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Office of Inspector General

City of Chicago

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Report of the Office of Inspector General:

Quarterly Report of the Office of Inspector General First Quarter 2016

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Joseph M. Ferguson Inspector General

OFFICE OF INSPECTOR GENERAL

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April 15,2016

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 2016, filed with the City Council pursuant to Section 2-56-120 of the Municipal Code of Chicago.

The first quarter of 2016 brought a number of noteworthy events in furtherance of accountable, ethical City government. During the quarter, OIG concluded a months-long review of its operations by an external team of oversight peers from the Association of Inspectors General (ATG), which our office committed itself by regulation to undergo every three years. The peer review process culminated in February with a four-day, on-site, in-depth examination of OIG's work and processes involving, among other things, interviews of staff, the external investigative partners with whom we work, and senior officials from a variety of City departments who are at once the subjects and beneficiaries of our work. The peer review team found our office in compliance with the relevant standards for investigations and audits, and noted a number of areas of distinction including our complaint review process, audit planning, and training and qualifications. I encourage you to read the review team's full conclusion on our website.

The positive and constructive feedback from our peers comes as OIG works to incorporate new responsibilities. On March 16, investigative oversight of the City Council, including its members, staff, and vendors, officially transferred from the Office of Legislative Inspector General (OLIG) to this office. Following the transfer, OIG took immediate action to review cases already underway by the former OLIG and assess the complaints received during the four months that City Council spent without oversight. Those complaints are included in the statistics for this report. We are now building on this review and using our expertise and resources to assume our new responsibilities in an efficient manner for the City and its citizens.

City Council's action to consolidate and unify investigative oversight nudges the ball forward, but comes without the very

audit and program review authority the Council itself has recognized and touted as providing value and serving the public interest with respect to the rest of City government. This means that programs and operations that Chicago administers ..through its legislative body are not subject to the same scrutiny as other City services. We therefore embrace our new investigative oversight duties in the hope of deepening the Council's understanding of our nationally-recognized standards and professionalism to the point that the Council extends

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oversight of itself to encompass the same comprehensive scope that is applied to the rest of City government.

It is the readiness of our committed staff that makes possible the kind of outcomes summarized in this quarterly report including two major convictions for fraud and corruption, recoveries of over \$150,000, and an examination of the City's lobbyist registration system. This quarterly report also includes a full summary of our findings related to the officers involved in the reinvestigation of the death of David Koschman. OIG worked on this case first in support of the Special Prosecutor and then continued its investigation into administrative disciplinary matters despite significant challenges inherent in the current police accountability system.

I encourage you to help us in our work by sending OIG your complaints and concerns as well as your ideas for audits. As always, do not hesitate to alert our office if you have suggestions for improving the City or OIG.

Respectfully,

Joseph M. Ferguson Inspector General City
of Chicago

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This quarterly report provides an overview of the operations of the Office of Inspector General (OIG) during the period from January 1, 2016, through March 31, 2016. The report includes statistics and narrative descriptions of OIG's activity as required by the Municipal Code of Chicago (MCC).

A. Mission of the Office of Inspector General

The mission of OIG is to promote economy, effectiveness, efficiency, and integrity in the administration of programs and operation of City government.¹ OIG accomplishes its mission through investigations, audits, and other reviews. OIG issues summary reports of investigations to the appropriate agency authority or the Mayor and appropriate 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 the appropriate agency authority or management officials for comment and then are released to the public through publication on the OIG website. OIG's department notifications are sent to the appropriate agency authority or management officials for attention and comment and are summarized, along with any management response, in the ensuing quarterly report. Finally, OIG issues reports as required by the Hiring Plan and as otherwise necessary to carry out its hiring oversight functions.

B. Investigations

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

1. Complaints

OIG received 439 complaints during the preceding quarter. The following table outlines the actions OIG has taken in response to these complaints."

Table #1 - Complaint Actions

Status	Number of Complaints
Declined	290
Opened Investigation	33
Referred	73
Pending	43
Total	439

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

OIG also took action on complaints received in earlier quarters by declining 26 complaints, opening OIG administrative or criminal investigations based on 18 complaints, and referring 6 complaints.

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

During the quarter, OIG opened 130 matters, including 24 based on complaints received in earlier quarters. Of the opened matters, 130 centered on allegations of misconduct. Of the 130 opened matters, 79 were immediately referred to other departments or investigative agencies. A total of 51 cases proceeded to an OIG investigation, and 51 remained open at the end of the quarter.

' In July of 2015, OIG implemented improvements to its complaint intake process that allow OIG to assess the substance of a complaint prior to processing and, after thorough review, to filter out complaints that lack sufficient information or clarity on which to base additional research or action, or are incoherent, incomprehensible, or factually impossible.

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The following table categorizes the 130 matters opened by OIG based on the subject of the matter.

Table #2 - Subject of Investigations and Referrals

Subject of Investigations and Referrals	Number of Investigations and Referrals
Employees	111
Contractors, Subcontractors, and Persons Seeking Contracts	3
Appointed Officials	4

Other	12
Total	130

3. Cases Concluded in Quarter

During the quarter, OIG concluded 98 opened matters, 79 of which were the aforementioned referrals to City departments or other investigative agencies. Of the 79 referred matters, 67 were referred to a City department, and 12 were referred to a sister agency. Of the remaining 19 concluded matters, 9 were closed as "sustained." A case is sustained when the evidence sufficiently establishes that either an administrative or criminal violation has occurred or the case identifies a particular problem or risk that warrants a public report or notification to the department. A total of four were closed as "not sustained." A case is not sustained when OIG concludes that the available evidence is insufficient to prove a violation under applicable burdens of proof. A total of six cases were closed "administratively." A case is closed administratively when, in OIG's assessment, it has been or is being appropriately treated by another agency or department, the matter was consolidated with another investigation or, in rare circumstances, OIG determined that further action was unwarranted.

4. Pending Matters

At the close of the quarter, OIG had a total of 230 pending matters, including the 51 investigations opened during the quarter.

5. Investigations Not Concluded in Twelve Months

Under MCC § 2-56-080, OIG must provide quarterly statistical data on pending investigations open for more than 12 months. Of the 230 pending matters 70 investigations have been open for at least 12 months.

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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
Complex investigation. Generally involve difficult issues or multiple subjects.	64
On hold, in order not to interfere with another ongoing investigation.	4

Under review by the Legal Section or the DIG-Investigations prior to closing.	2
Total	70

6. Ethics Ordinance Complaints⁴

OIG received and declined three ethics ordinance complaints this quarter.⁵

7. Public Building Commission Complaints and Investigations

Included in the 439 complaints received, OIG received 1 complaint related to the Public Buildings Commission (PBC). OIG declined the complaint.

