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

Quarterly Report of the Office of Inspector General First Quarter 2014

April 15, 2014

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April 15, 2014

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 2014, filed with the City Council pursuant to Section 2-56-120 of the Municipal Code of Chicago.

The first quarter of 2014 brought closure to two federal criminal prosecutions that originated with OIG inquiries into frauds on City programs. In March, long-time City contractor Jesse Brunt was sentenced to a jail term of 17 months for defrauding the City's Minority and Women-owned Business Enterprise (MWBE) program. The sentence, which stemmed from charges brought by the U.S. Attorney's Office following a joint FBI-OIG investigation, included an order of restitution to the City of nearly \$1 million. A separate long-running federal prosecution which concluded during the quarter arose from a joint FBI-OIG investigation into the operation of a sham minority-owned cable television installation business that obtained \$8.3 million in subcontracts from a cable company that serves residents on the city's north side. A federal district judge imposed prison sentences on the lead defendants and terms of probation for coconspirators. The judge, who described the scheme as a "cynical manipulation" of a program, "designed to enhance business opportunities for minorities," also entered a \$2.2 million forfeiture judgment.

These cases are important examples of OIG's work. They demonstrate the important role of this office in rooting out corruption and those who abuse and tamish municipal programs. In addition, these cases are trailing echoes of a MWBE program once managed from a place of neglect. In recent years, OIG program reviews and investigations, along with the

continuing efforts of the City's Department of Procurement Services, have resuscitated the program as a professional operation positioned to achieve its policy objectives.

However, the second case also represents an important missed opportunity. Collections on forfeiture judgments, such as the \$2.2 million judgment noted above, are shared among all of the law enforcement organizations who participate in the prosecution. Unfortunately, despite the fact that OIG is often the originator and a critical investigative partner to these cases, the City is not in line for any of this money. The City is left on the outside of this important aspect of recovery in federal criminal sentences because it has not taken the simple step of conferring on OIG the technical designation of law enforcement organization. As a result, money that could and should go into City coffers goes to others. A simple amendment to the Municipal Code would fix this problem and position the City, and the taxpayers, to gain the full financial benefit of OIG work.

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

As in prior quarterly reports, we provide a snapshot of our work over the prior three months. One new feature introduced this quarter is Department Notifications, which is a mechanism for alerting departments to potential issues or risk areas that OIG encounters as it pursues its investigative and audit work. They constitute another means of bringing value to the City and taxpayer by promoting mitigation and prevention of breaches of the public trust and coffers.

I encourage you to do your part in eliminating waste, fraud, abuse, and inefficiency in City government. Please continue to send OIG your complaints and your ideas for audits. Our work can only go so far without the help of Chicago residents, City employees, and vendors. Do not hesitate to alert our office if you have suggestions for improving City or OIG operations or our reporting mechanisms, or if you have any questions or concerns about OIG inquiries.

Joseph M. Ferguson Inspector General City of Chicago

Respectfully,

OIG Quarterly Report -First Quarter 2014

April 15, 2014

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OIG Quarterly Report -First Quarter 2014

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

A. **Mission of the Office of Inspector General**

The mission of OIG is to root out corruption, waste, and mismanagement, while promoting effectiveness and efficiency in City government. OIG is a watchdog for the taxpayers of the City, and it has jurisdiction to conduct investigations and audits into most aspects of City government.

OIG accomplishes its mission through investigations, audits, advisories, notifications, and hiring reviews. OIG summary reports of investigations are sent to the Mayor and the responsible City management officials with findings and recommendations for corrective action and discipline. Narrative summaries of sustained investigations are released in quarterly reports. Audits and advisories are sent to the responsible management officials for comment and then are released to the public through publication on the OIG website. Notifications are sent to the responsible management officials for attention and comment and are summarized in the quarterly report. Finally, OIG issues reports as required by the Hiring Plan and as otherwise necessary to carry out its hiring oversight functions.

B. **INVESTIGATIONS**

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

1. Complaints

OIG received 352 complaints during the preceding quarter. The following table provides detail on the actions OIG has taken in response to these complaints.

Table #1 - Complaint Actions

Status	Number of Complaints
Declined	206
Investigation	33
Referred	92
Other/Pending Review	21

Total **352**

As the table shows, for the vast majority of complaints, OIG declined to investigate the allegation. The primary reason that OIG declines a complaint is due to a lack of resources. That determination involves a form of cost/benefit evaluation by the Deputy Inspector General for

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Investigations which, among other factors, gauges the potential magnitude or significance of the allegations advanced in the complaint both individually and programmatically, investigative resources needed to effectively investigate the matter, and actual investigative resources presently available. Allegations suggesting more serious forms of misconduct, greater monetary losses, and significant operational vulnerabilities receive priority. A subset of matters of lesser individual significance but regular occurrence will also be opened. The chart below breaks down the complaints OIG received during the past quarter by the method in which the complaint was reported.

Chart #1 - Complaints by Reporting Method

2. Newly Opened Investigations

During the quarter, OIG opened 114 investigations. 110 were opened based on allegations of misconduct, and four were opened for allegations of waste and inefficiency. There was one OIG-initiated complaint this quarter. Of these opened matters, 96 were immediately referred to other departments or investigative agencies. Thus, 18 of all the investigations opened in the quarter proceeded to a full OIG investigation. Of the newly opened investigations, none were found to be not sustained before the end of the quarter, none were found to be sustained before the end of the quarter, and 18 remain open.¹

¹ Opened investigations may include complaints received in prior quarters.

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The following table categorizes the 114 matters logged by OIG based on the subject of the investigation.

Table #2 - Subject of Investigations

Subject of Investigations	Number of Investigations
City Employees	88
Contractors, Subcontractors and Persons Seeking City Contracts	6
Appointed Officials	1

Elected Officials	4
Other	15
Total	114

3. **Cases Concluded in Quarter**

During the quarter, 129 investigative matters were concluded, 97 of which were the aforementioned referrals to City departments or other investigative agencies. Of the 97 referred investigative matters 77 were referred to a City department and 20 were referred to a sister agency. Of the remaining concluded matters, 11 were closed as sustained, 16 were closed not sustained, and 5 were closed administratively. A case is sustained when the preponderance of the evidence establishes that misconduct has occurred. A case is not sustained when OIG concludes that the available evidence is insufficient to prove wrongdoing under applicable burdens of proof. A case is closed administratively when another agency or department is investigating the matter, another agency or department took action, the matter was consolidated with another investigation, or the investigation is sustained and we are pursuing a non-disciplinary outcome, such as the issuance of an advisory or a department notification.

4. **Pending Investigations**

Including the 114 investigations initiated this quarter, OIG has a total of 130 pending investigations.

5. **Investigations Not Concluded in Twelve Months**

Under the Municipal Code of Chicago (MCC) § 2-56-080, OIG must provide quarterly statistical data on pending investigations open for more than twelve months. Of the 130 pending investigations, 74 investigations have been open for at least twelve months.

