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TO THE MAYOR, MEMBERS OF THE CITY COUNCIL, CITY CLERK, CITY TREASURER, AND RESIDENTS OF THE CITY OF CHICAGO:

Enclosed for your review is the public report on the operations of the City of Chicago Office of Inspector General (OIG) during the second quarter of 2019, filed with the City Council pursuant to Section 2-56-120 of the Municipal Code of Chicago.

This report covers a period that spans the final weeks of the Emanuel Administration and the first weeks of the Lightfoot Administration. During such a major transition, it bears noting that while individual conduct revealed through investigation often captures public attention, nearly all of what is reported-whether from OIC's Investigations, Audit and Program Review, Public Safety, or Hiring Oversight sections-can and should be mined for potential insights on how we might programmatically improve how government can better execute its critical functions going forward. To that end, OIG is endeavoring to speak to broader dynamics and patterns in operations, which signal opportunities for paradigm shifts to new ways City government can do better and more for less and, in the process, free up fiscal resources to address our broader, long-running fiscal challenges.

The recently concluded quarter also marks a major change in the composition of the City Council. The new faces, voices, and perspectives are in many ways representative of the public's desire for fresh ideas and sharpened focus on new solutions to old problems. That, however, cannot happen unless the Council as a body makes a decisive move to inhabit its legislative oversight authority. That is best conducted through regular subject matter committee hearings on an extraordinary range of issues important to the City as a whole. One place where that is desperately needed, if municipal government is to be seen as legitimate, is the Committee on Public Safety. The Municipal Code requires hearings to be

conducted for situations in which the Chicago Police Department disagrees with public findings and/or recommendations of OIG respecting police operations. A formal request of only three aldermen triggers the need for a legally mandated hearing. In September of last year, OIG issued a report on the controversial School Resource Officer program that places CPD sworn personnel in Chicago Public Schools. One month later, twenty aldermen formally requested a hearing. One has yet to be called.

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A more recent OIC Public Safety section report on CPD's so-called Gang Database likewise has yet to yield a hearing in the City Council despite substantial variance between what OIG recommended, in accordance with best practices nationally, and

" "what CPD committed to doing-mResponse. This troubling failure to own legally-mandated responsibility is the source of constant public comment and consternation we hear in communities across the City.

In this time of transition, amidst enormous challenges facing our great city, OIC looks forward to a collaborative, engaged, public relationship with a re-energized City Council and a new administration appreciative of the fact that only together will we create the knowledge base and synergistic dialogues needed to find the new solutions to decades-long problems that the residents and taxpayers of the City want, need, and deserve.

Joseph M. Ferguson Inspector General City of Chicago
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Respectfully,

SECOND QUARTER REPORT

JULY 15, 2019

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SECOND QUARTER 2019 HIGHLIGHTS

COMPLAINTS RECEIVED

MATTERS CONCLUDED

\$3,001

COST

RECOVERIES

AUDITED HIRING SEQUENCES

PUBLISHED REPORTS

OIG established that a COPA investigator searched and accessed records involving family and friends (all CPD officers), which the investigator also failed to mention as conflicts of interest. In an act of retaliation for cooperating with OIC's investigation, the investigator then falsely claimed that a coworker had carried a gun into the office to commit a shooting.

OIG investigations established that a City contractor and its MBE subcontractor defrauded and deliberately overbilled the City, while another WBE acted impermissibly as a broker on a contract to provide janitorial products to the City.

This quarter. OIC issued notifications concerning: DWM employees unoccupied for 60-90 mins at the end of their shifts; prohibited financial interest by the mayor's security detail; unauthorized use of a social media app for official CPD business; and unauthorized access and improper work performed by a non-City employee at DSS.

This quarter. OIC issued reports on:

- CDOT's Management of Construction in the Public Way
- Chicago Public Library Staffing
- CPD's FOID Card Act Compliance
- CPD's "Gang Database"
- CPD's School Resource Officers
- Inequities in Chicago's Residential Infrastructure Management
- TIF Reform Panel Recommendations

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This quarterly report provides an overview of the operations of the Office of Inspector General (OIG) during the period from April 1, 2019 through June 30, 2019. The report includes statistics and narrative-descriptions of OIG's activity as-required by the Municipal Code of Chicago (MCC).

I. MISSION OF THE OFFICE OF INSPECTOR GENERAL

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

¹ "City government" includes the City of Chicago and any sister agency which enters into an Intergovernmental Agreement (ICA) with the City for the provision of oversight services by OIC

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II. INVESTIGATIONS •

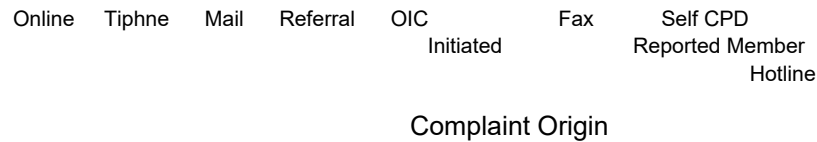
The OIG Investigations section conducts both criminal and administrative investigations into the conduct of governmental officers, employees, departments, functions, and programs, either in response to complaints or on the Office's own initiative.

A. COMPLAINTS RECEIVED THIS QUARTER

OIG received 574 complaints this quarter. The chart below breaks down the complaints OIG received during

the past quarter by the method in which the complaint was reported.

CHART #1 - COMPLAINTS BY REPORTING METHOD



Among other factors, OIG evaluates complaints to gauge the investigative viability and potential magnitude or significance of the allegations-both individually and programmatically.² The following table outlines the actions OIG has taken in response to these complaints.

¹ OIC's complaint intake process allows it to assess the substance of a complaint prior to processing and, after thorough review, to filter out complaints that lack sufficient information or clarity on which to base additional research or action, or are incoherent, incomprehensible, or factually impossible

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TABLE #1 - COMPLAINT ACTIONS	
Status	Count
Opened Investigation	23
Pending	29
Referred to Department/Sister Agency	183
Declined	239
Total	574

B. PRIOR QUARTER COMPLAINTS

OIG also took action on complaints that were pending at the end of the prior quarter by declining 38 complaints, opening 10 administrative or criminal investigations, and referring 23 complaints to sister agencies. Additionally, 1 complaint was referred to the Hiring Oversight section. The following table provides the status of all complaints that were pending at the end of the previous quarter.

TABLE #2- PRIOR PENDING COMPLAINTS	
Status	Count
Opened Investigation	10

Pending	6
Referred to Department/Sister Agency	23
Referred to Hiring Oversight	1
Declined	38
Total	78

C. NEWLY OPENED MATTERS

This quarter, OIG opened 245 matters. Of the newly opened matters, 212 were referred to other departments or investigative agencies. A total of 33 cases proceeded to an OIG investigation.³ Of those cases, 31 remained open at the end of the quarter and 2 were closed sustained. The following table categorizes the matters opened by OIG this quarter based on the subject of the matter.

⁵More than one case may be opened on the same complaint, accounting for discrepancies between the total number of complaints opened as investigations and the total number of cases opened this quarter

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TABLE #3 - SUBJECT OF INVESTIGATIONS AND REFERRALS

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Employees	205
Contractors, Subcontractors, and Persons	7
Seeking Contracts	
Elected Officials	7
Licensees	3
Other	23
Total	245

D. CASES CONCLUDED IN QUARTER

This quarter, OIG concluded 241 opened matters, of which 212 were referred to the following: 173 to a City department and 39 to a sister agency or other external agency. Of the remaining concluded matters, 15 were closed as "sustained." A case is sustained when the evidence sufficiently establishes that either an administrative or criminal violation has occurred, or the case identifies a particular problem or risk that warrants a-public report or notification to a department. A total of 7 matters were closed as "not sustained." A case is not sustained when OIG concludes that the available evidence is insufficient to prove a violation under applicable burdens of proof. A total of 7 matters were closed "administratively." A case is closed administratively when, in OIG's assessment, it has been or is being appropriately treated by another agency or department, the matter was consolidated with another investigation or, in rare circumstances, OIG determined that further action was unwarranted.

TABLE #4-CASES CONCLUDED IN THE SECOND QUARTER

Status^;?; ; 3;&&ytM33 -

Referred to a City Department	173
Referred to a Sister/External Agency	39
Sustained	15
Not Sustained	7
Closed Administratively	7
Total	241

E. PENDING MATTERS

At the close of this quarter, OIG had a total of 187 pending matters, including investigations opened during the quarter.

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F. INVESTIGATIONS NOT CONCLUDED IN TWELVE MONTHS

Under. M.CCii 2-!>b-080,.OIG/riusi provide quarterly statistical data on pending investigations open for more than 12 months. Of the 187 pending matters, 66 investigations have been open for at least 12 months." The following table shows the general reasons that these investigations remain active.