C. Sustained Administrative Cases

OIG investigations can result in administrative sanctions, criminal charges, or both. Investigations leading to administrative sanctions involve violations of City rules, policies or procedures, and/or waste or inefficiency. For "sustained" administrative cases, OIG produces summary reports of investigation⁶-a summary and analysis of the evidence and recommendations for disciplinary or other corrective action. These reports are sent to the appropriate agency authority or the Office of the Mayor, the Corporation Counsel, and the City departments affected or involved in the investigation.

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

In addition to OIG's findings, each synopsis includes the action taken by the department in response to OIG's recommendations. City departments have 30 days to respond to OIG

⁴ 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.

⁵ Complaints that include ethics violations among other allegations on which OIG plans to take actions may not be counted here.

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."

recommendations.⁷ This response informs OIG of what action the department intends to take. Departments must follow strict protocols, set forth in the City's Personnel Rules, Procurement Rules, and/or applicable collective bargaining agreements, prior to imposing disciplinary or corrective action.

In deference to the deliberative processes of City departments and the contractual rights of employees relating to discipline, OIG does not report on cases regarding current City employees until the subject's department has acted on and/or responded to OIG's report. For cases in which a department has failed to respond in full within 30 days (or 60 days if a full extension has been granted), the response will be listed as late. As of the end of the quarter, there were nine concluded and reported matters that are pending department action and/or response.

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

Case Number	Department or Agency	Number of Subjects	OIC Recommendation	Department or Agency Action
11-0214	Procurement Services	2	Debarment, Penalties	Notice of Proposed Debarment
11-0225	Police	6	Appropriate Discipline/ Discharge, Discharge, Ineligible For Rehire	1-Year Suspensions for 2 Subjects
15-0068	Water Management	1	Appropriate Discipline/ Termination	14-Day Suspension
15-0545	Aviation	1	Termination, Ineligible for Rehire	Termination, Ineligible for Rehire
15-0556	Inspector General	1	Ineligible for Rehire	Designated Resigned Under Inquiry

(A) OIG Case #11-0214

An OIG investigation established that a community organization repeatedly violated the terms of its service provider agreements (SPAs) with the City since at least 2008. The organization manages multiple City of Chicago special service areas (SSAs). The organization violated the terms of its SPAs by using SSA tax levies as collateral and commingling SSA tax funds with funds from other sources in its SSA deposit accounts. In addition, the organization made several hundred thousand dollars of unauthorized payments from its SSA deposit accounts to its lines of credit. These payments were not reflected in the budgets the organization submitted to the City. Accordingly, OIG recommended that the Department of Procurement Services (DPS) initiate debarment proceedings against the organization and its President.

OIG further recommended that the Department of Law (DOL) consider seeking penalties against the organization's President for violating the City's False Statements Ordinance, since the

' PBC has 60 days to respond to a Summary Report of Investigation by stating a description of any disciplinary or administrative action taken by the Commission. If PBC chooses not to take action or takes an action different from that recommended by OIG, PBC must describe that action and explain the reasons for that action.

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organization submitted an affidavit to the City falsely attesting that the organization's expenditures for one of its SSAs comported with its approved budget.

In response, DPS stated that it sent a letter with a copy of OIG's report to the organization and its President and advised them that they have 30 days to provide DPS with a response. Upon receiving that response, DPS will inform OIG as to the actions it will take regarding OIG's findings and recommendations.

(B) OIG Case #11-0225

An OIG investigation found that six Chicago Police Department (CPD) members (Detectives A and B, and Supervisors A, B, C, and D) violated CPD rules and regulations in the course of their involvement in CPD's 2011 reinvestigation of the 2004 homicide of David Koschman.

OIG had previously served as the investigative partner to the Office of the Special Prosecutor (OSP) appointed by Cook County Circuit Court Judge Michael P. Toomin to investigate the Koschman homicide and whether CPD or Cook County

State's Attorney employees "acted intentionally to suppress and conceal evidence, furnish false evidence, and generally impede the investigation into Mr. Koschman's death." The OSP's investigation resulted in the December 3, 2012 indictment of Richard J. Vanecko, the nephew of former Mayor Richard M. Daley, for involuntary manslaughter. On January 31, 2014, Vanecko pleaded guilty to involuntary manslaughter. On February 4, 2014, the Court publicly released OSP's final report, in which it concluded that no criminal charges against CPD or Cook County State's Attorney employees were warranted. OIG then proceeded with an administrative investigation into potential violations of City administrative rules and regulations by CPD employees. In OIG's summary report of the administrative investigation issued to CPD, OIG made findings and recommendations with respect to those members found to have engaged in misconduct, who were actively employed by CPD at the time of the report.

OIG's investigation resulted in the following findings:

- Two detectives and three CPD supervisory employees (Supervisors A, B, and C) responsible for the Koschman homicide investigation failed to perform a competent investigation. Specifically, the officers failed to complete basic, required investigative steps, including a canvass and the pursuit of all relevant, material, and reasonable investigative leads.
- The detectives and their direct supervisor (Supervisor A) failed to draft a truthful and accurate closing supplementary report (CSR), while their commanding superiors (Supervisors B and C) failed to ensure the detectives drafted a truthful report. First, the detectives included in the CSR two unsupported statements. A purported verbatim statement, "Fuck you! I'll kick your ass!", was placed in quotes and attributed to Koschman, despite the fact that there was no support for this quote-neither for the wording of the statement nor its attribution to Koschman-in any of the 2004 or 2011 reports. Detectives also included a statement that, before Koschman's death, "[e]fforts were being made to interview the additional witnesses that were at the scene of the

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incident." The direct supervisor and commanding superiors approved these additions to the CSR despite the fact that there was no evidentiary basis for them.

Second, the detectives omitted from the CSR a witness account of events that was in direct conflict with the officers' view of the case. The detectives and their commanding superiors therefore failed to ensure that the CSR provided an objective account of the evidence.

Third, the detectives included and their commanding superiors approved a description of a conversation with an

Assistant State's Attorney that gives the false impression that the case was formally presented to the Cook County State's Attorney's Office (CCSAO) Felony Review Unit for charges in 2011.

Fourth, at no time between January 13, 2011, and March 1, 2011, when the reinvestigation was closed as cleared exceptionally, did the detectives and their commanding superiors memorialize in a general progress report or report that the original 2004 Koschman homicide file was missing or that the 2004 CCSAO Felony Review Folder was also missing.

