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Office of Inspector General

City of Chicago

Report of the Office of Inspector General: *****

*Quarterly Report of the Office of Inspector General First Quarter
2017*

April 2017

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April 15, 2017

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

Enclosed for your review is the public report on the operations of the City of Chicago Office of Inspector General (OIG) during the first quarter of 2017, filed with the City Council pursuant to Section 2-56-120 of the Municipal Code of Chicago.

This quarter OIG, in addition to its ongoing audit, investigative and hiring compliance work, took substantial steps toward the creation of a new Public Safety Section. Initial hiring processes are focused on the building of the audit and data analysis functions of the Section. At the end of the quarter, we concluded an externally conducted national search for the head of the Section culminating in the submission of the nomination of the first Deputy Inspector General for Public Safety.

The Section also took its first steps toward the promotion of transparency with the posting of aggregate data respecting the composition of the Chicago Police Department. Healing past wounds between the community and our public safety apparatus will require meaningful, continuing dialogue. By publishing data-based information and reporting out evidence-based findings and analysis, we hope the new Section will provide the information necessary to turn that dialogue from arguments about facts and access to information, as is all too often the case now, to meaningful exchanges about collaborative solutions to the pressing policing, crime and social issues that are among our biggest challenges as a community.

Community engagement is key to better policing and better government. As our staff grows, we will make an early priority of engaging residents and other stakeholders to inform how we prioritize our first generation of work.

This office has a demonstrated record of auditing and investigating programs and government agencies to promote best practices and root out corruption, fraud, waste and abuse. In the coming months, OIG will assure the same objective lens will be applied in dedicated fashion to the City's public safety functions. As we learn more about CPD, COPA and the Police Review Board, we will provide that information and objective, evidence-based analysis to you.

Website: www.ChicagoInspectorGeneral.org <<http://www.ChicagoInspectorGeneral.org>>

The time is now for reform and accountability in Chicago. We are committed to the work and look forward to working with you.

Respectfully,

Joseph M. Ferguson Inspector General
City of Chicago

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OIG Quarterly Report - First Quarter 2017

This quarterly report provides an overview of the operations of the Office of Inspector General (OIG) during the period from January 1, 2017, through March 31, 2017. The report includes statistics and narrative descriptions of OIG's activity as required by the Municipal Code of Chicago (MCC).

A. 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 operation of City government.¹ OIG accomplishes its mission through investigations, audits, and other reviews. OIG issues summary reports of investigations to the appropriate authority or the Mayor and appropriate management officials, 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 through publication 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.

B. 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.

1. Complaints

OIG received 543 complaints during the quarter. The chart below breaks down the complaints OIG received during the past quarter by the method in which the complaint was reported.

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.

Chart #1 - Complaints by Reporting Method



Complaints Origin

Among other factors, OIG evaluates complaints to gauge the investigative viability and potential magnitude or significance of the allegations-both individually and programmatically.² The following table outlines the actions OIG has taken in response to these complaints.³ There were two ethics ordinance complaints this quarter.

Table #1 - Complaint Actions

Status	Number of Complaints
Declined	336
Opened Investigation	23
Referred	102
Pending	82
Total	543

² 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.

³ OIG also took action on complaints received in the prior quarter by declining 58 complaints, opening 7 OIG administrative or criminal investigations, referring 24 complaints to sister agencies. Additionally, two complaints were referred to OIG's Hiring Oversight section and one complaint remained pending.

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2. Newly Opened Matters

During the quarter, OIG opened 156 matters. Of the 156 opened matters, 126 were referred to other departments or investigative agencies. A total of 30 cases proceeded to an OIG investigation. Of those cases, 29 remained open at the end of the quarter and 1 investigation was closed administratively during the quarter.

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

Table #2 - Subject of Investigations and Referrals

Subject of Investigations and Referrals	Number of Investigations and Referrals
Employees	134
Contractors, Subcontractors, and Persons Seeking Contracts	5
Elected Officials	3
Appointed Officials	1
Other	13
Total	156

3. Cases Concluded in Quarter

During the quarter, OIG concluded 182 opened matters, 137 of which were referred to the following: 101 to a City department, 30 to a sister agency, and 6 to another external agency. Of the 45 remaining concluded matters, 11 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 24 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 ten 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.

4. Pending Matters

At the close of the quarter, OIG had a total of 184 pending matters, including investigations opened during the quarter.

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5. 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 184 pending matters, 84 investigations have been open for at least 12 months.

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

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

Reason	Number of Investigations
Additional complaints were added during the course of the investigation.	3
Complex or resource intensive investigation. May involve difficult issues or multiple subjects.	47
On hold, in order not to interfere with another ongoing investigation.	6
Extended due to higher-risk, time sensitive investigations.	28
Total	84

6. Public Building Commission Complaints and Investigations

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

C. 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 investigation⁴-a summary and analysis of the evidence and recommendations for disciplinary or other corrective action. OIG sends these reports to the appropriate authority or 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.

