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OIG FILE #20-0285

AUDIT OF CITY COUNCIL COMMITTEE SPENDING AND EMPLOYEE ADMINISTRATION

OCTOBER 13, 2021

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CITY OF CHICAGO 1 OFFICE O.F INSPECTOR GENERAL

AUDIT OF CITY COUNCIL COMMITTEE SPENDING AND EMPLOYEE INISTRATION

Some City Council committees were unable to provide all requested employee attendance documentation; this constitutes noncompliance with state and municipal requirements for record retention.

Some committee personnel perform non-committeeduties;¹ this constitutes "no with state andmunicipal requi rements t hat ggyern menta l entities expend apprpriated^i^ funds bhly^fortheir'design^te^V "*" purposes. -l v-^'.-= >y£%U^C- -**5%^

City Council and the Department of Finance implemented new processes in July 2019 to curb committee payments for non-personnel, non-committee purposes.

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I. EXECUTIVE SUMMARY

The Office of Inspector General (OIG) conducted an audit of City Council committee spending and employee administration. Council committees review proposed legislation within their defined subject matter areas and vote on whether to recommend its passage by the full Council, hold hearings (both on specific ordinances and on more general topics related to municipal governance), and process some administrative matters via legislation, such as permits for sidewalk cafes and business awnings. Each committee has its own budget in the City's annual appropriations ordinance.

The objectives of the audit were to determine whether Council committees:

- comply with Municipal Code of Chicago (MCC) § 2-8-071 regarding employee recordkeeping; and
- comply with the City's annual appropriations ordinance regarding committee expenditures and use of committee staff.

A. CONCLUSION

Some City Council committees have not maintained complete employee records in accord with ' the records retention requirements of MCC § 2-8-071 and the Illinois Local Records Act, 50 ILCS 205/1, etseq. In addition, some committee personnel perform non-committee duties, notwithstanding state and municipal requirements that governments spend appropriated funds only for their designated purposes. Regarding committee spending, while OIG identified 29 committee non-personnel expenditures for non-committee purposes between January 2015 and July 2019, Council and the Department of Finance have since implemented improved operational and review processes to effectively mitigate the risk of such payments.

B. FINDINGS

OIG requested 16 months of employee attendance records, randomly selected from June 2015 through March 2020, from the five City Council committees with the largest budgets. While the five committees provided employee records for the current legislative term, only one provided complete records for the previous term. The remaining four committees included three with no employee attendance records for 13 of the 16 months and one with no records for 9 months and only partial records for 4 months. All four of these committees use paper-based employee attendance records. The current chairs were unable to provide the majority of the records OIG requested because they were kept by previous committee chairs and not transferred when the current chairs took over in 2019. The failure to maintain these records constitutes noncompliance with both MCC § 2-8-071 and the Illinois Local Records Act, which requires municipalities to maintain records and to

destroy them only after approval by the Local Records Act Commission. The fifth committee, which provided complete records, uses the City's electronic time and attendance system.

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In addition, from the total of 13 committees OIG reviewed, 7 City Council committee chairs directed or allowed committee employees to work on non-committee matters, including tasks related to the chairs' wards. This practice constitutes noncompliance with the state and municipal requirements that governmental entities expend appropriated funds only for their designated purposes. It also results in the diversion of resources appropriated to serve Council as a whole and may create inequalities between wards by effectively giving some aldermen disproportionately more resources for their non-committee work.

Lastly, OIG identified 29 non-personnel committee expenditures totaling \$35,895 made for non-committee purposes. However, by July 2019, City Council and the Department of Finance had improved operational and review processes to effectively mitigate the risk of such impermissible payments.

RECOMMENDATIONS

OIG recommends that City Council require all committees to use an electronic timekeeping system for their employees. Council should also develop a formal transition process for committee chairs that assures, among other things, that all City property, including employee attendance records, are fully accounted for and transferred to a central record repository or to the chair's successors. Council should develop standardized policies and procedures to ensure compliance with MCC § 2-8-071 and the Illinois Local Records Act and notify the Local Records Commission of its past failure to retain employee attendance records.

OIG also recommends that Council ensure that those committee chairs directing or allowing staff to work on non-committee business develop and implement a strategy to transition away from the practice. We recommend that City Council perform an analysis to determine the personnel needs of each committee, write job descriptions with minimum requirements and expectations for all positions, and consider undertaking an analysis to determine the personnel needs for ward offices. After conducting the analysis, Council should secure and allocate the necessary resources to fund and staff each committee in a manner commensurate with Council's judgment of the committees' respective responsibilities and overall workloads. If Council undertakes a similar analysis to determine the personnel needs of ward offices, it should likewise allocate the necessary resources accordingly. Council might fulfill these recommendations by retaining a dedicated administrative officer both to standardize administrative and personnel practices, and to meet Council's operational needs through coordination with the relevant City departments.

CITY COUNCIL RESPONSE

In response to our audit findings and recommendations, City Council representatives stated that Council will not require all committee employees to use an electronic timekeeping system but will develop a uniform system of paper recordkeeping. City Council representatives also stated that committee chairmen will seek the

assistance of the president pro tempore regarding Local Records Act compliance. However, they declined to comment on the missing records of prior

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chairs. The representatives stated that the chair of the Committee on Committees will review existing protocols for transitions between chairs to determine if any revisions are needed.

City Council representatives declined to ensure that committee chairs stop directing or allowing staff to work on non-committee business or to transition away from the practice. They also declined to perform a staffing analysis to determine the personnel needs of each committee, rather relying on negotiations during the creation of committees to determine staffing levels.

The specific recommendations related to each finding, and Council's response, are described in the "Findings and Recommendations" section of this report. In addition, the City Council representatives' complete response is included in Appendix A.