- The detectives and their supervising officers (Supervisors A, B, and C) failed to seek a charging decision from the CCSAO Felony Review Unit following the Koschman homicide reinvestigation. The officers failed to seek a charging decision despite having, for the first time, identified Vanecko as the offender and determined that Koschman had been punched, not merely pushed, and despite the fact that in 2011 there was a new State's Attorney and new individuals staffed the Felony Review Unit.
- The detectives and their supervising officers (Supervisors A, B, and C) improperly recommended and approved the closure of the case as cleared exceptionally. The officers closed the case as cleared exceptionally despite the fact that they did not exhaust all investigative leads; there was sufficient information to support Vanecko's arrest, charge, and prosecution; and nothing outside law enforcement control precluded this action.
- *These violations by the detectives and their supervising officers provided or created the appearance of preferential treatment for Vanecko, the Mayor's nephew.*
- *One of the detectives (Detective A) and the detective's supervising officers failed to document or initiate an IAD investigation or ensure that anyone else reported apparent misconduct to a supervisor or IAD, when, in January 2011, they learned that the original Koschman homicide file was missing.*
- *Another CPD supervisory employee (Supervisor D) failed to report or ensure that anyone else reported to IAD, that the original Koschman homicide file was missing and failed to timely report to IAD the later discovery of the missing Koschman homicide file.*
- *Supervisor C provided evasive or misleading statements in the course of OIG's official investigation.*

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- Supervisor D omitted material facts about the rediscovery of the missing case file in official reports and in an official statement to IAD. In memos to CPD supervisors and to IAD, this employee omitted material facts about the discovery of the missing case file, including the presence of a purported witness to the discovery, as well as the additional discovery of a 2004 detective's "working file." Supervisor D's omissions violated multiple CPD Rules. The employee again omitted material facts when interviewed by IAD during the official investigation related to the missing and rediscovered case file.
- *Supervisor D violated CPD Rules and orders by removing the re-discovered original Koschman homicide case file from the CPD Area 3 headquarters with no legitimate work purpose.*
- Two supervising officers (Supervisors A and C) conducted official CPD business through unofficial, unsecured channels-personal email accounts-regarding the reinvestigation of the Koschman homicide. The use of personal

email accounts undermined the ability of CPD to retain those emails as public records as required under the Illinois Local Records Act, 50 111. Comp. Stat. 205/1 et seq. In addition, personal email accounts used on personal computers or devices do not have the security required for the conduct of official CPD business.

- *Supervisor D engaged in email communications regarding the Koschman homicide that bring discredit on the Department.*
- *Finally, Supervisor D, a supervisor in CPD Area 3, impeded Departmental goals by remaining involved in the Koschman reinvestigation despite a superior's directive that the reinvestigation be conducted by personnel in a different CPD Area not involved in or responsible for the 2004 investigation.*

As a result of these findings, OIG recommended that CPD seek to discharge the two detectives and Supervisor D and refer them for placement on the ineligible for rehire list maintained by the Department of Human Resources (DHR). Regarding Supervisors A, B, and C, OIG recommended that CPD impose discipline up to and including discharge, commensurate with the gravity of their violations, past disciplinary and work history, department standards, and any other relevant considerations.

In response, based on the findings outlined in OIG's report and the evidence presented in support of those findings, CPD stated that, Detective A had resigned in lieu of discharge, but had the detective not resigned, CPD would have recommended to the Police Board that the detective be separated. CPD stated that it would issue a one-year suspension to Detective B, explaining that it had concluded the detective was not the drafter of the supplemental case report (which s/he had signed) and that, therefore, the evidence was insufficient to establish the false statements were willful.

After OIG issued its report, but before CPD responded, Supervisors B and C retired from CPD. CPD informed OIG that it would have issued one-year suspensions to the two recently retired

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supervisory employees if they were still members of the Department. CPD stated that it would recommend to the Police Board that Supervisor D be separated from the Department; however, after CPD filed charges with the Police Board for separation of Supervisor D, that employee also retired from CPD. CPD stated that it would impose a one-year suspension on Supervisor A.

Detective B has not challenged the one-year suspension, but has exercised an "options" discipline approved by the Interim Superintendent, under which Detective B will be taking two calendar months of the suspension as unpaid leave and forfeiting accrued paid leave time (including compensatory time) to, in essence, buy back the remaining 10 months of the one-year suspension. This discipline approach will permit Detective B to return to paid duty status shortly. CPD continues to pursue discipline against the other remaining, CPD employee, Supervisor A, who is proceeding with a challenge to the one-year suspension before the Police Board.

C) *OIG Case #15-0068*

An OIG investigation established that a Department of Water Management (DWM) employee repeatedly submitted false dual employment forms to the City. More specifically, the employee is the co-owner and sole employee of a repair company. The employee has owned the company since 1997, and the company reported total gross receipts of more than \$500,000 over the last seven years. However, in the five dual employment forms that the employee submitted to the City between 2005 and 2014, the employee denied having a job in addition to his City employment. The employee admitted

intentionally providing false information to the City in those dual employment forms.

Accordingly, OIG recommended that DWM impose discipline upon the employee, up to and including termination. OIG further recommended that, if DWM allowed the employee to retain City employment, that it require the employee to file a request in writing with the employee's department head for permission to engage in outside employment.

In response, DWM issued the employee a 14-day suspension. DWM also required the employee to submit a dual employment form. In the form the employee subsequently submitted, the employee acknowledged having outside employment repairing and maintaining equipment.

D) *OIG Case #15-0545*

An OIG investigation established that a Chicago Department of Aviation (CDA) employee stole between \$440 and \$500 from an O'Hare International Airport vendor while on duty. The employee's conduct was captured on video. In November 2015, the employee pleaded guilty to the charge of theft and received a sentence of supervision. Since the employee's actions also constituted a violation of the City's Personnel Rules, OIG recommended that CDA terminate the employee and refer the employee for placement on the ineligible for rehire list maintained by DHR.

CDA agreed with OIG's recommendations and terminated the employee effective January 28, 2016, following which, the employee filed a request for a hearing with the Human Resources

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Board (HRB). OIG will report on the outcome of the hearing after it takes place, currently there is no date set.

(E) *OIG Case #15-0556*

An OIG investigation established that an OIG employee lived in Naperville, Illinois, in violation of the City's municipal code requiring its employees to reside in the City. OIG and DOL have a Memorandum of Understanding (MOU) dated June 15, 2009, which can be found here, regarding investigations into OIG staff. The MOU establishes that investigations against OIG management are handled by an outside company and investigations against non-management are handled by an internal investigative unit. This case involved a non-management employee. At the time of hire, the employee listed a City address on the required residency affidavit submitted to OIG. Documents, surveillance, and the employee's own admission during an investigatory interview later revealed that the employee did not reside at the listed address, but rather in suburban Naperville.

