

CHICAGO PARK DISTRICT OFFICE OF INSPECTOR GENERAL

PETER NEUMER, INSPECTOR GENERAL



OIG THIRD QUARTER 2023 REPORT

Message from the Inspector General:

The past quarter has been a time of transition for the Chicago Park District Office of Inspector General (OIG). On August 17, 2023, I began my term as Inspector General, taking over for Interim Inspector General Alison Perona. I want to thank Alison for all her efforts on behalf of the office during her tenure, as serving in an interim capacity is no easy task. I am also grateful to Alison for making herself readily available to answer questions and provide guidance regarding OIG matters as I familiarized myself with the office. Credit should go to our staff as well for continuing to carry out the OIG's important oversight functions in a dedicated, professional manner during this change in leadership. Although I have only been with the office for a matter of weeks, the passion with which the OIG's employees serve their community was evident to me from day one.

In terms of priorities, over the next several months, the OIG will be focusing on the creation of written policies and procedures for the investigative, audit, and hiring compliance sections of the office. The implementation of such policies will help ensure that the OIG is operating in accordance with best practices and also will be beneficial with respect to the onboarding of new staff going forward. In my first month, we drafted and implemented conflict of interest and confidentiality directives based on policies I implemented as Inspector General for the Illinois Department of Human Services and we will continue to communicate with other OIGs throughout the State to assist us in codifying our practices in the most efficient manner possible.

The OIG will also be devoting significant time and resources to ensuring that it is fully inhabiting its compliance monitor role, as set forth in the Park District Employment Plan. To assist in those efforts, the OIG recently hired a contractor with legal and investigatory expertise, who will be assessing the OIG's current compliance practices and developing internal processes in this area. They will also be responsible for creating hiring-related trainings for Park District staff and conducting investigations of alleged Employment Plan violations.

Ultimately, although times of change can be challenging, I am tremendously excited about what lies ahead for the OIG. Serving as the Inspector General for the Park District is a true honor and I will do my best to ensure that OIG effectively carries out its watchdog function with integrity.

Sincerely,

Peter Neumer
Inspector General
Chicago Park District Office of the Inspector General

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Office Overview

Mission

Pursuant to the Chicago Park District Code, the OIG is responsible for:

- Investigating allegations of fraud, waste, and abuse or misconduct by Chicago Park District employees, members of the Board of Commissioners, contractors, agents, and volunteers;
- Conducting District-wide internal audits to assess the integrity of financial reporting systems, the effectiveness of internal controls, and the efficiency of established procedures; and
- Monitoring the Park District's compliance with the Employment Plan's rules governing hiring and other employment actions.

Budget

In FY 2023, the OIG's adopted combined budget is \$954,719.

Personnel

In the third quarter of 2023, the OIG was staffed as follows: an Inspector General, Interim Deputy Inspector General, Director of Audit, one full-time Auditor, one part-time investigator, two contractual investigators and an Administrative Assistant. The OIG is in the process of hiring an additional full-time auditor. The OIG also receives regular support from law enforcement personnel.

In the fourth quarter of 2023, the OIG will seek to hire a full-time Deputy Inspector General and two full-time investigators. The OIG will also utilize the services of a contractor, who will assist OIG in hiring compliance-related matters.

Reporting Fraud, Waste, and Abuse

Reports of fraud, waste and abuse can be made to the OIG in multiple ways:

- Online: [Click here to submit online complaint](https://chicagoparkdistrict.i-sight.com/external/case/new) or visit:
<https://chicagoparkdistrict.i-sight.com/external/case/new>
- By telephone: (312) 742-3333 (Confidential Hotline)
- In writing:
Chicago Park District Office of Inspector General
740 North Sedgwick Street Suite #300
Chicago, IL 60654
- By fax: (312) 742-9505

Investigative Summaries

PPP Investigations

In the third quarter of 2023, the OIG's investigative efforts continued to be focused primarily on Paycheck Protection Program (PPP) loan fraud.¹ With respect to PPP cases, the OIG completed 13 investigations in the third quarter that resulted in sustained findings or recommendations for personnel action. More specifically:

- In 23-0340, the OIG determined that a Park District employee fraudulently obtained a \$20,000 PPP loan and also failed to seek approval for the employee's secondary business. Accordingly, the OIG recommended that the employee be terminated. Following the issuance of the OIG's report, the employee resigned and was designated as "Do Not Rehire";
- In 23-0064, the OIG determined that a Park District employee fraudulently obtained two PPP loans in the amounts of \$20,833 and \$20,260. The employee stated that they had an event planning business but failed to provide the OIG with any documentation substantiating the existence of the business or validating the loans. The employee also acknowledged that they had not sought approval for secondary employment. Accordingly, the OIG found that the employee committed misconduct towards the public (falsified documents to receive federal loans), failed to cooperate with the OIG, and failed to seek approval for dual employment, and recommended that the employee be terminated. Following the issuance of the OIG's report, the employee resigned and was designated as "Do Not Rehire";
- In 23-0343, the OIG determined that a Park District employee received a valid PPP loan but failed to seek Park District approval for the employee's secondary employment. Accordingly, the OIG recommended that Management take whatever disciplinary action they deemed appropriate with respect to the employee. Management's response to OIG's recommendation is pending.
- In 23-0344, the OIG determined that a Park District employee received a valid PPP loan but failed to seek Park District approval for the employee's secondary employment. Accordingly, the OIG recommended that Management take whatever disciplinary action they deemed appropriate with respect to the employee. In response to the OIG's report, Management reported that the employee received a verbal reprimand and came into compliance with the Park District's dual employment policy.
- In 23-0356, the OIG determined that a Park District employee fraudulently obtained two PPP loans in the amount of \$20,833. The employee stated that they had a physical fitness business but failed to provide the OIG with any documentation substantiating the existence of the business or validating the loans. The OIG also did not find any dual employment approval on file for the employee. Accordingly, the OIG found that the employee, who resigned prior to the issuance of OIG's report, failed to cooperate with the OIG, and failed

¹ As noted in OIG's second quarter report for 2023, "In late 2022, the OIG received an anonymous complaint on the Hotline that some employees had wrongfully applied for and received loans in 2020 and 2021 under the U.S. government's Paycheck Protection Program (PPP). During the pandemic, the PPP program was established to provide small businesses with financial resources to maintain their payroll, hire back employees who may have been laid off, and cover applicable overhead."

to obtain approval for dual employment, and recommended that the employee be designated as “Do Not Rehire.” The employee was subsequently designated as “Do Not Rehire.”

In the other eight PPP cases (23-0037, 23-0039, 23-0060, 23-0062, 23-0271, 23-0412, 23-0466, and 23-0471), the subject employees ended their Park District employment before the OIG was able to complete its investigations. Accordingly, the OIG was not able to definitively determine in those cases whether the employees engaged in PPP fraud. The OIG therefore issued reports recommending that Management flag those former employees for review so that in the event they apply for re-employment, the Park District’s Human Resources department can notify the OIG. The OIG will then re-open its investigation and make a final determination as to whether the person engaged in fraud. In all eight cases, Management subsequently placed the former employee in “review” status.

The below chart sets forth a more comprehensive accounting of the OIG’s completed PPP investigations through the first three quarters of 2023 and management’s responses to the OIG’s findings and recommendations.

RESULTS OF THE OIG’S PPP INVESTIGATIONS FIRST, SECOND AND THIRD QUARTERS OF 2023

TYPE OF SUSTAINED FINDING	NUMBER OF CASES	OIG RECOMMENDATION	MANAGEMENT RESPONSES	NOTES
Employees Who Admitted That They Did Not Own the Businesses Claimed in Their Loan Applications	6	Termination	Terminations: 6 Pending: 0	Employees who resigned or retired during the pendency of the disciplinary hearing are designated as “Do Not Rehire.”
Employees Who Admitted Receiving Loans but Failed to Cooperate With the OIG/Did Not Validate Ownership of the Claimed Business	17	Termination	Terminations: 14 Pending: 0 Resigned: 3	Employees who resigned or retired during the pendency of the disciplinary hearing are designated as “Do Not Rehire.”
Employees Who Refused to Cooperate with the OIG	4	Termination	Terminations: 0 Resignations or Retirements: 4 Pending: 0	Employees who resigned or retired during the pendency of the investigation or their disciplinary hearings are