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II. BACKGROUND

The City Council is the legislative branch of Chicago's municipal government. Within certain limits set by Illinois law, Council may exercise any power and perform any function pertaining to the City's government and affairs. At the outset of each four-year legislative cycle, Council adopts Rules of Order and Procedure.¹ Among other things, these rules renew or establish committees to focus on specific municipal policy and administrative areas. The current legislative term began on May 20, 2019. There are 19 standing committees this term, each chaired by an alderman chosen by Council, traditionally in consultation with the mayor.² Council possesses unilateral authority to create new committees or eliminate existing ones, to change its committees' jurisdictions, and to amend any committee's budget via legislation.

Committee chairs are responsible for calling and presiding over committee meetings, preparing reports of those meetings, and presenting the reports to the full City Council. At committee meetings, members discuss legislation and propose amendments, and may hear testimony from witnesses related to legislative proposals or questions falling within the committees' subject matter jurisdictions. Some committees also legislatively process administrative matters, such as permits for sidewalk cafes and business awnings. Each piece of legislation voted on in committee is reported to Council with a recommendation of "pass" or "do not pass."

The City's annual appropriations ordinance sets a separate budget for each Council committee, which comprises line items for personnel and several other non-personnel categories of expenditures. As shown in Figure 1, in 2020, the City appropriated \$5.2 million for Council committees.

FIGURE 1: City Council committee budgets and expenses for 2020

Committee	2020 Budget Total Appropriation	2020 Personnel Expenditures	2020 Non-Personnel Expenditures
Committee on Finance	\$ 1,118,730	\$ 520,618	\$99,316
Committee on Zoning, Landmarks, and Building Standards	409,891	295,643	149,888
Committee on Economic, Capital, and Technology Development	387,500	328,126	1,906
Committee on Budget and Government Operations	331,500	207,966	37,021
Committee on Workforce Development	315,100	292,284	14,075
Committee on Transportation and Public Way	310,000	248,621	129,122

Committee on Pedestrian and Traffic Safety	285,000	209,658	0
Committee on Housing and Real Estate	212,109	183,326	5,372

¹ See Chicago City Council, "Rules of Order and Procedure of the City Council, City of Chicago for Years 2019-2023," accessed March 23, 2021, <<https://www.chicityclerk.com/city-council-news-central/rules-order>>.

² Some, but not all, of the current chairs held their positions during the time period covered by this audit.

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Committee	2020 Budget Total Appropriation	2020 Personnel Expenditures	2020 Non- Personnel Expenditures
Committee on Environmental Protection and Energy	206,000	158,136	603
Committee on License and Consumer Protection	191,500	65,941	47,825
Committee on Contracting Oversight and Equity]	191,500	182,471	0
Committee on Aviation	181,450	180,502	1,000
Committee on Education and Child Development ;	173,387	159,425 ; 0	
Committee on Public Safety	168,800	159,860 889	
Committee on Special Events, Cultural Affairs, and Recreation	166,710	156,170 ! 280	
Committee on Committees and Rules	148,720 ; 116,725		20,000
Committee on Ethics and Government Oversight	144,600 141,000	130,852 102,557	0 7,220
Committee on Health and Human Relations			
Special Legislative Committee on the Census	111,500 \$	101,591 \$	0 \$ 304,517
Total	5,194,997	3,800,472	

Source: OIG analysis of information in the 2020 Appropriations Ordinance and the City's financial system.

Section 2-8-051 of the MCC identifies 13 categories of "contingency" expenditures eligible for payment with City Council committee funds, including office supplies and equipment, postage, meeting costs, and retention of consultants connected with the performance of committee duties. The MCC also identifies eight categories of expenditures ineligible for such payment, including the purchase of real property, purchase of a motor vehicle, campaign-related expenses, and any expense with direct monetary benefit to an alderman or their relatives.³

The current process to pay a City Council committee expense proceeds as follows:

1. Committee staff complete a direct voucher form, which specifies the relevant budget account and purchase details.
2. Committee staff attach supporting documentation, such as an invoice for payment to a vendor or a receipt for reimbursable purchases.
3. The committee chair or their designee reviews the voucher and approves it with their signature.
4. Committee staff submit the direct voucher form and supporting documentation to the City's Department of Finance (DOF)."
5. DOF staff enters the voucher information into the City's payment system and assigns the relevant category from a list of allowable expenses.

³ MCC allowances for and limitations on committee expenditures are similar to those constraining the committee chairs in their capacities as aldermen. MCC § 2-8-050 identifies 27 categories of expenditures eligible for payment with ward funds and 8 ineligible for such payment.

⁴ While DOF previously required originals of supporting documents, the Department now allows scanned and emailed versions.

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The Chicago Municipal Code requires Council committees to keep records of employee attendance. The records must state the date and day of the week, the employee's name, whether or not the employee was at work, and the reason for any absence (e.g., vacation or illness), and must be certified as correct by the chair or their designee. Specifically, MCC § 2-8-071 provides, in pertinent part:

Each chairman of a committee of the city council shall maintain a daily record of the attendance of the employees of the committee. The record shall include the following: the date and day of the week; the name of each employee; a separate notation for each employee indicating whether the employee was in attendance at his or her workplace. If an employee is indicated as absent, the record shall also indicate whether the absence is due to illness, vacation or other cause, and whether the employee is to be paid for that day. The record shall be certified as correct by the chairman of the committee or by any employee of the committee designated by the chairman. Records required under this section shall be available for inspection in the offices of the respective committees during regular business hours in accordance with the Illinois Freedom of Information Act, as amended.⁵

OIG requested 16 months of employee attendance records, randomly selected from June 2015 through March 2020, from the five City Council committees with the largest budgets in the 2020

⁵ Section 2-8-071 also prescribes a process for enforcing its requirements: "A committee chairman who knowingly and intentionally fails to maintain records required by this section, or who knowingly and intentionally certifies inaccurate or incomplete records, shall be censured and removed as chairman of the affected committee; provided, however, that such removal shall occur only after a hearing on the alleged violation before the appropriate committee of the city council. Upon completion of the hearing, the committee shall report its findings and recommendations to the full city council, which shall determine by a majority of all the members entitled by law to be elected whether a violation has occurred and whether the violation was knowing and intentional."

