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

Quarterly Report of the Office of Inspector General Third Quarter 2014

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OCTOBER 15,2014

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Joseph M. Ferguson Inspector General

OFFICE OF INSPECTOR GENERAL

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

The investigations closed by OIG this quarter demonstrate the diverse range of expertise and capabilities of this office. OIG investigations found, among other activities, unauthorized use of City property, bribery, falsification of employment related documents, and a violation of the City's minority-owned business enterprise policies.

OIG's continuing productive partnership with the United States Attorney's Office for the Northern District of Illinois and the Chicago Field Office of the Federal Bureau of Investigation also brought significant developments-including arrests and indictments-in two investigations this past quarter:

- A five-count federal indictment alleging that a taxicab executive participated in an interstate automobile title-washing conspiracy that placed salvage vehicles into service as Chicago taxis.
- A multi-count federal corruption indictment against a former senior CDOT official, and a senior executive and consultant for former City vendor Redflex Traffic Systems, Inc. in OIG's ongoing investigation of the City's red light camera program.

Last week, OIG released a separate and independent review of red-light camera operations undertaken at the request of the Mayor and members of the City Council. The review found that the City is improving its management of a program that lacked critical and fundamental supervision of its outcomes and its former vendor, Redflex.

As we head into the final quarter of the year, the office is thinking towards 2015. Last month our Audit and Program Review section released its Draft Annual Audit Plan for next year. The plan is available on our website for public comment until November 12th. I encourage you to participate in OIG's planning, and send us your suggestions for City audits.

Website: www.ChicagoInspectorGeneral.org <<http://www.ChicagoInspectorGeneral.org>>
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Because of the diligent work of our staff, as summarized in our quarterly reports, OIG is increasingly recognized as national and international leader in municipal and local government oversight. OIG staff made presentations and participated in panels at international anti-corruption and oversight programs sponsored by the New York City Office of the Mayor and Department of Investigations. In addition, OIG hosted senior officials from the Montreal OIG this quarter, who sought our guidance and advice on processes and standards to apply to their newly-created oversight agency. In fact, our staff regularly advises and responds to inquiries from ethics and accountability offices across North America. These interactions provide us with opportunities for reexamining and solidifying our own operations, as well as helping to establish a counter narrative to Chicago's still lingering reputation as a capital of clout.

As always, I encourage you to do your part in preventing waste, fraud, and mismanagement in the City. Please continue to send OIG your complaints, concerns, and ideas for audits. Do not hesitate to alert our office if you have suggestions for improving City or OIG operations or our reporting mechanisms.

Joseph M. Ferguson Inspector General City of Chicago

Respectfully,

OIG Quarterly Report -3rd Quarter 2014

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OIG Quarterly Report 3rd Quarter 2014

This quarterly report provides an overview of the operations of the Office of Inspector General (OIG) during the period from July 1, 2014, through September 30, 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 promote economy, effectiveness, efficiency, and integrity in City government by rooting out corruption, waste, and mismanagement. OIG is a watchdog for the taxpayers of the City, and it has jurisdiction to conduct independent inquiries into most aspects of City government.

OIG accomplishes its mission through investigations, audits, and other reviews. OIG issues summary reports of investigations to the Mayor and appropriate City management officials, with investigative findings and recommendations for corrective action and discipline. Narrative summaries of sustained investigations are

released in quarterly reports. OIG's Audit Reports and Advisories are directed to management officials for comment and then are released to the public through publication on the OIG website. OIG's Department Notifications are sent to 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 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 456 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	303
Accepted	41
Referred	101
Other/Pending Review	11
Total	456

As the table shows, for the vast majority of complaints, OIG declined to investigate the allegation. Before OIG declines to investigate a complaint it is evaluated by a Complaint Intake Committee and the Deputy Inspector General for Investigations. Among other factors, this evaluation gauges the investigative viability and potential magnitude or significance of the allegations-both individually and programmatically-the investigative resources likely needed to effectively investigate the matter, and the 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 frequent 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

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Complaints Origin

2. Newly Opened Investigations

During the quarter, OIG opened 154 investigations. Of the opened investigations, 151 centered on allegations of misconduct, and 3 centered on an allegation of "other." There were 11 OIG-initiated complaints this quarter. Of the 154 opened matters, 111 were immediately referred to other departments or investigative agencies, and 43 cases proceeded to a full OIG investigation. Of the newly opened investigations, one was found to be sustained, and 42 remained open at the end of the quarter.¹

Opened investigations may include complaints received in prior quarters.

The following table categorizes the 154 matters opened by OIG based on the subject of the investigation.

Table #2 - Subject of Investigations

Subject of Investigations	Number of Investigations
City Employees	121
Contractors, Subcontractors, and Persons Seeking City Contracts	4
Elected Officials	9
Other	20
Total	154

3. Cases Concluded in Quarter

During the quarter, OIG concluded 138 investigative matters, 111 of which were the aforementioned referrals to City departments or other investigative agencies. Of the 111 referred investigative matters, 85 were referred to a City department, and 26 were referred to other entities such as a sister agency. Of the remaining concluded matters, 11 were closed sustained, 14 were closed not sustained, and 2 were closed administratively. A case is sustained when the evidence sufficiently establishes that either an administrative or criminal violation has occurred. A case is not sustained when OIG concludes that the available evidence is insufficient to prove a violation under applicable burdens of proof. A case is closed administratively when the matter, in OIG's assessment, has been or is being appropriately treated by another agency or department, the matter was consolidated with another investigation, or the investigation was sustained but did not result in disciplinary or other administrative recommendations.

4. Pending Investigations

Including the remaining 42 investigations opened this quarter, OIG has a total of 124 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 124 pending investigations, 47 investigations have been open for at least twelve 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.	2
Complex investigation. Generally involve difficult issues or multiple subjects.	33
Lack of sufficient investigative resources over the course of the investigation. Investigator's caseloads were too high to enable cases to be completed in a timely manner.	8
On hold, in order not to interfere with another ongoing investigation.	1
Under review by the Legal Section or the DIG-Investigations prior to closing.	3
Total	47

6. Ethics Ordinance Complaints ²

During this quarter, OIG received one ethics ordinance complaint, which was referred to another city department.

