

City of Chicago
Office of Inspector General
Rules and Regulations
(Amended Effective March 4, 2014)

Section I – Introduction

1.1 Authority, Purpose, and Scope

These rules and regulations:

- a. are promulgated under the authority provided by the Municipal Code of Chicago (MCC) § 2-56-030(i) to provide guidance and standards concerning activities of the City of Chicago Inspector General’s Office (OIG);
- b. are promulgated to ensure compliance with the law, promote the use of best practices, foster accuracy in the performance of OIG activities, and provide transparency regarding the procedures and standards for the conduct of those activities;
- c. (i) reflect existing and accepted OIG practice; (ii) may, within the scope of applicable laws, vary from one OIG inquiry or another based on operational contingency and need, and; (iii) do not confer any rights upon a subject or witness of an OIG investigation audit or review; and
- d. apply to all OIG activities except those undertaken at the direction of the United States Attorney’s Office, the Illinois Attorney General’s Office, or the Cook County State’s Attorney’s Office as part of a joint investigation of Federal, State or Local law.

Section II – Organization Mission and Jurisdiction

2.1 Mission

OIG is an independent, nonpartisan oversight agency whose mission is to promote economy, efficiency, effectiveness, and integrity in the administration of programs and operations of City government. OIG achieves this mission through:

- Administrative and criminal investigations
- Audits of City programs and operations
- Reviews of City programs, operations, and policies

From these activities, OIG issues reports of findings and recommendations that ensure City officials, employees, and vendors are held accountable for the provision of efficient, cost-effective, government operations. OIG further seeks to prevent, detect, identify, expose, and eliminate waste, inefficiency, misconduct, fraud, corruption, and abuse of public authority and resources.

2.2 Jurisdiction

1. Subject Matter Jurisdiction

Pursuant to MCC § 2-56-030(b), OIG subject matter jurisdiction extends to “the performance of governmental officers, employees, functions and programs, either in response to a complaint or on the inspector general’s own initiative, in order to detect and prevent misconduct, inefficiency, and waste within the programs and operations of the city government.”

Pursuant to MCC § 2-56-035, OIG has the duty to monitor employment actions under the hiring plan and related policies and procedures. In addition, OIG investigates allegations of non-compliance with the hiring plan and related policies and procedures.

2. Personal Jurisdiction

Pursuant to MCC § 2-56-050, OIG personal jurisdiction extends to the conduct of the following:

- a. except as limited in subsection 2.2(2)(f) below, all elected and appointed officers of the city government in the performance of their official duties;
- b. except as limited in subsection 2.2(2)(f) below, all employees of the city government in the performance of their official duties;
- c. all contractors and subcontractors in the providing of goods or services to the city pursuant to a contract;
- d. business entities seeking contracts or certification of eligibility for city contracts; and,
- e. persons seeking certification of eligibility for participation in any city program.
- f. Notwithstanding anything to the contrary contained in subsections (a) - (e) of this section, personal jurisdiction of OIG does not extend to allegations or complaints of misconduct, inefficiency, or waste by any member of the city council or any city council employee as defined in MCC § 2-55-010.

Section III - Investigations

3.1 Legal Duties

OIG investigative activities shall be conducted in accordance with the following as applicable:

- The Constitution of the United States;
- The Constitution of the State of Illinois;
- The Laws of the State of Illinois;
- The Municipal Code of the City of Chicago;
- Applicable Collective Bargaining Agreements;
- The Personnel Rules of the City of Chicago;
- Applicable legal case law;
- Principles and Standards for Offices of Inspector General (the National Association of Inspectors General “Green Book”);
- These OIG Rules and Regulations; and
- Policies and Procedures of OIG

3.2 Receiving Complaints and Information

OIG shall maintain the following mechanisms for the intake of complaints and information:

1. Public Website: www.chicagoinspectorgeneral.org

The public website shall be maintained on a stand-alone secured server and shall be maintained in such a manner that allows an individual to provide information, via a secure electronic report form, 24 hours a day, every day of the year.

2. Email Address: reportcorruption@chicagoinspectorgeneral.org

3. Telephone Hotline: (866) IG-TIPLINE (866-448-4754)

- a. The hotline shall be staffed with an on-duty OIG representative between the hours of 8:30 a.m. to 5 p.m.;
- b. The hotline shall be enabled to receive recorded messages at all other hours which shall be responded to and processed as appropriate on the following regular workday, in accordance with the procedures set forth herein.

4. TTY: (773) 478-2066

5. Facsimile: (773) 478-3949

6. United States Mail: City of Chicago Office of Inspector General

740 N Sedgwick, Suite 200
Chicago, IL 60654

7. Any such other means of transmittal, receipt, or communication that OIG deems will further encourage and foster the receipt of complaints and information without sacrificing confidentiality. (See OIG Rules and Regulations section 3.5).