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Three

committees had no employee attendance records for 13 of the 16 months requested

appropriations ordinance.⁶ While all five committees provided records related to the current legislative term, four committees, each of which use paper-based attendance records, could not provide complete records

related to the previous legislative term. The chairs of these four committees stated to OIG they could not produce complete attendance records because they were not the chairs during part of the time period in question and they did not have their predecessors' records. One of those predecessors, who is still an alderman, stated that the records created during their tenure had been destroyed after being damaged by water while in storage. The fifth committee, which uses the City's electronic time and attendance system, provided complete records, including those from their predecessor's tenure. The consistent use of the electronic system allowed the committee to maintain these records and make them accessible to new chairs.⁶

Of the four committees that used paper-based attendance records,

- three had no employee attendance records for 13 of the 16 months requested; and
- one had no records for 9 months and only partial records for 4 months.

These four committees did, however, provide all requested timesheets for the legislative term under the current chair. Of those 59 timesheets, 57 (97%) noted whether the employee was at work, and 55 (93%) were signed by the chair or their designee, although in 3 instances the designee signed their own timesheet. All timesheets included the date, employee name, and reason for any absence, as required by the MCC.

Although MCC § 2-8-071 sets specific requirements for the substance of committee timekeeping records, there are no standard procedures regarding their production and maintenance. Each committee produces and maintains records in its own way, at the direction of its chair. For instance, some chairs maintain the records in their ward offices, while others maintain them at their committee offices in City Hall. Additional storage space is available in City Hall through a request to Council's sergeant at arms. As a result of these inconsistent practices, committee records are often located in several different places and are sometimes in the possession of former City employees, such as aldermen who have left office.

In addition to the requirements imposed by the MCC, state law also applies to this aspect of municipal government operations. The Illinois Local Records Act, 50 ILCS 205/1, et seq., prohibits the destruction of public records without the prior approval of the Local Records Commission. The Act also requires public entities like City Council to submit retention schedules to the Commission. It is up to the Commission, not the entity or official responsible for keeping a public

⁶ See Figure 1 in the Background section. The five committees were the Committee on Budget and Government Operations; the Committee on Economic, Capital, and Technology Development; the Committee on Finance; the Committee on Workforce Development; and the Committee on Zoning, Landmarks, and Building Standards.

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record, to decide when it may be destroyed. Council committees' failure to retain employee attendance records and conduct of allowing some records to be destroyed without obtaining Commission approval constituted noncompliance with the Local Records Act.

RECOMMENDATIONS

1. Council should require all committee employees to use an electronic timekeeping system.
2. Council should develop policies and procedures to ensure compliance with the Local Records Act. Such policies should include:
 - a. the identification of all relevant public records;
 - b. the development of a retention schedule and submission for Local Records Commission approval;
 - c. procedures to ensure records are retained according to the retention schedule, specifically addressing their storage, preservation, and management; and
 - d. specific procedures to obtain Commission approval before destroying records.
3. Council should, as required by the Local Records Act, identify and formally notify the Commission of its past failure to retain employee attendance records.
4. Council should develop and implement a transition process for committee chairs to assure the transfer of all City property, including employee attendance records, to the incoming chair or the Committee on Committees and Rules.

MANAGEMENT RESPONSE

1. *"Thank you to the Inspector General's office for its specific suggestion of an electronic timekeeping system. However, due to the cost to taxpayers and the complexity of installing electronic timekeeping, when the overwhelming number of City Council employees are salaried, the chairs of the committees responding to this audit decline in favor of a uniform system of paper recordkeeping."*

"The rollout of electronic timekeeping for City Departments was first recommended in April of 2016, in the Absenteeism Task Force Report and is still not complete. The OIG and the City of Chicago pointed out in the fall of 2019 that the City had still not completed the switch to a fully biometric screening process for police. The City explained that as it has required installation of biometric timekeeping controls in remote locations such as courthouses across the city to allow police to sign in and out for court appearances. This is a "complex and multi-year project that will require substantial capital investment and significant training." We support this continued rollout of biometric time and attendance systems for hourly employees as a high priority.

"One committee, Finance, did implement electronic timekeeping before 2019 because some Finance Committee employees at that time worked on Executive branch functions (primarily workers' compensation). Thanks to reforms, all those functions have been moved to appropriate City departments."

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"Control and monitoring of overtime costs is a primary driver of the push to install electronic timekeeping in the Executive Branch. Very few, if any, Committee staff are hourly employees, so overtime control is not an issue. The Chairs do not believe installing an expensive and complex system

for salaried employees of City Council is an appropriate use of city funds at this time.

"We appreciate, however, that Committee Chairs may need further guidance on time and attendance policies, and that uniform procedures are efficient in this regard. During 2021, the Chairman of the Rules Committee will distribute a standard timesheet to be used for salaried employees, and hourly employees, if any, and will remind Committee Chairs of the record-keeping requirements under the Section 2-8-071 of the Municipal Code."

2. *"Under Rule 57 of the Rules of Order and Procedure of the City Council, "the President Pro Tempore shall assist the chairmen of the various committees in complying with the requirements of the Illinois Freedom of Information Act and the Illinois Local Records Act, as amended."*

"Accordingly, the chairmen responding to this audit will seek the assistance of the President Pro Tempore with regard to compliance with the Local Records Act, in coordination with the Department of Law, the Committee on Committees and Rules, and the Sergeant at Arms, if applicable. Committee Chairs will also work with these entities to create a policy for the submission of record destruction requests to the Local Records Commission."