C. Sustained Administrative Cases

OIG cases can be administrative, criminal, or both. Administrative cases include violations of City rules, policies or procedures, and/or waste or inefficiency. As provided by MCC § 2-56-060, for sustained administrative cases, OIG produces summary reports of investigation—a summary and analysis of the evidence and recommendations for disciplinary or other corrective action. 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.

The following are brief synopses of investigations completed and reported as sustained matters. These synopses are intended to provide an illustrative overview of the general nature and

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.

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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. In the response Departments inform OIG of what action they intend 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 waits to report on cases regarding current City employees until the subject's department has acted and/or otherwise made final determination regarding an OIG 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.

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

Case Number	Department	Number of Subjects	OIG Recommendation	Department Action
10-0922	Transportation	1	Ineligible for rehire	Designated as Resigned Under Inquiry
10-0922	Transportation	3	Appropriate Discipline/ Termination and Shakman Training	One and Two-Week Suspensions and Shakman Training
10-0922	Transportation	1	Sanction and Restitution	Pending
11-0537	Water Management	1	Refer to Law Department for Recovery	Referred to Law Department
12-1358	Water Management	1	Appropriate Discipline	15-Day Suspension
12-1371	Finance	1	Appropriate Discipline	29-Day Suspension
13-0060	Sanitation	1	Appropriate Discipline/ Termination	7-Day Suspension
Prior Case Update, 13-0139	Procurement	1	Debarment	Issued Debarment Notification
13-0308	Procurement/Aviation	1	Debarment	Issued Debarment Notification
13-0474	Transportation	2	Make findings and place OIG Report in Personnel File	Concurred with OIG findings and placed OIG Report in Personnel File

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(A) *OIG Case # 10-0922*

An OIG investigation established that multiple Chicago Department of Transportation (CDOT) employees violated the Shakman Accord and the City's Personnel Rules by retaining the services of two private consultants who operated as common-law City employees. More specifically, an engineering consultant, who reported to CDOT Employee A on a daily basis, was found to have worked solely on City projects, used City equipment, and generally operated in a manner that was indistinguishable from the other City engineers working under CDOT Employee A's supervision. In addition, an IT consultant with the same Vendor also reported directly to CDOT employees, worked out of a City facility, used City equipment, and worked almost exclusively for the City for four years.

The evidence also established that these consultants performed work outside the scope of the contracts through which their services were billed and paid. The consultants, at the direction of superiors in the City and the Vendor, submitted timesheets for work on the City's residential concrete and miscellaneous asphalt (RCMA) projects, even though they performed no services on those projects. The Vendor, and specifically Executive A, used these false time sheets to ensure that the Vendor was paid for the time the consultants spent on unrelated City work. This falsification was carried out with the approval of supervisory CDOT Employee C, CDOT Employee A, and CDOT Employee B, the project manager for the relevant contracts.

OIG's investigation further demonstrated that another supervisory CDOT employee (Employee D) was a sibling of Vendor Executive B and created an appearance of impropriety by failing to fully recuse him/herself from the execution and administration of the City's contracts with the Vendor. Specifically, the investigation revealed that CDOT Employee D monitored the construction schedules of the RCMA projects to which the consultants billed their time and had extensive and regular communication with Vendor Executive B regarding the execution and administration of those RCMA projects. CDOT Employee D's involvement, whether intended or not, may have led to apprehension amongst the CDOT employees overseeing and managing the Vendor's contract performance. Further, in late 2009 or early 2010, in response to an employee's concerns regarding the accuracy of the consultants' timesheets, CDOT Employee D instructed the employee to leave the billing as it was, despite that Employee D had extensive knowledge of the RCMA program.

Based on the foregoing, the evidence established that:

- CDOT Employee A and Employee C violated the City's False Claims ordinance (MCC § 1-22-020), as well as several of the City's Personnel Rules by knowingly authorizing the City's payment of numerous false Vendor invoices.
- CDOT Employee B violated the City's Personnel Rules by signing off on the Vendor's invoices for the consultants without first reviewing the invoices or the timesheets attached to them.
- CDOT Employee D violated several City Personnel Rules, by failing to ensure a proper separation of duties in light of the manifest conflict of interest created by CDOT Employee D's familial relationship with Vendor's Executive B.

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Based on OIG's findings, OIG would have recommended that CDOT terminate CDOT Employee C, but CDOT Employee C is no longer a City employee. OIG therefore recommended that CDOT issue a written decision of findings of violations by CDOT Employee C and request that the Department of Human Resources (DHR) classify CDOT Employee C as ineligible for rehire and place a copy of CDOT's findings in CDOT Employee C's personnel file along with a copy of OIG's report.

OIG also recommended that the City impose discipline, up to and including termination, on CDOT Employee A and Employee D. To the extent the City chose to impose a suspension on CDOT Employee A rather than termination, OIG recommended that CDOT Employee A be required to attend a specialized Shakman training regarding the use of common-law employees and the retention of private consultants.

In addition, OIG recommended that the City impose discipline on CDOT Employee B commensurate with the gravity of CDOT Employee B's respective violations, past disciplinary and work history, and department standards, and that CDOT Employee B be required to attend a specialized Shakman training.

Finally, for knowingly submitting false invoices to the City on a consistent basis for over six years, OIG recommended that the Department of Procurement Service (DPS) impose sanctions on the Vendor pursuant to § VIII, % 8.04 of the City Debarment Rules and seek return of the City's improper payments to the Vendor, either as restitution or as part of a cost recovery action.

In response, CDOT issued a two-week suspension to CDOT Employee A (not to be served until December 2014 due to purported CDOT operational needs) and a one-week suspension to CDOT Employee B. CDOT stated that both employees would also receive specialized training from DHR on the Shakman contractor policy.

CDOT found that CDOT Employee A should have been "more diligent in reviewing bills," and acknowledged that the sustained allegations against CDOT Employee A were "serious." But, CDOT also stated that CDOT Employee A "cooperated in the interviews with the [OIG]" and "was a mid-level manager at the time of the misconduct, with a less culpable role in the misconduct than more senior supervisors." Likewise, CDOT acknowledged that the allegations against CDOT Employee B were "significant." However, CDOT stated CDOT Employee B "was a mid-level manager at the time of the misconduct, with a less culpable role than other supervisors involved in the billing process," and "did not benefit from the misconduct."

