



# Office of the City Clerk

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## OFFICE of the CITY OF CHICAGO, CITY CLERK Office of Inspector General

### Audit and Program Review Section 2018 Annual Plan

*Approved by the Inspector General December 18, 2017*

OIG APR 2018 Annual Plan

December 18, 2017

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## Acronyms

ADA	Americans with Disabilities Act
APR	Audit and Program Review Section of the Office of Inspector General
ARO	Affordable Requirements Ordinance
BACP	Department of Business Affairs and Consumer Protection
BOE	Board of Ethics
CAP	Full Cost Allocation Plan
CBOEC	Chicago Board of Election Commissioners
CCLT	Chicago Community Land Trust
CDA	Chicago Department of Aviation
CDOT	Chicago Department of Transportation
CDPH	Chicago Department of Public Health
CFD	Chicago Fire Department
CIP	Capital Improvement Plan
CPD	Chicago Police Department
CPL	Chicago Public Library
DFSS	Department of Family and Support Services
DHR	Department of Human Resources
DOAH	Department of Administrative Hearings
DOB	Department of Buildings
DOF	Department of Finance
DOIT	Department of Innovation and Technology
DOJ	U.S. Department of Justice
DOL	Department of Law
DPD	Department of Planning and Development
DSS	Department of Streets and Sanitation
DWM	Department of Water Management
GAS	Generally Accepted Government Auditing Standards
IDOC	Illinois Department of Corrections

IDPH	Illinois Department of Public Health
IT	Information Technology
MCC	Municipal Code of Chicago
MOPD	Mayor's Office for People with Disabilities
OBM	Office of Budget and Management
OEMC	Office of Emergency Management and Communications
ON A	Mayor's Office of New Americans
OIG	Office of Inspector General
" PBC	Public Building Commission
TIF	Tax Increment Financing

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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 operation of City government.

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 conducts performance audits of Chicago municipal programs and operations 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 advisories, notifications, and descriptions of programs.<sup>1</sup>

APR's role is separate from, but complements, the work performed by the OIG Investigations and Public Safety (police oversight) sections. While Investigations primarily examines allegations of individual misconduct or wrongdoing, APR focuses on the effectiveness and efficiency of programs and processes. APR is also distinct from the OIG Hiring Oversight unit, which performs legally mandated reviews of the City's hiring and employment practices to ensure compliance with the City's various hiring Plans.

<sup>1</sup> OIG advisories and department notifications describe management problems observed by OIG through direct review or in the course of other activities.

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II. Purpose of the Annual Plan

The purpose of the APR Annual Plan is to identify potential projects for the upcoming fiscal year. Projects are selected based on OIG's prioritization criteria, which we describe below.

A. **Subject to Change**

The Annual Plan is a guiding document that is subject to change; it does not prohibit APR from setting new priorities or initiating different projects during the course of the year. Circumstances that arise during the year may prompt OIG to undertake new, higher priority projects or reduce the priority of a planned project. Some topics on the Annual Plan may be deferred to following years. In addition, a project on the Annual Plan that originally begins as an audit may instead be completed as an OIG advisory, department notification, or other non-audit report, or 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 program included on the Plan and alert OIG to any corrective action taken in advance of and/or during an APR performance audit. Such action will not necessarily deter APR from auditing the program, but the audit will assess and report on any proactive and promptly reactive measures the department has 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. OIG publishes a draft of the Annual Plan for public comment each September, and reviews, updates, and publishes the final Plan 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 the Annual Plan

A. **Topic Sources**

OIG gathers potential audit topics from a variety of sources, including: complaints received from the public via 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 City 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/)

## B. Prioritization Criteria

OIG considers numerous factors in selecting projects for the Annual Plan, including preliminary risk assessments of the programs or services involved in potential new project topics: the unique

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value a potential project might bring to City stakeholders; and the availability of APR resources, taking into account resources required to conduct follow-ups on past reports.

### */ Risk Assessment*

A risk factor is an observable and/or measurable indicator of conditions or events that could adversely affect an organization, absent effective internal controls. APR's assessment of topics is based on risk factors reflecting the nature and potential vulnerabilities of departments, programs, and vendors. APR considers a number of risk factors, including,

- Resources used to deliver service
  - Size (in dollars budgeted) of department/program
  - Number of staff working in department/program
- Public interest/impact
  - Critical to City's mission or core service provision
  - Affects public safety
- Number of residents, employees, and/or businesses affected/served
  - Quality/quantity of service provision
  - Customer satisfaction
- Compliance with laws, regulations, or policies
- Volume, type, and dollar amount of financial transactions
- Quality of internal control systems, including,
  - Existence of robust operational policies and procedures
  - Existence and utilization of performance metrics
- Underfunded mandate or mismatch between program objectives and available resources

APR assesses risk based on discussions with departments and leadership, information requested from departments, information obtained from prior OIG work, publicly available information, and additional research. In some cases, OIG selects 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 seeks to add unique value arising from its role as the City's independent oversight agency by prioritizing APR projects that,

- analyze performance of governmental operations and programs requiring data and information not available to external entities;

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- analyze governmental operations and programs where no recent independent analysis exists;
- develop knowledge of the operation of municipal programs and services: and/or
- analyze narrow, obscure, or complex 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 full spectrum of governmental functions and services.

