



Association of Inspectors General
445 West 59th Street, 3532N
New York, New York 10018

February 4, 2013

The Honorable Joseph M. Ferguson
Inspector General
Office of Inspector General, City of Chicago
740 N. Sedgwick, Suite 200
Chicago, Illinois 60654

Re: Peer Review Conducted November 5 - 9, 2012 of the
City of Chicago Office of the Inspector General (OIG)

Dear Inspector General Ferguson,

On behalf of the Association of Inspectors General's Peer Review Team, I am writing to share with you some observations we made when we were at your office from November 5 - 9, 2012. The Peer Review Team (the Team) was invited to conduct a peer review of your organization's Investigations, Audit and Program Review Sections. The Team unanimously concluded that both Investigations and Audit Sections complied with the appropriate and agreed upon standards with no reportable instances of failure to meet the standards. We however, were unable to make a qualified opinion regarding the Program Review Section due to the following administrative changes:

- 1) Between March and October 2012, the section was utilizing the Association's Green Book; however, there were no finalized products to test for that period.
- 2) In late October 2012, an operational change to merge Program Review Section under Audit was initiated and a requirement to follow Yellow Book was made.

Our unqualified opinion was provided by an earlier letter dated November 19, 2012. The purpose of the present letter is to formalize some of the comments shared with you and your executive staff during our exit conferences that took place on the last day of our visit.

On November 9, 2012, the Team met with you separately and then with you and your leadership team. We advised you of our general conclusion regarding compliance, as well as provided you with several areas of distinction and consideration regarding the two sections. In general, the same comments were shared at the meeting with your leadership.

The Team identified both areas of distinction and areas for consideration, both of which the Team elected to document for you in this letter. Some areas of distinction were common to both sections. Specifically, the team felt the level of dedication to the mission and the staff's positive attitude provides an atmosphere driven for success. We also found a highly skilled and motivated staff. Further, the written work products for investigations and audit were impressive. The remainder of this letter will address section-specific areas of distinction and consideration. These comments are based on the direct observations of the Team members assigned to review

the section; Team member interviews with external stakeholders; interviews with staff; file reviews; review of administrative and operating materials; and the professional judgment and experience of the peer reviewer. Once again, nothing in this management letter dismisses the Team's unanimous conclusion that Investigations and Audit met the appropriate standards for the period under review.

Audit Section Peer Review Summary

The peer review of the Chicago Inspector General audit section included a yellow book compliance review of audit policies and procedures, working paper guide and audit section organization and staff training. We also did a review of audit performance by reviewing working papers for 3 audits and the corresponding audit reports. We concentrated on sufficiency of evidence to support audit performance and audit findings, inclusion of independence statements, performance and documentation of supervision, and reviews of internal controls. We critiqued the audit reports for compliance with yellow book standards readability and provided the auditors with suggestions for improvements.

Audit – Areas of Distinction

- Specifically; we noted an improvement in operations with the institution of an annual audit plan for the first time in 2012; the revising of the audit policies and procedures manual; and the pending change in the audit organization. We compliment your “forward thinking” approach to advancing the audit operations. During the out-briefing we suggested that your office adopt an audit reporting style with a more direct upfront section of deficiencies. We made this suggestion as a means to improve report impact and readability thereby allowing the reader to quickly grasp the issues and your recommendations.
- We recognize that in the near future the audit office will merge the audit function and the program review function resulting in an office with two divisions that will primarily perform performance audits to yellow book standards. At some future point, the plan is to merge the job descriptions to be consistent across the entire audit and program review section. We believe that the office can retain yellow book compliance with this new merged section.
- The Audit function becoming more proficient with the establishment of a requirement to produce an annual audit plan based on budgets, risk assessment results, auditor input augmented with staff becoming more knowledgeable of auditable universe operations.
- The separation of the audit function from the investigative function. This gives the audit function the ability to make decisions based exclusively on yellow book standards.
- Peer reviewing of audit reports and working papers. The audit function is making the best use of a small staff by having the senior auditors review each other's work as the audits' progress. This also limits the need for detailed reviews by senior management as may be required in the past.

- Recognizing the need for improved policies and procedures manuals and working paper manuals.
- From discussions with audit staff, it appears there has become an enhanced environment in which to work and produce. The auditors interviewed reported they believe recent changes have allowed them to maximize their skills and therefore advance the overall audit mission. This was reflective when we reviewed and compared more recent projects to those from prior years. The audits that have been produced during the review period all provided material results for improving city functions.

