

## 2018 FIRST QUARTER REPORT

To the Board of Commissioners,

Please find below a summary of sustained investigations, investigation and audit data, and employment monitoring activity from the first quarter of 2018.

### **I. COMPLETED INVESTIGATIONS**

#### **A. EMPLOYEES DRIVING PARK DISTRICT VEHICLES WITHOUT DRIVERS LICENSES**

Investigations completed during the first quarter of 2018 revealed several cases of employees who were regularly driving Park District vehicles without valid driver's licenses. The investigations revealed a systemic problem in the Park District of failing to verify and monitor the license status of its employees driving Park District vehicles. Below are summaries of investigations that were completed in the first quarter of 2018. Other similar investigations are still pending.

##### **1. Employee Hired with a Revoked Driver's License for DUI and Drove Park District Vehicles Because License Status Was Never Verified**

A landscape employee (Driver 1) had regularly been driving a Park District vehicle although his driver's license had been revoked for a DUI conviction before the employee was hired in late 2016. The Park District apparently never checked the status of Driver 1's license before placing him in a position that may have called for him to drive one of its vehicles.

Not even Driver 1's failure to fill in a space on the job application form that requested driver's license information seemed to have alerted anyone that the status of his license may have been an issue.

Although Driver 1 disputed whether his license was suspended or revoked at the time his Park District employment started, Driver 1 told OIG that he knew he should not have been driving at work but was afraid of disclosing that fact to his supervisors.

OIG recommended the termination of Driver 1's employment. The Park District initiated termination proceedings.

## **2. Foreman Drove Park District Vehicles with an Expired License for 11 Years**

An OIG investigation established that a foreman (Driver 2) had been driving Park District vehicles every day (by his own account) without a valid driver's license for nearly 11 years.

What was especially puzzling about Driver 2's case was that his driver's license had only expired – it had not been revoked or suspended and there appeared to be no reason why he could not have renewed it at any point since mid-2007. Put another way, Driver 2 jeopardized his employment and exposed the Park District to liability every time he operated a Park District vehicle simply because he had not renewed his driver's license in nearly 11 years.

The Park District had a copy of the license that expired in 2007 but apparently never requested Driver 2 to show that he renewed his license since that time.

During the investigation, Driver 2 gave OIG bogus vehicle sign-out sheets for the last several years because, as he admitted, Driver 2 had not been completing the forms on a regular basis.

OIG recommended the termination of Driver 2's employment. The Park District has started the process of employment termination.

## **3. Motor Truck Driver Allowed His Commercial Driver's License to Lapse in 2014; Continued Driving Park District Commercial Vehicles**

An OIG investigation has established that a Motor Truck Driver (Driver 3) had been driving since 2014 without the required commercial driver's license.

Because Driver 3 was over the age of 75 when his license expired in 2014, he would have needed to perform a skills and driving test to renew his CDL. Driver 3 told OIG that he did not take the test because he had been planning to retire and no longer needed a CDL. Nevertheless, Driver 3 continued driving Park District commercial vehicles for nearly four more years without the required license and associated endorsements. Driver 3 told OIG that none of his supervisors checked to determine whether his CDL was current.

Driver 3 admitted that he lacked the required driving credentials and retired within a few days of his OIG interview. Had he not resigned, OIG would have recommended his termination.

As part of the review, Department of Risk Management and OIG collected the license status of Park District employees who are required or may be expected to drive for work.

In addition to the disciplinary recommendations related to the individual employees, OIG recommended that the Park District institute measures to actively monitor that the employees who drive its vehicles have current driver's licenses.

#### **B. EMPLOYEE FORGED PAY STUBS TO HELP A RELATIVE BUY A CAR**

An OIG investigation established that an employee doctored two of her pay stubs so that a family member could fraudulently obtain financing to buy a vehicle. Submitting false documents to obtain a loan, conspiring to submit false documents to obtain a loan, and forgery are felonies in Illinois.

The employee admitted using Photoshop to place the relative's name on electronic images of two Park District pay stubs. The relative presented printouts of the fake pay stubs at an auto dealership in an unsuccessful attempt to get a loan for a vehicle. The fraud was discovered when the auto dealership contacted the Park District to verify the relative's employment.

OIG recommended the employee's termination and for the Park District to offer the dealership its assistance in a criminal prosecution. The Park District has started to pursue the employee's termination.

#### **C. RESIDENCY CASES: THREE SECURITY GUARDS SURRENDER ILLINOIS DRIVER'S LICENSES FOR OUT-OF-STATE LICENSES, ESTABLISH RESIDENCY IN OTHER STATES**

Three Park District security guards on the active roster established residency in other states by, among other actions described below, surrendering their Illinois driver's licenses and obtaining new licenses in the other states.

One of the minimum qualifications for the Security Guard position is that an employee in that title "Must have a valid State of Illinois Driver's License."

Chapter Five of the Park District Code also states that "Any ... Employee of the Park District who resides outside the City of Chicago ... shall be terminated from his/her office or position of employment ..."

Background: Many of the Park District's Security Guards are part-time employees who are full-time law enforcement officers for other agencies or who are retired law enforcement officers. Security Guards often have itinerant work schedules and it is not unusual for there to be months-long gaps between their shifts depending on their

availability and the Park District's security staffing needs. Security Guards are hourly employees.

The flexibility in scheduling means that a Security Guard can live in another state for several months out of the year (especially in the winter) and not be missed by the Park District. There is, however, no official waiver of the Park District employee residency requirement for Security Guards no matter how frequently (or infrequently) they work.

**1. Security Guard Became a Full-Time Law Enforcement Officer in Tennessee While Still an Active Park District Security Officer**

A Park District Security Guard (Security Guard 1) left Illinois for Tennessee in August 2017 to become a full-time law enforcement officer there but never resigned as a Park District employee. Security Guard 1 obtained a Tennessee driver's license and surrendered his Illinois driver's license shortly thereafter.

Because Security Guard 1 never worked a shift at the Park District after moving to Tennessee, OIG recommended that he be allowed to resign rather than be terminated. The employee resigned from the Park District.

**2. Security Guard Hired in 2011 Obtained Florida Driver's License, Surrendered Illinois Driver's License and Claimed Florida Homestead Exemption on Residence Owned There**

Security Guard 2 had an Illinois driver's license when hired by the Park District in 2011. However, Security Guard 2 obtained a Florida driver's license in February 2017 and surrendered the Illinois license in March 2017. And Security Guard 2 had continued to work at the Park District; his most recent shift was in January 2018.

To obtain a Florida driver's license, an applicant must show two documents that identify his/her Florida residence. And, in addition to holding a Florida's driver's license, Security Guard 2, a retired Chicago law enforcement officer, has claimed the Florida homestead property tax exemption on the residence that he owns there. To be eligible for the homestead exemption under Florida law, the subject residence must be the taxpayer's primary residence.

Through his own declarations, Security Guard 2 became a Florida resident and surrendered his Illinois driver's license in early 2017. Each of these facts made Security Guard 2 ineligible to work as a Park District employee.

OIG recommended the termination of Security Guard 2's Park District employment and the Park District has initiated termination actions. Security Guard 2, who re-

acquired an Illinois driver's license after the investigation was completed, has requested a hearing.

### **3. Security Guard Surrendered Illinois Driver's License and Obtained a Florida Driver's License, Has a Vehicle Registered to a Florida Residence**

Security Guard 3 had an Illinois driver's license when he was hired by the Park District in 2016. He obtained a Florida driver's license in July 2017 and surrendered his Illinois driver's license in August 2017. Security Guard 3 continued to work after he surrendered his Illinois driver's license. Security Guard 3's last shift was in November 2017 but he remained a current Park District employee.

To obtain a Florida driver's license, Security Guard 3 was required to show two documents that identified his Florida residence. Further, Security Guard 3 registered a vehicle that he owned to the Florida residence.

Through his own declarations, Security Guard 3 became a Florida resident in July 2017 and surrendered his Illinois driver's license after that date. Each of these facts made Security Guard 3 ineligible for the Security Guard position.

OIG recommended termination. Security Guard 3 resigned pending the Park District's response to the recommendation. Security Guard 3's separation, however, has been coded a resignation instead of termination.