## 3. *Follow-Up on Past APR Reports*

APR evaluates each completed audit six months after publication to determine whether, when, and how to conduct follow-up. Factors considered in determining what, if any, follow-up action to take include the nature of the original findings and recommendations, changes in management or staff structure, and external circumstances affecting the department. 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 evaluate documentation of corrective actions from management.

Follow-up reports are an essential part of the oversight process because they enable OIG to evaluate the actions taken by a department or agency to address problems identified in the original audit report. For that reason, they take the highest priority when planning the activities of APR personnel.

## 4. *Available Staff Resources*

The number, experience, and specific expertise of staff available to APR affect the selection of project topics and their scope. APR will not undertake projects unless OIG has the required competencies available among its personnel, or can procure them from external sources. APR will request assistance from other OIG staff when their specialized expertise (e.g., legal or data analysis) may benefit a project, and will adhere to all GAS requirements for the use of such internal specialists.

To maximize their utility, performance audits must be timely (see GAS A7.02(g)). Unexpected delays caused by an auditee, such as slow responses to APR requests, or problems with the quality of program data, are noted as findings or limitations in published audit reports. Proper planning requires the Deputy Inspector General and Chief Performance



Analysts to assign adequate staff-or, if necessary, reduce audit scope-to ensure timely completion of all projects.

#### IV. 2018 New Projects

As projects are completed and staff become available, 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 by the Inspector General on a just-in-time basis, because circumstances affecting the decision of whether or when to launch a specific project are expected to change throughout the year.

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APR groups the 23 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.~ We do not rank the topics. The numbers below are provided solely for ease of identification. Each topic listed includes,

*POTENTIAL* Potential questions the project will seek to answer. *APR refines the objectives* *OBJECTIVES:* after obtaining more information about the topic from the department.

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

#### **Development and Regulatory**

/ . Department of Buildings (DOB) Permit Issuance and Inspections

POTENTIAL OBJECTIVES:

Rationale:

potential Objectives:

Rationale:

- Does DOB perform all field inspections required as part of the pennitting process?
- Does DOB collect all permit issuance and inspection fees, as required by the Municipal Code of Chicago (MCC)?

OIG has learned that DOB may not be completing all field inspections related to building permits, which raises safety and fairness concerns. With regard to fees, OIG's 2014 Elevator Inspections Audit revealed that DOB failed to collect fees for 18.0% of elevator inspections over a one-year period. An audit would determine whether this failure to collect fees also exists in the permitting context.

*Department of Planning and Development's (DPD) City-Owned Land Inventory and Sales*

- Does DPD manage and sell real property in a manner consistent with its policies and procedures, development goals, and best practices in peer cities?
- Does DPD ensure that entities that purchase City-owned land abide by all associated development and tangible public benefit obligations?

DPD manages and markets for sale approximately 13,000 City-owned vacant properties through programs such as Large Lots and Negotiated Sales. This audit will examine DPD's administration of the City's land inventory to evaluate whether DPD is properly maintaining these properties, effectively marketing them, and holding purchasers accountable where they have agreed to provide tangible public benefits (e.g., jobs, affordable housing) in exchange for financial incentives.

For the City's Annual Appropriation Ordinances, see [https://www.cityofchicago.org/city/cn/depts/obin/supp\\_inrb/annual-budtiet-reconimendations](https://www.cityofchicago.org/city/cn/depts/obin/supp_inrb/annual-budtiet-reconimendations). Documents.html, 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.

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*3. DPD Zoning Review and Approval Process*

Potential • Have all ongoing construction projects received proper zoning approval from

Objective: DPD's Zoning Ordinance Administration, per City Code requirements?

Rationale: The Office of the Zoning Administrator, which is housed in DPD, reviews building permits for compliance with the Chicago Zoning Ordinance. OIG has received many complaints over the years related to construction projects that either did not receive approval, or improperly received approval, which raises safety and fairness concerns.

*4. Implementation of the Tax Increment Financing (TIF) Reform Task Force Recommendations, Compliance with the TIF Sunshine Ordinance, and Compliance with the TIF Surplus Executive Order*

Potential' • Has the City implemented the recommendations made by the Mayor's TIF Objectives: Reform Task Force?

- Does DPD comply with the requirements of MCC § 2-45-155, the TIF Sunshine Ordinance?
- Does OBM comply with the requirements of Executive Order 2013-3, Declaration of TIF Surplus Funds in TIF Eligible Areas?

Rationale: In 2011, Mayor Emanuel convened the TIF Reform Task Force and endorsed the group's recommendations. The TIF Sunshine Ordinance requires DPD to post a number of TIF-related documents on its web site and on the City's Data Portal. The Mayor's Executive Order requires the City to annually declare 25% of certain uncommitted TIF balances as surplus and return it to local taxing bodies. TIF transparency and the surplus-declaration process continue to be of significant concern to aldermen and the public.

5. *Business Affairs and Consumer Protection (BACP) Minimum Wage Enforcement*

Potential Objectives:

Rationale:

6.

Potential Objective:

Rationale:

- Does BACP exercise its authority to enforce the City's Minimum Wage Ordinance in a manner sufficient to effectively promote employer compliance?
- Do BACP's Minimum Wage Rules meet best practices for promoting compliance with minimum wage regulations?

In December 2014, City Council passed the Chicago Minimum Wage Ordinance (MCC Chapter 1-24)-which establishes a minimum wage for all workers in Chicago at a rate higher than the statewide minimum wage-and charges BACP with enforcement. OIG has found non-compliance by employers with a similar wage ordinance. This audit will evaluate the effectiveness of BACP's enforcement practices.