Audit - Areas of Areas of Considerations

- Establish a more formal quality assurance program. The auditors should consider creating report and working paper review checklists to ensure all required processes and documentation are performed and documented. Currently some of the working paper packages we reviewed did not contain items such as: tables of contents, cross referenced audit plans, etc. Although we saw no issues as audit reports go through several review processes, a report review process checklist would ensure all report levels are covered and their comments noted.
- Audit reports could have a greater impact with an upfront style of reporting audit results. Audit reports need to lead with the most impactful findings and audit findings need to begin with the deficiencies (conditions) identified first. Currently audit deficiencies are often found a little deeper in the body of the findings. It makes them a more difficult read and less likely to keep the readers interest.
- Increase details provided within the annual audit plan to improve the specifics of planned audit projects. We recognize that the 2012 annual audit plan is the first produced by the office, however as the process matures, audit topics should be more specific to allow auditors and other interested readers to identify the direction audits will take and the workload the office is undertaking.
- Include the Mayor's office in future risk assessment exercises to identify their high interest items. The inclusion of the Mayor's office may not include a request for completion of questionnaires as sent to other agencies, but a request for the Mayor's office to identify their areas of concern would be useful.

Investigations Section Peer Review Summary

The peer review of the Chicago Inspector General Investigative section included a green book compliance review of investigative policies and procedures, interview of external customers, review of cases notes, interview reports, and the investigative section's organization and staff training. We also sampled investigative performance by reviewing 12 completed case files, over 20 complaint processing case files and 9 declinations case files. We concentrated on sufficiency

of evidence to support investigative findings, inclusion of independence statements, performance and documentation of supervision oversight, and staff operational field work and knowledge. We critiqued the investigative reports for compliance with green book standards readability and provided the investigators with suggestions for improvements. Lastly, we reviewed the evidence room operations; however, we did not perform any inventory of its contents.

Areas of Distinction:

- Interviews were conducted with external stakeholders who had ongoing contact with the City of Chicago OIG staff. These interviews included representatives from the United States Attorney's Office, Federal Bureau of Investigation, the Mayor's Office, Cook County State Attorney's Office, and the City's Building, Legal, and Procurement departments. Each person interviewed described having positive ongoing contact with the members of the OIG staff. They each described the work of the OIG as being professional, and reliable. Several noted an enhancement over the years.
- Review of open and closed investigative files, complaint files, and the computerized complaint tracking system, which included reports, memoranda, and applicable investigative documents were conducted. These files and documents were found to be complete, and in good order. The most notable item was the quality of the summary reports of investigations (SRIs), which were clear, concise, and reviewed by a supervisor. The finding(s) in the investigative reports were consistent with the evidence observed in the case folders.
- Staff Professionalism and working knowledge was impressive. The reviewers interviewed all four managers and eleven employees within Investigations. The reviewers also had consistent contact with various other members of the Investigations staff during the week-long visit. The staff members were professional, helpful, courteous and willing to provide whatever assistance was needed by the Team. The staff members exhibited a dedication to the Office's mission, unit cohesiveness, outstanding working knowledge of their responsibilities, and a pride in their work.
- The peer reviewers examined the personnel and training files for the entire Investigations staff and found the staff members to have the requisite credentials for their respective positions.
- Utilization of Training Videos for continued professional development is outstanding. The review team was impressed with the focus of the investigative staff's attention to training and professional development. We found the methodologies for later utilization of training a smart approach to ensure new employees or follow-up training is easily available.

Areas of Considerations

- Currently nearly all complaint disposition, case category, and investigative work plans are being determined formally by the Director of Investigations. We did find the team chiefs, and to some limited level, the investigators did have input. However, capitalizing on that high skill level within the staff and therefore pushing decisions down to the most logical level is an area to consider. The responsibility for final decisions can remain at the Senior Management level, but creating decision requirements to the investigator level bring advantages of “owner-ship” to the investigator.
- Your office is about to transition from an “investigative indexing software database system” to an “investigative case management system” with the new upgraded “Remedy Software.” This system brings many automated features that can advance your office’s capabilities regarding case folder management, streamline decisions, forms generation, timelines, and accountability throughout the office. However, those features can only be utilized if the capabilities are incorporated into your office operations. We suggest you consider fully examining the capabilities of the new system and create a positive transition of the software into the business of the investigative staff.
- During our visit we noticed that nearly all investigative field work and investigative planning is recorded within an “Investigative Report” (IR) template. For example, investigators stated they record witness interviews, summarized file reviews, tracked investigator notes, subject interviews, case management meetings, and investigator plans, all of which are recorded in an IR template. We suggest you consider expanding the office’s use of investigative forms for more efficient operations. For example, design and utilize a uniform investigative plan document, a memorandum of interview (MOI), an investigative activity report (IAR), evidence and chain of custody forms, and any other form your office believes is required. Once establishing these various forms, it would allow for increased effectiveness in case reviews by management as they could quickly identify the type work the investigator had performed. It would also be more effective when searching through case files to identify specific field work, as well as assist in file management and legal reviews. The “Remedy Software” has the capabilities to delineate various different forms; therefore this transition could occur consistent with the software upgrade.
- As every investigation can be different in the amount time and type of field work required, and admittedly the scope can change with the discovery of new evidence, investigators should have a general guideline on timeline expectations. We suggest you consider timelines be established for both fieldwork and internal decisions. For example, time for documenting completed fieldwork activity; documenting witness and subject interviews; duration between management case reviews; and duration of time to move an allegations from the original investigator receiving the information throughout the decision process and back to an investigator.

