



# OIG FIRST QUARTER 2020 REPORT



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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### First Quarter 2020 Report

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

I am honored to present the Chicago Park District Office of Inspector General's Q1 2020 Report.

During the first quarter of 2020, the Park District's operations shifted dramatically as it halted programming to fill a critical support function in the City of Chicago's actions to fight the spread of COVID-19. OIG's activities were also understandably curtailed. External complaints and internal requests for assistance fell sharply compared to the same period of 2019.

During the quarter, OIG focused on projects that it expects will have particular importance as the Park District and the City prepare to resume activities over the months and years ahead. Highlighted in this report is our review of the Park District's policies and new procedures related to the discounting of special event permit fees. Several ongoing investigations and reviews address other items involving the Park District's revenue and purchasing policies.

In the first quarter of 2020, OIG was allocated the resources to hire a deputy inspector general. The Park District's investment in this critical position will realize an immediate benefit for our office.

Through our independent oversight, OIG will continue to combat fraud, waste and abuse through the challenging times when it is most needed. In this role, we look forward to continuing our support of the Chicago Park District.

Sincerely,

*Will Fletcher*

Will Fletcher  
Inspector General

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# Investigations and Reviews

## Well-Connected Lake View East Homeowner Has Encroached on 3000 Square Feet of Lincoln Park for Five Years, Preventing Public Access

An OIG investigation has established that a Lakeview East Homeowner has cordoned off nearly 3,000 square feet of Chicago Park District property (in Lincoln Park) for his own personal use with fencing and hedgerows surrounding the land. For five years, OIG has received complaints from Homeowner's neighbors that the hedgerows intentionally block public access to open park land. The evidence more than substantiated the allegations.

There's no real dispute that the land belongs to the Chicago Park District — not even the Homeowner contends that he owns it. The Chicago Department of Transportation (CDOT) agreed that the land was Park District property. Although the Park District has asked him/her to remove the encroachments for more than five years, Homeowner, who is apparently well-connected, has refused. The message that Homeowner's hedgerows sends to anyone walking by his/her house is clear: "This land is my property."

In 2015, the Park District Law Department sent Homeowner the first of several notices regarding the encroachment on park land. In his/her responses, Homeowner has strung along the process by advancing unsubstantiated and conflicting explanations about obtaining easements on the land. The City of Chicago once granted Homeowner a limited right of way to construct a narrow walkway leading from Homeowner's property to the city sidewalk. But Homeowner has made a red herring out of this limited permission for several years. Homeowner received no right from the City or the Park District to cordon off 3,000 square feet of park land for his/her own use and has offered nothing that remotely supports such a notion.

In addition, Homeowner's shifting explanations and refusals to remove the hedgerows have delayed, for more than five years, the Park District's attempts to remedy other minor encroachments to park land in Homeowner's vicinity. When the Law Department originally notified Homeowner of his encroachment in 2015, it also contacted nearby residents and property owners who also had encroached on park land. Those property owners had tentatively agreed with the Park District's terms for use of the park land for decorative improvements and construction of walkways to allow street access through the park land. But the agreements have reportedly been on hold for five years and counting as they await the disposition of Homeowner's encroachment.

OIG recommended that the Park District instruct Homeowner to remove his encroachment on Park District property within 30 days upon the issuance of its report. In the event that



homeowner refuses to comply, OIG then recommended that the Park District take all appropriate action to halt Homeowner's continuing encroachment as soon as practical including, if necessary, filing civil suit against Homeowner.

This report was issued within the timeline requested for the Park District's response to OIG's recommendations. OIG will report the Park District's response in a subsequent report.

## Music Festival Promoter Games Park District's Permit Fee Discounts for Two Years; Loopholes in Fee Policies Remain

An OIG investigation concluded that a Promoter for a one-day music festival, which was held in Park District venues in 2018 and 2019: (1) violated the terms of Park District event permit and partnership agreements; (2) made material misstatements to the Park District; (3) reneged on donation pledges to nonprofits; and (4) failed to make reports to Illinois taxing authorities.

That investigation, in turn, led to a larger review of the Park District's waiver or discount of event permit fees in 2018 and 2019. Specifically, the Park District applied a total of \$11.6 million in fee discounts. And of that \$11.6 million in discounts, \$4.45 million were applied to 114 events that OIG classified as revenue-generating or for-profit festivals. OIG further reviewed the nonprofit discount policy for special event permits that the Park District had readied for 2020, but that have not been applied due to the COVID-19 pandemic and subsequent shutdown of Park District facilities.

Investigation of Promoter. In 2018, the Promoter obtained a special event permit to hold a one-day music festival at a Park District venue. The event was broadly advertised on social media as well as local press, and anticipated thousands of people to attend. The event was clearly intended to generate revenue. Attendees paid \$25 for admission to the festival to enjoy live music and buy food, alcohol and other merchandise; VIP tickets were also available at \$75 each.

The Park District discounted the Promoter's \$14,320 event permit by nearly \$6,000 on the Promoter's pledge that 100% of the event's "net proceeds" to a nonprofit organization. But there is no record that the Promoter made the donation. To the contrary, the nonprofit that should have received the donation told OIG that, over one year after the event was held, it had not received any money from the Promoter. Unfortunately, it was not the Park District's practice to confirm that, in exchange for receiving the discounted permit, the permit holder actually made a donation to the designated nonprofit. In addition, although the 2018 festival brought in more than \$120,000 on the sales of tickets, food, alcohol, and other income, the Promoter claimed in his/her tax filings statements (which the Promoter submitted to OIG) that the festival had lost money and had no proceeds to donate. As a result, OIG noted, the Park District would have to conduct an extensive audit of the festival's records to prove otherwise.

Although there was no evidence that the Promoter honored the commitment to donate event funds to a nonprofit after the 2018 festival, the Park District nevertheless awarded him/her a partnership to hold the 2019 event at an even larger discount. Under the partnership's terms, the Promoter promised to purchase \$9,000 in uniforms for football and dance programs; in exchange, the Park District waived the entire \$15,040 permit fee for the event. OIG reviewed evidence that suggested the Promoter purchased only about \$5,700 in items for the football program, but could not confirm that he/she purchased anything for the dance program.

In addition to agreeing to purchase the uniforms, the Promoter pledged to the Park District that the 2019 festival would "raise funds" — specifically, \$1,500 — and "awareness" for a second nonprofit organization, which the Promoter deemed a "nonprofit partner." But as happened in 2018, the nonprofit's president told OIG that, as of October 2019, the Promoter had not made any donation to the organization. And, curiously, the president stated that the nonprofit acted as the festival's "fiscal agent," meaning that it had handled some of the festival's paperwork and connected the Promoter with local vendors.

Even more, and as was the case with other festival-related filings OIG has reviewed, the Promoter identified security providers, emergency medical services and other services that were either suspicious, contradictory, or at least warranted additional information, such whether the individuals were properly licensed. Similarly, evidence shows that the Promoter attempted to low-ball the festival's expected attendance by up to two-thirds in an unsuccessful attempt to obtain a lower permit fee.

Background on Discounted Permit Fees. Any individual or entity that wishes to hold a large group event at a Park District facility — such as festivals, farmers' markets, or other group events — must first obtain from the District a special event permit. Applications for special event permits are reviewed and approved by the Park District's Revenue department. Revenue calculates permit fees by consulting a schedule of rates that adjust depending on a long list of factors such as, for example: (1) the type of event; (2) its location; (3) the space needed; (4) the time needed for setup and breakdown; (5) the number of attendees anticipated; and (6) whether alcohol will be served.

Special event permit fees are expensive; they typically range from the tens of thousands to the hundreds of thousands of dollars. Because of their cost, the Park District regularly reduces permit fees or waives them altogether for festivals and other events of all sizes. Such waivers or discounts take two forms: (1) nonprofit discounts that are applied by the Park District's Revenue Department, or (2) partnerships that generally are initiated by management or through parks. Importantly, for-profit festivals are eligible to receive fee waivers or discounts through nonprofit discounts or partnerships, even though they seek to make money by charging admission or offering other revenue-generating activities.

The Revenue Department's application of the nonprofit discount changed in 2020. Up until this year, the Revenue Department would apply an increasing series of permit fee discounts depending on how much an event's revenue would be directed to an organization with IRS nonprofit status. But beginning with events that had been scheduled in 2020, the policy changed so that the nonprofit discount would apply only when a permit applicant represents that "100%" of the event's "net proceeds" will benefit a nonprofit organization.

Permit waivers through partnerships, in turn, have been broadly applied for special events held and sponsored by advisory councils, government entities and elected officials. It has been established practice that Aldermen may request two partnerships for event permits annually. The partnership agreements require the permit holders to provide the Park District with something of value, for example, donations, programming, sponsorships, or the like.

Through nonprofit discounts and partnerships, the Park District discounted (or waived in total) a combined \$11.6 million of event fees in 2018 and 2019. Of that \$11.6 million in discounts, 114 events that OIG classified as revenue-generating or for-profit festivals received \$4.45 million.

The intended effect of this fee-reduction policy is to make the Park District's public venues accessible to a larger number of organizations. But, as OIG uncovered, substantial permit discounts have attracted corporate and other for-profit festival promoters — like the Promoter originally under investigation. Even more, the for-profit festival business model is profit-driven, and thus often conflicts with the Park District's intent to make its public venues available to a wider group of organizations through permit fee waivers or discounts.

Updated Nonprofit and Partnership Discount Policies. Until the onset of the COVID-19 pandemic and ensuing Park District-wide shutdown, updated policies regarding the nonprofit and partnership fee discounts were intended to take effect in 2020. The Park District revised its nonprofit discount policy a few times after an OIG investigation of a nonprofit organization operating in Grant Park and its president revealed what the Park District recognized was misuse of the policy to boost profits for corporate promoters. And, as mentioned above, the Revenue Department now requires permit applicants to represent that "100%" of events' "net proceeds" will benefit a nonprofit organization to receive a nonprofit discount.

All of the revisions have improved on previous iterations of the discount policy. The policy revisions for 2020 appeared to be the most extensive yet and, in the case of a recently issued Partnership Handbook, finally provide Park District personnel with necessary guidance about the purpose of partnership agreements and how to process them.

OIG noted, though, that the new policies are unlikely to resolve some known issues related to special event permits for festivals and other large events that are held with the intent of generating revenue. Specifically, OIG cautioned that effective monitoring of donations of events' "net proceeds" to nonprofit organizations will require exhaustive auditing resources, particularly as it relates to the auditing of festival promoters looking to game the policy through fraud or deceit.

In addition, under the new tiered approach to permit discounts, nonprofits with annual incomes of under \$1 million may receive the largest permit discount of 75%. OIG has been informed that even newly formed nonprofit organizations with no financial track record would be eligible for the 75% discount, presenting the fraud risk that incentivizes unscrupulous promoters to incorporate nonprofits primarily for the purpose of obtaining the maximum discount. Depending on the size of the festival, the 75% discount on the permit fees can be worth tens or hundreds of thousands of dollars.

OIG also pointed out that the Park District still does not confirm whether festival producers and vendors report sales tax information as Illinois law requires. Because of the prevalence of cash transactions at festivals — especially for admissions fees at entrance gates and for vendor-sold goods — the absence of Park District oversight risks allowing festivals to become de facto tax havens or worse. Similarly, OIG noted that the Park District needs a better method of confirming that festival producers have obtained all of the licensing and approvals required to hold their events, including ensuring that third-party providers of private security and emergency services are legitimate entities with appropriate certifications and insurance. And finally, partnership agreements run the risk of disproportionately benefitting event sponsors who receive permit fee discounts because the Park District has established no practice to confirm whether the event sponsors make good on their promise to provide the park with something of value in exchange for the partnership.

OIG's Recommendations. At the outset, OIG recommended that the Park District permanently refuse to issue the Promoter or his/her company a special events permit for future events.

As to systemic recommendations based on its expanded review, OIG recommended that, starting with the 2021 festival season, the Park District replace the "net proceeds" policy with a readily verifiable minimum donation that, like the special event permits themselves, is set depending upon variables like the expected attendance, advertising, the presence of merchandising, food and alcohol sales and attendance fees.

In addition, OIG recommended that the Park District consider instituting a cap on partnership waivers for all revenue-generating festivals and events or consider a minimum donation requirement similar to our recommendation for discounted permits.



OIG further recommended that the Park District increase the transparency surrounding the permit fee discounts or waivers by placing a regularly updated page on its website that lists (1) events and their sponsoring entities that received special event permit fee waivers or discounts in excess of \$5,000; (2) the amount of the waivers or discounts; and (3) the justification for providing the waivers or discounts.

Finally, OIG recommended that the Park District require festival sponsors (1) to complete an attestation during the permitting process, in which the sponsors will assure their compliance with the Illinois law that mandates the reporting of sales taxes at their events; and (2) to provide to the Park District a copy of its state-required tax reporting within 10 business days after the report is filed. OIG also recommended that the Park District advise event sponsors during the permitting process that failure to provide timely evidence that they had fulfilled their tax reporting obligations will bar them from hosting future events at Park District facilities.

This report was issued within the timeline requested for the Park District's response to OIG's recommendations. OIG will report the Park District's response in a subsequent report.

## Individual Falsely Claimed That a Park District Facility Was The Location of His/Her Privately Owned Business

An OIG investigation concluded that an individual had falsely represented that a Park District venue that he/she had rented in March 2019 was, in fact, the location of his/her privately owned dance academy. Two months after the individual rented space at the Park District facility, the facility began receiving mail specifically addressed to the individual and the academy. The Park District told the mail carrier that no one such person or program existed at that facility and returned the mail. A short time later, the park supervisor confronted the individual about the mail and instructed him/her that he/she could not use the park facility as an address for the private dance academy.

Approximately three months later, parents contacted the park supervisor to inquire about the individual's whereabouts, explaining that they had been instructed to show up to the facility for dance practice and to pick up dance uniforms. The supervisor informed the parents that the individual was not a Park District employee and that the dance studio was not a Park District program. But one month later, the park facility began to receive telephone calls from businesses to which the individual and his/her dance academy owed money; those businesses informed the park supervisor that the individual had listed the park facility's address as that of the dance academy.

The matter was escalated and referred to OIG for investigation. OIG, in turn, confirmed that the individual (1) was not a Park District employee or had any partnership with the park; (2) was listed on Secretary of State records as dance academy's legal agent; and (3) rented the facility space beginning in March 2019. OIG also discovered that, in 2013, the individual was arrested for conducting a fraudulent scheme involving fundraisers that had been organized ostensibly to purchase equipment for a Wisconsin-based cheerleading squad.

As a result, OIG recommended that the Park District bar the individual from conducting business with the District by deactivating his account in the Park District's business database. The Park District agreed with the recommendation.

## Park District Employee Falsely Claimed To Have a Current Driver's License, Despite Job Requirement

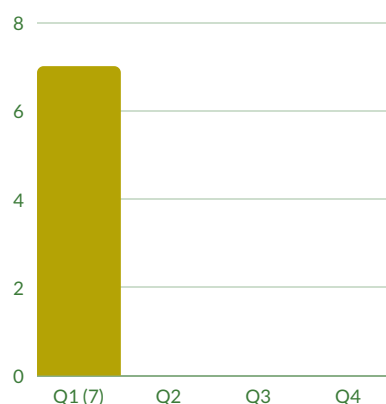
An OIG investigation revealed that a recently hired Chicago Park District Laborer falsely claimed on his/her job application to having a current driver's license. A valid driver's license was a requirement for the position. During the investigation, it was established that the employee had previously worked as a Laborer on a seasonal basis in 2019 without having a valid license, either. The employee falsely claimed to have a driver's license on his/her job application for the seasonal position, too.

OIG recommended the Laborer's termination. The Park District followed the recommendation.

# QUARTERLY INFORMATION

## INVESTIGATIONS

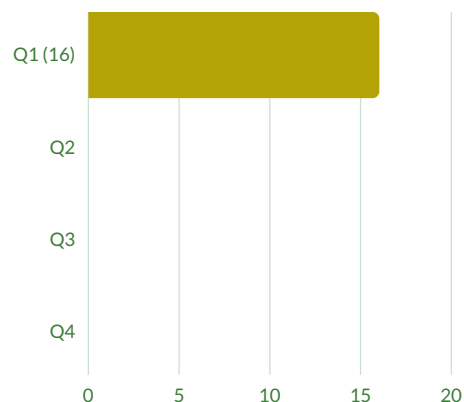
### OPENED (7)



### CLOSED (5)

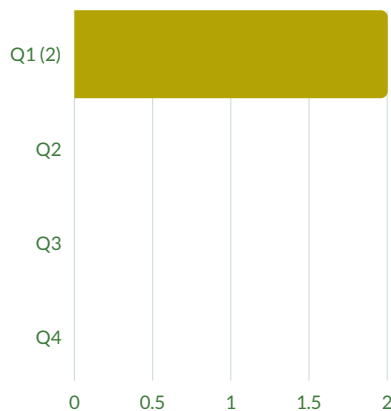


### PENDING (16)

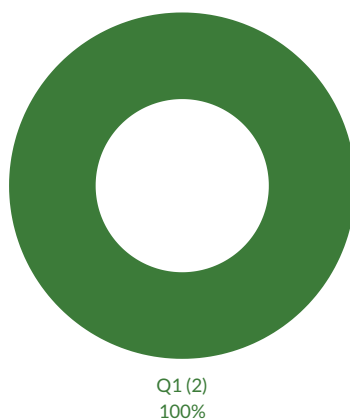


## REVIEWS

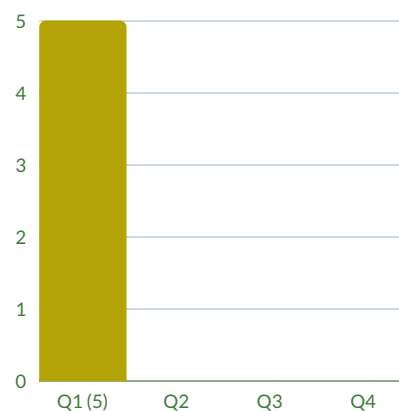
### OPENED (2)



### CLOSED (2)



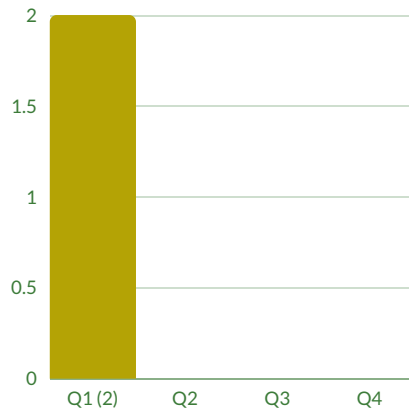
### PENDING (5)



Pending matters include carry-over from 2019.

