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October 15, 2013

Honorable Toni Preckwinkle
and Members of the Board of Commissioners
of Cook County, Illinois
118 North Clark Street
Chicago, Illinois 60602

Re: Independent Inspector General Quarterly Report (3rd Qtr. 2013)

Dear President Preckwinkle and Members of the Board of Commissioners:

This report is written in accordance with Section 2-287 of the Independent Inspector General (OIIG) Ordinance, Cook County, Ill., Ordinances 07-O-52 (2007), to apprise you of the activities of this office during the time period beginning July 1, 2013 through September 30, 2013.

OIIG Complaints

The Office of the Independent Inspector General received a total of 85 complaints during this reporting period.¹ Please be aware that 13 OIIG investigations have been initiated. This number also includes those investigations resulting from the exercise of my own initiative (OIIG Ordinance, Sec. 2-284(2)). Additionally, 16 OIIG case inquiries have been initiated during this reporting period while a total of 148 OIIG case inquiries remain pending at the present time. There has been one matter referred to other enforcement or prosecutorial agencies for further consideration.

In connection with the recently opened investigations by the OIIG, the following is a general description of the issues under review:

¹ Upon receipt of a complaint, an OIIG complaint number is assigned to the contact and a triage/screening process of each complaint is undertaken. In order to streamline the OIIG process and maximize the number of complaints that will be subject to review, if a complaint is not initially opened as a formal investigation, it may also be reviewed as an "OIIG inquiry." This level of review involves a determination of corroborating evidence before opening a formal investigation. When the initial review reveals information warranting the opening of a formal investigation, an "OIIG Investigation" number is assigned. Conversely, if additional information is developed to warrant the closing of the OIIG Inquiry, the matter will be closed.

- Post-SRO matters (5 cases);
- Ethics violations involving improper fundraising and unlawful political discrimination;
- Improper relationship with an inmate in CCDOC custody by a Cermak employee;
- Failure to cooperate during an OIIG investigation/obstruction;
- Review involving the failure of engineers to possess required licensure;
- Perjury and unlawful political discrimination;
- Negligence in the failure to adhere to *Shakman* related guidelines (2 cases);
- Review of municipal debt procurement practices.

The OIIG currently has a total of 76 matters under investigation. The number of open investigations beyond 180 days of the issuance of this report is 64 due to various issues including the nature of the investigation, availability of resources and prosecutorial considerations.

OIIG Summary Reports

During the 3rd quarter of 2013, the OIIG issued 9 summary reports. The following is a general description of each matter and whether an OIIG recommendation for remediation/discipline has been adopted, if applicable due to the time permitted for corrective action. Specific identifying information is being withheld in accordance with the OIIG Ordinance where appropriate.

IIG10-0031. This matter involved an investigation into a series of fraudulent County contracts in 2010 involving a former Deputy Chief of Staff and a former Director of the Department of Public Affairs and Communication. During our investigation, this office analyzed over 50 contracts that were awarded in an amount just under \$25,000 (the amount that required County Board approval at that time) and subpoenaed relevant individual and corporate bank records. We conducted over 40 witness interviews. Much of our investigation was conducted jointly with the FBI, the U.S. Attorney's Office, and the Cook County State's Attorney's Office. We also worked closely with the FBI's Regional Computer Forensics Laboratory in analyzing large amounts of computer data.

Our investigation revealed that the subject County officials created proposals on behalf of their associates to obtain County service contracts for those associates, most of whom were not licensed businesses and were not qualified to do the work at issue. The officials also arranged for their associates to receive payment in full within days of submitting their proposals even though no work had been done. They did this by creating and submitting false invoices that contained little detail regarding the work allegedly performed or allegedly to be performed. Shortly after depositing their County checks, the subject contractors made large cash withdrawals between \$5,000 and \$12,000 and gave those amounts to the County officials as kickbacks or bribes. The County officials were able to perpetuate their schemes by keeping the contract amounts under \$25,000 so as to avoid County Board scrutiny and by designating the contracts as "sole source" so as to avoid competitive bidding requirements.