TABLE #5- REASONS INVESTIGATIONS WERE NOT CONCLUDED IN TWELVE MONTHS

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Complex or resource-intensive investigation, which may involve difficult issues or multiple subjects	46
Extended due to higher-risk, time-sensitive investigations	17
Additional complaints added during the course of the investigation	1
On hold, so as not to interfere with another ongoing investigation	2
Total	66

G. ETHICS ORDINANCE COMPLAINTS

This quarter, OIG received 12 ethics ordinance complaints. OIG declined 7 ethics ordinance complaints because they lacked foundation, 2 ethics ordinance complaints were opened for investigation, 2 ethics ordinance complaints were referred to the appropriate City departments, and 1 ethics ordinance complaint is pending.

H. PUBLIC BUILDING COMMISSION COMPLAINTS AND INVESTIGATIONS

OIG received three complaints related to the Public Building Commission this quarter.

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OIG investigations may result in administrative sanctions, criminal charges, or both. Investigations leading to administrative sanctions involve violations of City rules, policies or procedures, and/or waste or inefficiency. For "sustained" administrative cases, OIG produces summary reports of investigation⁵-a summary and analysis of the evidence and recommendations for disciplinary or other corrective action. OIG sends these reports to the appropriate authority, including the Office of the Mayor, the Corporation Counsel, and the City departments affected by or involved in the investigation. When officials are found to be in violation of campaign finance regulations, the law affords them the opportunity to cure the violation by returning excess funds.

The MCC bans City vendors, lobbyists, and those seeking to do business with the City from contributing over \$1,500 annually to any elected City official's or candidate's political campaign. Potential violations of the cap are identified through complaints and OIG analysis. Other rules and regulations such as Executive Order 2011-4 place further restrictions on donations. Once a potential violation is identified, OIG notifies the donor and the donation recipient of the violation and, in accordance with the MCC, provides the individual or entity 10 days to challenge the determination or cure the violation by returning the excess donation. If the excess donation is returned in a timely manner, or it is determined that a violation did not occur, OIG closes the matter administratively. In the event the matter is not cured or rightfully challenged, OIG will sustain an investigation and deliver the case to the Board of Ethics for adjudication. This quarter OIG resolved no campaign finance violation matters.

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

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

⁵ Per MCC § 2-56-060, "Upon conclusion of an investigation the inspector general shall issue a summary report thereon. The report shall be filed with the mayor, and may be filed with the head of each department or oilier agency affected by or involved in the investigation."

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to respond to OIG recommendations,⁰ informing OIG of what action the department intends to take. Departments must follow strict protocols, set forth in the City's

Personnel Rules, Procurement Rules, and/or applicable collective bargaining agreements, prior to imposing disciplinary or corrective action.

In deference to the deliberative processes of City departments and the contractual rights of employees relating to discipline, OIG does not report on cases regarding current City employees until the subject's department has acted on and/or responded to OIG's report. For cases in which a department has failed to respond in full within 30 days (or 60 days if a full extension has been granted), the response will be listed as late. The following table lists concluded matters for which OIG has received a department response this quarter.

TABLE #6- OVERVIEW OF CASES COMPLETED AND REPORTED AS SUSTAINED MATTERS

Case Number	Department	Action	Outcome
#18-0985	Civilian Office of Police Accountability	Discharge	Resigned in lieu of discharge; designated as ineligible for rehire
#18-0735	City Treasurer	Designate as ineligible for rehire	Designated as ineligible for rehire
#18-0465	Streets and Sanitation	Discipline up to and including discharge	29-day suspension
#18-0454	Streets and Sanitation	Discipline commensurate with gravity of violations	7-day suspension
#18-0254	Aviation	Discharge	Retired; designated as ineligible for rehire
#17-0633	Fleet and Facility Management	Discharge	Discharged; appeal pending
#16-0462	Procurement Services	Debarment	Debarment proceedings pending

⁶ The Public Building Commission (PBC) has 60 days to respond to a summary report of investigation by stating a description of any disciplinary or administrative action taken by the Commission. If PBC chooses not to take action or takes an action different from that recommended by OIG, PBC must describe that action and explain the reasons for that action. If OIG issues a report to the Chairman of the City Council Committee on Committees, Rules and Ethics, the Chairman must forward the report to the appropriate City Council authority within 14 days. After receiving the report, that individual has 30 days to provide a written response to the Inspector General (or 60 days if a full extension has been granted or if action by the Chairman of the Committee on Committees, Rules and Ethics is required).

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#15-0442	PrblTuTemeh t Services	Debarment	' Debarment proceedings pending
#13-0475	Police	Discharge	Discharge pending before the Police Board

1. Improper Use of Confidential Information, Disorderly Conduct, and Official Misconduct (#18-0985)

An OIG investigation established that a Civilian Office of Police Accountability (COPA) investigator searched and accessed, without authorization, records related to COPA investigations involving the employee's brother, boyfriend, and the boyfriend's family members, who are all Chicago Police Department (CPD) officers. OIG determined that between December 2017 and January 2019, the investigator conducted over 77 improper searches and improperly accessed records over 69 times. OIG further determined the investigator failed to disclose the employee's brother, boyfriend, and boyfriend's family as conflicts of interest.

While the investigator's misconduct was referred to OIG and under investigation, the investigator sent an anonymous complaint to OIG from a City computer, while clocked in at work. The investigator falsely claimed that a coworker had carried a gun to the COPA office and planned to commit a mass shooting. OIG determined that the complaint was false and sent in retaliation against the coworker whom the investigator suspected of cooperating with OIG's investigation into the investigator's improper conduct. OIG recognizes CPD for its thorough and expeditious response and criminal investigation of the incident, which led to the Cook County State's Attorney's Office subsequently charging the investigator with felony disorderly conduct and felony official misconduct.

OIG recommended that COPA discharge the investigator and refer the investigator for placement on the ineligible for rehire list maintained by the Department of Human Resources (DHR).

In response, COPA discharged the investigator. After the investigator filed an appeal, the City settled the appeal by allowing the investigator to resign in lieu of discharge. The investigator was designated as ineligible for rehire.

2 Violation of Timekeeping Policies (#18-0735)

An OIG investigation established that an assistant city treasurer in the Office of the City Treasurer (CTO) habitually failed to accurately and appropriately record time and attendance by failing to swipe in or out of work or otherwise submit timekeeping

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records. Specifically, the employee rarely swiped in and out, and OIG identified at least four months in which the employee failed to swipe at all. This made it impossible to accurately account for the employee's work-time. Further, the employee's supervisor informed OIG that the employee was regularly tardy to work and often left early or was absent without authorization. The employee received full pay during this entire period.

The employee resigned shortly after being interviewed by OIG. Accordingly, OIG recommended that CTO place a copy of its report in the employee's personnel file and refer the employee for placement on the ineligible for rehire list maintained by DHR.

OIG's investigation also revealed that CTO's timekeeping system was not adequately relied upon for payroll processing. In this case, the employee failed to enter time for months and made no edits to show leave time, yet still received a full paycheck each pay period. OIG recommended that CTO immediately take corrective action to ensure all employees accurately record time and leave balances before processing payroll.

CTO agreed to place a copy of OIG's report in the employee's personnel file and have DHR designate the employee as ineligible for rehire. CTO said it believed timekeeping issues were confined to the employee in question and did not reflect an officewide challenge. CTO further noted that it had modified its timekeeping system to ensure all employees accurately record time and that leave time is factored in before payroll is processed.

3. Possession of a Firearm in the Workplace-(#18-0465)

An OIG investigation established that a Department of Streets and Sanitation (DSS) sanitation laborer possessed a firearm while working on a City-owned garbage truck. Although the laborer had a valid Concealed Carry License, the laborer was not authorized to possess the firearm during work or on City property. The laborer brought the gun to work after an ongoing dispute with a co-worker and claimed to have simply forgotten to secure the gun in a personal vehicle.

OIG recommended that DSS impose discipline up to and including discharge against the laborer.

In response, DSS concurred with OIG's findings and imposed a 29-day suspension.

4. Damage to Private Property, Violation of Traffic Laws (#18-0454)

An OIG investigation established that a DSS ward superintendent, while on duty, wrote on the front, and back doors of a residence without the permission or authority

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-- of the owner, thereby damaging private property. Specifically, the ward superintendent wrote "City of Chicago," the date, and the superintendent's name and workTelephone-number.--TheFollowing.day;-t-he-war:d-superintendent--returned-to-the residence in a City vehicle to discuss the removal of waste from the alley. GPS records show that, on the way to and from the property, the ward superintendent also traveled the wrong way on two one-way streets.

OIG recommended that DSS impose discipline against the ward superintendent, commensurate with the gravity of the violations, past disciplinary record, and any other relevant considerations.

DSS concurred with OIG's findings and suspended the ward superintendent for seven days.