The following table shows the general reasons that these investigations are not yet concluded. Table #3 -

Reasons Investigations Were Not Concluded in Twelve Months

Reason	Number of Investigations
Additional complaints were added during the course of the investigation.	2
Complex investigation. May involve difficult issues or multiple subjects.	42
Lack of sufficient investigative resources over the course of the investigation. Investigators' caseloads were too high to enable cases to be completed in a timely manner.	24

On hold, in order not to interfere with another ongoing investigation.	1
Under review by the Legal Section or the Deputy Inspector General for Investigations prior to closing.	5
Total	74

6. Ethics Ordinance Complaints²

During this quarter, OIG received no ethics ordinance complaints. C. Sustained

Administrative Cases

OIG sustained cases can be administrative, criminal, or both. Administrative cases generally involve violations of City rules, policies or procedures, and/or waste or inefficiency. For sustained administrative cases, OIG produces summary reports of investigation³-a thorough summary and analysis of the evidence and recommendations for disciplinary or other corrective action. These reports are sent to the Office of the Mayor, the Corporation Counsel, and the City departments affected or involved in the investigation.

Criminal cases involve violations of local, state, or federal criminal laws, and are typically prosecuted by the Cook County State's Attorney's Office, the U.S. Attorney's Office, or the Illinois Attorney General's Office, as appropriate. OIG may issue summary reports of investigation recommending administrative action based on criminal conduct.

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

³ Per MCC § 2-56-060, "Upon conclusion of an investigation the inspector general shall issue a summary report thereon. The report shall be filed with the mayor, and may be filed with the head of each department or other agency affected by or involved in the investigation."

1. Synopses of Cases

The following are brief synopses of investigations completed and reported as sustained matters. These synopses are intended solely to provide an illustrative overview of the general nature and outcome of the cases for public reporting purposes and thus do not contain all allegations and/or findings for each case.

In addition to OIG's findings, each description includes the action taken by the department in response to OIG's recommendations. Departments have 30 days to respond to OIG recommendations. This response informs OIG of what action the department intends to take. Departments must follow strict protocols, set forth in City's Personnel Rules, Procurement Rules, and/or applicable collective bargaining agreements, prior to imposing disciplinary or corrective action. Only when this process is complete and discipline has been imposed or corrective action taken on a City employee does OIG

consider the department to have acted.

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

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

Case No.	Department	No. of Subjects	OIG Recommendation	Department Action
11-1150	Fire	17	Termination / Ineligible for Rehire	Suspensions
11-1403	Finance	1	Discharge / Ineligible for Rehire	None
12-0340	Streets and Sanitation		Termination / Ineligible for Rehire	Resignation in Lieu of Discharge
12-0340	Streets and Sanitation		Appropriate Discipline	29-Day Suspensions
12-0340	Streets and Sanitation	1	Appropriate Discipline	Written Reprimand
12-0546	Mayor's Office for People with Disabilities		Appropriate Discipline	5-Day Suspension
12-1001	Water Management	1	Ineligible for Rehire	Recommend Ineligible for Rehire
13-0055	Water Management	1	Appropriate Discipline	None (Change in Law)
13-0139	Water Management, Procurement Services	1	Debarment	Pending
13-0208	Water Management		Appropriate Discipline, Recovery	29 Day Suspensions
13-0254	Buildings	1	Appropriate Discipline	Termination
13-0290	Public Health	1	Discharge / Ineligible for Rehire	Resignation in Lieu of Discharge

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(A) OIG Case #11-1150

An OIG investigation established that, in 2009, 17 Chicago Fire Department (CFD) firefighters and paramedics assigned to the Fire Prevention Bureau (FPB) and Public Education Unit (PEU) submitted fraudulent reimbursement requests for personal-vehicle-mileage. On the requests, the CFD personnel falsely claimed that they drove the miles for work assignments. In total, the false reimbursement claims resulted in payouts totaling \$35,268.83.

Several of the subjects admitted that the daily mileage totals written on their reports were not related to the number of miles they actually drove for work. Rather, the subjects worked backwards from the number of miles they knew would result in a payment of \$350 (the maximum allowed reimbursement per month in 2009) and apportioned the miles over the days they worked that month without regard to how many miles they actually drove in that period.

Some subjects claimed they "estimated" and "guesstimated" their mileage totals. However, the massive overstatement of miles purportedly driven, which was repeated over the course of 2009, revealed intentional fraud designed to maximize the reimbursement. Some of the CFD subjects who claimed to have "estimated" or "guesstimated" mileage totals later admitted that they intentionally sought the maximum payment every month.

In addition, some subjects submitted mileage reports containing entries for dates when City time and attendance records revealed they were not at work. When confronted with such evidence, one PEU instructor falsely claimed he sometimes volunteered time on his vacation days and did so without informing his supervisors, an assertion that was belied by the evidence.

As sworn City public safety officers, these subjects repeatedly abused the public's trust through dishonesty and theft. OIG recommended their termination from City employment and that the City place them on its ineligible for rehire list. However, CFD declined to terminate the employees citing an arbitration in an earlier mileage falsification case that overruled terminations and reduced suspensions administered by CFD. Instead, CFD issued suspensions against 16 of the 17 subjects (one of the subjects retired) ranging from 30 to 45 days. (For more information see OIG's "Investigation of Mileage Reimbursement Claims in the Fire Prevention Bureau," October 2011.⁴)

⁴ "Investigation of Mileage Reimbursement Claims in the Fire Prevention Bureau," City of Chicago Office of Inspector General, Public Report, October 18, 2011, accessed April 14, 2014, <<http://chicagoinspectorgeneral.org/wp-content/uploads/2011/10/FPB-Public-Report-completed-docl.pdf>

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B) *OIG Case #11-1403*

An OIG investigation revealed that a Chicago Department of Finance (DOF) employee resides in Matteson, Illinois, in violation of the City's municipal code requiring its employees to reside in the City, MCC § 2-152-340. OIG conducted surveillances, gathered and analyzed records, and interviewed neighbors and the employee. The investigation clearly established that the employee permanently abandoned the declared City residence in late 2008 and established residency outside the City. The employee also made affirmatively false statements to OIG, denying having knowingly signed multiple mortgage loan documents that certified the Matteson residence was the employee's primary residence. Accordingly, OIG recommended that DOF take action consonant with the Residency Ordinance, which mandates discharge, and refer the employee for placement on the ineligible for rehire list maintained by the Department of Human Resources (DHR).

DOF concluded that there was not a preponderance of the evidence sufficient to discharge the employee.

C) *OIG Case # 12-0340*

An OIG investigation established that several Department of Streets and Sanitation (DSS) employees violated the City's Personnel Rules by falsifying their attendance records and failing to return to work on time after breaks, among other activities. In addition, one DSS employee admitted to drinking on the job.

More specifically, OIG's investigation established that a DSS laborer (Laborer A) drank multiple beers while on duty and visited a local bar while on the clock. In addition, Laborer A, two other DSS laborers (Laborers B and C) and a motor truck driver (MTD), consistently went home or to other locations while on the clock for periods of time well in excess of their allotted 30 minute lunch breaks. The MTD used an assigned City refuse truck to travel home or to another residence and signed City reports falsely attesting that the MTD only took 30 minute lunches on the days in question. Laborer B also operated a City refuse truck without a commercial driver's license on at least two occasions. Finally, the ward superintendent for the MTD and laborers failed to properly supervise these employees, effectively enabling them to falsify what likely totaled hundreds of hours of City time.

