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## Legislation Details (With Text)

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**File #:** F2015-116  
**Type:** Communication      **Status:** Placed on File  
**File created:** 10/14/2015      **In control:** City Council  
   **Final action:** 10/14/2015  
**Title:** Inspector General's Audit and Program Review Section's Draft 2015 Annual Plan  
**Sponsors:** Dept./Agency  
**Indexes:** Annual  
**Attachments:** 1. F2015-116.pdf

| Date       | Ver. | Action By    | Action         | Result |
|------------|------|--------------|----------------|--------|
| 10/14/2015 | 1    | City Council | Placed on File |        |

## CITY OF CHICAGO Office of Inspector General

# Audit and Program Review Section Draft 2016 Annual Plan

*Posted for Public Comment September 28, 2015*

*01G APR Draft 2016 Annual Plan*

*September 2H, 2015*

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## I. Mission

The City of Chicago Office of Inspector General (OIG) is an independent, nonpartisan oversight agency whose mission is to promote economy, efficiency, effectiveness, and integrity in the administration of programs and operations of the Corporation of the City of Chicago and specified sister agencies.

The OIG Audit and Program Review (APR) section supports the OIG mission by conducting independent, objective analysis and evaluation of municipal programs and operations, issuing public reports, and making recommendations to strengthen and improve the delivery of public services.

APR audits of Chicago municipal programs and operations are conducted as performance audits in accordance with generally accepted Government Auditing Standards (GAS or "Yellow Book," December 2011 revision) established by the United States Government Accountability Office. . GAS defines "performance audits" as "audits that provide findings or conclusions based on an evaluation of sufficient, appropriate evidence against criteria" (GAS 2.10); In addition to performance audits, APR may also generate non-audit work such as descriptions of programs or other non-evaluative reports.

APR's role is separate from but complementary to the OIG. Investigations section. While Investigations primarily examines allegations of individual misconduct or wrongdoing, APR focuses on the effectiveness and efficiency of programs and processes-not individuals. APR is also distinct from the OIG Hiring Oversight unit, which performs legally mandated audits and reviews of the City's hiring and employment practices to ensure compliance with the various City hiring plans.

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## II. Purpose of Annual Plan

The purpose of the APR Annual Plan is to state priorities for the Fiscal Year and outline a list of potential audit and non-audit work subjects that fit those priorities.

### A. **Subject to Change**

The Annual Plan is a guiding document subject to change and does not prohibit the introduction of new priorities or projects during the course of the year. Circumstances during the year may prompt new, higher priority projects or reduce the priority of a planned project. Thus some items on the Annual Plan may be deferred to following years. In addition, a project on the Annual Plan originally launched as an audit may instead be completed as an OIG advisory, department notification,<sup>1</sup> or other non-audit report, or it may be terminated if OIG determines that further work will not bring substantial benefit to the City or is not cost effective for OIG.

### B. **Departmental Action**

OIG encourages City departments to proactively assess any programs included on the Plan and alert OIG to any corrective action taken in advance of an OIG performance audit. Such action will not deter an OIG audit of the program, but the audit will assess and report on any proactive measures taken.

### C. **Process**

The Annual Plan is drafted in consultation with the Inspector General and senior OIG staff, with final approval by the Inspector General. A draft of the Annual Plan is published for public comment each September. The Annual Plan is reviewed, updated, and published no later than four weeks after the passage of the annual City Budget Appropriation by the City Council for the corresponding year.

## III. **Selection of Topics for Inclusion in Annual Plan A. Topic Sources**

OIG gathers potential audit topics from a variety of sources including: complaints received from the public through the OIG hotline, suggestions from governmental leadership, past OIG reports, OIG investigations, OIG staff knowledge, other governments' performance audits, audited financial statements, internal audits and risk assessments, new initiatives, program performance targets and results, public hearings and proceedings, and public source information including media, professional, and academic reports and publications.

We encourage the public to submit suggestions anytime through the OIG website:

[<https://ChicagoInspectorGeneral.org/Get-Involved/Help-Improve-City-Government/>](https://ChicagoInspectorGeneral.org/Get-Involved/Help-Improve-City-Government/)

OIG advisories and department notifications describe management problems observed by OIG through direct review or in the course of other activities.

## **B. Prioritization Criteria**

OIG selects projects for the Annual Plan based on a risk assessment of the programs or services involved in potential new project topics, the unique value an OIG project might bring to City stakeholders, follow-up required on past APR reports, and available resources.