*Troubled Buildings Program Coordination*

- Do DOB, DPD, and CPD collaborate effectively to achieve the related goals of their respective Troubled Buildings programs?

DOB, DPD, and CPD each have "Troubled Buildings" programs with

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overlapping goals related to keeping buildings safe and secure. In some cases, the programs seek to demolish or renovate unsafe buildings, while in others they seek to remove persons from buildings. This audit will evaluate whether the programs are effectively coordinated, both among the departments and with external partners.

**B. Community Services**

1. *Construction and Demolition Debris Recycling*

Potential • Does CDPH ensure that all contractors required by the MCC to recycle construction and demolition debris meet the 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>3</sup> Effective enforcement of the construction and demolition debris recycling requirement has a significant impact on the total amount of waste recycled in Chicago.

2. *Low Income Housing Trust Fund (Trust Fund) Housing Quality Standards Compliance Process*

Potential • Does the Trust Fund enforce landlord compliance for serious health and Objectives: safety issues as required by the Rental Subsidy Program?

Rationale: The Trust Fund is a non-profit organization created by City ordinance to help low-income residents obtain housing. OIG has learned that some rental units receiving Trust Fund subsidies have demonstrated chronic noncompliance with the building code, raising concerns about the effectiveness of the Trust Fund's program to enforce landlord compliance with federal housing quality standards.

C. **Finance and Administration**

1. *Local Records Act Compliance*

Potential • Do City departments have record-retention policies and practices that comply

Objective: with the Illinois Local Records Act?

Rationale: Past OIG work has discovered evidence of inconsistent degrees of compliance with the standards for retention of official records imposed by the Local Records Act. This creates the possibility of potentially significant liability for the City, and undermines the values of accountability, transparency, and public trust promoted by the Act.

<sup>3</sup> City of Chicago, Department of Environment, "Waste Characterization Study" (prepared by CDM), p. ES-8, April 2, 2010, accessed August 31, 2017, <http://www.cityofchicago.org/content/dam/city/dcpts/doe/t;eneral/Recvelint;AndWaslelvlt;mt>PDFs/WasteAndDiver sionStudv/WasteCharacterizationReport.pdf>.

2. *Chicago Capital Improvement Program (CIP)*

Potential • Does the City develop and implement its CIP in accordance with best Objective: practices?

Rationale: The City's current five-year CIP (2017-2021) outlines expected spending of nearly \$7.6 billion on projects including water and sewer pipe replacement, street paving, traffic signals, libraries, airports, bridges, and bike lanes. Funding sources include Aldermanic Menu, TIF, bonds, and grants. The Civic Federation has found that the City's CIP meets only 6 of 14 capital planning best practices, and is the worst performer among 6 local governments.<sup>4</sup>

3. *Full Cost Allocation Plan (CAP)*

Potential • Does the City's full CAP completely and accurately allocate costs to the

Objective: correct departments?

Rationale: The City primarily uses the full CAP to allocate indirect costs across departments and funds, and to reimburse the Corporate Fund for indirect costs chargeable to the Enterprise Funds (i.e., the Water, Sewer, O'Hare,

and Midway Funds). The City also uses the full CAP to, among other things, identify indirect costs for full cost of service analyses. Past OIG work has found evidence of inaccuracies in the CAP.

4. *Department of Human Resources (DHR) Employee Evaluation Policy*

Potential • Does the City's employee performance evaluation policy align with best Objectives: practices?

- Does DHR effectively enforce Personnel Rule XIV, which requires performance evaluations, and provide reasonable assurance that City departments are in compliance?

Rationale: Past OIG work has found that some departments do not conduct employee performance evaluations as required by the City Personnel Rules. Inconsistent use of performance evaluations may impede departments' ability to align employee performance with program goals, to identify training needs, and to take appropriate remedial action in cases of misconduct.

<sup>4</sup> The Civic Federation, "How Well Do Chicago Area Local Government Capital Improvement Plans Follow Best Practices?" January 15, 2014, accessed August 31, 2017,

<<https://www.civicfed.org/civic-federation/blog/ltow-well->do-chicago-arca-local-government-capital-improvcment-plans-follow-bes>. For the most recent analysis of the City's

CIP, see The Civic Federation, "City of Chicago FY2017 Proposed Budget: Analysis and Recommendations," 90-93, November 1, 2016, accessed September 11, 2017, <[https://www.civicfed.org/sites/default/Files/rcporl>cityofchicagofy2017budgetanalvsis 2.pdf](https://www.civicfed.org/sites/default/Files/rcporl>cityofchicagofy2017budgetanalvsis%20.pdf).

## Infrastructure

1. *Department of Streets and Sanitation's (DSS) Enforcement of the Chicago Recycling Ordinance*

POTENTIAL • Does DSS enforce MCC requirements requiring high-density and Objectives: commercial building owners to procure recycling services?

2.

Potential Objectives:

Rationale: A 2010 study found that high-density and commercial buildings generated nearly 25% of all of Chicago's waste, and that, while an estimated 42% of that waste was recyclable, only 19% was recycled. In 2016, the City amended the MCC to clarify building owners' recycling responsibilities and increase fines for noncompliance.