# AUDITS

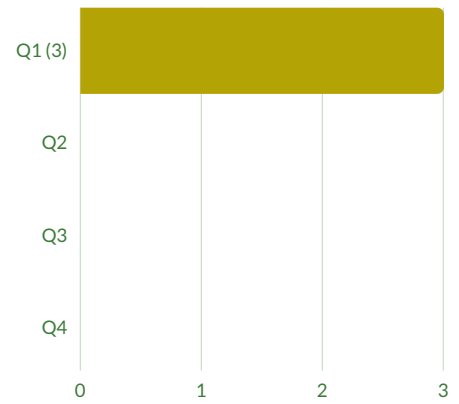
## OPENED (2)



## CLOSED (1)

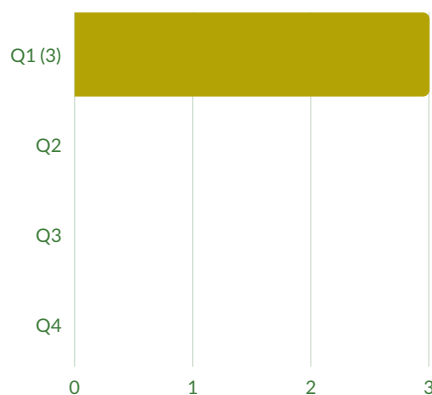


## PENDING (3)

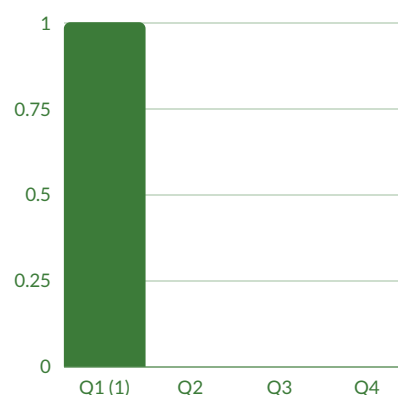


# TYPE OF INVESTIGATIONS AND REVIEWS

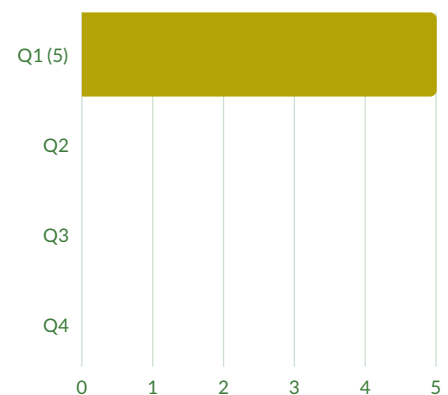
## CRIMINAL MISCONDUCT OR FRAUD (3)



## WASTE, INEFFICIENCY, COMPLIANCE, ADVISORIES (1)

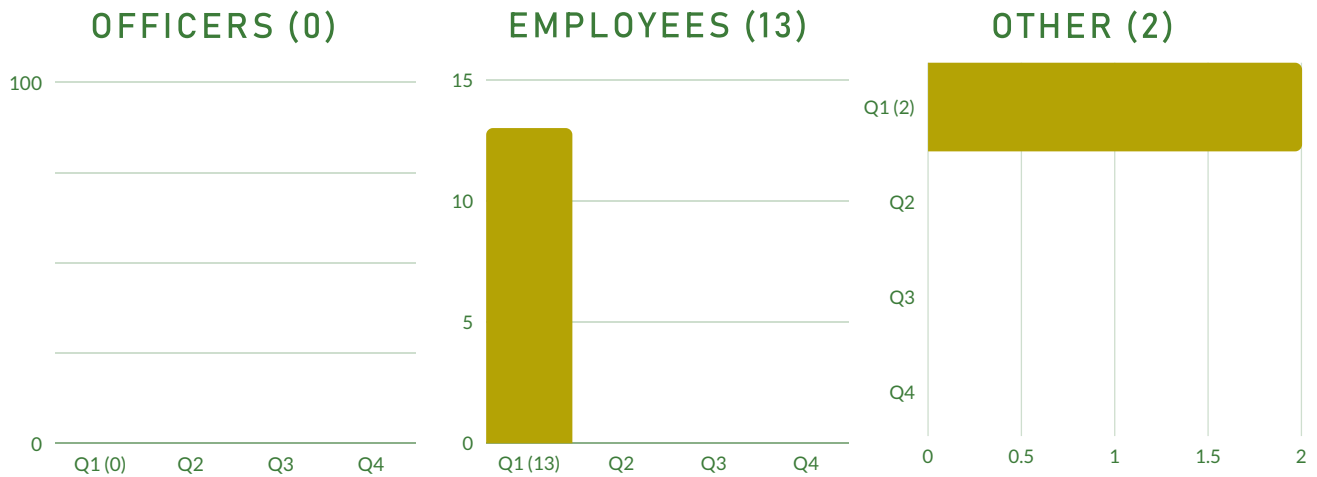


## OTHER RULE, CODE, ORDINANCE VIOLATIONS (5)





## INVESTIGATED AND REVIEWED PARTIES



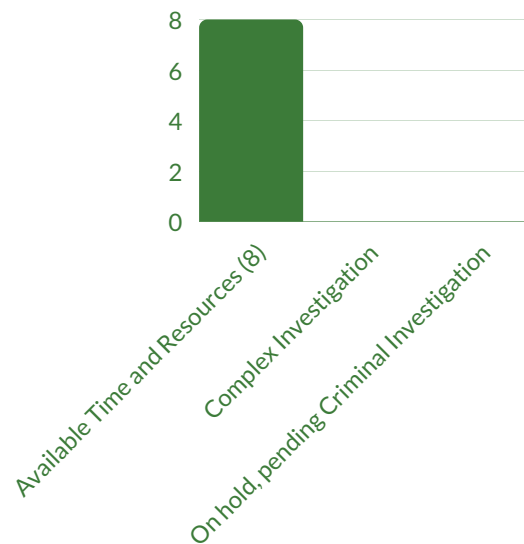
## HIRING COMPLIANCE

### REVIEWS/AUDITS (0)\*



## PENDING OVER 6 MONTHS

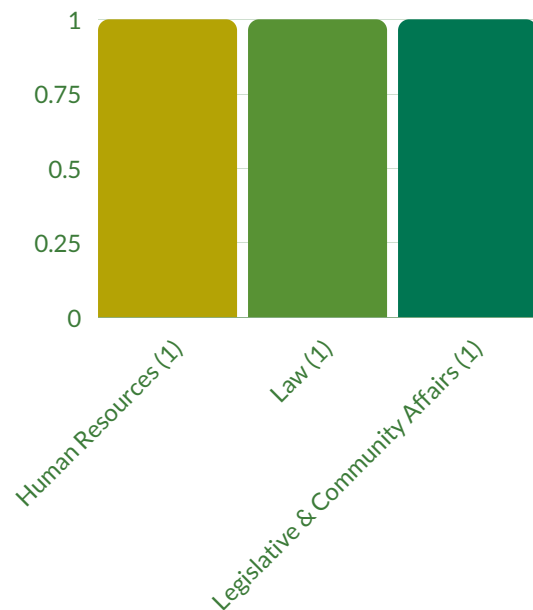
### INVESTIGATIONS (8)



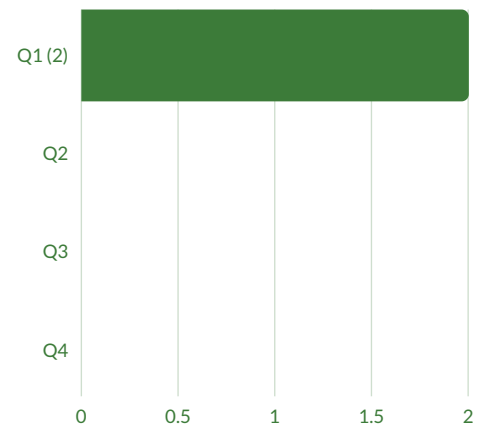
Other includes Agents, Concessionaires, Contractors, Unknown, and Other parties.

\*Due to COVID-19, the OIG did not complete any Hiring Compliance Reviews and Audits.

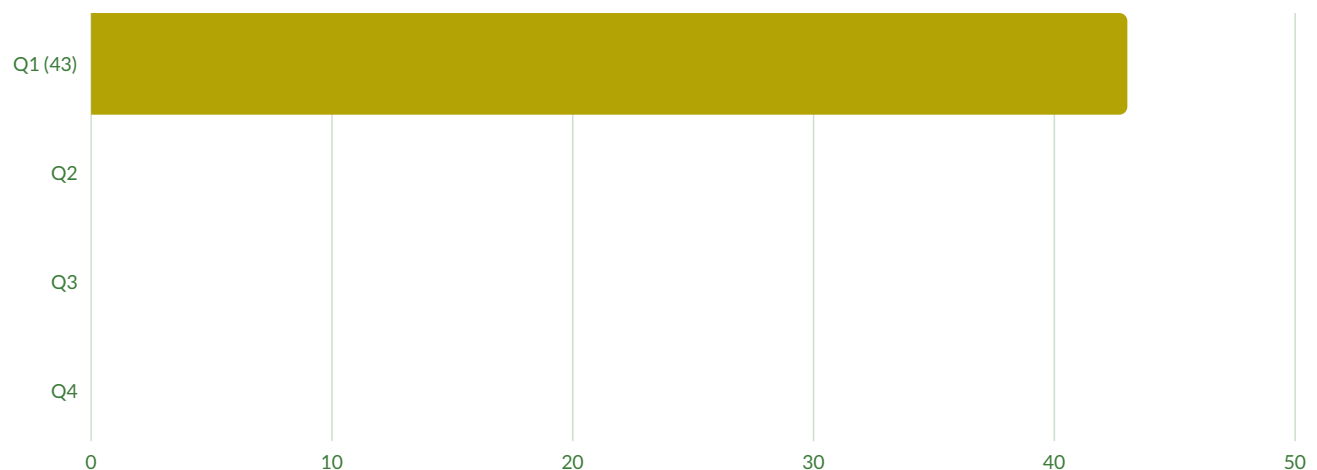
## INTERNAL ASSISTS



## 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

## First Quarter 2020

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 first quarter of 2020. 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 first quarter of 2020:

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 first quarter of 2020.

### 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 2020. 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

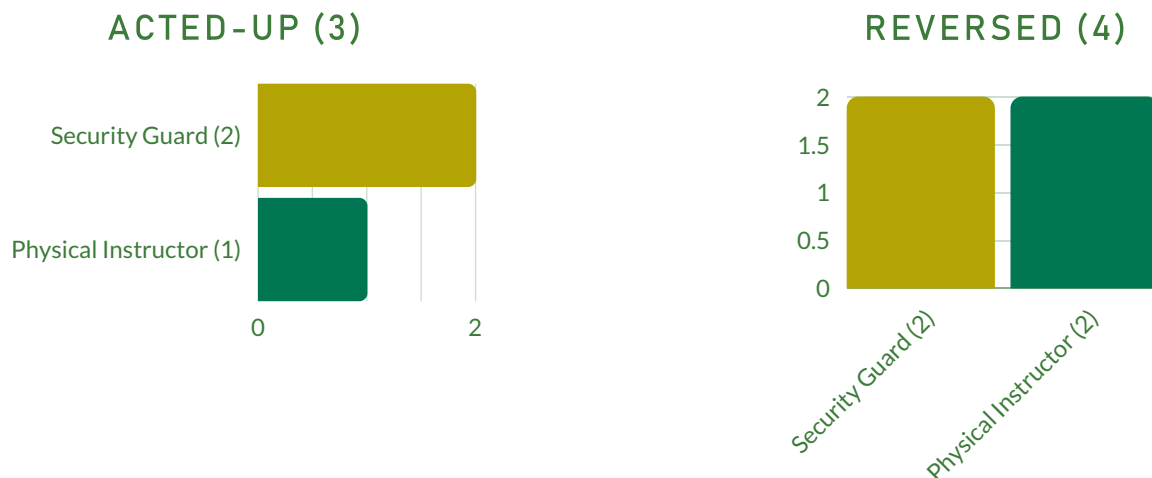
OIG reviews circumstances and written justifications for any emergency hires made pursuant to the Personnel Rules of the Park District Code.

Human Resources reported no emergency appointments during the first quarter of 2020. 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 first quarter of 2020 showed that 3 employees were “acted up” during the quarter and 4 employees who had been in “acting up” status were placed back in their positions.

### Acting Up Activity - First Quarter



## Hiring Sequence Audits

OIG's Hiring Sequence Audit reporting will resume later in 2020.





# OIG SECOND QUARTER 2020 REPORT



CHICAGO PARK DISTRICT  
OFFICE OF INSPECTOR GENERAL

NATHAN KIPP, INTERIM INSPECTOR GENERAL



Nathan Kipp  
Interim Inspector General

## CHICAGO PARK DISTRICT OFFICE OF INSPECTOR GENERAL

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### Second Quarter 2020 Report

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

I am honored to present the Chicago Park District Office of Inspector General's 2020 Second Quarter Report.

The second quarter of 2020 marked the beginning of a transitional period for the OIG. In early June, Mayor Lightfoot appointed Will Fletcher, the Park District's Inspector General for the past five years, to serve as the new Inspector General for the Chicago Board of Education. Will is an exceptional choice for the position. All of us at the Park District OIG are proud of him, wish him the best, and thank him for his peerless guidance and leadership over the years. The Park District is moving swiftly to name Will's replacement and, in the meantime, I am both excited and humbled to have the privilege to serve as Interim Inspector General.

During the second quarter, the OIG undertook investigations and reviews that it expects will have particular importance, given that the Park District and the City of Chicago continue to loosen the restrictions that were put in place in response to the Covid-19 pandemic. This report, in particular, highlights the Park District's response to the OIG's review of the District's policies and new procedures related to the discounting of event permit fees. The report also details an investigation of a Maintenance Laborer who had admitted to (1) driving a Park District vehicle with an expired driver's license; and (2) falsely telling his supervisors and reporting on Park District documents that he had a valid license.

Through the OIG's independent oversight, the office will continue to combat fraud, waste and abuse. And in this role, we look forward to continuing our support of the Chicago Park District.

Sincerely,

Nathan Kipp  
Interim Inspector General

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**Hiring Compliance Monitoring Activity, p.10**

# Response from Previously Reported Investigation and Review

In its [First Quarter 2020 Report](#), the OIG detailed an investigation in which it had concluded that a music-festival Promoter, who held events in Park District venues in 2018 and 2019:

- (1) violated the terms of Park District event permit and partnership agreements; (2) made material misstatements to the Park District; (3) reneged on donation pledges to nonprofits; and (4) failed to make reports to Illinois taxing authorities.

As also discussed in the [Report](#), the initially discreet investigation of the Promoter led to a larger review of the Park District's waiver or discount of event permit fees in 2018 and 2019.

Specifically, during those two years the Park District applied a total of \$11.6 million in fee discounts. And of that \$11.6 million in discounts, \$4.45 million were applied to 114 events that the OIG classified as revenue-generating or for-profit festivals. The OIG further reviewed the updated nonprofit discount policy for event permits that the Park District had prepared for 2020, but that has not been applied due to the Covid-19 pandemic and subsequent shutdown of Park District facilities.

The Park District responded to the OIG's report and recommendations earlier this month. The OIG's recommendations are recounted below, followed by the Park District's responses:

- OIG Recommendation: The Park District should permanently refuse to issue the Promoter or his/her company an event permit for future events.

Park District Response: The Park District's Revenue Department will disqualify the Promoter from receiving a future event permit; notify the Promoter of his/her disqualification; and retire the Promoter's account on the District's internal accounting system.

- OIG Recommendation: The Park District should replace the "net proceeds" policy with a readily verifiable minimum donation that, like the event permits themselves, is set depending upon variables like the expected attendance, advertising, the presence of merchandising, food and alcohol sales, and attendance fees.

Park District Response: The Park District recommends retaining the current "net proceeds" approach, but is reviewing methods to strengthen the procedures to validate payments to nonprofits, including (1) requiring permit applicants to provide during the application process an endorsement letter from the nonprofit (on the nonprofit's official letterhead) and a copy of the agreement between the event organizer and the nonprofit; and (2) with regard



to events that charge admission, pursuing greater information-sharing and coordination with the City of Chicago Department of Finance, which processes City of Chicago Amusement Tax exemption requests using similar supporting documentation.

- OIG Recommendation: The Park District should institute a cap on partnership waivers for all revenue-generating festivals and events or consider a minimum-donation requirement similar to the OIG's recommendation for discounted permits.

Park District Response: Again, the Park District recommends retaining the current "net proceeds" approach, while also stating that, under the new partnership process in 2020, one-time revenue-generating events are processed through the permit-discount procedures.

- OIG Recommendation: The Park District should increase the transparency surrounding the permit fee discounts or waivers by placing a regularly updated page on its website that lists (1) events and their sponsoring entities that received event permit fee waivers or discounts in excess of \$5,000; (2) the amount of the waivers or discounts; and (3) the justification for providing the waivers or discounts.

Park District Response: Park District event permit data is available on the City of Chicago public data portal. That data includes, among other information, the name of the permit applicant, the name of the event, the event description, and the event location. Additional information can be accessed through the procedures outlined in Illinois's Freedom of Information Act, as well. As to partnerships, the New Business Development Department is working to provide regular reporting that provides similar information.

[OIG Note: As currently administered, the City of Chicago data portal does not provide robust information regarding Park District event permits. In fact, the portal does not provide all of the information that it purports to. For example, although the data portal states that it provides the estimated number of attendees for events seeking Park District permits, it does not. But, importantly, the portal also does not include information regarding the cost of event permits, the amounts by which permits are discounted, or the justifications for providing permit waivers or discounts.]

- OIG Recommendation: The Park District should require festival sponsors (1) to complete an attestation during the permitting process, in which the sponsors will assure their compliance with Illinois law, which mandates the reporting of sales taxes at their events; and (2) to provide to the Park District a copy of its state-required tax reporting within ten business days after the report is filed. The OIG also recommended that the Park District advise event sponsors during the permitting process that failure to provide timely evidence that they had fulfilled their tax-reporting obligations will bar them from hosting future events at Park District facilities.

Park District Response: The Park District will implement measures to discourage tax evasion, including: (1) updating the event permit application to include notifications that detail the applicants' tax-reporting obligations under Illinois law; and (2) pursuing greater information-sharing, referrals, and coordination with the State of Illinois and City of Chicago so as to allow state and city agencies to pursue their own audits or enforcement.

The Park District further stated that, in addition to the actions that it will take in response to the OIG's recommendations, it will institute the following practices to further strengthen its event permit and partnership practices:

- Improved sharing of information with the City of Chicago's Department of Cultural Affairs and Special Events to better evaluate permit applicants' anticipated attendance numbers for planned events;
- Additional safeguards to ensure that permit applicants retain proper security staff; and
- Enhanced coordination between personnel in the District's Revenue and Security Departments when reviewing proposed events' security plans.

## Update on Previously Reported Investigation

In its [First Quarter 2020 Report](#), the OIG recounted its findings in an investigation of a Lake View East homeowner who, for five years, had cordoned off approximately 3,000 square feet of Lincoln Park in front of his/her house with fences and hedgerows, all for his/her own personal use. Specifically, the OIG concluded that, for several reasons, the Homeowner's claims that he/she had an easement over the park land, and thus had the right to cordon it off, were meritless. In addition, the Homeowner's reticence in working with the Park District to resolve his/her encroachment had, for years, delayed the District's attempts to reach access agreements with neighboring property owners who had made minor encroachments on Lincoln Park land. The OIG recommended that the Park District instruct the Homeowner to remove the fences and hedgerows within 30 days. If the Homeowner refused to do so, the OIG continued, the Park District should take all appropriate action to halt the Homeowner's continuing encroachment as soon as practical including, if necessary, filing civil suit against the Homeowner.

Since the OIG issued its [Report](#), it confirmed that the Homeowner removed the hedgerows, and that the Homeowner is no longer encroaching on parkland.

# Investigation

## Maintenance Laborer Admitted to Driving a Park District Vehicle with an Expired Driver's License, and then Subsequently Lying to Supervisors About it

An OIG investigation concluded that a Maintenance Laborer violated Illinois law and the Park District Employee Code of Conduct after he/she admitted to the OIG that he/she had:

- Failed to renew his/her Illinois driver's license when it had expired in 2019;
- Falsely told his/her supervisors during a departmental check of employees' driver's licenses that his/her license will expire in 2022, and falsely stated the same on Park District documents, to conceal that it actually had expired in 2019; and
- Operated a Park District-owned flatbed truck as part of his/her job duties, after his/her driver's license had expired.