3. *"As noted in the audit, the current committee chairs of those committees for which the IG requested records provided complete records. Current chairs lack any information on the employee attendance record-keeping practices of prior chairs. The Chairs therefore decline to comment on any past actions of any prior chairs of committees."*
4. *"The Chairs responding to the IG's audit again thank the IG's audit team for the suggestions concerning transfer of employee records from committee chairs to their successors, and will respond taking into consideration that the purpose of the audit was determine whether City Council Committees "comply with Municipal Code of Chicago (MCC) § 2-8-071 regarding employee recordkeeping."*

"The Chair of the Committee on Committees and Rules, along with the Department of Assets, Information and Services will review existing protocols regarding transitions between Committee chairs and determine if any revisions, updates or changes are appropriate."

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The City's annual appropriations ordinance sets a separate budget for each Council committee. Illinois state law requires the appropriations ordinance to specify the purpose for all budgeted funds and prohibits spending outside of that purpose.⁷ Accordingly, money the City appropriates for each committee must be spent on that committee's work.⁸ OIG's review of 13 committees, however, found that 7 chairs directed or allowed their employees, paid from committee appropriations, to spend time on non-committee matters-work that is funded through separate line items in the City budget. These non-committee matters included a variety of tasks, ranging from attending groundbreaking ceremonies in the chair's ward to serving as the chair's chief of staff.

In addition to constituting noncompliance with the appropriations ordinance, directing or allowing committee employees to work on non-committee matters results in a diversion of resources dedicated by law to serve City Council as a whole and creates inequalities between wards. An alderman who chairs a committee and directs their committee employees to work on ward matters functionally has the benefit of additional staff to serve their constituents, as illustrated in Figure 2. An alderman who does not chair a committee will have access only to the ward staff paid out of funds appropriated for that purpose, assuming the alderman does not choose-or cannot afford-to spend non-City money to supplement their personnel budget. Moreover, when committee staff work on non-committee matters, the committee is left with less staff resources to perform its functions.

⁷ See *Westly v. Picur*, 205 Ill. App. 3d 270, 271-72 (1st Dist. 1990) (citing 65 ILCS 8-2). It is permissible for Council to transfer funds appropriated for one purpose to another by passing legislation to that effect.

⁸ This does not include non-committee work that is incidental to committee work, which the Department of Law has deemed permissible.

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FIGURE 2: Using committee employees for aldermanic work creates inequalities within City Council

Alderman A

Chair of a committee

\$190,972 for aldermanic staff

\$122,000 for other aldermanic expenses

\$190,000 for committee staff

\$502,972 total available for personnel

Alderman B

Not a chair of any committee

\$190,972 for aldermanic staff

\$122,000 for other aldermanic expenses

\$0for committee staff

\$312,972 = total available for personnel

Source: OIG analysis of committee staffing. Each alderman is allocated \$190,972 for staff and \$122,000 in discretionary funds for certain miscellaneous expenses (including additional personnel). Committee chairs are allocated an additional median personnel budget of \$190,000.

City Council has not conducted a staffing analysis to determine the number of personnel needed to perform each committee's functions or defined how committee staff should support their committees. Many committees hire staff without the benefit of job descriptions. Unlike employees of City departments, who have job descriptions and are generally provided with clear expectations for their duties, many Council committee employees serve in undefined, or only vaguely defined, capacities. Similarly, the common use of committee staff for ward-specific non-committee work may signal a need for another staffing analysis to determine the number of personnel needed to perform ward functions.

RECOMMENDATIONS

5. Council should ensure that those committee chairs directing or allowing staff to work on non-committee business develop and implement a strategy to transition away from the practice.
6. Council should:
 - a. perform an analysis to determine the personnel needs of each committee;
 - b. write job descriptions with minimum requirements and expectations for all positions; and
 - c. consider undertaking an analysis to determine the personnel needs for ward offices.
7. After conducting the staffing analysis, Council should secure and allocate the necessary resources to fund and staff each committee in a manner commensurate with Council's judgment of the committees' respective responsibilities and overall workloads. If Council

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undertakes a similar analysis to determine the personnel needs of ward offices, it should likewise allocate the necessary resources accordingly. Council might fulfill these recommendations by retaining a dedicated administrative officer both to standardize administrative and personnel practices, and to meet Council's operational needs through coordination with the relevant City departments.

MANAGEMENT RESPONSE

"The Chairs responding to this audit appreciate the opinions and input of the Inspector General with regard to Committee staffing and will consider them. The Chairs respond as follows with regard to the suggestion to conduct a staffing analysis.

"The organization of Council changes every four years. The creation of Council Committees and the budgets for those committees are highly negotiated among Council itself, individual aldermen, and the Mayor's Office to take into consideration the priorities of Council members and each Mayor. The current City Council demonstrates the many variables:

- *Total Budget: In the 2018, the total budget for City Council Committees was \$5.8 million dollars covering 16 committees. The 2021 budget was \$5.2 million covering 19 committees - a reduction of \$600,000 dollars, coupled with additional committee needs.*
- *Workload: Some Committees have regular workloads, such as Zoning. Others have regular workloads that vary in intensity, such as Licensing. Others have highly variable workloads, such as Special Events and Human Relations.*
- *Legislative Issues: Legislative changes and the demands of the City can dramatically affect Committee workload. In 2018, City Council and the 16 committees held a total of 211 meetings (17.6/month). In 2020, City Council and the 19 committees conducted a total of 234 meetings (19.5/month). Thus far in 2021, there will be 188 meetings through September 22 (21/month), seeming to be on track for a much higher number of meetings per month in 2021, the highest rate of meetings in at least ten years.*
- *Overall City Circumstances: Legislative priorities which many expected to be issues in 2020 were pushed aside because of the pandemic. Some committees held many more meetings as a result, others, many fewer. Clearly, Committees must have the flexibility to handle a highly variable workload.*

"Thus, unlike the analysis of a department, like, say, Streets and Sanitation, that has a fixed menu of duties, the legislative branch has to be free to set its own goals and procedures to increase its effectiveness, as is traditionally the case in most jurisdictions.