3.3 Duty to Report and Whistleblower Protection

The Governmental Ethics Ordinance provides that “every city employee and official shall report, directly and without undue delay, to the city’s Inspector General or Legislative Inspector General any and all information concerning conduct which such employee knows or reasonably should know to involve corrupt or other unlawful activity (i) by another city employee or official which concerns such employee’s or official’s employment or office; or (ii) by any person dealing with the city which concerns the person’s dealings with the city.” See MCC § 2-156-018.

OIG shall conduct its investigations in a manner that ensures whistleblower protection to the fullest extent provided under the City of Chicago’s Governmental Ethics Ordinance, MCC § 2-156-019. It will ensure this protection to any individual or entity providing information, cooperation, or assistance to OIG as a complainant or in response to any OIG investigatory inquiry.

3.4 Recording and Logging of Complaints

MCC § 2-56-030 (a) provides that OIG has authority to receive and register complaints concerning misconduct, inefficiency, and waste within city government.

All complaints received through any and all means including, but not limited to, those means identified in OIG Rules and Regulations section 2.2, shall be assigned a unique number for tracking purposes.

3.5 Complaint Review and Referral

1. Except for complaints alleging ethics ordinance violations, which are discussed in subsection 3.5.2, following a review of information submitted with a complaint, OIG will determine one of three actions to take: (a) opening an investigation, (b) referring the matter to the appropriate City department, another OIG section, the legislative inspector general, the appropriate sister agency, or the appropriate federal, state or local law enforcement authorities for investigation or other appropriate action, or (c) declining to investigate for one or more reasons.

2. Complaints alleging ethics ordinance violations will also be reviewed to determine if they should be opened, referred, or declined. However, by law these complaints may only be declined if the complaint “lacks foundation” or “does not relate to a violation of Chapter 2-156 [the Governmental Ethics ordinance].” In addition, ethics ordinance complaints may

only be referred to the employee's supervisor if "the potential violation is minor and can be resolved internally as a personnel matter." See MCC § 2-56-050(b).

For matters referred to the appropriate City department for investigation, OIG shall request that, once the matter is resolved, the department provide OIG a memorandum detailing any actions taken on the matter referred by OIG.

When OIG is informed that a City employee has been arrested by the Chicago Police Department, OIG shall track the court proceedings and inform the employee's department head of significant activity.

3.6 Confidentiality

One critical means of developing and preserving the public trust, and fostering true working partnerships with other entities including federal and local law enforcement agencies, is the mandated confidentiality of all OIG investigative files and reports as provided by MCC § 2-56-110, which reads in pertinent part:

All investigatory files and reports of the office of inspector general shall be confidential and shall not be divulged to any person or agency, except to the United States Attorney, the Illinois Attorney General or the State's Attorney of Cook County, or as otherwise provided in this chapter.

MCC § 2-56-060 and -070 set forth the other exceptions provided in MCC § 2-56. Those sections authorize OIG to release certain information from its investigative files to specified entities at the conclusion of an investigation where disciplinary or other recommendations are made to the mayor or other affected departments, including the Board of Ethics.

Pursuant to MCC § 2-56-060, and except as otherwise permitted by law, OIG shall provide relevant investigative information along with its Summary Report of Investigation (*see* OIG Rules and Regulations section 3.15) solely to the Mayor's Office and the head of each department or agency affected by or involved in the investigation. An individual or entity is not involved in the investigation merely by having provided information in the context of or related to the investigation.

In addition, pursuant to MCC § 2-56-070, a Summary Report of Investigation shall not include the identities of informants, complainants, witnesses, or subjects *unless* the report recommends disciplinary action against an employee, administrative action against a vendor, or entity seeking certification, or unless OIG seeks a probable cause finding for an ethics ordinance violation. If complainants or informants request their identity to remain confidential, they will be notified in the event that disclosure of their identity is required by law.