A valid Illinois driver's license is a mandatory job requirement for the Laborer position, and the Laborer acknowledged to the OIG that one of his/her job responsibilities as a Laborer is to maintain a valid driver's license. Yet the Laborer also told the OIG that he/she failed to renew his/her driver's license when it expired in 2019 because he/she was unable to pass the Illinois Secretary of State's written exam regarding Illinois traffic laws. As of the date of the OIG's report, the Laborer still had yet to obtain a valid driver's license.

The Laborer also admitted that, during the departmental check of employees' driver's licenses, he/she falsely represented on Park District documents that his/her license was valid and would expire in 2022. The Laborer further admitted that he/she had repeatedly and falsely told his/her supervisors that he/she had a valid driver's license. The Laborer's false statements run afoul of the Employee Code of Conduct, which provides that employees are subject to discipline, up to and including termination, for (1) making false statements regarding their job qualifications; and (2) "making a false statement or statements in any documents required to be made or signed by the employee in connection with Park District employment."

Finally, the Laborer admitted to the OIG that he/she is "guilty" of driving a Park District-owned vehicle for 14 miles in February 2020. Operating a vehicle without a valid driver's license is a crime in Illinois, and the Code of Conduct states that employees "shall comply" with any safety-related statute or ordinance, including "all applicable federal, state or local safety laws."

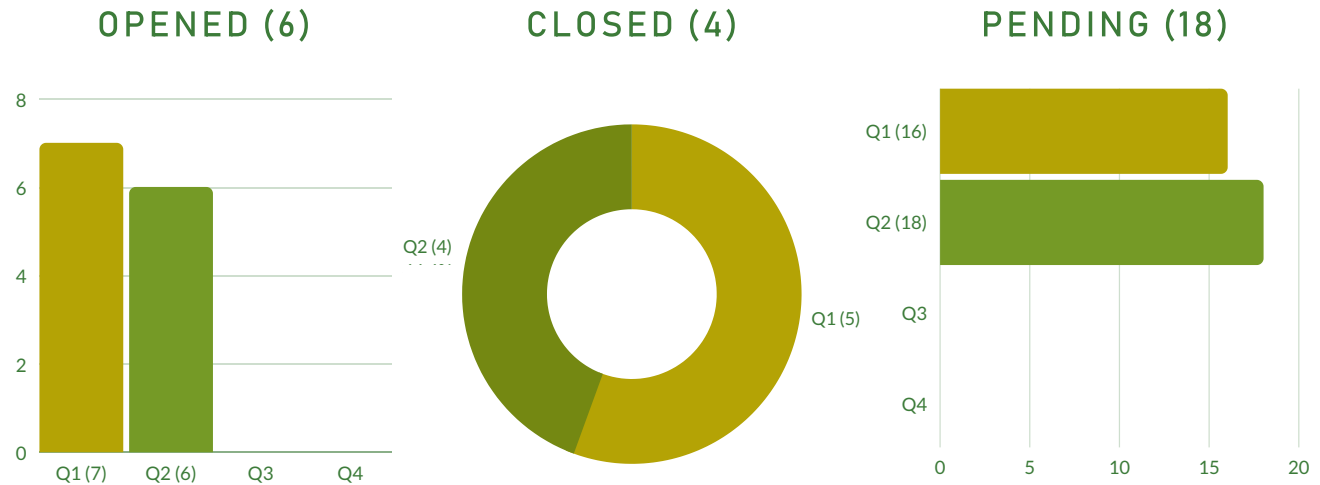
Notably, the Laborer initially admitted to having completed Park District documents that reflect that he/she alone drove the vehicle on three other dates (for a combined total of 62 miles). But the Laborer then backtracked, telling the OIG that he/she had “mistakenly” listed himself/herself as a driver on each of those three dates, and that a co-worker had instead driven the Park District vehicle. The Laborer’s assertion is questionable at best, considering that Park District documents reveal that the Laborer and his/her coworker could not have possibly worked together on one of those occasions because the coworker had been assigned to a different vehicle altogether. And the fact that the Laborer was directly contradicted by Park District records calls into question whether he/she was truthful when speaking with the OIG.

Because the Laborer failed to meet the minimum requirements for his/her position, lied to supervisors about his/her job qualifications, made false statements on Park District documents, and violated state law by driving a District-owned truck without a valid driver’s license, the OIG recommended that the Park District terminate his/her employment.

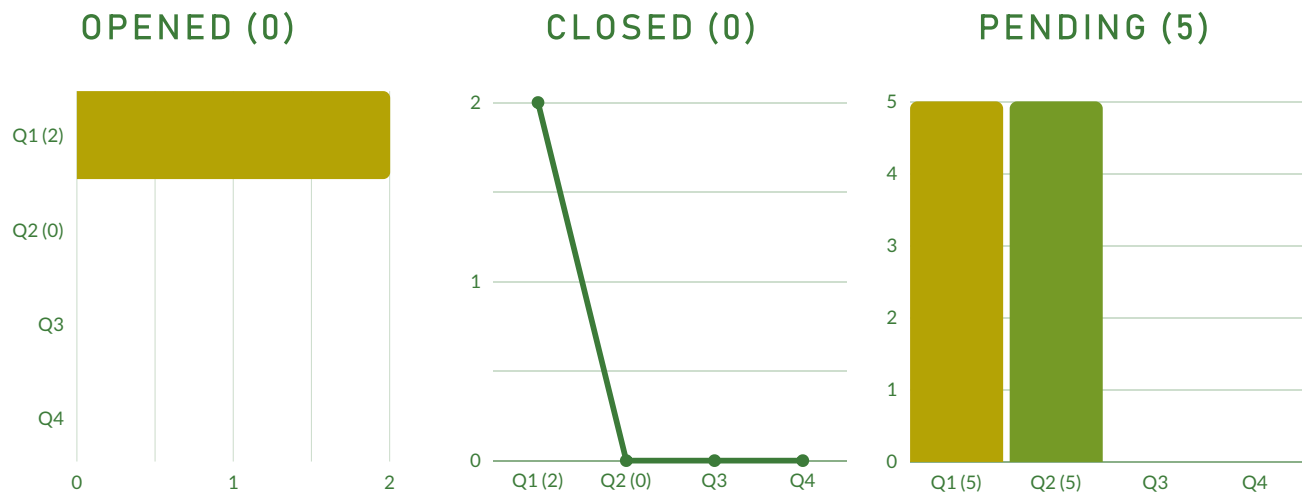
The OIG’s report was issued within the timeline requested for the Park District’s response to the OIG’s recommendations. The OIG will report the Park District’s response, if any, in a subsequent report.

# QUARTERLY INFORMATION

## INVESTIGATIONS



## REVIEWS



Pending matters include carry-over from 2019.

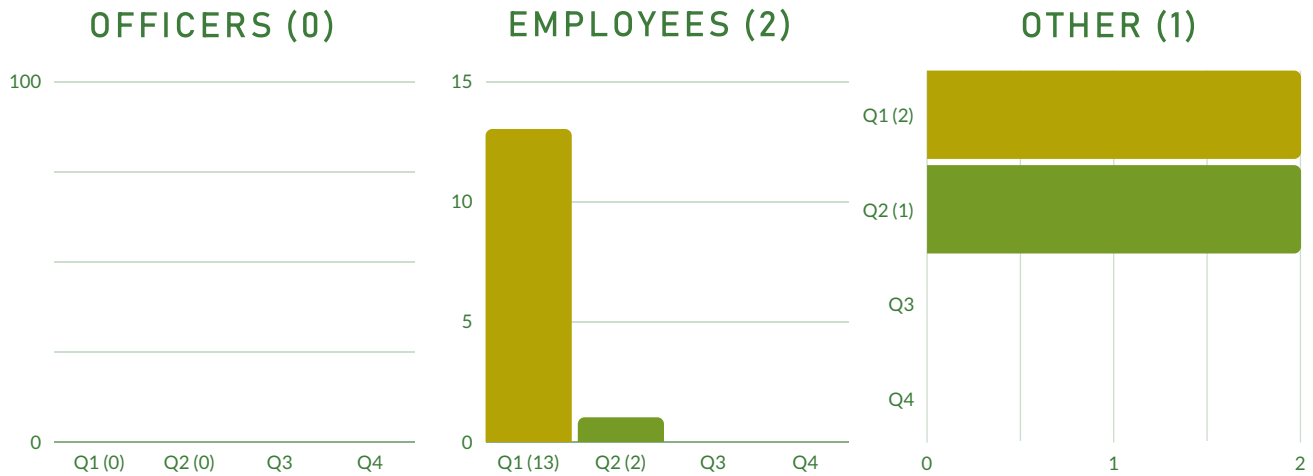
## AUDITS



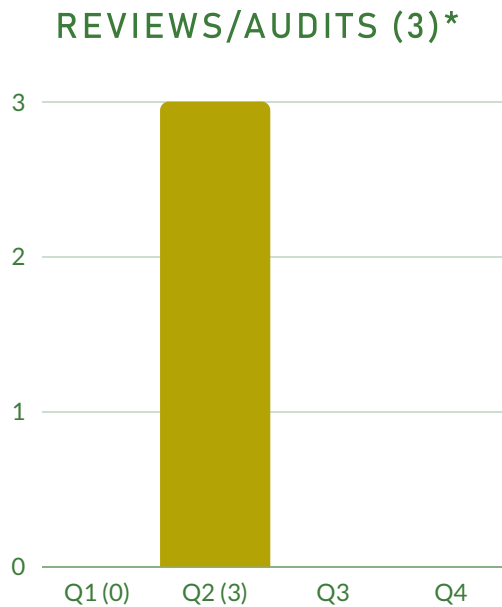
## TYPES OF INVESTIGATIONS AND REVIEWS



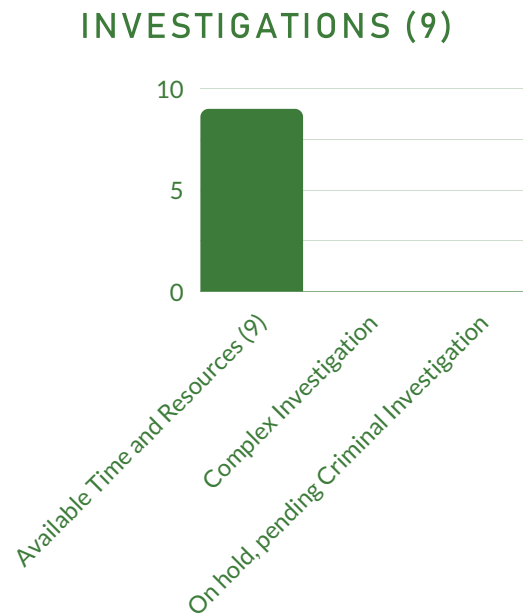
# INVESTIGATED AND REVIEWED PARTIES



## HIRING COMPLIANCE



## PENDING OVER 6 MONTHS

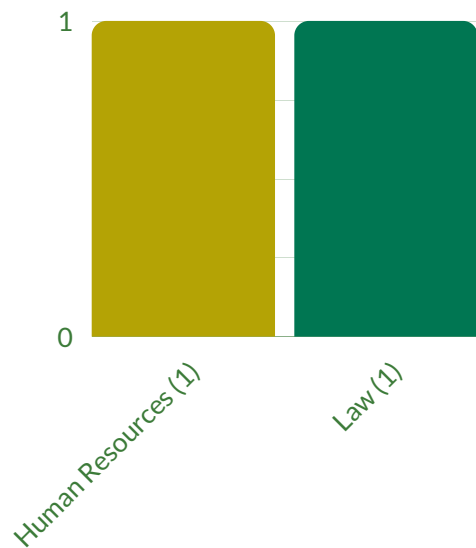


Other includes Agents, Concessionaires, Contractors, Unknown, and Other parties.

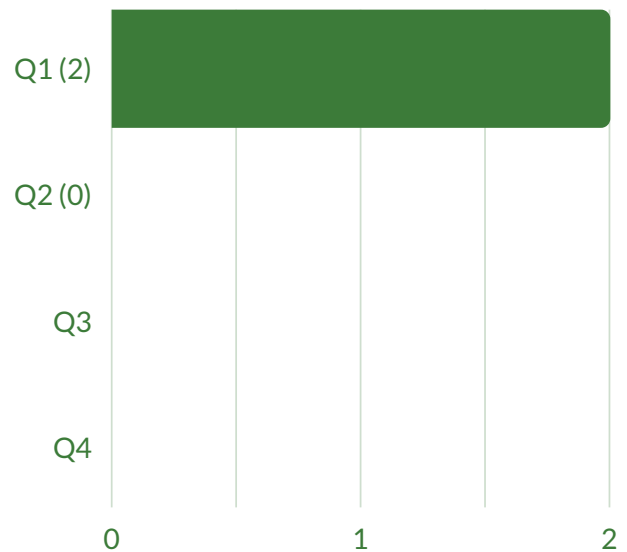
\*Due to Covid-19, the OIG did not complete any Hiring Compliance Audits.



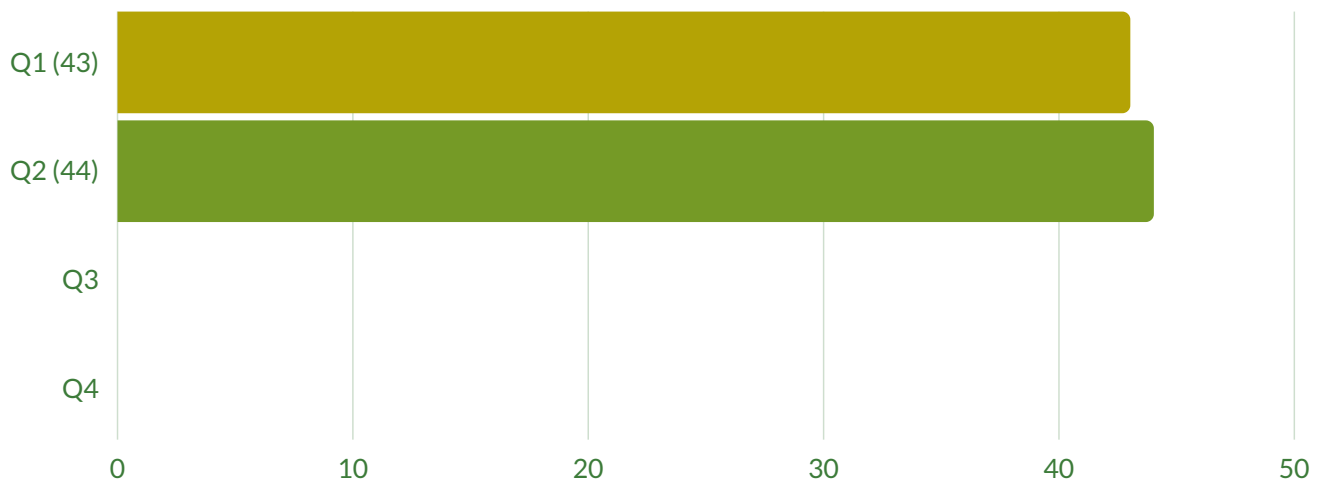
## INTERNAL ASSISTS



## 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

## Second Quarter 2020

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 of 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 second quarter of 2020. 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 second quarter of 2020:

Positions added to the Exempt List (2):

- Director of Workforce Development
- Deputy Inspector General

Positions removed from the Exempt List (1):

- Director of Program Services and Special Events

### Review of Exempt Management Hires

Human Resources reported three Exempt hires made during the second quarter of 2020:

- Director of Workforce Development
- Deputy Inspector General
- Deputy Director of IT

## 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 2020. The last “no consensus” letter that OIG received was in 2015, when the Park District was still under the federal Shakman decree.

## Review of Emergency Appointments

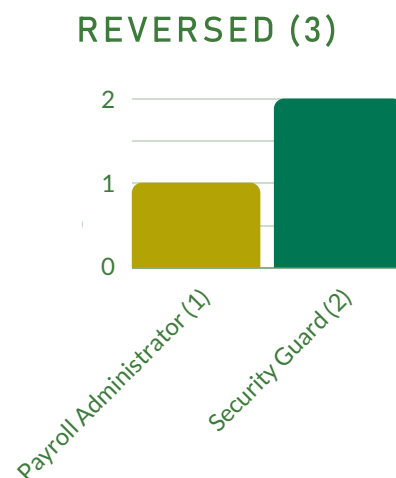
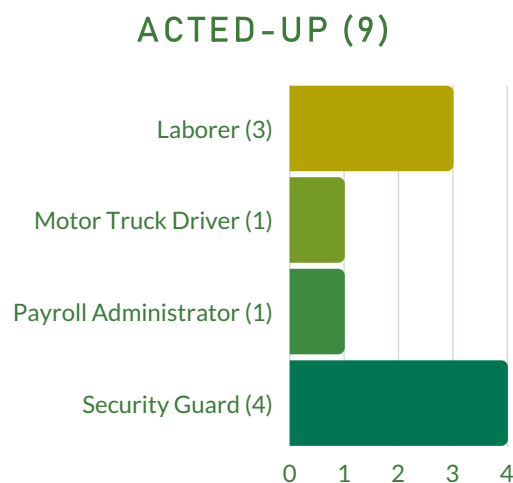
OIG reviews circumstances and written justifications for any emergency hires made pursuant to the Personnel Rules of the Park District Code.

Human Resources reported no emergency appointments during the second quarter of 2020. 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 second quarter of 2020 showed that nine employees had “acted up” during the quarter, and three employees who had been in “acting up” status were placed back in their positions.

### Acting Up Activity - Second Quarter



## Hiring Sequence Audits

OIG's Hiring Sequence Audit reporting will resume later in 2020.



# OIG THIRD QUARTER 2020 REPORT



CHICAGO PARK DISTRICT  
OFFICE OF INSPECTOR GENERAL

NATHAN KIPP, INTERIM INSPECTOR GENERAL



Nathan Kipp  
Interim Inspector General

## CHICAGO PARK DISTRICT OFFICE OF INSPECTOR GENERAL

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### Third Quarter 2020 Report

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

I am honored to present the Chicago Park District Office of Inspector General's 2020 Third Quarter Report.

As expected, the third quarter of 2020 brought a substantial increase in the number of complaints that the OIG received, as well as in the number of new investigations and reviews that the OIG opened. The OIG received 90 complaints in the third quarter alone — more than the first two quarters of 2020 combined. This increase is not surprising. The beginning of the third quarter coincided with the City of Chicago's and the Park District's gradual reopening from shutdowns that were imposed in response to the Covid-19 pandemic. It makes sense, then, that approximately one out of every four new complaints that the OIG received pertained to alleged violations of protocols that the Park District has enacted to prevent the transmission of the virus.

The safety and well-being of Park District patrons and employees is of paramount importance to the OIG. To that end, the office has closely coordinated with the Park District's Medical Advisor to ensure that all pandemic-related complaints were routed to the proper authorities so that they could be addressed as soon as possible. And as long as the need remains, the OIG will help the Park District face the Covid-19 pandemic in any way that it can.

But even during these unprecedented times, the OIG continues to fulfill its traditional mission of rooting out fraud, waste, abuse, and misconduct throughout the Park District. As such, the OIG opened 20 new investigations and reviews, all of which are of great importance to the District.