"Flexibility in the Use of Committee Staff

"The audit's chief complaint is that it is unfair for some committees to have staff do ward constituent services work, and states that this practice is not compliant with Illinois

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appropriations law. The Chairs disagree as a matter of law and have presented the OIG with a legal opinion that the "use of committee staff for ward purposes is legally permissible under Illinois budget law" (attached).

"The Chairs rely on this legal opinion. The Illinois courts have held that the Executive Branch can spend funds for personnel appropriated for one job for another job.¹ All the spending here is within one purpose - personnel - and is therefore permissible. The City Council budget respects the independence of the legislative branch by providing less detail for each individual staff line than those of City Departments.

"Moreover, the law makes good sense. Given the enormous variability of Committee work, the Chairs responding to this audit believe it appropriate for Committee staff to serve the public and work on ward business if they are not engaged in Committee work rather than to be idle.

"The report also states that an alderman who chairs a committee "functionally has the benefit of additional staff to serve their constituents." This is factually wrong and does not reflect the differences among ward offices.

"Ward staff can be funded by payroll, the aldermanic expense account, or outside political funding. The Comptroller's Office reported that currently 84 aldermanic employees and 34 independent contractors are paid from aldermanic expense accounts, in addition to the 150 staff provided to the 50 aldermen.

"There are large variations in the size and skill set of aldermanic office staffs. Some wards have many schools and have staff tasked as school liaisons. Some have a high need for human resources assistance to constituents; other need experts in development and zoning. This leads to differences in compensation, skill sets, and staff size.

"Moreover, the differences in the cost of rent and other fixed costs to operate ward offices, which are paid out of the aldermanic expense account, also creates differences because aldermen with higher expenses are less able to hire staff out of the expense account.

"Accordingly, whether using committee staff for ward business is a disadvantage to those aldermen who are not committee chairs is somewhat speculative at this point given the many variables governing how ward offices are staffed.

¹ No ordinance is required. In fact, the Illinois Supreme Court held the exact opposite in the case cited by the IG: "We do not interpret the plain meaning of the statutory language as requiring City Council approval for the transfer of line item appropriations within an object and purpose." *Westly v. Picur*, 562

N.E.2d 1025, 1027 (1st Dist. 1990) (citing 65 ILCS 8-2).

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"Notwithstanding the Chairs' disagreement with the IG, we have informed the IG that Council has retained outside counsel for further input and guidance as necessary.

"We also thank the IG for its suggestion of having a "dedicated administrative office to standardize administrative and personnel practices and meet Council's operation needs through coordination with the relevant City Departments." Today, City Council has a dedicated individual within the Clerk's Office to handle personnel administrative matters. Council works with dedicated Finance staff to regularize the handling of expenses, which the IG praises in its report. Council Committees and the Sergeant at Arms works closely with dedicated personnel in the Office of Assets, Information and Services regarding equipment. Council members comply with the training requirements from the Board of Ethics. The Chairs are concerned about the proposal to hire a dedicated administrative officer to oversee individual aldermanic duties because each alderman is an individually elected official. Each alderman has different community needs and policy goals, making it difficult to create a one-size-fits-all policy for ward offices.

"We welcome the input of the Inspector General in considering smooth administration of Committee offices. Indeed, we are aware that there was a prior effort to develop an aldermanic handbook. Members of Council have been interested in this project, although this is one of the ideas that the pandemic has prevented devoting the time and resources necessary to create and implement.

"The Chairs look forward to the development of such a manual and would be pleased to work with the IG's office on such an endeavor.

"We hope that Council can continue to work with the Office of the Inspector General in our mutual desire to make City government more efficient."

Of 249 payments for non-personnel committee expenditures OIG reviewed, 29 were for non-committee purposes. These 29 payments, which totaled \$35,895, included car lease reimbursements, ward office utilities, and a subscription to Travel + Leisure magazine. It is noteworthy, however, that all 29 were processed in the previous legislative term-between May 18, 2015 and May 20, 2019-before City Council and DOF fully implemented new operational and review processes. Council and DOF began revising the procedure for processing committee payments in 2017. In 2019, DOF staff added an additional level of review for committee expenses. Council and DOF implemented the new processes, including assistant comptroller review of all DOF staff decisions, by July 2019. After that, only expenses marked in an internal tracking file as approved by DOF management were paid.

FIGURE 3: After July 2019, DOF ensured committee payments were for committee purposes

Category	Between January, 2015 and July 2019		Between July 2019 and June 2020	
	# of Transactions	Amount (\$)	# of Transactions	Amount (\$)
Improperly paid		\$35,895	0	0
Insufficient Information	8	22,768	2	30,000
Properly paid		\$344,990	56	119,316
Total	- 191	403,653	58	149,316

Source: OIG analysis of Chicago City Council expenditures.

As summarized in Figure 3, there were also 10 payments between January 2015 and June 2020, totaling \$52,767, that did not have sufficient supporting documentation attached for DOF or OIG to determine whether they were committee-related.⁹ However, OIG obtained supplemental information regarding the two transactions that occurred after July 2019 showing they were, in fact, committee-related. Of the ten transactions, only these two were processed in the current legislative term. Therefore, we conclude that the new processes implemented in July 2019 effectively mitigate the risk of committee payments for non-committee purposes.