1. 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 City official or candidate political campaigns. Potential violations of the cap are identified through complaints and OIG analysis. In addition, other rules and regulations, such as Executive Order 2011-4, place further restrictions on donations. Once a potential violation is identified, OIG, in accordance with the MCC, notifies the donor and recipient of the violation and informs them that they have ten days in which to challenge the

⁴ 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."

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determination or cure the violation by returning the excess donation. If the excess donation is returned in a timely manner, or additional information reveals that a violation did not occur, OIG closes the matter administratively. In the event the matter is not cured, OIG will sustain an investigation and deliver the case to the Board of Ethics (BOE) for adjudication.

No campaign finance cases were closed this quarter. However, OIG continues to actively review campaign donations to City of Chicago elected officials to ensure the donations comply with the City's Governmental Ethics Ordinance.

2. 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.⁵ 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. As of the end of the quarter, there were eight concluded matters that were pending department action and/or response. The following chart lists concluded matters for which OTG has received a department response.

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

Record Number	Department or Agency	Number of Subjects	OIG Recommendation	Department or Agency Action
14-0242	Aviation/ Procurement Services	2	Debarment	Initiated Debarment Proceedings
14-0453	Water Management	1	Appropriate Discipline	Designated Resigned Under Inquiry

⁵ 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).

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Record Number	Department or Agency	Number of Subjects	OIG Recommendation	Department or Agency Action
15-0183	Transportation/ Procurement Services	1	Debarment	Initiated Debarment Proceedings
15-0492	Fleet and Facility Management	1	Termination, Ineligible For Rehire	Termination, Ineligible For Rehire

(A) Political Hiring (OIG #14-0242)

An OIG investigation established that a City contractor reserved jobs for individuals based on political considerations, in violation of City rules and the terms of its multimillion dollar contract with the City. The Contractor also failed to fully cooperate with OIG's investigation of the misconduct.

Specifically, in 2014 the Contractor sent an email to an alderman's employee stating that the Contractor would "be reserving" 25 jobs for the Alderman's ward. The Alderman's office promptly reported the email to OIG. In addition to offering an exact number of jobs, the email provided details on assigned rates and shifts and asked the aldermanic office to supply names of interested applicants. On two occasions during OIG's subsequent investigation, a supervisor for the Contractor refused to answer relevant questions regarding the individual's prior employment and relationship with the alderman in question.

OIG recommended that the Department of Procurement Services (DPS) initiate debarment proceedings against the Contractor. OIG further recommended that DPS and the Chicago Department of Aviation (CDA) bar the Supervisor from performing any work pursuant to the company's contract with CDA.

In response, DPS initiated debarment proceedings, sending a letter to the Contractor with a copy of OIG's findings. OIG will report on any actions DPS decides to take after the Department receives the Contractor's reply.

(B) Preferential Treatment (OIG #14-0453)

An OIG investigation established that an investigator with the Department of Water Management (DWM) habitually referred citizens to a private plumber. In the course of City employment the Investigator also identified homes needing work and provided those addresses to the Plumber. Homeowners at some of those addresses later found the Plumber's business card in their mailboxes. The Inspector's actions amounted to preferential treatment of the Plumber, a violation of City rules. The City was alerted to the Inspector's actions after a citizen complained to the City about poor quality work carried out by the Plumber.

OIG recommended that DWM impose discipline against the Investigator, commensurate with the gravity of the violations, past disciplinary and work history, department standards, and any other relevant considerations. DWM planned to impose a 29-day suspension. However, before a pre-disciplinary hearing was scheduled, the Investigator submitted a letter of resignation. The individual is designated as having resigned under inquiry.

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(C) *Failure to Cooperate with OIG Investigation (OIG #15-0183)*

OIG investigated allegations that a subcontractor on a project for a Chicago Department of Transportation (CDOT) contract had submitted false information to the City regarding the number of hours its employees had worked. OIG made multiple attempts to interview the Subcontractor, which were met with no response. The Subcontractor's failure to cooperate was a violation of the MCC, which requires subcontractors to cooperate with OIG in any investigative inquiry. OIG recommended that DPS debar the Subcontractor and its president. In response, DPS initiated debarment proceedings against both, sending a letter to the Subcontractor's president with a copy of OIG's findings. OIG will report on any actions DPS decides to take after the Department receives the Subcontractor's reply.

(D) *Residency Violation (OIG #15-0492)*

An OIG investigation established that a Fleet and Facilities Management (2FM) employee lived in Manteno, Illinois, in violation of the MCC. In addition to surveillances and extensive documentary evidence of residency in Manteno, the Employee admitted to OIG in October 2016, that the employee had been living at the Manteno house along with immediate family—a spouse and children—for about 6 months.