During the interview, the employee resigned. OIG recommended that the employee be placed on the ineligible for rehire list maintained by DHR. DHR agreed to designate the employee as "Resigned Under Inquiry" and to place the report and recommendation in the employee's personnel file for future consideration before a hiring decision is made.

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

Criminal investigations may uncover violations of local, state, or federal criminal laws, and may be prosecuted by the Cook County State's Attorney's Office, the U.S. Attorney's Office, or the Illinois Attorney General's Office, as appropriate. For the purposes of OIG quarterly reports, criminal cases are considered concluded when the subject(s) of the case is publicly charged by complaint, information, or indictment.^{1*}

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 HRB⁹ and grievance arbitrations concerning OIG's disciplinary recommendations.

⁹ OIG may issue summary reports of investigation recommending administrative action based on criminal conduct. ⁹ HRB definition: "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.cityofchicago.org/city/cn/depts/dhr/auto> <<http://www.cityofchicago.org/city/cn/depts/dhr/auto>> tzencrated/dhr our stiiicture.html (accessed July 9, 2015)

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1. Synopses of Criminal Cases

During this quarter, one criminal charge resulted from an OIG case. 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) Leon Brown v. State of Illinois, 16CR-374I

On March 17, 2016, Leon Brown, a booter for the Department of Finance (DOF), was arraigned on an indictment. The indictment, returned by a Cook County grand jury on March 3, 2016, charges Brown with bribery and official misconduct by a public employee in violation of the Illinois Criminal Code. OIG conducted the investigation in conjunction with the Office of the Cook County State's Attorney, and found that Brown, while working as a booter for DOF, solicited and received money from a civilian in exchange for not towing the vehicle driven by the civilian.

2. Developments in Prior Charged Criminal Cases

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

(A) United States v. Laurance Freed and Caroline Walters, 13-CR-951 (ND IL)

On February 24, 2016, following a two week trial, a jury in the Northern District of Illinois found Laurance H. Freed, the president of Joseph Freed & Associates LLC (JFA), guilty of eight counts including bank fraud, mail fraud, and making a false statement to a financial institution (18 U.S.C. § 1344, 1341, and 1014). Freed's conviction is in connection with a City of Chicago Tax Increment Financing (TIF) note issued for the redevelopment of a former Goldblatt's Department Store located at 4718 N. Broadway. On February 4, 2016, shortly before trial, Freed's co-defendant, Caroline Walters, the vice president and treasurer of JFA, entered a voluntary plea of guilty to a single count of making a false statement to a financial institution, (18 U.S.C. § 1014) in connection with the same TIF note.

In 2002, the City of Chicago issued two TIF notes, with a combined principle of \$6.7 million, to Uptown Goldblatts Venture LLC, a company formed by JFA. The TIF notes were intended for the redevelopment of the former Goldblatt's store in the city's Uptown neighborhood. JFA double pledged one of the TIF notes, first securing a \$15 million loan from Cole Taylor Bank and then falsely using the same TIF as free and clear collateral in agreements with a bank consortium for a revolving line of credit worth up to \$105 million. In 2009, Uptown Goldblatts fraudulently advised Cole Taylor that it would obtain a release and termination of the double pledge. The termination wasn't possible, since the consortium had already declared JFA in default and had stopped negotiating with Freed. In addition to fraud committed against the above banks, Freed also signed false affidavits to obtain TIF payments from the City, knowing that the bank consortium and Cole Taylor were entitled to the payments.

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Freed's conviction carries a combined maximum sentence of 230 years in prison. The sentencing hearing has not been scheduled. Walters's conviction carries a maximum sentence of 30 years in prison and a maximum fine of \$1,000,000 or twice the gross gain or gross loss resulting from the offense, whichever is greater. Walter's sentencing before United States District Court Judge Robert M. Dow is scheduled for June 10, 2016.

(B) United States v. John Bills, et ai, 14-CR-135 (ND IL)

On January 26, 2016, following a two week trial, a jury in the Northern District of Illinois found John Bills, a former assistant transportation commissioner for the City of Chicago, guilty on all twenty counts against him for his role in a multi-year kickback scheme perpetrated in connection with the City's red-light camera program. The conviction includes nine counts of mail fraud; three counts of wire fraud; one count of extortion under color of official right; one count of conspiracy to commit bribery; three counts of bribery; and three counts of filing false tax returns.

From approximately 2003 to 2011, Bills used his influence to expand Redflex Traffic System's business with the City, resulting in millions of dollars in contracts for the installation of hundreds of red-light cameras. In exchange for his efforts, Redflex provided Bills with cash and personal benefits, including meals, golf outings, rental cars, airline tickets, hotel rooms, and other entertainment. Some of the benefits were given directly to Bills, while hundreds of thousands of dollars in cash was funneled to him through a friend, Martin O'Malley.

U.S. District Judge Virginia Kendall scheduled Bills's sentencing hearing for June 20, 2016. Bills faces a maximum combined sentence of 304 years in prison.

As previously reported, Karen Finley, former chief executive officer of Redflex Traffic Systems Inc., and Martin O'Malley, the Redflex customer liaison with the City, entered voluntary pleas of guilty for conspiracy to commit federal program bribery, a violation of 18 U.S.C. § 371. In her plea, Finley admitted that beginning in at least January 2003 and continuing through June 30, 2011, she conspired to corruptly give cash payments and other personal financial benefits to

Bills and his friend, O'Malley, with intent to influence and reward Bills in connection with the City's red-light camera enforcement program. O'Malley similarly admitted that he conspired to corruptly solicit and to accept cash payments and other personal benefits intending that Bills be influenced and rewarded. O'Malley further agreed to an entry of a forfeiture judgment of \$98,837.84.

Finley's sentencing hearing is scheduled for June 21, 2016, and O'Malley's sentencing hearing is scheduled for July 18, 2016. Finley and O'Malley face a maximum sentence of 5 years in prison, a maximum fine of \$250,000 or twice the gross gain or loss from the offense, and mandatory restitution.