### *1. Risk Assessment*

A risk factor is an observable or measurable indicator of conditions or events that could adversely affect an organization. It can identify inherent risk (such as a large organizational structure) or organizational vulnerability (such as inadequate internal controls).

APR's assessment of potential topics is based on risk factors, that reflect the nature of the departments, vendors, and activities that may be evaluated. APR considers a number of risk factors, including,

- ■ • Resources used to deliver, service
  - o Size (in dollars budgeted) of department/program
  - o Number of staff working in department/program
- Public interest
  - o Critical to City's mission or core service provision
  - o Affects public safety
- Number of residents, employees, and/or businesses affected/served
  - o Quality/quantity of service provision
  - o Customer satisfaction
- Compliance with laws, regulations, or policies
- Amount, type, and volume of financial transactions
- Quality of internal control systems, including,
  - o Existence of robust operational policies and procedures
  - o Existence and utilization of performance metrics

APR assesses risk based on publicly available information, discussions with departments and leadership, information requested from departments, information obtained from prior OIG work, and additional research. In some cases, OIG may select a project because there is preliminary indication of specific program vulnerabilities. In other cases, OIG selects a project where there is little or no indication of program vulnerabilities, but the public or governmental leadership would benefit from independent evaluation and assurance that the program is working well.

### *2. OIG Role and Value Added*

OIG considers whether it might add unique value stemming from its role as the City's independent oversight agency by prioritizing APR projects that,

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- analyze performance of governmental operations and programs based on data and information not available to external entities;
- analyze governmental operations and programs where no recent independent analysis exists;
- develop knowledge of the operation of municipal programs and services; or
- analyze narrow or obscure aspects of municipal operations that receive little attention, in addition to broad scope topics.

In addition, OIG strives to ensure that the selection of projects provides coverage across the breadth of governmental functions and services.

3. *Follow-Up on Past APR Reports*

Each completed audit is evaluated six months after its publication date to determine if, when, and how follow-up should be conducted. APR considers factors such as the nature of the original findings and recommendations, changes in management or staff structure, and external circumstances affecting the department in determining what follow-up action to take. For example, APR may decide to postpone follow-up for an additional six months, conduct another full-blown audit with complete re-testing, or simply request and receive documentation of corrective actions from management.

Follow-up reports are an essential part of the oversight process because they are the means for determining what actions a subject department or agency took to address problems identified in the original audit report. For that reason, they are the highest priority when planning the activities of APR personnel.

4. *Available Staff Resources*

The number, experience, and specific expertise of staff available affect the selection of project topics and scope. APR will not conduct work for which OIG does not have the required competencies available among its personnel. APR will request assistance from other OIG staff when their specialized expertise (e.g., legal or data analysis) is needed and will adhere to all GAS requirements for the use of such internal specialists.

To be maximally useful, performance audits must be timely (see GAS A7.02(g)). Unexpected delays caused by an auditee, such as slow responses to APR requests, or the quality of program data, are noted as findings or limitations in published audit reports. Proper planning requires that the Deputy Inspector General and/or Chief Performance Analysts assign adequate staff or reduce audit scope to ensure timely completion of all projects.

#### IV. 2016 New Projects

As projects are completed and staff become available for new projects, APR reviews the topics on the Annual Plan and conducts additional research prior to launch (launch is the official opening of an audit with a department). The final decision to launch a project requires approval

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by the Inspector General on a just-in-time basis prior to launch, because circumstances affecting the decision of whether or when to launch a specific project are expected to change throughout the year.

We group the 25 potential project topics listed below into 5 broad categories corresponding with the functions and departments presented in the City's Annual Appropriation Ordinance, Summary E.<sup>2</sup> We do not rank the topics. The numbers below are provided solely for ease of identification. Each topic listed includes,

*Potential questions the project will seek to answer. Objectives are refined after Objectives: more information about the topic is obtained from the department.*

*Rationale: Relevance of and background on the topic.*

#### City Development and Regulatory

##### J.

Potential Objectives:

Rationale:

##### 2.

Potential Objectives:

Rationale:

*Department of Planning and Development's (DPD) Enforcement of the Affordable Requirements Ordinance*

- Does DPD ensure that developers subject to Affordable Requirements Ordinance (ARO) comply with the ordinance?

Public concern over shortages of affordable housing units and the City's management of ARO fees have raised questions about the efficacy of the program.

*DPD Affordable Housing Rehabilitation and Construction*

- Does DPD effectively utilize Federal, State, and City resources to rehabilitate and construct affordable housing units in multi-family developments?