*Chicago Department of Transportation (CDOT) Traffic Signal Management System*

- Does CDOT traffic signal management and coordination, including staffing, meet industry best practices and peer city models?
  - Does CDOT administer an effective maintenance program to ensure that traffic signals remain in

good working order?

Rationale:

CDOT oversees 3,035 intersections with traffic signals in the City. Proper system management, coordination, and maintenance of these signals can prevent loss of time and money by the City and its citizens. Studies in peer cities have shown that traffic signal management improvements can reduce wait times by 40% and travel time by 26%, and cut emissions by 21%.

Potential Objectives:

*D WM Water Main Replacement Cost Control*

- Do construction costs for water main replacement projects align with cost estimates?
  - Does DWM hold contractors accountable for exceeding maximum completion times and failing to meet other contract provisions?

Rationale:

Launched in 2012, the Water Main Replacement Program is a decade-long project to replace 880 miles of century-old water pipes. City crews perform approximately 40% of the work, while contractors perform the remaining 60%. The City has allocated \$1.1 billion for water distribution improvements in the 2017-2021 CIP. ;

4. *Chicago Department of Aviation (CDA) Oversight of Airport Construction Projects*

Potential • Do CDA's construction oversight practices provide reasonable assurance that

Objective: public resources are safeguarded against fraud, waste, and abuse?

Rationale: The City's 2017-2021 CIP allocates \$2.3 billion for capital improvement projects at O'Hare and Midway airports. This audit will evaluate whether CDA's construction oversight is effective and aligns with best practices.

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5. *Public Building Commission (PBC) Green Energy Systems*

Potential • Do buildings that PBC constructs for the City of Chicago meet the City's

Objective: goals for energy efficiency and cost savings?

Rationale: As part of its sustainability efforts, the City seeks to install green energy systems in municipal buildings. Building users have complained that the systems operate poorly and do not achieve the intended energy savings.

6. *DSS Street Sweeping Efficiency*

Potential • Does DSS set street sweeping routes in a manner that maximizes the Objectives: effectiveness and efficiency of street sweeping city-wide?

Rationale: Historically, DSS has organized street sweeping routes on a ward basis, generally assigning one sweeper to each ward and using laborers to hang temporary "No Parking" signs. Given the significant size differences among wards, this approach results in some streets being swept more often than others.

7. *Department of Fleet and Facility Maintenance (2FM) Police Vehicle Maintenance and Repair*

Potential • Does 2FM maintain and repair police vehicles in accordance with industry Objectives: standards and best practices to minimize vehicle downtime?

Rationale: OIG has received reports from the Chicago Police Department; showing that nearly 10% of police vehicles-twice the industry standard-are unavailable because they are undergoing service at 2FM fleet maintenance facilities. In addition, the reports indicate the average length of time to service police vehicles is 21.3 days, which exceeds industry standards. This audit will examine 2FM's police vehicle repair performance and seek to identify any opportunities for improvement.

E. Public Safety

/. *Juvenile Intervention Support Center (JISC)*

Potential • Does the City adequately promote and facilitate coordination between the Objectives: Chicago Police Department (CPD) and Department of Family and Support Services (DFSS), as well as between City departments and external stakeholders, to ensure the full functionality of the JISC?

- Does CPD ensure that members in JISC districts and at the JISC facility understand and adhere to the JISC's mission?
- Does DFSS ensure that its delegate partners offer the range of services required by JISC referrals?

Rationale: The JISC "uses a multi-disciplinary approach and interagency partnerships to provide prevention and intervention services to help youth arrested for low level misdemeanor offenses and youth at risk for juvenile justice system

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involvement." OIG has received information suggesting that the Center has not , reached its full potential during its ten years in operation.

2. *Chicago Police Department (CPD) Dashboard Cameras*

Potential • Does CPD manage and maintain dashboard cameras and footage in an Objectives: effective manner?

Rationale: In late 2015, responding to high-profile cases that revealed police officers' ' widespread failure to activate their vehicles' on-board video and audio recording devices, CPD committed to enforcing policies requiring proper use of the equipment. Failure to properly use video and audio equipment hinders investigations and undermines public trust in law enforcement.

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

Potential • Does CFD allocate staff in a manner that minimizes overtime? Objectives: • Does CFD maintain and 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 or inequitably distributed overtime may indicate suboptimal personnel

management.

#### 4. *CFD Fire Prevention Inspections*

Potential • Does CFD's Fire Prevention Bureau conduct all annual inspections as Objectives: required by the MCC?

- Does CFD notify noncompliant building owners and conduct timely follow-up inspection of known violations?

Rationale: The inspection of buildings for adherence to the fire code and timely correction of violations is a critical component of public safety. CFD does not currently publish fire inspection activity on the City's Data Portal.

<sup>5</sup> City of Chicago, Department of Family & Support Services, "Juvenile Intervention and Support Center," accessed May 19, 2016, [http://www.cityofchicago.org/city/en/depts/fss/provdrs/voulh/svcs/how\\_to\\_find\\_a\\_juvenile\\_interventions\\_support\\_center\\_in\\_chicago.html](http://www.cityofchicago.org/city/en/depts/fss/provdrs/voulh/svcs/how_to_find_a_juvenile_interventions_support_center_in_chicago.html)

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## **V. Reports Published in 2017**

The following 13 reports were published in 2017 (as of December 18, 2017). All reports are available at [ChicagoInspectorGeneral.org](http://ChicagoInspectorGeneral.org).<sup>6</sup> <<http://ChicagoInspectorGeneral.org>.<sup>6</sup>>

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

#### *I. Department of Planning and Development Affordable Requirements Ordinance Administration Audit (#15-0523)*

Publication

Date: March 28, 2017

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



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

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

<sup>6</sup> OIG audit reports and advisories are published in full on the web site. OIG notifications are summarized in OIG's quarterly reports.