TYPE OF SUSTAINED FINDING	NUMBER OF CASES	OIG RECOMMENDATION	MANAGEMENT RESPONSES	NOTES
				designated as “Do Not Rehire.”
Seasonal (Former) Employees Who Refused to Cooperate with the OIG/Did Not Validate Ownership of Claimed Business	38	Do Not Rehire	Do Not Rehire: 38 Pending: 0	
Seasonal (Former) Employees Who Did Not Respond/OIG Unable to Contact	45	Designate as “Review”	Designated as Review: 45 Pending: 0	Designating a seasonal employee as “review” puts a hold on future applications for re-employment
Employees With Valid Loans—No Secondary Employment Approval on File	8	Appropriate Disciplinary Action	Reprimands: 7 Pending: 1	These employees were also required to obtain approval for secondary employment

Other Investigations

The OIG also made substantiated findings in the following non-PPP related investigations that it closed in the third quarter:

23-0423 – A Park District Supervisor Failed to Adhere to Park District Timekeeping Policies and Procedures, Resulting in An Employee Receiving Compensation for A Shift the Employee Did Not Work

In 23-0423, the OIG determined that a Park District supervisor was improperly having employees fill out and submit time sheets at the start of the pay period and would then “scratch off” hours if an employee took time off before the supervisor submitted the timesheets to payroll. The OIG further determined that in one instance, because of these practices, a Park District employee was paid for their 4-hour Park District shift, even though they were working for a non-Park District entity at that same time. The evidence reflected that the employee had told their supervisor they would not be working that shift and believed that the supervisor was going to “scratch off” those hours, which did not occur. As a result, the employee received compensation for that shift.

The OIG recommended that Management take appropriate administrative or disciplinary action against the supervisor and employee and seek reimbursement from the employee for the four hours of compensation they inappropriately received. In response to the OIG's recommendations, Management reported that both the supervisor and employee received written reprimands and that the employee would repay the 4 hours of pay, and complete timesheet/entering benefit time training. The OIG further notes that the Park District recently began the roll-out of an electronic timekeeping system which should help reduce or eliminate the above-described practices.

23-0443 – A Park District Employee Presented Their Paycheck for Payment 3 Times and then Failed to Cooperate with the OIG's Investigation

In 23-0443, OIG determined that a Park District employee presented their paycheck for payment three times at various financial institutions. The employee resigned on the same day they received the original check. OIG investigators subsequently scheduled an interview with the former employee, but the employee canceled that interview and a rescheduled interview and then stopped responding to the OIG. The OIG was therefore unable to definitively determine whether the duplicate presentments were intentional. Accordingly, the OIG could not sustain a finding related to the check presentment. However, the OIG did determine that the employee failed to cooperate with the OIG, as required by the Park District Code and, given that the employee no longer worked for the Park District, recommended that the employee be designated as "Do Not Rehire." The employee was subsequently designated as "Do Not Rehire."

Audit and Review Summaries

OIG's Audit Department completed two reviews in the third quarter. More specifically, OIG issued reports based on the site visits it conducted of the Lollapalooza and Riot Fest events. Below are summaries of OIG's site visit reports.

Lollapalooza Site Visit

On Thursday, August 3, 2023, two OIG employees conducted a site visit at the Lollapalooza Music Festival in Chicago's Grant Park. The objective of the site visit was to identify any areas of non-compliance with respect to the November 7, 2022 permit agreement, by and between the Chicago Park District and C3 Presents LLC (Lollapalooza Music Festival producer), which permit agreement contains certain requirements regarding security and sanitation, among other topics.

