (5) the individual test scores for each candidate for each test 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) the Referral List.

¹⁶ A "test administration" is complete 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.

Due to the nature of the errors, OIG did not recommend further action.

In addition to the errors, OIG identified one Hire Plan violation during the audit. Specifically, an interviewer participated in an interview as an alternate but did not attend the consensus meeting. Chapter V.B.11 of the General Hire Plan states, “The selection process for interviewed positions shall be based on a Consensus Meeting led by a DHR Recruiter and *attended by all interviewers*, along with the Hiring Manager for the position. The participants in the Consensus Meeting shall make a selection decision at the meeting...” [emphasis added]. Consequently, the interviewer not attending the Consensus Meeting is a violation of the Hiring Plan. OIG recommended that DHR remind recruiters that interviewers and the hiring manager must attend Consensus Meetings. DHR acknowledged the errors and Hire Plan violation, communicated OIG’s recommendation to recruiters, and requested that more detailed attention to duty be exhibited.

5. Hiring Certifications

OIG audits the City’s compliance with Chapter XII.C.5 of the General Hiring Plan. A Hiring Certification is a form completed by the selected candidate(s) and all City employees involved in the hiring process to attest that no political reasons or factors or other improper considerations were taken into account during the applicable process.

OIG reviewed 64 hire packets in the fourth quarter and none contained a Hire Certification error.

6. Selected CPD Assignment Sequences

Pursuant to Chapter XII of the CPD Hiring Plan for Sworn Titles, OIG has the authority to audit Other Employment Actions, including district or unit assignments, as it deems necessary to ensure compliance with this Hiring Plan. Generally, OIG audits assignments that are not covered by a collective bargaining unit and which are located within a district or unit.

Assignment packets include all documents and notes maintained by employees involved in the selection processes outlined in Appendix D and E of the CPD Hiring Plan. On a quarterly basis, OIG selects a risk-based sample of assignment packets for completed process review after selections have been made and the candidates have begun their assignments.

In the fourth quarter, OIG completed an audit of five non-bid duty assignment sequences and four non-bid unit assignments completed during the third quarter of 2018. OIG will report on its findings and CPD’s response in a future quarterly report.

7. Selected CFD Assignment Sequences

Pursuant to Chapter X of the CFD Hiring Plan for Uniformed Positions, OIG has the authority to audit Other Employment Actions, including assignments, “as it deems necessary to ensure compliance with [the] CFD Hiring Plan.” Assignment packets include all documents utilized in a specialized unit assignment sequence, including, but not limited to: all forms, certifications, licenses, and notes maintained by individuals involved in the selection process. OIG selects a risk-based sample of assignment packets for completed process review after CFD issues unit transfer orders and candidates have begun their new assignments.

In the third quarter, CFD did not process any specialized unit assignments for OIG to audit in the fourth quarter.

8. Monitoring Hiring Sequences

In addition to auditing hire packets, OIG monitors hiring sequences as they progress by attending and observing Intake Meetings, interviews, tests, and Consensus Meetings. The primary goal of monitoring hiring sequences is to identify any gaps in internal controls. However, real-time monitoring also allows OIG to detect and seek to address compliance anomalies as they occur.

OIG identifies the hiring sequences to be monitored based on risk factors such as past errors, complaints, and historical issues with particular positions. During the fourth quarter, OIG monitored 2 Intake Meetings, 1 test, 10 sets of interviews, and 6 Consensus Meetings. The table below shows the breakdown of monitoring activity by department.¹⁷

TABLE #10 –OIG MONITORING ACTIVITIES IN THE FOURTH QUARTER

Department	Intake Meetings Monitored	Tests Monitored	Interview Sets Monitored	Consensus Meetings Monitored
Administrative Hearings	1	0	0	0
Aviation	1	0	1	1
Budget Management	0	0	1	1
Fleet & Facility Management	0	0	1	1
Human Resources	0	0	1	1
Police	0	1	2	0
Transportation	0	0	1	1

¹⁷ If a department is not included in this table, OIG did not monitor any elements of that department's hiring sequence(s).