With respect to CDOT Employee C, CDOT concurred with OIG's recommendation that DHR's Commissioner place a copy of OIG's report in CDOT Employee C's personnel file and "keep [his/her] status as Resigned Under Inquiry." However, CDOT stated that "[t]he findings against [CDOT Employee C] do not meet the City's criteria to classify [CDOT Employee C] as Ineligible For Rehire."

CDOT Employee D was issued a one-week suspension.

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Finally, DPS reported that it sent a letter to the Vendor with the "pertinent details" of OIG's report and advised the Vendor that it had 30 days to provide DPS with a response. DPS indicated that after receiving that response, it "will be able to further respond to OIG regarding the actions DPS will be taking regarding OIG's findings and recommendations."

B) *OIG Case #11-0537*

An OIG investigation established that an elevator company breached its City elevator maintenance contract in 2005 and 2006 by invoicing the Department of Water Management (DWM) for its purported monthly maintenance of five City elevators, even though the company only performed a small percentage of the invoiced services. Because the City paid the company's false invoices in full, the company ultimately received \$44,716.25 in City funds to which it was not entitled. OIG therefore recommended that DWM find that the City paid the company for services it did not actually perform, and that it accordingly refer its findings to the Law Department to take legal action to recover those funds.

In response, DWM indicated that it was referring the matter to the Law Department for consideration of a breach of contract action.

C) *OIG Case # 12-1358*

An OIG investigation established that a DWM construction laborer violated the City of Chicago Personnel Rules by regularly leaving the worksite to go home for extended periods of time during the work day without authorization.

The laborer admitted going home during the work day, but offered two excuses for this action. First, the laborer claimed that a medical condition necessitated going home during certain portions of the day. However, the laborer had not sought a medical accommodation to return home in the middle of the day, and did not establish that supervisors were aware of the medical condition.

Second, the laborer claimed to work additional off-the-clock hours that compensated for the time spent at home. However, the laborer provided no evidence that this arrangement existed and could provide no proof of the extra hours worked.

OIG recommended that DWM, at its discretion, impose discipline commensurate with the seriousness of the laborer's misconduct, position of authority, disciplinary history, and department standards. DWM agreed with OIG's findings and suspended the laborer for 15 days. The laborer waived the right of appeal. In addition, during the course of the investigation, the laborer's supervisors realized that the laborer performed duties that were supervisory in nature and that the laborer did not have a direct supervisor. DWM subsequently moved the laborer back to duties more in line with the laborer's job title and assigned the laborer a direct supervisor.

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D) *OIG Case #12-1371*

An OIG investigation established that a Parking Enforcement Aide (PEA) with the Department of Finance (DOF) sent a discourteous email to a Chicago Police Department (CPD) District threatening the use of official authority in a disproportionate manner, in violation of City Personnel Rules.

More specifically, the evidence revealed that the PEA sent what the PEA believed was an anonymous email to a CPD District. In the email, the PEA profanely expressed outrage at and threatened retaliation for what the PEA, who identified his/her job title, believed was an unfair parking ticket that a co-worker received from a Police Officer. The PEA threatened to aggressively ticket personal vehicles parked in the CPD District's police-vehicle-only parking lot, above and beyond prevailing enforcement practices.

Using the PEA's title and knowledge, the PEA directed a retaliatory, crass, and unprofessional email. This email constituted discourteous treatment to and verbal abuse of a fellow City employee and communicated a threat of disparate and disproportionate use of official authority, in violation of City Personnel Rules prohibiting discourteous treatment and conduct unbecoming. OIG therefore recommended that DOF impose discipline commensurate with the conduct and the PEA's disciplinary history. On July 2, 2014, DOF advised that it will impose a 29-day suspension on the PEA.

Based on information obtained during this investigation, OIG also notified CPD and DOF of a perceived acrimonious institutional relationship between CPD and DOF - see 2014 2nd Quarter Report.

E) *OIG Case # 13-0060*

An OIG investigation determined that an employee with the Department of Streets and Sanitation (DSS) violated the City of Chicago Personnel Rules. Specifically, the employee used a City vehicle for personal business while off duty and then subsequently provided false or deliberately misleading information to OIG about that usage. Additionally, OIG determined that the employee sought to conceal the vehicle misuse by using a subordinate's assigned City vehicle instead of the fully operational vehicle the employee had been assigned. Such misconduct called into question the employee's judgment and suitability to be a supervisor.

OIG recommended that DSS, at its discretion, impose discipline up to and including termination, commensurate with the seriousness of the employee's misconduct, position of authority, disciplinary history, and department standards.

DSS agreed with OIG's findings and imposed a seven-day suspension, citing the employee's "positive work history."

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F) *OIG Case Update # 13-0139*

An OIG investigation closed in the first quarter of 2014 found that a purported minority-owned business enterprise (MBE) violated City policy. The investigation established that the City vendor (the 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.

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 further recommended that DPS initiate proceedings to impose sanctions on the Vendor and its principal pursuant to City Debannment Rules.

DPS sent a redacted copy of OIG's report to the Vendor and Vendor provided several responses to DPS, which DPS considered inadequate. On July 24, 2014, DPS sent a notice of proposed debarment to Vendor and its principal. The debarment proceedings are currently pending.

G) *OIG Case # 13-0308*

A recently concluded OIG investigation established that a City Vendor's (the Vendor) employee violated the Illinois Criminal Code, City of Chicago policies regarding vendors and contractors, and the Municipal Code of Chicago, all of which constituted a breach of the Vendor's contract with the City. The Vendor has a contract with the City of Chicago Department of Aviation (CDA) to manage airport parking and related operations including scanning and booting of vehicles that DOF indicates are eligible for booting. The employee (Booter A) solicited and accepted a bribe from the driver of a vehicle parked in an airport lot in exchange for releasing a "Denver boot" from the car.

Specifically, the victim (Victim B) reported being solicited for a bribe of several hundred dollars in exchange for the release of a vehicle immobilized due to fines totaling nearly \$2,000. The evidence revealed that Booter A was the only person working in the booting operation at that location on that night.

Following payment of the bribe, Victim B contacted CPD, which took the complaint and investigated further. Victim B described to CPD a person matching Booter A's description and identified Booter A in a CPD photo array. CPD arrested Booter A, sought charges, and notified OIG. Immediately after CPD arrested Booter A, the Vendor suspended the employee and subsequently cooperated with OIG's investigation. Booter A remains on suspension.