⁹ Three of these expenditures, totaling \$34,150, were payments for consulting services. Other payments with insufficient information may also have been for consulting, but they lacked sufficient detail in the record description to determine whether they fell into that category.

IV. OBJECTIVES, SCOPE, AND METHODOLOGY

OBJECTIVES

The objectives of the audit were to determine whether City Council committees,

- comply with Municipal Code of Chicago (MCC) § 2-8-071 regarding employee recordkeeping; and
- comply with the City's annual appropriations ordinance regarding committee expenditures and use of committee staff.

SCOPE

OIG reviewed employee attendance records from June 1, 2015 to March 1, 2020 for the following five City Council committees:

- Committee on Budget and Government Operations
- Committee on Economic, Capital, and Technology Development
- Committee on Finance
- Committee on Workforce Development
- Committee on Zoning, Landmarks, and Building Standards

Regarding committee employees undertaking non-committee work, we interviewed representatives of the following 13 committees, including chairs, chiefs of staff, or staff members:

- Committee on Aviation
- Committee on Budget and Government Operations
- Committee on Committees and Rules
- Committee on Contracting, Oversight and Equity
- Committee on Economic, Capital, and Technology Development
- Committee on Education and Child Development
- Committee on Environmental Protection and Energy
- Committee on Finance
- Committee on Housing and Real Estate
- Committee on Pedestrian and Traffic Safety
- Committee on Workforce Development
- Committee on Zoning, Landmarks, and Building Standards
- Special Legislative Committee on the Census

Finally, we considered non-personnel expenditures dating from January 1, 2015 to June 30, 2020, from all Council committees and the Legislative Reference Bureau.

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METHODOLOGY

OIG requested City Council committee employee attendance records for a sample of 16 months between June 2015 and March 2020. We reviewed the attendance records to determine whether a) each employee signed in and out each workday, b) reasons for absences were documented, and c) the committee chair or a designee certified the record as accurate. For employee attendance records that were not available for review, we inquired with the relevant committee chairs to determine the reason they were missing.¹⁰ We also spoke with committee chairs and staff regarding attendance and recordkeeping processes, and discussed record retention policies with the Department of Law.

To determine whether City Council committee employees worked solely on committee business, OIG interviewed 9 committee chairs, 7 aldermanic chiefs of staff, and 17 committee employees. We also reviewed available job descriptions provided by committee staff and asked committee chairs about their expectations for staff duties.

To assess whether City Council committees complied with City's annual appropriations ordinance, OIG selected a targeted sample of 249 payments and obtained supporting documentation, (e.g., payment vouchers, contracts, and invoices). We reviewed the documentation for any payment unrelated to committee purposes or otherwise not in compliance with the appropriations ordinance. We also shared our determinations with DOF to secure its agreement with, or adjust, our assessments. We discussed with DOF current and historical practices for processing and approving payments requested by Council committees. Finally, we notified relevant committee chairs of the transactions deemed improperly paid and gave them the opportunity to provide insights that might justify the payments.

STANDARDS

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

AUTHORITY AND ROLE

The authority to perform this audit is established in the City of Chicago Municipal Code § 2-56-030, which states that OIG has the power and duty to review the programs of City government in order to identify any inefficiencies, waste, and potential for misconduct, and to promote economy, efficiency, effectiveness, and integrity in the administration of City programs and operations.

¹⁰ Relevant committee chairs included former chairs who were still serving as aldermen during the audit, as well as the current chairs.

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OCTOBER 13, 2021

The role of OIG is to review City operations and make recommendations for improvement.

City management is responsible for establishing and maintaining processes to ensure that City programs operate economically, efficiently, effectively, and with integrity.

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APPENDIX A: FULL MANAGEMENT RESPONSE

Response to Audit of City Council Committee Spending and Employee Administration Response of Chairs Dowell, Harris, Smith, and Waguespack

Background and the Scope of This Response (I)(D)

The Office of Inspector General reviewed certain operations of certain City Council Committees with regard to Committee spending and employee administration. The OIG requested a response to the audit from Chairs Dowell, Harris, Smith and Waguespack (the "Chairs").

These Chairs thank the OIG for its inaugural effort at an audit of City Council practices and appreciate the opportunity to work with the OIG in its advisory capacity as it adapts its role to appropriate oversight of the City Council. The Chairs request that this response be included in the audit report in its entirety, at the sections indicated here.

The City Council is an elected body of fifty (50) individually elected representatives of the 50 wards. These aldermen organize themselves every four years into the Chicago City Council, which acts as a body to adopt Rules of Order and Procedure for its governance every four years.

In contrast to the Executive Departments, which report to a single elected or appointed official, the aldermen and the Committees act as independent entities within the larger legislative process. The Rules of Order and Procedure and the Municipal Code impose specific limitations and duties on the activities of Committee chairs.

Pursuant to Section 2-8-120 of the Municipal Code, the Committee on Committees and Rules also has authority, subject to the approval of the City Council, to adopt such rules as are necessary for the effective implementation and enforcement of Section 2-8-050 [aldermanic expense allowance], Section 2-8-051 [city council committee expense allowance], Section 2-8-070 [recordkeeping of aldermanic expenses], and Section 2-8-110 [items purchased with aldermanic expense account are City property].

Given these jurisdictional limitations, these Chairs cannot respond on behalf of Council as a whole on the matters covered by the audit. Decisions as to new processes and procedures outside those already established must be considered through appropriate Council action. Within those constraints, the Chairs of Rules, Budget, Finance, and Ethics Committees respond as follows to the audit report recommendations:

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1. Committee employees and an electronic timekeeping system. (III)(i)

Thank you to the Inspector General's office for its specific suggestion of an electronic timekeeping system. However, due to the cost to taxpayers and the complexity of installing electronic timekeeping, when the overwhelming number of City Council employees are salaried, the chairs of the committees responding to this audit decline in favor of a uniform system of paper recordkeeping.