OIG personnel are permitted to access OIG files, reports, and other confidential, privileged, or personal information in the possession, custody, or control of OIG solely in connection

with an official and duly authorized matter that is critical to the performance of an employee's assigned tasks. As required by OIG Administrative Policies and Procedures, all OIG employees shall sign a Confidentiality and Non-Disclosure Agreement at the outset of their employment. By signing this Agreement, OIG employees acknowledge that access to OIG files, reports, and other confidential, privileged, or personal information in the possession, custody, or control of OIG is permitted only in connection with an official and duly authorized matter that is critical to the performance of an employee's assigned tasks. OIG employees further acknowledge that they are prohibited from discussing, or disclosing, investigative matters and materials or other confidential, privileged, or personal information except as provided by law. All OIG employees are also subject to disciplinary action or other legal sanction for any violation. *See APP # 1.2; APP # 1.3.*

3.7 Opening of Investigations

1. OIG may initiate an investigation based on:
 - a. information or complaints received from:
 - i. a known or self-identified party; or
 - ii. an anonymous party
 - b. its own initiative.
2. Complaints may be opened as investigations only with the approval of the Deputy Inspector General (DIG) - Investigations or the Inspector General;
3. Factors for consideration about whether to open an investigation, may include, but shall not be limited to:
 - a. credibility of the complainant;
 - b. reliability and accuracy of information based on OIG's knowledge of the subject matter;
 - c. the nature of the conduct alleged;
 - d. the age of the conduct complained of;
 - e. the likely impact on City operations;
 - f. availability of investigative resources likely necessary to prove or disprove the complaint and impact on existing case load.

4. The following considerations, constituting forbidden factors that shall not be considered when determining whether to open an investigation include, but are not limited to:

- a. the religious or political beliefs of the complainant or alleged wrongdoer;
- b. the race, age, gender, disability, sexual orientation, national origin, marital status, military service, or discharge status of the complainant or alleged wrongdoer; or
- c. protected First Amendment conduct of the alleged wrongdoer.

3.8 Investigative Standards

All OIG investigative staff shall have requisite knowledge, skills, and abilities to conduct thorough, objective, and timely investigations. OIG investigative staff shall use due professional care and conform to the highest legal and ethical standards in the course of their work. OIG supervisory staff shall be responsible for ensuring the investigatory staff members are properly trained and that investigations are conducted in full compliance with the law, are thorough, and that reports are high-quality.

OIG employees are expected to conduct their work objectively and without bias. Any potential conflict of interest (actual or perceived) must be brought to the attention of management so that a thorough assessment can be conducted to determine what if any recusals are required to avoid even the appearance of a conflict of interest between OIG employee and OIG's mission. *See APP # 1.3.*

3.9 Scope of OIG Investigation

In order to ascertain relevant facts necessary to make findings and recommendations as required by law, an OIG investigation may include, but is not limited to:

- interviews with complainants, witnesses, and subjects;
- acquisition and analysis of relevant documents;
- surveillance;
- computer forensic analysis;
- covert activity or undercover operations as allowed and approved by state or federal law.
- acquisition and analysis of email communications relevant to the underlying OIG investigation for which they were requested.

3.10 Documentation

All significant investigative activities shall be documented in the case file in a timely, accurate, and complete manner consistent with OIG policies and procedures.

OIG shall undertake to collect all relevant evidence and to preserve the chain of custody to preserve its admissibility in any subsequent proceedings. OIG shall maintain evidence tracking procedures and a secure evidence room that only authorized OIG personnel can access. Information and evidence obtained during an investigation shall be verified by as many sources as are necessary and reasonable to establish the validity of such information and evidence.

3.11 Subpoenas

OIG is authorized to issue subpoenas to compel the attendance of witnesses and/or the production of documents and other items. Subpoenas shall be issued in accordance with both Illinois law and MCC § 2-56-040, which provides the following:

1. Service

Service must be made in the same manner as subpoenas issued under the Rules of the Illinois Supreme Court, that is, by in-person delivery, certified mail, or by another agreed means for service.

2. Return/Response Time

Subpoenas will have a return date of at least seven days from the date of service of the subpoena.

3. Objection

- a. The person or entity to which a subpoena is directed may submit a written objection no later than the time for appearance or production required by the subpoena. The objection shall be in writing, delivered to OIG, and shall specify the grounds for the objection.
- b. The filing of an objection to a subpoena, and negotiations pursuant to an objection, shall not constitute refusal to comply with the subpoena, or interference with, or obstruction of, an investigation.

4. Processing of Objection

- a. For seven days after receipt of a timely objection to a subpoena, OIG shall take no action to enforce the subpoena or initiate prosecution of the person to whom the subpoena is directed.

- b. During this seven-day period, OIG shall consider the grounds for the objection and may attempt to resolve the objection through negotiation with the person to whom the subpoena is directed.
- c. The seven-day period may be extended by OIG in order to allow completion of any negotiations. The extension shall be in writing addressed to the person to whom the subpoena is directed, and shall specify the date on which the negotiation period will end. Negotiations may include such matters as the scope of the subpoena and the time, place, and manner of response thereto.

5. Fees/Costs

Subpoenas requiring a personal appearance shall include the appropriate statutorily required witness and or mileage fee.