OIG recommended that DSS terminate Laborer A, who drank while on the clock. It also recommended that DSS impose discipline on Laborers B and C, the MTD, and the Ward Superintendent, up to and including discharge, commensurate with the gravity of their respective violations, their past disciplinary and work history, and department standards.

In response, DSS stated that it would move forward with Laborer A's discharge. Laborer A subsequently retired, which DHR coded as retirement "in lieu of discharge." In addition, DSS imposed 29-day suspensions on two employees and issued a written reprimand to the Ward Superintendent. DSS has not reported action regarding one employee who is on inactive status. OIG will report on any further DSS action in future quarterly reports.

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D) *OIG Case # 12-0546*

An OIG investigation established that an employee of the Mayor's Office for People with Disabilities (MOPD) violated the City's Vehicle and Equipment Policy and Personnel Rules by regularly taking a City vehicle home without authorization. OIG conducted four surveillances of the employee's residence from December 2012 to February 2013. On each occasion, investigators observed the employee enter a City vehicle parked in the employee's driveway or on the street in front of the employee's residence and drive away.

The employee eventually admitted during an OIG interview that for a period of ten to twelve months the employee repeatedly took a City vehicle home without authorization due to "laziness." The employee acknowledged-and City emails confirm-that the employee was aware that the Department of Fleet and Facility Management Commissioner (2FM) had previously denied authorization to that employee to take a City vehicle home. Thus, the employee's actions in 2012 and 2013 constituted a knowing violation of the Commissioner's directive. For the employee's serial misconduct, OIG recommended that MOPD impose discipline on the employee commensurate with the gravity of the employee's violations, the employee's past disciplinary and work history, and department standards.

In response, MOPD suspended the employee for five days and placed a written reprimand in the employee's file.

E) *OIG Case # 12-1001*

An OIG investigation established that a former hoisting engineer (the FHE) in the Department of Water

Management (DWM) violated City Personnel Rules in connection with the disposal of scrap-metal at DWM job sites. OIG's investigation began after the Chicago Police Department (CPD) arrested scrappers pilfering pipes and other metal from an unattended City work site. The scrappers, who eventually pleaded guilty to misdemeanor theft, were notified by the FHE about scrap piles associated with DWM work sites. On several occasions, during work hours the FHE remained at or returned to the job site and used a City backhoe to help the scrap-metal collectors load the metal onto their trucks. In doing so, the FHE used City property for unauthorized purposes, used the status of a public employee to effectuate the disposal of City property, and committed conduct unbecoming a public employee. Thus, the FHE's actions violated several City rules under Personnel Rule XVIII (I).

OIG would have recommended that the FHE receive discipline up to and including termination, but the employee no longer works for the City and thus is no longer subject to discipline. OIG therefore recommended that the City place a copy of OIG's findings and report in the FHE's personnel file for appropriate consideration in the event of re-employment and that the City place the FHE on the ineligible for rehire list. DWM responded that it concurred with OIG's findings respecting the FHE's conduct. DWM indicated that it will place a copy of OIG's report in the FHE's personnel file and will recommend that the FHE be placed on the ineligible for rehire list in perpetuity.

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F) *OIG Case # 13-0055*

An OIG investigation concluded that a motor truck driver (MTD) in DWM violated the Illinois Eavesdropping Act by secretly recording a DWM supervisor. The investigation established that the MTD knowingly made an audio-recording of a supervisor without the supervisor's knowledge or consent. In doing so, the MTD violated Personnel Rule XVIII(I) for violation of a state law and conduct unbecoming a City employee. OIG recommended that DWM impose discipline commensurate with the gravity of the employee's violations, past disciplinary and work history, department standards, and any other relevant considerations.

On March 20, 2014, after OTG issued its report but before DWM imposed discipline, the Illinois Supreme Court held that the Illinois Eavesdropping Act is unconstitutional. In light of this ruling, the department, in accordance with the change in the law, reported that it would take no action.

G) *OIG Case # 13-0139*

An OIG investigation concluded that a purported minority-owned business enterprise (MBE) violated City policy. The investigation established that the City vendor (Vendor) did not meet MBE eligibility requirements because it operated solely as a broker between manufacturers and DWM, rather than delivering goods or services itself.

The City's Supplier/Distributor/Broker Policy affirmatively bars certification of brokers as MBEs. The City paid the Vendor more than \$20 million for the contract at issue in OIG's investigation, and the Vendor's sole service to the City was taking orders from DWM and passing them to manufacturers.

During the course of this investigation, the City of Chicago Department of Procurement Services (DPS) denied the Vendor's application for re-certification as an MBE on myriad grounds beyond those specifically found by OIG. Because DPS already denied the Vendor's application for re-certification, OIG recommended that DPS note these additional grounds for denial of re-certification in the Vendor's file and consider them in the event the Vendor applies for certification in the future. OIG recommended that DPS, as required by City ordinance, MCC §

2-92-490(h), advise other area governmental agencies of its decision to deny the Vendor's application for re-certification. Additionally, OIG recommended that DPS amend and restate its MBE figures and reports to account for the Vendor's de-certification.

OIG's investigation also revealed that the Vendor made several statements to the City regarding its status as an exclusive distributor for certain goods. OIG found no evidence supporting those claims. The Vendor's principal also made statements to OIG and DPS regarding the Vendor's work and travel schedule related to business with the City. These statements were dubious and unsupported by evidence. As a result, OIG further recommended that DPS initiate proceedings to impose sanctions on the Vendor and its principal pursuant to City Debarment Rules.

DPS sent a redacted copy of OIG's report to the Vendor and provided the Vendor 30 days to respond. According to DPS the Vendor claimed it never received OIG's report and thus DPS provided the Vendor with additional time to respond. DPS also provided the Vendor with

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additional time to respond because of a death in Vendor's family. According to DPS, after it receives the Vendor's response, it will provide OIG with additional details on any actions it plans to take.

(H) OIG Case # 13-0208

An OIG investigation concluded that three employees of DWM violated the Illinois Criminal Code and several City Personnel Rules by wrongfully converting City property to their personal benefit through the use and abuse of the unique knowledge, status, and apparent authority they possessed as City employees.

More specifically, the evidence revealed that DWM Construction Laborer A, DWM Plumber B, and DWM Hoisting Engineer C agreed to take scrap materials from DWM work sites to private scrapyards during work hours. On at least 13 occasions during the five-month period for which OIG collected documents, Construction Laborer A left the worksite during the workday and hauled scrap-metal excavated from City job sites to scrap-metal facilities, where Construction Laborer A traded it for cash. One such facility, to which Construction Laborer A hauled the City's metal, photographed the employee entering, presenting identification, receiving payment, and leaving.

During the period for which OIG gathered evidence, Construction Laborer A received over \$6,000 in exchange for City scrap-metal and split this money with Plumber B and Hoisting Engineer C. By Construction Laborer A's admission, Construction Laborer A, Plumber B, and Hoisting Engineer C had been hawking City property to multiple scrapyards for three or four years. Thus, \$6,000 understates the true scope and monetary value of their scheme. The activities of these employees violated a host of City Personnel Rules, including prohibitions on unlawful conduct, theft, and conduct unbecoming a City employee.

During their first OIG interviews, Plumber B and Hoisting Engineer C each denied any knowledge of the scheme and admitted their involvement only after OIG presented overwhelming evidence including photographs and co-conspirator admission. Their false statements to OIG caused the investigation to take longer to complete and violated the City personnel rule that prohibits false, inaccurate, or deliberately incomplete statements in an official investigation.