(C) United States v. Alexander Igolnikov, 14-CR-484 (ND IL)

On January 14, 2016, Alexander Igolnikov, former owner of Seven Amigos Used Cars Inc. and former vice president of Chicago Elite Cab Corp, was sentenced to 12 months and a day in federal prison for illegally obtaining clean titles for salvaged and rebuilt vehicles and using them

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as taxicabs on the streets of Chicago. Igolnikov previously pleaded guilty to one count of conspiracy to transport, receive and possess a counterfeit security in violation of 18 U.S.C. § 371, 2314, and 2315.

On August 13, 2015, Igolnikov pleaded guilty, admitting that from 2007 through April 2010 he knowingly caused the generation of false State of Indiana Bureau of Motor Vehicles titles that concealed the prior history of salvage and rebuilt vehicles from locations across the United States. The laundered Indiana titles were fraudulently used to obtain clean titles in Illinois for the vehicles which Igolnikov and his associates put into service as taxicabs in the City of Chicago, in violation of City ordinance prohibiting the use as taxicabs of any vehicle that had been previously issued a salvage or rebuilt title.

3. Synopses and Results of Administrative Appeals or Grievances

To date, OIG has been notified of one update of appeals to HRB occurring in the quarter regarding discipline imposed as a result of an OIG investigation.

(A) *Update of OIG Case #08-1694*

On January 22, 2016, HRB upheld the termination of a former Supervisor of Tax and License Compliance with the Department of Business Affairs and Consumer Protection (BACP). BACP had terminated the supervisor on July 10, 2010, after he was charged in Cook County Circuit Court with stealing government property and official misconduct-class 2 and 3 felonies. The supervisor immediately appealed his termination, but the appeal was held until the resolution of the criminal case.

On January 27, 2015, the supervisor pleaded guilty and, at his plea hearing, admitted to conspiring with another BACP investigator to steal \$2,000 worth of cigarettes, which had been confiscated by the City. The supervisor admitted that he took those cigarettes to his family's convenience store and sold them. He was sentenced to two years of probation under the Treatment Alternatives for Safe Communities (TASC) program. As part of that program, upon the successful completion of the TASC treatment, on August 17, 2015, the felony conviction was vacated.

At a two-day HRB hearing in November 2015, the supervisor testified under oath that his admissions at his voluntary

plea hearing (also under oath) were not true and that he pleaded guilty on the advice of counsel to take the deal that was best for him. After hearing from multiple witnesses and reviewing evidence, the hearing officer concluded that the supervisor's testimony at the hearing was not credible, and while the felony conviction was subsequently vacated, the City had established that the supervisor's conduct violated multiple City rules. HRB affirmed the findings of the hearing officer and upheld the supervisor's termination.

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Recoveries

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

Update of OIG Case #09-1575

On February 11, 2016, a prime contractor who committed M/WBE fraud agreed to pay the City a total of \$130,000. As reported in the fourth quarter of 2010, an OIG investigation established that the contractor defrauded the City out of \$1.4 million dollars intended for legitimate M/WBE participation. The contractor directed two certified firms to knowingly execute fraudulent lien waivers falsely claiming that they had received payments from the prime contractor for work on City contracts. The fraud scheme occurred on three contracts with CDA. The prime contractor submitted these falsified waivers to the City as proof that it had met its M/WBE participation requirements. OIG determined that the certified firms did little or no work and received payment of 2% of the value of the falsified liens. OIG recommended permanent debarment of the principals of the prime contractor and the certified firms, debarment of all three companies, and decertification of the certified firms. OIG further recommended that the City initiate actions under the False Statements Ordinance against the individuals and companies involved.

In 2011, DPS debarred the two certified firms, the individual presidents of each certified firm, the prime contractor, and one of the prime contractor's principals. After a hearing an administrative law judge recommended that the Chief Procurement Officer (CPO) debar a second principal for the prime contractor. On October 7, 2015, the CPO permanently debarred the individual.

In September 2013, the City sued the prime contractor under the false claims and false statements provisions of the Municipal Code. On January 25, 2016, the parties settled the lawsuit. The contractor agreed to pay the City a total of \$130,000, and the individual principal of the contractor waived all rights to appeal the CPO's debarment decision.

Update of OIG Case #10-0922

As previously reported in the fourth quarter of 2013, an engineering company violated the City's Debarment Rules by misrepresenting a consultant as an engineer in the voucher packages it submitted to the City for payment, knowing that the consultant did not have an engineering background and did not perform engineering services for the City. In addition to other recommendations, OIG recommended that DPS impose sanctions on the company pursuant to the Debarment Rules for its misrepresentation of the consultant.

In September 2015, DPS entered into a settlement agreement with the company, in which the company agreed to pay the City over \$20,000. The company further agreed to submit an ethics and compliance plan to the CPO within 21 days of the signing of the agreement and to produce annual reports demonstrating full compliance with its corporate integrity obligations.

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E. Audits and Reviews

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

The following summarizes two audits released this quarter.

A) *Audit of Opportunities for Civilianization in the Chicago Fire Department*¹⁰

OIG conducted an audit of civilianization opportunities in the Chicago Fire Department (CFD) to identify whether there were positions held by uniformed members that could instead be filled by civilians. OIG and CFD agreed that positions which did not require or benefit sufficiently from firefighter or paramedic training, experience, or credibility, or did not supervise positions engaged in firefighting or paramedic functions, would warrant possible civilianization.

We found that CFD assigned 35 uniformed members to positions that did not require firefighter or paramedic training and experience, costing the City an estimated \$4.5 million annually in overtime to backfill operational gaps created by these assignments. CFD could save an estimated \$1.2 million annually by civilianizing 34 of these positions, returning the uniformed members to operations, and eliminating 1 position. CFD stated that it agreed with OIG's recommendation for 32 of the 35 positions and described why it disagreed with eliminating 1 position and civilianizing 2 remaining positions. CFD also agreed with OIG's recommendations to assess all positions, monitor and track temporary assignments, and ensure that job descriptions reflect actual responsibilities of uniformed positions.

We also found that CFD provided at least 13 Americans with Disabilities Act reasonable accommodations either informally or without proper approval. Furthermore, CFD could not determine whether it had identified all uniformed members who had been granted accommodations. CFD agreed to comply with the City's Reasonable Accommodation policy and asserted that it has already implemented compliance procedures responsive to the issues surfaced by OIG's audit.

B) *Board of Ethics Lobbyist Registration Audit "*

OIG reviewed the Board of Ethics's (BOE) lobbyist regulation practices, including how well BOE monitored lobbyist activity and whether it levied fines against late-registering lobbyists. There were 584 lobbyists registered with BOE at the end of 2015; MCC § 2-156 codifies the rules that regulate their activity.