OIG recommended that 2FM take action consonant with the Residency Ordinance and Personnel Rules, which mandate discharge, and designate and refer the employee for placement on the ineligible for rehire list maintained by the Department of Human Resources (DHR). DWM agreed with OIG's recommendation and terminated the Employee effective January 30, 2017, and requested that DHR place the Employee on the ineligible for rehire list.

D. 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.⁶

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)⁷ and grievance arbitrations concerning OIG's disciplinary recommendations.

⁶ OIG may issue summary reports of investigation recommending administrative action based on criminal conduct prior to, during, or after criminal prosecution.

DHR's website describes HRB as follows, "The three-member board is appointed by the Mayor and is charged with the responsibility of conducting hearings and rendering decisions in instances of alleged misconduct by career service employees. The Board also presides over appeal hearings brought about by disciplinary action taken against employees by individual city departments." Chicago of Chicago, Department of Human Resources, "Our Structure," accessed July 9, 2015, <http://www.cityofchicago.org/city/en/depts/dhr/auto-generated/dhr_our_structure.html>

1. Synopses of Criminal Cases

During this quarter, no criminal charges resulted from or were related to OIG cases.

2. Developments in Prior Charged Criminal Cases

During this quarter, there was significant development in two previously reported criminal cases.

A) United States v. Elizabeth Perino, 11 -CR-492 (ND IL)

On March 16, 2017, former City of Chicago contractor Elizabeth Perino was sentenced to a year and a day term of federal imprisonment for defrauding the City's Minority and Women-Owned Business Enterprises (MWBE) program. United States v. Elizabeth Perino, 11-CR-492 (ND IL).

In June 2016, a jury returned guilty verdicts against Perino on three , counts of wire fraud and one count of mail fraud, 18 U.S.C. §§ 1343 and 1341. Perino agreed to participate in a pass-through scheme on two city projects using Perino's company, Perdel Contracting Co. On one of the projects, a multi-million dollar runway repair contract at O'Hare Airport, Perino agreed to place employees of the general contractor on her payroll and to falsely "purchase" street sweeping equipment from the general contractor. In furtherance of the scheme, Perino generated and provided fraudulent Perdel invoices falsely claiming the company provided the equipment and labor, helping the general contractor conceal its unmet MWBE diversity goals. Perino's conviction was the last in a decade-long joint effort by OIG and the Federal Bureau of Investigation under the direction of the U.S. Attorney's Office for the Northern District of Illinois, and involving assistance from DPS. In imposing the sentence, U.S. District Court Judge Gary Feinennan noted that the jail term was intended to send a message to the construction industry that MWBE fraud is unacceptable.

B) United States v. Roberto Uribe, 16-CR-228 (ND IL)

On March 28, 2017, former City of Chicago Building Inspector Roberto Uribe was sentenced to a 2-year term of probation, including 6 months of home confinement during non-working hours, for soliciting a bribe from a building owner. United States v. Roberto Uribe, 16-CR-228 (ND IL).

Uribe pleaded guilty to 1 count of attempted extortion, 18 U.S.C. § 1951, on October 20, 2016. In a November 9, 2015, undercover recording, the former inspector boasted of his ability to shut down renovation work unless the owner of a City property paid him \$300. Uribe explained to the owner that paying a bribe to avoid a permit for work on a front window facade would save money and benefit both of them. Uribe told the owner, "I'm looking out for you, we're looking out for each other." Following a separate OIG administrative investigation of the bribery, Uribe resigned from the City in lieu of discharge and was placed on the ineligible for rehire list.

3. Synopses and Results of Administrative Appeals, Grievances, or Other Actions

To date, OIG has been notified of four updates regarding appeals to HRB or an arbitrator occurring or other actions in the quarter regarding discipline imposed as a result of OIG investigations.

(A) Update of OIG Record #14-0334 (Unlawful Conduct on Duty)

As reported in the third quarter of 2016, a CDOT employee drank alcohol during working hours, drove under the influence of alcohol, and drove with an expired driver's license. In a separate incident, the Employee also tested positive for cocaine and alcohol use during working hours. On March 21, 2017, HRB upheld the City's termination of the Employee, dated August 8, 2016.

Over the course of the hearing, the Employee admitted to having "had a couple" over lunch on the day the Employee was accused of driving under the influence. The Employee further testified that, after being "ratted out" and testing positive for alcohol and cocaine at work, the Employee attended a rehab program and no longer used alcohol or drugs. In addition, during the hearing the Employee called the hearing officer "Judgey Wudgey," and got up from the witness chair, announcing he was ready to leave, while being questioned by his own attorney.

After hearing the testimony of the Employee and several witnesses, the hearing officer concluded that the City had established that the Employee's conduct violated several City rules, and recommended that the termination be upheld. HRB affirmed the findings of the hearing officer and upheld the termination.