One of the officials was convicted of theft and money laundering this August after a trial in state court. The other official was tried before a federal court jury and was found guilty last month on three counts of wire fraud and four counts of bribery. Both officials currently await sentencing.

Based on the abuses that we discovered in our investigation, our office recommended several amendments to the Procurement Code to make it more difficult to engage in sham contract schemes, especially those involving no-bid, sole source contracts. Those proposed amendments were adopted with input and support from the current administration and were enacted into law by the Board of Commissioners. Now all service contractors under “sole source” contracts must submit itemized records indicating the dates that services were provided, a detailed description of the work performed on each such date, and the amount of time spent performing work on each such date before payment is issued. In addition, all contracts entered into without County Board approval must be reported on a monthly basis to the County Board. These measures are designed to increase transparency and accountability and thwart future contract schemes such as the ones discovered in our investigation.

IIG11-0035. This matter involved a review of a \$50,000,000 revenue enhancement and performance improvement contract between the Cook County Health and Hospitals System (HHS) and one of its contractors. We initiated our review in part because HHS was experiencing substantial cash flow problems notwithstanding the contractor’s June 2010 revenue projections that were made in connection with the revenue enhancement contract. This review included the analysis of relevant vendor contracts, revenue enhancement bid documentation, budget forecasts, and actual cash flow reports related to HHS. Materials were also subpoenaed from the subject contractor and interviews were undertaken with relevant HHS personnel, including senior management, representatives of the contractor and a senior official at another health system client of the contractor. We identified a core vulnerability in the contractor’s revenue projections that forecast unattainable goals in revenue enhancement that directly influenced HHS’ Fiscal Year 2011 preliminary budget submitted to the Board of Commissioners. We discovered a substantial revenue shortfall related to HHS’ effort to achieve payment of services provided (“Physician Billings”) which was included in the projection provided by the contractor. Specifically, HHS generated only \$531,875 or 2.7% of the projected \$20 million for Physician Billings in 2011 and \$3.6 million or 19% of the projected \$18.4 million for Physician Billings in 2012. We determined that senior management failed to recognize the contractor’s unsubstantiated revenue projections both at the time of contracting in June 2010 and during the preparation of the 2011 budget several months later. Furthermore, we found that senior management failed to properly supervise the contractors supporting the revenue enhancement projects. Because missed budget projections have ripple effects on capital improvements, purchasing, staffing, and cash flow, we made several recommendations to assist in rectifying problems that may arise going forward in connection with Physician Billings and other revenue generating initiatives. Those recommendations are currently pending.

IIG12-0037. The OIG initiated this investigation after an employee in the Cook County Department of Transportation and Highways (DTH) reported that a suspicious bid for emergency

repairs on underground fuel storage tanks was received from a contractor. The bid came in one week after the bids were due, was not requested by DTH, and was lower than the lowest bid received at that point. Our investigation revealed several problems in the procurement process for the subject repairs, which included a DTH employee improperly inserting himself into the process and personally making a correction to a contractor's bid. In addition, DTH employees utilized the representatives of one contractor to provide the bid specifications without recognizing that this officially prohibited that contractor from becoming a legal competitor in the process. Recommendation for discipline as to the subject DTH employee and systemic recommendations regarding the procurement process within DTH were made and are pending.

IIG12-0049. This investigation was initiated based on information that an employee at the Medical Examiner's Office was using his assigned County computer for non-County business. Forensic examination of the computer revealed that the subject employee was using the computer for prohibited political purposes and maintaining a spreadsheet of a fundraising event and political donations in violation of the Cook County Ethics Ordinance. The investigation also revealed several violations by the subject employee of the County's Dual Employment Policy and falsification of Dual Employment Records over an extended period of time. This office recommended that significant disciplinary action be imposed on the subject employee.