Published January 20, 2016. See <<http://chicai.oinpectorueneral.oi;vvp-cQnlciit/uploads/2016/01>> /Audit-of-Opporlunities-l'or-Civilianization-ul-Cl-'D.pdf'.

" Published March 17, 2016. Sec <<http://chicanoinspcelorKncncral.ora/wp-conlenl/iiploads/2016/01/Aiidit-of-DOE->Lobbyist-Registration.pdf>>".

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We determined that BOE's practices for identifying all active lobbyists and verifying the accuracy of information they submitted did not meet standards observed in other jurisdictions. In addition, we found that BOE's reliance on hardcopy disclosures impeded its ability to identify late-registering lobbyists and impose fines against them. Finally, OIG analyzed a sample of late-registering lobbyists and found that BOE could have imposed fines totaling \$197,000. However, OIG found that BOE only imposed \$58,000 in fines for the fiscal year reviewed.

To address the audit's findings and recommendations, BOE stated that it would consider the benefits of implementing the quality assurance practices that OIG identified in other jurisdictions. In addition, BOE agreed to pursue an electronic-only filing system for lobbyist annual registrations and quarterly reports as well as changes to its rules and the MCC that will clarify the criteria for imposing fines against late-registering lobbyists. OIG concluded that small steps in BOE's regulatory practices, such as the ones it agreed to pursue, could lead to major gains in the completeness, accuracy, and integrity of lobbyist registration and disclosure.

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 manner. OIG completed three notifications this quarter.

(A) Notification Regarding Informal Mediation of Consumer Fraud Complaints

OIG notified BACP that a lack of clear and consistent policies regarding complaint mediation activities may create the appearance of BACP employees acting improperly. The notification followed an OIG investigation, which determined that a BACP consumer fraud investigator and a BACP attorney engaged in problematic informal mediation tactics. Specifically, these individuals pressed a business owner to resolve a complaint by returning all of the money that the customer had paid to the owner over a decade earlier, with the understanding that this would dispose of the BACP

investigation and any potential fines. As a result of these informal mediation attempts, the responding business owner believed that the BACP investigator and the aggrieved customer had a preexisting relationship and that the investigator was attempting to extort money from the owner.

Although OIG found no evidence of a conflict of interest or extortion, BACP's policies on mediation are unclear, inconsistent, and often undocumented, leaving employees and the City vulnerable to accusations of impropriety as well as possible appearances of conflicts of interest. This vulnerability is especially concerning given the considerable enforcement authority vested in BACP consumer fraud investigators and attorneys. Accordingly, OIG suggested that the Department review its policies and procedures and take action to ensure that staff receive appropriate training and guidance on their responsibilities and authority to resolve complaints before engaging in enforcement activities.

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In response to OIG's notification, BACP clarified that mediation by BACP investigators and attorneys is not permitted, added instructions to its annual investigator training material about how to interact with respondents appropriately, and clarified written policies to reflect the prohibition on mediation.

B) *Notification Regarding the Department of Human Resource's Application System*

OIG sent a notification to DHR regarding control issues respecting DHR's application system, Taleo, and the interview training process. OIG identified these concerns during a recently concluded investigation into a BACP employee convicted of identity theft. Although the employee engaged in the criminal conduct prior to City employment, the employee was formally charged and convicted after becoming a City employee. The nature of the criminal conduct, which was the basis for the employee's termination by a prior employer, rendered the employee unfit for the City position. Although the employee's prior uncharged criminal conduct should have been brought to light during the recruiting process, unfortunately, it was not.

Accordingly, OIG suggested that DHR consider improvements to the Taleo application system to better ensure applicants provide complete and accurate information, and that they attest to the accuracy of that information. OIG also suggested that DHR modify the Interview and Consensus Meeting training to convey to potential interviewers the importance of utilizing follow-up questions to inquire into a candidate's employment gaps or incomplete work history.

In response, DHR stated it would work with DOL to modify the electronic signature page to make it clear that applicants are attesting to the accuracy of their application and to put them on notice of potential penalties for providing false information. DHR also stated it would ask its recruiters to encourage follow-up questions.

C) *Notification Regarding Contractor and Vendor Duty to Cooperate*

OIG sent a notification to CDA regarding the duty of contractors and vendors to cooperate with OIG. During an investigation, a manager with a CDA contractor refused to provide basic information and documentation. In addition, after consulting with this contractor, another airport vendor's staff, who were unfamiliar with OIG, refused to speak with OIG investigators. Ultimately, the vendor's staff would only talk to OIG if a CPD officer was present.

This situation was particularly troubling because the contractor was hired by CDA to manage the airport vendors' relationships with the City. Accordingly, OIG recommended that CDA take the necessary steps to ensure that its contractors and vendors are fully apprised of their duty to cooperate in OIG investigations pursuant both to standard contract provisions and municipal ordinance.

In response, CDA stated that a contractor's duty to cooperate is an important contract provision and set up individual meetings with the contractor's leadership to discuss its obligations. In addition, the Commissioner distributed a memo to all firms with active contracts at OIare and

Midway reminding them of their legal and contractual duties to cooperate fully with OIG investigations.

G. **Other Reports and Activities**

As an expert in government oversight and as part of its mission to promote economy, effectiveness, efficiency, and integrity, OIG may participate in additional activities to improve accountability in City government. OIG participated in one such activity this quarter.

(A) *Chicago Police Accountability Task Force*

During the quarter, OIG provided substantial support to the Chicago Police Accountability Task Force (PATF). The PATF was charged, in the wake of the controversy regarding the officer-involved shooting of Laquan McDonald and the City's handling of it, with conducting an exhaustive review of certain CPD policies and practices and the City's police accountability system. Based on its review, the PATF developed recommendations on improvements that will bring the City into alignment with best practices from around the country. The PATF issued its public report at the beginning of OIG's second quarter reporting period.¹²

H. **Hiring Oversight**

Under Chapter XII of the City of Chicago General Hiring Plan, Chapter XI of CPD Hiring Plan, and Chapter IX of the CFD Hiring Plan,¹³ OIG is required to review and audit various components of the hiring process and report on them quarterly. The City's Hiring Plans require both reviews and compliance audits. The plans define reviews as a "check of all relevant documentation and data concerning a matter," and audits as a "check of a random sample or risk-based sample of the documentation and data concerning a hiring element."