3.12 Duty to Cooperate

MCC § 2-56-090 provides that, in any and all inquiries undertaken by OIG pursuant to Chapter 2-56 of the Municipal Code:

1. Every officer, employee, department, agency, contractor, subcontractor, and licensee of the city, and every applicant for certification of eligibility for a city contract or program, has a duty to cooperate with OIG; and
2. Each department's premises, equipment, personnel, books, records, and papers shall be made available, as soon as practicable, to OIG.

3.13 Interviews

1. As part of an investigation, OIG may conduct interviews of persons with potentially relevant information, including complainants, witnesses, and subjects. In all investigations, to the extent possible, OIG shall attempt to interview the subject of the investigation. Investigators are authorized to administer oaths and examine the interviewee under oath. All interviews shall be conducted in accordance with existing law. Interviews of union employees shall additionally be conducted in accordance with applicable Collective Bargaining Agreements (CBAs).

2. Status of Interviewee

The status of an interviewee depends on a number of circumstances and may change over the course of an investigation depending on the facts of the matter.

- a. Witnesses are defined as persons who provide information and against whom formal action is not reasonably contemplated (including disciplinary, administrative, or criminal sanctions).
- b. Subjects are defined as persons against whom, at the onset of an interview, OIG believes formal adverse action (including disciplinary, administrative, or criminal sanctions) might potentially be recommended.
- c. When scheduling an interview directly with the interviewee, OIG shall advise that person if they are, at that time, considered a witness or a subject, and will inform them of the general subject matter of the interview without disclosing the specific individual(s) or allegation(s) being investigated. When interviews are arranged through a scheduling coordinator, such as a department representative, the scheduling coordinator will be instructed to tell the interviewee to contact the assigned OIG investigator prior to the interview for information about their status and the general subject matter of the interview.

3. Advisements to Subjects of Investigations

Advisements shall be provided to all subjects of investigations.

The nature of additional advisements provided to subjects depends on their status (employee/vendor/licensee; union/non-union), and whether an investigation is administrative or criminal. If the investigation is administrative, the subject will be advised of their duty to cooperate, and that they are being compelled to answer questions. If the investigation is criminal, the subject will be advised of their right not to answer questions and that their participation in the interview is voluntary. OIG investigators shall read the appropriate advisements (administrative or criminal) aloud and provide a written copy for review before requesting a signature acknowledging that the advisements have been provided. If a subject declines to sign the acknowledgement, his/her refusal shall be documented before the interview will proceed. The acknowledgement form shall be included in the investigative file.

All subjects interviewed after the July 1, 2013 effective date of SO2012-8082, shall be advised that they have the right to legal counsel. *See* MCC § 2-56-050(c).

Administrative advisements and criminal advisements shall not be given to subjects in the same interview.

a. Administrative Investigations

Administrative investigations generally involve violations of City ordinances, rules, policies or procedures, and/or waste or inefficiency. Advisements in such investigations as listed above shall contain the following core elements:

- i. The subject has a duty to cooperate, which includes the duty to provide complete and truthful answers to OIG inquiries.
- ii. Nothing from the interview can be used in any subsequent criminal prosecution against the subject.
- iii. Any information provided can be used as the basis for disciplinary and/or other administrative action against the subject.

Subjects covered by a Collective Bargaining Agreement, will be advised that they have the right to union representation or legal representation at the interview.

b. Criminal Investigations

Criminal investigations may involve violations of municipal, state, or federal law. The advisements in criminal investigations, as mentioned above, shall contain the following core elements:

- i. The interview is voluntary and there is no duty to answer questions or provide information. In other words, the subject may refuse to answer questions on the basis of their Fifth Amendment right against self-incrimination. Refusal based on the Fifth Amendment right cannot be used by OIG as the basis for a recommendation of disciplinary action.
- ii. Any statement or information provided may be used in a subsequent criminal prosecution and/or disciplinary/administrative action against the subject.

As required by applicable Collective Bargaining provisions, subjects who are represented by a Union will be advised of their Miranda rights, although OIG does not conduct custodial interviews.

4. Witness Interviews

A witness is an individual who may possess information relevant to an investigation but who, at the onset of the interview, is not a subject. The following are the basic rules governing witness interviews:

- a. Witnesses will not be provided advisements, except as provided below.
- b. If, OIG determines on the basis of information received during a witness interview that the witness may have exposure to formal adverse action, and thus constitute a potential subject, OIG shall stop the interview and either: (i) provide appropriate advisements as discussed in subsection 3.13(3) above, or (ii) schedule a subsequent interview at which time appropriate advisements will be provided.

5. Representation

Every person interviewed may request representation at the interview.

