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INSPECTOR GENERAL

## CHICAGO PARK DISTRICT OFFICE OF INSPECTOR GENERAL

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### 2019 FIRST QUARTER REPORT

To the Chicago Park District Board of Commissioners, Park District employees and Residents of the City of Chicago,

It is with great pleasure that I present the Chicago Park District Office of Inspector General's 2019 First Quarter Report and express my gratitude for the support of the Park District's administration and Commissioners. I would especially like to acknowledge the members of OIG's staff who have demonstrated their commitment to the mission of impartial government oversight and the evolving role of the office.

In the first quarter of 2019, OIG once again reported on a variety of matters unquestionably within the office's jurisdiction but very likely in contrast to the role initially foreseen for it by the Park District, at least as indicated by the resources dedicated to its staffing. OIG has only one full-time investigator and a compliance officer who also has an investigative caseload. OIG relies heavily on three part-time investigators. Not surprisingly, it's proven a challenge to retain qualified part-time investigators unless they have another source of income and benefits either in the form of a pension or a salary from other full-time employment.

As noted in our 2018 Fourth Quarter and Annual Report, the Park District has demonstrated a genuine commitment to independent oversight and the promotion of transparency. However, if it was once believed that OIG would be adequately staffed with mostly part-time investigators whose skillsets were best suited to surveillance-based employee misconduct cases (e.g., time falsification, residency violations), any objective review of the matters on which OIG has reported in the last few years compels that such notions be put to rest.

Although the Park District has a smaller budget and fewer employees than the City of Chicago and other sister agencies, it unquestionably has the same need in proportion for an office of inspector general equipped with the capacity and expertise to competently review varied and complex issues. OIG has proven adept at handling cases in all areas of its jurisdiction but not without significant strain. And the number of investigations and reviews OIG initiates reflects on the office's capacity to open additional matters and not from a lack of subject matter warranting its attention.

OIG's members are among a handful of Park District employees who directly report to the Board of Commissioners and provide assistance for its responsibilities in the "management and control of business and property of the Chicago Park District." The need for investment in robust oversight is self-evident: the Park District has more than 3,600 year-round employees (increasing to more than 7,500 employees during the summer months) and an annual budget of \$464 million. Further, the Park District transacts business with hundreds of vendors, contractors and service providers every year. In 2018, the Board of Commissioners approved approximately \$91 million in contracts with external entities.

OIG calls on the support of the Board of Commissioners for additional resources to hire personnel with the skillsets and experience necessary for the office to inhabit the scope of its mission to promote efficiency and prevent fraud, waste and abuse throughout the Park District.

Sincerely,

*Will Fletcher*

Will Fletcher  
Inspector General

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## UPDATES ON PREVIOUSLY REPORTED MATTERS

### A. FORMER MEMBER OF A PARK ADVISORY COUNCIL PLED GUILTY TO STEALING COUNCIL FUNDS; ORDERED TO MAKE RESTITUTION PAYMENTS

In the first quarter of 2019, a former park advisory council treasurer pled guilty in Cook County Circuit Court to using their position of trust to steal funds belonging to the council over a period of years. OIG referred its investigative findings to the Office of the Illinois Attorney General, which prosecuted the criminal case. The plea required the former treasurer to make restitution in the amount of \$10,000.

### B. OIG RECOMMENDATIONS FROM PRIOR QUARTERLY REPORT STILL PENDING PARK DISTRICT'S RESPONSES

Significant recommendations from two investigations reported in OIG's 2018 Fourth Quarter and Annual Report are still awaiting responses from the Park District. Although the Park District has no obligation under the Park District Code to respond to OIG's recommendations, it has historically done so in a spirit of cooperation and its commitment to address misconduct, improve operations and revise or create policies where it determines that such actions are appropriate. The Park District hasn't indicated whether it intends to respond to the recommendations below.

#### 1) Investigation involving a nonprofit group

##### Findings:

Several findings related to the operations of a nonprofit organization, an advisory council and Person 1, the leader of both organizations.

##### Recommendations:

- a) Permanently enjoin Person 1 from membership in all advisory councils;
- b) Demand that the nonprofit organization cease and desist fundraising activities in the name of the Chicago Park District;
- c) Reject all permit or partnership applications from the nonprofit organization (the Park District agreed to follow this recommendation on a temporary basis following OIG's recommendation in March 2018);
- d) Conduct periodic audits to confirm that designated nonprofits actually receive the required share of festival proceeds when special event permits are discounted. Further, enact procedures to verify that designated nonprofit organizations are nonprofit organizations in good standing;

e) Consider a referral of the nonprofit organization's operations to the Internal Revenue Service for its review; and

f) Consider a referral to the City of Chicago, Cook County and State of Illinois taxing authorities for review of whether the festivals and events affiliated with the nonprofit organization were subject to the collections of sales tax.

## **2) Hiring of Skilled Trades Employee Without Confirming Necessary Credentials**

### **Findings:**

a) A newly-hired skilled trades employee submitted false information in their 2017 job application; and

b) The Park District hired the employee without confirming that their completion of required training for the position.

### **Recommendations:**

a) The skilled trades employee resigned shortly after their OIG interview. OIG recommended that the employee's resignation be classified as "resigned under inquiry" and that their name be placed on the Park District's "do not rehire" list;

b) That the Park District commit to verifying that new employees have the credentials and qualifications for the positions to which they are hired and that current employees have retained all required certifications; and

c) That the Park District audit whether current skilled trades employees in the same job have complied with the required training and experience for the position.

## **INVESTIGATIONS**

### **1. EMPLOYEES COLLECTED CASH FOR SCRAP METAL SALES AND THE PARK DISTRICT NEVER RECEIVED THE PAYMENTS; PARK DISTRICT ENACTED NEW POLICIES IN RESPONSE TO INVESTIGATION**

An OIG investigation established that several Park District employees in trades and landscape departments were selling Park District scrap metal for cash that the Park District never received. The proceeds amounted to \$64,000 in cash over nearly 300 transactions between 2012 and 2017.

Eleven employees in total sold Park District scrap for cash between November 2012 and March 2017. Two employees, however, accounted for the bulk of the cash transactions in that period, collecting \$44,000 that should have gone to the Park District. The Park District

policy on scrap metal has for years expressly directed employees to collect payment in the form of a check payable to the Park District.

During the period OIG reviewed, more than 75% of the proceeds from the Park District's scrap metal sales were paid in cash to employees. In comparison to the \$64,000 in missing cash payments, the Park District received only \$19,634 in payments by check.

OIG obtained hundreds of videos and images from the scrapyards that showed employees bringing in scrap on Park District vehicles while they were on the clock. The transactions were processed using the Park District's customer account and the images showed that employees collected cash payments.

In one of several instances, OIG obtained images that showed employees selling five loads of chairs taken from the Petrillo band shell in 2014. OIG matched the time-stamped photos of the transaction to Park District work orders to scrap the Petrillo band shell chairs. The employees took cash for four of the five transactions totaling \$2,139. In one transaction, the employees accepted a check payable to the Park District in the amount of \$425. The Park District never received any money from the cash transactions.

The two employees responsible for most of the transactions denied taking any of the money for themselves. They claimed to have given the cash to their now retired Foreman, and insisted that they didn't know what the Foreman did with the proceeds.

OIG recommended that the Park District terminate the employment of the two employees who collected most of the cash. OIG also recommended that the Park District review the scrap metal policy to implement best practices and instruct any scrapyard vendor with whom the Park District transacts business to make payments exclusively by check.

The Park District initiated termination proceedings for the two employees and has initiated disciplinary/termination proceedings for the other employees who took cash payments that the Park District never received.

The Park District has reviewed its policies and instituted new procedures with stronger safeguards and better tracking of scrap loads. While the new measures will make improvements, the Park District's policy for years was clear that employees were required to take payment for scrap metal by check, not in cash.

## **2. EMPLOYEES MISUSE OF PARK DISTRICT'S TAX-EXEMPT STATUS TO BUY PERSONAL ITEMS AT SAM'S CLUB**

An OIG investigation showed that 24 Sam's Club members set up accounts using the Park District's tax-exempt status, which allows customers to purchase items without paying the applicable sales tax. Seventeen of the 24 members were current or former Park District employees, the remaining seven had never been employees. Tax-exempt purchases are only

permitted when the purchases are made for the Park District. Applying the Park District's tax exemption to personal purchases is sales tax evasion under Illinois law.

Three Park District supervisory employees used the tax exemption while purchasing thousands of dollars of items between 2015 and 2019, most of which was for personal use. The employees insisted that some of their purchases were for the Park District, each admitted that many of the items were for personal consumption, a misuse of the tax exempt status. The employees claimed to not know that their personal purchases were not being taxed; however, for each tax-exempt transaction, Sam's Club members were required at the point-of-sale to affirm that their purchase was "used in [the] operation of an exempt organization."

Between 2015 and March 2019, one supervisory employee purchased items totaling \$2,810 at Sam's Club tax-free, using the Park District's tax-exempt status. That employee also told OIG that they had purchased a television at Sam's Club tax-free on behalf of the park's advisory council.

Another supervisory employee purchased \$9,326 worth of items from Sam's Club between 2015 and 2019, the majority tax-exempt. The employee and their spouse were routinely purchasing household items, including beer, food, groceries, and laundry detergent.

A third supervisory employee purchased items in the amount of \$14,204 from Sam's Club between 2015 and 2019, most of which was tax-exempt. The employee's records showed that they were regularly applying the exemption to purchases of groceries, diapers, clothing, and other personal items.

OIG recommended appropriate discipline for the three employees who were the subjects of the investigation.

The recommendation is under advisement as the Park District considers appropriate actions for all of the employees who made unauthorized tax-free purchases at Sam's Club.

The investigation also showed that the Park District's Illinois Department of Revenue's tax-exempt letter was widely accessible and vulnerable to abuse. OIG recommended that the Park District restrict access to the tax-exempt letter.

The Park District followed the recommendation.

OIG also recommended that the Park District:

- request Sam's Club to invalidate the 24 customer accounts associated with its tax-exempt status;
- require the three employees to retroactively pay the Illinois Department of Revenue all sales taxes owed from their Sam's Club purchases;

- restrict use of its tax-exempt letter to employees that it determines should have access to it and develop policies indicating the proper use of the tax-exempt certificate and as well as further training about making tax-exempt purchases; and
- determine whether and to what extent the advisory council that supposedly bought a television has been using the Park District's tax-exempt status to make purchases.

The Park District has not responded to these four recommendations.

### **3. PARK DISTRICT HIRED ADMINISTRATIVE EMPLOYEE WITHOUT VERIFYING REQUIRED BACHELOR'S DEGREE; EMPLOYEE DID NOT HAVE THE DEGREE**

An OIG investigation established that a full-time administrative employee was hired in the first quarter without demonstrating proof of a Bachelor's degree. A Bachelor's degree is a minimum qualification for the specific position to which the employee was hired. OIG confirmed that the employee did not meet the requirement although they claimed to have a Bachelor's degree on their job application.

OIG initiated its hiring investigation following several complaints in the first quarter of 2019 about new Park District hires. During a review of recently hired personnel, OIG flagged questionable statements on the administrative employee's application about their education. OIG confirmed with the employee's university that they were formerly enrolled but had not received a degree.

To ensure that it wouldn't be necessary to conduct an investigation after the employee started work, OIG alerted Human Resources to the fact that the candidate did not have a degree three weeks before the employee's start date. Nevertheless, the employee was hired and began working for the Park District.

In addition to OIG's outreach to Human Resources, there were several red flags in the candidate's application materials that appeared to have been overlooked, including an incomplete transcript with no date of conferral and an application that listed the employee's conferral date as "01/9999."

There is no indication that the Park District attempted to verify that the employee had completed the required degree.

OIG found that the selected administrative employee had very limited relevant job experience. By contrast, other applicants in the same hiring round included managers and specialists in the public and private sectors. All claimed to have Bachelor's degrees. OIG's review of other candidates' applications suggested that the administrative employee's comparatively limited experience was insufficient to justify a waiver of the educational requirement.



OIG recommended that the administrative employee be terminated from Park District employment. The employee resigned.

#### **4. EMPLOYEE FALSELY CERTIFIED FRIEND'S COMMUNITY SERVICE**

An OIG investigation revealed that a Park District employee submitted documents to a downstate Illinois county court, falsely certifying that a friend had completed court-ordered community service. The employee misrepresented their own position on the document and falsely claimed that their friend had completed their service at the Park District.

The employee's friend had been sentenced to 100 hours of community service following a guilty plea to theft and forgery. In November 2018, the employee submitted forms by fax certifying, as a "Supervisor," that their friend had completed the service at the Park District.

Under its policies, offenders are not allowed to perform court-ordered community service at the Park District.

The employee admitted to submitting false information to the county court implicating the Chicago Park District.

OIG recommended that the Park District take the disciplinary measures it determined was appropriate. The employee was terminated.

### **QUARTERLY INFORMATION**

#### **Investigations by Quarter**

	<b>First Quarter</b>	<b>Second Quarter</b>	<b>Third Quarter</b>	<b>Fourth Quarter</b>	<b>2019 Total</b>
Opened	20				
Closed	7				
Pending	18♦				

♦ Includes carry-over from 2018. Pending case numbers were revised from last quarterly report because closed cases were erroneously keyed into OIG's new case management application as active investigations during data migration.

### Reviews by Quarter

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	2019 Total
Opened	2				
Closed	6				
Pending	1♦				

♦ Includes carry-over from 2018.

### Nature of Investigations and Reviews Initiated by Quarter

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	2019 Total
Criminal Misconduct or Fraud	3				
Waste, Inefficiency, Compliance, Advisories	3				
Other Rule, Code, Ordinance Violations	16				

### Audits by Quarter

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	2019 Total
Opened	1				
Closed	1				
Pending	4♦				

♦ Includes carry-over of four audits from 2018.

### Investigated Parties by Quarter

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	2018 Total
Officers	0				
Employees	22				
Other (Agents, concessionaires contractors, other parties, unknown)	5				

### Internal Assists Performed by Quarter♦

Department	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	2019 Total
Human Resources	59				
Purchasing	4				
Community Recreation	1				
Law	1				

♦ Internal Assists are OIG responses to Department requests for information, analysis and other assistance.

### Cases Pending Over Six Months

[5]

#### Reasons:

Complex investigation (generally involve difficult issues or multiple subjects): 2

Available time and resources: 3

## **HIRING COMPLIANCE MONITORING ACTIVITY – FIRST QUARTER 2019**

OIG reviews and monitors the Park District’s hiring and assignment determinations from the quarter to ensure that the actions taken comply with the Employment Plan. OIG reports on its compliance monitoring activities in each its quarterly reports.