Based on the evidence of the scheme which, after the involved employees admitted their conduct to OIG, was not in dispute, OIG recommended that DWM impose discipline up to and including discharge against the three DWM employees, commensurate with their conduct and each employee's disciplinary history, and that the Department of

Law consider initiating an action to recover the value of City property the subjects converted.

DWM imposed 29-day suspensions for each employee.

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OIG Case # 13-0254

An OIG investigation established that, during the work day, a Department of Buildings (DOB) employee, knowingly and without legal justification made physical contact of an insulting or provoking nature with another individual by slapping and grabbing a waitress on her buttocks. The employee was at lunch with two other DOB employees. All three often wore publicly visible identification of their City employment and were known to the restaurant staff as DOB employees. The investigation found that the DOB employee committed a battery in violation of Illinois law, was discourteous to a member of the public, and exhibited conduct unbecoming a public employee in violation of several sections of the Personnel Rule XVIII(I). OIG recommended that DOB impose discipline up to and including termination, commensurate with the gravity of the violations, past disciplinary and work history, department standards, and any other relevant considerations.

DOB concluded that the employee violated several sections of the Personnel Rules identified by OIG, and additionally found that the employee made false, inaccurate or deliberately incomplete statements in an official OIG investigation in violation of Personnel Rule XVIII(I). The department discharged the employee.

The employee has appealed the discharge to the Human Resources Board (HRB).

OIG Case # 13-0290

OIG concluded an investigation which revealed that a sanitarian in the Chicago Department of Public Health (CDPH) violated the City's residency requirement, MCC § 2-152-050. Specifically, surveillance, documentary, and testimonial evidence supported a finding that the sanitarian resided in Riverside, Illinois, prior to working for the City and continued to reside there, and thus failed to establish a Chicago residence upon becoming a City employee. Accordingly OIG recommended that DPH take action consonant with die Residency Ordinance, which mandates discharge, and refer the sanitarian for placement on the ineligible for re-hire list maintained by the DHR.

CDPH administered charges and supporting documentation seeking discharge, in response to which the sanitarian submitted a letter of resignation. CDPH informed OIG that the resignation would be coded "resigned in lieu of discharge" and the employee's name would be placed on the ineligible for rehire list.

(K) Updates on OIG Cases, #09-1372 and # 10-0863

DOB has informed OIG that it distributed a revised Conflict of Interest policy (effective March 1, 2014) to all DOB personnel and will be conducting training on this new policy. This new policy, among other restrictions, addresses the types of conduct identified in the OIG investigations described below.

OIG previously reported on two concluded investigations of DOB inspectors which revealed deficiencies in DOB's conflict of interest policy and training. In OIG case # 09-1372 a DOB

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inspector in the course of City work was found to have referred property owners to specific contractors during property inspections in violation of DOB's inspection reporting policy. The inspector also conducted at least three inspections of properties for which a former brother-in-law's company was the contractor of record, scheduled inspections by personal phone for a close friend and the former brother-in-law, and conducted an inspection of a restaurant, even though the building inspector described the restaurant's owner as being "like a brother." DOB suspended the inspector for 45 days. In OIG case # 10-0863, a now-former DOB inspector was found to have improperly signed off on building permits associated with three properties that were the subject of Administrative Hearing cases because of building code violations. DOB's termination of the inspector was later reversed on appeal to the HRB.

D. Criminal Cases, Administrative Appeals, Grievances, and Recoveries OIG investigates both administrative and criminal allegations.

In criminal cases, OIG partners with a prosecuting agency, such as the U.S. or State's Attorney's Office (USAO), which prosecutes the case. For the purposes of OIG quarterly reports, criminal cases are considered concluded when the subject of the case is indicted.

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 HRB⁵ and grievance arbitrations concerning our disciplinary recommendations.

1. Synopses of Criminal Cases

No criminal charges resulted from OIG cases this quarter.

2. Developments in Prior Charged Criminal Cases

During the quarter, there were developments in three of OIG's prior criminal investigations.

⁵ HRB definition: A "three-member board is appointed by the Mayor and is charged with the responsibility of conducting hearings and rendering decisions in instances of alleged misconduct by career service employees. The Board also presides over appeal hearings brought about by disciplinary action taken against employees by individual city departments." City of Chicago. Department of Human Resources - Structure. <http://www.cityofchicago.org/city/en/depts/dhr/auto_generated/dhr_our_structure.htm> (Accessed April 13, 2010)

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A) *United States of America v. Guy Potter, Jerone Brown, Matthew Giovenco, and Cheronne Mayes, Case. No. U-CR-00316 (N.D. Ill.) (OIG Case # 07-2077)*

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

The defendants were Guy Potter and Matthew Giovenco, two non-minority operators who controlled the cable installation business, as well as Jerone Brown and Cheronne Mayes. Brown served as the Chicago based minority -front, or purported minority owner, of ICS. Mayes was a retired City employee who created and filed false documents for Potter and Giovenco. Mayes also paid a \$500 bribe to another City employee in order to expedite the minority-owned business certification for ICS. This certification enabled ICS to obtain City-mandated minority subcontracts from the cable provider. As a result of this scheme, Brown received approximately \$49,000 and Mayes received approximately \$17,700.

Brown and Mayes each previously pleaded guilty to one count of mail fraud and cooperated with the Government by testifying at trial against co-defendants Potter and Giovenco, which resulted in guilty verdicts. Potter and Giovenco were each convicted following trial in the U.S. District Court for the Northern District of Illinois and, in September 2013, sentenced to 36 month prison terms, and ordered to pay a forfeiture judgment of \$2.2 million in addition to restitution of approximately \$214,000. All of the defendants have been debarred by DPS.

In January 2014, based on their plea and cooperation, the district court sentenced Brown and Mayes to 24 months of probation.

B) *People of the State of Illinois v. Richard J. Vanecko, Case No. 12-CR-22450 (Cir. Ct. of Cook County)*

On April 23, 2012, based in significant part on evidence developed in an OIG administrative investigation into allegations of police misconduct, Judge Michael P. Toomin appointed a Special Prosecutor, Dan K. Webb, in the Matter of the Death of David Koschman. At the request of the Special Prosecutor, the court further ordered OIG to serve as the investigative agency supporting the Special Prosecutor.

On December 3, 2012, a special grand jury returned an indictment against Richard J. Vanecko charging him with involuntary manslaughter in connection with Koschman's death. Seven days later, Vanecko was arraigned and entered an initial plea of not guilty. On January 31, 2014, Vanecko waived his trial rights and pleaded guilty to the charge of involuntary manslaughter. Vanecko was sentenced to 60 days' imprisonment, followed by 60 days' home confinement, and then followed by 30 months' probation. Vanecko was also ordered to pay \$20,000 restitution to Koschman's mother. Vanecko began serving his sentence on February 14, 2014.

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In a Special Prosecutor's Report issued on February 4, 2014, at the conclusion of the criminal case against Vanecko, the Special Prosecutor concluded that he was unable to press criminal charges against the employees of the CPD and the CCSAO. Nevertheless, OIG continues our administrative inquiry into potential misconduct of City employees and systemic failures that occurred during the 2004 and 2011 investigations of Koschman's death.