(B) Update of OIG Record #14-0525 (Theft)

As reported in the second quarter of 2016, a Department of Finance (DOF) Supervising Clerk violated the Illinois Criminal Code and the City's Personnel Rules when, on July 17, 2014, the Clerk stole a \$200 payment from a customer instead of paying the customer's tickets.

On March 15, 2017, an arbitrator upheld DOF's termination of the employee. The arbitrator stated that there was "clear and convincing evidence" that the employee knowingly took the \$200, and thus there was just cause for termination.

(C) Update of OIG Record #15-0267 (Misuse of City Resources)

As reported in the fourth quarter of 2016, the Department of Planning and Development (DPD) issued a 90-day suspension to an employee for using City resources to conduct secondary employment and to exchange sexually explicit emails on City time. The Employee also misused DPD letterhead. The Employee appealed the suspension.

Prior to the March 2017 arbitration on the suspension, the City and the Employee settled the case. The settlement reduced the Employee's suspension to 60 days from 90 days.

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(D) Update of OIG Record #16-0309 (Inappropriate Conduct by City Employee)

As reported in the fourth quarter of 2016, a 2FM employee engaged in inappropriate behavior by making sexually suggestive comments to 2 senior citizens at a City-run senior facility. The City terminated the Employee effective November 1, 2016, and the Employee appealed the decision.

On February 10, 2017, prior to the March arbitration on the appeal, the City and the Employee reached a settlement in the case, which allowed the Employee to resign in lieu of discharge. The Employee remains on the ineligible for rehire list.

4. Recoveries

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

(A) City of Chicago v. Redflex Traffic Systems, Inc., 15 CV 08271

On February 3, 2017, the Redflex Traffic Systems, Inc. and Redflex Holdings, Ltd. agreed to pay \$20 million in restitution and compensatory damages to the City of Chicago in settlement of a civil false claims suit pursued by the City's Department of Law. The settlement marked the close of a years' long investigation into federal program bribery and corruption of the City's red-light camera program.

OIG began investigating former program manager John Bills in 2012, soon after the Chicago Tribune revealed the existence of an internal Redflex whistleblower memo. OIG investigators quickly developed critical evidence of criminal activity beyond what was reported by the Tribune, which OIG brought to the United States Attorney for the Northern District of Illinois. OIG continued to conduct numerous in-person interviews, surveillances, and extensive forensic analysis of financial records. U.S. v. John Bills quickly became one of the most significant bribery cases in the City of Chicago's recent history. In addition to the recent settlement, OIG's efforts contributed to two guilty pleas, and the conviction and ten-year term of imprisonment of a City employee who abused his position of power for gross personal benefit.

E. Audits and Reviews

In addition to conducting confidential criminal and 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 the programs and operations reviewed.

The following summarizes one audit released this quarter.

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*(A) Department of Planning and Development Affordable Requirements Ordinance Administration
Audit (OIG #15-0523f)*

OIG evaluated DPD's administration of MCC § 2-45-110, the Affordable Requirements Ordinance (ARO). The principal objectives of the audit were to determine if the City achieved equitable geographic distribution of ARO-created and ARO-financed affordable housing units in accordance with its goals for the program and also used all ARO fees for the creation of affordable housing as required by the Ordinance. OIG further sought to determine if the City optimized its use of the Chicago Community Land Trust (CCLT) with regard to ARO-created, for-sale affordable units.

OIG found that, contrary to affordable housing best practices, the City lacked an evidence-based strategy to define high

and low opportunity areas for affordable housing development and incentivize such development accordingly. OIG also found that the City did not appropriately account for \$4.5 million in ARO and Density Bonus fees. Finally, OIG found that, in its ten-year history, CCLT has never fully operated as a community land trust as contemplated by its establishing ordinance, and administrative changes under consideration will further diminish its ability to function as such a trust.

In response to the audit, DPD agreed to take a number of corrective actions, including amending the selection criteria for the Multifamily Finance and MAUI programs to strengthen the City's ability to invest in affordable housing in a way that takes opportunity areas into consideration. DPD also acknowledged the accounting inconsistencies related to ARO and Density Bonus fees and agreed to work with the Office of Budget and Management (OBM) to restore \$4.5 million to the Affordable Housing Fund. However, after receiving a draft of OIG's report and upon further review by OBM of accounting provided by DPD, OBM stated that DPD's records were not supported by the City's primary accounting system. OBM also stated that payments in excess of \$4.5 million were made from the Corporate Fund to support affordable housing projects, concluding that these payments compensated for the discrepancies identified. Finally, with regard to CCLT, DPD agreed that a lack of capital has precluded the organization from utilizing ground leases to advance affordable housing in accordance with other land trust models.

F. Advisories and Department Notification Letters

Advisories and department notification letters describe management, operational, and other issues observed by OIG in the course of its activities including audits and investigations. These are issues that OIG believes it should apprise the City of in an official manner.