### **1. Monitoring Contacts by Hiring Departments**

OIG reviews 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 first quarter of 2019. Since OIG started reporting the Park District’s hiring compliance monitoring activity, Human Resources has never reported any improper contacts by hiring departments.

### **2. Review of Exempt List Modifications**

OIG reviews the Park District’s adherence to exemption requirements and modifications to the list of job titles and number of positions that are Exempt from the Employment Plan procedures.

The following modifications to the Exempt List were approved in the first quarter of 2019:

**Positions added to the Exempt List (0)**

**Positions removed from the Exempt List (0)**

### **3. Review of Exempt Management Hires**

Human Resources reported no Exempt hires made during the first quarter of 2019.

### **4. Review of Written Rationales**

OIG reviews 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 first quarter of 2019. The last “no consensus” letter OIG received was in 2015 when the Park District was still under the federal *Shakman* decree.

### **5. Review of Emergency Appointments**

OIG reviews circumstances and written justifications for any emergency hires made pursuant to the Personnel Rules of the Park District Code.

Human Resources reported no emergency appointments during the first quarter of 2019. Human Resources has never reported an emergency appointment.

## 6. Review of “Acting Up” Activity

OIG reviews all circumstances where employees are “acting up” (performing all or substantially all of the duties of an employee in a higher-paid classification). Activity in the first quarter of 2019 showed that 12 employees were “acted up” during the quarter and 8 employees who had been in “acting up” status were placed back in their positions.

### Acting Up Activity – First Quarter 2019

Position	First Quarter	
	Acted up	Reversed
<b>Community Recreation</b>		
Physical Instructor (M)	2	2
Playground Supervisor	2	2
<b>Operations</b>		
Security Guard	2	2
Laborer Foreman	1	1
Natural Areas Worker	3	0
Gardener	2	1
<b>Executive Office</b>		
<b>Total</b>	<b>12</b>	<b>8</b>

## 7. Hiring Sequence Audits of Previous Quarter (Q4 2018)

OIG audited a random sample of three Park District hires from the fourth quarter of 2018 for compliance with the Employment Plan.

The results from the audits completed in this quarter identified non-compliance with the Plan.

The following hiring sequences from Q4 2018 were audited:

**#4072 Application Development Manager (IT Department) – Non-compliance with Plan identified.**

- Applicants: 7
- Qualified candidates: 5
- Candidates interviewed: 3. The Employment Plan requires a minimum of 5 candidates to be interviewed. Human Resources has indicated that this requirement is not feasible for certain positions. OIG is open to a revision and suggests that an amendment to the Plan is more favorable than tolerating non-compliance with it.

**#4056 Project Manager – Non-compliance with Plan identified.**

- Applicants: 15
- Qualified candidates: No list of qualified candidates
- Candidates interviewed: 3. The Employment Plan requires a minimum of 5 candidates to be interviewed.
- Other: Job position required a Bachelor's degree. The winning candidate had no degree. The Park District stated that the candidate had unique qualifications that justified waiving the educational requirement.
- Note: The winning candidate appeared to be pre-selected to run a special Park District project. In fact, the candidate had previously been an employee of a nonprofit working on the same project at the same Park District site. In other words, the candidate was doing the same job for the nonprofit that they are now doing for the Park District. The candidate was hired in November 2018 and received an 18% raise in January 2019.

The Park District stated that the candidate's unique qualifications made them ideal for the position. If so, the candidate should have been hired directly and their position should have been added to the Exempt List (it was not a position under a collective bargaining agreement). Instead, a hiring round was held with other candidates in what was ostensibly a competitive process but was most likely targeted for a specific candidate.

**#4092 Marketing Assistant – Compliance with Plan unknown due to lack of information**

- Applicants: 179
- Qualified candidates: Unknown
- Candidates interviewed: Unknown
- Note: Human Resources did not produce materials about this hiring round in response to OIG's requests.



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### 2019 SECOND QUARTER REPORT

To the Chicago Park District Board of Commissioners, Park District employees and Residents of the City of Chicago, it is with great pleasure that I present the Chicago Park District Office of Inspector General's 2019 Second Quarter Report.

The variety of the cases discussed in this report reflect OIG's commitment to investigate, review and audit all matters "pertaining to waste, fraud, and abuse within the District" involving Park District employees, vendors, contractors, subcontractors, etc. As previously mentioned, OIG's ability to fulfill the scope of its mission is to a large measure dependent on having the necessary resources to do the work.

The Park District has demonstrated in several ways that it embraces OIG's independent oversight role. However, OIG requires appropriate funding to be equal to the task that the Park District has set for it. While always mindful of the Park District's acute financial constraints, OIG's recent discussions with the administration and Board of Commissioners about additional resources are reason for guarded optimism.

Sincerely,

*Will Fletcher*

Will Fletcher  
Inspector General

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<https://www.chicagoparkdistrict.com/about-us/departments/office-inspector-general>

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## PENDING RESPONSES FROM PREVIOUSLY REPORTED CASES

### INVESTIGATION INVOLVING A NON-PROFIT GROUP FUNDRAISING IN THE PARK DISTRICT'S NAME WITHOUT AN AGREEMENT

#### Findings:

In its Fourth Quarter 2018 and Annual Report, OIG made several findings related to the operations of a nonprofit organization, an advisory council and Person 1, who was the leader of both organizations.

#### Recommendations:

- a) Permanently enjoin Person 1 from membership in all advisory councils;
- b) Demand that the nonprofit organization cease and desist fundraising in the name of the Chicago Park District or the park with which it associated. **Update: The organization has apparently continued fundraising in 2019 in a similar manner.**
- c) Reject all permit or partnership applications from the nonprofit organization (the Park District agreed to follow this recommendation on a temporary basis while the investigation was ongoing but has not indicated whether it will do so on a permanent basis);
- d) Conduct periodic audits to confirm that designated nonprofits actually receive the required share of festival proceeds when special even permits are discounted.
- e) Enact procedures to verify that designated nonprofit organizations are in good standing. **Update: Park District has enacted procedures to determine the status of nonprofit organizations.**
- f) Consider a referral of the nonprofit organization's operations to the Internal Revenue Service for its review; and
- g) Consider a referral to the City of Chicago, Cook County and State of Illinois taxing authorities for review of whether the festivals and events affiliated with the nonprofit organization were subject to the collections of sales tax.

### HIRING OF SKILLED TRADES EMPLOYEE WITHOUT CONFIRMING NECESSARY CREDENTIALS

#### Findings:

- a) A newly-hired skilled trades employee submitted false information in their 2017 job application; and
- b) The Park District hired the employee without confirming that their completion of required training for the position.

**Recommendations:**

- a) The skilled trades employee resigned shortly after their OIG interview. OIG recommended that the employee's resignation be classified as "resigned under inquiry" and that their name be placed on the Park District's "do not rehire" list;
- b) That the Park District commit to verifying that new employees have the credentials and qualifications for the positions to which they are hired and that current employees have retained all required certifications; and
- c) That the Park District audit whether current skilled trades employees in the same job have complied with the required training and experience for the position.

## **INVESTIGATIONS AND REVIEWS**

### **1. Link Card Benefits Fraud: Two Employees Exchanged Cash for Food Stamps; Spent \$32,000 in Benefits Over Four Years to Buy Items for an Unauthorized Candy Store in the Park**

An OIG investigation revealed that two employees illegally bought food stamp cards from Link Card benefits recipients and then used the credits to buy candy and snack food items for an unauthorized concession that operated at the park for several years. Between 2015 and 2019, Employee 1 made nearly 300 transactions at Sam's Club using Link Card benefits cards to purchase more than \$32,000 in items.

Food stamp benefits may not legally be redeemed for cash but the investigation established that Employee 2 found Link Card recipients and paid them 70 cents on the dollar for access to their benefits cards. Employee 2 gave the cards to Employee 1 who used them at Sam's Club to buy candy and soft drinks at Sam's Club, which were then put up for sale at an unauthorized concession at the park. Although OIG located records that indicated the concession operated for more than four years, witnesses stated that it was in the park for much longer.

Employees 1 and 2 admitted to the allegations related to the unlawful use of Link Card benefits. However, the employees denied personally benefiting from the benefits fraud or the sales of the concession. The Park District received no sales records or proceeds from the concession.

The investigation also discovered that Employee 1 purchased more than \$17,000 in personal items at Sam's Club without paying sales taxes on most of them. Employee 1 linked their Sam's Club card to the Park District's tax-exempt status to evade sales taxes on the purchases.

As a result of OIG's investigation, Employee 1 and 2 resigned their employment.

## 2. Independent Preschool Operating on Park District Property Without State or City Licenses

An OIG investigation established that an independent, for-profit preschool operating in the Park District under a permit agreement did not have the required State of Illinois and City of Chicago licenses to operate a preschool. The school, which had been operating in a wooded area of Park District land since 2016, did not have a waiver or exemption that would have allowed it to continue without the appropriate preschool operator license. In fact, the investigation discovered that the preschool had no license of any kind, not even a city business license. At the end of the summer of 2019, the Park District terminated the use and occupancy permit that allowed the preschool to operate on the site.

Following an inspection in early 2019, an Illinois agency determined that the preschool was operating without the required license under the Illinois Child Care Act. The school reached an informal agreement with the agency that allowed it to operate *status quo* through the summer during which time it could either obtain the required licensure or secure a waiver. The school did not obtain a license or a waiver by the end of the summer.

The preschool was a sharply divisive issue in the community. The site it occupied was entirely outdoors in an isolated section of parkland. The school, for children three years and younger, convened unless the outdoor temperature fell below 15 degrees Fahrenheit. During its visit to the site in February 2019, OIG observed one portable toilet and there appeared to be no running water available. Tuition for the 2018-19 school year was nearly \$8,500.

The school's proponents argued that its setting offered preschoolers sanctuary from the digital age and promoted a flinty resourcefulness gained from exposure to the outdoors. But the school was also the subject of numerous complaints by residents about trash and the school's use of open fires, which may have violated the Park District Code.

OIG did not recommend that the Park District discourage programming simply for being unconventional. However, the nature of the school's operations were clearly incompatible with the state's licensing requirements. The school's proponents argued that its divergence from the traditional preschool model was precisely what they found appealing about the program. But the school appeared to want to have it both ways: On the one hand, it projected itself as a first-of-its-kind program at the forefront of preschool care. On the other hand, the school wanted to offer assurance to the public that it had the approval of the Park District and the licensing authorities. Included in the school's messaging was the incorrect statement that it operated "in partnership" with the Park District. Although the Park District issued the school a use permit of the site, it had no role in the school's programming.

The preschool's website also stated that it "meets all applicable state and local regulations," which also proved to be false. The preschool had no license to operate as a preschool and it's not evident that it even had a City business license.

Under the terms of its Park District permit agreements in effect since 2016, the preschool stated that would “comply with all applicable federal, state and local laws, statutes, ordinances ...” The investigation found no evidence that the preschool has ever been found in compliance with any State of Illinois or City of Chicago laws governing preschool operators.

Although the preschool operated through the summer of 2019 with the Park District’s knowledge, OIG was unable to find a copy of the most recent version of the permit agreement (for 2018-2020) that had been signed by a Park District representative.

OIG recommended that the Park District:

- Terminate its agreement with the preschool for breach of the requirement that it “comply with all applicable federal, state and local laws, statutes, ordinances, rules, regulations, codes and executive orders ...” **The Park District followed the recommendation and terminated the agreement effective at the end of summer 2019.**
- Confirm going forward that any prospective permittees who are required to have childcare licensing meet the requirements and are in good standing. **The Park District has not responded to this recommendation.**

### **3. Review: Park District Did Not Verify Required Educational Credentials for Numerous Recent Hires**

OIG reviewed 15 recent hiring rounds in which the hired candidate claimed to have a bachelor’s degree and found that the Park District verified the candidate’s educational background in only two cases. In each of the 15 cases, the job description either required (or expressed a preference for) a bachelor’s degree and the candidates claimed in their job applications to have the degree. However, the Park District didn’t verify the candidates’ educational backgrounds during the onboarding process.

OIG requested and reviewed proof of the candidates’ (who are now Park District employees) degrees.

## QUARTERLY INFORMATION

### Investigations by Quarter

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	2019 Total
Opened	20	21			
Closed	7	14			
Pending	23♦	28			

♦ Revised from First Quarter report.

### Reviews by Quarter

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	2019 Total
Opened	2	10			
Closed	6	5			
Pending	2♦	7			

♦ Revised from First Quarter report.

### Nature of Investigations and Reviews Initiated by Quarter

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	2019 Total
Criminal Misconduct or Fraud	3	6			
Waste, Inefficiency, Compliance, Advisories	3	9			
Other Rule, Code, Ordinance Violations	16	16			

### Audits by Quarter

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	2019 Total
Opened	1	3			
Closed	1	3			
Pending	4	4			

### Investigated and Reviewed Parties by Quarter

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	2018 Total
Officers	0	1			
Employees	22	31			
Other (Agents, concessionaires contractors, other parties, unknown)	5	7			

### Internal Assists Performed by Quarter

Department	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	2019 Total
Human Resources	59	2			
Purchasing	4	3			
Community Recreation	1	0			
Law	1	1			

### Internal Assists Performed by Quarter♦

Department	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	2019 Total
Legislative & Community Affairs	0	1			
Office of Chief Administrative Officer	0	1			
Security	0	1			

♦ Internal Assists are OIG responses to Department requests for information, analysis and other assistance.

### Cases Pending Over Six Months

[4]

#### Reasons:

Available time and resources: 3

Complex investigation (multiple issues or parties): 1

## HIRING COMPLIANCE MONITORING ACTIVITY – SECOND QUARTER 2019

OIG reviews and monitors the Park District’s hiring and assignment determinations from the quarter to ensure that the actions taken comply with the Employment Plan. OIG reports on its compliance monitoring activities in each its quarterly reports.

### 1. Monitoring Contacts by Hiring Departments

OIG reviews 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 second quarter of 2019. Since OIG started reporting the Park District’s hiring compliance monitoring activity, Human Resources has never reported any improper contacts by hiring departments.

## **2. Review of Exempt List Modifications**

OIG reviews the Park District's adherence to exemption requirements and modifications to the list of job titles and number of positions that are Exempt from the Employment Plan procedures.

The following modifications to the Exempt List were approved in the second quarter of 2019:

**Positions added to the Exempt List (0)**

**Positions removed from the Exempt List (0)**

## **3. Review of Exempt Management Hires**

Human Resources reported no Exempt hires made during the second quarter of 2019.