5. Residency Violation (#18-0254)

An OIG investigation established that a Department of Aviation (CDA) custodial worker lived in in Bellwood, Illinois, ("Bellwood property") in violation of the City's Municipal Code (MCC) § 2-152-050, requiring its employees to reside in Chicago. In April 2018, the custodial worker submitted a jury duty check to CDA to receive regular work pay for having attended jury duty. The check listed the Bellwood property address and did not match the custodial worker's reported City address. Between July and September 2018, OIG conducted multiple surveillances on the Bellwood property. On each occasion, OIG either observed the custodial worker or a vehicle known to be associated with the custodial worker at the residence.

OIG recommended that CDA take action consonant with the residency ordinance and discharge the custodial worker and refer the custodial worker for placement on the ineligible for rehire list maintained by DHR.

In response, CDA agreed that the evidence established the custodial worker's violations and initiated the disciplinary process. The custodial worker subsequently retired, and DHR designated the employee as ineligible for rehire.

6. Residency Violation (#17-0633)

An OIG investigation established that a Department of Fleet and Facility Management (2FM) automotive machinist lived in Blue Island, Illinois, ("Blue Island property") in violation of the City's MCC § 2-152-050, requiring its employees to reside in Chicago. OIG gathered numerous documents that established the machinist resided at the Blue Island property, including a 2014 mortgage, vehicle registrations, and accounts in the machinist's name listing the Blue Island property. In addition,

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during multiple surveillances, OIG observed the machinist at the Blue Island property at times associated with the machinist's morning commute to and from work. OIG recommended that 2FM take action consonant with the residency ordinance and discharge the machinist and refer the machinist for placement on the ineligible > for rehire list maintained by DHR.

In response, 2FM discharged the machinist and designated the employee as ineligible for rehire. The employee appealed the discharge to the City's Human Resources Board, and a hearing is scheduled for July 2019.

7. Woman-Owned Business Performing as Impermissible Broker (#16-0462)

An OIG investigation established that a Woman-Owned Business Enterprise (WBE) acted impermissibly as a broker while performing on a target market contract, open only to minority- and women-owned firms, to provide janitorial products to the City of Chicago. The WBE contracted with CDA and 2FM to fulfill the City's orders, but instead ordered products from a distributor and had the products shipped directly to the City departments. The WBE never took possession of the inventory and did not store or maintain inventory as required in the target market contract.

OIG recommended that the Department of Procurement Services (DPS), in consultation with the Department of Law, CDA, and 2FM, initiate debarment proceedings for the purpose of determining appropriate remedial action against the WBE, including potential contract remedies.

In response, DPS sent a letter to the WBE and provided the WBE with 30 days to respond to OIG's investigation. DPS is awaiting the WBE's response.

8. Minority Business Enterprise Fraud and False Billing (#15-0442)

An OIG investigation established that a City contractor ("Company A"), and its City-certified Minority Business Enterprise (MBE) subcontractor ("Company B"), violated the City's debarment rules by having Company A's employees supervise and manage the work Company B had been subcontracted to perform as an MBE on Company A's City contracts. In addition, Company A provided Company B with at least two employees from its own workforce who performed Company B's subcontracted work. Finally, two Company B employees, with Company A's knowledge and at Company A and B's

direction, deliberately overbilled the City for the work they performed for a period of several years, resulting in the City paying tens of thousands of dollars for services Company B did not provide.

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OIG recommended that DPS initiate debarment proceedings for the purpose of determining appropriate remedial action against Company A and B. OIG further recommended that the City consider the commencement of a recovery action with respect to Company A and B's numerous violations of the City's False Claims Act and bar one of Company B's employees who engaged in false billing from performing any work pursuant to Company B's subcontracts.

In response, DPS sent a letter to Company A and B, stating that they each had 30 days to respond to the allegations contained in OIG's report. DPS stated that it would further respond to OIG regarding the actions it would take after receiving Company A and B's responses.

9. False Statements by a Police Officer (#13-0475)

An OIG investigation, which concluded in August 2017, established that a CPD officer made numerous false written statements as well as false statements in an official investigation into false claims the officer submitted in the context of secondary employment. In 2012 and 2013, the officer worked a second job with a private security firm providing security to Chicago Housing Authority (CHA) buildings. During this time, the officer falsified numerous security firm timesheets, submitted to CHA and for which the officer was paid, indicating that the officer was working for the security firm at CHA at times when the officer was, in fact, on duty for CPD. The officer further provided false statements in the course of a Chicago Housing Authority Office of Inspector General (CHA OIG) investigation.

OIG's analysis of the officer's work records showed that in 2013 alone, the officer reported working more than 2,343 hours for the private security firm in addition to a full-time 40-hour per week position with CPD. OIG's analysis of timesheets from 2012 and 2013 uncovered over 500 hours when the officer reported being on the clock for CPD and the private security firm at the same time. The officer's arrest reports and field contact cards for the same period show one day in 2012 and 58 days in 2013 during which the officer either performed an arrest or investigatory stop during a time when the officer reported working for the private security firm. Court records reflect that the officer later provided sworn testimony regarding one of those arrests. In an interview with OIG, the officer asserted that the timesheets were correct and that the overlap was due, in part, to CPD supervisors releasing officers as much as two hours early, inaccuracies in CPD reports, or human error.

OIG recommended that CPD discharge the officer and refer the officer for placement on the ineligible for rehire list maintained by DHR.

In response and after consultation with DOL, CPD referred the matter to its Bureau of Internal Affairs for additional investigation and sought OIG's assistance in conducting

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additional interviews of the officer's supervisors during the relevant time period OIC completed additional interviews and produced additional evidence to CPD in November"2017.

In June 2019, following CPD Bureau of Internal Affairs' additional investigation, CPD filed charges with the Chicago Police Board seeking the officer's discharge, on the basis of three false timesheets submitted to the private security firm and for violation of the Department's rules regarding secondary employment. The disciplinary matter remains pending before the Police Board.

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IV. CRIMINAL CASES, ADMINISTRATIVE APPEALS, - GRIEVANCES,AND RECOVERIES-

Criminal investigations may uncover violations of local, state, or federal criminal laws, and may be prosecuted by the U.S. Attorney's Office, the Illinois Attorney General's Office, or the Cook County State's Attorney's Office, as appropriate. For the purposes of OIG quarterly summaries, criminal cases are considered concluded when the subject(s) of the case is publicly charged by complaint, information, or indictment.⁷

In administrative cases, a City employee may be entitled to appeal or grieve a departmental disciplinary action, depending on the type of corrective action taken and the employee's classification under the City's Personnel Rules and/or applicable collective bargaining agreements. OIG monitors the results of administrative appeals before the Human Resources Board and grievance arbitrations concerning OIG's disciplinary recommendations.

A. SYNOPSES OF CRIMINAL CASES

This quarter, there were no criminal cases reported.

B. DEVELOPMENTS IN PRIOR CHARGED CRIMINAL CASES

This quarter, there was one development in a previously reported criminal case.

1. United States v. John McClendon, 19 CR 100 (N.D. Ill.) (#17-0267)

As reported in the first quarter of 2019, John McClendon, owner and president of McClendon Holdings LLC, was indicted and arraigned on federal charges, including four charges of wire fraud (18 U.S.C. 1343) for defrauding the City of Chicago, by falsifying price increases in two City contracts that were secured in 2014 and 2015.

The indictment alleges that McClendon won a bid in 2014 to supply the City's Department of Water Management with butterfly valves in a five-year, \$11.7 million contract and won a second bid in 2015 to supply the City's Department of Transportation with pavement marking materials in a five-year, \$1.45 million contract. The contracts allowed for the contractor to raise prices three to five percent annually after the first year if the cost of raw materials increased, as long as the increases were supported by a statement from the supplier confirming the price-increases.

The indictment further alleges that McClendon requested a price increase from the City on both contracts despite not having incurred any increases in the cost of raw

⁷OIG may issue summary reports of investigation recommending administrative action based on criminal conduct prior to, during, or after criminal prosecution

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materials. Without the supplier's knowledge, McClendon forged and fabricated letters that were purported to be from his suppliers in order to support the proposed price increases: He then submitted these letters to the City in--an-attempt to increase profits.

This investigation was conducted by the City of Chicago Office of Inspector General, working in conjunction with the United States Attorney's Office for the Northern District of Illinois and the Chicago Field Office of the Federal Bureau of Investigation. The charge of wire fraud carries a maximum statutory sentence of 20 years in prison.

As a result of the indictment, on April 25, 2019, the Department of Procurement Services notified McClendon that, pursuant to Section 1-23-020 of the Municipal Code of Chicago, McClendon and McClendon Holdings LLC are ineligible to do business with the City. The ineligibility, effective immediately, prohibits McClendon from performing on any current or new City contract or participating as a supplier or subcontractor on any City contract. The ineligibility will be reviewed upon final resolution of the criminal charges.