OIG completed two notifications this quarter.

⁸ Published March 28, 2017. See <<http://chicagoinspectorgeneral.org/publications-and-press/audits/dpd-affordable->rcquirements-oidinance-adminislration-audit/>>.

(A) Notification regarding the 2013 Sergeant Merit Promotion Process (OIG #14-0552)

A recent OIG investigation related to the Chicago Police Department's (CPD) 2013 sergeant merit promotion sequence identified a number of internal procedural gaps and a lack of rigorous compliance with the CPD Hiring Plan. As part of the 2013 sergeant merit promotion process, an Officer assigned to the superintendent's security detail was promoted to sergeant despite having failed the written portion of the Sergeant's Exam. After the officers completed sergeant training, CPD Human Resources (CPD-HR) sent their hiring packets to the City's DHR, where staff discovered that the Officer was ineligible for promotion and notified CPD. CPD notified OIG of the matter and rescinded the ineligible Officer's erroneous promotion.

OIG Hiring Oversight conducted an initial review of the matter, and the Investigative Section of OIG separately investigated allegations of individual misconduct. OIG's investigation did not find evidence that anyone involved in the nomination process, other than the Officer, knew the Officer had failed the Sergeant's Exam. However, OIG's inquiries

identified shortcomings in CPD's handling of the merit promotional process including, among other issues, the fact that a superior officer asked a subordinate to nominate the Officer of whom the subordinate lacked personal knowledge of work performance and that same superior officer directed another subordinate employee to assist the Officer in drafting the nominee's own nomination. CPD-HR failed to confirm the Officer's eligibility and also proceeded with the promotion despite the fact that the superintendent had not completed the required justification memo.

As a result of this incident, OIG Hiring Oversight made several recommendations leading to amendments in the CPD Hiring Plan. In its recent notification, OIG recommended CPD consider further corrective steps, including that CPD take action to revise the merit promotion nominator training, ensure CPD-HR is accountable for compliance with the Hiring Plan, and ensure the command staff is fully aware of its obligations under the Hiring Plan.

In response CPD stated that it would work with DHR and OIG Hiring Oversight to make the following changes. First, CPD proposed to add language to nominator training and instruction guides, which would emphasize that nominators must have knowledge of the nominee's work performance. CPD will also incorporate language emphasizing the requirement that evidence of noncompliance with the Hiring Plan and/or the Merit Selection Process be immediately reported to OIG Hiring Oversight. Second, CPD provided draft Merit Nomination Procedures for its Human Resources Division, with multiple procedural changes, including that CPD-HR will be responsible for verifying and reporting on each nominee's eligibility and the Director of CPD-HR will be responsible for signing the report, attesting to its accuracy. Third, CPD stated that it will require any nominator, member of the Merit Board, and the police superintendent, to undergo training on the process every 12 months. CPD further noted that, per the new Merit Nomination Procedures, CPD will make public all merit nominees selected for promotion by the superintendent and the name of the nominator.

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(B) Notification regarding Outside Employment Forms (OIG #16-0057)

A recent OIG investigation revealed deficiency in DWM's maintenance and approval of outside employment forms, used by City employees to request permission to engage in work other than their City employment. Specifically, a DWM manager approved an outside employment form based only on a review of the proposed outside work hours and not the employer information. Additionally, OIG discovered that DWM employees were not notified whether their requests for permission to work outside employment had been approved or denied.

OIG recommended that DWM take steps to better monitor and track the approval process for outside employment. In particular, OIG recommended that DWM consider creating an auditing process to ensure that its current forms contain all of the relevant information for approval. Also, OIG recommended DWM remind managers to thoroughly review outside employment forms for criteria set out in the Personnel Rules, including the avoidance of conflicts of interest. OIG further recommended that DWM ensure that its employees are officially informed of the Department's determination regarding their request.

Finally, OIG recommended that DHR consider amending its outside employment form to include a section where the department must document the date in which it provided the employee notice of the approved or denied request. Such a change would help ensure that departments notify their employees of the outcome of their requests.

In response, DHR stated that it will add date fields to the outside employment form to show when supervisors sign in

approval. In addition, DHR will add language to the form stating that, until provided a copy of a properly completed form, the employee should consider the request unapproved. DHR will also incorporate regular reminders in Human Resource Liaison (HRL) meetings telling HRLs that copies of completed forms should be provided to the requesting employee as soon as possible.

G. 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. This section is reserved in order to describe such activities as they occur.

(A) Publication of Policing Data

As OIG builds its Public Safety Oversight section, the Office will seek to establish a shared baseline understanding of the operations of CPD such that, whenever appropriate, stakeholders inside and outside the Department have access to accurate data to inform their work and discussions. As part of that effort, this quarter OIG published four descriptive graphs and tables on its website. The data includes summary information that was not previously available to the public, such as personnel distribution across policing districts.