This report, however, details the investigations that the OIG completed during the third quarter. Of note, in one investigation the OIG concluded that a Park District Concessionaire and its Owner had violated several provisions of their Concession Permit Agreements. Among other things, those violations included the Concessionaire's (1) failure to pay the Park District nearly \$100,000 in required concessionaire's fees; and (2) improper assignment of its concession

space to a third-party event-planning business, which was owned by a sibling of the Concessionaire's Owner. The same investigation also uncovered critical contract violations and management failures by the Park District's third-party Concession Program Manager. Most egregiously, the Concession Program Manager: (1) refused for 13 years to perform credit or business background checks on prospective concessionaires (including the Concessionaire in this case) despite being contractually obligated to do so; and (2) failed to account for nearly \$25,000 in fees that the Concessionaire has yet to pay to the Park District.


This report also highlights how two construction contractors violated the Chicago Park District Code by refusing to cooperate with the OIG's on-going review of a long-running capital-construction procurement program, which has awarded approximately \$65 million of construction contracts over the past four years. Consistent with the Park District Code, the OIG recommended that the Park District prevent both contractors from receiving additional business until they fully cooperated with the OIG. One contractor eventually cooperated with the OIG, but the second — which has been awarded over \$6.5 million in contracts through the procurement program under review — has not. And although the non-cooperative contractor has not received new Park District business since the OIG issued its recommendation, it continues to perform Park District work and receive payments according to over two dozen contracts that it had been awarded earlier.

Finally, this report includes an update to the OIG's investigation of a Maintenance Laborer who had admitted to (1) driving a Park District vehicle with an expired driver's license; and (2) falsely telling his/her supervisors and reporting on Park District documents that he/she had a valid license.

Through the OIG's independent oversight, the office will continue to combat fraud, waste and abuse. And in this role, we look forward to continuing our support of the Chicago Park District, its patrons, and the residents of Chicago at large.

Please stay safe and remain healthy.

Sincerely,

A handwritten signature in black ink, appearing to read 'Nathan Kipp', with a stylized flourish at the end.

Nathan Kipp  
Interim Inspector General

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# Update on Previously Reported Investigation

In its [Second Quarter 2020 Report](#), the OIG recounted its findings in an investigation of a Maintenance Laborer who, the OIG had determined, violated Illinois law and the Park District Employee Code of Conduct after he/she admitted to the OIG that he/she had concealed the fact that his/her Illinois driver's license expired. A valid Illinois driver's license is a mandatory job requirement for the Laborer position, and the Laborer acknowledged to the OIG that one of his/her job responsibilities was to maintain a valid driver's license. But, the Laborer also acknowledged, he/she had:

- Failed to renew his/her Illinois driver's license when it had expired in 2019;
- Falsely told his/her supervisors during a departmental check of employees' driver's license that his/her license will expire in 2022, and falsely stated the same on Park District documents, all to conceal that it actually had expired in 2019; and
- Operated a Park District-owned vehicle as part of his/her job duties, after his/her driver's license had expired.

Because the Laborer failed to meet the minimum requirements for his/her position, lied to supervisors about his/her job qualifications, falsified Park District documents, and violated Illinois law by driving a District-owned truck without a valid driver's license, the OIG recommended that the Park District terminate his/her employment.

Since the OIG issued its [Second Quarter 2020 Report](#), the Park District informed the OIG that the Laborer had resigned his/her position, effective August 28, 2020.

# Investigations

## The Park District's Concession Program Manager Was Derelict in Its Duty by Failing to Provide Oversight of One Concessionaire, Which Repeatedly Violated Its Concession Permit Agreements and Refused to Pay the Park District Nearly \$100,000 in Concessionaire's Fees

An OIG investigation concluded that a Park District Concessionaire and its Owner had violated several provisions of the Concessionaire's Concession Permit Agreements. Among other things, those violations included the Concessionaire's (1) failure to pay the Park District nearly \$100,000 in required concessionaire's fees; and (2) improper assignment of its concession space to a third-party event-planning business, which was owned by a sibling of the Concessionaire's Owner.

The OIG also uncovered critical contract violations and management failures by the Park District's third-party Concession Program Manager. Specifically, the OIG concluded that the Concession Program Manager: (1) refused for 13 years to perform contractually required credit or business background checks on prospective concessionaires, including the Concessionaire in this case; (2) did not account for nearly \$25,000 in fees that the Concessionaire has yet to pay to the Park District; (3) failed to monitor the Concessionaire's compliance with the District's concessionaire program; and (4) otherwise failed, in this instance, to manage the Park District's concessionaire program according to "the highest industry standards," as the District's and Concession Program Manager's management contract required.

Since 2007, the Park District has relied on an outside company — the Concession Program Manager — to act on the District's behalf when managing the District's concessionaire program and its more than 200 individual concessionaires. The Concession Program Manager's responsibilities are set forth in the parties' Concession Management Agreement, the most recent iteration of which was executed in December 2015.

In September 2018, the OIG initiated a review of the Concession Management Agreement. During the course of that review, the OIG uncovered evidence suggesting that one concessionaire in particular — the Concessionaire, here — had violated certain provisions of the Concession Permit Agreement into which it had entered when becoming a Park District concessionaire. Specifically, the OIG discovered several social-media posts that suggested that the Concessionaire had been renting its space to a third-party event-planning business. Such agreements were strictly prohibited under Concession Permit Agreements.

In response to its discovery of the Concessionaire's social-media posts, the OIG requested and received from the Concession Program Manager records related the Concessionaire's business and operations. Those documents revealed that, in 2014, the Concession Program Manager had selected the Concessionaire to open in 2015 a small restaurant on Park District grounds on Chicago's north side. As such, the Concession Program Manager and Concessionaire entered into a Concession Permit Agreement, which expired in 2018. Shortly thereafter, the parties entered into a second Concession Permit Agreement that allowed the Concessionaire to continue operating its restaurant for one more year, through 2019.

The records also reflected that, beginning in 2016, the Concessionaire violated its Concession Permit Agreements by falling behind on its scheduled payments of mandatory concessionaire's fees to the Park District. In 2017, moreover, the Concessionaire stopped paying the fees altogether. As a result, the Concessionaire owes the Park District a total of \$97,695.08 in unpaid concessionaire's fees, to date. For its part, the Concession Program Manager has, on the Park District's behalf, initiated a collections action against the Concessionaire and its Owner in an attempt to recover the unpaid fees. That action is ongoing.

The OIG further confirmed that, on multiple occasions, the Concessionaire improperly assigned its rights to its concession space to a third-party event-planning business owned by the Owner's sibling. Even more, the event-planning business used the concession space to host private events that were off-limits to the public. The Concession Permit Agreements expressly forbade the Concessionaire from assigning its contractual rights to a third-party; the agreements also prohibited the Concessionaire from permitting "exclusive use of Park District property." Yet several social-media posts clearly show that, in 2018, the Concessionaire had either formally or informally assigned its rights to the concession space to the event-planning business for several private events into which the public was not allowed. Moreover, business records reveal that the Concessionaire withheld from the Park District any revenue that it had collected from the events.

In addition, the OIG uncovered that the Concessionaire failed to pay Illinois taxes, as the Concession Permit Agreements required. Indeed, the Concessionaire's tax debt was so significant that the State had imposed over \$55,000 in tax liens against the company.

Importantly, the Concessionaire and its Owner also violated the Chicago Park District Code by refusing to cooperate with the OIG's investigation. As former Park District vendors, the Park District Code obligates the Concessionaire and its Owner to cooperate fully with the OIG in any investigation, audit, or review. This spring, the OIG asked the Concessionaire and its Owner to produce documents and information regarding the operations of both the Concessionaire and its restaurant. The Owner did not respond to the OIG's request; nor did the Owner respond to a second request, in which the OIG warned the Owner that a failure to cooperate could affect the Concessionaire's and his/her ability to conduct business with the Park District.

To date, the Owner has refused to produce the records sought by the OIG, and has otherwise not contacted the OIG about its requests.

Beyond the Concessionaire, the OIG also concluded that the Concession Program Manager had violated several provisions of its Concession Management Agreement with the Park District, and that its performance in overseeing the Park District's concession program, in this instance, was alarmingly deficient. First, the Concession Program Manager admittedly refused to perform credit and business background checks on prospective concessionaires since 2007 — a clear breach of the Concession Management Agreement. The Concession Management Agreement explicitly states that the Concession Program Manager shall “perform[] credit and business background checks, provid[e] credit reports, and us[e] reasonable diligence in researching prospective [c]oncessionaires.” But, in 2019, the Concession Program Manager told the OIG that it “has not run credit reports, reviewed state records or monitored social media to determine if a concession candidate is suitable since the concession program management assignment was awarded to us in 2007.”

Moreover, the Concession Program Manager's failure to complete a credit or business background check of the Concessionaire, here, caused it to miss critical red flags about the Concessionaire's poor financial standing. Had the Concession Program Manager completed such checks in this instance — and, again, as the Concession Management Agreement required — the Concession Program Manager would have discovered that the Concessionaire did not have enough funds to open the restaurant in the first place. In fact, mere weeks before the Concessionaire was scheduled to open the restaurant in 2015, it took to the on-line fundraising platform GoFundMe.com in an attempt to raise \$30,000 of the “last bit of capital” needed for the concession. Had the Concessionaire's under-capitalization been discovered at the outset, it is very likely that neither the Concession Program Manager nor the Park District would be currently fighting to collect nearly \$100,000 in unpaid concessionaire's fees.

As to those unpaid concessionaire's fees, the Concession Program Manager failed to account for nearly \$25,000. Even more, the Concession Program Manager was unaware of its oversight until the OIG had pointed it out in September 2020. Under the first Concession Permit Agreement (which was executed in 2014), the Concessionaire was scheduled to pay the Park District \$90,695.08 in concessionaire's fees between 2014 to 2018. The Concessionaire, however, paid only \$17,000, leaving \$73,695.08 in fees unpaid when the first Concession Permit Agreement expired in 2018. But before the Concessionaire and Concession Program Manager entered into the second Concession Permit Agreement (which was executed in 2019), the Concessionaire's Owner proposed that the Concession pay only \$50,000 of the unpaid fees — and not the full \$73,695.08 still owed — as part of a payment plan that was intended to help the company pay its outstanding fees. According to the Owner's offer, then, the Concessionaire would not pay \$23,695.08 in fees:

<b>TOTAL FEES OWED UNDER FIRST CONCESSION PERMIT AGREEMENT (2014 TO 2018)</b>	<b>\$90,695.08</b>
<b>—</b>	
<b>TOTAL FEE PAYMENTS MADE UNDER FIRST CONCESSION PERMIT AGREEMENT (2014 TO 2018)</b>	<b>\$17,000.00</b>
<b>—</b>	
<b>TOTAL FEES LEFT OUTSTANDING IN 2018 WHEN FIRST CONCESSION PERMIT AGREEMENT EXPIRED</b>	<b>\$73,695.08</b>
<b>—</b>	
<b>OWNER'S PROPOSAL IN 2019 TO PAY OUTSTANDING FEES</b>	<b>\$50,000.00</b>
<b>—</b>	
<b>TOTAL FEES LEFT UNPAID UNDER OWNER'S PROPOSAL</b>	<b>\$23,695.08</b>

The Concession Program Manager agreed to the Owner's offer. The parties then included the proposed \$50,000 payment in the fee-payment plan that was, in turn, incorporated in the second Concession Permit Agreement. The Concessionaire never paid that amount or, for that matter, the other fees that it had owed.

In September 2020, the OIG asked the Concession Program Manager why it had not included the remaining \$23,695.08 in unpaid fees in the 2019 fee-payment plan. In response, the Concession Program Manager acknowledged that it did not realize that it had failed to account for the sum until the OIG had pointed out the discrepancy. Nevertheless, the Concession Program Manager assured the OIG, "I expect we would have caught this when we begin working through the amount owed" — further confirming that the Concession Program Manager had entirely failed to account for the full amount of Concessionaire's unpaid fees.

Third, the Concession Program Manager violated the Concession Management Agreement by failing to provide proper oversight of the Concessionaire, and by failing to address the Concessionaire's and its Owner's numerous violations of the Concession Permit Agreements. The Concession Management Agreement required the Concession Program Manager to monitor concessionaries' compliance with their Concession Permit Agreements and all applicable statutes, laws, ordinance, rules, and regulations. Yet the Concession Program Manager told the OIG that it was not aware of the Concessionaire's improper assignment of its concession space to the event-planning company, or of its failure to pay state taxes that led to \$55,000 in tax liens, until the OIG had brought either violation to its attention.

Indeed, the Concession Program Manager has, in this instance, otherwise failed to adhere to “the highest industry standards” when fulfilling its duties, as the Concession Management Agreement requires. Since 2007, the Concession Program Manager has abdicated its contractual responsibility to perform credit or business background checks of prospective concessionaires. Similarly, the Concession Program Manager was entirely unaware of the following facts until the OIG had brought them to its attention:

- That it had failed to account for nearly \$25,000 of the Concessionaire’s unpaid fees;
- That the Concessionaire had failed to pay tens of thousands of dollars in state taxes, and that the State had imposed tax liens on the company as a result; and
- That the Concessionaire had improperly assigned its rights to the concession space to an outside event-planning company that, in turn, held private events that excluded the public.

In this light, the Concession Program Manager not only failed to meet “the highest industry standards,” it failed to meet any standards at all.

Based on its investigation, the OIG recommended that the Park District permanently debar the Concessionaire and its Owner. The OIG also recommended that the Park District permanently refuse to issue either the Concessionaire or its Owner permits to conduct business at Park District facilities.

The OIG also recommended that the Park District, for an appropriate amount of time: (1) debar the event-planning business and its owner for benefiting from the Concessionaire’s improper assignments of its rights; and (2) refuse to issue either the event-planning business or its owner permits to conduct business at Park District facilities.

As to the Concession Program Manager, the OIG noted that its Concession Management Agreement with the Park District expires in October 2020. In May, the Park District released a Request for Proposal, seeking submissions for a new Concession Program Manager contract. A new company was chosen to replace the Concession Program Manager, and the new contract was presented to the Park District Board of Commissioners for approval at the Board Meeting that was held on October 14, 2020.

Nevertheless, the OIG recommended that the Park District require the Concession Program Manager to pay up front the entire amount of concessionaire’s fees that the Concessionaire has not paid to the Park District — \$97,695.08 — so as to ensure that the Park District receives all of the fees due to it. The Concession Program Manager can then retain the fees that it recovers in

the collections action that it has brought against the Concessionaire and its Owner.

The OIG's report was issued within the timeline requested for the Park District's response to the OIG's recommendations. The Park District has informed the OIG that a response is forthcoming. The OIG will report the Park District's response in a subsequent report.

## Two Construction Contractors Debarred for Refusing to Cooperate with the OIG's On-Going Review of a Long-Running \$65 Million Capital-Construction Procurement Program

In January 2020, the OIG began an extensive review of a Park District capital-construction procurement program that has awarded approximately \$65 million of construction contracts over the past four years. As part of that review — which is ongoing — the OIG has contacted prime contractors and subcontractors that have been awarded contracts through the program to request documents and information regarding their participation. Most of the companies that the OIG contacted have cooperated with the requests. However, two did not: a Prime Contractor that, over the past four years, has been awarded over \$6.5 million in business through the program; and a company that acts as a Subcontractor on projects awarded through the program.

A Park District contractor's failure to cooperate with an OIG investigation is serious and can form the basis for that contractor's debarment — that is, disqualification from future Park District business. The Chicago Park District Code explicitly states that it is "the duty" of all Park District contractors "to cooperate fully and expeditiously with the Inspector General in any investigation, audit or review." Moreover, all prime contractors that participate in the capital-construction procurement program have contractually agreed that they and their corporate officers and employees would "cooperate with the Inspector General in any investigation," and that any failure to cooperate with the OIG would be grounds for removal from the program. Likewise, all subcontractors who are awarded business under the procurement program have agreed that it and its officers and employees have "the duty" to cooperate with the OIG.

The facts underlying the Prime Contractor's and Subcontractor's failures to cooperate, and their subsequent debarments, are detailed below:

Prime Contractor. In February, the OIG sent requests to the Prime Contractor and nine other firms for utilization documents related to minority- and women-owned businesses (MBE/WBE) — documents that all prime contractors in the capital-construction procurement program are required to maintain in the ordinary course of business, and are obligated to produce to the Park District upon request. Most of the firms complied with the OIG's document requests in a timely



manner. The Prime Contractor initially signaled that it intended to produce responsive records, but then made two subsequent requests for additional time to do so; the OIG accommodated both requests. The final deadline to produce records passed in May. The Prime Contractor has since refused to produce the records that it had promised, and has failed to contact the OIG regarding the records sought.

The OIG would have been justified in recommending that the Park District permanently debar the Prime Contractor for its refusal to cooperate. But the OIG instead recommended that the Park District not award the Prime Contractor any new construction business until it had fully complied with the OIG's document requests and produced the MBE/WBE records sought. Since the OIG issued its recommendation, the office has independently verified that the Park District has not awarded the Prime Contractor any new work. However, the OIG has also confirmed that the Prime Contractor is still performing work (and receiving payment) under 29 contracts that the Park District had awarded to it before the OIG's recommendation. Some of those contracts extend through 2022.

In other words, the Prime Contractor has refused to cooperate with the OIG's investigation for nine months, even though it (1) has been awarded approximately 10% of the contracts in the capital-construction procurement program under review; and (2) will continue to work on previously awarded contracts through 2022, despite its refusal to cooperate with the OIG. Consequently, the OIG is considering recommending further punitive measures to impose against the Prime Contractor, should the company continue to openly flout its duty to cooperate with the OIG.

The OIG notes that it has not yet received an official response from the Park District regarding its recommendation or the Prime Contractor's continuing refusal to cooperate with the OIG's on-going review. The OIG will report the Park District's response, if any, in a subsequent report.

Subcontractor. In June, the OIG sent requests to the Subcontractor and 27 other companies in the capital-construction procurement program for business records, such as payment records and invoices, related to their participation in the program. Again, all subcontractors who perform work related to the program are required (1) to maintain such documents in the ordinary course of business; and (2) to produce such documents to the Park District upon request. Twenty-seven companies timely complied with the OIG's document requests. The Subcontractor, however, provided no response to the OIG. In August, the OIG again contacted the Subcontractor, instructing it to produce the requested documents. The OIG received no response.

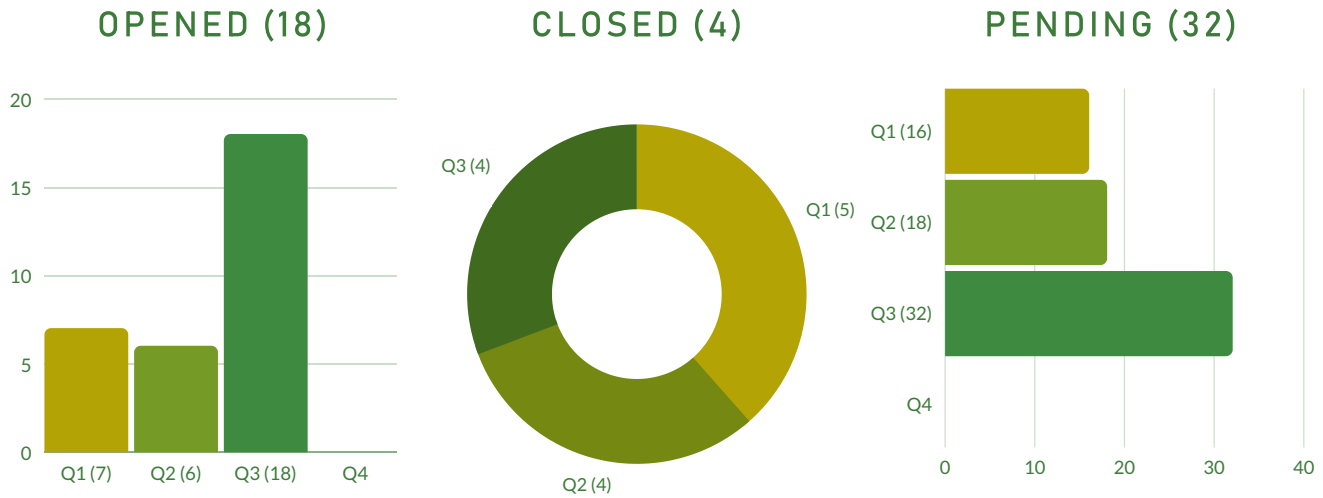
Accordingly, the OIG recommended that the Park District not award any new construction business to the Subcontractor until it had fully complied with the OIG's document requests — just as the OIG had recommended in the case of the non-cooperative Prime Contractor. In response

to the OIG's recommendations, however, the Subcontractor eventually produced the documents sought. After concluding that the produced documents were responsive to the OIG's requests, the OIG issued an updated recommendation to the Park District, stating that the District should remove any bar that was imposed to prevent the Subcontractor from receiving new business.