## **4. Review of Written Rationales**

OIG reviews 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 second quarter of 2019. The last "no consensus" letter OIG received was in 2015 when the Park District was still under the federal *Shakman* decree.

## **5. Review of Emergency Appointments**

OIG reviews circumstances and written justifications for any emergency hires made pursuant to the Personnel Rules of the Park District Code.

Human Resources reported no emergency appointments during the second quarter of 2019. Human Resources has never reported an emergency appointment.

[continued on the following page]



## 6. Review of “Acting Up” Activity

OIG reviews all circumstances where employees are “acting up” (performing all or substantially all of the duties of an employee in a higher-paid classification). Activity in the second quarter of 2019 showed that 137 employees were “acted up” during the quarter and 7 employees who had been in “acting up” status were placed back in their positions.

### Acting Up Activity – Second Quarter 2019

Position	Second Quarter	
	Acted up	Reversed
<b>Community Recreation</b>		
Lifeguard (H)	98	1
Natatorium Instructor (H)	5	0
<b>Operations</b>		
Laborer (Maintenance)	27	0
Labor Foreman	0	1
Natural Areas Worker	3	3
Floriculturist Apprentice	2	1
Floriculturist CL 1	2	0
Gardener	0	1
<b>Executive Office</b>		
<b>Total</b>	<b>137</b>	<b>7</b>

## 7. Hiring Sequence Audits

OIG audited a sample of Park District hires from the second quarter of 2019 for compliance with the Employment Plan.

The results from the audits completed in this quarter identified non-compliance with the Plan.

[continued on the following page]

The following hiring sequences from Q2 2019 were audited:

**#4322 Accounts Payable Accountant – Non-compliance with Employment Plan identified.**

- Applicants: 88
- Qualified candidates: 19
- Candidates interviewed: 6 (7 candidates invited to interviews)
- Other: HR informed OIG that no reference check of the winning candidate was completed.

**#4361 Operating Engineer (Full-time) – Non-compliance with Employment Plan identified.**

- Applicants: 123 (for two positions)
- Qualified candidates: HR did not provide a list of qualified candidates. The creation of a minimally-qualified list is a requirement of the Employment Plan.
- Candidates interviewed: 9 (an additional 6 candidates were invited for interviews)
- Other: HR indicated that it planned to verify employment references but it was not evident that a verification was completed.

**#4188 Machinist (full-time) – Non-compliance with Employment Plan identified.**

- Applicants: 16 (for two positions)
- Qualified candidates: HR did not provide a list of qualified candidates. The creation of a minimally-qualified list is a requirement of the Employment Plan.
- Candidates interviewed: 5 (an additional 7 candidates were invited to interview)
- Other: HR indicated that it planned to verify employment references but it was not evident that verifications were completed.

**#4417 Development Manager**

- Applicants: 38 (for two positions)
- Qualified candidates: 20
- Candidates interviewed: 7 (an additional two candidates were invited to interview)



WILL FLETCHER  
INSPECTOR GENERAL

## CHICAGO PARK DISTRICT OFFICE OF INSPECTOR GENERAL

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### 2019 THIRD QUARTER REPORT

To the Chicago Park District Board of Commissioners, Park District employees and Residents of the City of Chicago:

It may not be surprising that our office has the smallest budget of the five municipal offices of inspectors general given the Chicago Park District's size and budget overall compared with the City of Chicago and the other sister agencies. However, our office's budget is approximately half as much as the office of inspector general with the fourth lowest budget, the City Colleges of Chicago OIG. This disparity exists although the Park District's budget is larger than that of the City Colleges and the scope of its operations is more expansive.

Although the Park District's need for an office of inspector general has proven to be the same as that of the City and sister agencies, our office is not on an equal footing with the other OIGs in terms of our capacity to meet the demand. In its 2020 budget proposal, OIG requested hiring three full-time employees to fill legal, analytical, supervisory and administrative support needs. The proposal was significant but would have reduced only by half the budget gap between our office and City Colleges OIG. Just prior to the 2020 budget's posting, however, we learned that none of the requested full-time positions was budgeted. We were informed that our request for full-time positions would receive more consideration in the future without any details.

OIG continues to benefit from our first inspector general's success in achieving buy-in for our role starting with the example set by the administration and continuing throughout the agency. Without exception, OIG is met with professionalism from all corners of the Park District even when disagreements occur. However, the Park District should bring into focus how it intends to match its recognition of the need for an inspector general with the resources necessary for one to fully address its mission.

Sincerely,

*Will Fletcher*

Will Fletcher  
Inspector General

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Report Fraud or Misconduct at the Chicago Park District: 312 742 3333 or submit an online complaint at <https://www.chicagoparkdistrict.com/about-us/departments/office-inspector-general>

## PENDING RESPONSES FROM PREVIOUSLY REPORTED CASES

In its Fourth Quarter 2018 and Annual Report, OIG made several findings related to the operations of a nonprofit organization, an advisory council and Person 1, who was the leader of both organizations.

### Recommendations:

- a) Permanently enjoin Person 1 from membership in all advisory councils;
- b) Demand that the nonprofit organization cease and desist fundraising in the name of the Chicago Park District or the park with which it associated. **Update: The organization has apparently continued fundraising in 2019 in a similar manner.**
- c) Reject all permit or partnership applications from the nonprofit organization (the Park District agreed to follow this recommendation on a temporary basis while the investigation was ongoing but has not indicated whether it will do so on a permanent basis);
- d) Conduct periodic audits to confirm that designated nonprofits actually receive the required share of festival proceeds when special event permits are discounted.
- e) Enact procedures to verify that designated nonprofit organizations are in good standing. **Update: Park District has enacted procedures to determine the status of nonprofit organizations.**
- f) Consider a referral of the nonprofit organization's operations to the Internal Revenue Service for its review; and
- g) Consider a referral to the City of Chicago, Cook County and State of Illinois taxing authorities for review of whether the festivals and events affiliated with the nonprofit organization were subject to the collections of sales tax.

## INVESTIGATIONS AND REVIEWS

### 1. Senior Park District Official Steered Multi-Million Dollar Tech Contract to Company that Had Paid Hundreds of Thousands of Dollars to a Company that Senior Official Owned

An OIG investigation found that a Senior Official steered a Park District contract worth up to \$7 million to a multinational technology services corporation (Tech Firm) that had paid hundreds of thousands of dollars to a company Senior Official owned (Subcontractor 1) that acted as a minority-owned subcontractor on Tech Firm's large public agency projects. Acting in his/her official capacity, Senior Official abruptly terminated a months-long competitive bidding process for a Park District technology contract under suspicious circumstances before formally proposing that the Park District Board directly award the contract to Tech Firm. Between 2014 and 2017, Tech Firm paid Subcontractor 1 more than \$320,000 for subcontracting work on large public agency contracts, approximately \$145,000 of that

amount was paid after Senior Official started working at the Park District and presided over the selection of a vendor for the multimillion dollar contract. Tech Firm paid Subcontractor 1 almost \$40,000 after the Park District Board approved the agreement in 2017. Tech Firm formally severed ties with Subcontractor 1 about a month after it won the Park District contract. (See timeline of investigation [here](#))

The investigation also showed that, in 2016, when Senior Official's company was in crisis over a minority-owned business certification issue directly related to his/her Park District employment, Senior Official, with the help of a Tech Firm sales manager (Sales Manager), concealed its issues within his/her own company so that Subcontractor 1 could not only maintain its existing Tech Firm subcontracting work, but gain additional projects. The misrepresentations saved Subcontractor 1's partnership with Tech Firm, directly allowing Senior Official's company to earn hundreds of thousands of dollars in 2016-17.

Although Sales Manager risked his/her standing at Tech Firm helping Senior Official conceal the decertification from his/her own colleagues at the company, Senior Official was eventually in a position to reward Sales Manager's critical assistance. In 2017, Senior Official used his/her Park District position to direct a multimillion dollar contract to Tech Firm. Further, Sales Manager was Tech Firm's lead representative in negotiations and was credited for landing the contract with the Park District. Senior Official never disclosed his/her active business relationship with Sales Manager and Tech Firm to anyone at the Park District.

In fact, Senior Official repeatedly denied having active or recent business ties with Tech Firm even as rumors about them reached the Park District administration in the summer of 2017. When senior Park District officials asked about the rumors, Senior Official falsely stated that Subcontractor 1 once had a relationship with Tech Firm but that it ended years ago. Others reported that Senior Official claimed to no longer have ownership of Subcontractor 1. Based in part on Senior Official's misrepresentations, the Park District went forward with awarding Tech Firm the contract in 2017.

Tech Firm's representatives claimed that it knew of no one else in the company who was aware that Senior Official was both the owner of Subcontractor 1 as well as the Park District executive who was working to deliver Tech Firm a lucrative contract. Tech Firm essentially described Sales Manager as a rogue employee who acted without the company's knowledge.

Soon after Tech Firm started its engagement at the Park District in late 2017, a number of change orders were executed that significantly increased Tech Firm's fees over what was estimated in the contract. The change orders alone resulted in an additional \$421,300 in hourly fees for Tech Firm. A single change order from December 2017 increased the Park District's monthly expenditures by \$25,000 more than what was anticipated. In the second half of 2018, the Park District's rate of spending was 47% higher than what was estimated.

## **Background**

Hired for a newly created position at the Park District, it was not apparent that Senior Official had experience directing the information technology program of a large public agency. However, Senior Official had owned or co-owned Subcontractor 1, a small technology services company, since the early 2000's. Subcontractor 1 had been successful in the politically-charged arena of winning subcontractor projects on state and local government technology contracts, assisted by a well-connected support network. At one time, the company employed a former Park District CEO to find Subcontractor 1 new business with other City of Chicago agencies.

Internal Tech Firm correspondence indicated that Subcontractor 1's connections factored into its selection as a Tech Firm partner. One Tech Firm email stated that "our lobbyist assisted" with Subcontractor 1's selection based in part on its "relationships with the city."

Senior Official and Sales Manager had a longstanding business relationship that dated to 2013. Prior to Senior Official joining the Park District, Sales Manager advocated for Tech Firm to use Subcontractor 1 as an MBE contractor on local government projects. Even when Tech Firm project managers appeared to balk at the prospect of working with Subcontractor 1, Sales Manager urged them to do so.

Senior Official remained the owner of Subcontractor 1 after starting work at the Park District. Administration officials told OIG that they instructed Senior Official to steer clear of conflicts arising from owning the company and to timely disclose any issues should they have occurred. When Senior Official was hired in 2015, the Park District had no contracts with Tech Firm. However, Senior Official never disclosed to anyone his/her company's partnership with Tech Firm when he/she proposed that it become a Park District vendor in 2017.

Through Senior Official, Tech Firm won a large Park District award outside of the normal competitive bidding process. At no point, however, did Senior Official disclose that Subcontractor 1 had an active partnership with Tech Firm throughout his/her Park District employment.

Although no one at the Park District appeared to know of Senior Official's connection with Tech Firm, the relationship was no secret among Chicago's community of IT services firms. A few of the firms contacted OIG after its investigation was opened to object that Tech Firm had won a Park District contract in light of Senior Official's partnership with the company.

## **Subcontractor 1's MBE Decertification**

In 2016, a few months after Senior Official started work at the Park District, the City of Chicago's procurement department decertified Subcontractor 1 as a minority-owned business enterprise. The City apparently had been alerted that Senior Official took full-time employment at the Park District. As the City's rules require the MBE firm to be the principal

owner's primary employment, Senior Official's new full-time Park District job was grounds for Subcontractor 1's decertification.

Losing an MBE certification can be devastating for a company that does subcontracting work on large government projects. Prime contractors may claim credit toward MBE subcontractor participation goals only through the work of minority-owned firms that a certifying agency (like the City of Chicago) has determined to be qualified in a certain field of expertise. Tech Firm told OIG that it would have terminated its relationship with Subcontractor 1 had it known it was no longer eligible for MBE utilization.

Subcontractor 1's decertification came a few months before it was scheduled to start a project for Tech Firm at another City of Chicago agency (New Project 1). For Senior Official, it meant that a new contract worth more than \$100,000 to Subcontractor 1 would be suddenly lost.

**Senior Official and Sales Manager Concealed Subcontractor 1's MBE Decertification So That it Could Remain a Tech Firm Subcontractor on a City of Chicago Project and Gain New Business from Tech Firm's Contract with Cook County**

Although Tech Firm would have severed its partnership with Subcontractor 1 over its decertification, Senior Official and Sales Manager had no intention of allowing Tech Firm to learn of it. Described below are two instances where Senior Official and Sales Manager concealed Subcontractor 1's change in status to (1) save Subcontractor 1's project with a City of Chicago agency and (2) find new work for Subcontractor 1 on one of Tech Firm's projects with Cook County.

Both projects started after Senior Official became a Park District employee. Although the subcontracting projects involved were for City of Chicago and County agencies (i.e., not the Park District), they provide the background of the relationship between Senior Official and Sales Manager leading up to the Park District's contract award to Tech Firm in 2017.

Sales Manager, apparently at significant risk to him/herself, never disclosed the decertification to his/her colleagues at Tech Firm and assisted Senior Official in advancing misrepresentations and false narratives to the company. Sales Manager's support of Subcontractor 1 appeared to be rewarded when Senior Official helped Sales Manager land the multimillion dollar contract with the Park District in 2017. Tech Firm's representatives confirmed to OIG that Sales Manager stood to benefit financially for winning the Park District's business.

- *Misrepresenting Subcontractor 1's decertification as a temporary clerical issue and replacing Subcontractor 1 on paper with an MBE in good standing*

In May 2016, Senior Official notified Sales Manager that the City had taken action to strip Subcontractor 1 of its MBE certification. However, Sales Manager, never disclosed the decertification to his/her associates at Tech Firm. Instead, Sales Manager assisted Senior



Official in advancing a false narrative designed to conceal Subcontractor 1's decertification and save its participation on New Project 1. Sales Manager told Tech Firm project managers that Senior Official had encountered an unspecified clerical problem with the City that was temporarily affecting Subcontractor 1's MBE certification status.

Sales Manager explained to Tech Firm employees that, while Senior Official worked to resolve the clerical problem with Subcontractor 1's MBE status, he/she had arranged for another MBE firm, Subcontractor 2, to be named the certified MBE on New Project 1 but that it would "sub to [Subcontractor 1]" so that "everything stays the same for the customer." Put another way, although Subcontractor 2 would be the MBE of record on New Project 1, Subcontractor 1 would still be doing the work.