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(B) Center for the Advancement of Public Integrity Data Analytics Report

During the quarter, OIG concluded its participation in a grant-funded data analytics working group led by the Center for the Advancement of Public Integrity (CAP!) at Columbia University (NY) Law School. The result of the CAPI working group effort was the publication of Taking a Byte Out of Corruption: A Data Analytic Framework for Cities to Fight Fraud, Cut Costs, and Promote Integrity? OIG's participation included providing guidance and analysis as well as facilitating meetings of New York-based researchers with local leadership from a number of City of Chicago departments and sister agencies, as well as their oversight bodies.

H. Hiring Oversight

Under Chapter XII of the City of Chicago General Hiring Plan, Chapter XI of CPD Hiring Plan, and Chapter IX of the Chicago Fire Department (CFD) Hiring Plan,¹⁰ OIG is required to review and audit various components of the hiring process and report on them quarterly. 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."

1. Hiring Process Reviews

A) Contacts by Hiring Departments

OIG tracks all reported or discovered instances where hiring departments contacted DHR or CPD Human Resources (CPD-HR) to lobby for or advocate on behalf of actual or potential Applicants or Bidders for Covered Positions or to request that specific individuals be added to any referral or eligibility list. During the first quarter of 2017, OIG received

4 reports of a direct contact. None of the reports prompted further action from Hiring Oversight.

B) *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.

⁹ Published February 28, 2017. See <<http://www.law.columbia.edu/public-integrity/our-work/takina-byte-out->>corruption.

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

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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 first quarter of 2017, OIG received notice of 6 political contacts:

- An alderman contacted DHR to inquire about the status of two candidates' placement in the training academy for the covered position of Firefighter.
- An alderman contacted DHR to inquire about the status of a candidate's status on a referral list for the covered position of Paramedic.
- An alderman contacted DHR to inquire about the application status of a former City employee for a position in CDPH.
- A state senator contacted CPD to provide recommendation letters for two candidates for the covered position of Lieutenant.
- An aldermanic official contacted DHR to inquire about the application status of a candidate for the covered position of Laborer-Apprentice.
- An alderman contacted DHR to inquire about a candidate's status on a referral list for the covered position of Police Officer.

Additionally, in the first quarter of 2017, Hiring Oversight conducted a detailed training for the Background Investigators within CPD-HR to remind them of their obligation to report political contacts to OIG.

C) *Exemptions*

OIG tracks all Shakman Exempt appointments for positions on the Exempt List. OIG received 40 notifications from DHR of exempt appointments in the first quarter.

Additionally, OIG reviews all proposed modifications to the Exempt List. DHR provided notice of the addition of Local Liquor Control Commissioner and Chief Diversity Officer to Schedule G on the Exempt List. OIG reviewed both requests and did not have any objections.

D) *Senior Manager Hires*

OIG reviews hires pursuant to Chapter VI covering the Senior Manager Hiring Process. Of the 44 hire packets OIG reviewed in the first quarter, 10 pertained to Senior Manager positions. Two contained errors. One error involved an undated Hire Certification. The other packet contained candidate assessment forms which appeared to be completed by an interviewer at a later date than the interview. OIG contacted the DHR Recruiter about the forms, and the interviewer provided an explanation for the discrepancy.

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

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E) *Written Rationale*

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

During the first quarter of 2017, OIG did not receive any Written Rationales for review.

F) *Emergency Appointments*

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

The City reported no emergency appointments during the first quarter of 2017.

G) *Review of Contracting Activity*

Prior to offering any contract or other agreement terms to any business, individual not for-profit agency, or other organization or entity for services to the City, the requesting department shall give OIG advance notification. OIG is also required to review City departments' compliance with the City's "Contractor Policy" (Exhibit C to the City's Hiring Plan). Per the Contractor Policy, OIG may choose to review draft contract or agreement terms to assess whether they are in compliance with the Policy. This review includes analyzing the contract for common law employee risks and ensuring the inclusion of the Shakman boilerplate language. 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 received notice of 63 Task Order Requests during the first quarter. OIG received notice of eight contracts or agreements. The chart below details the contracts OIG received notice of in the first quarter of 2017.

Table #5 - Contract and Volunteer Opportunity Notifications

Contracting Department	Contractor, Agency, Program, or Other Organization	Duration of Contract or Agreement
Aviation	McDonagh Demolition	3 years
Civilian Office of Police Accountability	Professional Dynamic Network, Inc.	3 months
Public Health	Locum Tenens	3 months
Public Health	M3 Medical Management Systems	4 months
Public Health	M3 Medical Management Systems	90 days
License Appeal Commission	Professional Dynamic Network, Inc.	26 days
Police Department	Professional Dynamic Network, Inc.	6 months
Innovation and Technology	Urban GIS, Inc.	12 months

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.