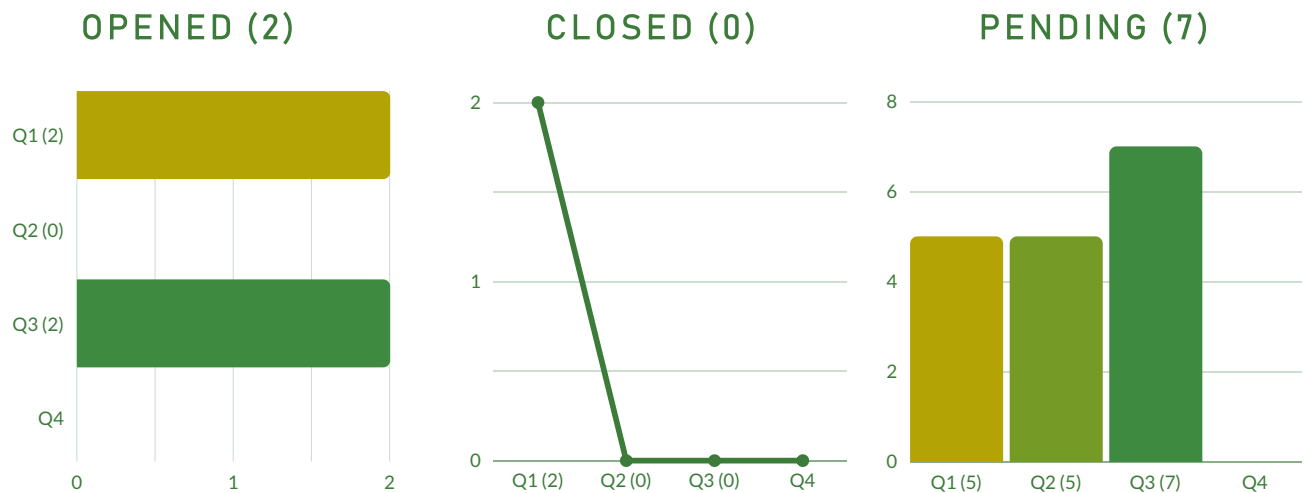
The OIG issued its updated recommendation regarding the Subcontractor within the timeline requested for the Park District's response to the OIG's recommendations. The OIG will report the Park District's response, if any, in a subsequent report.

# QUARTERLY INFORMATION

## INVESTIGATIONS

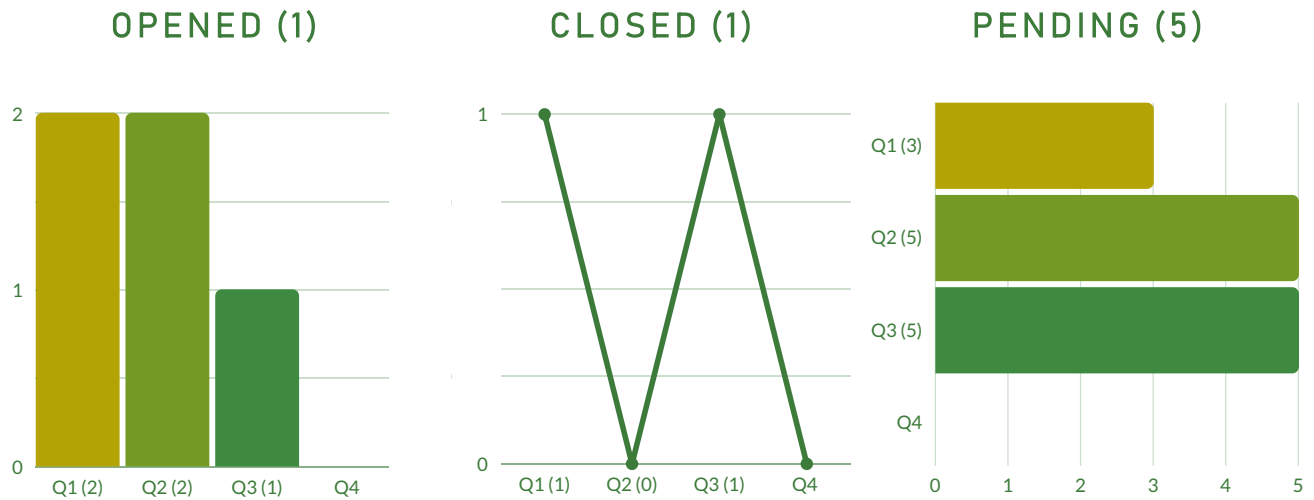


## REVIEWS

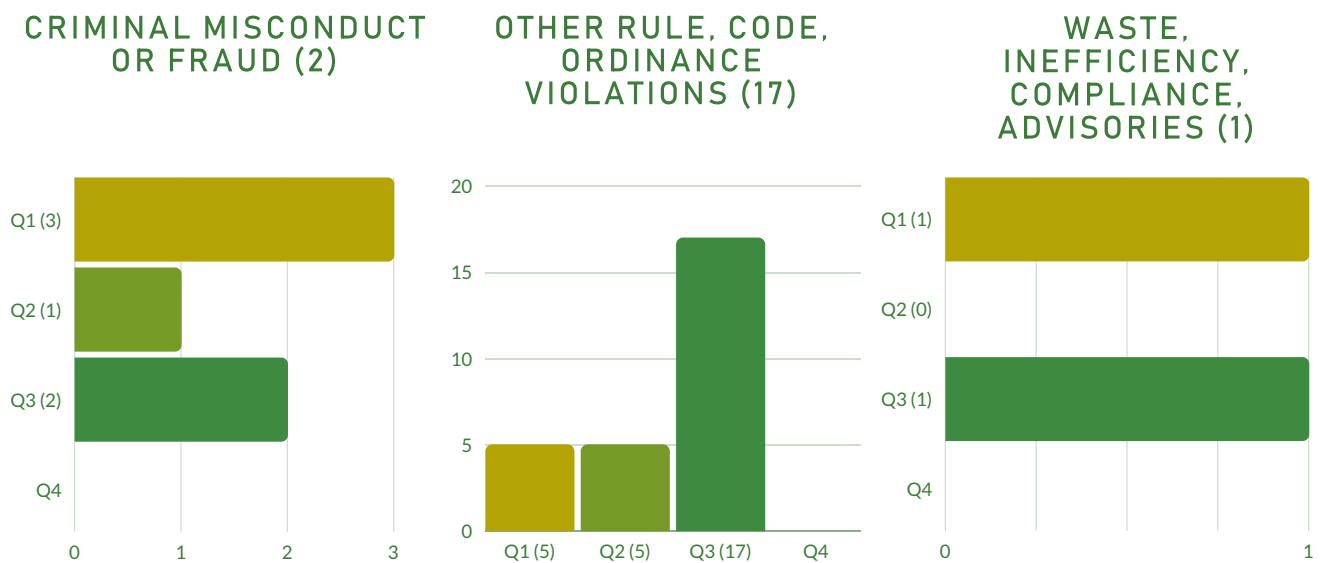


Pending matters include carry over from 2019.

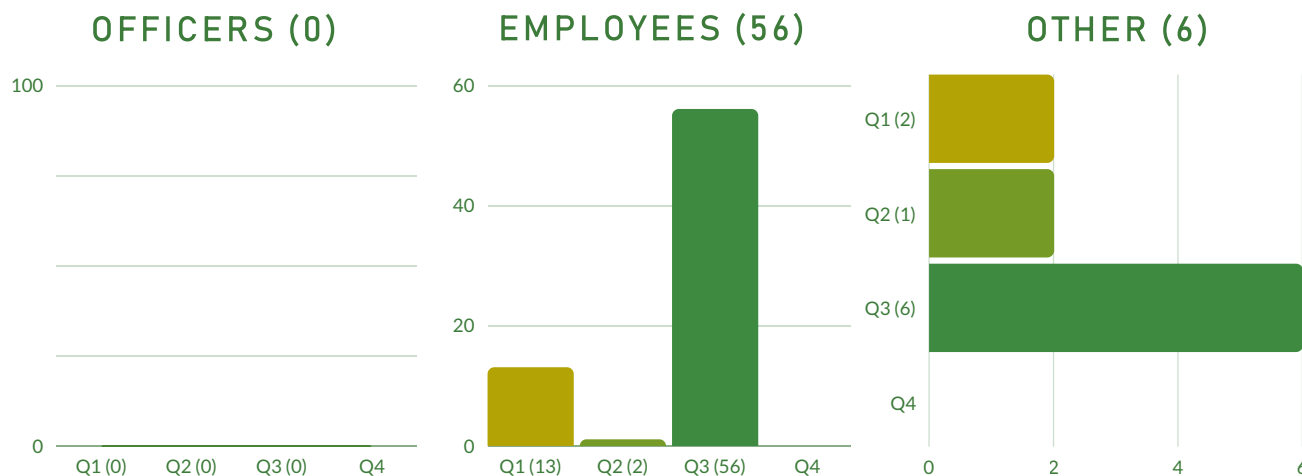
## AUDITS



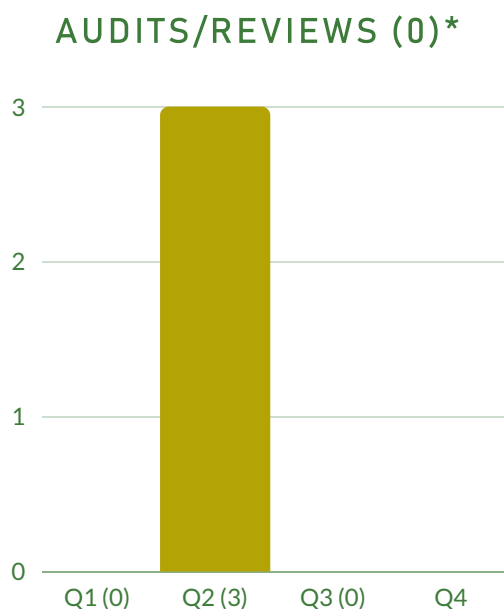
## TYPES OF INVESTIGATIONS AND REVIEWS



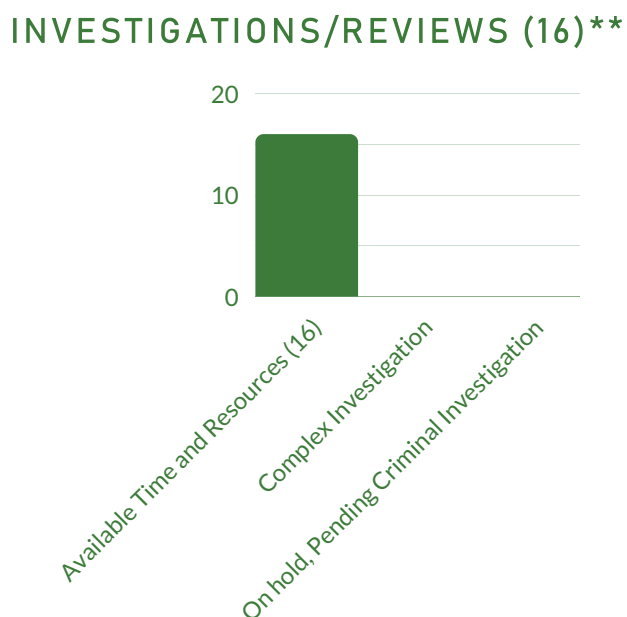
# INVESTIGATED AND REVIEWED PARTIES



## HIRING COMPLIANCE



## PENDING OVER 6 MONTHS

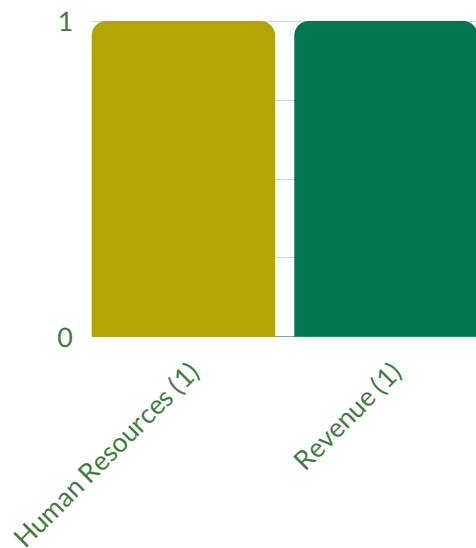


Other includes Agents, Concessionaires, Contractors, Unknown, and Other Parties.

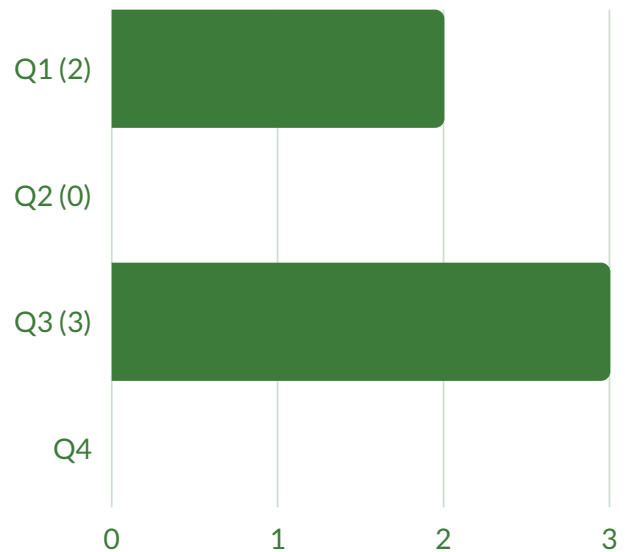
\*Due to Covid-19, the OIG did not complete any Hiring Compliance Audits or Reviews.

\*\*See addendum on page 16 for a list of matters that are pending over six months.

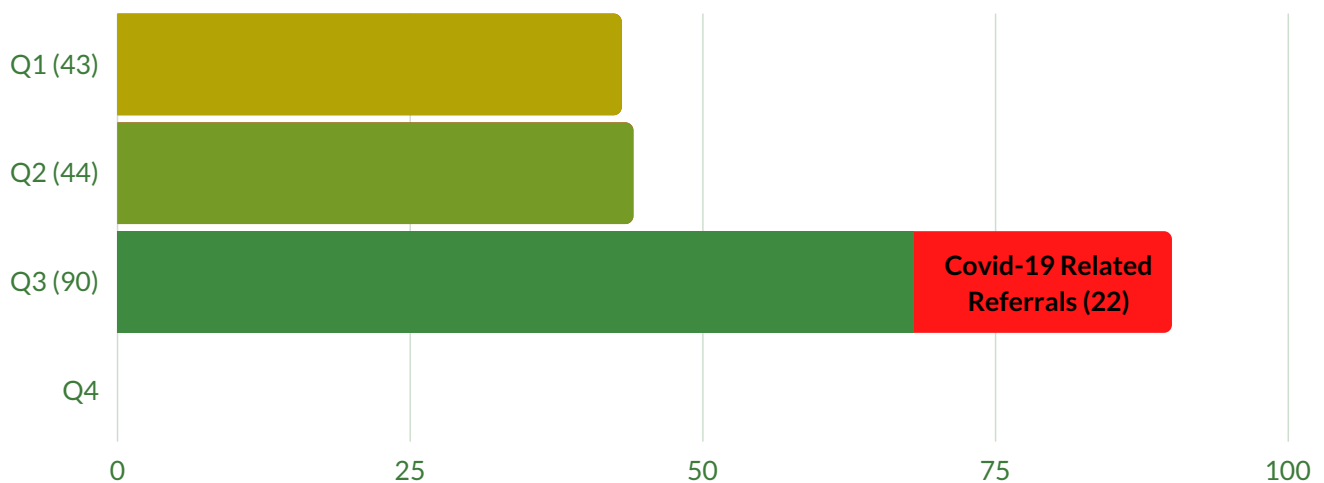
## INTERNAL ASSISTS



## 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 Third Quarter 2020

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

## Monitoring Contacts by Hiring Departments

The 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 2020. Since the 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

The 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:

Positions added to the Exempt List (0)

Positions removed from the Exempt List (0)

## Review of Exempt Management Hires

Human Resources reported one Exempt hire made during the third quarter of 2020:

- Director of Legislative and Community Affairs

## Review of Written Rationales

The 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 2020. The last "no consensus" letter that the OIG received was in 2015, when the Park District was still under the federal Shakman Decree.



## Review of Emergency Appointments

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

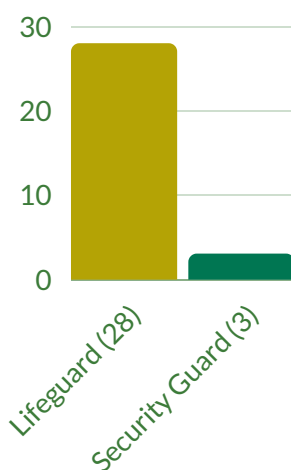
Human Resources reported no emergency appointments during the third quarter of 2020. Human Resources has never reported an emergency appointment.

## Review of “Acting Up” Activity

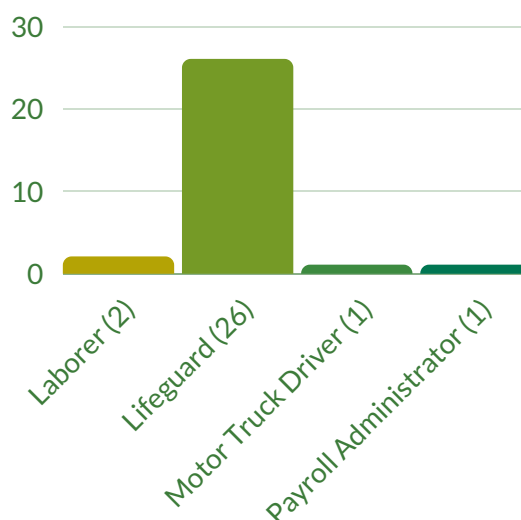
The OIG reviews all circumstances where employees are “acting up” (performing all or substantially all of the duties of an employee in a higher-paid classification). Activity in the third quarter of 2020 showed that 31 employees had “acted up” during the quarter, and 30 employees who had been in “acting up” status were placed back in their positions.

### Acting Up Activity - Third Quarter

#### ACTED-UP (31)



#### REVERSED (30)



## Hiring Sequence Audits

The OIG's Hiring Sequence Audit reporting will resume later in 2020.