Water Management	0	0	3	1
Totals	2	1	10	6

9. Acting Up¹⁸

OIG audits the City's compliance with Chapter XI of the General Hiring Plan and the Acting Up Policy. OIG received notice of six DHR-approved waiver request to the City's 90-Day Acting Up limit in the fourth quarter.¹⁹

TABLE #11 – ACTING UP WAIVERS IN THE FOURTH QUARTER

Department	Acting Position	Number of Employees	Date of Response	Expiration of Waiver
Public Health	Administrative Assistant II	1	12/14/18	12/31/2018
Transportation	Foreman of Linemen	1	11/7/2018	12/31/2018
Transportation	Foreman of Asphalt Laborers	6	11/7/2018	12/31/2018
Transportation	Foreman of Concrete Laborers	10	12/14/2018	12/31/2018
Transportation	Foreman of Architectural Iron Workers	1	12/17/18	12/31/2018
Water Management	District Superintendent	1	12/17/18	9/30/2018 (retroactive) ²⁰

10. Arbitrations and Potential Resolution of Grievances by Settlement

Chapter XII.C.7 of the City's Hiring Plan requires the Hiring Oversight section to audit grievance settlement decisions that may impact procedures governed by the Hiring Plan.

¹⁸ "Acting Up" means an employee is directed or is held accountable to perform, and does perform, substantially all of the responsibilities of a higher position.

¹⁹ Pursuant to the Acting Up Policy, no employee may serve in an Acting Up assignment in excess of 90 days in any calendar year unless the department receives prior written approval from DHR. The department must submit a Waiver Request in writing signed by the Department Head at least 10 days prior to the employee reaching the 90-day limitation. If the department exceeds 90 days of Acting Up without receiving a granted Waiver Request from DHR, the department is in violation of the Policy.

²⁰ DHR granted the Department of Water Management's request for a *retroactive* waiver to cover a period of time in the third quarter during which the acting employee exceeded the 90-day limitation without prior written approval. The employee acted up for 16 days in September 2018, despite reaching the 90-day limit the previous month.

During the fourth quarter of 2018, OIG received notice of three settlement agreements from DHR. The settlement agreements resulted in: the removal of a candidate from an eligibility list, the addition of a candidate to an eligibility list, a job audit for an employee, and approval for bid candidates to take an exam for potential employment.

C. REPORTING OF OTHER OIG HIRING OVERSIGHT ACTIVITY

1. Escalations

Recruiters and analysts in DHR and CPD-HR must escalate concerns regarding improper hiring by notifying OIG. In response to these notifications, OIG 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, or refer the matter to the OIG Investigations section.

In the fourth quarter, OIG received notice of two escalations and concluded one from the third quarter. Details of the concluded escalation are reported below. OIG will report on its findings for the escalations received during the fourth quarter and the department's response in a future quarterly report.

a. Department of Finance (DOF)

On August 27, 2018, DHR escalated the clerk IV hiring sequence to the Hiring Oversight section of OIG. DHR reported that the candidate assessment forms were missing from one interviewer for the bid interview sequence. According to the Department, the interviewer sent the completed candidate assessment forms to DOF's main campus via 2FM's interoffice messenger service. DOF had been in contact multiple times with 2FM to try and locate the candidate assessment forms, but they were never recovered.

On August 31, 2018, OIG recommended re-interviewing all the candidates with new interview questions, due to the missing candidate assessment forms. In response to OIG's recommendations, the Department conducted a new round of interviews and held the consensus meeting, which OIG monitored.

Additionally, DHR and DOF agreed with OIG's recommendation to advise interviewers to scan and/or e-mail hiring-related documentation as a backup for documents sent through 2FM's interoffice messenger service.

2. 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 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 policy or procedure related to hiring, OIG may open a case into the matter to determine if such a violation or breach occurred. If a violation or breach is sustained, OIG may make corrective recommendations to the appropriate department or may undertake further investigation. If, after sufficient inquiry, no violation or breach is found, OIG will close the case as not sustained. If, in the course of an inquiry, OIG identifies a non-hiring-related process or program that could benefit from a more comprehensive audit, OIG may consider a formal audit or program review.

OIG received 14 complaints related to the City's hiring practices in the fourth quarter. The table below summarizes the disposition of these complaints, as well as those pending from the previous quarter.