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In addition, in the first quarter of 2017, OIG received an update from Chicago Department of Public Health (CDPH) regarding an on-going violation of the Contractor Policy. Pursuant to Chapter II.B. 1(b)(3) of the Contractor Policy, the maximum engagement of a temporary employment agency shall not exceed one year. CDPH has utilized the services of a temporary employment agency (Locum Tenens) to contract psychologists for over one year. CDPH's ongoing violation is primarily due to a nationwide shortage of psychologists, which has made it extremely difficult for the City to fill existing vacancies through the hiring process. Rather than leave these critical positions vacant, CDPH has continued to engage the services of Locum Tenens to perform these services for the City. While this is a technical violation, CDPH has made multiple unsuccessful good-faith efforts to fill these positions with permanent City employees. These efforts include increasing the annual salary from \$199,680 to \$220,480, proactively seeking out applicants by posting the notice of job opportunity on multiple platforms, and participating in a tuition-reimbursement program. CDPH has also consistently updated DHR and OIG on its efforts to rectify this violation and hire City employees into the existing psychologist vacancies. OIG encourages CDPH to continue with these efforts.

During the first quarter of 2017, OIG also received a response from DHR concluding the issue of an independent contractor that was a common-law employee at Department of Administrative Hearings (DOAH). In its response, DHR stated that it had confirmed with DOAH that the independent contractor was no longer performing any of the duties that were outside the scope of the contractual engagement. DHR agreed its Classifications division would analyze the needs of DOAH, and determine if there was an appropriate City job title to perform the duties previously done by the independent contractor and fill the position under the City's Hire Plan if appropriate.

2. Hiring Process Audits

(A) Modifications to Class Specifications,¹² Minimum Qualifications, and Screening and Hiring Criteria

OIG reviews modifications to Class Specifications, minimum qualifications, and screening/hiring criteria. In the last quarter, OIG received notification that DHR changed the minimum qualifications for eleven titles within the following departments: CDA, CFD, Department of Public Health (CDPH), Department of Buildings, City Clerk, DWM, and the

Department of Innovation and Technology. OIG reviewed all notices of a change to minimum qualifications received in the first quarter of 2017, and had one objection. In that instance, OIG had concerns with the generic language used to describe a required field of study. OIG asked for more specificity to this minimum qualification and the department complied.

¹² "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.

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B) Referral Lists

OIG audits lists of Applicants/Bidders who meet the predetermined minimum qualifications generated by DHR for City positions. Each quarter, OIG examines a sample of referral lists and notifies DHR when potential issues are identified. OIG recognizes that aspects of candidate assessment are subjective and that there can be differences of opinion in the evaluation of a candidate's qualifications. Therefore, the designation of "error" is limited to cases where, based on the information provided, OIG found that,

- a candidate who did not quantitatively meet the minimum qualifications was referred for hiring;
- a candidate who failed to provide all of the required information and/or documents listed on the job posting was referred for hiring; or
- a candidate who quantitatively met the minimum qualifications was not referred for hiring.

In the first quarter of 2017, OIG audited three referral lists, none of which contained errors.

C) Testing

The Hiring Plan requires OIG conduct an audit of DHR test administrations and scoring each quarter. In the first quarter, OIG audited testing administration materials¹³ for 21 completed test administrations¹⁴ covering 13 City departments completed during the fourth quarter of 2016.

OIG found two errors affecting one test administration and reported them to DHR. These errors did not affect any candidates' placement on position eligibility lists or any final candidate selection decisions. None of the errors constituted a violation of the Hiring Plan. The individual errors and DHR's response to each error are detailed below.

i. Streets and Sanitation- Seasonal Field Vehicle Inspector

OIG observed that the answer key for the testing of three vehicles did not contain a sufficient amount of specificity, so OIG was not able to confirm if the candidates' answers were correct. DHR Testing agreed that the answer sheets lacked sufficient detail. In the future, DHR Testing

"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.

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

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will make supplemental test keys before the candidates take the test to ensure any new answer keys provide more detail.

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

D) *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: The Department of Streets and Sanitation, DWM, CDA, CDOT, the Department of Buildings, 2FM, 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 first quarter of 2017, OIG completed an audit of hire packets for 27 hiring sequences completed during the fourth quarter of 2016. OIG selected these hiring sequences based on risk factors such as past errors, complaints, and historical issues with particular positions. These 27 hiring sequences involved 17 departments and 50 selected candidates. Of the 27 hire packets audited, errors were identified affecting 3 hiring packets. These errors involved incomplete Candidate Assessment forms. OIG provided these findings to DHR, and recommended that DHR recruiters verify that all forms are completed properly prior to final submission to DHR. OIG also recommended that if incomplete forms are submitted, DHR Recruiters should request that the responsible interviewers submit a written justification for their error and candidate rating, and that this correspondence be made a part of the master hire packet. DHR agreed to implement these recommendations.