The public should note that charges in an indictment are not evidence of guilt. The defendant is presumed innocent and entitled to a fair trial at which the government has the burden of proving guilt beyond a reasonable doubt.

C. SYNOPSES AND RESULTS OF ADMINISTRATIVE APPEALS, GRIEVANCES, OR OTHER ACTIONS

OIG has been notified of three updates regarding appeals to the Human Resources Board (HRB) or an arbitrator or other actions this quarter regarding discipline imposed or other actions resulting from OIG investigations.

1. FMLA Abuse (#17-0411 and #17-0455)

As reported in the first quarter of 2019, an OIG investigation established that three Office of Emergency Management and Communications (OEMC) police communications operators (PCO) used intermittent Family Medical Leave Act (FMLA) leave to take a Caribbean cruise together in July 2017. Records and testimony demonstrated that PCO A, PCO B, and PCO C booked the 2017 cruise almost a full year in advance, but never submitted the appropriate requests for time-off; instead, all three PCOs used intermittent FMLA leave for at least, a portion of the vacation. None of the PCOs disclosed to OEMC at any time that the FMLA leave was to take the cruise. While on the cruise, the three PCOs consumed alcohol, went to numerous restaurants, attended night clubs, toured Caribbean islands, went horseback riding, rode jet skis, and even went on a "booze cruise."

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OIG's investigation also established that, in addition to the 2017 cruise, PCO A and PCO B took a combined ten cruises using sick leave and/or FMLA leave dating as far --back as 2010:

• • "-----"

A separate OIG investigation established that an additional OEMC PCO (PCO D) used intermittent FMLA leave to take two Caribbean cruises in 2014 and 2017. Records and testimony obtained over the course of the investigation demonstrated that PCO D flew on planes, watched evening movies on the ship deck, ate at restaurants, consumed alcohol, including the "drink of the day," toured various islands, shopped, and even went to a nightclub while on the cruises. The investigation established that PCO D used a total of nineteen FMLA days to take the two cruises. In an interview with OIG, PCO D admitted the use of FMLA was "just to get away."

OIG recommended OEMC discharge PCO A, PCO B, and PCO D, and refer them for placement on the ineligible for rehire list maintained by DHR. For the remaining employee, PCO C, OIG recommended OEMC impose discipline up to and including discharge, commensurate with the gravity of the employee's past violations, past disciplinary record, and any other relevant considerations.

In response, OEMC discharged PCO A, PCO C, and PCO D. PCO B resigned in lieu of discharge. PCO A, PCO C, and PCO D appealed the discharge. Later, however, PCO A, PCO C, and PCO D, through their union, withdrew their grievances and demands for arbitration. All four PCOs have been placed on the ineligible for rehire list.

2. Inappropriate Acceptance of Gifts (#17-0148)

As reported in the third quarter of 2018, an OIG investigation established that a Department of Water Management (DWM) inspector accepted a gift valued over \$50 in violation of the City of Chicago Governmental Ethics Ordinance. Specifically, the inspector provided advice or assistance to the employee of a plumbing contractor in exchange for free access for the inspector and the inspector's son to a rooftop viewing of the Chicago Cubs National League Championship Series baseball game.

OIG requested the City of Chicago Board of Ethics (BOE) issue a finding of probable cause to believe the inspector violated the City of Chicago Governmental Ethics Ordinance and impose appropriate sanctions. Additionally, because the inspector resigned before the completion of OIG's investigation, OIG recommended that DWM issue a formal determination on the violation, designate the inspector as having resigned under inquiry, and place the report along with the Department's response and designation in the inspector's personnel file for consideration in the event the inspector applies for re-employment with the City.

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DWM concurred with OIG's findings, placed the report in the employee's personnel file, and designated the employee as having resigned under inquiry.

At its July 2018 board meeting, BOE found there was probable cause to believe the inspector violated the Ethics Ordinance. At its December 2018 board meeting, BOE sustained a finding that the inspector had violated the Ethics Ordinance and entered into a settlement agreement with the inspector, which was finalized at the January 2019 board meeting. As part of that agreement, the inspector acknowledged accepting a prohibited gift and failing to disclose that gift on a statement of financial interests. The inspector agreed to pay a fine of \$500 to BOE and submit a corrected statement of financial interests.

At its January 2019 BOE board meeting, BOE also found probable cause to believe the employee of the plumbing contractor, a company which holds a City contract to perform work for DWM, violated the Ethics Ordinance. On June 14, 2019, BOE entered a second settlement agreement, in which the employee of the City plumbing contractor acknowledged providing the DWM inspector with the gift and that they were not personal friends, in violation of the Ethics Ordinance. The employee of the plumbing contractor agreed to pay BOE a fine of \$1001.

3. Improper Negotiation of Future Employment and Improper Lobbying by a Former Elected Official (#16-0240)

As reported in the second quarter of 2018, an OIG investigation established that a former elected official for the City of Chicago improperly negotiated the possibility of future employment with a private company ("Company A") while Company A had a matter pending before the official, and improperly lobbied City of Chicago employees and officials on behalf of Company A within a year of leaving elected office. OIG concluded that the former elected official's conduct violated the City of Chicago Governmental Ethics Ordinance, MCC §§ 2-156-111 (c) and 2-156-105(a-l). In May 2018, BOE found probable cause as to OIG's finding that the former elected official had engaged in lobbying during the one-year prohibition imposed by the Ethics Ordinance. BOE found no probable cause and dismissed OIG's finding that the former elected official improperly negotiated the possibility of future employment with Company A while Company A had a matter pending before the official.

In January 2019, BOE approved a settlement agreement with the former elected official. Without admitting the conduct at issue constituted a violation, the former elected official agreed to pay a fine of \$5,000 to BOE in order to resolve the matter without a full evidentiary hearing.

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At its January 2019 meeting, BOE also found probable cause to conclude that Company A violated the Ordinance by hiring the former official as an unregistered lobbyist. In April 2019, Company A settled with BOE for the maximum \$-2,000 fine:

4. MBE Pass-Through Fraud (#09-1556)

As reported in the first quarter of 2019, an OIG investigation, concluded in 2011, established that an MBE firm certified in the area of supply and installation of windows was acting as a classic M/WBE "pass-through" for a prime contractor working on the Residential Sound Insulation Program, a federally funded program to provide sound insulation for the homes surrounding Midway and O'Hare International airports. The prime contractor knowingly claimed over \$7 million of M/WBE credit for utilizing the subcontractor, while the prime contractor controlled nearly all aspects of the subcontractor, in violation of the City's M/WBE regulations and the terms of the City contract. OIG recommended that the subcontractor be decertified as an MBE, and that both the subcontractor and its president be permanently debarred from doing business with the City. Further, OIG recommended that the prime contractor and its president be permanently debarred from doing business with the City.

In response, the Department of Procurement Services (DPS) initiated the debarment process for all parties in 2011. DPS permanently debarred the subcontractor and its president in August 2011. DPS suspended the debarment process

for the prime contractor and president pending the resolution of federal civil litigation regarding the same allegations (U.S. and the City of Chicago, ex rel, Chicago Regional Council of Carpenters, United Brotherhood of Carpenters and Joiners of America v. Sound Solutions Windows and Doors, Inc., et al, 09-cv-6948 (N.D. Ill.)). The civil litigation concluded in December 2017 with a monetary judgment in the City's favor, totaling \$13,554,508.01, including penalties and treble damages as permitted under the City's False Claims Act.

In April 2019, DPS permanently debarred the prime contractor and its president. DPS' notice of debarment cited the federal court's determination that the contractor had committed MBE fraud, had supplied defective windows and doors, and failed to honor its warranties.

D. RECOVERIES

This quarter OIC received two reports of financial recoveries related to OIG investigations.

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TABLE #7- OVERVIEW OF COST RECOVERY ACTIONS

Case#	Date	Subject	Amount
#17-0148	6/14/2019	City plumbing contractor employee agreed to pay fine	\$1,001
#16-0240	4/26/2019	AirBnB settlement agreement with BOE	\$2,000

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V. AUDITS, FOLLOW-UPS, AND REVIEWS

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

The following summarizes the reports released this quarter.

1. Follow-Up Report on The Chicago Police Department's Management of School Resource Officers (#19-0273)⁸

The Public Safety section issued a follow-up report on the Chicago Police Department's (CPD) management of School Resource Officers (SRO) assigned to Chicago Public Schools (CPS). Based on the Department's response, OIG concluded that CPD has fully implemented one recommendation, has not implemented one recommendation, and three recommendations remain pending.