(C) *United States of America v. Brunt et al, Case. No. 11-CR-00017 (N.D. Ill.) (OIG Case # 07-2077)*

On March 13, 2014, Jesse Brunt, owner of Brunt Brothers Transfer, Inc., a certified minority-owned business, was sentenced to a jail term of 17 months in connection with a scheme to defraud the City's Minority and Women-owned Business Enterprise (MWBE) program. Jesse Brunt and Brunt Brothers Transfer Inc. were ordered to pay \$533,749 in restitution to the City for violation of the federal mail fraud statute. An investigation initiated by OIG and conducted jointly with the FBI under the direction of the USAO for the Northern District of Illinois established that Brunt used his company as a minority "pass-through" for sewer cleaning and videotaping service contracts with the City. Brunt pleaded guilty in 2012 to fraudulently receiving more than \$3 million from the City. Co-defendant Anthony Duffy pleaded guilty to lying to the FBI about his failure to disclose two key investors in the sewer company- Municipal Sewer Service-that performed work for the City. In October 2013, Duffy received a 17-month jail sentence, and agreed to pay \$428,438.74 to the City. In addition, Duffy was permanently enjoined from seeking contract work with the City. As a result of the foregoing, individual defendants Brunt and Duffy, the corporate entities implicated in the scheme, Brunt Brothers, and Municipal Sewer Service, have been permanently debarred by DPS from doing business with the City.

3. **Synopses and Results of Administrative Appeals or Grievances**

To date, OIG has been notified of no updates of appeals to the HRB occurring in the first quarter regarding discipline imposed as a result of an OIG investigation.

4. **Recoveries**

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

(A) *OIG Case # 10-1532*

A previously reported OIG investigation revealed that a roofer with the former Department of General Services (DGS), now part of 2FM, repeatedly falsified City timekeeping and other work records in order to operate a personal side business painting houses while on City time. In addition, the roofer lied to OIG investigators and later instructed a witness not to cooperate with the investigation. OIG recommended that DGS terminate the roofer. It also recommended that the Department of Law consider an enforcement action against the roofer under the City's false claims ordinance for a civil penalty as well as cost recovery for 14 hours of time falsification and OIG's investigative costs. DGS terminated the roofer.

In February 2014, after the former employee had exhausted all appeals of the termination, the Department of Law demanded the individual pay \$527.10 in overpaid wages for the 14 hours of time falsification. The Department of Law declined to pursue a false claims prosecution or seek OIG investigatory costs. In March 2014, the individual

repaid \$527.10 to the City.

E. Audits

In addition to confidential disciplinary investigations, OIG produces a variety of public reports including independent, objective, analysis 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 is a summary for one audit released this quarter.

(A) Chicago Department of Transportation 311 Service Request Performance Reporting Audit

On January 4, 2014, OIG released an audit of the Chicago Department of Transportation's (CDOT) 311 service request performance reporting from 2010 through 2012. The audit found that CDOT,

- regularly met its goals for repair of traffic lights, pavement cave-ins, and stop signs; but
- did not meet its self-determined targets for pothole and street light repair in any of the three years examined.

At least 26% of pothole repairs exceeded CDOT's target of seven days from request to completion, and at least 24% of street light repairs exceeded the target of four days. In response, CDOT noted that it strives to meet all of its service goals and agrees with OIG's recommendations to address staffing concerns with the Office of Budget and Management and to continue to assign employees to priority services. The audit also found that the service delivery data the City presented to the public was inaccurate or incomplete in two locations:

- The Service Delivery Metrics website was inaccurate. 53% of actual service requests were not reported, making CDOT's 2012 performance metrics for pothole and street light repairs appear better than they truly were.
- The Data Portal presented accurate information for pothole and street light repairs, but did not provide any information on traffic lights, pavement cave-ins, and stop signs.

CDOT took immediate actions to fix these errors and notes in its response that it recently launched an independent performance tracking tool on its website.

F. Advisories and Department Notification Letters

Advisories and department notification letters describe a management problem observed by OIG in the course of other activities including audits and investigations. These are problems that OIG believes it should apprise the

City of in an official capacity. OIG sent two department notification letters and published no advisories this quarter.

A) *Department Notification to the Department of Streets and Sanitation Regarding Garbage Cart Disposal*

OIG notified DSS that its employees lack clear guidance respecting the removal of unwanted or damaged garbage carts. In the context of a recent investigation, OIG found a disconnect between supervisory expectations and general practice in the field, which exposes the City to inconsistent garbage cart disposal and potential waste of resources. Specifically, some laborers regularly disposed of garbage carts in the hopper of refuse trucks, in direct opposition to the expectations of senior DSS leadership.

OIG recommended that DSS review its policy respecting the proper evaluation and disposal of refuse carts, and ensure that any policy be appropriately disseminated department-wide. DSS' response states that residents should report damaged or unwanted carts to 311 to be collected by a refuse cart crew. It also clarifies its policy saying that it, "considers refuse carts to be City property, and any improper or unauthorized disposal to be destruction of City property," and that, "carts should never be placed in a refuse truck hopper." Finally, DSS states that it will distribute a memo outlining its existing policy on damaged or unwanted carts to all divisions and will take OIG's notification into account in its ongoing evaluation of the refuse cart program.

B) *Department Notification to the Department of Finance Regarding Postage Meter Security*

OIG notified DOF that its current postage meter operations may pose a risk to the City. As of October 2013, DOF did not monitor the use of its four postage meters, despite the large amount of postage used by the department. In addition, DOF did not maintain a usage log to track employees using the meter or postage use for any of its four postage meters and did not produce reports or conduct audits on postage usage.

OIG became aware of this risk during the course of an investigation which also found that a DOF postage meter was the origination point of postage meter labels used to mail the personal packages of a retired DOF employee. The retired employee had occasional access to a DOF office in City Hall after retirement. OIG analysis determined that the postage meter associated with the improper conduct prints approximately \$80,000 in postage labels annually and is one of four postage meters used by DOF.

Because the subject of this investigation was not a City employee at the time of the incident, disciplinary action was not applicable. However, OIG recommended that DOF review its security and tracking methods for postage meters, consider using available security features such as password protection and usage reports, and consider maintaining a visitor log of all non-City

personnel permitted access to DOF offices. OIG also recommended that DOF take steps to prohibit the former employee from accessing DOF offices in the future.

In its response DOF states that it took immediate actions to fix the problems outlined by OIG including enabling the account and password features on each of its machines, establishing quarterly audits of all machines, and assigning responsibility for oversight. DOF indicated that it reduced the number of machines in use, committed to returning underutilized equipment, and now requires all visitors to register and be escorted within DOF office space.

G. Hiring Compliance

Under Chapter XII of the City of Chicago General Hiring Plan, Chapter XI of the City of Chicago (CPD) Hiring Plan, and Chapter IX of the City of Chicago Fire Department (CFD) Hiring Plan,⁶ OIG is required to review and audit various components of the hiring process and report on them quarterly. The General Hiring Plan requires both reviews and compliance audits. The plan defines reviews as a, "check of all relevant documentation and data concerning a matter," and audits as a, "check of a random sample or risk-based sample of the documentation and data concerning a hiring element." The following section first details results of OIG's reviews followed by results of OIG's compliance audits. The last section covers OIG hiring related escalations, complaints, and inquiries.