The rollout of electronic timekeeping for City Departments was first recommended in April of 2016, in the Absenteeism Task Force Report and is still not complete. The OIG and the City of Chicago pointed out in the fall of 2019 that the City had still not completed the switch to a fully biometric screening process for police. The City explained that as it has required installation of biometric timekeeping controls in remote locations such as courthouses across the city to allow police to sign in and out for court appearances. This is a "complex and multi-year project that will require substantial capital investment and significant training." We support this continued rollout of biometric time and attendance systems for hourly employees as a high priority.

One committee, Finance, did implement electronic timekeeping before 2019 because some Finance Committee employees at that time worked on Executive branch functions (primarily workers' compensation). Thanks to reforms, all those functions have been moved to appropriate City departments.

Control and monitoring of overtime costs is a primary driver of the push to install electronic timekeeping in the Executive Branch. Very few, if any, Committee staff are hourly employees, so overtime control is not an issue. The Chairs do not believe installing an expensive and complex system for salaried employees of City Council is an appropriate use of city funds at this time.

We appreciate, however, that Committee Chairs may need further guidance on time and attendance policies, and that uniform procedures are efficient in this regard. During 2021, the Chairman of the Rules Committee will distribute a standard timesheet to be used for salaried employees, and hourly employees, if any, and will remind Committee Chairs of the record-keeping requirements under the Section 2-8-071 of the Municipal Code.

2. Policies and procedures to ensure compliance with the Local Records Act. UII)(2)

Under Rule 57 of the Rules of Order and Procedure of the City Council, "the President Pro Tempore shall assist the chairmen of the various committees in complying with the requirements of the Illinois Freedom of Information Act and the Illinois Local Records Act, as amended."

Accordingly, the chairmen responding to this audit will seek the assistance of the President Pro Tempore with regard to compliance with the Local Records Act, in

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coordination with the Department of Law, the Committee on Committees and Rules, and the Sergeant at Arms, if applicable. Committee Chairs will also work with these entities to create a policy for the submission of record destruction requests to the Local Records Commission.

3. Records prior to the current session of City Council. (III)(3)

As noted in the audit, the current committee chairs of those committees for which the IG requested records provided complete records. Current chairs lack any information on the employee attendance record-keeping practices of prior chairs. The Chairs therefore decline to comment on any past actions of any prior chairs of committees.

4. Transfer of employee records to successor Chairmen. (IIII)(4)

The Chairs responding to the IG's audit again thank the IG's audit team for the suggestions concerning transfer of employee records from committee chairs to their successors, and will respond taking into consideration that the purpose of the audit was determine whether City Council Committees "comply with Municipal Code of Chicago (MCC) § 2-8-071 regarding employee recordkeeping."

The Chair of the Committee on Committees and Rules, along with the Department of Assets, Information and Services will review existing protocols regarding transitions between Committee chairs and determine if any revisions, updates or changes are appropriate.

5. Staffing of Committees (III)(5,6,7)

The Chairs responding to this audit appreciate the opinions and input of the Inspector General with regard to Committee staffing and will consider them. The Chairs respond as follows with regard to the suggestion to conduct a staffing analysis.

The organization of Council changes every four years. The creation of Council Committees and the budgets for those committees are highly negotiated among Council itself, individual aldermen, and the Mayor's Office to take into consideration the priorities of Council members and each Mayor. The current City Council demonstrates the many variables:

- Total Budget: In the 2018, the total budget for City Council Committees was \$5.8 million dollars covering 16 committees. The 2021 budget was \$5.2 million covering 19 committees - a reduction of \$600,000 dollars, coupled with additional committee needs.
- Workload: Some Committees have regular workloads, such as Zoning. Others have regular workloads that vary in intensity, such as Licensing. Others have highly variable workloads, such as Special Events and Human Relations.
- Legislative Issues: Legislative changes and the demands of the City can dramatically affect Committee workload. In 2018, City Council and the 16

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committees held a total of 211 meetings (17.6/month). In 2020, City Council and the 19 committees conducted a total of 234 meetings (19.5/month). Thus far in 2021, there will be 188 meetings through September 22 (21/month), seeming to be on track for a much higher number of meetings per month in 2021, the highest rate of meetings in at least ten years.

- Overall City Circumstances: Legislative priorities which many expected to be issues in 2020 were pushed aside because of the pandemic. Some committees held many more meetings as a result, others, many fewer. Clearly, Committees must have the flexibility to handle a highly variable workload.

Thus, unlike the analysis of a department, like, say, Streets and Sanitation, that has a fixed menu of duties, the legislative branch has to be free to set its own goals and procedures to increase its effectiveness, as is traditionally the case in most jurisdictions.

Flexibility in the Use of Committee Staff

The audit's chief complaint is that it is unfair for some committees to have staff do ward constituent services work, and states that this practice is not compliant with Illinois appropriations law. The Chairs disagree as a matter of law and have presented the OIG with a legal opinion that the "use of committee staff for ward purposes is legally permissible under Illinois budget law" (attached).

The Chairs rely on this legal opinion. The Illinois courts have held that the Executive Branch can spend funds for personnel appropriated for one job for another job.¹ All the spending here is within one purpose - personnel - and is therefore permissible. The City Council budget respects the independence of the legislative branch by providing less detail for each individual staff line than those of City Departments.

Moreover, the law makes good sense. Given the enormous variability of Committee work, the Chairs responding to this audit believe it appropriate for Committee staff to serve the public and work on ward business if they are not engaged in Committee work rather than to be idle.