OIG's 2018 review determined that CPD's recruitment, selection, placement, training, specification of roles and responsibilities, and evaluations of its SROs were not sufficient to ensure that officers working in schools could successfully execute their specialized duties. While CPD agreed with many of the recommendations, the Department

indicated that proposed changes would be implemented as part of the consent decree and therefore would not take effect before the start of the 2019-2020 school year. While CPD has ensured that the roster of officers assigned to schools is regularly updated, it has not adopted OIG's recommendation for an SRO program coordinator. In addition, several crucial recommendations remain pending: CPD is still working towards the implementation of an MOU with CPS; CPD and CPS have not defined the data and information to be shared between the two agencies; and CPD has not established SRO policies, procedures, or hiring guidelines. Most crucially, CPD has not adequately included a broad range of community stakeholders in its process to address the aforementioned recommendations.

2. Follow-Up Report on The Chicago Police Department's Compliance with the Firearm Owners Identification Card Act (#19-0272)⁹

The Public Safety section completed a follow-up to its April 2018 evaluation of CPD's compliance with reporting requirements under the Firearm Owner's Identification

⁹Published June 13, 2019 See <https://iachicago.org/wp-content/uploads/2019/06/CPD-SRO-Review-Follow-Up-inquiry.pdf>

⁵ Published April 24, 2019 See <https://igchx.aorc/wo-content/uploads/POig/O/CPP-PQIP-Caid-Act-Cornphantee-Eollow-Up-Inquiry.pdf>

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(FOID) Card Act (the Act). Based on the Department's responses, OIG concluded that CPD has fully implemented corrective actions.

The original evaluation assessed situations in which CPD had direct law enforcement encounters with legally gun-possessing members of the public who, for a variety of reasons, likely posed a clear and present danger. The evaluation found that despite the risk posed by these individuals, CPD did not report them, as required, to the Illinois State Police via the "Person Determined to Pose a Clear and Present Danger" forms. OIG determined, and CPD did not dispute, that CPD was not operating in compliance with the Act, as the Department only submitted two reported incidents during the 40-month review period. In the 10 months since the publication of OIG's initial evaluation and recommendations, CPD submitted 47 clear and present danger forms to the Illinois State Police.

The original evaluation recommended that CPD institute an agency directive requiring all employees to submit forms within 24 hours of making a determination of clear and present danger, create relevant curricula, and provide adequate training. In response, CPD officially issued Special Order S06-05-04 "Person Determined to Pose a Clear and Present Danger," ensured that the form is accessible electronically to all officers on all shifts through the Department Directives System, created relevant curricula, and provided adequate training on the FOID Card Act for current CPD employees and new recruits.

3. Chicago Department of Transportation Management of Construction in the Public Way Follow-Up Inquiry (#19-0199)¹⁰

OIG completed a follow-up inquiry to its January 2018 audit of the Chicago Department of Transportation's (CDOT) Management of Construction in the Public Way. Based on CDOT's responses, we concluded that CDOT has implemented some corrective actions to address the recommendations in the original audit, while others are still in progress, only partially implemented, or not implemented at all.

Specifically, CDOT has engaged with the Department of Planning and Development and Public Building Commission to

improve coordination with these entities, implemented procedures to help ensure that contractors do not use emergency dig tickets to circumvent the project coordination process, and improved the way it solicits information from stakeholder agencies via their capital improvement plans, though it still does not collect five-year plans from each agency. CDOT has begun to address the gap between its mandate to inspect all public way restorations and its inspection staff's capacity but has not been allocated resources to significantly

¹⁰ Published June 11, 2019 See [https://iqchicago.org/019/06/1-Vchicago-department-of-transportations-\("ta-wicment-or-consiruction-.n-the-public-way-audit-follow-up inquiry/](https://iqchicago.org/019/06/1-Vchicago-department-of-transportations-()

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expand this function. It has begun to develop an electronic system to schedule, record, and track inspections and citations by associated permit, though

development is still in its early stages; Lastly, CDOT still needs to assume full responsibility for residential street infrastructure planning by removing it from the Aldermanic Menu Program.

4. *Inquiry Regarding the Status of the Tax Increment Financing Reform Panel Recommendations (m9-0)97y*

OIG completed an inquiry into the City's implementation of the recommendations issued in 2011 by the Tax Increment Financing (TIF) Reform Panel. In May 2011, Mayor Emanuel announced the formation of a TIF Reform Panel tasked with making recommendations to bring transparency, accountability, and efficiency to the TIF system.

Based on the response from Mayor Emanuel's Office, OIG found that the City implemented some of the Panel's recommendations, but more remains to be done. Specifically:

- The City's economic development plan and Capital Improvement Plan did not satisfy panel recommendations.
- Many TIF metrics are not available online and the City does not publish thorough justifications that private development would not occur without TIF funding.
- The City did not establish performance thresholds for strategic review.
- The City's internal TIF oversight body does not have any documented responsibilities, leadership, authority, or accountability.

OIG urged the new/mayoral administration revisit the recommendations that were not fully implemented by the outgoing administration.

5. Chicago Public Library Staffing Follow-Up Inquiry (#19-0001)¹²

OIG completed a follow-up to its May 2018 audit of the Chicago Public Library's (CPL) staffing plan. The purpose of that audit was to determine whether CPL's staffing plan followed industry guidance and constituted an effective and efficient tool for allocating human resources among libraries. Our audit found that CPL's staffing plan did not optimally align library staffing with community needs. OIG recommended

¹² Published June 3, 2019 See <https://inchicago.org/2019/06/03/inquiry-regarding-the-status-of-tax-LQcn?;riy-111-financing-reform-panel->

recommendation?/

'■Published May7, 2019 See <https://www.chicagopolice.org/2019/05/07/chicago-police-board-recommends-staffing-audit-follow-up-inquiry/>

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that CPL conduct a staff workload analysis to determine the amount of time employees in each job classification spent on each of their activities. OIG also recommended that CPL involve stakeholders such as the Board of Directors, library employees, and community members in redesigning its staffing plan around factors that will ensure libraries are appropriately staffed to meet community needs. For the staffing plan, OIG recommended that CPL replace qualitative descriptors with numeric ranges for factors that are quantifiable. OIG also recommended that after CPL redesign the staffing plan, it should consistently and completely apply the factors to allocate the appropriate staff to each library location. Finally, CPL should develop a process to evaluate the effectiveness of the staffing plan on a periodic basis and should modify it as needed to adjust to changes in library services and community needs.

CPL stated it has chosen not to conduct a staff workload analysis to understand the amount of time staff spend on specific activities. CPL simplified the staffing plan by removing hybrid library classifications, but has not quantified factors where possible, and still declines to involve the CPL Board of Directors, library employees, and community members in redesigning the plan. CPL has not yet reviewed the categorization of libraries within the staffing plan or developed a formal process for evaluating the plan's effectiveness. It expects to start those processes in the third quarter of 2019. Then, in the fourth quarter, CPL intends to create a policy to codify how and when the staffing plan should be applied, evaluated, and updated.

6. Review of the Chicago Police Department's "Gang Database" (#18-007)^B

The Public Safety section issued a review of CPD's so-called "gang database," which found that, rather than a unified standalone system as publicly perceived, the Department has, over time, built a patchwork of data systems, visualization tools, and computer applications where gang information has been entered, stored, and accessed. OIG's review found that: 1) CPD lacks sufficient controls for generating, maintaining, and sharing gang-related data; 2) CPD gang information practices lack procedural fairness protections; 3) CPD gang designations raise significant data quality concerns; and 4) CPD practices and lack of transparency regarding its gang designations strain police-community relations. OIG concluded that CPD's current gang information systems present certain risks that, if left unaddressed, will continue to undermine public trust and confidence in the police.

More specifically, OIG's review found that CPD's gang information contains incomplete and contradictory data that is not regularly reviewed, corrected, or purged. CPD shares its "gang database" information with over 500 external agencies,

^BPublished April 11, 2019 See <https://www.chicagopolice.org/wp-content/uploads/2019/04/QIG-CPD-C3nq-Database-Review.pdf>

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including immigration and criminal justice agencies, with no intergovernmental agreements setting forth standards and controls and without any oversight or accountability. The lack of oversight and transparency for the "gang database" contributes to a variety of negative consequences for both individuals and communities. Over the past 20 years, 91.3% of the 134,242 individuals designated as gang members in Gang Arrest Cards have been Black or African

American and Latinx males. 13 of the City's 77 community areas, predominantly on the South and West Sides, account for over 50% of Gang Arrest Cards produced.

Among the 30 recommendations issued by OIG, key proposals for the Department included:

- evaluate-in partnership with stakeholders-whether collecting, maintaining, sharing, and using gang information best serves violence reduction efforts in the City;
- require evidentiary support for the assignment of gang designations;
- codify processes for reviewing gang designations;
- notify individuals that they have been designated as a gang member;
- establish processes for contesting or appealing one's gang designation;
- regularly review gang designations to identify inaccurate or outdated designations;
- develop a means to purge inaccurate or outdated information;
- establish formal agreements with external agencies and regularly audit their use of CPD's gang information; and
- provide regular public reports on CPD's collection, storage, use, and sharing of gang-related data.