## **II. 2018 CASELOAD INFORMATION**

### **Investigations by Quarter**

	<b>First Quarter</b>	<b>Second Quarter</b>	<b>Third Quarter</b>	<b>Fourth Quarter</b>	<b>2018 Total</b>
Opened	18				
Closed	13				
Pending	69♦				

♦ Includes carry-over from previous quarter.

\* Includes 132 closely related investigations closed together.

**Reviews by Quarter**

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	2018 Total
Opened	9				
Closed	1				
Pending	8♦				

♦ Includes carry-over from previous quarter.

**Nature of Investigations and Reviews Initiated by Quarter**

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	2018 Total
Criminal Misconduct or Fraud	4				
Waste, Inefficiency, Compliance	--				
Other Rule, Code, Ordinance Violations	14				

**Audits by Quarter**

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	2018 Total
Opened	2				
Closed	3				
Pending	3♦				

♦ Includes carry-over of four audits from previous quarter. Revises Fourth Quarter '17 Report that stated one audit was pending at end of 2017.

**Investigated Parties**

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	2018 Total
Officers	0				
Employees	17				

**Investigated Parties**

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	2018 Total
Other (Agents, concessionaires, contractors, other parties, unknown)	1				

**Cases Pending Over Six Months**

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[5]

**Reason**

Complex investigation. Generally involve difficult issues or multiple subjects: 3

Available Resources: 2

**III. COMPLIANCE MONITORING ACTIVITY — FIRST QUARTER 2018**

Under the Chicago Park District Employment Plan, OIG reviews and monitors the Park District’s hiring and assignment determinations to ensure that impermissible political factors have not played a role. OIG reports on its compliance monitoring activities in each its quarterly reports.

**A. 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 contacts by hiring departments for the first quarter of 2018.

*1. 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. There were no modifications to the Exempt List in the first quarter of 2018.

*2. Review of Exempt Management Hires*

Human Resources reported no Exempt hires made during the first quarter of 2018.

*3. 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 2018.

*4. 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 in the first quarter of 2018.

*5. 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).

Human Resources reported that nine employees “acted up” in the first quarter of 2018:

- Six Security Guards acted up as Security Supervisors
- A Physical Instructor acted up as a Park Supervisor
- A Physical Instructor acted up as a Playground Instructor
- A Playground Instructor acted up as a Park Supervisor

**B. COMPLIANCE HIRING MONITORING AND AUDITS OF PREVIOUS QTR. (4Q 2017)**

OIG audited a random sample of seven Park District’s hires from the fourth quarter of 2017 for compliance with the Employment Plan’s procedures.

*1. Review of Notices of Job Opportunities*

OIG audits modifications to minimum requirements and screening and hiring criteria and modifications of class specifications, minimum requirements, or screening and hiring criteria. OIG found no compliance violations with the posted minimum

requirements and other criteria in the corresponding Notices and Job Opportunities during 4Q '17.

*2. Review of Qualified Applicants/Bidders Lists*

OIG audits the lists of applicants/bidders who meet the predetermined minimum qualifications for the position (as generated by Human Resources). The 4Q '17 sequences OIG reviewed revealed no compliance violations.

*3. Review of Candidate Testing*

OIG found no compliance violations related to testing of Park District job candidates in 4Q '17.

**C. NO ARBITRATIONS OR GRIEVANCES REPORTED**

OIG audits all arbitration and grievances involving hiring, promotions, transfers or involving allegations of unlawful political discrimination. Human Resources did not report any arbitrations or grievances in the first quarter of 2018.

## **2018 SECOND QUARTER REPORT**

To the Board of Commissioners,

Please find below a summary of sustained investigations, compiled investigation and audit data, and employment monitoring activity from the second quarter of 2018.

### **I. INVESTIGATIONS**

#### **A. CRIMINAL INDICTMENT – THEFT OF ADVISORY COUNCIL FUNDS**

Following an investigation by OIG and the Illinois Attorney General’s Office, a former Welles Park Advisory Council Treasurer was charged with two felony counts including a continuing financial crime enterprise for stealing funds from the bank account of the Welles Park Advisory Council and theft exceeding \$10,000.

The investigation established that the former treasurer, who was a volunteer and not a Park District employee, had access to the Advisory Council’s bank accounts and, on multiple occasions over several years, stole funds for personal use. Additionally, the investigation established that the former Treasurer concealed his theft in part by presenting the Council members with false financial statements. The funds in the Council’s accounts were the result of fundraising events and donations from community members and partners for facilities improvements and programming activities at Welles Park.

The former Treasurer was indicted in Cook County Circuit Court in July. The two charges—continuing financial crime enterprise and theft exceeding \$10,000—are Class 1 and 2 felonies, respectively. The criminal prosecution of this matter is ongoing and the public is reminded that all defendants are presumed innocent until proven guilty.

#### **B. EMPLOYEE PESTICIDE APPLICATOR LICENSING**

An OIG investigation found that employees who were required to have state-issued pesticide applicator licenses either held expired pesticide licenses or had never acquired them. State of Illinois records showed that 17 employees did not have the

required licenses and the licenses of an additional 17 employees (including three foremen) had expired.

The investigation established that the job descriptions for several of the employees required pesticide applicator licenses although their actual duties did not include handling or spraying pesticides.

Among other measures, OIG recommended a review of job descriptions and their related job duties to determine whether the license was necessary.

In response to OIG’s findings, the Park District amended the job descriptions for Junior Tree Surgeons and Gardeners to remove the requirement of a pesticide applicator license. According to the Park District, the amendment more accurately reflects the work performed by the employees in the two job titles.

Further, the Park District provided records indicating that the State’s records may not have been current for two employees. Three additional employees had been promoted to titles that did not require the licenses.

## II. 2018 CASELOAD INFORMATION

### Investigations by Quarter

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	2018 Total
Opened	18	6			
Closed	13	13			
Pending	69♦	62			

♦ Includes carry-over from previous quarter.

### Reviews by Quarter

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	2018 Total
Opened	9	16			
Closed	1	23			
Pending	8♦	1			

♦ Includes carry-over from previous quarter.

**Nature of Investigations and Reviews Initiated by Quarter**

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	2018 Total
Criminal Misconduct or Fraud	4	0			
Waste, Inefficiency, Compliance	0	16			
Other Rule, Code, Ordinance Violations	14	6			

**Audits by Quarter**

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	2018 Total
Opened	2	6			
Closed	3	3			
Pending	3♦	6			

♦ Includes carry-over of four audits from previous quarter. Revises Fourth Quarter '17 Report that stated one audit was pending at end of 2017.

**Investigated Parties**

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	2018 Total
Officers	0	0			
Employees	17	6			
Other (Agents, concessionaires, contractors, other parties, unknown)	1	0			

### Cases Pending Over Six Months

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[7]

**Reason**

Complex investigation. Generally involve difficult issues or multiple subjects: 4

Available Resources: 3

## III. COMPLIANCE MONITORING ACTIVITY — SECOND QUARTER 2018

Under the Chicago Park District Employment Plan, OIG reviews and monitors the Park District's hiring and assignment determinations to ensure that impermissible political factors have not played a role. OIG reports on its compliance monitoring activities in each its quarterly reports.

### A. 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 contacts by hiring departments for the second quarter of 2018.

#### 1. *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. Human Resources reported no modifications to the Exempt List in the second quarter of 2018.

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

Human Resources reported no Exempt hires made during the second quarter of 2018.

#### 3. *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 2018.

*4. 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 in the second quarter of 2018.

*5. 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). The following “acting up” activity occurred during the second quarter of 2018:

**Acting Up Activity – 2018**

	Second Quarter
<b>Community Recreation</b>	
Hourly Lifeguard: 101 (H) Natatorium Instructor: 11 (M) Physical Instructor: 1 Playground Supervisor: 1	114
<b>Operations</b>	
Floriculturist (Class 1): 2 Maintenance Laborer: 26 (H) Security Supervisor: 8	34
<b>Executive Office</b>	0
<b>Total</b>	<b>148</b>

**B. COMPLIANCE MONITORING OF PREVIOUS QUARTER (Q1 2018)**

OIG audited a random sample of 15 Park District hires from the first quarter of 2018 for compliance with the Employment Plan.