OIG made the following general observations during its site visit:

- Security was provided by the Lollapalooza producer.
- Wrist bands required for access were checked electronically by security.
- Security checked bags and backpacks for all staff and crew entering park.
- Security checked bags and backpacks for attendees entering park.
- Security was patrolling inside the park.
- Fencing was installed around the perimeter
- Bike racks were provided.
- Portable restrooms were provided.
- Hand washing stations were provided
- Garbage cans and carts were provided
- Lockers were provided.
- Protective fencing installed around plant areas.
- Vendor food certifications/licenses were displayed.
- Vendors were not accepting cash for products or food.
- No sales of tobacco products or give-a-ways.

Ultimately, OIG did not observe any violations of the Permit Agreement during its August 3, 2023 site visit. Accordingly, OIG did not make any recommendations to management in its resulting report, meaning that OIG did not require a response from Park District management to the report.

Riot Fest Site Visit

On September 15, 2023, two employees of the Chicago Park District Office of the Inspector General conducted a site visit at the Riot Fest event at Chicago's Douglas Park.

The objective of the site visit was to determine whether, during the time OIG was on-site, operators of the event were generally complying with the terms and conditions set forth in the November 4, 2022 Riot Fest "Special Event Permit Application."

OIG made the following general observations during its site visit:

- Security was provided by the producer on the interior and exterior of the event.
- Security utilized both magnetometers and hand-held wands upon entry of all subjects.
- A staging area for first responders, including a police command center, CFD ambulance and medical services tent, was erected at the Northeast corner of the event.
- Designated wrist bands were required for entry to the event, as well as the VIP and Press areas within the event; the wrist bands were monitored electronically for area access.
- Emergency exits were adequately marked at several locations.
- Security checked bags and backpacks for staff and crew entering the park.
- Fencing and barricades were installed, in addition to landscape protection barriers.
- No inflatables were observed in use as rides or entertainment.
- Directional speakers for sound amplification were utilized.
- Portable toilets as well as sanitation stations were provided.
- Ample trash receptacles were provided and available throughout the venue.
- Lockers were provided for the storage of personnel belongings.
- There were no sales of tobacco products or give-a-ways.
- Food and alcohol sales and distribution were monitored and appeared to be in sanitary conditions.

The OIG did observe that carnival rides were present at the venue. Because OIG's review of the Riot Fest's permit application did not reflect any reference to carnival rides being provided for the event, OIG, following its site visit, contacted Park District staff, who acknowledged that there was not anything specific in the application regarding carnival rides. However, they stated that the Park District, prior to the event, was aware of the rides being included based on the site map the operators provided and meetings with the operators. Park District staff further related that insurance was provided for the rides by the event coordinator and subsequently provided a copy of the certificate of liability insurance to OIG. Park District staff also provided OIG with photographs of the inspection stickers for the carnival rides, which photographs were taken prior to the event.

Thus, ultimately, OIG, based on the observations it made during its September 15, 2023 Riot Fest site visit, did not identify any violations of the Special Event Permit Application terms and conditions. Accordingly, OIG did not make any recommendations to management in its resulting report, meaning that OIG did not require a response from Park District management to the report.

Hiring Compliance Monitoring Activity

Pursuant to the Park District Employment Plan, the OIG is responsible for reviewing and monitoring the Park District's hiring and assignment actions to ensure that they comply with the Plan. The OIG reports on its compliance-monitoring activities in each of its quarterly reports.

The OIG further notes that in the third quarter of 2023, the office hired a contractor with legal and investigatory expertise to assist in the area of hiring compliance. The OIG made this hire after determining that the office, due in part to staffing vacancies, required additional, immediate resources to address certain of its responsibilities detailed in the Employment Plan, particularly in the areas of training for Park District staff and the auditing of Park District hiring processes. The OIG further determined that it could benefit from the creation of internal policies related to its hiring compliance duties, which will be an immediate priority as well. The OIG's new staff member has already begun drafting training materials for Park District staff and OIG expects to report more fully as to what the office has accomplished in this area in our next quarterly report.