In addition, the hiring plans for the city, CPD, and CFD contain a requirement that OIG be provided with notice for "other employment actions," such as assignments and transfers. This requirement extends to a broad array of job actions through which City departments, and most particularly, CPD, place staff, including details and deployments, among others. At present, OIG is not receiving notice of such actions. OIG is presently working with DHR, CPD, and CFD to establish compliance with this requirement.

1. **Hiring Process Reviews**

(A) Contacts by Hiring Departments

OIG reviews all reported or discovered instances where hiring departments contacted the Department of Human Resources (DHR) or CPD Human Resources (CPD-HR) to lobby for or advocate on behalf of actual or potential Applicants or Bidders for Covered Positions or to request that specific individuals be added to any referral or eligibility list except as permitted by the Hiring Plan.

⁶ 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. The City of Chicago also filed the 2011 Chicago Police Department Hiring Plan (CPD Hiring Plan) on October 14, 2011, and the 2011 Chicago Fire Department Hiring plan (CFD Hiring Plan) on December 15, 2011. Collectively, the General Hiring Plan, the CPD Hiring Plan, and the CFD Hiring Plan will be referred to as the "City's Hiring Plans".

During the last quarter, OIG did not receive any reports of direct departmental contacts from DHR or CPD-HR.

(B) Exemptions

OIG reviews adherence to exemption requirements, Exempt Lists, and the propriety of Exempt List⁷ modifications. OIG receives and reviews notifications of all Shakman-ExempX appointments and modifications to the Exempt List on an ongoing basis. In addition to these ongoing reviews, OIG conducts an annual review of the Exempt List to ensure that the City is complying with the Shakman requirements to determine whether DHR is maintaining an accurate record of Shakman-Exempt employees and titles.

The reviews are based on DHR's last Exempt List update on February 10, 2014, which is available on DHR's website.⁸ The List included 1,285 City positions to be classified as Shakman-Exempt. These positions cover

various titles with a specific number of slots, which the City is allowed to fill using the Shakman-Exempt Position Hiring Process outlined in Chapter VIII of the General Hiring Plan. The review also used DHR's Exempt List database and a report from the Chicago Integrated Personnel and Payroll System (CHIPPS). DHR's database (DHR List) tracks Shakman-Exempt employees and Shakman-Exempt titles. The CHIPPS List includes all employees who have a iSTjaA'wa/j-Exempt status.

In the first quarter of 2014, OIG completed its 2014 annual Exempt List review. Generally, the 2014 annual review found DHR's records of Exempt employees and titles to be thorough and substantially accurate. OIG did, however, identify some discrepancies and issues during the course of our review, including,

- instances where employees were accounted for on the CHIPPS List but not the DHR List and vice versa; and
- examples where individual employees had different titles on the DHR and CHIPPS Lists.

In its response, DHR provided justifications for the various discrepancies, and stated that it updated the City's personnel database, as well as its own personnel tracking system, to reconcile the identified discrepancies. After reviewing DHR's response, OIG had no further substantive comments or concerns regarding the City's Exempt List and personnel records.

⁷ The Exempt List is a list of all City positions that are exempted from the requirements governing Covered positions (Shabnan-Exempt). Shakman-Exempt Positions are those for which any factor may be considered in actions covered by the City's Hiring Plans and Other Employment Actions, unless otherwise prohibited by law.

⁸ The link to the current Exempt List can be viewed here.

C) Senior Manager Hires

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

Of the 49 hire packets OIG reviewed this past quarter, four were for Senior Manager positions. Two of the Senior Manager hire packets contained an error. Specifically, the hire packets contained improper marks on the candidate assessment forms. OIG communicated these errors to DHR and recommended that all documentation related to the correction of this error be included in the hire packet.

OIG monitored interviews for one Senior Manager hiring sequence this past quarter.

D) Written Rationale

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

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

E) *Emergency Appointments*

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

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

F) *Review of Contracting Activity*

Prior to offering any contract or other agreement terms to any not-for-profit agency, for-profit contractor, or other organization or entity to provide services for the City, the requesting department shall give OIG advance notification. OIG is also required to review City departments' compliance with the City's "Contractor Policy" (Exhibit C to the City's Hiring Plan). Per the Contractor Policy, OIG may choose to review draft contract or agreement terms to assess whether they are in compliance with the Policy. The following chart details these contract notifications. 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.

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

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

¹¹ A volunteer worker is any worker, including a student, who is not paid a wage or a salary by the City of Chicago and who works for the City of Chicago.

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Table #5 - Contract Notifications

Name of the Contractor, Agency or other Organization	Name of Contracting Department	Duration of such Contract or Agreement
51st Street Business Association	DPD	1/1/2014-12/31/2014
Andersonville Chamber of Commerce	DHED	1/1/2014-12/31/2014
Back of the Yards Neighborhood Council (4 contracts)	DHED	1/1/2014-12/31/2014
Belmont-Central Chamber of Commerce	DHED	1/1/2014-12/31/2014
Beverly Area Planning Association	DHED	1/1/2014-12/31/2014
Calumet Area Industrial Development Commission (2 contracts)	DPD	1/1/2014-12/31/2014
Central Lakeview Merchants Association, Inc.	DHED	1/1/2014-12/31/2014
Chatham Business Association Small Business Development, Inc.	DPD	1/1/2014-12/31/2014
Chicago Loop Alliance	DHED	1/1/2014-12/31/2014
Devcorp North n/b/a Rogers Park Business Alliance	DPD	1/1/2014-12/31/2014
Devon North Town Business & Professional Association d/b/a	DHED	1/1/2014-12/31/2014
West Ridge Chamber of Commerce		

East Edgewater Chamber of Commerce, Inc.	DHED	1/1/2014-12/31/2014
Far South CDC	DPD	1/1/2014-12/31/2014
Greater Auburn Gresham Development Corporation	DHED	1/1/2014-12/31/2014
Greater Southwest Development Corporation (2 contracts)	DHED	1/1/2014-12/31/2014
Greater Southwest Development Corporation	DHED	1/1/2014-12/31/2014
Lake View East Chamber of Commerce (2 contracts)	DHED	1/1/2014-12/31/2014
Lincoln Park Chamber of Commerce (2 contracts)	DPD	1/1/2014-12/31/2014
Lincoln Square Ravenswood Chamber of Commerce	DPD	1/1/2014-12/31/2014
Lithuanian Human Services Council of the USA, Inc.	DHED	1/1/2014-12/31/2014
Little Village-26th Street Area Chamber of Commerce, Inc.	DHED	1/1/2014-12/31/2014
Morgan Park Beverly Hills Business Association	DHED	1/1/2014-12/31/2014
North River Commission	DPD	1/1/2014-12/31/2014
Northalsted Area Merchants Association d/b/a Northalsted Business Alliance	DHED	1/1/2014-12/31/2014
Northcenter Chamber of Commerce	DHED	1/1/2014-12/31/2014
Old Town Merchants and Residents Association	DPD	1/1/2014-12/31/2014
Quad Communities Development Corporation, NFP (2 contracts)	DHED	1/1/2014-12/31/2014
Ravenswood Community Council	DHED	1/1/2014-12/31/2014
Sauganash Chamber of Commerce, Incorporated	DHED	1/1/2014-12/31/2014
Six Corners Association	DPD	1/1/2014-12/31/2014
South Chicago Chamber of Commerce	DPD	1/1/2014-12/31/2014
South East Chicago Chamber of Commerce	DPD	1/1/2014-12/31/2014
South East Chicago Commission	DPD	1/1/2014-12/31/2014
South Shore Chamber, Inc. (2 contracts)	DHED	1/1/2014-12/31/2014
The 95th Street Beverly Hills Business Association	DHED	1/1/2014-12/31/2014
Uptown United	DPD	1/1/2014-12/31/2014