IIG13-0027. The OIIG initiated this investigation based on allegations that a Physician Assistant at the Cook County Health and Hospitals System (HHS) had a parking garage access card that allowed her to park for free for over 10 years and had improperly used time off under the Family and Medical Leave Act (FMLA) to go on an ocean cruise with her family. Our investigation revealed that the alleged conduct had occurred and that the subject employee violated HHS Personnel Rules and the Cook County Ethics Ordinance in using the parking garage access card when she knew that no payroll deductions were made to pay for it. The investigation further revealed that the employee abused HHS sick time policies and falsified records in applying for FMLA time to care for her sick mother when in fact she used that time to go on an ocean cruise with other family members. The employee retired at the time of the investigation, and the money she owed for parking and sick time was recovered in her final pay statement.

IIG13-0033. This investigation relates to a Post-SRO complaint filed pursuant to the *Supplemental Relief Order for the Cook County* (SRO) entered in connection with the *Shakman v. Cook County*, 69 C 2145 (N.D. Ill.) litigation. The complainant alleged that he was the victim of political discrimination while employed with the Cook County Recorder's Office. The OIIG investigation revealed that the complainant was a *Shakman*-exempt employee and was not entitled to any recovery under the terms of the *Shakman* SRO.

IIG13-0056. This investigation involves a Forest Preserve District (FPD) Laborer who was interviewed twice by the Office of the Special Complaint Administrator (appointed by the Federal Court in connection with the *Shakman v. Cook County* litigation.) The Complaint Administrator was conducting an investigation into the hiring of certain full-time Laborers to

determine whether any unlawful political discrimination had occurred. Our investigation revealed that the Laborer made false statements to the Complaint Administrator investigators regarding his participation in political campaigns and the members of the panel who interviewed him for the position of FPD Laborer. Such conduct violates Section V. A. 5. of the *Supplemental Relief Order in Shakman v. Forest Preserve District of Cook County*, 69 C 2145 (N.D. Ill.) which requires the FPD and all its employees to “fully cooperate with the *Shakman* Special Complaint Administrator’s investigation of the SRO Complaint by, among other things, promptly providing any and all requested documents and information to the *Shakman* Special Complaint Administrator.” This office recommended that the subject Laborer be suspended for a period of not less than 15 days.

IIG13-0229. This investigation was initiated based on information, documentation and audio recordings indicating that a nurse assigned to Cermak Health Services had engaged in an inappropriate relationship with an inmate at the Cook County Jail who had been assigned to her unit. Telephone calls placed by inmates at the jail are recorded and the phone numbers called are logged. Telephone records from the Cook County Jail revealed that the subject inmate placed a large number of calls of long duration to a certain cell phone number that was identified through subpoenaed documents as belonging to the subject nurse. OIIG investigators reviewed audio recordings of numerous calls made by the inmate to the nurse’s cell phone number. The conversations during these calls were of an intimate and personal nature and involved highly suggestive sexual language. During her OIIG interview, the nurse denied knowing the subject inmate or being part of the calls but she could not provide an explanation for why her phone received numerous calls from this inmate who had been assigned to her unit at Cermak Health Services. Her answers to questions were evasive and she only reluctantly acknowledged that the cell phone number in question was hers after initially stating she could not recall her phone number for that cell phone. Subsequent investigation revealed other references to a relationship between the inmate and a nurse in the subject nurse’s unit, and phone records from the Illinois Department of Corrections (IDOC) (where the inmate was later transferred) indicated nearly 200 more calls from the inmate to the nurse’s phone. In the IDOC contact logs, the nurse’s name was listed as a call recipient and friend of the subject inmate. Based on the evidence, the allegations that the nurse violated the hospital’s policy against fraternization with inmates were sustained. In addition, the nurse violated her duty to cooperate under the OIIG Ordinance when she provided false statements to OIIG investigators. Our office recommended that the subject nurse be discharged from her current employment.