OIG's investigation amassed further evidence tying Booter A to Victim B, and that showed that Booter A's explanations were not credible. OIG therefore sustained the allegations of misconduct. Booter A's conduct constituted two violations of the Illinois Criminal Code. First, Booter A's solicitation and acceptance of funds from Victim B in exchange for the boot release

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is an illegal bribe. Second, Booter A's acts also constituted "public contractor misconduct." Additionally, during OIG's investigation Booter A made false statements and failed to cooperate with the investigation as required under provisions in the Vendor's Contract and the Municipal Code of Chicago.

Finally, Booter A's actions-including unauthorized release of a booted vehicle, making false entries and material omissions in official logs and records related to that vehicle, and solicitation of the bribe-present several grounds for debarment under DPS debarment rules.

OIG therefore recommended that the City make findings with respect to Booter A's conduct, and, to the extent the City concurs, direct that DPS initiate proceedings to debar Booter A and provide a copy of this summary report to the Vendor. On September 3, 2014, DPS stated that it had initiated debarment proceedings against Booter A by sending a Notice of Proposed Debarment. DPS will notify OIG of what actions it intends to take after reviewing Booter A's response, if any is submitted.

On September 4, 2014, CDA responded to OIG by noting that CDA "does not tolerate this type of conduct from [its] contractors or their employees." CDA further noted that it had received assurances from the Vendor that it had advised its staff, including members of the Boot Crew, of the impropriety of Booter A's actions and the consequences of those types of actions (including the possibility of termination). CDA finally noted that the Vendor provides annual training during which it reinforces the message that illegal conduct such as this activity is prohibited.

(H) OIG Case # 13-0474

An OIG investigation found that two former officials of CDOT intentionally created false employment records and caused the entry of false payroll codes for the purpose of concealing a two-week suspension imposed on CDOT Employee A. The suspension was issued as discipline for engaging in historical, illegal, political patronage hiring, a finding of the Shakman Monitor.

The CDOT officials intentionally caused CDOT Employee A's suspension to appear in the City's payroll and personnel records as requested voluntary unpaid leave to attend to a family matter. The CDOT officials stated that they wanted to save embarrassment for CDOT Employee A and the department by misrepresenting the true reason for that employee's absence from work. However, both officials represented to the Law Department that they had taken the appropriate disciplinary measures against CDOT Employee A - statements that were proven false.

Months later, the Law Department initiated an investigation into why CDOT Employee A was never formally disciplined. Aware of the Law Department's investigation, one of the CDOT officials hastily directed that CDOT Employee A be formally issued a two-week suspension. As a result CDOT Employee A took a total of four weeks of unpaid leave instead of two. Had these CDOT officials instead consulted with the Law Department or DHR about re-coding the voluntary leave time as a disciplinary suspension, CDOT Employee A could have been spared from taking an additional two weeks of unpaid time.

Because these two CDOT officials have resigned from City employment, OIG recommended that the Mayor's Office place copies of OIG's investigative report in their personnel files should either seek City employment in the future. The Mayor's Office concurred with OIG's findings and recommendations for each of the former officials.

D. Criminal Cases, Administrative Appeals, Grievances, and Recoveries

In criminal cases, OIG partners with the U.S. Attorney's Office, the Illinois Attorney General's Office, or the Cook County State's Attorney's Office. For the purposes of OIG quarterly reports, criminal cases are considered concluded when the subject(s) 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 Human Resources Board³ and grievance arbitrations concerning our disciplinary recommendations.

1. Synopses of Criminal Cases

During this quarter, three criminal charges resulted from OIG cases. A criminal charge in the form of a complaint or indictment is not evidence of guilt. The defendants are presumed innocent and are entitled to a fair trial at which the government has the burden of proving guilt beyond a reasonable doubt.

(A) United States of America v. John Bills, 14-CR-135 (U.S.D. C. ND IL)

On August 13, 2014, John Bills, Karen Finley, and Martin O'Malley were indicted on federal corruption charges involving the City of Chicago's red light camera program. The Federal Bureau of Investigation, the Internal Revenue Service Criminal Investigation Division, and OIG partnered on the investigation.

³ HRB definition: A "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." City of Chicago. Department of Human Resources - Structure. http://www.ciwofchicago.org/city/en/depts/dhr/auto_generated/dhr_our_structure.html <http://www.ciwofchicago.org/city/en/depts/dhr/auto_generated/dhr_our_structure.html> (accessed July 9, 2014)

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Finley, former chief executive officer of Chicago's first red light camera vendor, Redflex Traffic Systems, Inc., and O'Malley, Redflex's customer liaison with the City, were indicted on federal corruption charges together with Bills, a retired City official, after he alone was charged initially in May.

The 23-count indictment alleges that Finley and other Redflex officials provided Bills, who managed the City's red light camera program, with approximately \$570,000 cash and other personal benefits in exchange for Bills' providing inside information and assisting Redflex in obtaining, keeping, and expanding its Chicago contracts that grew to \$124 million. The indictment alleges that Finley and other officials of Phoenix-based Redflex conspired to funnel cash and benefits to Bills through his friend, O'Malley, by hiring O'Malley as an independent contractor.

Finley was indicted on nine counts of mail fraud, three counts of wire fraud, three counts of federal program bribery, and one count of conspiracy to commit federal program bribery. O'Malley was indicted on one count of conspiracy to commit federal program bribery. Bills, a 32-year City employee who retired in 2011 as Managing Deputy Commissioner of CDOT, was indicted on nine counts of mail fraud, three counts of wire fraud, three counts of federal program bribery, three counts of filing a false federal income tax return, and one count each of extortion and conspiracy to commit federal program bribery. The indictment also seeks forfeiture from all three defendants of approximately \$613,400 as well as proceeds from the sale of a condominium in Gilbert, Arizona.

Each count of mail and wire fraud and extortion carries a maximum sentence of 20 years in prison; federal program bribery carries a maximum of 10 years in prison; and conspiracy carries a maximum of five years in prison and a \$250,000 maximum fine, while the mail and wire fraud counts also carry an alternate maximum fine of twice the gain, or twice the loss, whichever is greater. The tax counts against Bills each carry a maximum of three years in prison and a \$250,000 fine. Defendants convicted of tax offenses must pay the costs of prosecution and remain civilly liable for any back taxes, as well as a potential civil fraud penalty of up to 75 percent of the underpayment plus interest. Restitution is mandatory. If convicted, the court must impose a reasonable sentence under federal sentencing statutes and the advisory United States Sentencing Guidelines.