In the first year of DPD's 2014 to 2018 housing plan, the Department distributed over \$270 million to create or restore 855 affordable housing units in multi-family developments. Output fell short of the 1,060 units the Department projected and the realized per unit cost of \$316,000 far exceeded DPD's estimated per unit cost of

\$167,700.

<sup>2</sup> OIG also has oversight duties relating to operation and projects of the Public Building Commission (PBC), including its contract management for City projects. Planned audits of PBC activity are included in the Infrastructure category.

<sup>1</sup> City of Chicago, "2014-2018 Chicago Five-Year Housing Plan, 2014 Fourth Quarter Progress Report," 17, accessed August 4, 2015,

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3. *Department of Cultural Affairs and Special Events's (DCASE) Management of Special Events*

Potential • Does DCASE ensure that special event organizers comply with Municipal

Objectives: Code of Chicago (MCC) requirements when securing event permits and City services?

Rationale: DCASE is responsible for managing special events and tourist promotion in the City of Chicago. To fulfill its duties, DCASE must work with a number of other City departments to secure permits, services, and personnel.

4. *Chicago Department of Public Health (CDPH) Environmental Permitting and Law Enforcement*

Potential • Does CDPH effectively enforce environmental ordinances in the MCC, as Objectives: well as the state and federal environmental laws it is responsible for enforcing?

- How effective and efficient is the City in issuing environmental permits and prosecuting violations? ;

Rationale: In 2012, the City disbanded the Department of Environment (DOE) and assigned its environmental code enforcement function to CDPH. This reorganization may have impacted the frequency and vigor with which permits are issued and enforced.

5. *Department of Buildings (DOB) Complaint-Based and Periodic Building Inspections*

Potential • Does DOB promptly respond to public complaints about hazardous building Objectives: conditions by conducting inspections and ensuring that building code violations are corrected?

- Does DOB inspect all buildings required to have annual or periodic inspections by the MCC (e.g., places of public assembly or amusement)?

Rationale: Several fatalities in 2014 resulted from hazardous building conditions that had persisted despite the

buildings having been previously cited for building code violations. OIG . has received numerous public complaints concerning unremediated building code violations.

6. *DOB Electrical Inspections*

Potential • Does DOB conduct electrical permit inspections and respond to complaints Objectives: of dangerous wiring effectively and efficiently?

- Does DOB accurately record electrical inspection information?

Rationale: Since July 2006, DOB has identified over 90,000 electrical violations during inspections, yet the City's Data Portal reveals that nearly 84% of those violations are still open. This backlog suggests ineffective management of the inspection process and may result in increased safety risk for citizens.

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7. *Department of Procurement Services's (DPS) Enforcement of the Chicago Base Wage Ordinance*

Potential • Does DPS effectively enforce the Chicago Base Wage as required by MCC § Objectives: 2-92-610?

Rationale: City contractors must pay certain employees a minimum of \$13 per hour.<sup>4</sup> OIG has received complaints about contractors and subcontractors who do not comply with the Chicago Base Wage.

**Community Services**

Potential Objectives:

*City of Chicago Language Access*

- Has the City achieved Citywide language access that facilitates the effective provision of City services?
- Does City ordinance reflect best practices from other jurisdictions' language access policies?

Rationale:

Despite its large population of limited- and non-English proficient (LEP/NEP) residents, the City lacked a language access ordinance until 2015. This gap in the MCC: resulted in disparate levels of access to City services for Chicago's LEP/NEP communities.

2.

Potential Objectives:

Rationale:

3.

Potential Objectives:

Rationale:

*Chicago Building Code Accessibility Requirements*

- Do DOB and the Mayor's Office for People with Disabilities (MOPD) ensure that new construction complies with the City's accessibility requirements?
- Does DOB ensure that architects and engineers in the Self-Certification Program comply with the City's accessibility requirements?

City employees and community leaders have alerted OIG to potential gaps in oversight in the permitting process that may undermine the City's goal of ensuring accessible design and construction for people with disabilities.

*Chicago Public Library (CPL) Staffing*

- Does CPL assign sufficient and appropriate staff to branch libraries?
- Does CPL schedule and assign staff in accordance with library best practices?

Library hours and staffing have been a concern to the public, library personnel, and management in recent years. Audits of other library systems have found

<sup>4</sup> MCC § 2-92-610 established as of July 1, 2003 that certain City contractors had to pay no less than \$9.05 per hour, subject to annual adjustment, to their employees. In September 2014 the Mayor signed an Executive Order that increased the base wage to \$13, and expanded it to apply to most City contractors. City of Chicago, Mayor's Office, "Mayor Emanuel Signs Executive Order Requiring City Contractors to Pay a Minimum Wage of \$13," September 3, 2014, accessed September 18, 2015, <http://www.v.citvol/chicaao.oru/cilv/en/depts/inavor/prc.ss> <<http://http://www.v.citvol/chicaao.oru/cilv/en/depts/inavor/prc.ss>> room/press releases/2014/sep/mavor-emanuel-signs-excciiitive-oiclei-rccquirintz-citv-coniractors-t.html.