- a. An interviewee requesting representation at an OIG interview shall be given a reasonable amount of time to obtain union representation or an attorney.
- b. At any time during the interview, the interviewee may stop the interview and request representation, and the interview will be discontinued and rescheduled within a reasonable amount of time.
- c. If an interviewee elects to bring a representative, that representative may not answer questions for the interviewee and may not obstruct the interview. Interviewees are advised that they will be permitted to take reasonable breaks and may consult with their representative during those breaks. Representatives may be permitted to clarify questions and may provide additional information at the conclusion of the interview.
- d. If a union employee who is a subject chooses to proceed without a union representative or attorney present, he or she shall be asked to sign a waiver indicating that fact.

6. Recording

OIG shall seek to record subject interviews. OIG may, at its discretion, seek to record other witness interviews.

There are two means by which OIG may record an interview: i) with consent of the interviewee, an interview may be audio-recorded by OIG; or ii) OIG may employ an independent commercial court-reporting service to transcribe the interview.

In the event that an interview is not court-reported, the following steps shall be taken:

- a. Prior to the interview, the interviewee shall be asked if he/she will consent to audio-recording.
- b. Pursuant to Illinois state eavesdropping law, if the interviewee declines to give his/her consent, the interview shall not be audio-recorded.
- c. No adverse action shall be taken or adverse inference drawn against the interviewee who declines to consent to record an interview.

3.14 Findings

1. OIG administrative investigations result in either sustained or not-sustained findings.
2. Sustained findings may relate to purely administrative or combined administrative and criminal violations.
 - a. Administrative investigations which establish by a preponderance of the evidence that a violation occurred are sustained.
 - b. Administrative investigations which do not establish by a preponderance of the evidence that a violation occurred are not-sustained. Not-sustained findings are not exonerations, but merely a finding that at the time of disposition, evidence possessed by OIG did not establish a violation by a preponderance of admissible evidence.
3. Criminal investigations will be reviewed by the United States Attorney, the Illinois Attorney General, or the Cook County State's Attorney, as appropriate, to determine if criminal prosecution will be pursued.

3.15 Investigative Reports

1. Summary Report of Investigation – Sustained Investigations

A sustained administrative case shall result in a written Summary Report of Investigation (SRI) that comports with the Standards of Quality as set forth below in subsections 3.16 and 3.17. An SRI summarizes and analyzes the relevant evidence, both aggravating and mitigating, specifies the subject's violations of the Personnel Rules or other laws, and sets forth recommendations for disciplinary or other corrective action.

- a. No SRI shall issue without the approval of the IG or a designee limited to a DIG – Investigations or Legal.
- b. An SRI shall be sent to the Office of the Mayor, the Corporation Counsel, and the head of the relevant City department(s) implicated in the investigation or from whom response to OIG recommendations may be required. For sustained ethics ordinance violations, OIG must seek a probable cause finding by the Board of Ethics, and must comply with various notice requirements provided by law and the Board of Ethics.
- c. An investigation may be sustained on the basis of a finding not ascribed to or made the subject of recommendation of individual sanction if the evidence establishes by a preponderance waste, ineffectiveness, or inefficiency in City operations not attributable to a specific individual.

- d. OIG may issue an SRI recommending administrative action based on criminal conduct.

2. OIG Advisory – Sustained or Not-Sustained Investigations

An OIG Advisory (Advisory) is issued based on an investigative inquiry. It is a written report, typically in the form of a letter, which is intended to provide observations of a problem that hinders the effective and efficient execution of City operations and programs or opens the City up to liability or risk, but on which, due to limited resources, OIG has not conducted an inquiry sufficient to issue authoritative findings in an SRI.

- a. An Advisory could result from a sustained or not-sustained investigation, and will not make disciplinary recommendations. Individuals referenced in an Advisory will be de-identified to the extent possible, but in no event shall identify or reflect the subject of the underlying investigative inquiry.
- b. No Advisory shall issue without the approval of the IG or a designee limited to a DIG – Investigations, Legal, or Audit and Program Review (APR).
- c. An Advisory will be issued to the affected department(s) which will be provided an opportunity to, at its discretion and within a reasonable period, provide a written response. An Advisory will not be posted publicly until the affected department has an opportunity to respond, and any public posting shall include the department response, if timely provided.

3.16 Standards of Quality for Investigative Reports

OIG shall disseminate reports which assure utility, objectivity, and integrity. In addition, statistical information generated and disseminated by OIG shall be based on sound statistical methods and the principle of transparency to the intended user.