For Senior Official and Sales Manager, engaging an MBE firm in good standing like Subcontractor 2 was the solution to the problem of how Senior Official's recently decertified company could keep its work on New Project 1 while Tech Firm continued to receive credit toward MBE utilization goals. Under a payment arrangement in effect between 2016 and 2017, Subcontractor 1 performed the work on New Project 1 as originally planned. Instead of invoicing Tech Firm as it ordinarily would, however, Subcontractor 1 sent its invoices to Subcontractor 2. In turn, Subcontractor 2 invoiced Tech Firm for Subcontractor 1's work (although the invoices didn't indicate that it was Subcontractor 1 that performed the work). Subcontractor 2 received the payments from Tech Firm and passed them through to Subcontractor 1, holding back a "service fee" of 10 to 15 percent for each payment.

Through this indirect arrangement involving Subcontractor 2, Tech Firm paid Subcontractor 1 nearly \$90,000 over nine months in 2016-17 for work performed after Subcontractor 1's decertification.

- *Senior Official incorporated a new entity in spouse's and business partner's names as part of an attempt to save Subcontractor 1's partnership with Tech Firm*

The investigation also revealed that, shortly after Senior Official learned of the City's decision to decertify Subcontractor 1, a new entity (New Corp) was created in the names of Senior Official's spouse and business partner. Senior Official was not identified as one of New Corp's principals. New Corp, however, appeared to have no corporate footprint other than its connections with Subcontractor 1. Its address was the same as a warehouse used by Subcontractor 1. New Corp's incorporation filings and other contact information also identified individuals associated with Subcontractor 1, raising the question of whether New Corp was truly a stand-alone entity or a shell company that Senior Official created.

Internal Tech Firm emails showed that Senior Official and Sales Manager for several months pushed a false narrative to Tech Firm that New Corp was simply Subcontractor 1's new corporate name when, in fact, Subcontractor 1 and New Corp were separate corporate entities with different principals.

The motive for the “name change” narrative was to preserve Subcontractor 1’s partnership with Tech Firm through an entity that existed only on paper. Senior Official, with the assistance of Sales Manager, hoped that Tech Firm would regard New Corp as though it were simply Subcontractor 1 operating under a new name. If the plan worked, Senior Official could keep the lucrative subcontracting work with Tech Firm in spite of his/her employment with the Park District and without the need of paying a “service fee” to another MBE entity.

The “name change” plan, however, was unsuccessful. Tech Firm’s records showed that it had trouble locating basic information about New Corp, including a working phone number. Tech Firm’s requests for New Corp’s financials went unanswered. One Tech Firm employee familiar with the “name change” request concluded in an email to a colleague: “This smells to high heaven.” Tech Firm did not ultimately accommodate the name change request although Senior Official and Sales Manager tried to push it through for several months.

- *Over internal objections, Sales Manager also found Subcontractor 1 new work on a Tech Firm project with a Cook County agency after losing its MBE status*

Through the arrangement with Subcontractor 2, Senior Official and Sales Manager succeeded in keeping Subcontractor 1 on New Project 1 despite the decertification. Sales Manager also worked to get Senior Official’s company a new assignment on one of Tech Firm’s projects with Cook County (New Project 2) for which Subcontractor 1 stood to be paid \$96,000 over the term of the project as an MBE subcontractor. Tech Firm’s attorneys told OIG that Sales Manager was responsible for selecting Subcontractor 1 to work on the County project.

As Tech Firm started onboarding Subcontractor 1 for New Project 2, its project managers observed that the company lacked the insurance coverage required for Tech Firm subcontractors: “[Subcontractor 1] does not have the correct insurance to maintain their status as a [Tech Firm] partner. They are so far out of line, it will require time and significant cost to the partner to update their coverage. Unfortunately, we need to identify a different vendor for [New Project 2].”

Subcontractor 1 was ultimately awarded the Cook County contract over the objections of Tech Firm’s project managers. The discussion that started about Subcontractor 1’s insurance coverage issue evolved into more general questions about its suitability as a Tech Firm partner. Once again, Sales Manager advocated for Subcontractor 1, stating that Tech Firm was one of the MBE companies Tech Firm was required to use on City of Chicago and Cook County projects. At the time of this correspondence, Subcontractor 1 had been decertified for almost one year. In the emails OIG reviewed on this topic, Sales Manager did not disclose that Subcontractor 1 had lost its MBE status. In fact, Sales Manager portrayed Subcontractor 1 as an MBE in good standing.

Between 2016 and 2017, Tech Firm paid Subcontractor 1 about \$60,000 for work on New Project 2. In contrast to the indirect payment arrangements on New Project 1 with the City,

Tech Firm paid Subcontractor 1 directly for its work on the Cook County project. It may have been that Senior Official and Sales Manager were not as concerned that Cook County's procurement department would be aware of Subcontractor 1's MBE decertification by the City of Chicago.

### **Senior Official Used His/Her Position at the Park District to Steer a Multi-Million Dollar Contract to Tech Firm Through Short-Circuiting the Competitive Bidding Process**

When Senior Official started employment in 2015, a publicly advertised competitive bidding process for a technology managed services contract had been in progress for months. By early 2016, five companies submitted bids for the contract award. Although Tech Firm had expressed interest, it was not one of the bidders.

The five bidders gave written and oral presentations in September 2016. After the presentations, one of the evaluation committee members told OIG that, in his/her opinion, a few of the quotes were "in the ballpark" on cost. Another committee member recalled that all of the bids were excessive. Under Senior Official's leadership, however, the Park District departed from its normal procedures of evaluating the bids and the competitive process abruptly ended.

In early March 2017, during a period when Subcontractor 1 was working on two Tech Firm projects despite losing its MBE status, Senior Official cancelled the competitive bidding process. The process was cancelled without engaging in the customary negotiations with the bidders over cost or even collecting the written bid evaluations from the selection committee members.

Senior Official told OIG that because the committee members unanimously agreed that the bids were too costly, the purchasing department requested the five bidding firms to revisit their proposals and submit lower bids. This obviously advantageous request is customary for the Park District. Senior Official and one other committee member stated that the request to the bidders yielded revised offers that were still too high. Senior Official stated that all of the bidders "came back with a 10 percent decrease in price" that the committee unanimously determined was not sufficient. Therefore, according to Senior Official, the committee "all agreed" to terminate the competitive bidding process.

Senior Official's account was challenged by both the bidding firms and by other members of the committee. According to other members, the RFP cancellation was not decided by a unanimous vote. Two members stated that the committee did not vote to terminate the competitive process at all. The committee members recalled learning informally that the selection committee had been disbanded. One of the members recalled that Senior Official told him/her without explanation that the committee's work had ended.

In December 2016, a subordinate employee wrote to Senior Official that he/she recently spoke with a purchasing department representative who said "his take on the [competitive bidding process] is that the ball is in your court." Senior Official responded "yes I know." The

employee then replied that the purchasing representative was “waiting on you to provide him with questions/templates for vendors to fill out in this initial cost engineering phase.” Cost engineering refers to the Park District’s practice of having prospective vendors review and lower the cost of their bids. This exchange between the employee and Senior Official showed not only that Senior Official had assumed control of the selection process, but that he/she was responsible for the price negotiations with the bidders, which never materialized.

The bidding firms also contradicted Senior Official’s account. They told OIG that after their oral presentations to the evaluation committee in late 2016, they did not receive any requests from the Park District to amend their bids. In fact, the companies OIG interviewed stated that they received no feedback at all until they were notified in March 2017 that the competitive process had been terminated without explanation. The vice president of one of the bidding firms told OIG that “We had reached out multiple times after the oral presentation to understand the process going forward and anything needed ... but communication went silent.”

After the competitive bidding process was cancelled, Senior Official moved to give the business to Tech Firm directly through a process that allowed the Park District to adopt the terms of an existing City of Chicago contract with the company for the sale of IT commodities. The rationale behind adopting the terms of another public agency’s existing contract, known as “piggybacking,” is that a smaller agency like the Park District can benefit from the greater bargaining power of a larger agency like the City, provided that the scope of the City’s contract includes the commodities/services that the Park District seeks to acquire.

A Park District attorney told OIG that, after the competitive process ended, Senior Official approached him/her and specifically requested to arrange for a piggyback agreement with Tech Firm. The attorney in charge of negotiations with Tech Firm relied on Senior Official’s technical expertise and judgment on substantive terms of the agreement. The Park District attorney’s counterpart in charge of Tech Firm’s negotiations was Sales Manager. During the back and forth of negotiations, neither Senior Official or Sales Manager ever told the attorney that they knew each other, much less that they had a longstanding (and active) business relationship. On key terms of the proposed agreement, Senior Official and Sales Manager were essentially negotiating between themselves. It doesn’t appear that Sales Manager submitted a scope of Tech Firm’s services until the day before the contract was awarded.

Based on Senior Official’s recommendation, however, the Park District entered into a contract with Tech Firm in August 2017. Addressing the Board with the contract proposal, Senior Official stated that Tech Firm should be awarded the Park District’s technology services contract because the competitive bidding process resulted in proposals that were too costly.

## **Adverse Consequences for the Park District Arising from the Tech Firm Agreement Resulted in Hundreds of Thousands of Dollars in Unanticipated Costs**

For the Park District, bypassing the competitive bidding process and contracting with Tech Firm had significant adverse results. First, the piggyback agreement with Tech Firm made it much easier for Senior Official to steer business directly to Tech Firm.

Second, a review of the scope of Tech Firm's City contract and the Park District's needs was an apples to oranges comparison. Tech Firm's contract with the City was for the sale and installation of computer hardware as well as the maintenance and installation services related to the sales. Through its competitive process, the Park District had been seeking information technology consultant services (i.e., the technicians, analysts and specialists needed to manage a large agency's technology infrastructure.)

Therefore, the Park District adopted the terms of Tech Firm's contract with the City to buy computer hardware when what it needed was a contract to hire IT professionals. The issue of the City contract's scope has had greater significance for the Park District than a simple technical matter:

- For the last two quarters of 2018 combined, the Park District paid Tech Firm hundreds of thousands of dollars more than what was estimated. The Park District initiated costly change orders for additional consultants and the number of hours they work on a monthly basis. A single change order made just one month after Tech Firm started work in late 2017 increased costs by \$25,000 per month. Tech Firm's costs decreased in 2019 but still exceeded what was estimated by \$15,000 to \$20,000 every month.

By the end of 2018, the change orders cost the Park District \$421,000 more than what was anticipated and spending was on pace to exceed the three-year contract's \$3.5 million dollar limit in a little more than two years. In April 2019, however, nearly 19 months into the contract, the Park District notified Tech Firm that it had just discovered a drafting error in the agreement that neither party had noticed: specifically, that the contract's initial term was for three years when it was only intended to be for two. If true, it would mean that the Park District's expenditures to that point were approximately on target for a two-year agreement.

For its part, a Tech Firm employee told OIG that, when the agreement was executed, the company believed the contract's three-year term accurately reflected the parties' intentions. Other Tech Firm documents that were incorporated into the Park District's agreement also mention a three-year period. In other words, there's not much evidence of a "drafting error" in the sense that both parties acknowledged a mistake in the contract. Based on the contract proposal submitted to the Park District's Board, it's more evident that the Park District entered into a three-year contract when

it requested authorization for a two-year agreement, perhaps inadvertently or through internal miscommunication.

In April or May 2019, however, Tech Firm agreed to amend the contract to a two-year term based on the Park District's assertion of a mistake. For Tech Firm, the amendment may have represented a distinction with no difference: Tech Firm received the \$3.5 million in fees over two years that, according to the contract, it expected to be paid over three years.

The issue over the contract's term, however, had no bearing on the fact that the Park District initiated costly change orders that started soon after Tech Firm began its engagement. Observers might defend the change orders by arguing that Tech Firm didn't have a full picture of the project requirements until it began managing the Park District's technology infrastructure. This argument, however, only adds to questions about whether unexpected costs were at least partially a product of how Tech Firm won the Park District's business: by piggybacking on a contract that was for something else – the sales, maintenance and installation of computer hardware. It was through the competitive process that the bidding firms had the opportunity to assess the Park District's technology requirements and submit informed proposals to the evaluation committee.

In this case, however, and to the Park District's detriment, Tech Firm was first awarded the contract and then devised a plan for addressing the Park District's needs for technology consultant services. It appears that Tech Firm delivered its first statement of work to the Park District outlining its scope of services just one day before it won the contract in August 2017.

- After the Board approved the contract – but before it was finalized – the Park District's incumbent vendor for technology services submitted a letter asking for the Board to reconsider its vote, claiming the contract was unlawful because of the scope issue. Subsequently, as part of a settlement agreement in 2018 over disputed fees, the vendor expressly released all potential claims related to the scope issue. While parties typically seek the dismissal of any prospective claims when negotiating settlement, the specific mention of the scope issue in the settlement agreement indicated that both parties recognized value in resolving it.
- Senior Official's tenure at the Park District also generated a substantial increase in hiring of internal Park District employees as well as increased use of outside consultants at a cost of hundreds of thousands of dollars. Among the new employees and consultants were Senior Official's acquaintances, business partners and Subcontractor 1 employees. Other consultants hired on Park District projects through Tech Firm's subcontractors were members of a nonprofit organization that Senior Official led and that enjoyed support from public figures.

### **Tech Firm's Own Internal Investigation of Senior Official and Subcontractor 1**

Based on a tip from an internal source, Tech Firm initiated an internal investigation of Senior Official and Subcontractor 1. The investigation concluded without Tech Firm interviewing any witnesses or drafting a final report, however, the apparent result was to recommend terminating its partnership with Subcontractor 1. Although the investigation concluded in April or May 2017, Tech Firm did not notify Senior Official of its decision until after the Park District approved his/her proposal to award Tech Firm the contract months later.

The scope of Tech Firm's investigation was initially very limited and not likely to discover the multiple issues related to Subcontractor 1, its MBE decertification or the several misrepresentations made to save its participation on New Project 1 and to receive additional work on New Project 2. When asked by OIG about the original scope of its investigation, Tech Firm representatives stated that the employee responsible for initiating the investigation was no longer with the company.

Although Tech Firm's investigation was narrow in scope, several Tech Firm employees continued asking questions throughout 2017 and they appeared genuinely concerned that Senior Official and Subcontractor 1 may have been engaged in unethical conduct that would reflect negatively on their company. Although the employees were aware of Sales Manager's connection with Senior Official, he/she was not directly included in the discussions. The employees appeared particularly suspicious of the attempt to convince Tech Firm that Subcontractor 1 was simply changing its name to New Corp. One Tech Firm employee summarized the "name change" efforts by Senior Official and Sales Manager as "shady."