CPD concurred with OIG's findings, acknowledging that its gang information practices have impeded the Department's ability to maintain updated and relevant information. In partial response to OIG's recommendations, CPD proposed the creation of a new unified system that addresses many of the data control issues identified by OIG, but offered no timeline for implementation. Moreover, all existing gang data will remain intact and available to officers. CPD's response and proposed measures substantially diverge from OIG's recommendations for community collaboration, an accessible appeals process, and additional protections for juveniles. OIG has made additional recommendations to the Mayor and City Council suggesting, among other things, amending the Welcoming City Ordinance whose protections currently exclude gang-associated individuals.

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VI. ADVISORIES AND DEPARTMENT NOTIFICATION LETTERS

Advisories and department notification letters describe management problems observed by OIG in the course of other activities, including audits and investigations. These are problems that OIG believes it should apprise the City of in an official manner. OIG completed one advisory and four notifications this quarter.

1. Mayor's Security Detail - Prohibited Financial Interest (#19-0517)

OIG notified the Mayor's Office about a concern that a member of the Mayor's security detail ("Security Detail Member") appeared to have an active financial interest in a business, which likely constituted a violation of the City of Chicago Personnel Rules.

Illinois Secretary of State records reflected that the Security Detail Member was the manager of an Illinois security

company ("Company") in contravention of City of Chicago Personnel Rule XXIX, Section 2(a), which provides that "[n]o member of the Mayor's security detail... shall have any employment relationship with any entity other than the City, nor shall such persons have a financial interest, as set forth in section 2-156-010 (l) (Governmental Ethics), in any business." Although the Mayor's Office had publicly stated that the Security Detail Member would be divesting their interest in the Company, the Company's website continued to describe the Security Detail Member as the Company's "managing partner," thus suggesting that the Member was still in violation of the Personnel Rules.

Accordingly, OIC recommended that, to address this issue and avoid even the appearance of impropriety, the Mayor's Office take immediate action to ensure that the Security Detail Member was in full compliance with all applicable City rules and regulations concerning secondary employment and business or financial interests.

In response, the Mayor's Office stated that the Security Detail Member "no longer had an active financial interest in any business that would result in a violation of the City's Personnel Rules." The Mayor's Office further stated that "as a prospective employee of the City's Police Department, [the Security Detail Member] has been advised of the Personnel Rules and Ethics obligations for which all City employees must comply with at the time of and during employment."

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2. Advisory Concerning Inequities in Chicago's Residential Street Infrastructure Management (#19-0492)""

This advisory summarized the findings of OIG's 2017 Chicago Department of Transportation Aldermanic Menu Audit and urged Mayor Lightfoot to implement the related recommendations. Specifically, the advisory noted,

- the Aldermanic Menu Program ("Menu") creates significant funding inequities, including a gap of \$9.3 million between the best- and worst-funded wards;
- Menu underfunds citywide residential infrastructure needs by \$228.8 million annually;
- the City allows alderman to spend Menu funds on projects other than residential street infrastructure; and
- the City does not follow best practices for multiyear capital planning of residential street infrastructure.

OIG suggested that the City stop funding core residential infrastructure through Menu and empower the Department to fully inhabit its infrastructure management role.

3. Temporarily Unoccupied Employees at Department of Water Management (#18-0509)

OIG notified the Department of Water Management (DWM) of a concern regarding DWM's supervision of laborers at the DWM facility located at 1424 W. Pershing ("Pershing Facility"). The concern arose during an OIG investigation into allegations that a DWM laborer consumed alcohol on City time. During that investigation, OIG interviewed DWM

employees and learned that laborers at the Pershing Facility are consistently unoccupied for up to an hour and a half before their shift ends.

Laborers and engineers at the Pershing Facility work in teams to complete assigned jobs. DWM laborers work from 7:00 a.m. to 3:30 p.m., while engineers work from 7:00 a.m. to 3:00 p.m. Since engineers are required to complete reports accounting for the team's daily activities, the engineers and laborers return to the Pershing Facility between 2:00 p.m. and 2:30 p.m. While engineers complete their reports, the laborers have no assigned tasks and remain unoccupied until their shifts end at 3:30 p.m. This 60 to 90-minute period of paid free time is in addition to the laborers' entitled unpaid 30-minute lunch breaks.

"* Published June 13, 2019 See <https://icich'cacio ora/'2019/06/13/'ad-■/1sorv-conce■ ning-1nequ:11es-1n-chicanes residential-sireet-infrastructure-manaoemeni./>

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OIC recommended that DWM evaluate its current policies and procedures regarding scheduling and assignments for DWM employees working these shifts at the "Pershing Facility and other facilities; in order to ensure proper use of City resources and to minimize the amount of time DWM employees are without assigned tasks.

In response, DWM concurred with OIG's findings. DWM informed OIG that it will change the engineers' shift to 7:30 a.m. to 3:30 p.m. to match the laborers' shift and adjust the laborers' duties at the Pershing Facility to eliminate the period of paid unoccupied time.

4. Unauthorized Use of Social Media Application to Conduct Official CPD Business (#18-0201)

OIG notified CPD about a concern that a CPD sergeant had been using a social media application on the sergeant's City-issued cell phone and City computer to communicate with subordinate officers regarding their work assignments and other work-related matters. The sergeant said that the sergeant's captain and commander may have been aware of the use of the app, but the sergeant did not provide any indication to OIC that the sergeant sought or received approval to use the app for work-related purposes. The sergeant purported to have installed an "acceptable use" policy on the app so that officers would know not to send police reports through the app, among other restrictions.

- ? The usage of the app by the sergeant and the sergeant's subordinates likely violated multiple CPD general orders. See, e.g., GO9-01-06 (stating that "[a]ll Department social media outlets shall be approved by the Superintendent or his/her designee and shall be administered by Public Safety Information Technology"); see also GO9-01-05 (stating that members issued an electronic communication device by CPD are not to "install or use any unauthorized software or applications on the device").

Given that CPD's record retention policies apply to social media content, there is a particular concern that the sergeant and the officers may not have been preserving their work-related communications in accordance with CPD's "Use of Social Media Outlets" general order. See GO9-01-06 (stating that social media content, "must be managed, stored, and retrievable in compliance with the Illinois Freedom of Information Act" and is subject to the Illinois Local Records Act). Failure to comply with CPD's record retention policies could expose CPD to fines and sanctions and potentially subject the City to litigation sanctions should the sergeant or the sergeant's officers

inadvertently destroy communications that are relevant to a lawsuit.

To address this issue, OIG recommended that CPD (1) take appropriate steps to determine whether any other CPD supervisors or officers were engaged in the

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unauthorized or inappropriate use of social media applications.; and (2) take appropriate action to ensure that all CPD supervisors and officers were in compliance -with"all"appliGable-CPD"rules-and-regalations"Concerning-their-use-of-any-social-media-application to conduct official business.

CPD did not issue a formal written response to OIG, but in an email stated that the Department issued an Administrative Message Center message reminding CPD members that they are not allowed to use such social media apps.

5. Unauthorized Access to City Facilities and Vehicles and Improper Work Performed by a Non-City Employee (#18-0005)

OIG notified the Department of Streets and Sanitation (DSS) about a concern regarding members of the public having unauthorized access to DSS facilities and vehicles and performing sanitation laborer job duties. An OIG investigation established that DSS allowed an unpaid, intellectually disabled member of the public to ride on DSS garbage trucks and in DSS vans while performing the duties of a sanitation laborer. In exchange, DSS employees purchased lunch for the individual or paid the individual approximately \$10 to \$20 in cash each day. The City of Chicago Vehicle and Equipment Policy explicitly forbids non-City employees from being passengers in City vehicles such as garbage trucks and DSS pool vehicles. In addition, DSS employees reported to OIG that the non-employee broke a garbage truck handle while working on a route and on another occasion leapt off a moving garbage truck and ran into the street. These types of incidents jeopardized the safety of DSS laborers and the public at large and created a substantial risk of liability for the City, based on the actions of an individual who may be considered a common-law employee.

OIG recommended that DSS take further action to ensure non-City employees are not allowed to perform DSS work in the future. OIG recommended possible steps DSS could take including implementing a standard operating procedure explicitly prohibiting non-City employees from performing or assisting with laborer duties, more closely monitoring garbage and cleaning routes for unauthorized individuals, and improving security at DSS facilities.

In response, DSS sent a team from its Quality Control and Accountability group to review onsite refuse collection operations and did not observe any non-City employees performing work. DSS reported that it will also conduct routine field checks of one division per month. DSS also submitted a memorandum to all DSS employees reminding employees to adhere to all Department policies and procedures.