## Addendum: Matters Pending Over Six Months

Chapter 2, Subsection D(9) of the Chicago Park District Code states that the OIG's quarterly reports "shall identify any investigation, audit or review which has not been completed within six months, and shall state the reasons for failure to complete the investigation, audit or review within six months." Those 16 pending matters, as well as the reasons for their continuing pending status, are listed below:

CASE NUMBER	MATTER TYPE	NATURE OF ALLEGATION	REASON
19-Q1-0206-AI	ADMINISTRATIVE INVESTIGATION	OTHER RULE, CODE, ORDINANCE VIOLATIONS	AVAILABLE TIME AND RESOURCES
19-Q2-0081-AI	ADMINISTRATIVE INVESTIGATION	OTHER RULE, CODE, ORDINANCE VIOLATIONS	AVAILABLE TIME AND RESOURCES
19-Q2-0147-AI	ADMINISTRATIVE INVESTIGATION	CRIMINAL MISCONDUCT OR FRAUD	AVAILABLE TIME AND RESOURCES
19-Q2-0150-R	OIG REVIEW	OTHER RULE, CODE, ORDINANCE VIOLATIONS	AVAILABLE TIME AND RESOURCES
19-Q2-0199-R	OIG REVIEW	COMPLIANCE	AVAILABLE TIME AND RESOURCES
19-Q2-0218-R	OIG REVIEW	COMPLIANCE	AVAILABLE TIME AND RESOURCES
19-Q2-0224-R	OIG REVIEW	COMPLIANCE	AVAILABLE TIME AND RESOURCES
19-Q3-0339-AI	ADMINISTRATIVE INVESTIGATION	OTHER RULE, CODE, ORDINANCE VIOLATIONS	AVAILABLE TIME AND RESOURCES
19-Q3-0343-AI	ADMINISTRATIVE INVESTIGATION	OTHER RULE, CODE, ORDINANCE VIOLATIONS	AVAILABLE TIME AND RESOURCES
19-Q4-0365-AI	ADMINISTRATIVE INVESTIGATION	OTHER RULE, CODE, ORDINANCE VIOLATIONS	AVAILABLE TIME AND RESOURCES
19-Q4-0373-AI	ADMINISTRATIVE INVESTIGATION	OTHER RULE, CODE, ORDINANCE VIOLATIONS	AVAILABLE TIME AND RESOURCES
19-Q4-0388-AI	ADMINISTRATIVE INVESTIGATION	OTHER RULE, CODE, ORDINANCE VIOLATIONS	AVAILABLE TIME AND RESOURCES
20-Q1-0004-R	OIG REVIEW	OTHER RULE, CODE, ORDINANCE VIOLATIONS	AVAILABLE TIME AND RESOURCES
20-Q1-0042-AI	ADMINISTRATIVE INVESTIGATION	OTHER RULE, CODE, ORDINANCE VIOLATIONS	AVAILABLE TIME AND RESOURCES
20-Q1-0057-AI	ADMINISTRATIVE INVESTIGATION	CRIMINAL MISCONDUCT OR FRAUD	AVAILABLE TIME AND RESOURCES
20-Q1-0058-AI	ADMINISTRATIVE INVESTIGATION	CRIMINAL MISCONDUCT OR FRAUD	AVAILABLE TIME AND RESOURCES



CHICAGO PARK DISTRICT  
OFFICE OF INSPECTOR GENERAL

ELAINE L. LITTLE, INSPECTOR GENERAL

OIG  
FOURTH  
QUARTER  
AND  
ANNUAL  
2020  
REPORT







Elaine L. Little  
Inspector General

## CHICAGO PARK DISTRICT OFFICE OF INSPECTOR GENERAL

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### Fourth Quarter and Annual 2020 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 2020 Annual Report. 2020 has been a year filled with extraordinary challenges that required the Park District to close its parks, due to the ongoing pandemic, much of the year. The OIG offices remained open with minimum in-office staffing as a resource for employees and patrons. The safety and well-being of Park District patrons and employees is of utmost importance to the OIG and the District, and the OIG has diligently referred all pandemic-related complaints it had received to the Park District's Medical Advisor to be addressed accordingly. Nevertheless, the OIG has remained committed to its mission, even though recent events required substantial adjustments to how and where our employees lived and worked.

I also wish to express my gratitude to the Board of Commissioners for appointing me to a four-year term as Inspector General. As the Park District's third Inspector General, I would like to thank my predecessors, Alison Perona and Will Fletcher, respectively, who worked tirelessly to establish an Inspector General's office and for continuing to create a strong investigative and oversight agency that finds it advantageous to work collaboratively with Park District management. I am also appreciative to former Interim Inspector General, Nathan Kipp, and the OIG staff for the hard work and effort put forth, during a pandemic, and their willingness to adapt so as to continue implementing the mission of our office.

This Report summarizes the significant investigations and reviews on which the OIG made findings and recommendations throughout the past year. Of particular note, one concessionaire who was found to owe the Park District nearly \$100,000 and repeatedly violated its concession agreements was debarred. The Concession Program Manager was also negligent in its management duties and engaged in critical contract violations. The Concession Program Manager was replaced. Another significant investigation led to the OIG recommending debarment of two construction contractors for refusing to cooperate with the OIG's review of the Park District's \$65 million Capital-Construction Procurement Program. Subsequent to the OIG's recommendation, one contractor fully cooperated and the OIG updated its recommendation to remove any bar previously imposed against that contractor.

Our findings in another investigation concluded that a Music Festival Promoter received significant discounts on event permit fees by falsely promising donations to nonprofits, as the Park District required. The promoter was permanently disqualified from receiving event permits in the future and his account with the Park District was retired. This investigation prompted a larger review of the Park District's waiver or discount of event permit fees in 2018 and 2019. The OIG's review uncovered that, in 2018 and 2019, the Park District applied a total of \$11.6 million in fee discounts. And of that \$11.6 million in discounts, \$4.45 million were applied to 114 events that the OIG classified as revenue-generating or for-profit festivals. In 2020, the policy changed so that the nonprofit discount would apply only when a permit applicant represents that "100%" of the event's "net proceeds" will benefit a nonprofit organization. The Park District also committed to reviewing methods to strengthen the procedures to validate payments to nonprofits, including (1) requiring permit applicants to provide an official endorsement letter from the nonprofit and a copy of the agreement between the event organizer and the nonprofit; and (2) with regard to events that charge admission, pursuing greater information-sharing and coordination with the City of Chicago Department of Finance.

To address the OIG's concerns regarding tax evasion and transparency, the Park District committed to implement measures to discourage tax evasion, including: (1) updating the event permit application to include notifications that detail the applicants' tax-reporting obligations under Illinois law; and (2) pursuing greater information-sharing, referrals, and coordination with the State of Illinois and City of Chicago. The Park District acknowledged the need for transparency and maintains that its event permit data is available on the City of Chicago public data portal. However, the OIG, as noted in its Third Quarter Report, contends the Park District's description of the City's public data portal is not accurate.

Most acutely, like other agencies, the Park District suffered significant budgetary losses in 2020 due to the on-going pandemic. The OIG was asked to assist in addressing the budget shortage by decreasing its already slim budget. In response, the OIG decreased its budget by 7.3% for the 2021 fiscal year. However, the budget cuts have not affected the OIG's ability to become fully staffed in 2021. To ensure we are able to continue to provide timely and thorough investigations, it is imperative that we are staffed adequately.

During these unprecedented times, the OIG looks forward to continuing to work in collaboration with the Park District Board of Commissioners and Administration toward the shared goal of effective oversight and the promotion of transparency and efficiency throughout the Park District's operations. I, personally, look forward to working with the OIG staff to combat fraud, waste and abuse with the integrity consistent with the practices as set forth prior to my tenure.

Sincerely,



Elaine L. Little  
Inspector General

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# Office Overview

## Mission

Pursuant to Chapter 2, Section D of the Chicago Park District Code, the OIG is charged with the mission:

- To investigate allegations of fraud, waste, and abuse or misconduct by Chicago Park District employees, members of the Board of Commissioners, contractors, agents, and volunteers; and
- To monitor the Park District's compliance with the Employment Plan's rules governing hiring and other employment actions.

Also in accordance with the Park District Code, the OIG conducts District-wide internal audits to assess integrity of financial reporting systems, the effectiveness of internal controls, and the efficiency of established procedures.

While working to fulfill its legal mandate, the OIG partners with law-enforcement agencies, when appropriate, to ensure that serious criminal misconduct that is uncovered during the OIG's administrative investigations is investigated and prosecuted.

## Budget

In FY 2020, the OIG's adopted budget was \$414,240. Notably, and in light of the Park District's loss of \$100 million in revenue due to the Covid-19 pandemic and the District's on-going pension shortfall, the OIG has reduced its 2021 budget by 7.3%.

## Personnel

The OIG has employed the following personnel throughout FY 2020: The Inspector General, the Deputy Inspector General (a position created in the First Quarter of 2020), one full-time Investigator, and one part-time Investigator. A part-time Investigator position and the Assistant Compliance Officer position are currently unfilled. In addition, the OIG receives regular support from law enforcement personnel.



## Training and Investigation Standards

Each employee of the OIG is a member of the Association of Inspectors General, a national organization of state, local, and federal Inspector Generals and their staffs. The AIG offers training seminars and certification institutes for members, as well as networking opportunities. Participation in the AIG also offers employees continuing training in best practices related to the performance of the Inspector General Mission. The OIG collaborates with Inspector General offices from other state and local agencies to train all staff in a variety of areas related to investigations and audits. Several OIG employees are in the process of obtaining their AIG certification as Certified Inspector General or Certified Inspector General Investigator.

The OIG conducts its investigations in accordance with the AIG's Principles and Standards for Offices of Inspector General (which is colloquially known as "The Green Book"). The OIG also abides by generally accepted principles, quality standards, and best practices applicable to federal, state, and local offices of Inspectors General. In addition, the OIG, at all times, exercises due professional care and independent, impartial judgment in conducting its investigations and issuing its reports and recommendations.

# Investigation

## Park Operations Supervisor Failed to Report or Discipline a Landscape Laborer Whom, He/She Discovered, Had Misappropriated Another Employee's Banking Information to Pay Credit Card and Mobile Phone Bills

In the Fourth Quarter of 2020, an OIG investigation concluded that, in the summer of 2018, a Landscape Laborer had improperly obtained a Seasonal Laborer's bank-account information, and subsequently used that information to benefit himself/herself and a family member. The investigation further concluded that the Landscape Laborer's immediate supervisor, a Park Operations Supervisor, became aware of the Landscape Laborer's misconduct, yet neither disciplined him/her, nor reported him/her to the OIG or other Park District departments.

In 2018, the Landscape Laborer acted-up as Seasonal Maintenance Foreman. While in that position, he/she regularly had access to the completed direct-deposit forms of newly hired seasonal laborers. Testimonial and documentary evidence show that the Landscape Laborer (1) made an electronic payment to his/her credit card by providing the Seasonal Laborer's bank-account information telephonically; and (2) paid his/her family member's mobile phone bill online by also using the Seasonal Laborer's bank-account information. The Landscape Laborer further admitted to the OIG that he/she had later confirmed to his/her immediate supervisor, the Park Operations Supervisor, that he/she had used the Seasonal Laborer's bank information to make payments to his/her credit card account and to his/her family member's mobile phone account.

As to the Park Operations Supervisor, it is undisputed that he/she (1) failed to discipline the Landscape Laborer once he/she realized that the Landscape Laborer had compromised the Seasonal Laborer's bank-account information; (2) failed to escalate the matter to other Park District departments, such as Human Resources, or even to his/her immediate supervisor, the Deputy Director of Cultural and Natural Resources; (3) otherwise violated his/her duty under the Park District Code to report the Landscape Laborer's misconduct to the OIG; and (4) took no substantive or effective remedial actions to safeguard future employees' bank-account information. When speaking to the OIG, the Park Operations Supervisor further acknowledged that he/she is generally reticent to discipline employees under his/her supervision, leading the OIG to believe that there was a strong possibility that he/she will fail to properly address any future incidents of similar misconduct.

The OIG's investigation of the Landscape Laborer and the Park Operations Supervisor further

revealed that the unit of the Department of Cultural and Natural Resources in which they worked utilizes unacceptably casual and unsecure methods to deliver sensitive Human Resources and Payroll documents to the Park District's Administrative Office. Employees from five service yards deliver (or have delivered on their behalf by several individuals along the way) sensitive HR or Payroll documents to one central service yard — where they are collected, stored unsecured, and left unsupervised for up to a week at a time — before ultimately being delivered to the Administrative Office for processing and storage. As this investigation revealed, the resulting unsecured chain-of-custody of sensitive employee documents creates an elevated threat of identity theft or other similar types of fraud occurring. Indeed, it is very likely that these lax methods contributed to the compromise of the Seasonal Laborer's bank-account information, here.

Based on its investigation, the OIG recommended that the Park District terminate the Landscape Laborer's employment. The OIG recommended that the Park District terminate the Park Operations Supervisor's employment, as well.

Finally, the OIG recommended that the Park District review the methods by which the unit of the Department of Cultural and Natural Resources, in which the Landscape Laborer and Park Operations Supervisor worked, maintains and delivers employees' completed HR and Payroll forms to the District's Administrative Office. If necessary, the OIG continued, the Park District should also enact policies and procedures to ensure that such documents are maintained and delivered in the most secure manner possible so as to prevent identity theft, fraud, and other wrongdoing similar to the employee misconduct uncovered in this investigation. If, in the course of its review, the Park District becomes aware that other units of the Department of Cultural and Natural Resources maintain and deliver HR and Payroll forms in similarly unsecure manners, the OIG further recommended that the District also enact additional policies and procedures to ensure that such documents also are maintained and delivered in the most secure manner possible.

In January 2021, the Park District informed the OIG that, in response to the OIG's recommendations, it had placed the Landscape Laborer and Park Operations Supervisor on Emergency Suspension. The Landscape Laborer resigned his/her position shortly thereafter. The OIG will detail in a subsequent report any further employment action that the Park District may take against the Park Operations Supervisor.

The OIG requested that the Park District provide a timely response to its recommendation of conducting a review of the transportation of HR and Payroll documents. The OIG will report the Park District's response, if any, in a subsequent report.

# Fiscal Year 2020 Investigations and Reviews

In addition to the investigation reported for the Fourth Quarter of 2020, the OIG reported the outcomes of the below investigations in its Quarterly Reports for the First Quarter, Second Quarter, and Third Quarter. More detailed accounts of those investigations are found in those Reports, which are accessible via the [OIG's website](#).

## Well-Connected Lake View East Homeowner Encroached on 3,000 Square Feet of Lincoln Park for Five Years, Preventing Public Access

In the First Quarter of 2020, an OIG investigation established that a Lakeview East Homeowner had improperly cordoned off nearly 3,000 square feet of Chicago Park District property in Lincoln Park for his/her own personal use by constructing fencing and hedgerows around the land.

In 2015, the Park District Law Department sent Homeowner the first of several notices regarding the encroachment on park land. In his/her responses, Homeowner strung along the process by advancing unsubstantiated and conflicting explanations about obtaining easements or other limited right-of-ways on the land. But, to the contrary, Homeowner received no right from the City or the Park District to cordon off 3,000 square feet of park land for his/her own use, and offered nothing that remotely supported such a notion.

In addition, the Homeowner's shifting explanations and refusals to remove the hedgerows had delayed, for more than five years, the Park District's attempts to remedy other minor encroachments to park land in Homeowner's vicinity. When the Law Department originally notified Homeowner of his/her encroachment in 2015, it also contacted nearby residents and property owners who also had encroached on park land. Those property owners had tentatively agreed with the Park District's terms for use of the park land for decorative improvements and construction of walkways to allow street access through the park land. But the agreements had been placed on hold for five years as they awaited the disposition of Homeowner's encroachment.

The OIG recommended that the Park District instruct Homeowner to remove his/her encroachment on Park District property within 30 days upon the issuance of its report. In the event that the Homeowner refused to comply, the OIG then recommended that the Park District take all appropriate action to halt the Homeowner's continuing encroachment as soon as practical including, if necessary, filing civil suit against the Homeowner.

Shortly after the OIG reported on the Homeowner's encroachment, the Homeowner agreed with

with the Park District to remove the hedgerows at issue and is no longer encroaching on Park District land.

## Music Festival Promoter Gamed Park District's Permit Fee Discounts for Two Years; Loopholes in Fee Policies Remain

In the First Quarter of 2020, an OIG investigation concluded that a Promoter for a one-day music festival, which was held in Park District venues in 2018 and 2019: (1) violated the terms of Park District event permit and partnership agreements; (2) made material misstatements to the Park District in those agreements and related documents; (3) reneged on donation pledges to nonprofits; and (4) failed to make reports to Illinois taxing authorities. That investigation, in turn, led to a larger review of the Park District's waiver or discount of event permit fees in 2018 and 2019.

By way of background, any individual or entity that wishes to hold a large group event at a Park District facility must first obtain a special event permit. Special event permit fees are expensive; they typically range from the tens of thousands to the hundreds of thousands of dollars. Because of their cost, the Park District regularly reduces permit fees or waive them altogether for festivals and other events of all sizes to make the Park District's public venues accessible to a larger number of organizations. Such waivers or discounts generally take two forms: (1) nonprofit discounts that are applied by the Park District's Revenue Department, and (2) partnerships that generally are initiated by management or through parks. Importantly, for-profit festivals — such as the festival staged by the Promoter who originally was under investigation — are eligible to receive fee waivers or discounts through nonprofit discounts or partnerships, even though they seek to make money by charging admission or offering other revenue-generating activities.

The OIG's review uncovered that, in 2018 and 2019, the Park District applied a total of \$11.6 million in fee discounts. And of that \$11.6 million in discounts, \$4.45 million were applied to 114 events that the OIG classified as revenue-generating or for-profit festivals. Because the for-profit festival business model is profit-driven, it often conflicts with the Park District's intent to make its public venues available to a wider group of nonprofit and neighborhood organizations through fee waivers or discounts.

The Revenue Department's application of the nonprofit discount changed in 2020. Up until this year, the Revenue Department would apply an increasing series of permit fee discounts depending on how much an event's revenue would be directed to an organization with IRS nonprofit status. But beginning with events that had been scheduled in 2020, the policy changed so that the nonprofit discount would apply only when a permit applicant represents that "100%" of the event's "net proceeds" will benefit a nonprofit organization.

All of the revisions improved on previous iterations of the discount policy. The policy revisions for 2020 appeared to be the most extensive yet and, in the case of a recently issued Partnership Handbook, finally provided Park District personnel with necessary guidance about the purpose of partnership agreements and how to process them.

The OIG noted, though, that the new policies are unlikely to resolve some known issues related to special event permits for festivals and other large events that are held with the intent of generating revenue. Specifically, the OIG cautioned that effective monitoring of donations of events' "net proceeds" to nonprofit organizations will require exhaustive auditing resources, particularly as it relates to the auditing of festival promoters looking to game the policy through fraud or deceit.

In addition, under the new tiered approach to permit discounts, nonprofits with annual incomes of under \$1 million may receive the largest permit discount of 75%. Even newly formed nonprofit organizations with no financial track record would be eligible for the 75% discount, increasing the fraud risk that incentivizes dishonest promoters to incorporate nonprofits primarily for the purpose of obtaining the maximum discount. Depending on the size of the festival, the 75% discount on permit fees can be worth tens or hundreds of thousands of dollars.

The OIG also pointed out that the Park District still did not confirm whether festival producers and vendors report sales tax information, as Illinois law requires. Because of the prevalence of cash transactions at festivals — especially for admissions fees at entrance gates and for vendor-sold goods — the absence of Park District oversight risks allowing festivals to become de facto tax havens or worse.