Overall, the hiring sequences OIG reviewed posed no major compliance issues. However, OIG did identify two areas for improvement in Park District compliance from the sample:

- **Reference Verification:** Of the six Park District hires from the first quarter of 2018 who were not current or former Park District employees, the Park District verified a reference in one case. OIG identified instances wherein no references were verified or, in one case, no references were given on the candidate's application for employment. The Employment Plan requires the verification of at least one reference.
- **Internal Candidate Reviews:** It is not apparent from OIG's review that the Park District is reviewing the personnel files of internal candidates who are selected for promotions or other jobs in the Park District. The review is also a requirement of the Employment Plan. In the nine circumstances where new hires were identified as current or former Park District employees, OIG identified only three instances where Human Resources could confirm that the employee's personnel file was reviewed.

[See the following page]

The following hiring sequences from Q1 2018 were reviewed:

**#3471 Life Guard (H)**

- Applicants: 147
- Available Positions: 43
- Audited: 3

**#3558 Special Recreation Leader**

- Applicants: 26
- Available Positions: 8
- Audited: 2

**#3569 Activities Instructor (H)**

- Applicants: 12
- Available Positions: 2
- Audited: 1

**#3536 Hoisting Engineer**

- Applicants: 15
- Available Positions: 1
- Audited: 1

**#3618 Buyer**

- Applicants: 61
- Available Positions: 1
- Audited: 1

**#3571 Permits Coordinator**

- Applicants: 86
- Available Positions: 1
- Audited: 1

**#3620 Finance Manager**

- Applicants: 32
- Available Positions: 1
- Audited: 1

**#3581 Recreation Leader (H)**

- Applicants: 50
- Available Positions: 7
- Audited: 1

**#3574 Special Recreation Inclusion Aide**

- Applicants: 92
- Available Positions: 6
- Audited: 3

**#3565 Attendant Part-time**

- Number of Applicants: 94
- Number of Positions: 1
- Number Audited: 1

## **2018 THIRD QUARTER REPORT**

To the Board of Commissioners,

Please find below a summary of sustained investigations, compiled investigation/audit data and Employment Plan monitoring activity from the third quarter of 2018.

### **I. INVESTIGATIONS**

#### **A. OIG REVIEW OF VOLUNTEER ONBOARDING AND MANAGEMENT DEMONSTRATED MAJOR REFORM NEEDED; OVERHAUL IMMEDIATELY INITIATED**

During the third quarter of 2018, OIG conducted a proactive review of the Park District's procedures for onboarding and managing adult volunteers revealed that the outdated paper-driven system was under-resourced, too slow for the needs of the parks and undermined throughout by non-compliance. Consequently, the Park District's records and current volunteer procedures were not reliable for basic organizational purposes such as tracking the number of volunteers in the parks or knowing which of them is actively volunteering.

More critically, the procedures were insufficient to ensure that all incoming adult volunteers submitted to the required background checks. The evidence indicated that many volunteers are never screened. Although hundreds of volunteer applicants are successfully fingerprinted and processed each year, OIG's sample review of eight parks indicated that an average of 30% of active volunteers had not submitted to a criminal background check. The review showed that only one Park District employee was tasked with the central management of the volunteer program.

The participation of volunteers can be the determining factor in whether a park can offer certain programs at all. The Park District's time-consuming volunteer application process of sending forms through the mail does not keep pace with the parks' need for volunteers and is a major reason why volunteers and the parks they work for bypass the procedures altogether.

OIG's review, which was prompted by the Board's request and was not the result of any incident or allegation, found that the Park District's background checks for

volunteers was also vulnerable because it only searches for criminal convictions in Illinois rather than jurisdictions nationwide. One example from OIG's review revealed that performing criminal background checks in Illinois only is insufficient for the purpose of vetting volunteer applicants: In 2017, the Park District's background search cleared an applicant who had no criminal convictions in Illinois but was convicted of misdemeanor sexual assault in another state (this person was not an active volunteer in 2018 and the supervisor of the relevant park stated that he did not work as a volunteer in 2017, either).

Further, the Park District does not currently require the various private youth sports leagues (e.g., little league associations) it partners with to run background checks on their volunteer coaches, assistants, etc. Several of the leagues reported to OIG that they perform background checks for insurance purposes and to satisfy requirements from the governing bodies of their sports/activities. However, the Park District does not as a matter of policy request or review the results of the checks and there is no consistent standard applied for what criminal misconduct disqualifies a prospective volunteer.

The Park District has an internal handbook for its volunteer program, but many of its procedures are no longer followed or were never followed. It's not clear that all of the policies would be useful, but the Park District's failure to enforce the procedures it finds necessary or remove the ones it does not undermines the handbook as an authority that must be followed.

OIG recommended that the Park District initiate a top-to-bottom evaluation of its volunteer program and enact policies that ensure the prompt and complete processing and tracking of all volunteers. OIG also recommended that the Park District invest in the appropriate resources and training to execute and audit its policies and procedures. Among other things, OIG specifically recommended that the Park District transition out of its outdated paper-driven procedures and recordkeeping and into an electronic system.

In response to OIG's recommendations, the Park District immediately initiated a thorough review of its volunteer management and procedures, consulted internal stakeholders throughout the organization about the problems with the current systems and sought out best practices from park associations nationwide. The Park District is currently working on implementing automated volunteer management, instituting more comprehensive background checks, and updating its policies and ability to track compliance.

OIG will track the progress of the Park District's reforms to its volunteer onboarding and management procedures.

**B. PARK DISTRICT EMPLOYEE USED SICK TIME WHILE IN JAIL**

An OIG investigation found that a physical instructor used sick time while serving a sentence for felony aggravated battery. The employee submitted forged doctor's notes to support his claims for sick time. The employee also repeatedly lied during his OIG interview.

OIG recommended the employee's termination. The Park District terminated the employee.

**C. PARK DISTRICT SECURITY GUARD WORKING WITHOUT REQUIRED LAW ENFORCEMENT LICENSE**

An OIG investigation found that a Park District Security Guard had recently been stripped of his state-issued law enforcement officer license. The license is a requirement of the Security Guard position.

OIG recommended discipline up to and including the Security Guard's termination. The Security Guard resigned before the Park District took action on the recommendation.

**II. 2018 CASELOAD INFORMATION**

**Investigations by Quarter**

	<b>First Quarter</b>	<b>Second Quarter</b>	<b>Third Quarter</b>	<b>Fourth Quarter</b>	<b>2018 Total</b>
Opened	18	6	13		
Closed	13	13	6		
Pending	69♦	62	69		

♦ Includes carry-over from previous quarter.

**Reviews by Quarter**

	<b>First Quarter</b>	<b>Second Quarter</b>	<b>Third Quarter</b>	<b>Fourth Quarter</b>	<b>2018 Total</b>
Opened	9	16	6		
Closed	1	23	2		
Pending	8♦	1	5		

♦ Includes carry-over from previous quarter.

**Nature of Investigations and Reviews Initiated by Quarter**

	<b>First Quarter</b>	<b>Second Quarter</b>	<b>Third Quarter</b>	<b>Fourth Quarter</b>	<b>2018 Total</b>
Criminal Misconduct or Fraud	4	0	2		
Waste, Inefficiency, Compliance	0	16	2		
Other Rule, Code, Ordinance Violations	14	6	15		

**Audits by Quarter**

	<b>First Quarter</b>	<b>Second Quarter</b>	<b>Third Quarter</b>	<b>Fourth Quarter</b>	<b>2018 Total</b>
Opened	2	6	2		
Closed	3	3	3		
Pending	3♦	6	5		

♦ Includes carry-over of four audits from previous quarter. Revises Fourth Quarter '17 Report that stated one audit was pending at end of 2017.

[see chart on following page]

**Investigated Parties**

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	2018 Total
Officers	0	0	0		
Employees	17	6	12		
Other (Agents, concessionaires, contractors, other parties, unknown)	1	0	2		

**Cases Pending Over Six Months**

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[5]

**Reasons**

Complex investigation. Generally involve difficult issues or multiple subjects: 3

Available Resources: 2

**III. COMPLIANCE MONITORING ACTIVITY — SECOND QUARTER 2018**

Under the Chicago Park District Employment Plan, OIG reviews and monitors the Park District’s hiring and assignment determinations to ensure that impermissible political factors have not played a role. OIG reports on its compliance monitoring activities in each its quarterly reports.

*1. Monitoring Contacts by Hiring Departments*

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

Human Resources did not report any improper contacts by hiring departments for the third quarter of 2018.