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VII. OTHER REPORTS AND ACTIVITIES

As an ex officio in government oversight and as part of its mission to promote economy, effectiveness, efficiency, and integrity, OIC may periodically participate in additional activities and inquiries in the service of improving accountability in City government. During this quarter, there were no additional reports.

VIII. HIRING OVERSIGHT

Under Chapter XII of the City of Chicago General Hiring Plan, Chapter XI of the CPD Hiring Plan, and Chapter IX of the CFD Hiring Plan, OIG is required to review and audit various components of the hiring process and report on them quarterly.⁶ The City's Hiring Plans require both reviews and compliance audits. The Hiring Plans define reviews as a "check of all relevant documentation and data concerning a matter," and audits as a "check of a random sample or risk-based sample of the documentation and data concerning a hiring element."

HIRING PROCESS REVIEWS

Contacts by Hiring Departments

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

During the second quarter of 2019, OIG received one report of a direct contact by a hiring department.

- A CPD employee contacted DHR to determine why certain applicants for the covered title of project strategy manager were not referred for interviews.

2. Political Contacts

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

Additionally, City employees often report contacts by elected or appointed officials that may be categorized as inquiries on behalf of their constituents but not an

⁶On June 24, 2011, the City of Chicago filed the 2011 City of Chicago Hiring Plan (General Hiring Plan). The General Hiring Plan, which was agreed to by the parties and approved by the Court on June 29, 2011, replaced the 2007 City of Chicago Hiring Plan, which was previously in effect. The Hiring Plan was refiled, though not amended, on May 15, 2014. The City of Chicago also filed an amended Chicago Police Department Hiring Plan for Sworn Titles (CPD Hiring Plan) and an amended Chicago Fire Department Hiring Plan for Uniformed Positions (CFD Hiring Plan) on May 15, 2014, which were approved by the Court on June 16, 2014. Collectively, the General Hiring Plan, the CPD Hiring Plan, and the CFD Hiring Plan will be referred to as the "City's Hiring Plans."

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attempt to affect any hiring decisions for any Covered Position or Other Employment Actions

During the second quarter, OIG received notice of six political contacts:

- An aldermanic aide contacted DHR regarding the application of a veteran's preference to a candidate for the covered title of firefighter/EMT at CFD.

- An alderman contacted the Department of Law regarding a possible (unspecified) job opportunity for a member of the alderman's staff.
- An individual seeking a contract for administrative law judge with the Department of Administrative Hearings submitted a resume and cover letter indicating that an alderman and Cook County circuit court judge directed them to apply.
- An Illinois state senator submitted-a letter of recommendation in support of a CPD employee seeking a merit promotion to the covered title of lieutenant.
- An alderman contacted a DHR employee to inquire about the status of a candidate for the covered title of laborer apprentice at DWM.
- An alderman submitted a letter to 2FM regarding potential disciplinary action against an employee in the covered title of plumber. The employee was subsequently terminated.

' 3. Exemptions

OIG tracks all reported or discovered Shakman Exempt appointments and modifications to the Exempt List on an ongoing basis.

OIG received notification of 92 exempt appointments in the second quarter. Given the change in the administration of the Mayor's Office, the increase of Shakman Exempt appointments is expected.

In the second quarter, OIG conducted its annual review of the 2018 Shakman Exempt List. Key findings from the 2018 analysis and a preview of OIG's 2019 Shakman Exempt List Audit were presented to DHR management. In 2018, OIG developed its Information Portal to provide the public with data on City operations, including transparent and reliable information regarding Shakman Exempt employees and appointments. Due to this technological upgrade, OIG's upcoming 2019 Shakman Exempt List Audit will no longer focus on DHR compliance with tracking Shakman Exempt employees, but on whether the City and its departments are utilizing Shakman Exempt positions in compliance with federal law.

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4. Senior Manager Hires

OIC reviews hires pursuant to Chapter VI covering the Senior Manager Hiring Process. Of the 45 hire packets OIC reviewed this quarter, 11 pertained to senior manager positions, none of which contained any errors.

5. Written Rationale

When no consensus selection is reached during a Consensus Meeting, a Written Rationale must be provided to OIC for review.¹⁶

During this quarter; OIG did not receive any Written Rationales for review.

6. Emergency Appointments

OIC reviews circumstances and written justifications for emergency hires made pursuant to the Personnel Rules and the City's Municipal Code MCC § 2-74-050(8).

The City reported no emergency appointments during this quarter.

7. Review of Contracting Activity

OIG is required to review City departments' compliance with the City's Contractor Policy (Exhibit C to the City's Hiring Plan). Per the Contractor Policy, OIG may choose to review any solicitation documents, draft agreements or final contract or agreement terms to assess whether they are in compliance with the Contractor Policy. This review includes analyzing the contract for common-law employee risks and ensuring the inclusion of Shakman boilerplate language.

Under the revised Contractor Policy,¹⁷ departments are no longer required to notify OIC of all contract or solicitation agreements or task orders. However, all contract and solicitation agreements that OIG receives notice of may be reviewed. In addition, OIG may request and review a risk-based sample of contract documents from departments.

In addition to contracts, pursuant to Chapter X of the Hiring Plan, OIC must receive notification of the procedures for using volunteer workers at least 30 days prior to implementation. OIG also receives additional notifications of new interns and/or volunteer workers for existing programs.¹⁸

¹⁶ A "Consensus Meeting" is a discussion that is led by the DHR recruiter at the conclusion of the interview process. During the Consensus Meeting, the interviewers and the hiring manager review their respective interview results and any other relevant information to arrive at a hiring recommendation.

¹⁷ Revised June 7, 2017

¹⁸ Chapter X B 6 of the General Hiring Plan

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Pursuant to Section III.D of the revised Contractor Policy, departments are required to annually report to OIG the names of all contractors performing services on City premises. OIG received responses from all departments as follows:

The table below details contracts and internship opportunities OIG reviewed this quarter.

TABLE #8-CONTRACT AND INTERNSHIP OR VOLUNTEER OPPORTUNITY NOTIFICATIONS

Contracting Department	Contract Type, Agency, Project, or Other Organization	Duration of Contract/Agreement or Internship
City of Chicago	United Summer Associate Program ("USA Program")	Summer 2019
Fire	Volunteer	18 months
Mayor's Office	Volunteer	4 weeks
Mayor's Office for People with Disabilities	Certified American Sign Language Interpreters and Computer Assisted Real-Time Translation Services	60 months

Public Health	Sunbelt Staffing LLC	36 months
Streets and Sanitation	Weed Cutting Services	Unknown
Transportation	A Safe Haven Foundation	60 months
Treasurer's Office	Mikva Challenge	Summer
<i>Treasurer's Office ?</i>	University of Chicago Institute of Politics	Summer

B. HIRING PROCESS AUDITS

1. Modifications to Class Specifications,¹⁹ Minimum Qualifications, and Screening and Hiring Criteria

OIG reviews modifications to Class Specifications, minimum qualifications, and screening and hiring criteria. This quarter, OIG received notifications that DHR changed the minimum qualifications for six titles within the following departments: Family and Support Services, Innovation and Technology, Water Management, the Mayor's Office, Emergency Management and Communications, and Aviation.

""Class Specifications" are descriptions of the duties and responsibilities of a Class of Positions that distinguish one Class from another. They are, in effect, the general descriptions utilized to determine the proper level to which a Position should be assigned, and they include the general job duties and minimum qualifications of the position. Class Specifications shall include sufficient detail so as to accurately reflect the job duties

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OIG reviewed each of the proposed changes to minimum qualifications and had no objections.

2. Referral Lists

OIG audits lists of applicants/bidders who meet the predetermined minimum qualifications generated by DHR for City positions. OIG examines a sample of referral lists and notifies DHR when potential issues are identified.

This quarter, OIG audited one referral list and no errors were identified.

3. Testing

The Hiring Plan requires that OIG conduct an audit of DHR test administrations and scoring each quarter. In the second quarter, OIG audited testing administration materials for 21 test administrations covering 9 City departments, which were completed during the first quarter of 2019.

OIG did not identify any scoring errors and did not request any further action. .

4. Selected Hiring Sequences

Each quarter, the Hiring Plan requires OIG to audit at least 10% of in-process hiring sequences and at least 5% of completed hiring sequences conducted by the following departments or their successors: 2FM, CDA, CDOT, DOB, DSS, DWM, and six other City departments selected at the discretion of OIG.

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

completed.

This quarter, OIG completed an audit of hire packets for 34 hiring sequences completed during the first quarter of 2019. These hiring sequences involved 9 departments. OIG will report on its findings and DHR's response in a future quarterly report.