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Name of the Contractor, Agency or other Organization	Name of Contracting Department	Duration of such Contract or Agreement
West Humboldt Park Development Council	DPD	1/1/2014-12/31/2014
West Town Chicago Chamber of Commerce	DHED	1/1/2014-12/31/2014
Wicker Park & Uptown Chamber of Commerce	DPD	1/1/2014-12/31/2014
M3 Medical	DFSS	Through June 2014
Harvard Ash Summer Fellowship Program	Mayor's Office	Summer 2014
Department of Homeland Security Secretary's Honors Program Cyber Student Initiative	CPD	4-18 Weeks
Illinois Science and Energy Foundation	Mayor's Office	1/8/2014-12/31/2014
Third Party Sellers Agreement	Clerk's Office	5/26/2014-5/26/2016
Intergovernmental Agreement with Cook County Health and Hospital Systems	CDPH	1/1/2013-9/29/2014

2. Hiring Process Audits

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

OIG audits modifications to class specifications, minimum qualifications, and screening/hiring criteria. In the last quarter, OIG did not receive notice of any change in minimum qualification or utilization of additional equivalencies for specific hiring sequences. DHR continues to submit to OIG a bi-monthly report of updated or newly created class specifications.

B) *Referral Lists*

OIG audits the lists of Applicants/Bidders who meet the predetermined minimum qualifications that are generated by DHR for the position. Each quarter, OIG examines a sample of referral lists and provides commentary to DHR whenever potential issues arise. OIG recognizes that aspects of candidate assessment can be subjective and that there can be differences of opinion in the evaluation of a candidate's qualifications. Therefore, our designation of "errors" is limited to cases in which applicants who, based on the information provided,

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

¹²Class 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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- *were not referred and quantitatively met the minimum qualifications. In the first quarter of 2014, OIG audited five referral lists, none of which contained errors. (C) Testing*

OIG also audited testing administration materials¹³ for 14 completed test administrations¹⁴ from the fourth quarter of 2013. OIG found seven errors in the test administration audit and reported the errors to DHR. The individual errors and DHR's response to each error are detailed below. These errors did not affect the candidates' placement on position eligibility lists nor the final candidate selection decisions and did not constitute a violation of the Hiring Plan.

i. Department of Water Management A

OIG determined that, for one test administration, the grading of four candidates' answer sheets did not conform to the answer key. In all four instances, the DHR Testing Manager agreed with our assessment and rescored the test. The rescore did not affect the candidates' placements on the eligibility list or the final selection decisions for the position.

ii. Department of Water Management B

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

iii. Fleet and Facilities Management A

OIG determined that one candidate's score was inaccurately transferred to the overall score spreadsheet. The DHR Testing Manager confirmed the error. The correction of the overall score spreadsheet did not affect the candidate's placement on the eligibility list or the final selection decision for the position.

¹³ Testing administration materials include (1) the test booklet (or booklets, if multiple versions of the test were administered); (2) the sign in/sign out sheets; (3) the answer key; (4) the final cut score(s) and any documentation regarding the change of a cut score(s); (5) the individual test scores for each candidate for each test(s) that was administered; (6) the finalized test results sent to the DHR Recruiter; (7) the answer sheets completed by the candidates; (8) the rating sheets completed by the interviewers as part of the Foreman Promotional Process; (9) any additional emails or notes identifying issues surrounding the test administration or scoring (e.g. documentation identifying the individual test score changes for tests that are rescored, memos to file regarding non-scheduled candidates being allowed to test, etc.).

¹⁴ A test administration is considered to be completed when a test has been administered and the final candidate scores have been sent from the DHR Testing Division to the DHR Recruiting Division for candidate selection and processing.

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iv. Fleet and Facilities Management B

Two candidates are listed as no-shows on the sign-in/sign-out sheet. However, these candidates are not listed as no-shows on the spreadsheet sent to the DHR Recruiter. The DHR Testing Manager confirmed that the candidates were not listed in the materials sent to the DHR Recruiter, but indicated that the requirement to record no-shows in such a fashion was not clear. OIG recommended that DHR Testing update any templates used to record final candidate outcomes to reflect "no-show" as a potential result. DHR Testing agreed with our recommendation.

D) *Selected Hiring Sequences*

The Hiring Plan requires OIG to audit 10% in the aggregate of in-process and at least 5% of completed hiring sequences from the following departments or their successors: Streets and Sanitation, Water Management, Aviation, Transportation, Buildings, Fleet, and six other City departments selected each quarter at the discretion of OIG.

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

During the first quarter of 2014, OIG completed an audit of hire packets for 49 hiring sequences. OIG selected these packets based on risk factors such as past errors, complaints, and historical issues with particular positions. Of the 49 packets audited, there were errors in 11 packets. Four errors were due to missing or incomplete documentation (for example, an expired driver's license), three errors involved missing Hire Certifications, and four errors involved improper marks on Candidate Assessment Forms. The errors within three of the eleven hiring packets were attributable to the hiring department rather than DHR.

E) *Monitoring Hiring Sequences*

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

OIG decides to monitor hiring sequences based on risk factors such as past errors, complaints, and historical issues with particular positions. During the past quarter, OIG monitored one intake meeting, three testing administrations, four sets of job interviews, and five consensus meetings. The table on the next page shows the breakdown of monitoring activity by department.¹⁵

¹⁵ If a department is not included in this table, OIG did not monitor any elements of a hiring sequence for that department in-person.

Table #6 - First Quarter 2014 OIG Monitoring Activities

Department	Number of Intake Meetings Monitored	Number of Tests Monitored	Number of Interview Sets Monitored	Number of Consensus Meetings Monitored
Chicago Fire Department	1	0	1	1
Chicago Police Department	0	1	0	0
Chicago Public Library	0	0	1	2
Department of Streets and Sanitation	0	2	0	1
Office of Emergency Management and Communications	0	0	1	1
Department of Water Management	0	0	1	0
Total	1	3	4	5

F) *Hiring Certifications*

Hiring Certifications are the required certifications attesting that no Political Reasons or Factors or other Improper considerations were taken into account in the applicable action.

Of the 49 hire packets audited in the last quarter, three contained missing, invalid, or late Hiring Certifications from DHR and/or the Hiring Department. The "Selected Hiring Sequences" section above included these errors in

its tally. In one of the three hire packets, a Hire Certification was missing for the Commissioner. The other two errors were instances in which the candidate list that was referenced on the certification form was missing. After OIG reported the omissions to DHR, the missing certification and candidate lists were included in the packets.

G) *Acting Up*¹⁶

OIG audits the City's compliance with Chapter XI of the General Hiring Plan,¹⁷ the Acting Up Policy, and all Acting Up waivers processed by DHR.