1. Hiring Process Reviews

(A) Contacts by Hiring Departments

OIG tracks all reported or discovered instances where hiring departments contacted DHR or CPD Human Resources (CPD-HR) to lobby for or advocate on behalf of actual or potential Applicants or Bidders for Covered Positions or to request that specific individuals be added to any referral or eligibility list. During the first quarter of 2016, OIG did not receive reports of or discover any such direct contacts. Out of an abundance of caution, DHR continues to report other

¹² Published April 13, 2016. See https://chicagopair.org/wp-content/uploads/2016/04/PATF_Final_Report_4J3_16.pdf 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 retitled, though not amended, on May 15, 2014. The City of Chicago also filed an amended Chicago Police Department Hiring Plan for Sworn Titles (CPD Hiring Plan) and an amended Chicago Fire Department Hiring Plan for Uniformed Positions (CFD Hiring Plan) on May 15, 2014, which were approved by the Court on June 16, 2014. Collectively, the General Hiring Plan, the CPD Hiring Plan, and the CFD Hiring Plan will be referred to as the "City's Hiring Plans."

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contacts it receives from hiring departments regarding Applicants or Bidders for Covered Positions.

B) *Political Contacts*

OIG tracks all reported or discovered instances where elected or appointed officials of any political party or any agent acting on behalf of an elected or appointed official, political party, or political organization contact the City attempting to affect any hiring for any Covered Position or Other Employment Actions.

Additionally, City employees often report contacts by elected or appointed officials that may be categorized as inquiries on behalf of their constituents but not an attempt to affect any hiring decisions for any Covered Position or Other Employment Actions.

During the first quarter of 2016, OIG received notice of five political contacts:

- An elected official contacted DHR in support of a candidate appealing his removal from the police officer eligibility list.
- An agent of an elected official contacted DHR to inquire about the status of a candidate's application for the covered position of police officer.

- An agent of an elected official contacted DHR to inquire about the status of three candidates' applications for the covered position of firefighter.
- An elected official contacted DHR to inquire about the status of a candidate's application for the covered position of firefighter.
- A law firm representing a candidate appealing their placement on the ineligibility for rehire list contacted DOL and mentioned correspondence previously sent to an elected official.

C) *Exemptions*

OIG tracks all reported or discovered Shakman Exempt appointments and modifications to the Exempt List on an ongoing basis from DHR. OIG received 54 notifications of exempt appointments in the first quarter.

Additionally, OIG received notice for two proposed modifications to the Exempt List. The City Treasurer's Office requested five exemptions to be added to the existing categories of position to their Schedule on the Exempt List (Schedule F2) which includes All Non-Career Service Employees of the City Treasurer. DHR evaluated the proposed request and approved the addition of five positions. OIG did not object to the addition of the positions.

DOL requested to add a position to Schedule G of the Exempt List. OIG will report on DHR's response in a future quarterly report.

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D) *Senior Manager Hires*

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

Of the 51 hire packets OIG reviewed in the first quarter, 10 pertained to Senior Manager positions, none of which contained errors.

E) *Written Rationale*

When no consensus selection is reached during a Consensus Meeting, a Written Rationale must be provided to OIG for review.¹⁴

During the first quarter of 2016, OIG received notice of two Written Rationales.

F) *Emergency Appointments*

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

The City reported no emergency appointments during the first quarter of 2016.

G) *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 for services to the City, the requesting department shall give OIG advance notification. OIG is also required to review City departments' compliance with the City's "Contractor Policy" (Exhibit C to the City's Hiring Plan). Per the Contractor Policy, OIG may choose to review draft contract or agreement terms to assess whether they are in compliance with the Policy. This review includes analyzing the contract for common law employee risks and ensuring the inclusion of the Shakman Boilerplate language. In addition to contracts, pursuant to Chapter X of the Hiring Plan, OIG must receive notification of the procedures for using volunteer workers at least 30 days prior to implementation.

OIG received notice of five Requests for Qualifications and 17 Task Order Requests during the first quarter. OIG received notice of 14 finalized contracts or agreements. The chart below details finalized contracts OIG received notice of in the first quarter of 2016.

¹⁴ A "Consensus Meeting" is a discussion that is led by the DHR Recruiter at the conclusion of the interview process. During the Consensus Meeting, the interviewers and the Hiring Manager review their respective interview results and any other relevant information to arrive at a hiring recommendation.

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Table #5 - Contract and Volunteer Opportunity Notifications

Contracting Department	Contractor, Agency, Program, or other Organization	Duration of Contract or Agreement
Aviation	Core Mechanical	5 years
Cultural Affairs and Special Events	A Moon Jump 4U, Inc	3 months
Cultural Affairs and Special Events	Artist in Residence	3 months
Cultural Affairs and Special Events	MB Real Estate Services	5 years
Cultural Affairs and Special Events	Ravenswood Special Events	8 months
Finance	Professional Dynamic Network, Inc	1 month
Finance	Professional Dynamic Network, Inc	1 month
License Appeal Commission	Professional Dynamic Network, Inc	1 month
Planning and Development	Applied Real Estate Analysis	6 months
Planning and Development	Bauer Latoza Studio	6 months
Planning and Development	Ernst & Young	6 years

One objection pending from the fourth quarter of 2015 was resolved during the first quarter of 2016. In that instance, BACP requested to change the educational requirement from a Bachelor's Degree to a Juris Doctor. The department provided a written rationale and OIG did not have any other objections.

B) *Referral Lists*

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

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

In the last quarter, OIG audited eight referral lists, none of which contained errors.

C) *Testing*

The Hiring Plan requires DHR to conduct an audit of DHR test administration and scoring each quarter. In the first quarter, OIG audited testing administration materials¹⁶ for 15 completed test administrations covering 12 City departments completed during the fourth quarter of 2015.

"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.

¹⁶ "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 that was administered; (6) the finalized test results sent to

OIG did not find any errors affecting the requested testing materials.

D) *Selected Hiring Sequences*

Each quarter, the Hiring Plan requires OIG to audit at least 10% of in-process hiring sequences and at least 5% of completed hiring sequences conducted by the following departments or their successors: the Department of Streets and Sanitation (DSS), DWM, CDA, the Department of Transportation, the Department of Buildings, Fleet and Facility Management, and six other City departments selected at the discretion of OIG.

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

In the first quarter of 2016, OIG completed an audit of hire packets for 41 hiring sequences. OIG selected these hiring sequences based on risk factors such as past errors, complaints, and historical issues with particular positions. These 41 hiring sequences involved 15 departments and 137 selected candidates. Of the 41 hire packets audited, there were 2 errors in 2 hiring packets. These errors involved missing and incomplete candidate assessment forms. In one sequence an interviewer did not select a rating for one hiring criteria. In the other sequence, Candidate Assessment Forms for three candidates were not in the packet. OIG provided these findings to DHR, and corrective steps were taken to complete the hire packets. No further action was required.