For purposes of these standards, the following definitions apply:

- *Utility* means that information to be disseminated is useful to its intended user for the purpose for which it is disseminated;
- *Objectivity* means that the information is substantively accurate, clear, complete, and presented in an unbiased manner;
- *Integrity* means that information is protected from unauthorized access, corruption, or revision to ensure that it is not compromised through corruption, falsification, or unauthorized dissemination; and
- *Transparency* refers to a clear description of the methods, data sources, assumptions, outcomes, and related information that will allow the user to understand how the data or information produced was generated.

3.17 Application of Standards of Quality to OIG Reports and Advisories

1. OIG attorneys trained in the handling, analysis, and presentation of evidence shall be responsible for the preparation of an SRI.
2. The SRI shall be reviewed for accuracy by the assigned lead investigator and the DIG - Investigations or his/her designee.
3. The SRI shall: (i) present to the user the salient evidence that supports the findings and recommendations; (ii) distinguish opinion from factual assertion, and (iii) summarize and provide appropriate analysis of evidence adverse to the findings and recommendations.
4. An SRI shall be subject to review and comment by the Inspector General or his designee as final reviewer, limited to a DIG – Investigations, Legal, or APR.
5. Privileged information that is to be used or referenced shall be submitted to the holder of the privilege for review and consultation regarding its use and protection prior to dissemination of the SRI.

3.18 Department Responses to Summary Reports of Investigation

MCC §2-56-065 provides:

If the inspector general issues a recommendation of discipline to a department head or affected entity, that department head or affected entity must respond to that recommendation within 30 days with a written response to the inspector general. This response must include either (1) a description of any disciplinary action the department head has taken with respect to the employee in question or (2) a request for a 30-day extension of the 30-day decision period if additional time is needed by the department head to review the recommendation of discipline. If the department head or affected entity did not take any disciplinary action, or took a different disciplinary action than that recommended by the inspector general, the department head or affected entity must describe the different action and explain the reasons for the different action in the written response. This response must be submitted to the inspector general within the 30-day decision period. The inspector general may approve a request for an extension of this 30-day decision period for a period of time not to exceed 30 days if additional time is needed by the department head or affected entity to review the recommendation of discipline.

The department response shall be included in any public summary required under § 2-565-110, as set forth in OIG Rules and Regulations subsection 3.19, below.

3.19 Public reports

Pursuant to MCC § 2-56-110 OIG is authorized to issue public statements:

(a) if an investigation exonerates a person who is publicly known to have been under investigation, where such person requests such a statement; (b) subject to the conditions set forth in subsection (c) of this section, if an investigation, audit or inspection concerns inefficient or wasteful management; and (c) in a public summary of each investigation resulting in sustained findings of misconduct. The public summary shall briefly state, without disclosing the name of any individual who was the subject of such investigation, (i) the nature of the allegation or complaint; (ii) the specific violations resulting in sustained findings; (iii) the inspector general's recommendation for discipline or other corrective measures; and (iv) the city's response to and final decision on the inspector general's recommendation.

In providing the public statement, OIG will not include unnecessary detail that may pinpoint the identity of a specific person or entity investigated. In addition, OIG will only provide a summary of the investigation after the department has responded and/or action (administrative or disciplinary) has been taken.

Section IV –Audit and Program Review

4.1 Authority

The Audit and Program Review (APR) Section supports the OIG mission by conducting independent, objective analysis and evaluation of City programs and operations, issuing public reports, and making recommendations to strengthen and improve the delivery of City services. The authority to produce reports and recommendations on ways to improve City operations is established in MCC § 2-56-030(c), which confers upon the Inspector General the following power and duty:

To promote economy, efficiency, effectiveness and integrity in the administration of the programs and operations of the city government by reviewing programs, identifying any inefficiencies, waste and potential for misconduct therein, and recommending to the mayor and the city council policies and methods for the elimination of inefficiencies and waste, and the prevention of misconduct.

4.2 Audit Standards

APR audits of City programs and operations are conducted as performance audits in accordance with generally accepted Government Auditing Standards (GAS or “Yellow Book,” December 2011 revision) established by the United States Government

Accountability Office. GAS defines “performance audits” as “audits that provide findings or conclusions based on an evaluation of sufficient, appropriate evidence against criteria” (GAS 2.10).

4.3 Ethics and Independence

APR staff must adhere to all applicable laws and regulations including, but not limited to, the City of Chicago Ethics Ordinance, the OIG Code of Ethics detailed in the OIG Administrative Policies and Procedures, and the Ethical Principles outlined in GAS Chapter 1.

1. Individual Independence

The APR Section and each performance analyst shall maintain independence of mind and of appearance in all matters relating to his or her work (GAS 3.03). It is paramount that the staff be free from influences that could impair their objectivity, as well as any appearance of compromised objectivity.