Review of Exempt List Modifications

The OIG is responsible for reviewing the Park District's adherence to the rules set forth in the Employment Plan pertaining to the job titles that are exempt from the Employment Plan procedures.

There were three additions to the Exempt List in the third quarter of 2023:

- Deputy Inspector General, Office of the Inspector General
- Investigator, Office of the Inspector General (two positions)

A copy of the most recent exempt list can be found at:

[CPD Shakman-Exempt List 23.10.12 -2-.pdf \(chicagoparkdistrict.com\)](#)

Review of Emergency Appointments

The OIG reviews circumstances and written justifications for any emergency hires made pursuant to the Personnel Rules of the Park District Code. HR reported no emergency appointments during the third quarter of 2023.

Review of Exempt Management Hires

Human Resources reported one exempt hire during the third quarter of 2023:

- Peter Neumer, Inspector General

Monitoring Contacts by Hiring Departments

Pursuant to the Employment Plan, the OIG is to review all reported or discovered instances where hiring departments contacted Human Resources to lobby for, or advocate on behalf of, actual or potential applicants or bidders for positions that are covered by the Employment Plan, or to request that specific individuals be added to any referral or eligibility list for upcoming jobs at the Park District.

Human Resources did not report any improper contacts by hiring departments for the third quarter of 2023.

Review of “Acting Up” Activity

The OIG is responsible for reviewing the circumstances when an employee “acts up” (performing all or substantially all of the duties of an employee in a higher-paid classification). Activity in the third quarter of 2023 reflected 8 instances of employees “acting up,” and 104 instances where an employee who had been in “acting up” status was placed back in their position.

Review of Written Rationales

The OIG is responsible for reviewing written rationales when no consensus selection (no one from the approved candidate pool was selected) was reached during a consensus meeting. Human Resources did not submit any “no consensus” letters during the third quarter of 2023.

Arbitrations and Grievances

Pursuant to the Employment Plan, the OIG is to audit arbitrations and grievances involving hiring, promotions, transfers, or allegations of unlawful political discrimination. The OIG received notification from Human Resources that four grievances were filed during the third quarter of 2023. The OIG reviewed those grievances and determined that one of the grievances involved an alleged denial of a promotion. The other three grievances did not involve Employment Plan-related issues. The OIG will continue to monitor the promotion-related grievance. The OIG learned that there were no arbitrations during this quarter.

Hiring Compliance Advisories

Under the Park District’s Employment Plan, the Hiring Compliance Officer (HCO) is to participate in “the development, recommendation and implementation of necessary policy and operating changes.” See Section XI(A) of the Employment Plan. In the third quarter, the HCO was consulted on three matters and rendered advisory opinions on issues that arose pertaining to implementation or interpretation of the Employment Plan.

Quarterly Information²

Investigations

The OIG opened 25 investigations in the third quarter of 2023 and closed 23 investigations; as comparison, in the second quarter of 2023, the OIG opened 107 cases and closed 133 cases, which reflects the high volume of PPP cases initiated in the first half of 2023. OIG notes, however, that its metrics for opened and closed investigations are in line with the third quarter of 2022, when the OIG opened 19 investigations and closed 11.

Of the 25 investigations the OIG opened in the third quarter, 20 of them involved criminal misconduct or fraud, 4 involved other rule, code or ordinance violations, and one of them involved waste, inefficiency or compliance. OIG also opened two reviews that concerned waste, inefficiency or compliance. With respect to those investigations and reviews, 25 concerned the conduct of employees, zero concerned the conduct of officers, and two concerned “other” parties (i.e., patrons, agents, concessionaires, contractors, partners or unknown parties).

The OIG has 87 pending investigations, which again reflects the high number of PPP cases the office is continuing to investigate. The OIG received 105 complaints in the third quarter, compared to the 186 complaints the OIG received in the second quarter.

Audits and Reviews

The OIG opened 4 audits or reviews in the third quarter of 2023 and closed 2 audits or reviews. The OIG has 8 pending audits or reviews.