In late March 2017, Tech Firm obtained a written statement from Senior Official regarding potential conflicts issues. Senior Official falsely claimed that he/she was

**not in a position to influence or control any aspect of the Park District's procurement process, whether related to the acquisition of products or services from [Tech Firm] or any other vendor ...**

Tech Firm told OIG that it never sought to corroborate Senior Official's statement with the Park District or anyone else.

It's unclear whether Tech Firm reviewed internal emails during its investigation to corroborate the written statements. Had it searched for them, Tech Firm may have discovered the several instances in 2016 when Senior Official provided Sales Manager with an audience at the Park District for sales pitches of Tech Firm products and services.

OIG's attempts to review emails for relevant correspondence in early 2017 was unsuccessful. Tech Firm stated that, before he/she left the company in 2018, Sales Manager claimed to have lost all of his/her emails for certain months in 2017 leading up to Tech Firm's contract with the Park District. Tech Firm stated that it does not archive

employee emails on its servers and, therefore, it could not retrieve them for OIG's investigation.

In April 2017, a Tech Firm compliance official recommended that Subcontractor 1's partnership agreement be terminated. By June, another internal email stated that all of Subcontractor 1's projects were closed. Tech Firm, however, waited months to notify Subcontractor 1 of its decision. Senior Official's correspondence with Tech Firm during summer 2017, made evident that he/she was not aware of Tech Firm's intention to terminate its relationship with Subcontractor 1. And by July 2017, several Tech Firm employees were asking why Senior Official and his/her employees were still apparently working on assignments. One employee stated "I thought [Sales Manager] was going to inform them but ... it seems nobody has."

It wasn't until mid-August 2017, just days after the Park District approved Tech Firm's contract, that a Tech Firm employee informed other staff members that the company was acting on Subcontractor 1's termination. Tech Firm formally terminated its agreement with Subcontractor 1 about two weeks after it won the Park District award in August 2017.

Tech Firm told OIG that it did not intentionally wait to notify Senior Official of the termination until after it had won the Park District contract. The investigation found no evidence that directly contradicts Tech Firm's statement. However, OIG asked Tech Firm why it never disclosed to the Park District that it had an active business relationship with Senior Official in his/her capacity as Subcontractor 1's owner, which had by then had been paid more than \$320,000 as one of its subcontractors, with more than \$100,000 of that amount coming in 2017 alone. Tech Firm's response was that, with the exception of Sales Manager, no one in the company was aware of all the relevant facts to make the appropriate disclosure to the Park District. Tech Firm asserted that its employees assigned to the Park District project did not work on the other projects with Subcontractor 1 and, apparently, were unfamiliar with Senior Official in his/her role as Subcontractor 1's owner.

Tech Firm cooperated with the investigation by producing tens of thousands of pages of records and correspondence. The company also made representatives available to answer questions. OIG received critical assistance from the Superintendent and CEO as well as the Board of Commissioners during critical phases of the investigation.

[See timelines on attached Exhibit and here](#)

OIG recommended that:

- 1. The Park District terminate Senior Official's employment.**

Response: Senior Official resigned from the Park District.

- 2. That the Park District seek to replace Tech Firm because it (1) had not bid to provide managed technology services in a competitive process issued by either the Park District or the City of**



**Chicago; (2) the terms of the Park District's contract with Tech Firm were not negotiated at arms-length; and (3) were based on a contract with a different scope of services.**

Response: The recommendation is under advisement and the Park District has kept OIG informed as appropriate.

**3. That the Board of Commissioners assume a larger role in the review and approval of major contracts that includes an independent analysis of the vendors and proposed agreements.**

The administration offered a response to this recommendation that stated the Park District has strict controls in place to protect the integrity of its procurement processes. Among them is a conflicts statement that all contract evaluation committee members are required to sign. The conflicts statement previously required committee members to disclaim on behalf of themselves and immediate family members any financial interests only as they related to the specific contract under evaluation. In response to the investigation's findings, Park District has replaced the statement with a new one that is stronger and more expansive. Among other things, it requires committee members to certify that they do not have active or inactive financial interests, employment, or business relationships with any of the bidding firms at all.

In the new statement, the Park District has also attempted to address prospective conflicts of interest. It requires evaluators to affirm that they will not take future employment or anything else of value from any of the entities that submitted a bid that they evaluated. Evaluation committee members must also acknowledge that the conflicts obligations under this affidavit and statement are of a continuing nature.

**4. That the Board of Commissioners request a full history of change orders on Tech Firm's contract.**

In response to this request, the administration provided a summary of the Park District's expenditures under its contract with Tech Firm.

**5. Additional Measures**

The Park District has initiated additional measures in response to the investigation's findings to strengthen the integrity of purchasing process:

- Any cancellation of an active competitive bidding process for a Park District contract award now requires the unanimous vote of the committee with each member explaining the rationale for his/her decision
- Proposals to "piggyback" on another existing contract will be more rigorously reviewed
- Training: The Park District's IT staff has been required to complete training on the Park District's procurement procedures as well as ethics training

## **2. Supervisor Abused His/Her Park District Employment for Financial Gain on Several Occasions**

An OIG investigation established that a Park District Supervisor used his/her employment for personal benefit on several occasions.

### **Supervisor Paid for His/Her Child's Summer Camp Using Funds that Were Donated to the Employee's Park for the Purpose of Assisting Children Unable to Pay Program Fees:**

Supervisor had been given the responsibility of distributing a \$500 donation to his/her park intended to assist in paying the program fees of children who are unable to pay them. The investigation showed that, shortly after receipting the funds in spring 2019, Supervisor used \$150 of the donation on the personal expense of his/her own child's summer camp enrollment at another park.

When OIG asked about the purpose of the donation, Supervisor replied that the funds were intended to assist families with program fees at his/her park. Supervisor stated, however, that the donation was "not necessarily" intended for hardship enrollments and that it was left to his/her discretion how the funds were distributed. Supervisor stated that his/her discretion over the donated funds included spending part of the donation on his/her child's summer camp enrollment at another park.

### **Park District Records Also Showed Supervisor's Unauthorized Use of an Internet Code to Waive Child's Summer Camp Fees in a Previous Year**

The investigation established that Supervisor used a restricted code on the Park District's online registration platform to waive the fees for his/her child's summer camp enrollment in 2018. Only two Park District Finance department employees were authorized to use the code. Supervisor denied knowing how the code was applied on his/her child's account. Supervisor also told investigators that the code was widely known outside of the Finance department.

### **Supervisor Illegally Evaded Sales Tax on More than \$3,300 in Purchases of Personal Items at Menards using the Park District's Illinois Sales Tax Exempt Certificate**

Supervisor opened a Menards store account that was linked to the Park District's tax-exempt status. In opening the account, Supervisor acknowledged that tax-free purchases must be made on behalf of the Park District. During a 17-month period between 2017 and 2019, however, Supervisor bought personal items worth more than \$3,300 in 37 separate transactions.

Supervisor's immediate manager told OIG that donations to Supervisor's park, which is located in a community with a substantial need for financial assistance, are intended to assist children who cannot afford program fees. Another manager stated, however, stated

that there was a lot of “gray area” on how donations can be used. This Manager told OIG that he/she would need to examine how donations were managed by other supervisors before making a determination of whether Supervisor should have used donated funds on his/her child’s camp fees.

OIG recommended that:

**1. The Park District terminate Supervisor’s employment.**

Response: Instead of termination, the Park District negotiated a 29-day unpaid suspension with Supervisor and the forfeiture of vacation hours above a certain threshold that were accrued in 2019.

**2. That the Park District determine which employees need a tax-exempt customer card at Menards and request that all other accounts be terminated; and**

Response: The Park District has not yet responded to this recommendation.

**3. That the Park District restrict use of the tax-exempt letter to employee positions it determines should use them, institute rules and appropriate training about use of the letter and making tax-exempt purchases on the Park District’s behalf.**

Response: The Park District has not yet responded to this recommendation.

## QUARTERLY INFORMATION

### Investigations by Quarter

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	2019 Total
Opened	20	21	6		
Closed	7	14	13		
Pending	23	30♦	23		

♦ Revised from Second Quarter report.

### Reviews by Quarter

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	2019 Total
Opened	2	10	5		

### Reviews by Quarter

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	2019 Total
Closed	6	5	0		
Pending	2	7	12		

### Nature of Investigations and Reviews Initiated by Quarter

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	2019 Total
Criminal Misconduct or Fraud	3	6	2		
Waste, Inefficiency, Compliance, Advisories	3	9	5		
Other Rule, Code, Ordinance Violations	16	16	4		

### Audits by Quarter

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	2019 Total
Opened	1	3	1		
Closed	1	3	1		
Pending	4	4	4		

### Investigated and Reviewed Parties by Quarter

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	2018 Total
Officers	0	1	0		
Employees	22	31	4		
Other (Agents, concessionaires contractors, other parties, unknown)	5	7	3		

### Internal Assists Performed by Quarter♦

Department	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	2019 Total
Human Resources	59	2	1		
Purchasing	4	3	0		
Community Recreation	1	0	0		
Law	1	1	0		
Legislative & Community Affairs	0	1	0		
Office of Chief Administrative Officer	0	1	0		
Security	0	1	0		

♦ Internal Assists are OIG responses to Department requests for information, analysis and other assistance.

### **Cases Pending Over Six Months**

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[6]

**Reasons:**

Available time and resources: 6

## **HIRING COMPLIANCE MONITORING ACTIVITY – THIRD QUARTER 2019**

OIG reviews and monitors the Park District's hiring and assignment determinations from the quarter to ensure that the actions taken comply with the Employment Plan. OIG reports on its compliance monitoring activities in each its quarterly reports.

### **1. Monitoring Contacts by Hiring Departments**

OIG reviews 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 2019. Since OIG started reporting the Park District's hiring compliance monitoring activity, Human Resources has never reported any improper contacts by hiring departments.

### **2. Review of Exempt List Modifications**

OIG reviews the Park District's adherence to exemption requirements and modifications to the list of job titles and number of positions that are Exempt from the Employment Plan procedures.

The following modifications to the Exempt List were approved in the third quarter of 2019:

**Positions added to the Exempt List (0)**

**Positions removed from the Exempt List (0)**

### **3. Review of Exempt Management Hires**

Human Resources reported no Exempt hires made during the third quarter of 2019.

### **4. Review of Written Rationales**

OIG reviews 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 2019. The last “no consensus” letter OIG received was in 2015 when the Park District was still under the federal *Shakman* decree.

## 5. Review of Emergency Appointments

OIG reviews circumstances and written justifications for any emergency hires made pursuant to the Personnel Rules of the Park District Code.

Human Resources reported no emergency appointments during the third quarter of 2019. Human Resources has never reported an emergency appointment.

## 6. Review of “Acting Up” Activity

OIG reviews all circumstances where employees are “acting up” (performing all or substantially all of the duties of an employee in a higher-paid classification). Activity in the third quarter of 2019 showed that 10 employees were “acted up” during the quarter and 7 employees who had been in “acting up” status were placed back in their positions.

### Acting Up Activity – Third Quarter 2019

Position	Third Quarter	
	Acted up	Reversed
<b>Community Recreation</b>		
Lifeguard Hourly	3	0
Lifeguard Seasonal	1	0
Physical Instructor	1	1
<b>Operations</b>		
Natural Areas Worker	3	3
Floriculturist Apprentice	0	1
Security Guard	1	1
<b>Executive Office</b>		
<b>Total</b>	<b>10</b>	<b>7</b>

## 7. Hiring Sequence Audits

OIG audited a sample of Park District hires from the third quarter of 2019 for compliance with the Employment Plan.

The results from the audits completed in this quarter identified non-compliance with the Plan.

The following hiring sequences from Q3 2019 were audited:

### **#1900082 Program and Event Facilitator**

- Applicants: 40
- Qualified candidates: No Minimally Qualified List of Candidates Available
- Candidates interviewed: 6
- Other: Job posting did not match the Park District's description of the position; OIG unable to confirm that at least one job reference was verified as Employment Plan requires; job posting indicated that a bachelor's degree is required but there was no evidence in Taleo that the winning candidate obtained the degree

### **#1900242 Special Projects Facilitator**

- Applicants: 30
- Qualified candidates: No Minimally Qualified List of Candidates Available
- Candidates interviewed: 12
- Other: Job posting indicated that a bachelor's degree is required but there was no evidence in Taleo that the winning candidate obtained the degree

### **#1900046 Electrician Outside**

- Applicants: 22
- Qualified candidates: No Minimally Qualified List of Candidates Available
- Candidates interviewed: 5
- Other:

(Continued on Following Page)



**#1900058 Senior Program Specialist Gardening**

- Applicants: 29
- Qualified candidates: No Minimally Qualified List of Candidates Available
- Candidates interviewed: 11
- Other: Job posting indicated that a bachelor's degree is required but there was no evidence in Taleo that the winning candidate obtained the degree; OIG unable to confirm that at least one job reference was verified as Employment Plan requires



# OIG ANNUAL REPORT 2019



CHICAGO PARK DISTRICT  
OFFICE OF INSPECTOR GENERAL

WILL FLETCHER, INSPECTOR GENERAL



Will Fletcher  
Inspector General

## CHICAGO PARK DISTRICT OFFICE OF INSPECTOR GENERAL

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### 2019 Fourth Quarter and Annual Report

To the Chicago Park District Board of Commissioners, Park District employees and Residents of the City of Chicago,

I am very honored to present the Chicago Park District Office of Inspector General's 2019 Annual Report.

I also wish to express my gratitude to the Park District's administration and Board of Commissioners for appointing me to a second four-year term as inspector general. Over the last four years, the office has succeeded in applying its work and expertise to areas of the Park District's operations where oversight had been lacking. For this accomplishment, I am very grateful to OIG's staff members for their hard work, willingness to adapt and enthusiasm for the mission of our office.

OIG's investigations in 2019 found fraud and misconduct at different levels of the Park District's organizational hierarchy. Of note was an investigation that revealed that a senior executive had steered a multimillion-dollar contract to a company that was a longtime business partner. Another case showed that dozens of Park District employees accepted more than \$60,000 in cash payments from the sale of Park District scrap metal that disappeared. Our findings prompted a Chicago Tribune editorial in June 2019 that underscored the importance of oversight in the Park District, noting that OIG's investigations demonstrated that "taxpayer money, when not carefully tended by employees at all levels, may scamper off to the wrong places."