IIG13-0239. This office received an allegation that four Engineers in the Department of Transportation and Highways (“DTH”) did not have the requisite civil engineering degrees or professional engineering licensure for the positions they occupied. This office reviewed the job descriptions for Highway Engineer I, III, IV and V and determined that although there were variations in the licensure requirements and requisite years of experience, all the job descriptions required a bachelor’s degree in civil engineering or, for the Highway Engineer I and IV positions, civil or electrical engineering. In reviewing the qualifications of the four Highway Engineers in question, we concluded that three of the individuals possessed a bachelor’s degree in civil engineering along with the requisite years of experience. However, one of the

individuals did not possess a degree in civil or electrical engineering or professional engineering licensure. Our office recommended that an analysis of the credentials of the other 54 Highway Engineers be conducted. The Bureau of Human Resources has engaged in related efforts to ensure that DTH is appropriately staffed and is operating in-line with existing policies.

OIIG Enabling Ordinance Jurisdictional Issues

The OIIG enabling ordinance specifically provides that the OIIG has the authority to “investigate corruption, fraud... under the Offices of the President as well as the separately elected County officials....” See Section 2-284(2) of the Independent Inspector General Ordinance, Cook County, Ill. Ordinances 07-O-52 (2007). As previously reported, this office is currently engaged in litigation in the Circuit Court of Cook County seeking a declaration from the court confirming the jurisdictional scope of the OIIG. Although the Office of the Cook County Assessor is the subject of this litigation, please also be advised that the following additional Cook County government offices have also declined to honor the jurisdiction of the OIIG in connection with OIIG investigations:

Office of the Recorder of Deeds
Office of the Cook County Treasurer
Sheriff’s Merit Board
Board of Review

Legislative Activity Relating to OIIG Matters

In 2012, the OIIG issued a public report relative to its investigation of the Northfield Woods Sanitary District and the activities of its appointed Board of Trustees. As outlined in that report, the jurisdiction of the OIIG over District matters and the ability to conduct OIIG investigations was unclear because the Board of Trustees, while appointed by the President of the Cook County Board of Commissioners and confirmed by the Board, are not County employees and do not operate by County funding. Similarly, the applicability of the Ethics Ordinance was also in question. In June 2012, the OIIG submitted proposed legislation to various officials in State government seeking to clarify this issue. Rep. Laura Fine subsequently sponsored this legislation known as the Illinois Local Government Appointee Ethics Act (5 ILCS 430/70-20 new). On August 16, 2013, the following provision was signed into law:

Sec. 70-20. Members appointed by a county. In addition to any other applicable requirement of law, any member of a governmental entity appointed by the president or chairperson of the county board, with or without the advice and consent of the county board, shall abide by the ethics laws applicable to, and the ethics policies of, that county and, if applicable, shall be subject to the jurisdiction of that county's ethics officer or inspector general. (5 ILCS 430/70-20 new)

OIIG Employment Plan and Hiring

On May 30, 2013, the U.S. District Court approved the OIIG Employment Plan. Upon approval of the Employment Plan, this office initiated the process of filling five vacant Investigator positions within the OIIG. This staffing effort is important to support the OIIG's monitoring and investigative responsibilities related to the *Shakman* litigation as well as the overall mission of the office.

We are pleased to introduce the following new members of the OIIG. Mr. John Morrison joins the office with a long career in law enforcement including 26 years with the Federal Bureau of Investigation (FBI) conducting investigations into corruption and health care fraud, including 6 years as a line supervisor. Ms. Courtney Kimble possesses 15 years of investigative experience which includes service with the Chicago Board of Ethics and Office of Professional Standards. Ms. Kimble received her law degree from Northwestern University School of Law. Mr. Frank Bochte was also a supervisor with the FBI and has extensive experience in internal fraud and misconduct investigations. Mr. Bochte is also an attorney who was assigned to the Office of Division Counsel for 11 of his 25 years with the FBI. Ms. Deborah Cohen is a former Assistant State's Attorney with experience in both the criminal and civil employment law side of the office. Recently, Ms. Cohen has focused her private practice on civil and criminal litigation. Finally, we are also very pleased to have Mr. Thomas Galindo who joins the office from the Cook County Board of Ethics where he served as a senior investigator. Prior to his work with the Board of Ethics, Mr. Galindo was an investigator with the United States Probation Office in Tucson, Arizona.