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opportunities for more effective and efficient allocation of staff resources.

4. *Department of Family & Support Services's (DFSS) Oversight of IVorkNet*

Potential • Does DFSS effectively ensure that WorkNet delegate agencies comply with

Objectives: the terms and conditions of their contracts with the City?

Rationale: Effective delegate agency oversight is necessary to ensure quality job training and placement services to WorkNet's targeted populations, including ex-offenders, persons with disabilities, and persons with LEP.

5. *Construction and Demolition Debris Recycling*

Potential • Does CDPH ensure that all contractors required by the MCC to recycle construction and demolition debris; in fact meet the recycling requirement?

- Does DOB withhold certificates of occupancy for contractors who have not demonstrated their compliance with the recycling requirement or paid related fees?

Rationale: According to a 2010 report, roughly 60% of the 7.3 million tons of waste generated annually in Chicago is construction and demolition debris.<sup>5</sup> Effective enforcement of the construction and demolition debris recycling requirement has a significant impact on the total amount of waste recycled in Chicago.

## C. Finance and Administration

### I.

Potential Objectives:

Rationale:

#### *Board of Elections Operations*

- Does the Board of Elections conduct its operations, including elections, in a cost-effective way according to best practices?
- Does the Board of Elections conduct post-election audits or take other steps to ensure the accuracy of election results and minimize the risk of errors?

The City of Chicago allocates millions of dollars each year (approximately \$25 million in FY2015) to fund the Chicago Board of Election Commissioners. A review of Board operations and costs can provide assurance that taxpayers receive value for this expenditure and that elections are conducted according to industry best practices.

<sup>3</sup> City of Chicago, Department of Environment, "Waste Characterization Study/" (prepared by CDM), p. ES-8, April 2, 2010, accessed December 12, 2014, <http://Av\vw\itvofchicaKO.ora/content/dam/citv/depts/doe/eeneral/RecyclingAndWasteIvlgmtPDFs/WasteAndDiver sionStudyAVastcCharacterizationReport.pdf>.

#### *User Fees*

Potential • Does the City set user fees at a level that supports the full cost of the service Objectives: in accordance with the City's fiscal policies?

Rationale: User fees are a significant source of non-tax revenue. Without processes in place to routinely evaluate the costs incurred by the City in providing fee based services, the City may be undercharging for services and effectively subsidizing those services with revenue intended for or better devoted to other needs.

3. *Local Records Act Compliance*

Potential Objectives:

Rationale:

4.

Potential Objectives:

Rationale:

- Do City departments have policies that comply with the Illinois Local Records Act?

Past OIG work has found evidence of inconsistent compliance with retention of official records as required by the Local Records Act/which would represent a significant liability for the City and undermine the values of accountability, transparency, and public trust which the Act promotes.

*Information Technology User Access Controls*

- Do departments follow City IT policies for user access to major City information systems?

General controls over information technology are critical for IT security, especially when users are dispersed across departments. Financial systems present the greatest risk to the City if IT controls over user access are weak.

**D. Infrastructure**

7. *Public Building Commission (PBC) Change Order Review Process*

Potential Objectives:

Rationale:

2.

Potential Objectives:

Rationale:

- Does PBC's planning process accurately account for potential pitfalls in the construction process and minimize the need for change orders?
- Does PBC have an effective process for reviewing and approving change orders to ensure changes are necessary and to minimize added costs?

Changes during a construction project can add significant cost and may result in delays in project completion. Industry best practices identify payments for avoidable changes as a significant risk. Careful project planning



coupled with scrutiny of change orders can keep costs down and prevent unnecessary delays.

*Chicago Department of Transportation (CDOT) Right of Way Management*

- Does CDOT effectively coordinate street resurfacing and repair activities with sister agencies and utility companies?
- Does CDOT ensure that permittees rebuild and restore roadways in the manner approved by the City?

CDOT implemented new project coordination processes in 2011; however, aldermen and city residents have alerted OIG to potential gaps in the

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Department's coordination efforts.

3.

Potential Objectives:

Rationale:

*Department of Water Management's (DWM) Management of Overtime*

- Does DWM effectively allocate staff in order to minimize overtime?
- Does DWM enforce policies that ensure appropriate and equitable assignment of overtime to staff?