5. Hiring Certifications

OIG audits the City's compliance with Chapter XII C.5 of the General Hiring Plan. A Hiring Certification is a form completed by the selected candidate(s) and all City employees involved in the hiring process to attest that no political reasons or factors

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or other improper considerations were taken into account during the applicable process.

OIG reviewed 34 hire packets this quarter and none contained a Hire Certification error.

6. Selected CPD Assignment Sequences

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

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

This quarter, OIG completed an audit of 3 non-bid duty assignment sequences and 5 non-bid unit assignments completed during the second quarter of 2019. Based on the review of assignment documentation, OIG did not identify any errors and did not request a response from CPD.

7. Selected CFD Assignment Sequences

Pursuant to Chapter X of the CFD Hiring Plan for Uniformed Positions, OIG has the authority to audit Other Employment Actions, including assignments, "as it deems necessary to ensure compliance with [the] CFD Hiring Plan." Assignment packets include all documents utilized in a specialized unit assignment sequence, including, but not limited to: all forms, certifications, licenses, and notes maintained by individuals involved in the selection process. OIG selects a risk-based sample of assignment packets for completed process review after CFD issues unit transfer orders and candidates have begun their new assignments.

In the second quarter, CFD did not process any specialized unit assignments for OIG to audit.

8. Monitoring Hiring Sequences

In addition to auditing hire packets, OIG monitors hiring sequences as they progress by attending and observing Intake Meetings, interviews, tests, and Consensus Meetings. The primary goal of monitoring hiring sequences is to identify any gaps in

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internal controls. However, real-time monitoring also allows OIG to detect and seek to address compliance anomalies as they occur.

OIG identifies the hiring sequences to be monitored based on risk factors such as past errors, complaints, and historical issues with particular positions. During the second quarter, OIG monitored 3 Intake Meetings, 4 sets of interviews, 5 Consensus Meetings, and 1 test. The table below shows the breakdown of monitoring activity by department.²⁰

TABLE #9-OIG MONITORING ACTIVITIES IN THE SECOND QUARTER

	Intake Meetings	Tests	Interview Sets	Consensus Meetings
Administrative Hearings	0	0	1	2
Aviation	0	0	1	1
Business Affairs & Consumer Protection	1	0	0	0
City Clerk	0	0	1	1
Housing	0	0	1	1
Police	2	1	0	0
Totals	3	1	4	5

9. Acting Up²¹

OIG audits the City's compliance with Chapter XI of the General Hiring Plan and the Acting Up Policy. OIG did not receive notice of any DHR-approved waiver request to the City's 90-Day Acting Up limit this quarter.²²

10. Arbitrations and Potential Resolution of Grievances by Settlement

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

²⁰ If a department is not included in this table, OIG did not monitor any elements of that department's

hiring sequence(s)

²¹ "Acting Up" means an employee is directed or is held accountable to perform, and does perform, substantially all of the responsibilities of a higher position

²² Pursuant to the Acting Up Policy, no employee may serve in an Acting Up assignment in excess of 90 days in any calendar year unless the

department receives prior written approval from DHR. The department must submit a Waiver Request: in writing signed by the department head at least 10 days prior to the employee reaching the 90-day limitation. If the department exceeds 90 days of Acting Up without receiving a granted Waiver Request from DHR, the department is in violation of the Policy.

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During this quarter, OIG did not receive notice of any settlement agreements which resulted in employment actions from DHR.

C. REPORTING OF OTHER OIG HIRING OVERSIGHT ACTIVITY

In addition to regular compliance activities, in the second quarter of 2019 Hiring Oversight met with hiring representatives from each City department to solicit feedback to improve the City's hiring processes and Hiring Plans. As a result, Hiring Oversight will be recommending specific changes to each of the City's Hiring Plans that will serve to (1) clarify issues that have arisen since the origination of the Hiring Plans; (2) streamline processes; and (3) eliminate obsolete language or procedures. OIG will detail its progress on this initiative in future quarterly reports.

1. Escalations

Recruiters and analysts in DHR and CPD-HR must escalate concerns regarding improper hiring by notifying OIG. In response to these notifications, OIG may take one or more of the following actions: investigate the matter, conduct a review of the hiring sequence,²³ refer the matter to the DHR commissioner or appropriate department head for resolution, or refer the matter to the OIG Investigations section.

In the second quarter, OIG did not receive notice of any escalations. However, OIG concluded two escalations (one from the fourth quarter of 2018 and one from the first quarter of 2019). Additionally, one escalation is pending from the first quarter of 2019. Details of the concluded escalations are reported below. OIG will report on its findings for the pending escalation and the department's response in a future quarterly report.

a. Department of Information Technology

A DHR recruiter escalated a hiring sequence for the covered title of IT security specialist after the Department of Innovation and Technology (DoIT) scheduled second-round interviews for two candidates without conducting a DHR recruiter led Consensus Meeting after the first round of interviews, as required for most titles under the General Hiring Plan.²³ During its review, OIG determined that DoIT personnel mistakenly believed that IT security specialist was a senior manager title, which allows for the Department to conduct an informal consensus meeting-without the DHR recruiter. No Consensus Meeting is required for senior manager hires.²⁴

OIG did not find any evidence of improper considerations when DoIT scheduled second-round interviews without a Consensus Meeting. OIG recommended that DoIT conduct a formal Consensus Meeting with a DHR recruiter before proceeding with

²³ See Chapter V B II of the General Hiring Plan ²⁴ See Chapter VI B9 of the General Hiring Plan

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any second-round interviews. OIG monitored the remainder of the hiring sequence to ensure compliance with the Hiring Plan. No irregularities or Hiring Plan violations

■■-■'were observed.-

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b. Department of Human Resources

The DHR testing manager escalated a DHR testing administration for the covered title of equipment dispatcher in 2FM. Specifically, the testing manager believed that a candidate had possibly received and taken a test with the correct answers bolded. OIG determined that the candidate was given a copy of the exam which had the correct answers bolded. OIG's review could not confirm that the candidate was aware that the correct answers had been administered or that the testing administrator knowingly provided the correct answers to the candidate. However, in an effort to prevent similar errors from occurring in the future, OIG recommended that DHR Testing implement several process changes and precautionary measures.

OIG recommended that DHR ensure test answer keys are electronically stored in a separate folder on the DHR Testing shared drive. OIG also recommended that archival materials be kept in separate folders in test packets and that test answer keys be printed on different colored paper or in a different ink color. Alternatively, OIG recommended that DHR Testing consider not maintaining copies of tests with the answers bolded and instead have answer keys on separate documents, as well as destroying or completely separating extra and blank copies of exams. Lastly, OIG recommended that DHR Testing conduct a training session for testing administrators and test specialists. DHR agreed with OIG's recommendations, implemented the appropriate changes, and provided staff training.

2. Processing of Complaints

OIG receives complaints regarding the hiring process, including allegations of unlawful political discrimination and retaliation and other improper considerations in connection with City employment. All complaints received by OIG are reviewed as part of OIG's complaint intake process. Hiring-related complaints may be resolved in several ways depending upon the nature of the complaint. If there is an allegation of a Hiring Plan violation or breach of a policy or procedure related to hiring, OIG may open a case into the matter to determine if such a violation or breach occurred. If a violation or breach is sustained, OIG may make corrective recommendations to the appropriate department or may undertake further investigation. If, after sufficient inquiry, no violation or breach is found, OIG will close the case as not sustained. If, in the course of an inquiry, OIG identifies a non-hiring-related process or program that

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could benefit from a more comprehensive audit, OIG may consider a formal audit or program review.

OIG received nine corriplaints related to the City's hiring practices this quarter. The table below summarizes the

disposition of these complaints, as well as those pending from the previous quarter.

TABLE #10 - HIRING OVERSIGHT COMPLAINTS IN THE SECOND QUARTER

Cqrfapja.i.int Status,;:'',',,; . V;:,; }•	;N umber of Complaints ■■■ ■ '!!'
Pending From Previous Quarter	6
Received This Quarter	9
Opened Investigation ²⁵	3
Declined	8
Referred to Department	0
Complaints Pending as of End of Quarter	5

Hiring Oversight closed 3 cases this quarter, 1 which was not sustained and 1 which was administratively closed. OIC closed 1 case sustained and will report on the facts of this case and DHR's response in an upcoming quarterly.

TABLE #11 - HIRING OVERSIGHT CASES IN THE SECOND QUARTER

GasfeiStatus:..I:- Mz&k-k-'iQ:...i*xiCj.,ii£*r7?*??*

Pending From Previous Quarter	15
Opened This Quarter	3
Cases Referred	0
Closed Not Sustained	1
Closed Sustained with Recommendation	1
Closed Administratively	1
Cases Pending as of End of Quarter	15

²⁵ Hiring Oversight may open a case based on a complaint made to the Investigations section, accounting for the discrepancies between the total number of complaints received by Hiring Oversight and these dispositions