## *2. Review of Exempt List Modifications*

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

The following modifications to the Exempt List were approved in the third quarter of 2018:

### **Positions added to the Exempt List (3)**

Chief Diversity Officer (new position)

Chief of Staff to the Board of Commissioners (new position)

Deputy Chief Programming Officer (new position)

### **Positions removed from the Exempt List (3)**

Two vacant Area Manager positions

Executive Assistant to the Board (Title, duties, and reporting structure changed to the Chief of Staff to the Board of Commissioners position).

## *3. Review of Exempt Management Hires*

In addition to the three positions described above, Human Resources reported no Exempt hires made during the third quarter of 2018.

Concurrent with the posting of this Quarterly Report, OIG will post on its site the Exempt List.

## *4. Review of Written Rationales*

OIG reviews written rationales when no consensus selection (no one from the approved candidate pool was selected) was reached during a consensus meeting.

Human Resources did not submit any "no consensus" letters during the third quarter of 2018.

## *5. Review of Emergency Appointments*

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

Human Resources reported no emergency appointments during the third quarter of 2018.

**6. Review of “Acting Up” Activity**

OIG reviews all circumstances where employees are “acting up” (performing all or substantially all of the duties of an employee in a higher-paid classification). Activity in the third quarter of 2018 showed a net decrease of 108 employees who “acted up”:

**Acting Up Activity – 2018**

Position	Third Quarter	
	Acted up	Reversed
<b>Community Recreation</b>		
Physical Instructor (M)	1	1
Playground Supervisor	1	1
Lifeguard (H)	0	94
Natatorium Instructor (H)	0	5
<b>Operations</b>		
Security Supervisor	0	7
Security Guard	1	5
Laborer (Maintenance)	0	1
Natural Areas Worker	3	0
<b>Executive Office</b>		
<b>Total</b>	<b>6</b>	<b>114</b>

**D. HIRING SEQUENCE AUDITS OF PREVIOUS QUARTER (Q2 2018)**

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

- **Seasonal Attendant Hired with No Record of Applying for the Position:** The employee, who had worked as a Seasonal Attendant in 2017, applied for a year-round Attendant position in 2018. However, the employee was hired again as a Seasonal Attendant despite not applying for the position. It is not apparent that the employee was interviewed for the position or that Human Resources checked the employee’s personnel file from the previous season as required by the Employment Plan.

Additionally, OIG identified two areas for improvement from the sample of hiring sequences that it audited:

- **Reference Verification:** Of the three new Park District hires from the second quarter of 2018 (employees who were not current or former Park District employees), the Park District checked a job reference in one case. No references were verified in the other two cases. The Employment Plan requires Human Resources to verify at least one reference for new hires. This issue was flagged in OIG's last quarterly report which audited hiring sequences from the first quarter of 2018.
- **Internal Candidate Reviews:** In a related finding, the hiring sequence audits from the second quarter of 2018 indicated that Human Resources does not on a regular basis review (or doesn't make a record when it reviews) the personnel files of internal candidates who are selected for promotions or other jobs in the Park District. For returning employees and internal promotions, the Employment Plan requires that Human Resources check the employee's file. In the six audits in which current or former Park District employees were hired, Human Resources confirmed that the employee's personnel file was reviewed in just two cases. This issue was also flagged in OIG's last quarterly report.

The following hiring sequences from Q2 2018 were audited:

**#3728 Electrician (Inside)**

- Applicants: 75

**#3724 Motor Truck Driver**

- Applicants: 127

**#3548 Laborer Maintenance**

- Applicants: 272

**#3850 Attendant**

- Applicants: 89

**#3811 Physical Instructor**

- Applicants: 17

**#3670 Recreation Leader**

- Applicants: 35

**#3868 Natural Areas Worker**

- Applicants: 311

**#3593 Floricultural Worker**

- Applicants: 247

**#3798 Attendant (Seasonal)**

- Applicants: 56



WILL FLETCHER  
INSPECTOR GENERAL

## CHICAGO PARK DISTRICT OFFICE OF INSPECTOR GENERAL

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### 2018 FOURTH QUARTER AND ANNUAL REPORT

To the Board of Commissioners,

I am honored to present the Chicago Park District Office of Inspector General's 2018 Fourth Quarter and Annual Report and wish to acknowledge the Park District Board of Commissioners and administration for their support of independent oversight and the mission of combatting waste and misconduct while promoting efficiency and transparency.

In 2018, OIG reported on investigations, reviews, assists and audits that demonstrated the importance of continuous oversight and compliance monitoring throughout the Park District's operations. This Report includes a summary of sustained investigations from the fourth quarter as well as information about investigations, audits and Employment Plan compliance monitoring for 2018.

Sincerely,

Will Fletcher  
Inspector General

## TABLE OF CONTENTS

**Introduction, p. 3**

**Investigations, p. 5**

Investigation of Non-profit Organization's Activities in Grant Park, p. 5

\$24 million of Capital Projects Without Required Bonding in 2017-18, p. 15

Skilled Trades Employee Hired Without Verifying Qualifications, p. 17

Arrest of a Vendor's Employee for Stealing a Park District Check, p. 18

Residency Violation: Administration Employee Living Outside of City, p. 18

**Quarterly and Year-End Information, p. 19**

**Hiring Compliance Monitoring Activity – Fourth Quarter 2018, p. 20**

## INTRODUCTION

OIG was established in 2012, taking the responsibilities for the Park District's internal investigations and other oversight functions from the Department of Legal Investigations, an extension of the Law Department, which reported to the General Counsel. DLI's caseload primarily consisted of surveillance-dependent investigations like employee time falsification and residency violations. DLI's investigators, who were active and retired law enforcement officers, also did preliminary fact gathering in response to complaints for the General Counsel to determine whether to take further action. The assignments were straightforward and the majority of DLI's case files consisted of just its own reports with a closing memorandum of one or two pages. In most cases, DLI's investigations did not require a review of any external documents or other materials.

Although OIG's jurisdiction includes the work that DLI's investigators had been doing, its scope is more expansive. The Park District has more than 3,000 year-round employees, several partnerships and a \$464 million annual budget of which more than \$130 million is dedicated for contractual services with outside entities. OIG's mission, which is substantially similar to other City IG agencies, includes performing investigations and reviews throughout the Park District's operations

pertaining to waste, fraud, and abuse within the District; contractor, subcontractor, consultant or vendor misconduct; fraud or collusion involving District contracts and/or contractors, subcontractors, consultants, or vendors; misuse, embezzlement or theft of District resources; conflicts of interest, bribery or misconduct involving District personnel; or other unethical or illegal activities involving District property, officers, employees, Board members, agents, contractors, subcontractors, consultants, vendor[s] or volunteers.

The Park District's first inspector general was very distinguished and among her qualifications was that she previously held the same role in another agency. OIG highlighted critical risk areas but, apart from one new hire, its staff was comprised of the same personnel who had been assigned to DLI. And, not surprisingly, most of OIG's work in the first few years was similar to what the investigators had been doing for the Law Department. While some overlap would have been expected during the transition from DLI to OIG, the critical point is that OIG started in 2012 with the ability to operate within only a narrow range of its scope and authority.

OIG's focus over the last several years has been its development into an agency that addresses all aspects of its mission while responding to the Park District's ongoing needs for oversight through investigations, audits and reviews in real time.

In the last three years, OIG hired a full-time investigator and an Assistant Compliance Officer who, in addition to having an investigative caseload, assists with monitoring the Park

District's hiring practices under the Park District's Employment Plan. The new staff members brought much needed experience with document-intensive investigations and financial reviews. OIG also relocated from Park District headquarters to an independent location with a secure file room, meeting space and interview rooms. And implementation of a case management database to automate the workflow of investigations, audits and reviews is near completion.

The matters OIG reported on in 2018 demonstrate the office's adeptness at addressing a wide range of issues whether initiated proactively or in response to a complaint. And none of the progress cited above would have been possible without the support of the Board of Commissioners and the Park District administration. But the cases discussed in this report and throughout 2018 also show the need for expanded investment in oversight.

OIG matters that require reviewing thousands of pages of documents, contractual obligations and financial statements are no longer the rare exceptions in OIG's caseload alongside the traditional employee misconduct cases. OIG has successfully met the additional challenges so far but not without an effect on timeliness and caseload balance relative to known risk areas at the Park District. OIG's capacity to investigate and review more complex cases than it has traditionally handled is stretched too thin. OIG needs to add legal and supervisory staff as well as administrative assistance to improve efficiency, effectiveness and fulfill its mandate under the Park District Code.