Activities Relating to Unlawful Political Discrimination

Political Contact Log

In April of 2011, the County implemented the requirement to file Political Contact Logs (PCL) with the Office of the Independent Inspector General. The PCLs must be filed by any County employee who receives contact from a political person or organization or any person representing any political person or organization when the contact relates to an employment action regarding an applicant or County employee. The OIIG acts within its authority with respect to each Political Contact Log filed by reviewing the factual basis for the filing and determining whether to initiate a more comprehensive review of the circumstances. From July 1, 2013 to September 30, 2013, the OIIG received 13 Political Contact Logs and opened an inquiry concerning each.

Post-SRO Claims

During this reporting period, the OIIG received three additional County *Shakman* Post-SRO Complaints. Seven County Post-SRO Complaints are currently under investigation.

Training

OIIG personnel have been conducting UPD training in conjunction with mandatory Cook County annual Employment Plan Training offered at County job sites where employees do not have access to the online training modules in use by the BHR. In the last quarter, the OIIG has conducted seven such training sessions throughout various County departments.

Additionally, during the last quarter, the OIIG, in conjunction with the Cook County Compliance Officer and the Forest Preserve District Director of Compliance, conducted UPD training for Commissioners as part of an ongoing effort to ensure County-wide awareness of *Shakman* principles, the Political Contact Log process, law and policy regarding UPD and the Cook County Employment Plan.

Recorder SRO Activity

The OIIG has been in ongoing negotiations with the Recorder, *Shakman* class counsel and the Recorder Compliance Administrator regarding the nature of the Recorder's cooperation during investigations conducted pursuant to the SRO. The OIIG has received an additional Post-SRO Complaint regarding the Office of the Recorder and has issued a Summary Report regarding a previously filed Post-SRO Complaint. Among other UPD investigations relating to the Recorder, the OIIG is now investigating two Post-SRO Complaints arising under the Recorder SRO.

New UPD Investigations not the result of PCLs or Post- SRO Complaints

Apart from the above PCL and Post-SRO activity, the OIIG has opened six additional UPD inquiries during the last reporting period.

OIIG Review per Employment Plans

Per the Cook County Employment Plan and the prospective CCHHS Employment Plan, the OIIG reviews the hire of *Shakman* exempt employees, proposed changes to the County Exempt List, proposed changes to County Actively Recruited Positions and proposed changes to CCHHS Direct Appointment Lists and Positions. During the last reporting period, the OIIG has performed the following functions in this regard:

1. Reviewed the hire of 18 *Shakman* Exempt employees;
2. Reviewed (and given the required approval or objection) to 5 proposed changes to Cook County Actively Recruited positions;
3. Reviewed (and given the required approval or objection) to ten 10 proposed modifications to the County *Shakman* Exempt List;
4. Reviewed (and given the required approval or objection) to 18 proposed changes to CCHHS Direct Appointment positions.

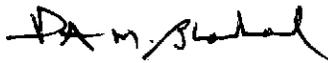
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OIIG Monitoring

The OIIG continues to monitor all disciplinary actions in the Forest Preserve District and is in the process of establishing monitoring programs for Cook County with respect to both discipline and hiring.

Thank you for your time and attention to these issues. Should you have any questions or wish to discuss this report further, please do not hesitate to contact me.

Very truly yours,



Patrick M. Blanchard
Independent Inspector General
(312) 603-0364

cc: Mr. G.A. Finch, Chief of Staff, Office of the President
Ms. Kimberly Foxx, Deputy Chief of Staff
Ms. Laura Lechowicz Felicione, Special Legal Counsel
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Ms. Elizabeth Reidy, General Counsel, Health and Hospitals System
Mr. Arnold Randall, General Superintendent, Forest Preserve District
Ms. Mary Laraia, Deputy Superintendent, Forest Preserve District