Hiring Compliance

The OIG provided three advisory opinions regarding Employment Plan issues and monitored one candidate interview sequence. The OIG did not observe any violations of the Employment Plan during its monitoring of the interview sequence.

Matters Pending Over Six Months

The Chicago Park District Code provides that the OIG’s quarterly reports “shall identify any investigation, audit or review which has not been completed within six months, and shall state the

² The OIG, in contrast to recent quarterly reports, is not utilizing charts and graphs to represent its quarterly metrics because new management was not able to sufficiently familiarize itself with the software platform employed by the office to create those visual depictions in a timely manner. In the coming quarters, though, the OIG will continue to evaluate how best to transparently and efficiently present to the public data regarding the OIG’s work.

reasons for failure to complete the investigation, audit or review within six months.” The pending matters, as well as the reasons for their continuing pending status, are set forth the below chart.

As the chart makes readily apparent, the OIG is continuing to work through a substantial amount of PPP fraud investigations. Those high caseloads are presently having an impact on the timeliness of case completion, leading to an increase in the number of cases that have been open over six months. The OIG expects to see a significant reduction in these numbers in 2024.

Case Number	Matter Type	Nature of Allegation	Reason
22-0191	Investigation	PPP Loan Fraud	Complex investigation – requires the acquisition and analysis of financial records.
22-0254	Investigation	Time Theft	Complex investigation – multiple allegations
22-0287	Investigation	PPP Loan Fraud	Complex investigation – requires the acquisition and analysis of financial records.
23-0030	Investigation	PPP Loan Fraud	Complex investigation – requires the acquisition and analysis of financial records.
23-0040	Investigation	PPP Loan Fraud	Complex investigation – requires the acquisition and analysis of financial records.
23-0055	Investigation	PPP Loan Fraud	Complex investigation – requires the acquisition and analysis of financial records.
23-0056	Investigation	PPP Loan Fraud	Complex investigation – requires the acquisition and analysis of financial records.
23-0063	Investigation	PPP Loan Fraud	Complex investigation – requires the acquisition and analysis of financial records.
23-0068	Investigation	PPP Loan Fraud	Complex investigation – requires the acquisition and analysis of financial records.
23-0070	Investigation	PPP Loan Fraud	Complex investigation – requires the acquisition and analysis of financial records.
23-0075	Investigation	PPP Loan Fraud	Complex investigation – requires the acquisition and analysis of financial records.
23-0080	Investigation	PPP Loan Fraud	Complex investigation – requires the acquisition and analysis of financial records.

23-0081	Investigation	PPP Loan Fraud	Complex investigation – requires the acquisition and analysis of financial records.
23-0095	Investigation	PPP Loan Fraud	Complex investigation – requires the acquisition and analysis of financial records.
23-0096	Investigation	PPP Loan Fraud	Complex investigation – requires the acquisition and analysis of financial records.
23-0097	Investigation	PPP Loan Fraud	Complex investigation – requires the acquisition and analysis of financial records.
23-0100	Investigation	PPP Loan Fraud	Complex investigation – requires the acquisition and analysis of financial records.
23-0103	Investigation	PPP Loan Fraud	Complex investigation – requires the acquisition and analysis of financial records.
23-0105	Investigation	PPP Loan Fraud	Complex investigation – requires the acquisition and analysis of financial records.
23-0124	Investigation	PPP Loan Fraud	Complex investigation – requires the acquisition and analysis of financial records.
23-0126	Investigation	PPP Loan Fraud	Complex investigation – requires the acquisition and analysis of financial records.
23-0135	Investigation	PPP Loan Fraud	Complex investigation – requires the acquisition and analysis of financial records.
23-0136	Investigation	PPP Loan Fraud	Complex investigation – requires the acquisition and analysis of financial records.
23-0139	Investigation	Hiring Compliance	Complex investigation – multiple allegations
23-0174	Investigation	Criminal Conduct	Complex investigation – involves multiple allegations of theft