- For the purpose of an independent quality control review, your office might consider a “corner to corner review” of closed unsubstantiated allegations by a lawyer assigned to the office. The review would not be of the contents of the entire case folder, but only the document used to reflect the closure justification. If the workload of the legal staff would not allow review of each closure of this type, then a sampling could occur. The “corner to corner review” is not to identify additional investigator field work, as that is the responsibility of the investigator and investigative management, but is to ensure the written closure text is sufficiently described for legal sufficiency.
- We found the evidence room operations to be working effectively. We would suggest you consider an annual inventory of the evidence room is performed and that the internal safe has a second person assigned with the appropriate access authority.
- As it was suggested for the Audit staff to consider adopting a file closure check-list, the Investigation Division could benefit with the same approach.
- As the Audit Division is now removed from within the operational responsibility of investigations, it is important to establish expectations on investigators in reviewing potential systemic problems identified during an investigation. Your office should consider a documented decision process to determine to what degree and method an investigator reviews and/or reports on systemic concerns identified; reporting externally and/or referring to the Audit section.

During our review we also examined a portion of your office’s administration, which included, in part, the City Code, Office-wide Policies and Procedures, Quarterly Reports and training efforts. We would also like to inform you of our observation as the following:

Areas of Distinction

- The practice of utilizing a Confidentiality Form for all employees beginning and ending employment. This makes it clear to the employee of the expectations of what can and cannot be disclosed.
- Putting in place ethics training which includes conflict of interests, recusal and acceptance of gift guidance. This practice provides a standard approach for all OIG employees to adhere to.
- The internet site is transparent and provides to the public readily-access to reports. Transparency is a cornerstone of the inspector general community. Easy access and readability of reports is an important element of accountability to the public.

Areas of Consideration:

- Not all staff was readily aware of the forms and requirements pertaining to Independence, Ethics and Recusal. The Independence statements/recusal process should be applied

consistently throughout the office as to who decides whether the impairment is sufficient to remove the staff member from the assignment. An area of consideration is to enhance your current in-house training to include ensuring new employees obtain the training and perform an annual refresher.

- The handling of Confidential Information i.e., HIPPA, SSNs are critical and where and how they are stored, and access to them is the responsibility of all government employees. Consideration should be given as to who within the OIG needs access to such information. This type information should not be viewed in the same fashion as other OIG employee access items, due to their sensitive nature.
- Although not required, a strategic plan provides staff with a vision/roadmap to understand the direction for the OIG. A good Strategic Plan also should include Goals and Outcomes for the public to see its value therefore we suggest you publish a Strategic Plan annually.

Conclusion

Once again, nothing in this management letter dismisses the Team's unanimous determination that the Audit and Investigation Sections met the standards for the period under review. We provide these considerations in an attempt to assist you and your team advance your overall responsibility of providing quality oversight to the citizens of your community. Please feel free to contact me or any member of the Peer Review Team directly should you wish to discuss these or any other issues. We thank you for the opportunity to bring these matters to your attention and for your sincere interest in hearing our views on how you might improve your processes and your organization.

Yours truly,



Sheryl G. Steckler
Team Leader, AIG Peer Review for City of Chicago OIG; November 2012;
Co-Chair - AIG Peer Review Committee and AIG Executive Board Member

cc: Tom Caulfield, Team Member, AIG Peer Review for City of Chicago OIG, November 2012
Co-Chair - AIG Peer Review Committee and AIG Executive Board Member
Wayne Good, Team Member, AIG Peer Review for City of Chicago OIG, November 2012
Flora Butler, Team Member, AIG Peer Review for City of Chicago OIG, November 2012