Thanks in part to a long overdue investment in technology, OIG handled more complaints and requests in 2019 than ever before. In doing so, OIG improved the efficiency of its case management and became much better situated to serve as a resource for the Park District and Chicago's residents.

As previously noted, substantial investment is required to equip OIG with the necessary resources to perform its statutory oversight function. Most acutely, OIG needs additional investigators with a variety of skillsets. The Park District's annual budget is nearly \$500 million. Contract awards with outside vendors and firms approach \$100 million annually. And the Park District's public venues generate millions of dollars in revenue not just for the agency but also for third-party concessionaires, vendors and permit holders. Therefore, the access, management and use of revenue-generating opportunities at Park District venues warrant robust oversight. Meeting these demands requires an investment of resources in OIG that is commensurate with the OIGs of the other City of Chicago agencies.

I am very pleased that, working in collaboration with the administration, internal oversight at the Park District has achieved a higher standard over the last four years. This achievement is distinguished by fair and thorough work that is salient, informed and supported by the evidence. While it's critical that the Park District not descend from this new standard, it is equally important that it prioritizes elevating OIG to the level of its peer oversight agencies through the investment of additional, needed resources.

Sincerely,

*Will Fletcher*

Will Fletcher  
Inspector General

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# Pending Responses from Previously Reported Cases

In its Fourth Quarter 2018 and Annual Report, OIG made several findings related to the operations of a nonprofit organization, an advisory council and Person 1, who was the leader of both organizations.

## Recommendations:

- a) Permanently enjoin Person 1 from membership in all advisory councils;
- b) Demand that the nonprofit organization cease and desist fundraising in the name of the Chicago Park District or the park with which it associated. Update: The organization has apparently continued fundraising in 2019 in a similar manner.
- c) Reject all permit or partnership applications from the nonprofit organization (the Park District agreed to follow this recommendation on a temporary basis while the investigation was ongoing but has not indicated whether it will do so on a permanent basis);
- d) Conduct periodic audits to confirm that designated nonprofits actually receive the required share of festival proceeds when special even permits are discounted.
- e) Enact procedures to verify that designated nonprofit organizations are in good standing. Update: Park District has enacted procedures to determine the status of nonprofit organizations.
- f) Consider a referral of the nonprofit organization's operations to the Internal Revenue Service for its review; and
- g) Consider a referral to the City of Chicago, Cook County and State of Illinois taxing authorities for review of whether the festivals and events affiliated with the nonprofit organization were subject to the collections of sales tax.

# Investigations and Reviews

## Senior Park District Official Leveraged a Conflict of Interest by Steering a Multi-Million Dollar Tech Contract to a Large Tech Firm that Had Paid Hundreds of Thousands of Dollars to a Subcontracting Company that the Official Owned

An OIG investigation found that a Park District Senior Official (CPD Official) had steered a Park District contract worth up to \$7.2 million to a multinational technology services corporation (Tech Firm) which had paid hundreds of thousands of dollars to a small subcontracting company that CPD Official owned.

Hired for a newly created position at the Park District, it was not apparent that CPD Official had experience directing the information- technology program of a large public agency. However, before joining the Park District, CPD Official had been successful in the politically-charged arena of winning subcontractor projects on state and local government technology contracts, assisted by a well-connected network. At one time, CPD Official's company employed a former Park District CEO to find new contracts with the City of Chicago. Internal Tech Firm correspondence related to its decision to partner with CPD Official's company noted that Tech Firm's lobbyist supported the partnership based on CPD Official's "relationships with the city."

While pushing for Tech Firm to win the Park District contract, CPD Official never disclosed that his/her company had partnered with Tech Firm for many years on government contracts. Tech Firm paid CPD Official more than \$320,000 for subcontracting work, approximately \$145,000 of that amount coming after CPD Official started working at the Park District in a position of trust and authority over lucrative IT contracts.

CPD Official resigned from the Park District following OIG's investigation and, in December 2019, the Park District replaced Tech Firm with a new IT services vendor.

Tech Firm's two-year tenure as the Park District's IT services provider included hundreds of thousands of dollars in change orders. The evidence showed that the unexpected charges at least partially resulted from concealments and misrepresentations about the contract made by CPD Official and one of Tech Firm's sales managers (Sales Manager).

CPD Official's actions obviously benefited Tech Firm with a multimillion dollar contract. But CPD Official's misconduct also rewarded Sales Manager in particular. Sales Manager was recognized within Tech Firm as the sales executive who landed the Park District contract. The evidence



also suggested that CPD Official's push for the Tech Firm contract was borne of personal indebtedness to Sales Manager. The two had known each other professionally for several years. And when the future of CPD Official's company was in a crisis directly related to his/her Park District employment, Sales Manager protected CPD Official's relationship with Tech Firm by covering up the issue.

Together, CPD Official and Sales Manager concealed from Tech Firm that the subcontracting company CPD Official owned had lost its certification as a minority-owned business enterprise (MBE). Tech Firm would have discontinued its partnership with CPD Official's company had it learned of the decertification. The cover-up required Sales Manager to conceal information from his/her employer, at great personal risk. The cover-up included several convoluted maneuvers, like CPD Official establishing a corporate entity that existed only on paper. Part of the concealment also included using an MBE-certified company in good standing to serve as a pass-through for CPD Official's subcontracting company in order to get paid by Tech Firm.

Thanks to Sales Manager's assistance, Tech Firm never learned about the decertification issue, and CPD Official's company continued earning hundreds of thousands of dollars as a subcontractor.

At the same time that Sales Manager was helping CPD Official's company to protect its lucrative Tech Firm partnership, CPD Official chaired a committee to find a vendor for a new IT-services contract at the Park District. Under CPD Official's leadership, the competitive bidding process was abruptly terminated under very suspicious circumstances, and without any of the customary cost negotiations. Killing the bidding process cleared the way for CPD Official to steer the contract directly to Tech Firm without it having to compete with other firms. And at no point did CPD Official disclose his company's longstanding partnership with Tech Firm.

For its part, the Park District missed red flags before awarding Tech Firm the contract. Most significantly, the scope of the contract the Park District executed with Tech Firm was for something completely different than what it wanted. To bypass the competitive process, the Park District adopted the City of Chicago's existing contract with Tech Firm. However, the City's contract was for the purchase of Tech Firm's computer equipment and related devices. The Park District, however, was seeking to retain the services of IT consultants to staff the help desk and maintain the organization's IT infrastructure. The services that the Park District wanted were not even priced into the City of Chicago's contract with Tech Firm.

After the Park District awarded the contract to Tech Firm, the negotiations between the parties were, to a large measure, left to CPD Official and Sales Manager. Neither person disclosed their longstanding and active business relationship. During negotiations, rumors of CPD Official's



business ties with Tech Firm reached the Park District administration. CPD Official repeatedly denied having any active relationship with the company and the Park District apparently looked into the matter no further.

The Park District's misplaced trust in CPD Official, in part, led to the substantial change orders when Tech Firm eventually started work as the Park District's IT services provider. Soon after the contract was in place, modifications to the contract resulted in an additional \$421,300 in Tech Firm's hourly fees. A single change order from December 2017 increased the Park District's monthly expenditures by \$25,000 more than what was anticipated. And in the second half of 2018, the Park District's rate of spending in connection to the contract was 47% higher than what had been estimated. The significant revisions to the agreement likely resulted from the mismatch between the City's contract with Tech Firm and the consultant services that the Park District needed.

Two weeks after Tech Firm won the Park District contract, the company notified CPD Official that it was terminating its partnership with his/her subcontracting company. Although Tech Firm did not provide OIG with a specific reason for the termination, the company did acknowledge that an internal conflict-of-interest investigation of CPD Official had informed Tech Firm's decision to terminate the partnership.

When asked about the questionable timing of ending its relationship with CPD Official's company, Tech Firm insisted that it did not intentionally wait until after it had won the Park District contract to ensure that it would reap the reward. Tech Firm further explained that it had not disclosed to the Park District that it had an active business relationship with CPD Official throughout negotiations of the contract because, with the exception of Sales Manager, no one at Tech Firm was aware of all the relevant facts to make an appropriate disclosure. That is, Tech Firm depicted Sales Manager was a rogue employee, and claimed that none of its other employees knew that CPD Official also owned a company that partnered with Tech Firm.

Based on the investigation's findings, OIG recommended that the Park District administration terminate CPD Official's employment. CPD Official, however, resigned after OIG issued its report.

OIG also recommended that the administration replace Tech Firm because (1) it had not bid to provide technology consulting services through a competitive process that had been administered by either the Park District or the City of Chicago; (2) the terms of the Park District's contract with Tech Firm were not negotiated at arms-length; and (3) the contract's terms were based on a contract with a different scope of services. In December 2019, the Park District did not renew its contract with Tech Firm and entered into a contract with a new IT managed-services vendor.

The OIG further recommended that the Board of Commissioners request a full history of change orders involving Tech Firm's contract; in response, the administration agreed to provide OIG with a summary of the Park District's expenditures related to the Tech Firm contract.

OIG recommended that the Board of Commissioners assume a larger role in the review and approval of major contracts. OIG has not received a response to the recommendation. However, the Park District revised a conflict-of-interest statement for all contract-evaluation committee members that required them (1) to affirm they will not take future employment or anything else of value from any of the entities that submitted a bid that they had evaluated; and (2) to acknowledge that the conflicts obligations set forth in the statement are continuing.

Finally, and consistent with OIG's recommendations, the Park District has undertaken additional measures to strengthen the integrity of purchasing process, including (1) requiring contract-evaluation committee's unanimous consent before cancelling any active competitive bidding process for a Park District contract, including individual members' written rationales for the cancellation; (2) strengthening the review process of proposed agreements; and (3) requiring the Park District's IT staff to complete training on the Park District's procurement procedures as well as ethics training. (See timeline of investigation [here](#))

## Supervisor Abused His/Her Park District Employment for Financial Gain on Several Occasions

An OIG investigation established that a Park District Supervisor used his/her employment for personal benefit on several occasions.

### Supervisor Paid for His/Her Child's Summer Camp Using Funds that Were Donated to the Employee's Park for the Purpose of Assisting Children Unable to Pay Program Fees

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c) That the Park District restrict use of the tax-exempt letter to employee positions it determines should use them, institute rules and appropriate training about use of the letter and making tax-exempt purchases on the Park District's behalf.

Response: The recommendation is still under consideration.

## SNAP Benefits Fraud: Two Employees Exchanged Cash for Food Stamps; Used Benefits to Buy Items for an Unauthorized Candy Store in the Park

An OIG investigation revealed that two employees illegally bought food stamp cards from SNAP benefits recipients and then used the credits to buy candy and snack food items for an unauthorized concession that operated at the park for several years. Between 2015 and 2019, Employee 1 made nearly 300 transactions at Sam's Club using SNAP benefits cards to purchase more than \$32,000 in items.

SNAP benefits may not legally be redeemed for cash but the investigation established that Employee 2 found SNAP recipients and paid them 70 cents on the dollar for access to their benefits cards. Employee 2 gave the cards to Employee 1, who used them at Sam's Club to buy candy and soft drinks at Sam's Club, which were then put up for sale at an unauthorized concession at the park. Although OIG located records that revealed the concession operated for more than four years, witnesses stated that it was in the park for much longer.

Employees 1 and 2 admitted to the allegations related to the unlawful use of SNAP benefits. However, the employees denied personally benefiting from the benefits fraud or the sales of the concession. The Park District received no sales records from the concession.

The investigation also discovered that Employee 1 purchased more than \$17,000 in personal items at Sam's Club without paying sales taxes on most of them. Employee 1 linked their Sam's Club card to the Park District's tax-exempt status to evade sales taxes on the purchases.

As a result of OIG's investigation, Employee 1 and 2 resigned their employment.

## Independent Preschool Operating on Park District Property Without State or City Licenses

An OIG investigation established that an independent, for-profit preschool operating in the Park District under a permit agreement did not have the required State of Illinois and City of Chicago licenses to operate. The school, which had been operating in a wooded area of Park District land since 2016, did not have a waiver or exemption that would have allowed it to continue without the appropriate preschool operator license. In fact, the investigation discovered that the preschool had no license of any kind, not even a city business license. At the end of the summer of 2019, the Park District terminated the use and occupancy permit that allowed the preschool to operate on the site.

Following an inspection in early 2019, an Illinois agency determined that the preschool was operating without the required license under the Illinois Child Care Act. The school reached an informal agreement with the agency that allowed it to operate status quo through the summer, during which time it could either obtain the required licensure or secure a waiver. The school did not obtain a license or a waiver by the end of the summer.

The preschool was a sharply divisive issue in the community. The site it occupied was entirely outdoors in an isolated section of parkland. The school, for children three years and younger, convened unless the outdoor temperature fell below 15 degrees Fahrenheit. During its visit to the site in February 2019, OIG observed one portable toilet, and there appeared to be no running water available. Tuition for the 2018-19 school year was nearly \$8,500.

The school's proponents argued that its setting offered preschoolers sanctuary from the digital age and promoted a flinty resourcefulness gained from exposure to the outdoors. But the school was also the subject of numerous complaints by residents about trash and the school's use of open fires, which may have violated the Park District Code.

OIG did not recommend that the Park District discourage programming simply for being unconventional. However, the nature of the school's operations were clearly incompatible with the state's licensing requirements. The school's proponents argued that its divergence from the traditional preschool model was precisely what they found appealing about the program. But the school appeared to want to have it both ways: On the one hand, it projected itself as a first-of-its-kind program at the forefront of preschool care. On the other hand, the school wanted to offer assurance to the public that it had the approval of the Park District and the licensing authorities. Included in the school's messaging was the incorrect statement that it operated "in partnership" with the Park District. Although the Park District issued the school a use permit of the site, it had no role in the school's programming.

The preschool's website also stated that it "meets all applicable state and local regulations," which also proved to be false. The preschool had no preschool operator's license and it's not evident that it even had a City business license.

Under the terms of its Park District permit agreements in effect since 2016, the preschool stated that would "comply with all applicable federal, state and local laws, statutes, ordinances ..." The investigation found no evidence that the preschool has ever been found in compliance with any State of Illinois or City of Chicago laws governing preschool operators.

Although the preschool operated through the summer of 2019 with the Park District's knowledge, OIG was unable to find a copy of the most recent version of the permit agreement (for 2018-2020) that had been signed by a Park District representative.

OIG recommended that the Park District:

- a) Terminate its agreement with the preschool for breach of the requirement that it "comply with all applicable federal, state and local laws, statutes, ordinances, rules, regulations, codes and executive orders ..."

Response: The Park District followed the recommendation and terminated the agreement effective at the end of summer 2019.