One opportunity to build capacity without having to commit additional resources is to formally institute the Audit Department under OIG's direction. The Park District's internal Audit Department, comprised of a director and two auditors, was merged with OIG in 2016 with the goal of having the departments work together toward their similar missions. The merging of the departments, however, came without revisions to the Code and Audit Charter to integrate their operations. Currently, the Audit Department develops an annual audit plan in collaboration with a committee of Park District administration executives and one Board member. There is considerable benefit in having the Audit Department's work informed by a committee of stakeholders and that model should remain. Between the committee's monthly meetings, however, the Audit Department has additional capacity to dedicate to compliance oversight. Further, as other City IG offices have already realized, audits and investigations can be complementary for the purposes of testing the effectiveness of established compliance controls and identifying gaps and problems where solutions are needed.

As it currently stands, the Park District's Audit department is located within OIG but amendments to the Code and Audit Charter are needed to fully achieve the purposes behind joining the departments.

OIG looks forward to continuing to work together with the Park District Board of Commissioners and its administration toward the shared goal of effective oversight and the promotion of transparency and efficiency throughout the Park District's operations.

## INVESTIGATIONS

### 1. INVESTIGATION OF NON-PROFIT ORGANIZATION'S ACTIVITIES IN GRANT PARK

An OIG investigation has established that a nonprofit organization has raised approximately \$1 million in the names of the Chicago Park District and Grant Park without any formal agreement to do so and without donating any of the funds to the Park District. More than 70% of the Nonprofit's revenue and donations have paid the salary and benefits of Person 1, its president and only employee. The remaining share of the funds paid the Nonprofit's expenses and reimbursements to Person 1.

The investigation also found that, for several years, the Nonprofit has obtained special event Park District permits at the nonprofit rate and then re-sold them for as much as \$25,000 over their cost to corporate promoters behind profit-making festivals. The Park District Code expressly prohibits re-selling event permits. Further, the type of discounts the Nonprofit received for the permits came with the condition that all of the net proceeds benefitted a charitable cause. The Park District knew the festivals were produced and managed by corporate promoters turning profits but still issued the permits at the nonprofit rate.

For all of the Nonprofit's fundraising events that were purportedly for the benefit of the Park District and Grant Park, the Park District never appeared to expect any of the proceeds, to question Person 1's public messaging about the Nonprofit's mission, to ask how much money was being raised in the names of Grant Park and the Park District or how it was spent.

In addition to running the Nonprofit, Person 1 was also president of the Grant Park Advisory Council until the Park District suspended Person 1 in November 2017 for violating the advisory council rules. OIG's investigation found that Person 1 used GPAC to raise money for the Nonprofit and advance its agenda at the expense of the Grant Park community and the Park District. Unlike the Nonprofit, GPAC is a Park District-recognized advisory council. As such, the Park District had the right to review GPAC's financials and fundraising activities through annual reporting. OIG obtained GPAC's bank records between 2015 and 2017 from Person 1. The statements showed that GPAC had a balance of between \$75 and \$100. In contrast, tax filings showed that the Nonprofit raised over \$1 million since 2002.

A routine review of GPAC's records would have provided the Park District with enough information to ask why the advisory council was seeing none of the fundraising proceeds from these events. The explanation, as established by the investigation, is that all of the funds from purported joint events of the Nonprofit and GPAC went only to the Nonprofit, the organization from which Person 1 was paid a salary.

And in an episode that would have been hard to imagine had it not actually occurred, in the summer of 2017, the Nonprofit installed an uneven bars obstacle course and exercise equipment as a fitness attraction that it opened to the public without a permit or the Park District's authorization. Further, the Nonprofit did not obtain liability insurance for its project, exposing the Park District to substantial risk. The Park District suspended Person 1 from GPAC because of this unauthorized use of park space.

As discussed below, the Nonprofit's unauthorized installation of the fitness equipment was a preview of a permanent \$3 million "fitness park" that Person 1 envisioned and for which Person 1 openly solicited donations and corporate sponsorships even though the Park District had never approved the fundraising or the construction of the fitness park itself.

Person 1 has been a fixture in the Grant Park community for more than two decades and Person 1's concurrent leadership of the Nonprofit and GPAC has been the subject of debate in the Grant Park community for nearly as long. At turns, the Park District has found Person 1 to be a vocal supporter and also a source of aggravation (especially whenever the Park District pushed back on Person 1's demands). However, Person 1 has been quick to point out, the Park District turned to Person 1 when it needed a public advocate to rally support, sometimes for contentious Grant Park initiatives.

Some examples:

- When the Park District was constructing a skate park in Grant Park in 2014, the Park District watched as Person 1 appeared to do official Park District business like urging the a city commissioner to expedite plans for underground construction work necessary for the project
- In February 2015, the director of capital construction at the time sent Person 1 architectural drawings for a proposed restaurant in Maggie Daley Park with the admonition "not to forward or show to anyone. I can't have these preliminary images (or discussion of these images) getting to the Alderman or others through any other source than me." It is very likely that the Park District shared the images to win Person 1's early support for the project. The Park District also shared revenue information with Person 1
- In September 2015, the Park District relied on Person 1 to find a venue at a local college for a public meeting for the proposed Lucas Museum and encouraged Person 1 to build community support for the project
- With the Park District's permission, Person 1 explored options for converting unused space in Grant Park into a new attraction. The Park District, however, appeared not to anticipate the lengths to which Person 1 would go in promoting the idea of a fitness park into a fundraising opportunity for the Nonprofit. What resulted was Person 1 launching a high-profile sponsorship campaign that solicited large corporate contributions to the Nonprofit in support of the project. The Nonprofit's sponsorship

materials included artist renderings of the proposed construction and promised prospective contributors that, for their support, they would receive naming rights, patron data, permit waivers, and other things that Person 1 had no authority to pledge.

Person 1 promoted the idea at joint Nonprofit/advisory council meetings in 2016 to such an extent that members of the public were convinced that the Park District was behind the project. The Park District received several inquiries from concerned community members and the press, but did not seize the opportunity to distance itself from Person 1's pronouncements or clarify that the plan was not an official Park District project.

The Nonprofit's temporary installation of fitness equipment without a permit in 2017 was in furtherance of Person 1's more ambitious plans for a permanent fitness area in Grant Park. Person 1 announced in the press that the temporary attraction was coming before it was even installed but the Park District, if it noticed, did not take action to ensure that it never opened without authorization.

OIG makes no findings here with respect to how the Park District works with community stakeholders to advance its initiatives. But Person 1's advocacy for the Park District becomes significant in light of the fundraising activities that should have raised red flags but were allowed to continue or remain unexamined. To this point, Person 1 has objected to this investigation and suspension from the advisory council in part because Person 1 contends that the Park District always knew what Person 1 and the Nonprofit were doing and shouldn't pretend to be surprised.

The investigation found no evidence that, because of Person 1's advocacy, the Park District intentionally ignored or made exceptions to its own rules for the purpose of allowing Person 1 to make a salary through public fundraising in the names of Grant Park and the Park District. However, the investigation has established that Person 1 and the Nonprofit came to occupy a unique space in which the Park District's rules did not apply and very few questions were asked. And in Person 1, the Park District had an advocate that it could turn to on issues related to Grant Park.

Illinois law prohibits a third-party from fundraising on behalf of a governmental entity absent a written agreement. For instance, the Park District has a contract with the Lincoln Park Conservancy that authorizes fundraising in the Park District's name subject to oversight and certain conditions. For whatever reason, there has been no such agreement between the Park District and the Nonprofit.

OIG's findings included:

- **Nonprofit's reselling nonprofit permits to for-profit festival promoters:** For several years, the Nonprofit obtained special event permits at the nonprofit rate and sold them for additional "donations" of between \$10,000 and \$25,000. The Park District's written policy was to discount special event permit fees 50% on the condition that all net proceeds from the events benefitted a charitable organization. However, the Park District knew that the festivals associated with Person 1 and the Nonprofit were produced by corporate promoters making a profit.

Once the Nonprofit obtained the permits from the Park District, Person 1 promptly re-assigned the rights to the promoters behind large Grant Park events that intended to make profits by holding the events. In exchange for the discounted permits, the festival promoters agreed with Person 1 to give the Nonprofit additional flat fee payments or shares of the ticket sales as "donations." After the events, Person 1 sent the promoters donation "invoices" to collect the payments.