In 2014, DWM spent \$23.9 million on overtime, exceeding the budgeted total of \$6.2 million by nearly \$17.7 million.

4. *D WM's Management of Water and Sewer Construction*

- Potential • Does the construction management for water and sewer line replacement Objectives: meet industry best practices in areas such as budget requirements and controls for unnecessary change orders, contract-defined bidding procedures, appropriate materials tracking and security, and adherence to safety regulations?
- Does the invoice acceptance process meet industry best practices, including but not limited to sufficient and appropriate detail describing applications for payment, general conditions charges, reimbursable costs, and change orders?

Rationale: DWM will spend at least \$1 billion replacing 880 miles of water mains and rebuilding or relining 750 miles of water mains between 2012 and 2018. Reviewing management practices over such a massive expenditure is critical to ensuring appropriate use of taxpayer monies.

5. *Department of Streets and Sanitation's (DSS) Oversight of the Multi-Unit Building Recycling Program*

Potential • Does DSS effectively enforce City Code requirements that require high-density and commercial building owners to procure recycling services? Objectives:

Rationale: Nearly 25% of all of Chicago's waste is generated by high-density and commercial buildings, yet only 19% of that waste is recycled. The MCC charges DSS with ensuring the availability of recycling in multi-unit buildings.

E. Public Safety

1. *Chicago Police Department's (CPD) Compliance with the Freedom of Information Act (FOIA)*

Potential • Has CPD's FOIA Section taken reasonable measures to efficiently respond to Objectives: its large number of FOIA requests?

Rationale: CPD received approximately 6,000 FOIA requests in 2014. OIG has been alerted that CPD has difficulty responding promptly to the volume of requests.

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Potential Objectives:

Rationale:

*CPD Dashboard Cameras*

- Does CPD effectively manage and maintain dashboard cameras and footage?

OIG has been alerted to potential issues with CPD's management of its dashboard cameras, including inoperable cameras, lack of routine maintenance, and lack of proper footage archives.

### 3. *CPD Early Intervention System*

Potential • Does CPD effectively monitor performance to identify at-risk officers and to Objectives: implement appropriate intervention and discipline?

Rationale: Previous OIG work identified a number of CPD programs related to personnel risk management, including the Behavioral Intervention, Performance Evaluation, and Performance Recognition Systems. This audit would determine if the department utilizes those programs and the efficacy of those programs.

### 4. *Chicago Fire Department's (CFD) Management of Overtime*

Potential • Does CFD effectively allocate staff in order to minimize overtime? Objectives: • Does CFD enforce policies that ensure appropriate and equitable assignment of overtime to staff?

Rationale: In recent years, spending on CFD overtime has increased significantly. While some use of overtime is expected, excessive overtime or inequitable distribution of overtime may indicate that personnel assignments have not been optimized.

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## **V. Reports published in 2015**

The following ten reports were published in 2015 (as of September 8, 2015). All reports are available at [ChicagoInspectorGeneral.org](http://ChicagoInspectorGeneral.org) <<http://ChicagoInspectorGeneral.org>>.

### **A. City Development and Regulatory**

1. *Department of Business Affairs and Consumer Protection Taxicab Regulatory Compliance Audit (#13-0548)*

Publication

Date: March 17, 2015

Summary: OIG evaluated BACP's taxicab regulation during 2013, specifically focusing on the medallion auction process and taxicab safety inspections. The audit found that BACP employed an auction model that could reasonably be expected to maximize revenue, consistent with the MCC requirement. However, BACP could not provide documents detailing the 2013 auction closing because, while bidding closed in October 2013, no sales had been finalized as of the audit report date. Therefore, OIG could not assess compliance with all required auction procedures.

OIG examined taxicab safety inspection records and found that in 2013 BACP completed semiannual inspections for 99.5% of the 6,849 taxicabs needing inspection. However, BACP did not employ sufficient quality assurance procedures, such as covert and overt audits, to ensure that all inspections were conducted in accordance with the Department's inspection standards. In addition, BACP's inspection standards required use of a specific brake testing machine that was frequently broken. OIG also found that missing or incorrect safety citation records prevented BACP from accurately monitoring inspection compliance.

In response, the Department committed to augmenting its current system of supervisory oversight with overt audits and updating protocols. BACP plans to remove the brake machine from its testing process and standards in favor of an alternative method. (OIG did not examine the efficacy of various brake testing mechanisms.) Finally, although the Department believes that its new method for transmitting Notices of Inspection is adequate, it stated that it will examine ways to make the process more efficient, including having supervisors review reports to ascertain if any taxicabs have failed to report for a required inspection.