(B) United States of America v Aleksandr Igolnikov 14-CR-484 (U.S.D. C. ND IL)

On August 29, 2014, Alexander Igolnikov was charged with one count of conspiracy and two counts each of interstate transportation of false automobile titles and possession of false auto titles in a five-count indictment. Igolnikov is the former owner of Seven Amigos Used Cars and vice president of Chicago Elite Cab Corp., which operated taxis under city taxi medallions managed by Chicago Elite Cab and related entities affiliated with Chicago Carriage Taxi Company. The indictment alleges that Igolnikov caused at least 180 vehicles that were salvaged or rebuilt to illegally obtain clean titles from Indiana and Illinois and, as a result, to illegally operate as licensed and registered taxicabs in the City of Chicago.

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The indictment alleges that between 2007 and April 2010, Ignolikov conspired with three unnamed auto brokers, two in Indiana and one in Illinois, to purchase vehicles with salvage titles from online auction sites; fraudulently obtain either clean or rebuilt Indiana titles for those vehicles by submitting false paperwork to the Indiana Bureau of Motor Vehicles; and then use those re-issued Indiana titles to obtain clean Illinois titles. Ignolikov and his associates then, allegedly, concealed from the City of Chicago the fact that the vehicles were previously issued salvage or rebuilt titles, which legally prohibited them from being used as taxis. The indictment was unsealed following Ignolnikov's arrest on September 29, 2014. OIG initiated and partnered with the Federal Bureau of Investigation on the investigation.

Conspiracy carries a maximum sentence of five years in prison, while interstate transportation and possession of false auto titles carries a maximum penalty of 10 years in prison and a \$250,000 maximum fine. If convicted, the court must impose a reasonable sentence under federal sentencing statutes and the advisory United States Sentencing Guidelines.

2. Developments in Prior Charged Criminal Cases

During this quarter, there were no significant developments in previously reported criminal cases.

3. Synopses and Results of Administrative Appeals or Grievances

To date, OIG has been notified of one update of an appeal to the Human Resource Board occurring in the second quarter regarding discipline imposed as a result of an OIG investigation.

(A) OIG Case #10-0314

OIG previously reported on an investigation establishing that a DWM operating engineer (the Employee) violated the City's Residency Ordinance.

As the City's Residency Ordinance mandates discharge for residency violations, OIG had directed the City to terminate the Employee and place the Employee on the ineligible for rehire list. DWM discharged the Employee and, after a hearing, the Human Resources Board (HRB) sustained the Employee's discharge.

The Employee subsequently filed a complaint in the Circuit Court of Cook County, asking the Court to set aside the HRB's decision and reinstate the Employee. In August 2014, the Court entered an order affirming the decision of the HRB.

4. Recoveries

This quarter OIG received no reports of cost recovery actions or other financial recoveries related to an OIG investigation.

E. Audits

OIG produces a variety of public reports including independent and objective analyses and evaluations of City programs and operations with recommendations to strengthen and improve the delivery of City services. These engagements focus on the integrity, accountability, economy, efficiency, and effectiveness of each subject.

The following summarizes the audit report released this quarter.

(A) Commission on Animal Care and Control Shelter Operations Follow-Up Audit

On September 4, 2014, OIG released a follow-up audit of the Commission on Animal Care and Control's (CACC) corrective response to a May 2013 OIG audit of CACC's shelter operations. The 2013 audit found that CACC was significantly understaffed according to national standards and appropriated staffing levels, and it did not carry out veterinary examinations in a timely manner for 38% of neglected and abused animals. The audit also noted inconsistencies in animal inventory. In its follow-up, OIG re-tested CACC shelter operations.

The follow-up audit found that the Commission addressed all of the original audit's recommendations and negative findings. CACC's corrective actions included hiring Animal Care Clerks into nine previously appropriated but unfilled positions to clean and feed animals, hiring one Operations Manager, and implementing new inventory procedures including a daily count of animals.

F. ADVISORIES AND DEPARTMENT NOTIFICATION LETTERS

Advisories and department notification letters describe management problems observed by OIG in the course of other activities including audits and investigations. These are problems that OIG believes it should apprise the City of in an official capacity. OIG issued two department notification letters this quarter.

(A) Notification to the Chicago Police Department concerning improper issuance of retirement credentials to retiring exempt members

OIG provided CPD with strong evidence showing that certain routine practices within the department's Human Resources Division (CPD-HR) could lead to the improper issuance of retirement credentials to retiring exempt members who are not eligible to receive them. (Exempt members are those police officers who hold ranks higher than captain and serve at the pleasure of the Superintendent.)

Evidence in certain instances showed that CPD-HR issued retirement credentials without first completing the intra-departmental checks specified by written orders and procedures. These checks are necessary to assure the

member is in "good standing"-a prerequisite for credential eligibility. Retirement credentials consist of an identification card and a retirement star.

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This issue was identified during the course of an OIG investigation that found that CPD issued credentials to an ineligible exempt member (the Retired Officer or Officer), who at the time of retirement was the subject of a Bureau of Internal Affairs investigation for lying to federal agents. CPD-HR's error was compounded when a former high-level manager certified to the State of Illinois that this Officer retired in good standing. As a result of this certification, Retired Officer currently possesses the concealed-carry privileges of an active-duty law-enforcement officer (LEO).

Internal Affairs should be credited with taking affirmative steps to notify the state organization responsible for approving retired-LEO concealed-carry privileges in Illinois (Illinois Retired Officer Concealed Carry or IRROC) of this error. However, such notification alone was insufficient to revoke Retired Officer's privileges because CPD-HR is not known to have taken any effort to clarify the record nor revoke and retrieve the CPD retirement credentials issued to Retired Officer. Thus, IRROC has been presented with conflicting instructions from what it regards to be two co-equal components within CPD. IRROC takes the position that the intra-department conflict requires resolution by the Superintendent of the CPD. As a result, Retired Officer's possession of his retirement star and identification card and his concealed-carry privileges continue to this day.