E) *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 a total of 44 hire packets in the first quarter. In those 44 packets, there were no errors related to Hiring Certifications.

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F) *Selected Chicago Police Department 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 not covered by a collective bargaining unit and 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 & E of the CPD Hiring Plan. OIG selects a risk-based quarterly sample of assignment packets for completed process review after selections have been made and the candidate has begun their assignment.

OIG completed an audit of selected assignment sequences in the first quarter of 2017, and will report on the findings in the second quarter.

G) *Selected Chicago Fire Department 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.

OIG completed an audit of selected CFD assignment sequences in the first quarter of 2017, and will report on the findings in the second quarter.

(H) *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 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. In the first quarter of 2017, OIG monitored nine intake meetings, six test administration, ten sets of interviews, and ten consensus meetings. The table below shows the breakdown of monitoring activity by department.

Table #6 - First Quarter 2017 OIG Monitoring Activities

Department	Intake Meetings Monitored	Tests Monitored	Interview Sets Monitored	Consensus Meeting Monitored
Aviation			2	2
Civilian Office of Police Accountability	2	1	1	2
Emergency Management and Communication			1	1

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Department	Intake Meetings Monitored	Tests Monitored	Interview Sets Monitored	Consensus Meeting Monitored
Family Support Services	1			
Finance			1	
Fire		4		
Health			2	2
Library				
Police	4	1	2	
Procurement			1	3
Public Health				
Water Management	2			
Totals	9	6	10	10

(I) Acting Up⁵

OIG audits the City's compliance with Chapter XI of the General Hiring Plan and the Acting Up Policy.

OIG received notice of 1 DHR-approved waiver request to the City's 90-Day Acting Up limit in the first quarter of 2017.¹⁶ The following chart details this waiver.

Table #7 - Acting Up Waivers

Department	Position	Number of Employees	Date of Response	Duration of Waiver
Transportation	Foreman of Plumbers	1	2/3/2017	12/31/2016

(J) Arbitrations and Potential Resolution of Grievances by Settlement

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

OIG did not receive any notices of settlement agreements from DHR during the first quarter of 2017.

¹⁵ "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.

¹⁶ 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.

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(K) Chicago Fire Department Line of Duty Preference Audit

On January 11, 2016, OIG received notification from the Department of Human Resources (DHR) of a political contact from the Mayor's Office regarding the denial of the Line of Duty (LOD) preference for a CFD Firefighter/EMT (FF/EMT) applicant. Applicants who qualify for the LOD preference receive first consideration in processing before other qualified applicants for vacant positions unless superseded by a collective bargaining agreement.

OIG identified procedural gaps that led to the erroneous approval of two candidates for the LOD preference. OIG recommended that,

- CFD document and train its staff on its internal review procedure for determining FF/EMT candidates' eligibility for the LOD preference
- CFD maintain a master list of approved LOD deaths of uniformed CFD personnel and submit an updated list to DHR as necessary; and
- DHR utilize CFD's master list to independently review and/or approve LOD preference requests.

On January 30, 2017, OIG met with CFD officials to discuss the audit findings. Based on this discussion, CFD was aware of its internal deficiencies in determining LOD eligibility. The Commissioner had taken steps to streamline the process and centralize the functions within the Commissioner's Office. CFD agreed to draft a policy that details their process when receiving a CFD LOD application, as well as the movement of the application to and from the Commissioner's Office and/or DHR. OIG looks forward to working with CFD and reviewing the draft LOD policy once it is complete.

3. Reporting of Other OIG Hiring Oversight Activity

A) 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.

OIG did not receive any escalations in the first quarter of 2017.

B) Processing of Complaints

OIG receives complaints regarding the hiring process, including allegations of unlawful political discrimination and retaliation and other improper considerations in connection with 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

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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 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 two complaints related to the City's hiring practices in the past quarter. The chart below summarizes the disposition of these complaints as well as the complaints and cases from the previous quarter that were not closed when OIG issued its last report.

Table #8 - Disposition of Hiring Oversight Complaints Received in the First Quarter of 2017

Status	Number of Complaints and/or Cases
Cases Pending at the End of Quarter 4, 2016	17
Complaints Received in Quarter 1, 2017	2
Complaints Declined without Inquiry in Quarter 1, 2017	0
Complaints Pending at the End of Quarter 1, 2017	0
Cases Referred by OIG Investigations in Quarter 1, 2017	0
Total Cases Closed in Quarter 1, 2017	4
Closed by Referral to OIG Investigations	0
Closed by Referral to DHR/Department	0
Closed with Recommendations to the Hiring Department and/or DHR	0
Cases Pending with OIG Hiring Oversight as of March 31, 2017	15

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