Although the Park District's policy is to reduce permit fees for charitable events, the investigation showed that it does not confirm that nonprofits actually receive the share of the proceeds required to justify the discounts. The absence of any verification created the opportunity seized upon by the Nonprofit and its partners: When the promoters bought discounted permits from the Nonprofit, they could pay it a fee or "donation" on top of the discounted permit and still come out far ahead of what they would pay for the permit at full price.

For example:

Under the Park District's rules, a \$100,000 event permit for a three-day festival in Grant Park can be reduced by half on the condition that 100% of the proceeds are donated to a not-for-profit. With the discount applied, the Nonprofit obtains a permit from the Park District for \$50,000 and then transfers it to a festival promoter for the cost of the permit and an additional "donation" of \$20,000. Therefore, the promoter saves \$30,000 by paying \$70,000 for a permit that would have cost \$100,000 without the Nonprofit's involvement. Because the Park District doesn't verify that nonprofits receive the proceeds from the event, the promoter keeps whatever profits the festival generates.

In this example, the for-profit festival promoter benefitted because it obtained a permit at the nonprofit rate when it should have paid full price. The Nonprofit received a sizable contribution for obtaining a permit from the Park District and then transferring it to the promoter. Meanwhile, the Park District lost out on tens of thousands of dollars in revenue by discounting the permit by 50%. The Park District also received no contribution from the Nonprofit, whose purported mission is to benefit Grant Park.

The investigation also raised the question of why the Park District issued the festival permits to the Nonprofit in the first place when it knew that it was the corporate promoters that

produced the events, submitted the various applications to the Park District and other City offices, and paid the permit and liquor license fees.

In 2016, when the Park District attempted to rein in the permit discounts it extended to festivals associated with the Nonprofit (which sometimes exceeded the maximum 50% reduction), it stated that fee increases were warranted because the event “organizers are for-profit entities that are making money on public property.” Although the Park District knew that “for-profit entities” were actually managing the events, it continued to give Person 1 the maximum nonprofit discount for the permits.

Put another way, there was no confusion on the Park District’s part that corporate promoters were actually producing the festivals. Yet, instead of issuing the rights with the promoters, it gave them to the Nonprofit through elaborate contracts normally reserved for larger, multi-year festivals like Lollapalooza (Lollapalooza was not one of the festivals involved in this investigation).

The Park District gained no advantage in granting the permit rights to the Nonprofit only to see Person 1 re-sell them to the promoters. In fact, the Chicago Park District Code prohibits transferring permits presumably in part because of the risks in having a third-party with whom the Park District had no direct agreement holding events in its venues (especially events where alcohol is served). This provision in the Code may also have anticipated the very scenario that played out in this investigation where a party who obtained a permit at one price re-sells it at another (higher) price.

The investigation showed that it was Person 1 who insisted that the Park District issue the Permit Agreements in the Nonprofit’s name. This is likely because having the Agreements in hand gave Person 1 tangible assets (i.e., the festival permit rights) with which to re-sell to the corporate promoters and to leverage in negotiations with them. In fact, the Nonprofit’s re-sale of the permits to the promoters was called an “assignment” of the very same rights the Nonprofit obtained from the Park District.

The following charts show how much the Nonprofit was paid for transferring the rights to the for-profit promoters of two festivals since 2014. The charts also indicate the potential revenue the Park District waived by issuing nonprofit permit discounts to the festivals:

**[See charts on following page]**

**Festival One**

Year	Grant Park Site	Park District Contract with Nonprofit?	Full Price for Permit	Amount of Discount	Park District Permit Fee Received	Promoter Payment/Donation to Nonprofit
2015	Buckingham Fountain	✓	\$90,000•	\$73,603	\$16,397	\$10,000
2016	Buckingham Fountain	✓	\$90,000	\$73,603	\$16,397	\$10,000
2017	Butler Field	✓	\$40,530	\$24,030	\$16,500	\$10,000**
<b>Totals</b>			<b>\$230,500</b>	<b>\$171,236</b>	<b>\$49,294</b>	<b>\$30,000</b>

• Estimated rental rate at Buckingham Fountain (2016): \$30,000 for event dates and \$15,000 for loading dates.

\*\* Minimum amount Nonprofit stood to receive according to its contract with Festival One's promoter.

**Festival Two**

Year	Grant Park Site	Park District Contract with Nonprofit?	Full Price for Permit	Amount of Discount	Park District Permit Fee Received	Promoter Payment/Donation to Nonprofit
2014	Buckingham Fountain•	✓ (3-year agreement 2014-16)	\$90,000	\$61,479	\$28,521	?
2015	Buckingham Fountain and North Rose Garden	✓	\$105,000	\$76,479	\$28,521	\$26,400
2016	Buckingham Fountain	✓	\$90,000	\$61,479	\$28,521	\$21,596
2017	Buckingham Fountain	✓ (3-year agreement 2017-19)	\$90,000	\$54,993	\$35,007	\$15,010
<b>Totals</b>			<b>\$375,000</b>	<b>\$254,430</b>	<b>\$120,570</b>	<b>\$63,006</b>

• Full rental rate at Buckingham Fountain (2016): \$30,000 for event dates and \$15,000 for loading dates.

The Nonprofit's re-sale of the permit rights may have also had tax consequences for the promoters who bought them. A nonprofit organization is allowed to have a limited number of fundraisers annually without collecting applicable city, county and state sales taxes. When the Nonprofit transferred the permits to the promoters, however, the promoters may have been required to collect the taxes because the events were not in fact charitable fundraisers. It does not appear that the promoters for the events collected sales taxes.

Festival promoters told OIG that they believed the Nonprofit was either affiliated with the Park District or that their donations directly benefitted Grant Park and the Park District. While it was the promoters that submitted applications and paid the fees, the investigation showed that Person 1 acted as a middleman during discussions between the promoters and the Park District over permits and other details about the events. One promoter of an annual festival told OIG that it believed it was required to partner with the Nonprofit and didn't know until 2018 that it could negotiate directly with the Park District for its event permits.

Because Person 1 was the intermediary between the festival promoters and the Park District, Person 1 was the only party with complete information about the events, and took advantage of it. For instance, Person 1 threatened that Festival Two would leave Grant Park for Wrigley Field unless the Park District reduced its permit fees. The corporate promoter for the event, however, told OIG that it had no plans of removing the festival from Grant Park and did not authorize Person 1 to represent as much to the Park District.

One promoter told OIG that it would not have collaborated with the Nonprofit had it known that most of its funds raised paid Person 1's salary and that the Park District received none of the proceeds. None of the promoters OIG interviewed claimed to know that the permits for their festivals were issued on the condition that all of the proceeds must be donated to a nonprofit.

- o **The Nonprofit's unsanctioned use of park space:** Although hard to believe, the Nonprofit opened a fitness area in Grant Park for several weeks during the summer of 2017 without a permit or the required insurance. The temporary project was a trial run at a \$3 million permanent installation for which the Nonprofit had been soliciting funds without authorization from the Park District.

In partnership with two fitness companies, Person 1 oversaw the installation, promotion and operation of exercise equipment and an uneven bars obstacle course in a section of unused tennis courts in Grant Park during the summer of 2017. Videos on social media showed individuals performing hazardous maneuvers on equipment that the Nonprofit purchased and installed in the park without any supervision or instruction from Park District personnel.

The Park District, however, never issued the Nonprofit a permit to install the equipment or for Person 1 to open the fitness park to the public. Further, Person 1's actions placed the Park District at risk because the Nonprofit did not obtain liability insurance for the project. Nevertheless, the Nonprofit and its partners advertised the fitness equipment in the press and on social media as though it were a fully sanctioned Park District attraction.

Person 1 publicly announced the Nonprofit's temporary installation before the equipment was installed. Person 1 told the press that the Nonprofit opened the temporary park on its own initiative and that it was a forerunner of a more permanent installation: "We're not going to sit there with all that hardscape [available]," Person 1 said. "It's better we don't wait and start doing this and see what people like and don't like."

The Nonprofit's fitness attraction was open to the public in one of the Park District's most visible locations for several weeks in the middle of the summer. However, the Park District apparently didn't know it was there or that it had not been authorized.