- b) Confirm going forward that any prospective permittees who are required to have childcare licensing meet the requirements and are in good standing.

Response: The Park District has not responded to this recommendation.

## Review: Park District Did Not Verify Required Credentials for Numerous Recent Hires

OIG reviewed 15 hiring rounds in which the hired candidate claimed to have a bachelor's degree and found that the Park District verified the candidate's educational background in only two cases. In each of the 15 cases, the job description either required (or expressed a preference for) a bachelor's degree and the candidates claimed in their job applications to have the degree. However, the Park District didn't verify the candidates' educational backgrounds during the onboarding process.

OIG requested and reviewed proof of the candidates' (who are now Park District employees) degrees.

## Employees Collected Cash for Scrap Metal Sales and the Park District Never Received the Payments; Park District Enacted New Policies in Response to Investigation

An OIG investigation established that several Park District employees in trades and landscape departments were selling Park District scrap metal for cash that the Park District never received. The proceeds amounted to \$64,000 in cash over nearly 300 transactions between 2012 and 2017.

Eleven employees in total sold Park District scrap for cash between November 2012 and March 2017. Two employees, however, accounted for the bulk of the cash transactions in that period, collecting \$44,000 that should have gone to the Park District. The Park District policy on scrap metal has for years expressly directed employees to collect payment in the form of a check payable to the Park District.

During the period OIG reviewed, more than 75% of the proceeds from the Park District's scrap metal sales were paid in cash to employees. In comparison to the \$64,000 in missing cash payments, the Park District received only \$19,634 in payments by check.

OIG obtained hundreds of videos and images from the scrapyards that showed employees bringing in scrap on Park District vehicles while they were on the clock. The transactions were processed using the Park District's customer account and the images showed that employees collected cash payments.

In one of several instances, OIG obtained images that showed employees selling five loads of chairs taken from the Petrillo band shell in 2014. OIG matched the time-stamped photos of the transaction to Park District work orders to scrap the Petrillo band shell chairs. The employees took cash for four of the five transactions totaling \$2,139. In one transaction, the employees accepted a check payable to the Park District in the amount of \$425. The Park District never received any money from the cash transactions.

The two employees responsible for most of the transactions denied taking any of the money for themselves. They claimed to have given the cash to their now retired Foreman, and insisted that they didn't know what the Foreman did with the proceeds.

OIG recommended that the Park District terminate the employment of the two employees who collected most of the cash. OIG also recommended that the Park District review the scrap metal policy to implement best practices and instruct any scrapyard vendor with whom the Park District transacts business to make payments exclusively by check.



The Park District initiated termination proceedings for the two employees and has initiated disciplinary/termination proceedings for the other employees who took cash payments that the Park District never received.

The Park District has reviewed its policies and instituted new procedures with stronger safeguards and better tracking of scrap loads. While the new measures will make improvements, the Park District's policy for years was clear that employees were required to take payment for scrap metal by check, not in cash.

## Employees Misuse of Tax-Exempt Status to Buy Personal Items at Sam's Club

An OIG investigation showed that 24 Sam's Club members set up accounts using the Park District's tax-exempt status, which allows customers to purchase items without paying the applicable sales tax. Seventeen of the 24 members were current or former Park District employees, the remaining seven had never been employees. Tax-exempt purchases are only permitted when the purchases are made for the Park District. Applying the Park District's tax exemption to personal purchases is sales tax evasion under Illinois law.

Three Park District supervisory employees used the tax exemption while purchasing thousands of dollars of items between 2015 and 2019, most of which was for personal use. The employees insisted that some of their purchases were for the Park District, each admitted that many of the items were for personal consumption, a misuse of the tax exempt status. The employees claimed to not know that their personal purchases were not being taxed; however, for each tax-exempt transaction, Sam's Club members were required at the point-of-sale to affirm that their purchase was "used in [the] operation of an exempt organization."

Between 2015 and March 2019, one supervisory employee purchased items totaling \$2,810 at Sam's Club tax-free, using the Park District's tax-exempt status. That employee also told OIG that they had purchased a television at Sam's Club tax-free on behalf of the park's advisory council.

Another supervisory employee purchased \$9,326 worth of items from Sam's Club between 2015 and 2019, the majority tax-exempt. The employee and their spouse were routinely purchasing household items, including beer, food, groceries, and laundry detergent.

A third supervisory employee purchased items in the amount of \$14,204 from Sam's Club between 2015 and 2019, most of which was tax-exempt. The employee's records showed that they were regularly applying the exemption to purchases of groceries, diapers, clothing, and other personal items.



OIG recommended appropriate discipline for the three employees who were the subjects of the investigation. The recommendation is under advisement as the Park District considers appropriate actions for all of the employees who made unauthorized tax-free purchases at Sam's Club. The investigation also showed that the Park District's Illinois Department of Revenue's tax-exempt letter was widely accessible and vulnerable to abuse. OIG recommended that the Park District restrict access to the tax-exempt letter. The Park District followed the recommendation.

OIG also recommended that the Park District:

- a) request Sam's Club to invalidate the 24 customer accounts associated with its tax-exempt status;
- b) require the three employees to retroactively pay the Illinois Department of Revenue all sales taxes owed from their Sam's Club purchases;
- c) restrict use of its tax-exempt letter to employees that it determines should have access to it and develop policies indicating the proper use of the tax-exempt certificate and as well as further training about making tax-exempt purchases; and
- d) determine whether and to what extent the advisory council that supposedly bought a television has been using the Park District's tax-exempt status to make purchases.

The Park District did not respond to these four recommendations.

## **Park District Hired Administrative Employee Without Verifying Required Bachelor's Degree; Employee Did not Have the Degree**

An OIG investigation established that a full-time administrative employee was hired in the first quarter without demonstrating proof of a Bachelor's degree. A Bachelor's degree is a minimum qualification for the specific position to which the employee was hired. OIG confirmed that the employee did not meet the requirement although they claimed to have a Bachelor's degree on their job application.

OIG initiated its hiring investigation following several complaints in the first quarter of 2019 about new Park District hires. During a review of recently hired personnel, OIG flagged questionable statements on the administrative employee's application about their education. OIG confirmed with the employee's university that they were formerly enrolled but had not received a degree.

To ensure that it wouldn't be necessary to conduct an investigation after the employee started work, OIG alerted Human Resources to the fact that the candidate did not have a degree three weeks before the employee's start date. Nevertheless, the employee was hired and began working for the Park District.

In addition to OIG's outreach to Human Resources, there were several red flags in the candidate's application materials that appeared to have been overlooked, including an incomplete transcript with no date of conferral and an application that listed the employee's conferral date as "01/9999."

There is no indication that the Park District attempted to verify that the employee had completed the required degree.

OIG found that the selected administrative employee had very limited relevant job experience. By contrast, other applicants in the same hiring round included managers and specialists in the public and private sectors. All claimed to have Bachelor's degrees. OIG's review of other candidates' applications suggested that the administrative employee's comparatively limited experience was insufficient to justify a waiver of the educational requirement.

OIG recommended that the administrative employee be terminated from Park District employment. The employee resigned.

## Employee Falsely Certified Friend's Community Service

An OIG investigation revealed that a Park District employee submitted documents to a downstate Illinois county court, falsely certifying that a friend had completed court-ordered community service. The employee misrepresented their own position on the document and falsely claimed that their friend had completed their service at the Park District.

The employee's friend had been sentenced to 100 hours of community service following a guilty plea to theft and forgery. In November 2018, the employee submitted forms by fax certifying, as a "Supervisor," that their friend had completed the service at the Park District.

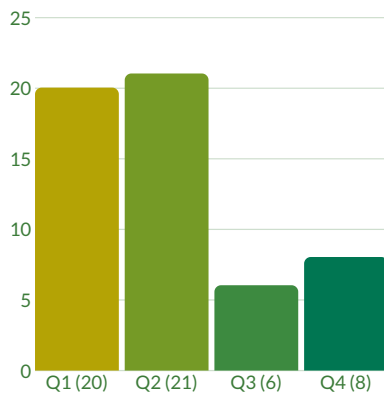
Under its policies, offenders are not allowed to perform court-ordered community service at the Park District. The employee admitted to submitting false information to the county court implicating the Chicago Park District.

OIG recommended that the Park District take the disciplinary measures it determined was appropriate. The employee was terminated.

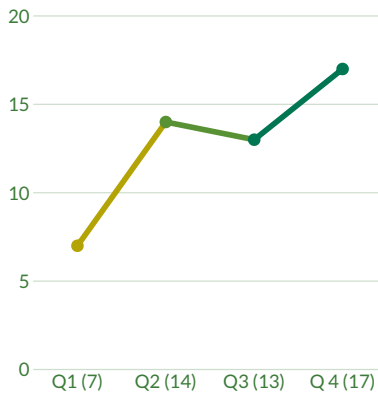
# ANNUAL INFORMATION

## INVESTIGATIONS

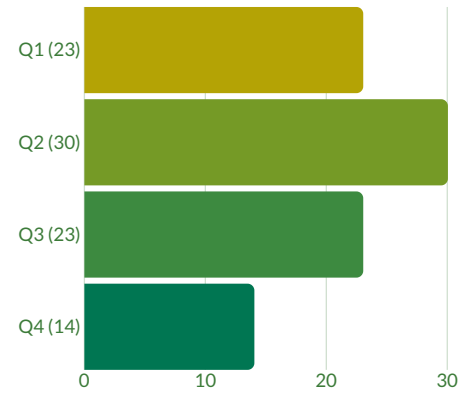
### OPENED (55)



### CLOSED (51)

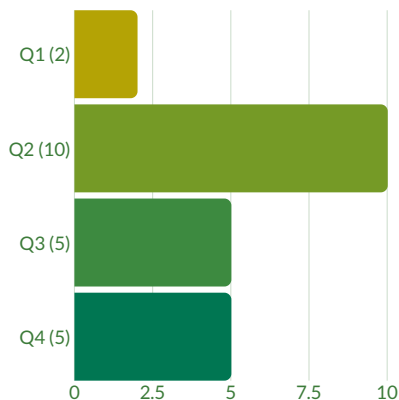


### PENDING (14)

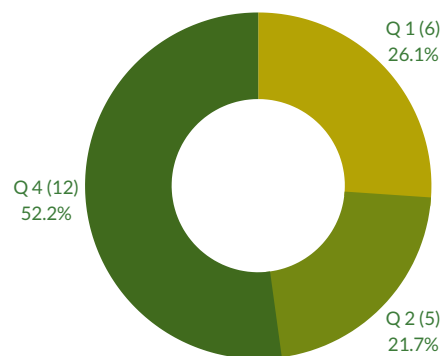


## REVIEWS

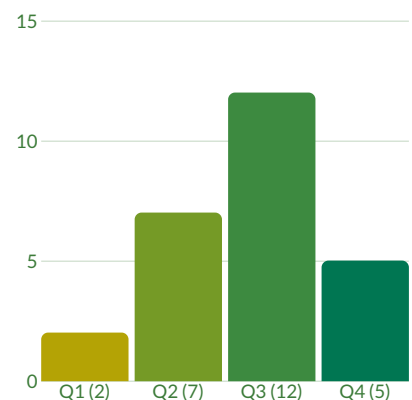
### OPENED (22)



### CLOSED (23)



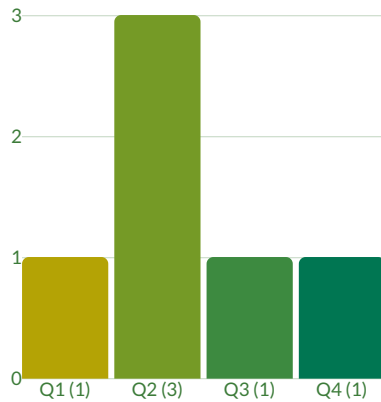
### PENDING (5)



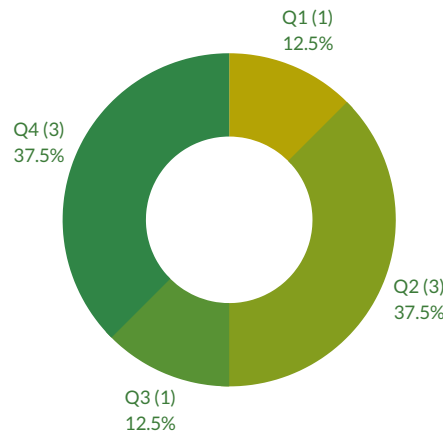
Closed matters include carry-over from 2018.