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2. Department of Buildings Elevator Inspections Follow-Up Inquiry (UI5-0230) Publication

Date: July 16, 2015

Summary: OIG evaluated the status of DOB's corrective actions in response to OIG's October 2014 audit of DOB's compliance with the annual elevator inspection requirements set forth in the MCC. Based on DOB's follow-up response, OIG concluded that the Department was still in the planning stage respecting corrective actions for two original audit findings and has fully implemented corrective actions that address the remaining three audit findings.' It is also important to note that the scale of corrective action needed had increased since the time OIG issued the original audit. At the time of the audit, DOB records showed, that 6,43.8 buildings required annual elevator inspections in 2013. However, in response to the audit the Department reviewed its data and found system errors had resulted in an understatement of its inventory of buildings requiring inspection., It is important for the-Department to, continue to strive towards its stated goal of 100% inspection completion rate for elevators citywide. To that end, OIG urged the Department to continue its expansion of the Annual Inspection Certification program and its . upgrade of its electronic inspection database. The AIC program requires owners of designated properties to arrange for private inspections.

B. Community Services

I. Department of Family and Support Services Homeless Services Audit (#14-0024) Publication

Date: August 17, 2015

Summary: OIG evaluated how DFSS selected and monitored 57 homeless service providers, known as "delegate agencies," in 2013 and 2014. OIG found that DFSS scored delegate agency applications inaccurately and inconsistently. Without accurate and consistent application scoring, DFSS may not have selected the most qualified applicants. OIG also found that, in at least one instance, DFSS allowed adverse findings from a program monitoring audit to go unrecorded. Finally, OIG found that while DFSS required delegate agencies to report on their performance, it did not hold them fully accountable for inaccurate reporting. OIG recommended that DFSS improve training and quality control over its Request for Proposals application review process, design its audit tool to capture all known findings, and hold delegate agencies accountable for misreporting performance data.

In response to our audit findings and recommendations, DFSS stated that it implemented an automated application scoring system to minimize human errors in the application scoring process and, going forward, "will strictly adhere" to its policy to resolve scoring discrepancies. To resolve the issue of unrecorded findings, DFSS instructed its auditors to record observed issues irrespective of whether they appear in a sample. Finally, DFSS stated that beginning in 2016 it will implement strategies to verify delegate agency performance.

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## Finance and Administration

### *OIG Advisory Concerning the City of Chicago Employee Wellness Program (#15-0073)*

Publication Date:

Summary: This advisory found that the City was spending over \$3 million annually on the wellness program contract with American Healthways Services, LLC, but did not track or measure the program's performance and benefits in a way that shed light on whether the program was meeting the City's goals.

The advisory suggested that, if the Chicago Lives Healthy wellness program is renewed for 2016, the City establish a performance measurement framework for the program. Without such a framework, the City cannot make evidence-based, cost-benefit decisions about the future of Chicago Lives Healthy. In its written response, the City declined to make any changes to the way it measures the program and explained that it will continue to monitor Chicago Lives Healthy as it has done in the past.

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## Infrastructure

Date: Summary:

1. *Department of Streets and Sanitation Garbage Ordinance Enforcement Follow-Up Inquiry (#14-0661)*

## Publication

March 11, 2015

OIG published a follow-up to our June 2014 audit of DSS's enforcement of MGC § 7-28-240 regarding eligibility for City garbage collection service. OIG concluded that DSS did not implement corrective actions related to the original findings and, as a result, savings of nearly \$6.6 million remain unrealized. The purpose of OIG's June 2014 audit was to determine if DSS effectively and efficiently enforced the ordinance with respect to "grandfathered" multi-unit dwellings and not-for-profit organizations.

Based upon the results of our 2014 audit, OIG recommended that DSS,

- take steps to ensure garbage collection services are provided to only those multi-unit dwellings eligible under the grandfather clause;
- develop and implement a more efficient process for updating the grandfather list on an ongoing basis in order to reduce the resources needed to enforce the ordinance; and



- work with the City Council to set explicit standards in the MCC for not-for-profit refuse removal service. If the City Council chooses not to formalize this service by amending City ordinance, we recommended that DSS provide refuse removal service to only those properties defined as eligible by City ordinance.

On July 29, 2015, City Council passed an ordinance eliminating City garbage collection service for "grandfathered" multi-unit dwellings.

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Publication Date:

Summary:

3.

