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Inspector General

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### **Opening Statement of the Inspector General 2013 Budget Hearings October 30, 2013**

Madam Chair, and members of the City Council:

Thank you for the opportunity to be here today before the Committee on the Budget & Government Operations. I look forward to answering your questions and discussing the OIG's 2014 budget request. Thank you all for your time.

In advance of your questions, I would like to offer the following statement.

This office's budget request for 2014 is \$5.769 million. We are proud to meet the call for a neutral budget while taking on new investigative responsibilities under the Ethics Ordinance. Identification of internal efficiencies allowed us to find \$48,700 in operational savings over last year's appropriation, reflecting a continued drive to use our fiscal resources to the fullest in improving oversight and adding value to all City operations.

We will enter 2014 with a fully actualized Audit & Program Review Section (APR), increasing the quantity, quality, and timeliness of our audits and public reports. The OIG has amended its Rules and Regulations setting forth processes and policies under which it conducts performance audits that meet standards of the Government Accountability Office (The Yellow Book). Our Investigations Section also has a fresh vigor led by our new deputy inspector general, who has continued a multi-year process under my administration to reduce backlogs and improve turnaround on investigations, which support cost recoveries and criminal prosecutions in federal and state court.

Finally, we continue to expand our efforts in Hiring Oversight as the City works toward achieving substantial compliance with the *Shakman* Accord to the full satisfaction of the court and the plaintiffs in that long-running litigation. We are dedicated to providing rigorous oversight that should foster, in City employees and residents, a confidence that hiring abuse is largely a historical artifact and that, if it does emerge, it will be identified and eradicated.

## 2013 Accomplishments

To fulfill our mission of deterring and detecting waste, fraud, abuse, and inefficiency, the OIG conducts timely, professional, and relevant investigations, audits, public reports, and hiring monitoring.

In the past year, the OIG has completed:

- 7 audits, involving 9 departments and over 6 million dollars in identified savings for the City;
- 145 reviews of Hiring Complaints and Alleged Abuses;
- More than 149 investigations of misconduct, some contributing to judgments and collections totaling over \$2.2 million;
- 14 Advisories, Audit Follow-ups, and Public Reports providing transparency and efficiency recommendations for more than a dozen City programs.

Highlights of some of this year's audits, advisories, and investigations include,

- An Audit requested by members of the City Council, found that the Chicago Department of Transportation was unable to substantiate its claims that the City chose to install red-light cameras at intersections with the highest angle crash rates. We also found a basic lack of recordkeeping and analysis by the Department. Our Annual Plan includes a follow up audit of this program in late 2014.
- An Audit of the Chicago Police Department's Tuition Reimbursement Program identified \$180,375 owed to City by employees who resigned from City service prior to fulfilling their commitment to tuition paid education services.
- An Advisory reviewed a completed project falling under the City's Local Hiring Ordinance. The OIG found that the project fell 3.96% short of the local hiring requirement and that the developer should have paid the city \$109,839 additional damages than were assessed. As a result, the Department of Procurement Services developed new rules and regulations regarding compliance with the Local Hiring Ordinance that will better assure full recovery of damages due for developer and contractor failure to meet their Hiring Ordinance obligations.
- In the past year, over 15 OIG investigations separately resulted in charges or convictions for identity theft, extortion, forgery, mail fraud, bribery, and theft, and included convictions for major program fraud on the City's Minority and Women Business Enterprise program.

## **Peer Review**

In the fourth quarter of 2012, a team of auditors from the Association of Inspectors General conducted a peer review of our office. After reviewing work products from April 2009 through March 2012, the team unanimously concluded that both the Investigations and Audit Sections complied with the appropriate and agreed upon standards. The review notes that our highly skilled staff showed positivity and dedication to the mission, providing an atmosphere for success. In addition, our peers were impressed with the quality of the OIG's written work for investigations and audits. Holding ourselves to the same standards as we hold others, we have published the full review online including the team's recommendations.

Over the last year we have been working hard to meet the suggestions of the report including:

- Adopting an audit reporting style with more direct and visible explanation of the OIG's findings and conclusions;
- Creating internal checklists for audit report and work-papers;
- The timely release of a detailed Annual Audit Plan;
- Creating a formal process for complaint intake that encourages staff participation.

## **Looking Ahead**

The OIG is proud to serve the City of Chicago by identifying, eliminating, and guarding against waste, fraud, abuse, and inefficiency. Our reorganization efforts are leading to new synergies and better utilization of the office's human capital. The active participation of the City Council is critical to the success of our work. We encourage your comments and suggestions on our revised Rules and Regulations as well as our 2014 Annual Plan for Audit and Program Review, which we believe will benefit from your ideas for City operations and programs we should explore. Together, we will move forward and continue to find improvements and efficiencies in the delivery of services and programs to the taxpayers and residents of the City. Use us as a resource and call us in to Council to report.

The Office of Inspector General enters 2014 confident in our people, our processes, and in the future of oversight in Chicago.