Similarly, the OIG noted that the Park District needed a better method of confirming that festival producers have obtained all of the licensing and approvals required to hold their events, such as ensuring that third-party providers of private security and emergency services are legitimate entities with appropriate certifications and insurance.

Finally, the OIG found that partnership agreements ran the risk of disproportionately benefitting event sponsors who receive permit fee discounts because the Park District has established no practice to confirm whether the event sponsors make good on their promises to provide parks with something of value in exchange for partnerships.

In light of its findings, the OIG recommended that the Park District permanently refuse to issue the Promoter or his/her company a special event permit for future events.

The OIG also made several system-wide recommendations regarding the Park District's special event permitting process. First, the OIG recommended that, beginning with the 2021 festival season, the Park District replace the "net proceeds" policy with a readily verifiable minimum

donation that, like the special event permits themselves, is set depending upon variables like expected attendance, advertising, the presence of merchandising, food and alcohol sales, and attendance fees.

In addition, the OIG recommended that the Park District consider instituting a cap on partnership waivers for all revenue-generating festivals and events or consider a minimum donation requirement similar to its recommendation for discounted permits.

The OIG further recommended that the Park District increase transparency surrounding the permit fee discounts or waivers by placing a regularly updated page on its website that lists (1) events and their sponsoring entities that received special event permit fee waivers or discounts in excess of \$5,000; (2) the amount of the waivers or discounts; and (3) the justification for providing the waivers or discounts.

Finally, the OIG recommended that the Park District require festival sponsors (1) to complete an attestation during the permitting process, in which the sponsors will assure their compliance with the Illinois law that mandates the reporting of sales taxes at their events; and (2) to provide to the Park District a copy of its state-required tax reporting within 10 business days after the report is filed. The OIG also recommended that the Park District advise event sponsors during the permitting process that failure to provide timely evidence that they had fulfilled their tax-reporting obligations will bar them from hosting future events at Park District facilities.

In response, the Park District informed the OIG that the District's Revenue Department will disqualify the Promoter from receiving future event permits; notify the Promoter of his/her disqualification; and retire the Promoter's account on the District's internal accounting system.

As to the OIG's systemic recommendations, the Park District:

- Recommended retaining the "net proceeds" approach, but also committed to reviewing methods to strengthen the procedures to validate payments to nonprofits, including (1) requiring permit applicants to provide during the application process an endorsement letter from the nonprofit (on the nonprofit's official letterhead) and a copy of the agreement between the event organizer and the nonprofit; and (2) with regard to events that charge admission, pursuing greater information-sharing and coordination with the City of Chicago Department of Finance, which processes City of Chicago Amusement Tax exemption requests using similar supporting documentation.
- Stated that Park District event permit data is available on the City of Chicago public data portal. According to the Park District, that data includes, among other information, the name of the permit applicant, the name of the event, the event description, and the event location. (The OIG noted in its Third Quarter Report that the Park District's



description of the City's public data portal was not accurate.) Additional information can be accessed through the procedures outlined in Illinois's Freedom of Information Act, as well. As to partnerships, the Park District continued, the New Business Development Department will provide regular reporting that provides similar information.

- Committed itself to implement measures to discourage tax evasion, including: (1) updating the event permit application to include notifications that detail the applicants' tax-reporting obligations under Illinois law; and (2) pursuing greater information-sharing, referrals, and coordination with the State of Illinois and City of Chicago so as to allow state and city agencies to pursue their own audits or enforcement.

The Park District also stated that it will institute the following additional practices to further strengthen its event permit and partnership practices:

- Improve sharing of information with the City of Chicago's Department of Cultural Affairs and Special Events to better evaluate permit applicants' anticipated attendance numbers for planned events;
- Develop additional safeguards to ensure that permit applicants retain proper security staff; and
- Enhance coordination between personnel in the District's Revenue and Security Departments when reviewing proposed events' security plans.

## Individual Falsely Claimed that Park District Facility Was the Location of His/Her Privately Owned Business

In the First Quarter of 2020, an OIG investigation concluded that an individual had falsely represented that a Park District facility that he/she had rented in March 2019 was, in fact, the location of his/her privately owned dance academy.

Two months after the individual had rented space at the Park District facility at issue, the facility began receiving mail that was specifically addressed to the individual and his/her dance academy. The Park District told the mail carrier that no such person or program existed at that facility and returned the mail. A short time later, the supervisor of the park where the individual had rented space confronted him/her about the mail, and instructed him/her that he/she could not use the park's facilities as an address for the dance academy.

Approximately three months later, parents contacted the park supervisor to inquire about the



individual's whereabouts, explaining that they had been instructed to show up to the park for dance practice and to pick up dance uniforms. The supervisor informed the parents that the individual was not a Park District employee and that the dance academy was not a Park District program. But then the park facility began to receive telephone calls from businesses to which the individual and his/her dance academy had owed money. Those businesses informed the park supervisor that the individual had listed the park's address as that of his/her privately owned dance academy.

The OIG confirmed that the individual (1) was not a Park District employee, or had any partnership with the park in question; (2) was listed on Secretary of State records as the dance academy's legal agent; and (3) rented the park's facilities beginning in March 2019. The OIG also discovered that, in 2013, the individual was arrested for conducting a fraudulent scheme involving fundraisers that ostensibly had been organized to purchase equipment for a Wisconsin-based cheerleading squad.

The OIG recommended that the Park District bar the individual from conducting business with the District. The Park District followed the OIG's recommendation.

## Park District Employee Falsely Claimed to Have a Current Driver's License, Despite Job Requirement

In the First Quarter of 2020, an OIG investigation concluded that a full-time Park District Laborer had falsely claimed on his/her job application that he/she possessed a valid driver's license, which was a necessary requirement for the position. The OIG further found that the employee had also (1) falsely claimed that he/she possessed a valid driver's license when he/she applied for a Seasonal Laborer position in 2019; and (2) worked as a Seasonal Laborer in 2019 without possessing a valid driver's license, even though a valid driver's license was a necessary requirement for the Seasonal Laborer position, as well.

The OIG recommended that the Park District terminate the Laborer's employment. The Park District followed the OIG's recommendation.

## Maintenance Laborer Admitted to Driving a Park District Vehicle with an Expired Driver's License, and then Subsequently Lying to Supervisors About It

In the Second Quarter of 2020, an OIG investigation concluded that a Maintenance Laborer violated Illinois law and the Park District Employee Code of Conduct after he/she admitted to the OIG that he/she had: (1) failed to renew his/her Illinois driver's license when it had expired in 2019; (2) falsely told his/her supervisors during a departmental check of employees' driver's licenses that his/her license will expire in 2022, and falsely stated the same on Park District documents, to conceal that it actually had expired in 2019; and (3) operated a Park District-owned flatbed truck as part of his/her job duties, after his/her driver's license had expired.

Because the Laborer failed to meet the minimum requirements for his/her position, lied to supervisors about his/her job qualifications, falsified Park District documents, and violated Illinois law by driving a District-owned truck without a valid driver's license, the OIG recommended that the Park District terminate his/her employment.

Subsequent to the OIG's report, the Park District informed the OIG that the Laborer had resigned his/her position.

## The Park District's Concession Program Manager Was Negligent in Its Duties by Failing to Provide Oversight of One Concessionaire, Which Repeatedly Violated Its Concession Permit Agreements and Refused to Pay the Park District Nearly \$100,000 in Concessionaire's Fees

In the Third Quarter of 2020, an OIG investigation concluded that a Park District Concessionaire and its Owner had violated several provisions of the Concessionaire's Concession Permit Agreements. Among other things, those violations included the Concessionaire's (1) failure to pay the Park District \$97,695.08 in required concessionaire's fees; and (2) improper assignment of its concession space to a third-party event-planning business, which was owned by a sibling of the Concessionaire's Owner.

The OIG also uncovered critical contract violations and management failures by the Park District's third-party Concession Program Manager. Specifically, the OIG concluded that the Concession Program Manager: (1) refused for 13 years to perform contractually required credit or business background checks on prospective concessionaires, including the Concessionaire who, in this case, lacked the necessary initial capital to invest in a Park District concession; (2) did not account for nearly \$25,000 in fees that the Concessionaire has yet to pay to the Park District; and (3) failed to monitor the Concessionaire's compliance with the District's

concessionaire program according to “the highest industry standards,” as the District’s and Concession Program Manager’s management contract required.

In light of its findings, the OIG recommended that the Park District fully debar the Park District Concessionaire and its Owner. The OIG also recommended that the Park District refuse to issue either the Concessionaire or its Owner permits to allow either to conduct business at Park District facilities in the future.

Similarly, the OIG recommended that, for an appropriate amount of time, the Park District: (1) debar the third-party event-planning business, which was owned by a sibling of the Concessionaire’s Owner, and the Owner’s sibling, for benefitting from the Concessionaire’s improper assignments of its rights as a Park District concessionaire; and (2) refuse to issue either the third-party event-planning business or the Owner’s sibling permits to allow either to conduct business at Park District facilities.

Shortly before the OIG reported its findings, the Park District declined to renew its contract with the Concession Program Manager. Nevertheless, the OIG recommended that the Park District’s Department of Revenue require the Concession Program Manager to pay up front the entire amount of concessionaire’s fees that the Concessionaire has not paid to the Park District — \$97,695.08 — so as to ensure that the Park District receives all of the fees due to it. The Concession Program Manager can then retain the fees that it recovers in a collections action that it had brought against the Concessionaire and its Owner.

In response, the Park District informed the OIG that the Park District’s Concession Program Manager had the sole ability to debar concessions that materially breach their agreements. As the Park District explained, applications to obtain a Park District concession requires applicants to report their history with the Park District. The Concession Program Manager checks the accounts receivable reports and other records to determine whether an applicant is in good standing with the Park District and able to do business with the District. The Concessionaire, its Owner, the third-party event-planning company, and the sibling of the Concessionaire’s owner, were notified in the First Quarter of 2020 that they were not receiving an agreement renewal. The Park District also stated that correspondence was being prepared to formally notify the Concessionaire, its Owner, the third-party event-planning company, and the sibling of the Concessionaire’s owner, that they may not conduct business on Park District property going forward.

As to the OIG’s recommendation that the Park District collect the \$97,695.08 in unpaid fees directly from the Concession Program Manager, the Park District believed that all supporting documents overwhelmingly support its position to collect the full amount due from the Concessionaire.

The Park District agreed, though, that because of its oversight, the Concession Program Manager failed to meet the District's expectations of its fiduciary responsibilities. At the time of its response, the Park District was in the process of transitioning to a newly selected concession program manager, which, the District was confident, will be able to fully meet the District's expectations. The Park District was also working with the outgoing Concession Program Manager on day-to-day operations, as well as outstanding business, to effectuate the winding down of the parties' relationship. The separation plans included the transfer and/or assignment of the Concessionaire collection effort. With that said, the Park District continued, the Concession Management Agreement with the outgoing Concession Program Manager did not specifically call for the Concession Program Manager to be fiscally responsible for indebtedness of concessionaires. But, the District continued, it would work on identifying the appropriate course of action without jeopardizing a responsible transition to the newly named concession program manager.

The Park District further stated that it would take the following additional actions to strengthen its concession management operations:

- Request the City of Chicago to amend the municipal code to enhance the District's ability to collect outstanding debt. Specifically, the Park District requested provisions to be added with the goal being to require businesses with outstanding debt to the District to cure their debts before City business license renewal, thereby equipping the District with an economical and effective enforcement tool. The District noted that a similar enforcement coordination is already in place between the City, the State of Illinois, the Metropolitan Pier and Exposition Authority, and Cook County, and is carried out by the City of Chicago Department of Business Affairs and Consumer Protection.
- Require the new concession program manager to agree to contractual terms that address the OIG's investigative findings. The Park District assured the OIG that the contract negotiations between it and the newly selected concession program manager would address many of the concerns outlined in the OIG's report to prevent future occurrences of the failures and deficiencies identified. For example, the new agreement will include an annual management fee retainage provision, which provides for the withholding of 10% of the management fee pending an annual review of the new concession manager for (1) quality of the management services performed; (2) achievement of Park District programmatic and fiscal goals; and (3) Park District satisfaction. After the annual performance evaluation, the Park District may then release all, some, or none of the retained amount. In addition, the Park District continued, the new concession program manager's multi-faceted mentorship program has been designed to meet the Park District's goals on equity and development. It will weave together training and education to develop a pool of sustainable restaurant

concessionaires who are capable of executing efficient and profitable concessions operations. Topics covered will include assessing the financial viability of a business plan regarding both capital and operational funding needs. The Park District was confident that this new holistic approach had greater promise for long-term success.

## Two Construction Contractors Debarred for Refusing to Cooperate with the OIG's On-Going Review of a Long-Running \$65 Million Capital-Construction Procurement Program

As reported in the Third Quarter of 2020, a Prime contractor and a Subcontractor refused to cooperate with the OIG. In January 2020, the OIG began an extensive review of a Park District capital-construction procurement program that has awarded approximately \$65 million in construction contracts over the past four years. As part of that review — which is ongoing — the OIG has contacted prime contractors and subcontractors that have been awarded contracts through the program to request documents and information regarding their participation. Most of the companies that the OIG contacted have cooperated with the requests. However, two did not: a Prime Contractor that, over the past four years, has been awarded over \$6.5 million in business through the program; and a company that acts as a Subcontractor on projects awarded through the program.

A Park District contractor's failure to cooperate with an OIG investigation is serious, and can form the basis for that contractor's debarment — that is, disqualification from future Park District business. Moreover, all prime contractors that participate in the capital-construction procurement program have contractually agreed that they and their corporate officers and employees would "cooperate with the Inspector General in any investigation," and that any failure to cooperate with the OIG would be grounds for removal from the program. Likewise, all subcontractors who are awarded business under the procurement program have agreed that it and its officers and employees have "the duty" to cooperate with the OIG.

The facts underlying the Prime Contractor's and Subcontractor's failures to cooperate, and their subsequent debarments, are detailed below:

Prime Contractor. In February, the OIG sent requests to the Prime Contractor and nine other firms for utilization documents related to minority- and women-owned businesses (MBE/WBE) — documents that all prime contractors in the capital-construction procurement program are required to maintain in the ordinary course of business, and are obligated to produce to the Park District upon request. Most of the firms complied with the OIG's document requests in a timely manner. The Prime Contractor initially signaled that it intended to produce responsive records, but then made two subsequent requests for additional time to do so; the OIG accommodated

both requests. The final deadline to produce records passed in May. The Prime Contractor has since refused to produce all of the records that it had promised.

The OIG would have been justified in recommending that the Park District fully debar the Prime Contractor for its refusal to cooperate. But the OIG instead recommended that the Park District not award the Prime Contractor any new construction business until it had complied with the OIG's document requests and produced the MBE/WBE records sought. Since the OIG issued its recommendation, the office has independently verified that the Park District has not awarded the Prime Contractor any new work. However, the OIG has also confirmed that the Prime Contractor is still performing work (and receiving payment) under 29 contracts that the Park District had awarded to it before the OIG's recommendation. Some of those contracts extend through 2022. In other words, even though the Prime Contractor has refused to cooperate with the OIG's investigation, it (1) has been awarded approximately 10% of the contracts in the capital-construction procurement program under review; and (2) will continue to work on previously awarded contracts through 2022.

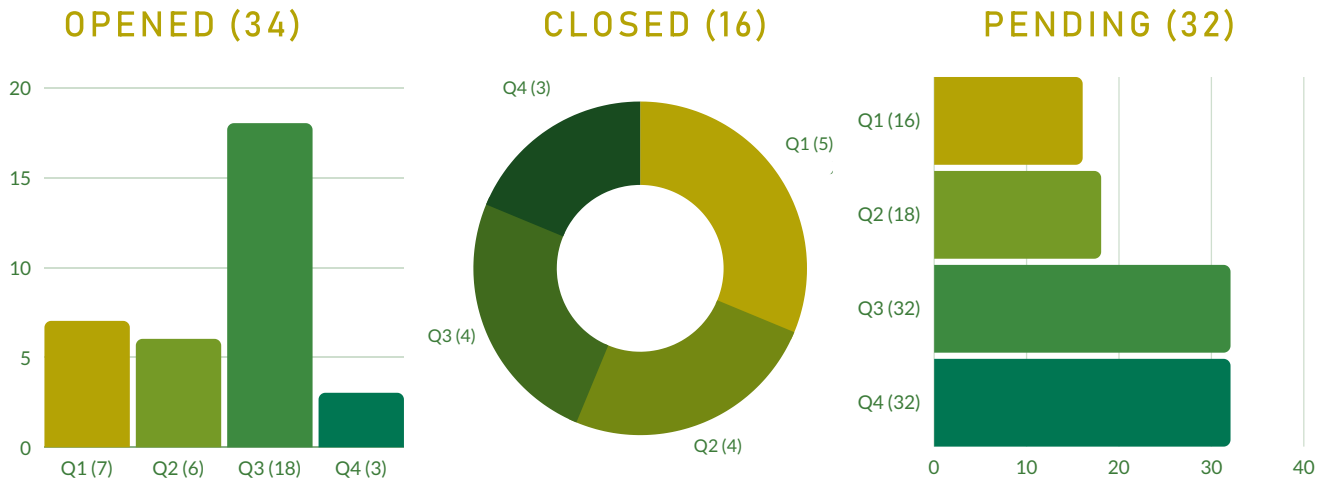
After the OIG reported the Prime Contractor's refusal to cooperate, the Prime Contractor agreed to produce the documents and information sought. The Prime Contractor has yet to follow through with its production, however. Consequently, the OIG is considering recommending further punitive measures to impose against the Prime Contractor, should the company continue to openly flout its duty to cooperate with the OIG.

Subcontractor. In June, the OIG sent requests to the Subcontractor and 27 other companies in the capital-construction procurement program for business records, such as payment records and invoices, related to their participation in the program. Again, all subcontractors who perform work related to the program are required (1) to maintain such documents in the ordinary course of business; and (2) to produce such documents to the Park District upon request. Twenty-seven companies timely complied with the OIG's document requests. The Subcontractor, however, provided no response to the OIG. In August, the OIG again contacted the Subcontractor, instructing it to produce the requested documents. The OIG received no response.

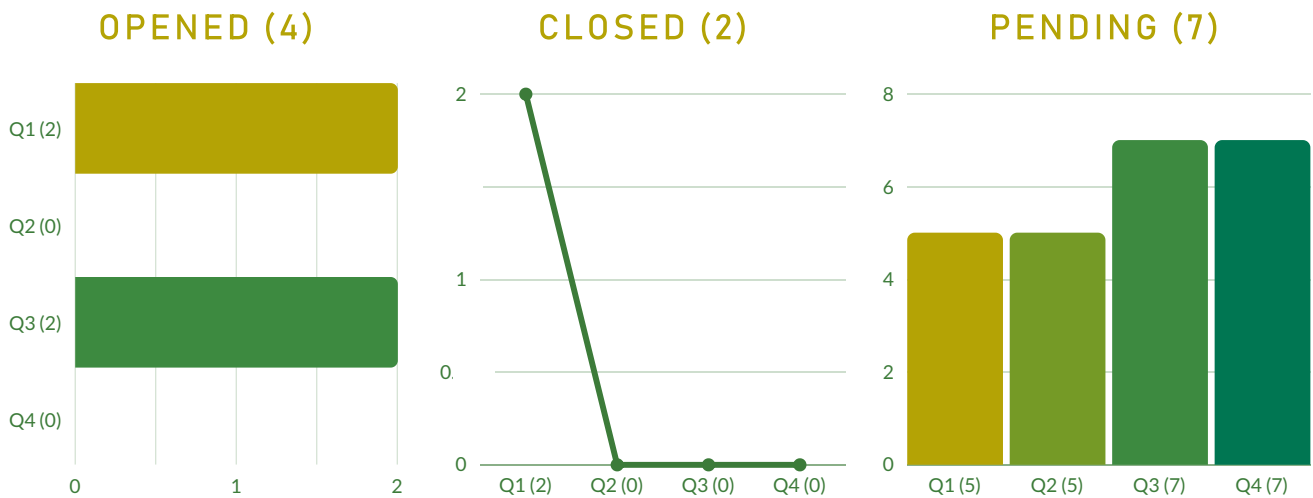
Accordingly, the OIG recommended that the Park District not award any new construction business to the Subcontractor until it had fully complied with the OIG's document requests — just as the OIG had recommended in the case of the non-cooperative Prime Contractor. In response to the OIG's recommendations, however, the Subcontractor eventually produced the documents sought. After concluding that the produced documents were responsive to the OIG's requests, the OIG issued an updated recommendation to the Park District, stating that the District should remove any bar that was imposed to prevent the Subcontractor from receiving new business. The Park District followed the OIG's updated recommendation.