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land trust models.

## 2. Board of Ethics Lobbyist Registration Audit Follow-Up Inquiry (#17-0067)

PUBLTCATTON

Date: May 9, 2017

Summary: OIG completed a follow-up to its March 2016 audit of the lobbyist registration process. Based on the Board of Ethics's (BOE) responses, OIG concludes that BOE has partially implemented corrective actions related to two of the audit findings and fully implemented corrective actions related to a third audit finding.

The purpose of the March 2016 audit was to review BOE's efforts to identify active lobbyists and to provide reasonable assurance as to the veracity of information in lobbyist disclosures. The audit also evaluated BOE's process for levying fines against late-registering lobbyists. Our audit found that BOE did not provide reasonable assurance as to its identification of all active lobbyists or the veracity of information in lobbyist disclosures. In addition, process gaps and clerical errors related to hardcopy disclosures impeded BOE's ability to identify and levy fines against late filers, and while BOE properly identified late, electronically-filed registrations in 2014, it declined to levy the full fine allowable under the Ethics Ordinance.

Based on BOE's follow-up response, OIG concludes that BOE has partially implemented corrective actions related to the audit's first finding. We encourage the Board to identify and, if necessary, recommend amendments to the Ethics Ordinance that would boost the likelihood of identifying lobbyists who have failed to file or have provided inaccurate disclosures. OIG concluded that BOE fully

implemented corrective actions on the audit's second finding by transitioning to an electronic-only filing system in 2017. BOE partially implemented corrective actions on the third finding. The Board disagreed with our finding regarding the date when fines should be levied and thus took no action to address it. However, the Board did amend its guidelines with regard to what constitutes a suitable justification for a late filing by providing examples of circumstances in which the Executive Director may exercise his discretion to accept a late filing.

3. *Department of Administrative Hearings Adjudication Timeliness Audit Follow-Up*

(#17-0434)

Publication

Date: November 17, 2017

Summary: OIG completed a follow-up to its May 2016 audit of the Department of Administrative Hearings's (DOAH) efforts to ensure timely adjudication of cases. The original audit found that DOAH did not measure or set standards for clearance rates or time to disposition and that DOAH's overall clearance rate from 2012 through 2014 was 99.3% (meaning that DOAH opened only slightly more cases than it closed). The Department was unaware of its quarterly caseload backlog and increase in time to disposition for some case types

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identified by the OIG's analysis.

OIG recommended that DOAH evaluate its own performance on an ongoing basis by tracking clearance rates and times to disposition, as well as other similar measures and if negative trends are identified work with ticketing departments to identify causes and, if necessary, create a plan to address them.

Based on DOAH's follow-up response, OIG concluded that the Department has begun to implement corrective actions. Specifically, DOAH has adopted, although not documented, a 100% clearance rate policy and defined time-to-disposition standards for 28, or 90.3% of 31 case types identified by DOAH. However, DOAH is still in the process of developing accurate reports to monitor its performance relative to the new clearance rate and time-to-disposition standards. We urge the Department to complete the process of designing and implementing accurate clearance-rate and time-to-disposition monitoring reports, and to adopt written policies and procedures regarding their use. We also urge DOAH to ensure it has identified and set time-to-disposition standards for all case types. Finally, upon implementation of these monitoring reports, we urge DOAH to work with the ticketing departments to identify causes of backlogs and lengthy cases, and, if necessary, to create a plan to reduce the backlog and expedite the disposal of cases.

B. Community Services

1. *Notification Regarding the Department of Family and Support Services (DFSS) Workforce Services Program (#16-0376)*

Publication

Date: Summarized in July 17, 2017 OIG Quarterly Report

Summary: OIG issued a notification to the Department of Family and Support Services' (DFSS) regarding its Workforce

Services program. We determined that DFSS is in the process of instituting changes related to its Strategic Framework that, if completed, may reasonably be expected to improve the effectiveness and efficiency of Workforce Services. In addition, OIG determined that DFSS could improve collaboration with the Cook County Workforce Partnership and other City departments that provide workforce services. OIG also determined that DFSS did not conduct programmatic audits of all workforce programs and that delegate agency performance measures were not always linked to DFSS management's decision-making.

OIG encouraged DFSS to develop a plan to improve collaboration, begin conducting programmatic audits of all workforce delegate agencies, and design performance measures that inform management decisions and operationalize its goals. In response, DFSS committed to looking for additional areas to collaborate with City departments and external stakeholders, auditing all workforce delegate agencies, and evaluating the utility of current performance measures as part of its Strategic Framework process.

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*Chicago Department of Public Health Food Establishment Inspection Audit Follow-Up (#17-0304) '*

Publication Date:

Summary: OIG completed a follow-up to its November 2016 audit of the frequency of food establishment inspections conducted by the Chicago Department of Public Health (CDPH). The original audit found that CDPH performed the required number of routine food inspections for only 43.9% of High-Risk, 80.1% of Medium-Risk, and 24.8% of Low-Risk establishments.