All APR staff involved in a performance audit shall complete an Independence Statement to evaluate and record any potential threats to independence related to that audit. It is the responsibility of each individual to inform the APR Deputy Inspector General (DIG - APR) of any threats to independence, and it is the DIG - APR’s responsibility to determine if and how the threats can be mitigated through application of safeguards. The DIG - APR shall record this determination in a memorandum retained with the Independence Statement.

2. Organizational Independence

OIG is organizationally independent of the City departments and programs it audits, pursuant to GAS 3.29(c).

In the event that APR is called upon to perform a non-audit service for a City department, the following two overarching principles apply:

- (1) APR must not provide non-audit services that involve performing management functions or making management decisions; and
- (2) APR must not audit its own work or provide non-audit services in situations where the non-audit services are significant/material to the subject matter of the audits.

4.4 Staff Competencies and Training

All OIG APR performance analysts shall have requisite knowledge, skills, and abilities to conduct thorough, objective, and timely performance audits and other reports. Staff shall use due professional care, adhere to GAS, and conform to the highest ethical standards in the course of their work. Supervisory staff are responsible for ensuring that performance analysts are properly trained in order to produce high-quality work.

4.5 Quality Control System

APR shall produce high-quality work products through adherence to its quality control system for all projects, compliance with GAS for performance audits, proper training and supervision of staff, and undergoing an external peer review every three years (GAS 3.82). The APR quality control system shall include processes that are designed to prevent, detect, and correct errors and continually improve APR's efficiency and effectiveness.

Quality assurance during project planning and fieldwork shall be achieved through internal review by members of the project team, ongoing supervisory review, and documented supervisory approval at key milestones (objectives, methodology, and tentative findings). Quality assurance during the reporting phase shall begin with an independent review of the draft report and supporting work papers, continue with supervisory review of work papers and subsequent drafts, and culminate in final approval by the IG.

4.6 Project Selection and Annual Plan

APR shall produce an Annual Plan that expresses the priorities for the Fiscal Year and outlines a list of potential audit subjects and non-audit work subjects that fit those priorities. The Annual Plan is a guiding document subject to change and shall not prohibit the introduction of new priorities or launch of projects not on the plan during the course of the year. This means that some items on the Plan may not be performed in that year. The Annual Plan shall be drafted in consultation with the IG and senior OIG staff, with final approval by the IG. A draft of the Annual Plan shall be published for comment each September. The Annual Plan shall be reviewed, updated, and published no later than four weeks after the passage of the annual City Budget Appropriation by the City Council for the corresponding year.

4.7 General Procedures

1. Audit Notification

APR shall send an engagement letter to appropriate City officials (typically the department head) to notify management that APR is initiating a performance audit in the subject area identified and explains the general topic areas of the audit. The engagement letter usually requests an entrance conference with management to be held at the department's office. The entrance conference provides an in-person opportunity to describe the broad goals of the performance audit, establish a working relationship with department management, identify a primary contact person at the department, and answer any initial questions.

2. Planning

Each audit shall begin with initial planning designed to determine and refine the project objectives, scope, and methodology. “Objectives” – are the specific questions that a performance audit is intended to answer (or statements of what the audit is intended to accomplish). “Scope” - expresses the boundaries of the audit and is determined by the audit objectives. Scope also identifies the subject matter, entity, problem, documents, time period, and/or locations that the audit will evaluate. “Methodology” - is the procedures used to gather and analyze evidence needed to address the objectives within the scope selected.

3. Fieldwork

Staff shall plan and conduct fieldwork following these three general principles (GAS 6.01-6.05):

- a. Reasonable assurance that evidence is sufficient and appropriate to support any findings: Staff must ensure that they collect and test enough evidence and that the evidence is suitably related to the audit objectives.
- b. Significance: Staff must consider the relative importance of a matter (evidence, finding, background, etc.) in the context of the audit objectives.
- c. Audit risk: Staff must continually take steps to reduce the risk that they will fail to detect a mistake, inconsistency, significant error, or fraud during fieldwork. Such steps may include obtaining additional peer or supervisory review, increasing scope, or changing methodology.

In the event that performance analysts uncover evidence of fraud, illegal acts, or serious violations of provisions of contracts or grant agreements they must inform the DIG - APR immediately. The DIG - APR shall consult with the IG on whether the project may proceed or the matter should be referred to other parties with jurisdiction over it, including OIG investigations.

4. Findings and Recommendations

Findings shall be structured messages that support the overall answers to the objectives. They must collectively address the results (both positive and negative) of the audit procedures and be supported by sufficient, appropriate evidence. Findings may include four elements: criteria (“what should be?”), condition (“what is?”), effect or potential effect (“what is the impact?”), and cause (“why did it happen?”).