In July 2017, the Park District removed the installation. Park District staff preparing for the arrival of Lollapalooza found Person 1's equipment in a section of unused tennis courts and confiscated it (a licensed concessionaire with a sanctioned roller hockey attraction also had equipment removed from the site that was reinstalled after Lollapalooza). But if the Park District discovered evidence of the Nonprofit's unauthorized installation when it cleared the space in July, it didn't hold Person 1 accountable for it until several months later (when Person 1 was suspended from GPAC in November 2017) and only after OIG and the Department of Risk Management started their independent investigations of the matter.

In September 2017, Person 1 filed paperwork to essentially re-open the unauthorized park through a partnership application. The proposal was approved at the preliminary stages (by personnel who were perhaps unaware of Person 1's unauthorized installation) before it was shut down in November 2017 around the time of the suspension.

What's interesting about the Nonprofit's attempt to re-install the fitness equipment in September 2017 is that, before filing the partnership proposal, Person 1 claimed that someone from the Park District advised that the Nonprofit may want to go about reinstalling the equipment via a concessionaire's permit from the Park District's third-party manager. And OIG is aware from sources other than Person 1 that the idea was floated for the Nonprofit to work through the concessionaire manager to re-install the equipment. It would have been irresponsible to entertain the notion of Person 1 coming back with the equipment after exposing the Park District to liability risk for opening the unauthorized attraction earlier in 2017.

**The Nonprofit's fundraising for the unofficial "HealthPark" project:** According to Person 1's public statements, the Nonprofit's summer 2017 project was a trial run intended to grow interest in Person 1's more ambitious initiative of constructing a permanent \$3 million outdoor fitness area. Whether Person 1's plans were ever likely to materialize, the Nonprofit still solicited donations in support of the project.

The Nonprofit's solicitations promised, in return for donations, that contributors would receive naming rights in the new park, park user data, waiver of park permit fees and other access and privileges that Person 1 had no authority to pledge.

Concerns from Grant Park community members to the Park District demonstrated genuine confusion about whether the Nonprofit's proposed park was an official Park District project. Person 1 presented the sponsorship campaign at a joint meeting of the Nonprofit and GPAC held at a Park District fieldhouse, which raised the risk of misleading the public that the Park District was behind Person 1's fundraising efforts.

- **Person 1 admitted that the Nonprofit does not contribute any of the funds it raises to the Park District: Person 1 contends that, although the Nonprofit does not make any direct contributions to the Park District, Person 1 is able to earn a modest salary while working to improve Grant Park in part through generating revenue that the Park District wouldn't be able to realize on its own. And whether in appeasement, genuine sincerity or a combination of the two, the Park District has expressed gratitude for Person 1's unique efforts in recruiting events to Grant Park.**

Without disputing Person 1's enthusiasm for Grant Park, there are several problems with the argument:

- Even when viewed in the most favorable light to the Nonprofit, it bears examination whether a charitable organization that dedicates the vast majority of its revenues to pay the salary of one person complies with nonprofit requirements and its own publicly stated mission. Tax filings from 2015 to 2017 indicate that approximately 80% of the Nonprofit's revenues paid Person 1's salary and benefits (excluding expenses).
- OIG interviewed members of the Nonprofit's board of directors. Some of them were supportive of Person 1 and spoke highly of the Nonprofit. On the other hand, a former board member stated that the Nonprofit was informally run and more akin to a "booster club."
- The Nonprofit has not been authorized to solicit donations in the Park District's name. Illinois law requires a written agreement for a third-party to fundraise on behalf of a governmental agency. For instance, the Lincoln Park Conservancy has contractual authorization to fundraise on the Park District's behalf but is subject to fundraising oversight and direction on spending. In contrast, the Park District has had no insight into the Nonprofit's fundraising, its expenditures or Person 1's representations to prospective donors about the Nonprofit's relationship with the Park District.
- The Nonprofit's public profile and solicitation materials imply a partnership with the Park District that does not exist but which may mislead the public into believing that one does. For instance, the Nonprofit has stated that its mission in part is to "help[] to raise private sector dollars to match with public funding" for the Park District although there is no such "matching" arrangement.
- The Nonprofit's reliance on private contributions makes Person 1 accountable to the interests of only a subset of the Grant Park community.

- **Park District rules prohibited Person 1 from receiving compensation as GPAC president. However, Person 1 used the Nonprofit, which was under Person 1's exclusive control (and not subject to Park District oversight), to raise funds and receive a salary.**

Leadership of GPAC also proved instrumental for Person 1 to leverage the advisory council's official partnership with the Park District. As GPAC president, Person 1 obtained discounts and waivers of permit fees for fundraisers, had access to Park District employees, and provided the Nonprofit a presence at GPAC meetings in Park District facilities. Hosting the Nonprofit's meetings in Park District locations such as the Northerly Island fieldhouse was likely to bolster the misconception that the Nonprofit was affiliated with the Park District. Person 1 presided over the meetings, referring to the Nonprofit and GPAC interchangeably.

Because Person 1 led both organizations, Person 1 was also able to control where donations and revenues were directed. Since 2002, the Nonprofit's tax filings showed that it has raised \$1.09 million. However, GPAC had only between \$75 and \$100 in its bank account between 2015 and 2017.

The OIG recommended that the Park District:

- Permanently enjoin Person 1 from membership in all park advisory councils;
- Demand that the Nonprofit cease and desist fundraising activities in the name of Grant Park or the Chicago Park District;
- Reject all Nonprofit permit or partnership applications (the Park District agreed in March 2018 to follow this recommendation on a temporary basis);
- Conduct periodic audits to confirm that designated nonprofits actually receive the required share of festival proceeds when special event permit fees are discounted. Further, enact procedures to verify that designated nonprofit organizations are nonprofit organizations in good standing; and
- Consider a referral of the Nonprofit's operations to the Internal Revenue Service for its review.
- Consider a referral to the City of Chicago, Cook County and State of Illinois taxing authorities for review of whether the festivals and events affiliated with the Nonprofit were subject to collection of sales tax.

The Park District is reviewing OIG's recommendations.

## 2. \$24 MILLION OF CAPITAL PROJECTS WITHOUT REQUIRED BONDING IN 2017-18

An OIG review of the companies in the Park District’s pre-qualified pool of construction companies showed many instances of the firms working on projects without obtaining performance and payment bonds for the work. Although the Rapid Response program requires construction firms to obtain the bonds, the Park District was not in the practice of confirming that the vendors actually purchased them.

Performance and payment bonds protect the Park District in that they ensure the construction work will be completed (even in the event that the construction firm defaults on the projects) and that the prime contractor firms pay their subcontractors, suppliers and laborers for materials and services. OIG’s review, however, showed that contractors had no bond coverage for more than 150 Park District construction projects between 2017 and 2018, which paid out more than \$24 million.

The Park District’s Rapid Response program pre-approves a pool of construction firms so that, as the name suggests, they are available for work when required without needing to wait through a lengthy vendor approval process. Although the program may have originally been conceived for rush and emergency jobs, a review of the last two years showed the Park District utilized program vendors for a variety of projects. The Park District publicly advertised the opportunity for firms to join the Rapid Response pool via a Request for Qualifications (P-15000) in September 2015.

For eligibility in the pool, companies were required to obtain a \$2 million performance bond and a \$2 million payment bond before they can receive any work. OIG’s review of the Rapid Response projects for 2017-18 showed the following:

### Rapid Response Program Vendor Bonding Compliance (2017-2018)

	Firm	2017 – 2018 Projects	Payments	In compliance with Bonding Requirement?	Comments
1.	[Company 1]	25	\$3.3m	✓	Letter from insurance company confirming bonding
2.	[Company 2]	1	\$19,358	No	
3.	[Company 3]	18	\$1.79m	No	
4.	[Company 4]	30	\$796,000	✓	Copy of performance bond
5.	[Company 5]	15	\$4.01m	No	“... no such bonds were provided since it was

**Rapid Response Program Vendor Bonding Compliance (2017-2018)**

	<b>Firm</b>	<b>2017 – 2018 Projects</b>	<b>Payments</b>	<b>In compliance with Bonding Requirement?</b>	<b>Comments</b>
					our understanding that no bonds were required”
<b>6.</b>	[Company 6]	2	\$792,000	<b>No</b>	“[Company 6] has not obtained any payment and performance bonds for work in 2018”
<b>7.</b>	[Company 7]	58	\$4.07m	<b>No</b>	“... no performance or payment bond has ever been requested from [Company 7].”
<b>8.</b>	[Company 8]	18	\$6.84m	<b>Uncertain</b>	Submitted very dated bonding information.
<b>9.</b>	[Company 9]	49	\$7.01m	✓	
<b>10.</b>	[Company 10]	31	\$2.88m	<b>No</b>	“We did not have performance/payment bonds for the Rapid Response construction ...”
<b>11.</b>	[Company 11]	29	\$4.26m	<b>No</b>	“... we have inadvertently failed to tender a bond for 2018 ... We have taken steps to remedy this.”
		<b>276</b>	<b>\$35.7m</b>		
		<b>Total without bonding or sufficient evidence of bonding:</b>	<b>\$24.6m</b>		

The Department of Purchasing and the Department of Planning and Development have started a review of the Rapid Response program workflow to ensure that firms selected for the pool and awarded contracts under the program have and maintain the required bonding.