Based on CDPH's follow-up response, OIG concluded that the Department has begun implementing corrective actions within its control which, once fully implemented, may be expected to resolve a substantial portion of the core findings noted in the audit. Full implementation will require the cooperation and collaboration of Illinois Department of Public Health (IDPH), a state agency beyond CDPH's control. IDPH has signaled an intention to consider and review regulatory issues raised by OIG's audit findings and recommendations.

In addition, CDPH stated that it was working with OBM to hire 20 additional sanitarians and 3 supervisors. According to CDPH, this personnel increase will allow the Department to comply with the state's required inspection frequency.

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### C. Finance and Administration

#### 1. Department of Finance Emergency Medical Services Billing Audit Follow-Up Inquiry (#17-0102)

Publication

Date: May 11, 2017

Summary: OIG completed a follow-up to its July 2016 audit of the Department of Finance's (DOF) billing for emergency medical services. Based on the Department's responses, OIG concluded that DOF has implemented corrective actions to address the first and second audit findings, has partially implemented corrective actions to address the third finding, and has initiated corrective action to address the fourth finding.

The purpose of the July 2016 audit was to determine if DOF billed accurately and completely for emergency medical services through its contract with a billing vendor. Our audit found that, DOF billed accurately for emergency ambulance transports but opportunities existed to strengthen its compliance practices. Additionally, DOF's billing for emergency ambulance transports was not complete, resulting in an estimated \$160,799 of missed fee revenue in 2014. Further, DOF could increase fee revenue by an estimated \$696,594 annually if it expanded the range of City-provided emergency medical services subject to fees. Finally, we found that DOF could reduce costs by eliminating incentive fees from future contracts or, if the fees are maintained, clarifying how they are awarded.

Among the implemented corrective actions, DOF has strengthened its compliance practices by performing a compliance plan evaluation and risk assessment, corrected software issues preventing billing of certain accounts, and implemented monthly reviews of a sample of unbilled accounts. In regard to the third finding, DOF decided not to bill for treat-no-transport at this time. The corrective actions addressing the fourth finding are pending implementation since DOF recently began negotiations with the selected vendor. Although fee and compensation structure have not yet been finalized in the new contract, DOF intends to include a compliance component to be paid to the vendor. DOF also stated it will ensure that the language is clear and eliminates any ambiguities, including those highlighted in the OIG's original audit response. Once fully implemented^ OIG believes the corrective actions reported by DOF may reasonably be expected to resolve the core findings noted in the original audit.

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December 18, 2017

2. *Department of Human Resources and Office of Budget and Management Hiring*

*Timeliness Audit Follow-Up Inquiry (#17-0224)*

Publication

Date: July 6, 2017

Summary: OIG completed a follow-up to its December 2015 audit of the City's hiring process. The purpose of the 2015 audit was to determine if the City filled vacant positions in a timely manner. We found that the City took an average of nearly six months to fill vacant positions.

In response to the audit, OBM and DHR described a number of corrective actions they would take regarding the development, tracking, and analysis of performance goals. They disagreed with the other findings and recommendations, however, and declined to take corrective actions.

Based on DHR's and OBM's follow-up response, OIG concludes that the City has begun implementation of corrective actions related to performance measures. Once fully implemented, OTG believes these actions may reasonably be expected to provide the tracking tools necessary to identify and address hiring delays. We urge the Departments to reconsider OIG's remaining recommendations and identify corrective action to fully address the finding in our original audit.

3. *City of Chicago Language Access Ordinance Compliance Audit (#17-0067)*

Publication

Date: September 20, 2017

Summary: OIG conducted an audit to determine whether the City is in compliance with the Language Access Ordinance, MCC Chapter 2-40, which requires City departments to create and implement plans to provide persons with limited English proficiency meaningful access to vital documents and services. The Mayor's Office of New Americans (ONA) assists departments in their efforts to comply with the Ordinance. OIG determined that the City was not in compliance with the requirements of the Ordinance, in part because ONA had focused its compliance efforts on only seven departments, and also because the implementation activities of these departments were lacking essential features stipulated by the Ordinance.

OIG recommended that the City take steps to clarify the applicability of the Ordinance to City departments and inform and provide guidance to them as such, define the enforcement role of ONA or another agency, and evaluate and publicly report on departmental performance per the Ordinance. ONA agreed with OIG's findings and resolved to begin holding quarterly meetings with the departments that have begun implementation, as well as to expand its interpretation of the Ordinance to require the compliance of additional departments.

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4. *Audit of Contractor Compliance with the Chicago Base Wage Ordinance (#16-0469) '*

Publication

Date: November 30, 2017

Summary: OIG evaluated security guard and janitorial service contractors and subcontractors to determine whether they complied with the Chicago Base Wage Ordinance. OIG found that while the four prime contractors reviewed in the audit consistently paid their employees the hourly base wage required by the Municipal Code of Chicago, three of the four related subcontractors underpaid 150 employees a total of \$22,664 during the period reviewed, resulting in an estimated total underpayment of \$291,816 over 3 years. OIG concluded that the City did not implement sufficient controls to provide reasonable assurance that prime contractors and subcontractors complied with the Chicago Base Wage Ordinance.

OIG recommended that the Department of Procurement Services (DPS) exercise its existing audit authority and require the contractors and subcontractors reviewed to identify the total underpayment related to base, overtime, and training wages, and to pay the covered employees any back pay owed. In addition, OIG recommended that DPS take further steps to promote compliance among contractors and subcontractors and provide guidance on monitoring wage rate compliance to all departments with relevant contracts.