The report also states that an alderman who chairs a committee "functionally has the benefit of additional staff to serve their constituents." This is factually wrong and does not reflect the differences among ward offices.

Ward staff can be funded by payroll, the aldermanic expense account, or outside political funding. The Comptroller's Office reported that currently 84 aldermanic

¹ No ordinance is required. In fact, the Illinois Supreme Court held the exact opposite in the case cited by the IG: "We do not interpret the plain meaning of the statutory language as requiring City Council approval for the transfer of line item appropriations within an object and purpose." *Westly v. Picur*, 562 N.E.2d 1025,1027 (1st Dist. 1990) (citing 65 ILCS 8-2).

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employees and 34 independent contractors are paid from aldermanic expense accounts, in addition to the 150 staff provided to the 50 aldermen.

There are large variations in the size and skill set of aldermanic office staffs. Some wards have many schools and have staff tasked as school liaisons. Some have a high need for human resources assistance to constituents; other need experts in development and zoning. This leads to differences in compensation, skill sets, and staff size.

Moreover, the differences in the cost of rent and other fixed costs to operate ward offices, which are paid out of the aldermanic expense account, also creates differences because aldermen with higher expenses are less able to hire staff out of the expense account.

Accordingly, whether using committee staff for ward business is a disadvantage to those aldermen who are not committee chairs is somewhat speculative at this point given the many variables governing how ward offices are staffed.

Notwithstanding the Chairs' disagreement with the IG, we have informed the IG that Council has retained outside counsel for further input and guidance as necessary.

We also thank the IG for its suggestion of having a "dedicated administrative office to standardize administrative and personnel practices and meet Council's operation needs through coordination with the relevant City Departments." Today, City Council has a dedicated individual within the Clerk's Office to handle personnel administrative matters. Council works with dedicated Finance staff to regularize the handling of expenses, which the IG praises in its report. Council Committees and the Sergeant at Arms works closely with dedicated personnel in the Office of Assets, Information and Services regarding equipment. Council members comply with the training requirements from the Board of Ethics. The Chairs are concerned about the proposal to hire a dedicated administrative officer to oversee individual aldermanic duties because each alderman is an individually elected official. Each alderman has different community needs and policy goals, making it difficult to create a one-size-fits-all policy for ward offices.

We welcome the input of the Inspector General in considering smooth administration of Committee offices. Indeed, we are aware that there was a prior effort to develop an aldermanic handbook. Members of Council have been interested in this project, although this is one of the ideas that the pandemic has prevented devoting the time and resources necessary to create and implement.

The Chairs look forward to the development of such a manual and would be pleased to work with the IG's office on such an endeavor.

We hope that Council can continue to work with the Office of the Inspector General in our mutual desire to make City government more efficient.

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Department of Law city of chicago

Michele Smith
Alderman, 43rd Ward

September 19, 2021

VIA EMAIL

Dear Chairman Smith:

You have asked for an opinion regarding a draft memorandum authored by the Office of Inspector General ("OIG") and dated July 20, 2021. That memorandum posits that use of committee staff for ward work is not legally permissible in the absence of City Council approval. I believe that the pertinent state law does not support this conclusion. To the contrary, in my opinion such use of committee staff is legally permissible as a matter of state budget law without any need for City Council action.

The state law at issue, cited in the draft memorandum, speaks to arranging "proposed appropriations in municipalities ... according to funds and also according to departments and other separate agencies of the municipal government." 65 ILCS 5/8-2-3 (emphasis added). It is important to note in this regard that the City's annual appropriation ordinance sets out "City Council" as a department or agency (using numeric identifier 015), similar to a City executive department.

While applicable state law requires City Council approval to transfer funds from one statutory object or purpose to another, there is no state law prohibition or limitation on transferring funds within a given object or purpose, within one department or agency (which the OIG's draft memorandum acknowledges is not prohibited). The case cited in that draft memorandum, *Westly v. Picur*, 562 N.E.2d 1025 (1st Dist. 1990), confirms my interpretation: "We do not interpret the plain meaning of the statutory language as requiring City Council approval for the transfer of line item appropriations within an object and purpose." *Westly*, 562 N.E.2d at 1027.

While the OIG's draft memorandum refers to "sub-entities," the applicable statute and *Westly* simply do not recognize "sub-entities" as a category of budgetary organization. Rather, both recognize "departments and other separate agencies." Had the General Assembly intended to specify budgetary divisions to the level of "sub-entities," it would have so stated. For example, by way of contrast, state law applicable to budgeting by Community College Districts states that their budget "shall specify the organizational unit, fund, activity and object to which an appropriation is applicable." 110 ILCS 805/7-10 (emphasis supplied).

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In conclusion, I do not view this issue as implicating state budget-related law, first because no funds are even being transferred, and second, because the pertinent state law simply does not speak to, or recognize, the "sub-entities" described in the draft memorandum. In light of the way our annual appropriation ordinance is organized, and the fact that such organization includes the City Council as a separate agency, I conclude that the lines of budgetary demarcation contemplated by state law do not extend down to the City Council committee level, and accordingly, use of committee staff for ward purposes is legally permissible under Illinois budget law.

Sincerely yours,

s/ Jeff Levine
Deputy Corporation Counsel Legal Counsel Division

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- administrative and criminal investigations by its Investigations Section;
- performance audits of City programs and operations by its Audit and Program Review Section;
- inspections, evaluations and reviews of City police and police accountability programs, operations, and policies by its Public Safety Section; and
- compliance audit and monitoring of City hiring and human resources activities by its Compliance Section.

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OIG's authority to produce reports of its findings and recommendations is established in the City of Chicago Municipal Code §§ 2-56-030(d), -035(c), -110, -230, and -240.

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