# Annual Information

## INVESTIGATIONS

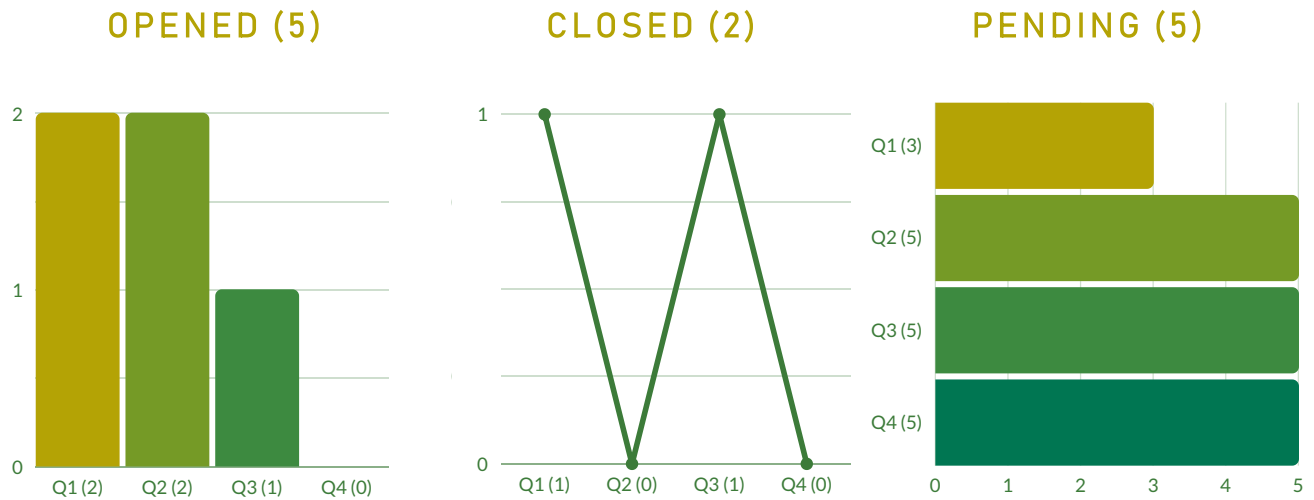


## REVIEWS

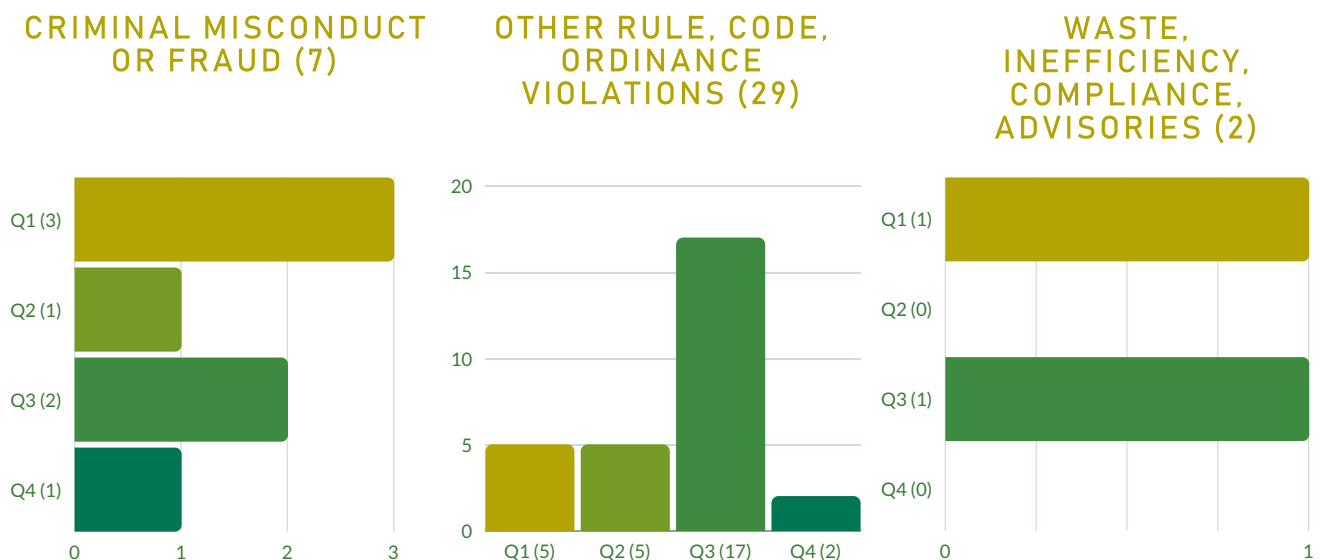


Pending matters include carry-over from 2019.

## AUDITS

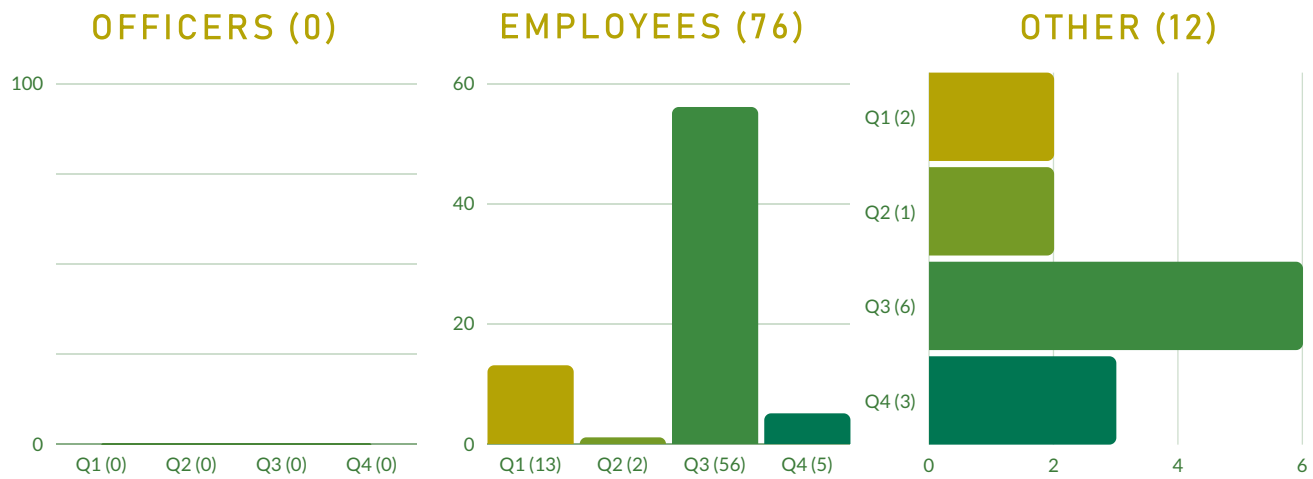


## TYPES OF INVESTIGATIONS AND REVIEWS



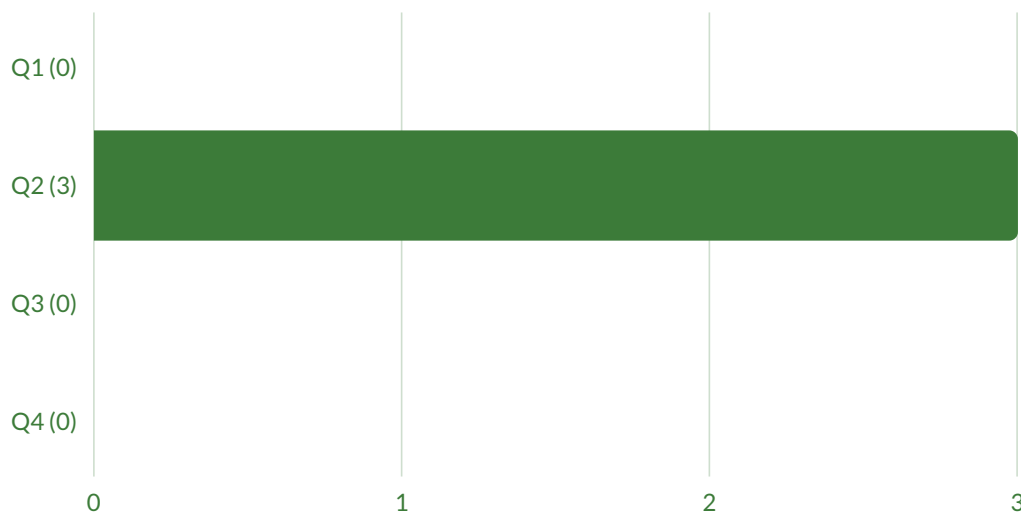


## INVESTIGATED AND REVIEWED PARTIES



## HIRING COMPLIANCE

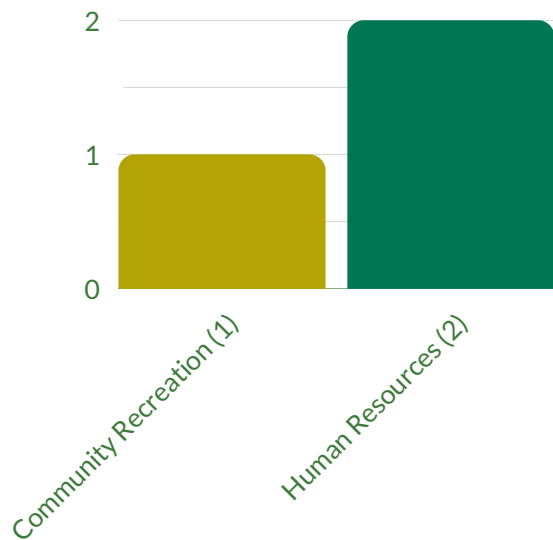
### AUDITS/REVIEWS (3)\*



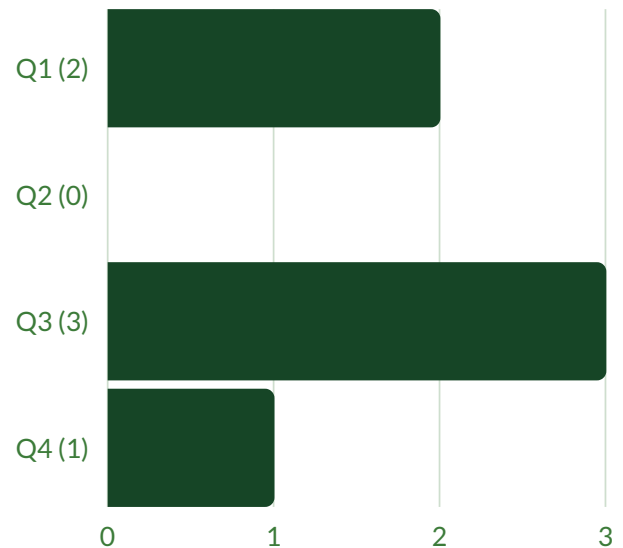
Other includes Agents, Concessionaires, Contractors, Unknown, and Other Parties.

\*Due to Covid-19, the OIG did not complete any Hiring Compliance Audits or Reviews.

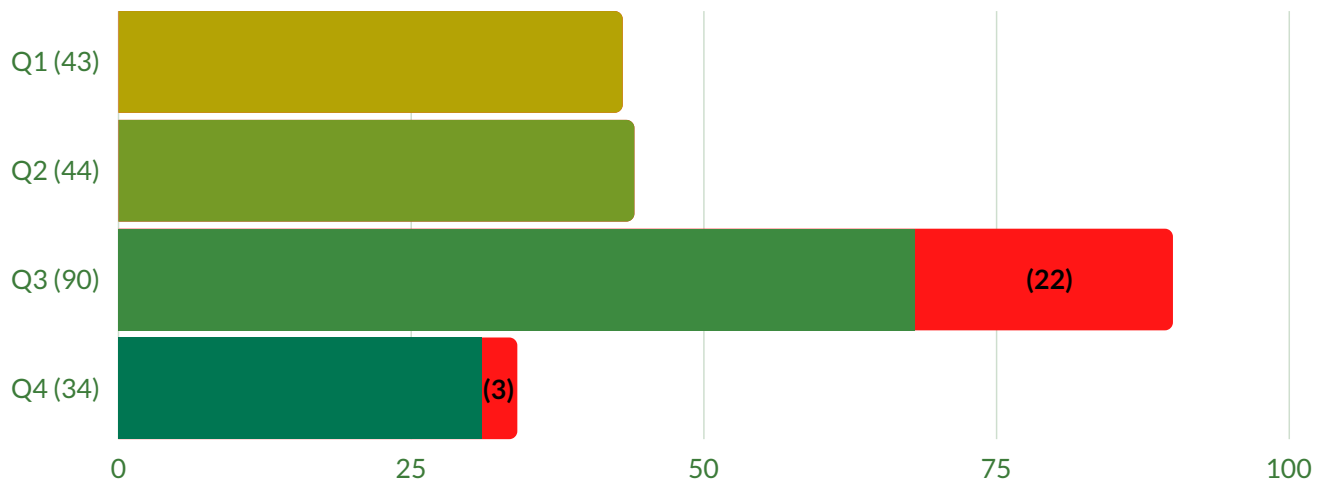
## INTERNAL ASSISTS



## EXTERNAL ASSISTS



## COMPLAINTS RECEIVED (211)



As depicted above in the color red, in FY 2020 the OIG referred 25 Covid-19 related complaints to the Park District's Department of Risk Management.

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.

# MATTERS PENDING OVER SIX MONTHS

Chapter 2, Subsection D(9) of the Chicago Park District Code states that the OIG's quarterly reports "shall identify any investigation, audit or review which has not been completed within six months, and shall state the reasons for failure to complete the investigation, audit or review within six months." Those 21 pending matters, as well as the reasons for their continuing pending status, are listed below:

CASE NUMBER	MATTER TYPE	NATURE OF ALLEGATION	REASON
19-Q1-0206-AI	ADMINISTRATIVE INVESTIGATION	OTHER RULE, CODE, ORDINANCE VIOLATIONS	AVAILABLE TIME AND RESOURCES
19-Q2-0081-AI	ADMINISTRATIVE INVESTIGATION	OTHER RULE, CODE, ORDINANCE VIOLATIONS	AVAILABLE TIME AND RESOURCES
19-Q2-0147-AI	ADMINISTRATIVE INVESTIGATION	CRIMINAL MISCONDUCT OR FRAUD	AVAILABLE TIME AND RESOURCES
19-Q2-0150-R	OIG REVIEW	OTHER RULE, CODE, ORDINANCE VIOLATIONS	AVAILABLE TIME AND RESOURCES
19-Q2-0199-R	OIG REVIEW	COMPLIANCE	AVAILABLE TIME AND RESOURCES
19-Q2-0218-R	OIG REVIEW	COMPLIANCE	AVAILABLE TIME AND RESOURCES
19-Q2-0224-R	OIG REVIEW	COMPLIANCE	AVAILABLE TIME AND RESOURCES
19-Q3-0339-AI	ADMINISTRATIVE INVESTIGATION	OTHER RULE, CODE, ORDINANCE VIOLATIONS	AVAILABLE TIME AND RESOURCES
19-Q3-0343-AI	ADMINISTRATIVE INVESTIGATION	OTHER RULE, CODE, ORDINANCE VIOLATIONS	AVAILABLE TIME AND RESOURCES
19-Q4-0365-AI	ADMINISTRATIVE INVESTIGATION	OTHER RULE, CODE, ORDINANCE VIOLATIONS	AVAILABLE TIME AND RESOURCES
19-Q4-0373-AI	ADMINISTRATIVE INVESTIGATION	OTHER RULE, CODE, ORDINANCE VIOLATIONS	AVAILABLE TIME AND RESOURCES
19-Q4-0388-AI	ADMINISTRATIVE INVESTIGATION	OTHER RULE, CODE, ORDINANCE VIOLATIONS	AVAILABLE TIME AND RESOURCES
20-Q1-0004-R	OIG REVIEW	OTHER RULE, CODE, ORDINANCE VIOLATIONS	AVAILABLE TIME AND RESOURCES
20-Q1-0042-AI	ADMINISTRATIVE INVESTIGATION	OTHER RULE, CODE, ORDINANCE VIOLATIONS	AVAILABLE TIME AND RESOURCES
20-Q1-0057-AI	ADMINISTRATIVE INVESTIGATION	CRIMINAL MISCONDUCT OR FRAUD	AVAILABLE TIME AND RESOURCES
20-Q1-0058-AI	ADMINISTRATIVE INVESTIGATION	CRIMINAL MISCONDUCT OR FRAUD	AVAILABLE TIME AND RESOURCES
20-Q2-0035-AI	ADMINISTRATIVE INVESTIGATION	OTHER RULE, CODE, ORDINANCE VIOLATIONS	AVAILABLE TIME AND RESOURCES
20-Q2-0072-AI	ADMINISTRATIVE INVESTIGATION	OTHER RULE, CODE, ORDINANCE VIOLATIONS	AVAILABLE TIME AND RESOURCES
20-Q2-0076-CI	CRIMINAL INVESTIGATION	CRIMINAL MISCONDUCT OR FRAUD	AVAILABLE TIME AND RESOURCES
20-Q2-0091-AI	ADMINISTRATIVE INVESTIGATION	OTHER RULE, CODE, ORDINANCE VIOLATIONS	AVAILABLE TIME AND RESOURCES
20-Q2-0105-AI	ADMINISTRATIVE INVESTIGATION	OTHER RULE, CODE, ORDINANCE VIOLATIONS	AVAILABLE TIME AND RESOURCES

# Hiring Compliance Monitoring Activity

## Fourth Quarter 2020

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

### Monitoring Contacts by Hiring Departments

The 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 2020. Since the 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

The 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:

Positions added to the Exempt List (0)

Positions removed from the Exempt List (0)

### Review of Exempt Management Hires

Human Resources reported two Exempt hires made during the Fourth Quarter of 2020:

- Inspector General
- Payroll Administrator

### Review of Written Rationales

The 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 2020. The last “no consensus” letter that the OIG received was in 2015, when the Park District was still under the federal Shakman Decree.

## Review of Emergency Appointments

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

Human Resources reported no emergency appointments during the Fourth Quarter of 2020. Human Resources has never reported an emergency appointment.

## Review of “Acting Up” Activity

The OIG reviews each circumstance when an employee “acts up” (performing all or substantially all of the duties of an employee in a higher-paid classification). Activity in the Fourth Quarter of 2020 showed that, on seven instances, employees had “acted up,” and six instances where employees who had been in “acting up” status were placed back in their positions.

### Acting Up Activity - Fourth Quarter



## Hiring Sequence Audits

The OIG's Hiring Sequence Audit reporting will resume later in 2021.