OIG provided this notification to alert CPD of the need to take corrective action in this particular instance and to bring CPD-HR's out-processing practices for exempts into full compliance. Among other things, OIG suggested that the Office of the Superintendent consider the following:

- Take steps to ensure that CPD-HR currently complies with all CPD SOPs and written orders equally with respect to retiring non-exempt and exempt CPD members. In particular, CPD-HR should verify eligibility for retirement credentials before issuing them.
- Take steps to correct the improper issuance of retirement credentials to Retired Officer, including the revocation of the credentials at issue and the recalling his retirement star and identification card.
- Direct a letter from the Office of the Superintendent to IROCC advising that Retired Officer did not retire in good standing, that any CPD certifications to that effect are in error, and that Retired Officer is ineligible for concealed-carry privileges on the basis of CPD service.

On September 23, 2014, CPD responded. CPD stated that going forward, HR will ensure compliance with all SOPs, and in particular will ensure that it verifies eligibility for credentials prior to issuance. CPD also directed a letter to the Director of the Illinois State Police (ISP), advising ISP that Retired Officer did not retire in good standing and any prior CPD certifications to that effect were made in error. CPD also requested that ISP revoke any concealed-carry privileges Retired Officer has. Finally, CPD has initiated action to recover the retirement credentials from Retired Officer. OIG will provide an update upon learning of the final disposition of these recovery efforts.

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(B) Notification to the Department of Family and Support Services regarding safeguards that ensure delegates to the Citywide Parent Policy Council are in fact eligible to serve and receive expense reimbursements

OIG notified the Department of Family and Support Services (DFSS) that it lacked safeguards to ensure delegates to the Citywide Parent Policy Council (CPPC) were in fact eligible to serve and receive expense reimbursements. The notification arose from an OIG investigation which revealed that an individual had represented a Head Start program as a delegate to CPPC despite not having a child under his care involved in Head Start as required. As a result, the individual improperly sought and received childcare and other reimbursements related to his attendance at CPPC events. OIG recommended that DFSS review and strengthen its oversight of CPPC to ensure that elected delegates comply with eligibility requirements.

Following OIG's notification, DFSS indicated that one CPPC delegate was identified as not having a child in the program. DFSS notified the delegate of the delegate's ineligibility and stated that any outstanding reimbursement requests would not be processed. In addition, DFSS agreed with OIG's recommendations and now requires that the "Letter of Certification" form includes the name of the child(ren) associated with the delegate as well as attestations from the delegate agency, the elected CPPC delegate, the CPPC chairperson, and the agency's program director that the elected CPPC delegate has a child enrolled in the Head Start program. DFSS also indicated that starting in September 2014, it will begin cross-referencing all CPPC members in its Child Outcome Planning Assessment (COPA) database.

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G. Hiring Oversight

Under Chapter XII of the City of Chicago General Hiring Plan, Chapter XI of CPD Hiring Plan, and Chapter IX of the City of Chicago Fire Department (CFD) Hiring Plan,⁴ 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."

1. Hiring Process Reviews

A) Contacts by Hiring Departments

OIG reviews 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 except as permitted by the Hiring Plan.⁵

During the third quarter, OIG received two reports of direct departmental contacts from DHR or CPD-HR. One of these reports involved a city employee serving as a union representative who contacted DHR to inquire why an individual was not referred for a position. This inquiry led the DHR Recruiter to realize an error on the referral list, and DHR ultimately referred the individual. The second report involved an employee contacting DHR to inquire why a current volunteer was not referred for a paid position. DHR explained the screening process and provided various reasons why an individual may not be referred for a position.

B) Exemptions

OIG reviews adherence to exemption requirements, Exempt Lists, and the propriety of Exempt List⁶ modifications. OIG receives and reviews notifications of all Shafonan-Exempt

⁴ 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".

⁵ Chapter II, C(1) of the General Hiring Plan provides that Hiring departments shall not contact DHR to lobby for or advocate on behalf of actual or potential Applicants or Bidders for Covered Positions, nor may hiring departments request that specific individuals be added to any referral or eligibility list except as permitted in this Hiring Plan. Hiring departments may contact DHR to inquire about the status of selected Candidates. Any DHR employee receiving a contact violating this section shall report it to the DHR Commissioner and OIG Hiring Oversight within forty-eight (48) hours.

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appointments and modifications to the Exempt List on an ongoing basis from DHR. 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.

During the first quarter of 2014, OIG completed the 2014 annual Exempt List audit and reported its findings and DHR's response in OIG's first quarter report. OIG received notice of one Exempt List modification in the third quarter. OIG continues to receive notifications of exempt appointments and has received 39 such notices in the third quarter.

C) *Senior Manager Hires*

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

Of the 38 hire packets OIG reviewed this past quarter, 10 were for Senior Manager positions. None of the Senior Manager hire packets contained any errors.

D) *Written Rationale*

OIG reviews any written rationale when no consensus selection was reached during a Consensus Meeting.⁸

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

⁶ The Exempt List is a list of all City positions that are exempted from the requirements governing Covered positions (Shakman-Exempl). 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.

⁷ Senior Manager Classes are not covered by a collective bargaining agreement; not career service positions (i.e. they are employees-at-will); not Exempt; and involve significant managerial responsibilities.

^x 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.

(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).

In accordance with the Contractor Policy, OIG conducted its third Annual Contractor Review, which required all departments to provide information regarding contractors performing services for the City on City premises. These departmental reports assist OIG in evaluating compliance with the Contractor Policy. Departments were responsive to our Annual Contractor Review requests. OIG received timely submissions and/or requests for extensions from all departments with the exception of two departments. However, as of the time of the filing of this report both departments have provided their submissions.

Per the Contractor Policy, OIG may choose to review draft contract or agreement terms to assess whether they are in compliance with the Policy. In addition to contracts, pursuant to Chapter X of the Hiring Plan, OIG must receive notification of the procedures for using volunteer workers⁹ at least 30 days prior to implementation. The following table details these contract and volunteer program notifications.