Publication Date:

Summary:

*Department of Streets and Sanitation Garbage Collection Performance Measurement Audit (#14-0144)*

April 27, 2015

In this audit, OIG assessed garbage collection performance across all service areas, evaluated DSS's processes for measuring performance of garbage collection, and reviewed DSS's quality control policies (DSS Order 14-001) that govern garbage collection operations and personnel.

OIG concluded that gaps in DSS performance measurement impede the Department from achieving its goal of optimizing the garbage collection system. Specifically, our review of the Bureau of Sanitation's data, including GPS records, found that DSS does not measure all garbage collection operations and does not know the number of garbage carts that require City service in each division. OIG also found that DSS does not optimally allocate the number of alleys to garbage collection routes or staff resources across divisions.

OIG also concluded that while Order 14-001 was an important administrative achievement for the Department, the supervisory process established in the Order does not provide reasonable assurance of compliance with all of the Order's goals.

*Departments of Transportation and Finance Loading Zone and Residential Disabled Parking Sign Process Audit (#13-0389)*

June 4, 2015

OIG evaluated CDOT's process for loading zone signs and the Department of Finance's (DOF) process for residential disabled parking signs. Regarding loading zone signs, the audit found that the City failed to collect \$3.9 million of the renewal fees billed in 2013 (including amounts from previous years), inaccurately calculated the installation fees for each of 95 loading zones reviewed, and charged fees per sign instead of per zone, causing business owners in the sample to collectively overpay by \$10,550. In addition, CDOT did not maintain complete data for 88.4% of loading zone applications and its existing process has significant inefficiencies due to the number of parties involved and the need to bill and collect sign fees.

Regarding residential disabled parking signs, the audit found that DOF collected all installation fees, but failed to collect 10% of annual renewal fees resulting in \$3,250 of uncollected fees for the period audited. CDOT and DOF agreed with

OIG's recommendations to make the current loading zone process more efficient and to examine potential wholesale changes to the program. The City also agreed with OIG's recommendations that it segregate billing and collection functions, pursue past due collections, and credit loading zone sign applicants for the amount of the overpayments on their initial sign installation fees.

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4. *Departments of Water Management and Finance Water Service Account Inventory and Revenue Audit (#13-0540)*

Publication

Date: June 16, 2015

Summary: OIG evaluated the City of Chicago's water service account inventory, meter reading, and temporary water usage practices. The City's water system currently serves over 490,000 accounts in the city and suburbs.

The audit found that DWM effectively executed two processes that are crucial to the billing process—account creation and timely meter reading. However, OIG also found that DWM allowed an estimated \$3.9 million in free water use at private construction sites from June 2008 through December 2014. The revenue loss occurred because a permit fee for water used during construction activities was eliminated and the Department did not require property owners to install meters immediately after receiving a DWM water service connection. DWM agreed with OIG's recommendation to require meter installation at the time of a new water installation and committed to changing its business practices.

In addition, OIG found that gaps in DOF's account status controls allowed some users to receive free water totaling \$330,981. In response to OIG's finding, DOF stated that it created a weekly report identifying accounts that may have been inappropriately deactivated for further review.

E. Public Safety

1. *Chicago Fire Department Fire and Medical Incident Response Times Follow-Up Inquiry (#14-0549)*

Publication

Date: March 4, 2015

Summary: OIG completed a follow-up to its October 2013 audit of the CFD's fire and medical incident response times.

The purpose of the 2013 audit was to determine if CFD fire and medical response times met National Fire Protection Association (NFPA) Standard 1710, which CFD historically claimed it met or exceeded. Our audit found that CFD did not meet the NFPA standard and that CFD's internal reports lacked the elements necessary to accurately assess whether the Department was in fact meeting or exceeding the national standards as it claimed publicly.

Based on CFD's follow-up responses, OIG concluded that CFD does not intend to implement

any corrective actions related to the original findings, which were based on standards of NFPA and the Commission on Fire Accreditation International. OIG maintains, as stated in the October 2013 audit report, that documenting performance goals and accurately assessing performance outcomes are basic and critical management functions.

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2. *Chicago Police Department Assault-Related Crime Statistics Classification and Reporting Follow-Up Inquiry (#15-0138)*

Publication

Date: May 6, 2015

**SUMMARY:** OIG completed a follow-up inquiry regarding its April 2014 audit of CPD's classification and summary reporting for assault-related crimes in 2012. OIG concluded that CPD implemented corrective actions related to the original audit findings.