On January 1, 2014, the City implemented a new Acting Up Policy, accompanied by stricter enforcement standards. Prior to the implementation of the new policy, enforcement and compliance with the Acting Up Policy varied by department and was generally disregarded in at least one major department. Over the past quarter, to address this compliance issue, DHR retrained all department HR liaisons, and instituted stricter enforcement standards.

¹⁶ Acting Up is where an employee is directed to, and does perform, or is held accountable for, substantially all of the responsibilities of a higher position.

¹⁷ Chapter VIII of the CFD Hiring Plan and Chapter X of the CPD Hiring Plan follow the same guidelines as Chapter XI of the General Hiring Plan.

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

Table #7 - DHR Approved Waivers to the City's 90 Day Acting Up Limit

Department	Position	Number of Employees	Date of Response	Duration of Waiver
CDOT	General Foreman of Painters	1	3/27/14	Through end of construction season 2014
2FM	Foreman of Steamfitter	1	3/26/14	6/7/2014

(H) *Arbitrations and Potential Resolution of Grievances by Settlement*

OIG is required to conduct audits of all arbitration decisions and grievance settlement agreements that arise out of Accord complaints or that may impact the procedures under the City's Hiring Plans or Other Employment Actions.

In the first quarter of 2014, OIG received and reviewed two settlement agreements from DHR and Law. The following chart details the Union involved in each settlement agreement, the City Department(s) affected by the settlement agreement, the position(s) affected by the settlement agreement, and a brief description of the terms of the settlement agreement.

Table #8 - Settlement Agreements in Received and Reviewed in First Quarter

Union	City Department	Position	Settlement Description
Teamsters Union Local 700	CDOT	Pool Motor Truck Driver	City agreed to extend the CDOT Weekend Pothole Shift utilizing 6 DSS Motor Pool Truck Drivers
AFSCME Local 505	CDOT	Finance Officer	City agreed to maintain grievant's title as Finance Officer rather than reclassify to Chief Contract Expediter

3. Reporting of Other OIG Hiring Oversight Activity

(A) Escalations

Recruiters and Analysts in DHR must escalate concerns regarding improper hiring to OIG. OIG evaluates the circumstances surrounding the escalation and may do one or more of the following investigate the matter, conduct a review of the hiring sequence, refer the matter to the DHR Commissioner or appropriate Department Head for resolution, and/or refer the matter to the Investigations Section of OIG.

OIG received two escalations in the last quarter, one of which is still pending. Additionally, there is one escalation pending from the fourth quarter of 2013. The details of the pending escalations

will be reported in a future quarterly report, once the review is complete. OIG concluded one escalation in the first quarter of 2014 which is detailed below:

i. Office of Emergency Management and Communications (Escalation #2014-1)

On February 4, 2014, a DHR Deputy Commissioner informed OIG that DHR was escalating a hire sequence based on contact received from a candidate. Specifically, the candidate felt that one of the interviewers on the panel should have recused themselves from the interview process because of the nature of their past working relationship. After conducting its own review, OIG recommended Office of Emergency Management and Communications re-interview the qualified candidates for the position using new interview panelists. DHR agreed with OIG's recommendation.

B) Compliance Inquiry

i. Chicago Fire Department (Inquiry # 13-0442)

The Hiring Oversight Section of OIG conducted an inquiry of a CFD employee Acting Up into a higher-graded, Shakman-covsrQd position for more than 90 days without the approval of DHR, and the subsequent decision to promote the same CFD employee to that higher-graded title. Following the Hiring Oversight Section's review, it was determined that CFD failed to comply with the City's Acting Up Policy and the Acting Up provisions of the CFD Hiring Plan when it selected the CFD employee to Act Up into the position and allowed the employee to remain there for three years, without permitting other qualified personnel of the same rank to Act Up. As a consequence of the unique skill-set the employee acquired from this improperly extended the Acting Up period, the employee obtained significant advantage over other candidates considered for the position.

OIG concluded that CFD's failure to comply with the Acting Up Policy and other procedural anomalies that occurred during the hiring sequence warranted both the reposting of the position and for CFD to strictly apply the City's Acting Up Policy by forming a pool of eligible employees and rotating them by seniority into the title for a period not to exceed 90 days while the new hiring sequence is in process. OIG requested that DHR and CFD report what action they intended to take to OIG within 30 days.

CFD and DHR responded and acknowledged that CFD did not comply with the City's Acting Up Policy, and will repost the position at issue, submit new interview questions to DHR for approval, and re-interview qualified candidates.

C) *Processing of Complaints*

OIG Hiring Oversight receives complaints regarding the hiring process, including allegations of unlawful political discrimination and retaliation and other improper influence in connection with any aspect of City employment. Complaints received by the OIG Hiring Oversight Section may be resolved in several ways depending upon the nature of the complaint. If there is an allegation

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of misconduct, the complaint may be referred to the Investigations Section of OIG. If there is an allegation of a breach of policy or procedure, the OIG Hiring Oversight Section may conduct an inquiry into the matter to determine if such a breach occurred. If a breach of policy or procedure is found, the OIG Hiring Oversight Section may resolve the matter by making corrective recommendations to the appropriate department or referring the matter to the Investigations Section of OTG. If no breach of policy or procedure is found, the OIG Hiring Oversight Section may refer the matter to DHR and/or the appropriate department for resolution or close the complaint.

The OIG Hiring Oversight Section received 20 complaints in the past quarter. The chart below summarizes the disposition of these 20 complaints as well as complaints from the previous quarter, which were not closed when OIG issued its last report.

Table #9 - Disposition of Hiring Oversight Complaints Received in Fourth Quarter

Status	Number of Complaints
Cases Pending as of the end of the 4th Quarter of 2013	35
Complaints Received in the 1 st Quarter of 2014	20
Total cases closed in the 1 st Quarter	31
Closed by Referral to OIG Investigations	0
Closed by Referral to DHR	2
Closed with Recommendations to the Hiring Department and/or DHR	0
Pending with OIG Hiring Oversight as of 3/31/2014	25

City of Chicago Office of Inspector General

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To Report Fraud, Waste, and Abuse in City Programs

Call OIG's toll-free hotline 866-IG-TIPLINE (866-448-4754). Talk to an investigator from 8:30 a.m. to 5:00 p.m. Monday-Friday. Or visit our website:

<<http://chicagoinspectoreeneral.ore/eet-involved/fieht->>

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MISSION

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

- Administrative and criminal investigations Audits of City programs and operations
- Reviews of City programs, operations, and policies

From these activities, OIG issues reports of findings, disciplinary, and other recommendations to assure that City officials, employees, and vendors are held accountable for the provision of efficient, cost-effective government operations and further to prevent, detect, identify, expose and eliminate waste, inefficiency, misconduct, fraud, corruption, and abuse of public authority and resources.

Authority

The authority to produce reports and recommendations on ways to improve City operations is established in the City of

Chicago Municipal Code § 2-56-030(c), which confers upon the Inspector General the following power and duty:

To promote economy, efficiency, effectiveness and integrity in the administration of the programs and operations of the city government by reviewing programs, identifying any inefficiencies, waste and potential for misconduct therein, and recommending to the mayor and the city council policies and methods for the elimination of inefficiencies and waste, and the prevention of misconduct.