Table #5 - Contract and Volunteer Program Notifications

Contractor, Agency, Program, or other Organization	Department	Duration of Contract or Agreement
M3 Medical Management	Family and Support Services	7/16/2014-8/27/2014
Locum Tenens	Public Health	7/24/2014-10/31/2014
M3 Medical Management	Public Health	8/4/2014-10/30/2014
Professional Dynamic Network	Procurement Services	8/11/2014-12/2/2014
Professional Dynamic Network	City Clerk	8/18/2014-9/18/2014
M3 Medical Management	Family & Support Services	8/27/2014-10/17/2014
M3 Medical Management	Public Health	9/22/2014-12/31/2014
Professional Dynamic Network	City Clerk	9/19/2014-1/15/2015
Volunteer Program	Animal Care and Control	Ongoing
Temporary Volunteer Program	Mayor's Office for People with Disabilities	Ongoing
Chicago Park District	Cultural Affairs and Special	Through 12/21/2015
Task Order	Transportation	Up to 2 years

" 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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2. Hiring Process Audits

A) *Modifications to Class Specifications,¹⁰ Minimum Qualifications, and Screening and Hiring Criteria*

OIG audits modifications to class specifications, minimum qualifications, and screening/hiring criteria. In the third quarter, OIG received notification that the City changed the minimum qualifications or included equivalencies for five hiring sequences in CDPH, DPS, 2FM, and CPD. OIG had no objections to the changes.

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 instances in which applicants, based on the information provided, were:

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

In the third quarter of 2014, OIG audited six referral lists, two of which contained an error. In one instance, DHR referred a candidate who was not minimally qualified. In another, OIG identified an additional referral list error in which an individual was referred despite not having attached appropriate documentation to his application.

C) *Testing*

OIG also audited testing administration materials¹¹ for 19 completed test administrations¹² from the second

quarter of 2014.

¹⁰ 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.

" 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

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OIG found two errors within the testing administration materials for one test administration 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 Fleet and Facility Management (2FM)- Electrical Mechanic.
Written Test

OIG determined that the grading of one candidate's answer sheet did not conform to the answer key. In this instance, the DHR Testing Specialist agreed with our 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.

Additionally, the test administration materials for this exam did not indicate the final cut off score.¹³ OIG had to request the cut off score from Testing as part of our follow-up questions. OIG views the final cut score documentation as a required part of the test administration materials and therefore we considered the missing cut score to be an error.

(D) *Selected Hiring Sequences*

The Hiring Plan requires OIG to audit 10% of the aggregate of in-process and at least 5% of completed hiring sequences from the following departments or their successors: DSS, DWM, CDA, CDOT, Department of Buildings, Fleet and Facilities Maintenance, 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 third quarter of 2014, OIG completed an audit of hire packets for 38 hiring sequences. OIG selected these packets based on risk factors such as past errors, complaints, and historical issues with particular positions. None of the reviewed hire packets contained any errors.

However, during the course of this audit, OIG determined that in two re-posted non-senior-manager hiring sequences, the department did not interview all candidates on the referral list. Instead, each department made a notation on the referral list indicating that the candidate had been recently interviewed for the title and not selected for hire and therefore wasn't being re-

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) referral lists.

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.

" Foreman promotional exams are the only test administrations where the cut off scores are pre-established and identified in the job posting.

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interviewed. In follow-up discussions with DHR, OIG learned that it is a long-standing practice within DHR to allow Recruiters the discretion to not refer a candidate that has already been interviewed and not selected for either the same title or a higher-rated title in the same job family. However, DHR acknowledged that there is not a formal written policy regarding this practice. OIG recommended that DHR create a formal policy, and DHR agreed. DHR will draft a policy and allow for Hiring Oversight comment prior to implementation.

(E) Monitoring Hiring Sequences

In addition to auditing hire packets, OIG checks 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 determines which hiring sequences to monitor based on risk factors such as past errors, complaints, and historical issues with particular positions. During the past quarter, OIG monitored three intake meetings, one test administration, four sets of interviews, and five consensus meetings. The table below shows the breakdown of monitoring activity by department.¹⁴

Table #6 - Second Quarter 2014 OIG Monitoring Activities

Department	Intake Meetings Monitored	Tests Monitored	Interview Sets Monitored	Consensus Meetings Monitored
Police Department	1	0	0	0
Cultural Affairs and Special Events	1	0	0	0
Buildings	1	0	0	0
Transportation	0	0	1	1
Fire Department	0	0	1	1
Human Resources	0	0	0	1
Streets and Sanitation	0	0	1	1
Public Health	0	0	1	1

Fleet and Facilities	0	1	0	0
Total	3	1	4	5

¹⁴ If a department is not included in this table, OIG did not monitor any elements of a hiring sequence for that department in-person.

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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 38 hire packets audited in the third quarter, none had Hiring Certification related errors.

G) *Acting Up*¹⁵

OIG audits the City's compliance with Chapter XI of the General Hiring Plan,¹⁶ the Acting Up Policy, and all Acting Up waivers processed by DHR.

In the beginning of 2014, DHR implemented a new Acting Up policy coupled with stricter enforcement of reporting requirements. The new policy is a substantial improvement over its predecessor, and OIG initiated an audit of six departments to track compliance with a new section of the revised policy. OIG met with the audited departments to discuss its findings. Subsequently, OIG issued a series of departmental notifications memorializing current compliance with the Policy and, if necessary, recommendations to strengthen compliance. OIG is awaiting replies from the audited departments and will report these responses, if any, in an upcoming Quarterly Report.

The following table 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
Transportation	Foreman of Cement Finishers	17	7/21/2014	until 10/16/2014
Fleet and Facilities	Supervising Watchmen	3	7/21/2014	until 10/31/2014
Buildings	Chief Electrical Inspector	2	8/05/2014	until 11/05/2014
Water Management	Chief Water Rate Taker	1	8/18/2014	until 11/18/2014

Water Management	District Superintendent	1	8/25/2014	until 11/25/2014
Water Management	Foreman of Construction Laborers	1	9/10/2014	until 12/10/2014
Fleet and Facilities	Foreman of Sheet Metal Workers	1	9/1 1/2014	until 12/31/2014
Water Management	Foreman of Pipe Yard Salvage	1	9/19/2014	until 12/19/2014

¹³ Acting Up occurs when an employee is directed to, and does perform, or is held accountable for, substantially all of the responsibilities of a higher position.

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.

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Department	Position	Number of Employees	Date of Response	Duration of Waiver
Fleet and Facilities	Foreman of Hoisting Engineers	1	9/22/2014	until 12/31/2014

(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.

During the second quarter of 2014, OIG received notice of four settlements or Memoranda of Understanding between the City and a union from DHR or DOL.