### 3. SKILLED TRADES EMPLOYEE HIRED WITHOUT VERIFYING QUALIFICATIONS

An OIG hiring investigation established that the Park District hired a candidate for a \$96,000 skilled trades position who never demonstrated proof of the required training and experience for the position. A comparison of inconsistencies from previous job applications the employee submitted revealed false statements related to training and work history.

There is no indication that the Park District verified that the employee met the “minimum requirements” (i.e., the required training and experience for the position) before it offered the job.

The employee resigned under inquiry. OIG recommended that the employee’s resignation should be designated “resigned under inquiry” and that the employee be placed on the Park District’s Do Not Hire list.

OIG recommended that the Park District institute and follow procedures to regularly verify that new employees have the relevant job experience and required credentials before allowing them to start begin employment and to periodically confirm that current employees have the credentials and meet the requirements of their positions. Further, OIG recommended that the Park District conduct a review of current employees in the same position as the employee to verify they have the required training and experience for the position.

The Park District is reviewing OIG’s recommendations.

The investigation was the latest example in a pattern of OIG findings showing that the Park District does not regularly verify that new hires have the required credentials prior to their employment or that current employees are in good standing with the certifications or licenses they need as conditions of their employment:

**a) Job Verification of New Hires:** To a large measure, the Park District takes at face value what appears on a candidate’s resume without verifying previous employment. OIG’s quarterly reports in 2018 have reported cases in which the Park District extended a job offer without verifying any part of the work history that appears on the winning candidate’s resume. The Park District’s Employment Plan requires verifying at least one previous job;

**b) Verification of Educational Requirements:** A 2013 OIG review of Park Supervisors’ employment files found that most of the sample lacked documentation to confirm the employees had met the educational requirements for the position. Further review of the files showed that several of the Supervisors had been in their jobs prior to changes to the educational requirement. However, there was no information in the employment files of other Supervisors who were

hired after the changes. The review also concluded that the Park District did not monitor the progress of other employees who were given time to meet the requirement;

**c) Lack of Monitoring of Temporary Educational Waivers:** A June 2018 audit report revealed that 14 of 37 Park District employees who had been granted temporary waivers to meet an educational requirement had not done so within the waiver period and that no action was taken by the Park District;

**d) Employees Driving for the Park District without Driver's Licenses:** Three OIG investigations reported in the first quarter of 2018 found that Park District employees whose job duties required them to drive did not have driver's licenses and had not been required to keep their records current. In one case, an employee had been without a current driver's license for 11 years without notice. In another case, an employee was working for four years without a commercial driver's license that he needed; and

**e) Employees Working Without Required Pesticide Licenses:** A 2018 OIG review found that 34 employees who were in positions that required State-issued pesticide applicator licenses had either let them expire or never attained them. In response to OIG's findings, the Park District reassessed its operational needs and dropped the license requirement from the Junior Tree Surgeon and Gardener positions because it determined that most of the employees in the positions do not apply pesticides.

#### **4. ARREST OF A VENDOR'S EMPLOYEE FOR STEALING A PARK DISTRICT CHECK**

An employee of a Park District vendor was arrested for allegedly stealing and trying to deposit a \$6,200 check. The employee allegedly stole the check intended for a third-party from the U.S. Mail.

OIG's work in conjunction with the Chicago Police Department's Financial Crimes Unit led to the employee's arrest in November 2018. The employee was charged with a felony count of forgery (720 ILCS 5.0/17-3-A-2).

The vendor fully cooperated with OIG's investigation.

#### **5. RESIDENCY VIOLATION: ADMINISTRATION EMPLOYEE LIVING OUTSIDE OF CITY**

An OIG investigation has established that a Park District administration employee lived outside of Chicago in a near west suburb.

Surveillances, documentary evidence, and the employee's statements established that the employee lived outside of Chicago.

The employee resigned in December 2018 while this investigation was pending. OIG recommended that the Park District code the employee's resignation as "resigned under inquiry."

## QUARTERLY AND YEAR-END INFORMATION

### Investigations by Quarter

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	2018 Total
Opened	18	6	13	10	47
Closed	13	13	6	15	47
Pending	69♦	62	69	64	64

♦ Includes carry-over from previous quarter.

### Reviews by Quarter

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	2018 Total
Opened	9	16	6	8	39
Closed	1	23	2	8	34
Pending	8♦	1	5	5	10

♦ Includes carry-over from previous quarter.

### Nature of Investigations and Reviews Initiated by Quarter

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	2018 Total
Criminal Misconduct or Fraud	4	0	2	2	8
Waste, Inefficiency, Compliance	0	16	2	4	22
Other Rule, Code, Ordinance Violations	14	6	15	12	47

### Audits by Quarter

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	2018 Total
Opened	2	6	2	2	12
Closed	3	3	3	3	12
Pending	3♦	6	5	4	4

♦ Includes carry-over of four audits from previous quarter.

### Investigated Parties

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	2018 Total
Officers	0	0	0	0	0
Employees	17	6	12	14	49
Other (Agents, concessionaires, contractors, other parties, unknown)	1	0	2	3	6

### Cases Pending Over Six Months

[2]

**Reasons:**

Complex investigation. Generally involve difficult issues or multiple subjects: 2

## HIRING COMPLIANCE MONITORING ACTIVITY – FOURTH QUARTER 2018

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

### 1. Monitoring Contacts by Hiring Departments

OIG reviews all reported or discovered instances where hiring departments contacted Human Resources to lobby for or advocate on behalf of actual or potential applicants or

bidders for positions that are covered by the Employment Plan or to request that specific individuals be added to any referral or eligibility list for upcoming jobs at the Park District.

Human Resources did not report any improper contacts by hiring departments for the fourth quarter of 2018.

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

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

The following modifications to the Exempt List were approved in the fourth quarter of 2018:

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

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

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

In addition to the three positions described above, Human Resources reported no Exempt hires made during the fourth quarter of 2018.

Concurrent with the posting of this Report, OIG will post the Exempt List.

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

OIG reviews written rationales when no consensus selection (no one from the approved candidate pool was selected) was reached during a consensus meeting.

Human Resources did not submit any "no consensus" letters during the fourth quarter of 2018.

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

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

Human Resources reported no emergency appointments during the fourth quarter of 2018.

## **6. Review of "Acting Up" Activity**

OIG reviews all circumstances where employees are "acting up" (performing all or substantially all of the duties of an employee in a higher-paid classification). Activity in the fourth quarter of 2018 showed that four employees were "acted up" during the quarter and 33 employees who had been in "acting up" status were placed back in their positions.

**Acting Up Activity – 2018**

Position	Fourth Quarter	
	Acted up	Reversed
<b>Community Recreation</b>		
Physical Instructor (M)	1	1
Playground Supervisor	1	1
<b>Operations</b>		
Security Guard	1	1
Laborer (Maintenance)	1	27
Natural Areas Worker	0	1
Floriculturist	0	2
<b>Executive Office</b>		
	--	--
<b>Total</b>	<b>4</b>	<b>33</b>

**7. Hiring Sequence Audits of Previous Quarter (Q3 2018)**

OIG audited a random sample of three Park District hires from the third quarter of 2018 for compliance with the Employment Plan. The audit indicated that the sample of three hiring rounds complied with the Plan’s requirements.

The following hiring sequences from Q3 2018 were audited:

**#3898 Assistant Manager of Beaches and Pools**

- Applicants: 20

**#3723 Painter**

- Applicants: 96

**#4024 Gymnastics Instructor**

- Applicants: 4