# AUDITS

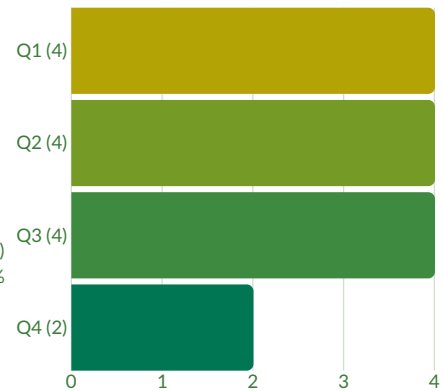
## OPENED (6)



## CLOSED (8)

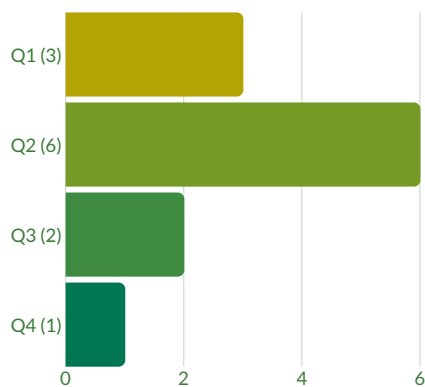


## PENDING (2)

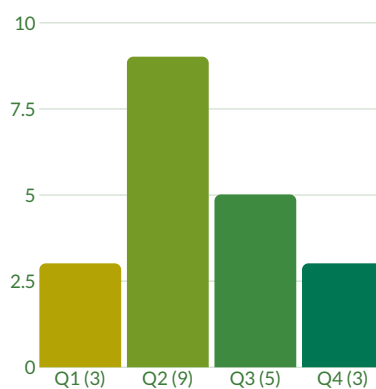


# TYPE OF INVESTIGATIONS AND REVIEWS

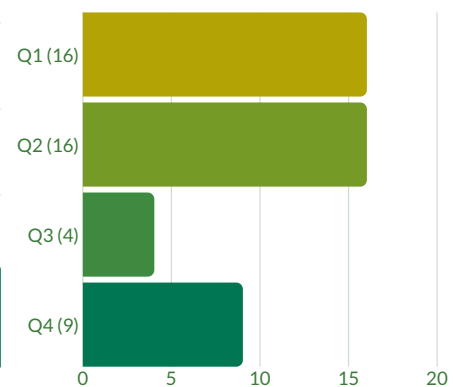
## CRIMINAL MISCONDUCT OR FRAUD (12)



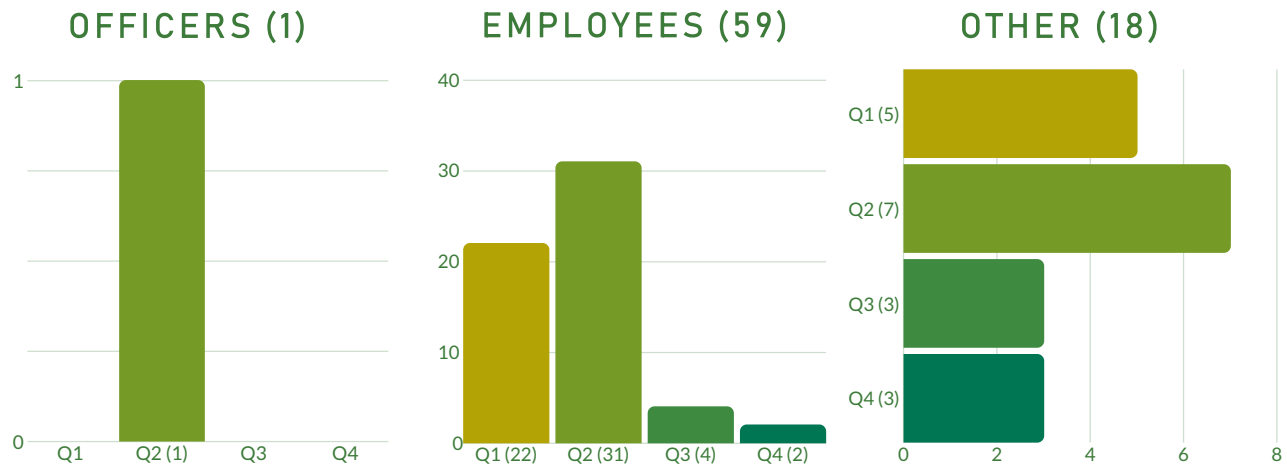
## WASTE, INEFFICIENCY, COMPLIANCE, ADVISORIES (20)



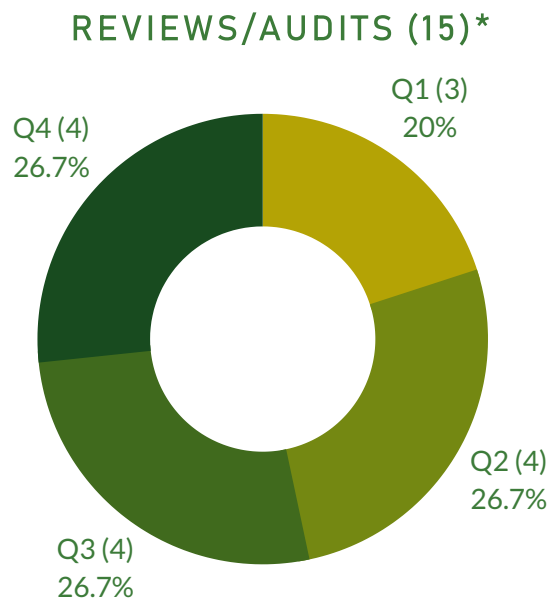
## OTHER RULE, CODE, ORDINANCE VIOLATIONS (45)



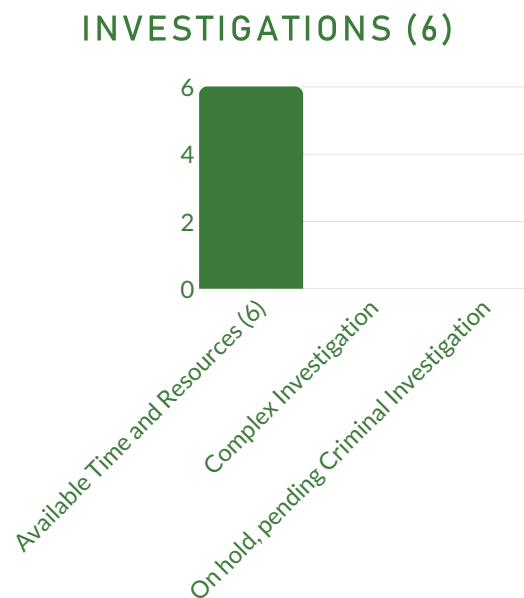
## INVESTIGATED AND REVIEWED PARTIES



## HIRING COMPLIANCE



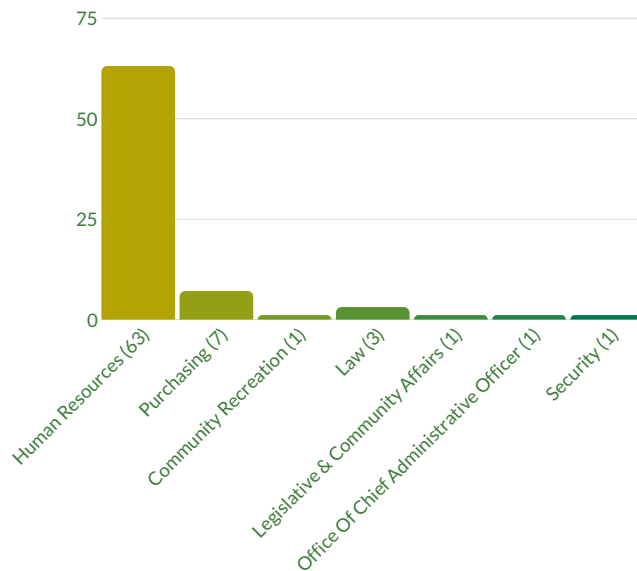
## PENDING OVER 6 MONTHS



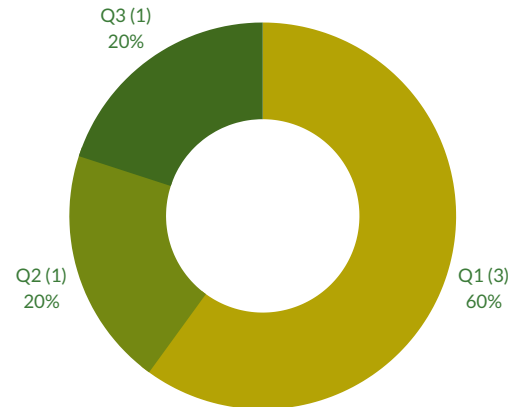
Other includes Agents, Concessionaires, Contractors, Unknown, and Other parties.

\*Revised

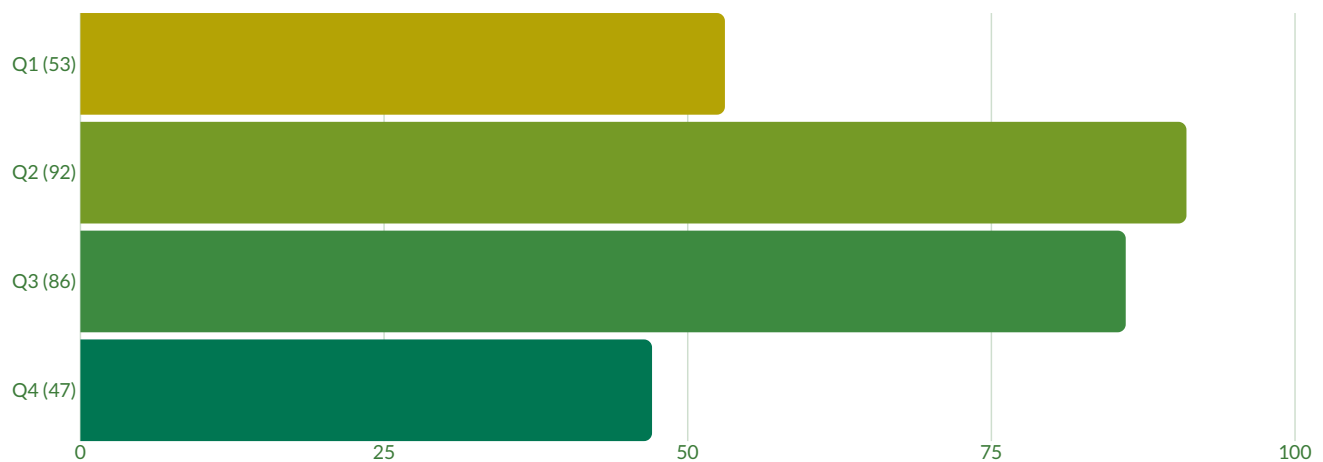
## INTERNAL ASSISTS



## EXTERNAL ASSISTS



## COMPLAINTS RECEIVED



Internal Assists are OIG actions in response to department requests for information, analysis, and other assistance.

External Assists are OIG actions in response to requests outside of the Park District (e.g. law enforcement agencies, etc.) for information, analysis, and other assistance.

# Hiring Compliance Monitoring Activity

## Fourth Quarter 2019

OIG reviews and monitors the Park District's hiring and assignment determinations from the quarter to ensure that the actions taken comply with the Employment Plan. OIG reports on its compliance monitoring activities in each its quarterly reports.

### Monitoring Contacts by Hiring Departments

OIG reviews 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 fourth quarter of 2019. Since OIG started reporting the Park District's hiring compliance monitoring activity, Human Resources has never reported any improper contacts by hiring departments.

### Review of Exempt List Modifications

OIG reviews the Park District's adherence to exemption requirements and modifications to the list of job titles and number of positions that are Exempt from the Employment Plan procedures. The following modifications to the Exempt List were approved in the fourth quarter of 2019:

Positions added to the Exempt List (0)

Positions removed from the Exempt List (0)

### Review of Exempt Management Hires

Human Resources reported no Exempt hires made during the fourth quarter of 2019.

### Review of Written Rationales

OIG reviews 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 fourth quarter of 2019. The last "no consensus" letter OIG received was in 2015 when the Park District was still under the federal Shakman decree.

## Review of Emergency Appointments

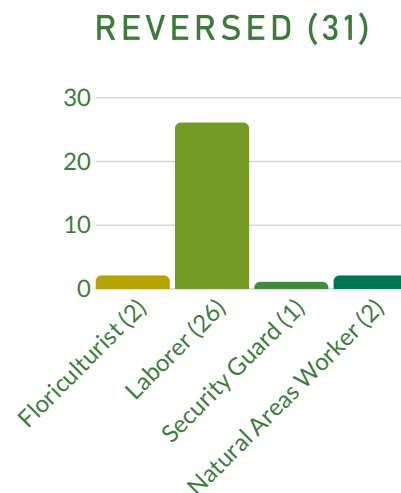
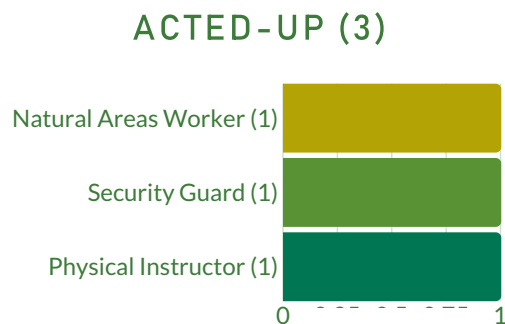
OIG reviews circumstances and written justifications for any emergency hires made pursuant to the Personnel Rules of the Park District Code.

Human Resources reported no emergency appointments during the fourth quarter of 2019. Human Resources has never reported an emergency appointment.

## Review of “Acting Up” Activity

OIG reviews all circumstances where employees are “acting up” (performing all or substantially all of the duties of an employee in a higher-paid classification). Activity in the fourth quarter of 2019 showed that 3 employees were “acted up” during the quarter and 31 employees who had been in “acting up” status were placed back in their positions.

### Acting Up Activity - Fourth Quarter





## Hiring Sequence Audits

OIG audited a sample of Park District hires from the fourth quarter of 2019 for compliance with the Employment Plan. The audits completed in this quarter identified non-compliance with the Plan. The audits also continued to show that the Park District's transition to the Taleo database has resulted in a decrease in the availability of relevant hiring information for the purpose of compliance oversight. Far more often than before the switch to Taleo, OIG encounters hiring files without any required information uploaded about qualified candidate pools, interview rating forms, and proof of candidate qualifications. For several years, the City of Chicago has used Taleo in its hiring processes without a similar disruption in its ability to monitor hiring compliance rules. OIG will continue to work with the Park District to improve these issues and report on the progress.

The following hiring sequences from Q4 2019 were audited:

### #1900313 Inside Electrician

- Applicants: 0
- Qualified candidates: 0
- Candidates interviewed: 0

Other: This vacancy for an Inside Electrician position was never posted publicly. A review of this hiring sequence in Taleo makes it appear that the winning candidate was the only applicant for the job. Per HR, however, the Park District authorized the hire of two Inside Electricians under sequence #1900312 but entered only one job vacancy in the database. Therefore, the oversight required creating a new hiring sequence (#1900313) to reflect that there were two positions available, according to HR. However, the two sequence numbers were created within minutes of each other in June 2019 but the vacancies were not posted until July. It's not clear why the problem with the database couldn't have been fixed prior to posting or, in the alternative, why the #1900313 vacancy wasn't posted publicly at the same time as #1900312.

#### #1900312 Inside Electrician

- Applicants: 29
- Qualified candidates: 1
- Candidates interviewed: 13 candidates invited to interview, 12 were interviewed

Other: The selected candidate did not submit proof of a credential that he/she claimed to have in order to meet the job qualifications. A request for the credential remains outstanding.

#### #1900258 Program & Event Coordinator

- Applicants: 64
- Qualified candidates: No Minimally Qualified List of Candidates Available
- Candidates interviewed: 12 candidates invited to interview, 12 were interviewed.
- Other: No list of minimally qualified candidates available. No reference verification.

#### #1900466 Marketing Assistant

- Applicants: 47
- Qualified candidates: No Minimally Qualified List of Candidates Available
- Candidates interviewed: 12 candidates invited to interview, 7 were interviewed.
- Other: Interview rating forms were not uploaded. No reference verification.

#### Other: EEO Referral (Pending)

During its Employment Plan compliance auditing for this quarter, OIG reviewed a candidate interview rating form for a position on which the reviewer wrote “qualified for woman” next to one of the ratings. The candidate received an overall qualified rating from the interviewer. She was not selected for the position. OIG referred the matter to the EEO Officer for review with a request to be updated on its final disposition.