DPS agreed with OIG's recommendations and stated that it had issued default notices and requests to cure to the two prime contractors involved, requesting proof that their subcontractors have paid the correct base wages to all of their employees throughout the life of the contracts.

Furthermore, to prevent and detect future wage violations and to provide guidance on monitoring wage rate compliance, the Mayor's Office will convene meetings with DPS, Department of Finance, Department of Law, and user departments to develop methods for actively monitoring contractors' wage rate compliance.

## D. Infrastructure

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

Publication

Date: April 20, 2017

SUMMARY- evaluate the Aldermanic Menu Program (Menu) to determine if the City adequately addressed residential infrastructure needs for all wards through effective planning and funding, and if CDOT effectively managed Menu through a uniform process.

We found that the Menu Program did not meet best practices for multi-year capital planning and did not provide adequate funding to meet the City's overall residential infrastructure needs. Additionally, the City's practice of allocating funds equally to each ward regardless of actual infrastructure need meant that some wards were more severely underfunded relative to need than other wards -for example, there was a gap of \$9.5 million in additional funding needed between the best- and worst-funded wards. We recommended that while aldermen and their constituents may provide input, CDOT should have the authority to make the final determination of the most cost-effective strategies for maintaining the City's infrastructure. Furthermore, CDOT should incorporate residential infrastructure planning into a comprehensive, long-term strategic effort consonant with industry best practices.

We also found that from 2012 to 2015 the City allowed aldermen to spend \$15.1 million in program funds for projects not listed in Menu documents and not related to core residential infrastructure, which undermined CDOT's ability to fulfill its mission of keeping the public way "in a state of good repair and attractive." Finally, we found that CDOT did not effectively enforce project submission deadlines and that, in 2014, the City allowed aldermen to select projects outside of the ward boundaries to which they had been elected in 2011 but within boundaries that would go into effect in 2015.

In its response to the audit, CDOT management disagreed with the audit recommendations related to underfunding and off-Menu spending and the Department offered no corrective actions for these findings. CDOT did agree with the finding regarding submission deadlines and ward boundaries and stated that "programming will be limited to aldermen's current ward boundaries, going forward."

### 2. Chicago Department of Transportation Pavement Management Audit Follow-Up (#17-0481)

Publication

Date: December 12, 2017

Summary: OIG completed a follow-up of its December 2015 audit of the City's pavement management process. The purpose of the 2015 audit was to determine whether CDOT managed street maintenance in a cost-effective way that extended pavement life in accordance with the Federal Highway Administration's (FHWA) pavement preservation program guidelines. OIG found that CDOT's pavement management program did not , comport with those guidelines. Specifically, OIG found that CDOT's pavement management program, which manages arterial and residential streets separately, had deficits in the areas of street condition data collection, performance measurements, and preventive maintenance.

In response to the audit, CDOT described a number of corrective actions it planned to take, but disagreed with OIG's recommendation to separate residential street resurfacing from Menu.

Based on the Department's follow-up response, we conclude that CDOT has begun to implement three corrective actions related to conducting a residential and arterial pavement condition survey, including the implementation of an FHWA-approved Pavement. Preservation Plan. Once fully implemented, OIG believes that these three corrective actions may reasonably be expected to resolve, in part, the core finding noted in the audit (i.e., that CDOT's pavement management program did not comport with federal guidelines).

However, CDOT still declines to take any action to remove residential street resurfacing from the Menu. OIG found that, contrary to FHWA guidelines- which call for an empirically-based, network-level, long-term pavement management strategy-Menu is a decentralized approach that is directed by insufficient data and aldermanic discretion. Given recent advancements in CDOT's ability to track and monitor street conditions, OIG found that the City's decision to defer to aldermen rather than rely on CDOT's subject matter expertise and knowledge of objective maintenance needs did not align with FHWA guidelines. We urged the Department to reconsider OIG's remaining recommendation and identify corrective actions to address this aspect of the audit finding.

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E. Public Safety

7. *Opportunities for Civilianization in the Chicago Fire Department Follow-Up inquiry (#17-0042)*

Publication

Date: July 13, 2017

Summary: OIG completed a follow-up to its January 2016 audit of opportunities for civilianization in the Chicago Fire



Department (CFD). The original audit found that 35 positions being held by uniformed CFD members did not require firefighter or paramedic training and experience, and could instead be staffed by civilians or eliminated. The audit also found that CFD had provided 13 accommodations under the Americans with Disabilities Act (ADA) informally or without proper approval.

Based on its responses to our follow-up inquiry, we concluded that CFD has partially implemented the recommended corrective actions to address the original audit's first finding regarding civilianization, and has fully implemented the recommended corrective action to address the second finding with regards to required approvals of ADA accommodations. The follow-up revealed that OIG had recognized two members overlapping in the same position for several weeks as two distinct positions, while CFD had considered this only one position. CFD did not note the discrepancy at the time of the original audit; OIG therefore had to reissue the original audit with the revised figure of 34 positions identified for civilianization, rather than 35.

As of July 13, 2017, seven positions have been civilianized, three more have been approved as civilian positions once they are vacated by their incumbent members, and six more are awaiting approval to be civilianized by the Office of Budget and Management. A further 15 positions had been considered for civilianization, but CFD has relinquished this idea after anticipating legal challenges from Chicago Fire Fighters Union Local No. 2. CFD has ceased the practice of making informal ADA accommodations, and has made all accommodations since January 2016 through the Department of Human Resources in accordance with City policy.