One settlement will result in a change to the CFD Hiring Plan with regard to the order of the eligibility list for Paramedics-in-Charge. Previously, the eligibility lists for the Paramedic-in-Charge title were in lottery order. Now, candidates will be placed on the eligibility list in seniority order. A different settlement provided an additional point to all Paramedics-in-Charge who completed the Ambulance Commander examination.

Another settlement agreement requires the Chicago Public Library (CPL) to request that DHR perform a job audit of 11 Library III positions.

One Memorandum of Understanding consolidated two titles within 2FM. All Machinist (Automotive) Police Motor Maintenance (6778) titles will be converted to Machinist (Automotive) (6673).

3. Reporting of Other OIG Hiring Oversight Activity

(A) Escalations

DHR Recruiters and Analysts are required to escalate concerns regarding improper hiring to OIG. OIG evaluates the circumstances surrounding the escalation and 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, and/or refer the matter to the Investigations Section of OIG.

OIG received five escalations during the 3rd quarter of 2014. Four of the five escalations were concluded within the 3rd Quarter, and the details of the completed ones are outlined below.

i. Department of Water Management

On August 6, 2014, a DHR Recruiter from informed OIG that the recruiter had received multiple communications from a prospective candidate (who is not currently a City employee) who applied for a position in the Department of Water Management (DWM). The candidate contacted the DHR Recruiter to express continued interest in the position and offered to buy the DHR

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Recruiter lunch in exchange for assurance that their name would appear on the referral list sent to the department. The DHR Recruiter reported the matter to a supervisor and OIG. After conducting its own review, OIG determined that DHR appropriately handled the matter and therefore OIG made no process recommendations.

ii. Department of Law

On August 20, 2014, DHR informed OIG of an irregularity within a hiring sequence that occurred when an interviewer made several errors on the Candidate Assessment Forms. After conducting its review, OIG made no process recommendations because the matter was properly detected and resolved by DHR.

iii. Department of Finance

On August 27, 2014, DHR reported to OIG that an interview panel may have discussed candidates before the scheduled Consensus Meeting, deviating from the provision set forth in Chapter V.B.8 of the Hiring Plan. After conducting its review, OIG determined that no improper communications occurred.

iv. Department of Human Resources

On September 18, 2014, DHR reported to OIG that one of its employees deviated from Chapter V.B.10 of the Hiring Plan when he/she retained all the candidate assessment forms in order to make a final assessment after all of the interviews had been concluded rather than completing the forms after each interview. After conducting its own review, OIG determined that DHR timely self-reported and corrected the error, and therefore OIG made no process recommendations.

(B) *Compliance Reviews*

OIG conducts Compliance Reviews regarding issues observed in the course of other activities including audits,

departmental inquiries, and fact gathering for hiring related complaints. If warranted, OIG will make compliance recommendations to the appropriate City Commissioner, Department Head, or employee.

Prior to her departure, the Shakman Monitor recommended, and the City agreed, to exclude certain employees from hiring-related activities. The City's willingness to act on the Monitor's recommendations was instrumental in the City's ability to attain substantial compliance. On May 28, 2014, OIG was informed by the DSS that it had interviewed and ranked as a pre-qualified candidate an individual that had been barred from hiring related activities. The position's job duties included hiring-related activities. The Department was seeking clarification on whether the candidate in question was eligible for the position since DHR included the candidate on the referral list.

OIG's review concluded that the City's administration of the individuals removed from the hiring process was inadequate and proposed strengthening oversight of the screening process to provide clarity on the administration of the prohibitions recommended by the Monitor. OIG recommended that (1) DHR verify that individuals banned from the hiring process have been

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formally notified in writing of their hiring related prohibitions and their exclusion be documented in their DHR and departmental personnel file; and (2) require and train DHR Recruiters to screen for excluded employees.

In response to OIG's recommendations, DHR contended that the City's approach to the administration of individuals barred from hiring related duties was to place the responsibility at the departmental level rather than with DHR. Nevertheless, DHR agreed to ensure that employees who were barred from hiring related duties were notified in writing and have trained their DHR Recruiters to screen for them. Because DHR's personnel files are related to HR transactions that are recordable in CHIPPS, DHR is not able to document the removal of hiring related duties in the DHR personnel file.

C) *Revision to Personnel Rules*

On September, 10, 2014, DHR's revised Personnel Rules went into effect. These changes were part of the City's effort to achieve substantial compliance¹⁷ under the Shakman Accord. Many of the changes address the Other Employment Actions listed in Chapter XIII of the General Hiring Plan and include new or refined rules for assignments, reclassifications, transfers, and details. Additionally, a provision was added to prohibit employees from acting out of title.

D) *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 any aspect of 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 hiring-related policy or procedure, OIG Hiring Oversight may open a case into the matter to determine if such a violation or breach occurred. If a violation or breach is sustained, OIG Hiring Oversight may make corrective recommendations to the appropriate department or refer the matter to the Investigations Section of OIG. If, after sufficient inquiry, no violation or breach is found, OIG Hiring Oversight will close the case as not sustained. If, in the course of inquiry, OIG Hiring Oversight identifies a non

-hiring-related process or program that could benefit from a more comprehensive audit, OIG Hiring Oversight may refer that matter to OIG Audit and Program Review.

OIG Hiring Oversight Section received 20 complaints in the past quarter. The table below summarizes the disposition of these 20 complaints as well as the cases and complaints from the previous quarter that were not closed when OIG issued its last quarterly report.

¹⁷ On June 16, 2014, Judge Sidney I. Schenkier of the US District Court for the Northern District of Illinois entered an Order finding the City of Chicago to be in substantial compliance with the Shakman Accord. The Order terminated federal hiring oversight and the Shakman Accord.

Table #8 - Disposition of Hiring Oversight Complaints Received in the Second Quarter 2014

Status	Number of Complaints
Cases Pending as of the End of the 2 nd Quarter of 2014	51
Complaints Pending as of the End of the 2 nd Quarter 2014	1
Complaints Received in the 3 rd Quarter of 2014	20
Complaints Closed without Inquiry in the 3 rd Quarter of 2014	2
Cases Referred by Investigations in the 3 rd Quarter of 2014	2
Cases Initiated in the 3 rd Quarter of 2014	19
Total Cases Closed in the 3 rd Quarter of 2014	58
Cases Pending with OIG Hiring Oversight as of 9/30/2014	14

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