The 2014 audit found that CPD reported all required assault-related incidents in CompStat reports, but misclassified 3.1% of assault-related incidents, which was under the 10% rate that the Federal Bureau of Investigation Criminal Justice Information Services stated was acceptable for agencies participating in the Uniform Crime Reporting (UCR) program.

The audit also found that CPD did not follow the State of Illinois UCR (I-UCR) rules, resulting in a 21% error rate in incident reporting and a 24% underreporting of victim offenses in the incidents sampled. Finally, the audit found that CPD incorrectly applied the I-UCR reporting rule regarding crimes against protected persons, thereby underreporting aggravated assaults and aggravated batteries to I-UCR by 5.7% and 3.2%, respectively.

In March 2015, OIG inquired with CPD regarding the status of the corrective actions the Department committed to in response to OIG's audit and any other actions it may have taken. Based on the Department's follow-up responses, OIG concluded that CPD fully implemented the corrective actions it committed to in 2014.

## **VI. Follow-Up Reports to Conduct in 2016**

The following reports will be evaluated for follow-up in 2016. Reports are first considered for follow-up six months after publication. Follow-up may be postponed until 12 months after report publication depending on the nature and scope of corrective actions required. Summaries of the original reports are in the previous section of this Plan.

1. BACP Taxicab Regulatory Compliance Audit (published March 15, 2015)
2. DSS Garbage Collection Performance Measurement Audit (published April 27, 2015)
3. CDOT and DOF Loading Zone and Residential Disabled Parking Sign Process Audit (published June 4, 2015)
4. DWM and DOF Water Service Account Inventory and Revenue Audit (published June 16, 2015)
5. DFSS Homeless Services (published August 17, 2015)

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## VII. Projects in Progress

The following 14 projects are underway as of September 18, 2015.

### **A. City Development and Regulatory**

#### *1. Chicago Department of Public Health Food Inspections Audit (#15-0107)*

This audit evaluates whether CDPH completes all food establishment inspections as often as required by its rules and regulations.

### **B. Community'Services**

None

### **C. Finance and Administration**

#### *1. City of Chicago Hiring Process Audit (#13-0266)*

This audit evaluates the length of the City's hiring processes and seeks to identify sources of delay.

#### *2. City of Chicago Departmental Practices Related to Documenting Operating Policies and Procedures (#14-0108)*

This project examines how City departments document departmental and city-wide policies and procedures.

#### *3i Board of Ethics Lobbyist Registration Process Audit (#14-0328)*

This audit evaluates BOE's methods for identifying lobbyists who do not comply with the City's ordinances related to lobbying, and examines whether BOE's lobbyist activity records are complete and accurate.

#### *4. Department of Administrative Hearings Operations Audit (#14-0436)*

This audit evaluates the timeliness and effectiveness of the Department's adjudication process.

#### *5. Department of Finance Management of Ambulance Billing Audit (#14-0601)*

This audit evaluates the accuracy and timeliness of billing for City ambulance services, and whether DOF ensures the ambulance billing vendor's compliance with all contractual requirements.

### **D. Infrastructure**

#### *1. Chicago Department of Transportation Aldermanic Menu Program Audit (14-0430)*

This audit evaluates CDOT's management of the Aldermanic Menu Program of ward-based infrastructure improvements.

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2. Chicago Department of Transportation Pavement Management Audit (#14-0625) This audit evaluates CDOT's planning processes for street resurfacing and repair.

3. Chicago Department of Aviation Notification (#15-0124) This project reviews CDA's public reporting on aircraft noise data.

E. Public Safety

1. *Chicago Fire Department Opportunities for Civilianization Audit (#13-0517)*

This audit examines whether or not firefighters and paramedics hold positions that could be filled by civilians and calculates the potential cost impact of civilianizing the positions.

2. *Chicago Police Department and Independent Police Review Authority (IPRA) Tracking of Officer-Involved Weapons Discharges (#14-0001)*

This audit evaluates the accuracy and completeness of IPRA's reporting on officer-involved weapons discharge incidents and investigations, and examines CPD and IPRA's risk management practices related to such incidents.

3. *Office of Emergency Management and Communications Management of Police Observation Devices (#14-0568)*

This audit evaluates OEMC's management and location of remote-controlled video cameras used by law enforcement to record potential criminal activity.

4. *Chicago Fire Department Uniform Benefit Audit (#15-0074)*

This audit evaluates CFD's administration of the uniform benefit provided to CFD personnel, including oversight of the commissary at which employees may make free uniform exchanges.

5. *Chicago Police Department Overtime Audit (#15-0198)*

This audit examines CPD's overtime practices including timekeeping, approval, and budgeting for overtime.

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