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2. Chicago Police Department Overtime Controls Audit (#15-0198) Publication

Date: October 3, 2017

Summary: OIG evaluated the Chicago Police Department's (CPD) controls related to regular-duty overtime in order to determine if CPD effectively managed regular-duty overtime to prevent waste and abuse.

OIG found that CPD's operational controls do not adequately prevent unnecessary overtime, deter abuse of minimum time provisions, or ensure that overtime is paid in compliance with policies and procedures. We also found that CPD management controls do not prevent officer fatigue, control costs, or detect and prevent fraud, waste, and abuse. Finally, we found that CPD directives related to timekeeping do not reflect current practice, do not provide adequate detail to ensure consistent application of Department policies, and do not include policies to prevent excessive overtime, prevent officer fatigue, or control

costs.

OIG concluded that CPD's manual timekeeping process is costly, inefficient, and lacks operational controls needed to curb unnecessary overtime expenditures and ensure accurate recordkeeping. Furthermore, CPD management does not effectively monitor and manage overtime to prevent fraud, waste, abuse, and officer fatigue.

OIG recommended that CPD management set a "tone at the top" emphasizing the importance of accurate, verifiable timekeeping records, and establish the controls necessary to meet this goal. To address specific issue raised by this audit, we recommended that CPD implement an automated timekeeping system, provide supervisors the tools they need to monitor and assess overtime use, hold supervisors accountable for monitoring overtime, and ensure that Department directives are regularly reviewed and updated to reflect current practices.

In response to our audit findings and recommendations, CPD acknowledged deficiencies in its manual timekeeping system. To address these deficiencies, CPD stated that by the end of 2017 it will begin to require employees to electronically record both the start and end of their work day or shift using an electronic swiping system, and that by mid-2019 it will implement an electronic system for all other timekeeping purposes, including monitoring overtime. CPD also committed to providing more training to timekeepers, supervisors, and officers regarding proper use and recording of overtime, and to conducting spot-check internal audits of timekeeping. Finally, CPD committed to a more robust process for managing overtime use, including reviewing overtime trends in Compstat meetings, and holding supervisors accountable for monitoring overtime usage in their units-two improvements that CPD has said in the past it would adopt, but has never fully implemented.

## **VI. Follow-Up Reports to Conduct in 2018**

The following published reports will be evaluated for follow-up in 2018. Reports are first considered for follow-up six months after publication. Follow-up may be postponed until 12

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months after report publication depending on the nature and scope of corrective actions required. Summaries of the original reports are in the previous and following sections of this Plan.

1. DPD Affordable Requirements Ordinance Administration Audit (published March 28, 2017)
2. CDOT Aldermanic Menu Program Audit (published April 20, 2017)
3. Language Access Ordinance Compliance Audit (published September 20, 2017)
4. CPD Overtime Controls Audit (published October 3, 2017)
5. Audit of Contractor Compliance with the Chicago Base Wage Ordinance (published November 30, 2017)

## **VII. Projects in Progress**

The following 12 projects are underway as of December 18, 2017.

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

1. Department of Buildings Complaint-Based Inspections Audit (#16-0301)

This audit evaluates DOB's complaint-based inspection processes.

2. *Notification to the Department of Buildings and Mayor's Office for People with Disabilities Chicago Building Code Regarding Accessibility Requirements Compliance (#16-0380)*

This letter of notification alerts DOB and MOPD to issues regarding compliance with the Chicago Building Code's provisions for accessibility to people with disabilities. It will be summarized in the OIG Quarterly Report for the Fourth Quarter of 2017.

## B. Community Services

1. *Chicago Public Library Staffing Practices (#16-0363)*

This audit evaluates CPL's staffing levels, including full- and part-time staffing at branch libraries.

2. *Chicago Department of Public Health Environmental Permitting and Enforcement (#17-0525)*

This audit evaluates CDPH's environmental permit reviews and inspections, and the prioritization and efficacy of complaint-based environmental inspections.

## C. Finance and Administration

1. *User Charges (#16-0379)* This audit evaluates the City's processes for establishing and evaluating user charges.

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2. *Chicago Board of Election Commissioners Operations Audit (#16-0291)*

This audit evaluates the CBOEC's internal controls over salaries and expenditures, and effectiveness and efficiency of operations.

3. *Citywide Information Technology Investment Strategy! (#17-0638)*

This audit evaluates whether the City's information technology investment strategy conforms with best practices.

## D. Infrastructure

1. *Public Building Commission Change Order Audit (#16-0327)*

This audit evaluates PBC's change order review and approval practices.

2. *Chicago Department of Transportation Public Way Management Audit (#16-0444)*

This audit evaluates CDOT's management and coordination of construction projects in the public way.

3. Chicago Department of Transportation Driveway Billing Audit (#17-0479) This audit evaluates CDOT's driveway permit billing process.

4. *Department of Water Management Overtime Audit (#17-0664)*

This audit evaluates DWM's overtime policies and procedures, including the management and distribution of overtime throughout the Department.

**E. Public Safety**

/. *Office of Emergency Management and Communications Public Safety Camera Audit Follow-Up (#17-0663)*

This inquiry follows up on corrective actions taken in response to OIG's 2016 audit of OEMC's public safety camera maintenance and access controls.