TABLE #12 – HIRING OVERSIGHT COMPLAINTS RECEIVED IN THE FOURTH QUARTER

Complaint Status	Number of Complaints
Pending From Previous Quarter	0
Received This Quarter	14
Opened Investigation	2
Declined	8
Referred to Department	4
Complaints Pending as of End of Quarter	0

Hiring Oversight closed seven cases in the fourth quarter, two of which were sustained. OIG will detail the sustained cases and the departments' responses in an upcoming quarterly.

TABLE #13 – HIRING OVERSIGHT CASES IN THE FOURTH QUARTER

Case Status	Number of Cases
Pending from Previous Quarter	17
Opened This Quarter	6
Cases Referred	4
Closed Not Sustained	1
Closed Sustained with Recommendation	2
Closed Administratively	0
Cases Pending as of End of Quarter	16

1. Fraudulent Job Application Materials (OIG Case #17-0670)

OIG's Hiring Oversight section completed a review of a complaint regarding a candidate for an entry-level position with the Chicago Fire Department (CFD). It was alleged that CFD processed the firefighter/EMT candidate because of the candidate's father's employment with CFD. The complaint further alleged that the candidate lied on the application for paramedic because the candidate did not possess the required license at the time of the application. OIG also received an independent notification from DHR regarding CFD's discovery of the candidate's submission of fraudulent paramedic application materials.

OIG did not find evidence of improper influence involving the candidate's father. However, OIG found that the candidate provided a fraudulent license at the time of application. As stated in the paramedic posting, a minimally qualified candidate must possess a current valid State of Illinois Emergency Medical Technician's/Paramedic's (EMT/P) license at the time of application. The application period was open between July 15, 2015, and August 4, 2015. The candidate submitted his application on August 3, 2015, with a forged EMT/P certification listing an expiration date of June 30, 2019. Subsequently, the candidate presented a different valid EMT/P certificate with an expiration date of October 31, 2019. A state EMS education coordinator verified that the candidate did not pass the Illinois State Paramedic exam until October 14, 2015—after the job posting had closed.

CFD confirmed that although required licenses are uploaded at the time of application they are not verified until after academy training, when the candidates are ready to be processed as employees. In this instance, two years lapsed between the time of application and the candidate's processing for hire. According to CFD, they can only view candidate applications on Taleo, but they are unable to view any uploaded attachments. CFD does not currently perform the verification at the front-end because they do not have full access to Taleo.

As a result of a review of the circumstances surrounding the forgery of application materials, OIG recommended that DHR: (1) give CFD full access to review all CFD-related application materials and attachments; (2) give CFD-HR the ability to move candidates through the processing stages; and (3) determine whether the candidate should be added to the City of Chicago's ineligible for rehire list. Additionally, OIG recommended that CFD: (1) send official correspondence to the candidate notifying them of their removal from consideration for the positions of paramedic and firefighter/EMT due to the submission of fraudulent certification paperwork, and, if deemed appropriate, inclusion on the ineligible for rehire list; and (2) begin the practice of reviewing submitted application materials available on Taleo and verify required certificates prior to sending candidates to CFD-sponsored training. This

should ensure that only eligible candidates are processed by CFD and that ineligible candidates are not inadvertently sent to the CFD academy for training.

After numerous requests for a response, DHR confirmed that CFD has full Taleo access to all CFD requisitions, including application materials and attachments. DHR asserted that this access allows CFD to move candidates through the processing stages. DHR indicated that the candidate will not be included on the ineligible for rehire list because the candidate was never an employee of the City of Chicago, and ineligibility for rehire is maintained in the human resources information system, which only includes employees and does not allow for a flag of a candidate or applicant.

In its response, CFD explained that it sent a letter to the candidate which stated that the candidate was ineligible for the paramedic position based on the candidate's qualifications but did not address the discrepancy in the paperwork. The candidate remains an applicant for the firefighter/EMT position, another position the candidate applied for that does not require the EMT/P license. In conflict with DHR's response, CFD stated that DHR has not granted it full access to Taleo.

OIG will follow up with DHR and CFD to address the discrepancies in their responses.