Additionally, OIG found several sequences where only the first page of the two-sided Residency Affidavit was included in the hire packet. OIG notified DHR and they agreed to remind departments and DHR Recruiters to ensure that both sides of the document were included in all hire packets.

E) *Hiring Certifications*

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

There were no errors related to Hiring Certifications in the 51 hire packets reviewed in the last quarter.

the 1) IR Recruiter; (7) the answer sheets completed by the candidates; (8) the rating sheets completed by the interviewers as part of the Foreman Promotional Process; (9) any additional emails or notes identifying issues surrounding the test administration or scoring (e.g., documentation identifying the individual test score changes for tests that are rescored, memos to file regarding non-scheduled candidates being allowed to test, etc.); and (10) the Referral List

¹⁷ 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.

(F) *Selected CPD Assignment Sequences*

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

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

During the fourth quarter of 2015, OIG audited assignment packets from five Non-Bid Duty Assignment sequences, and five Non-Bid Unit Assignment sequences completed in the third quarter of 2015. Of the packets audited, OIG identified errors in ten assignment sequences. These errors involved missing, incorrect, or incomplete hire certifications, other missing documentation, and process errors.

OIG recommended that a CPD-HR staff member review the requested documentation prior to OIG's scheduled Assignment Packet audit to ensure all requested paperwork is accounted for in the audit documentation. CPD-HR reconciled the outstanding issues and agreed with OIG's findings.

OIG recently completed its audit of assignment packets from Non-Bid Duty and Unit Assignment sequences completed in the fourth quarter of 2015. OIG will report its audit findings in a future quarterly report.

• (G) *Monitoring Hiring Sequences*

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

OIG identifies the hiring sequences to be monitored based on risk factors such as past errors, complaints, and historical issues with particular positions. During the past quarter, OIG monitored 12 intake meetings, three test administrations, 15 sets of interviews, and 12 consensus meetings. The table below shows the breakdown of monitoring activity by department.¹⁸

¹⁸ If a department is not included in this table, OIG did not monitor any elements of a hiring sequence for that department.

Table #6 - First Quarter 2016 OIG Monitoring Activities

Department	Intake Meetings Monitored	Tests Monitored	Interview Sets Monitored	Consensus Meetings Monitored
Animal Care and Control	2			
Aviation			2	2
Business Affairs and Consumer Protection			1	
Cultural Affairs and Special Events	1			
Family and Support Services				1
Finance	1			1
Fire			4	4
Fleet and Facilities Management	1	1	1	1
Independent Police Review Authority	1			
Law			1	
Police	4	1	3	1
Public Health			1	1
Public Library			1	1
Streets and Sanitation	2	1	1	

Total 12 3 15 12

(H) Acting Upⁿ

OIG audits the City's compliance with Chapter XI of the General Hiring Plan.

OIG did not receive notice of any waiver requests to the City's 90-Day Acting Up limit in the first quarter of 2016.

Tn the first quarter of 2016, OIG initiated an audit of departments' requests for Acting Up waivers in 2015. OIG will report on the findings of this audit in a future quarterly report.

(I) Arbitrations and Potential Resolution of Grievances by Settlement

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

OIG did not receive any notices of settlement agreements from DHR during the first quarter of 2016.

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

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3. Reporting of Other OIG Hiring Oversight Activity

A) Escalations

Recruiters and Analysts in DHR and CPD-HR must escalate concerns regarding improper hiring by notifying OIG. In response to these notifications, OIG may take one or more of the following actions: investigate the matter, conduct a review of the hiring sequence, refer the matter to the DHR Commissioner or appropriate department head for resolution, or refer the matter to the OIG Investigations Section.

OIG received notice of one escalation during the first quarter of 2016. OIG is reviewing the related hiring sequence. The result of this review is currently pending and the details will be reported after the matter is concluded.

OIG had one pending escalation that was concluded within the first quarter. The details of the escalation are reported below.

i. Department of Streets and Sanitation

On October 21, 2015, DHR reported that an email containing an interviewer's final candidate assessments had been shared with the other interviewer and the Hiring Manger prior to the Consensus Meeting. Chapter V.B.8 of the City of

Chicago Hiring Plan states that "each interviewer shall independently and personally complete an evaluation form for each Candidate... There shall be no discussion between the interviewers regarding the Candidates until the Consensus Meeting."

OIG reviewed the effected hiring sequence, and determined that the inadvertent disclosure of the candidate ratings did not influence the ratings of the other interviewer or the Hiring Manager. OIG monitored the subsequent Consensus Meeting to ensure that all hiring recommendations were made independently. In addition, OIG recommended that DHR (1) instruct departments to administer written assessments prior to candidate interviews; (2) provide Human Resource Liaisons (HRLs) with clear instructions on the scheduling and administration of department-administered assessments and tests; (3) clarify the role of DHR Testing; and (4) encourage communication between DHR's Testing Specialists and Recruiters for in-process hiring sequences. DHR agreed with these recommendations and introduced an enhanced HRL training program in the first quarter of 2016.

B) *Processing of Complaints*

OIG receives complaints regarding the hiring process, including allegations of unlawful political discrimination and retaliation and other improper considerations in connection with City employment. All complaints received by OIG are reviewed as part of OIG's complaint intake process. Hiring-related complaints may be resolved in several ways depending upon the nature of the complaint. If there is an allegation of a Hiring Plan violation or breach of a policy or procedure related to hiring, OIG may open a case into the matter to determine if such a violation or breach occurred. If a violation or breach is sustained, OIG may make corrective recommendations to the appropriate department or may undertake further investigation. If, after

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sufficient inquiry, no violation or breach is found, OIG will close the case as not sustained. If, in the course of inquiry, OIG identifies a non-hiring-related process or program that could benefit from a more comprehensive audit, OIG may consider a formal audit or program review.

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

Table #7 - Disposition of Hiring Oversight Complaints Received in the First Quarter 2016

Status	Number of Complaints
Cases Pending at the End of the 4 th Quarter of 2015	15
Complaints Pending at the End of the 1 st Quarter 2016	0
Complaints Received in the 1 st Quarter of 2016	4
Complaints Referred by OIG Investigations in the 1 st Quarter 2016	0
Total Complaints Closed without Inquiry in the 1 st Quarter of 2016	0
Total Cases Closed in the 1 st Quarter 2016	8
Closed by Referral to OIG Investigations	2
Closed by Referral to DHR/Department	0
Closed with Recommendations to the Hiring Department and/or DHR	1
Pending with OIG-HO as of March 31,2016	11