Recommendations should provide general actions for remediation of the causes of any negative findings but cannot be so specific that, if implemented, APR would risk reviewing its own work if it were to audit the program again in the future. In addition, the

recommendations should not suggest a situation where OIG would perform a management function of the auditee.

a. Minor Issues

If staff discovers something during the course of the audit that is not significant enough to be a finding but would be useful for management to know, the issue should be communicated to management orally or in writing. The auditee is not required to respond to such issues.

b. Interim Communication with Auditee

Staff should weigh the severity of any performance deficiencies or control gaps they encounter and communicate potentially serious findings to the auditee as soon as practicable, based on consultation with and approval by the DIG-APR, so that steps may be taken to address the problem (see GAS 6.78). Such communication, which may be oral or written, is not a substitute for a final report, but it shall alert officials to matters needing immediate attention and permit them to take corrective action before the final report is completed. The provision of any such communication by APR and any such actions taken in response, shall be noted in the final report.

5. Reporting

The findings and conclusions of APR performance audits are published in reports directed to the Mayor and the City Council and published on OIG website. Audit reports are to intended to: i) communicate results to auditee management and City officials; ii) communicate results to the public; iii) make the results clear and understandable; iv) facilitate future follow-up to determine whether corrective action has been taken (*see* GAS 7.05).

If an audit is terminated prior to completion, staff shall inform the auditee and prepare a memorandum summarizing the results of work performed and the reason the audit was terminated (GAS 6.50).

APR shall strive to produce high-quality reports, which have the following characteristics: accurate, objective and balanced, significant and useful, timely, complete yet concise, clear and simple, and persuasive (*see also* GAS A7.02).

The APR staff assigned to a project are responsible for drafting the report. When the draft is ready, an APR staff member with no previous connection to the project shall be assigned to independently review the report and supporting documentation for accuracy, completeness, and adherence to GAS. The report shall then be reviewed by the Chief Performance Analyst, the DIG - APR, and Inspector General.

APR sends the report to auditee management and invites them to submit a written response to be included in the final report published on the OIG website. No report shall issue without the approval of the IG or a designee limited to a DIG – APR.

Six months after report publication, APR staff and the IG shall determine how to follow up with the auditee on corrective actions taken pursuant to the audit report.

6. Documentation

APR requires audit files to be retained for seven years and then destroyed provided that no litigation is pending or anticipated. Retention is to ensure that:

- work papers are not misplaced, stolen, altered, or removed from the premises (except to be archived);
- documentation is available to support audit conclusions should questions arise or legal proceedings be undertaken; and
- external peer review can be conducted at least once every 3 years.

4.8 OIG Advisory

An OIG Advisory, as issued by APR, is a written report, typically in the form of a letter. The Advisory is intended to provide observations of a problem that hinders the effective and efficient execution of City operations and programs or opens the City up to liability or risk, but on which, due to limited resources, OIG has not conducted an inquiry sufficient to issue authoritative findings in an audit report.

- a. Individuals referenced in an Advisory will be de-identified to the extent possible.
- b. No Advisory shall issue without the approval of the IG or a designee limited to a DIG – Investigations, Legal or APR.
- c. An Advisory will be issued to the affected department(s) which will be provided an opportunity to, at their discretion and within a reasonable time period, provide a written response. An advisory will not be posted publicly until the affected department has an opportunity to respond, and any public posting shall include the department response, if timely provided.

Section V – Hiring Oversight (reserved)

Section VI – Quality Assurance

6.1 External Review of Operations

To the extent permitted and consistent with OIG’s confidentiality requirements set forth in MCC § 2-56-110, OIG shall submit to the following external reviews of operations:

1. Confidential exempt expenditures of the OIG Investigations Section shall be subject to a special review by an outside public accounting firm every two years. The final report shall be delivered to the City's Director of Internal Audit, and the Inspector General. The Inspector General shall post the report on OIG's public website and will provide a copy to (i) the Office of the Mayor; (ii) the Department of Finance and; (iii) the Chair of the City Council Audit and Workforce Development Committee.

2. OIG operations shall be subject to a triennial qualitative assessment peer review by the Association of Inspectors General. The Peer Review of the OIG Investigations Section shall be based on the national Principles and Standards for Offices of Inspector General (the "Green Book"). The Peer Review of the OIG Audit and Program Review Section shall be based on the *Government Auditing Standards* issued by the Comptroller General of the United States (the Yellow Book). All non-confidential findings shall be posted and maintained on OIG's public website and a copy shall be provided to (i) the Office of the Mayor; (ii) the Department of Finance and; (iii) the Chair of the City Council Audit and Workforce Development Committee.

6.2 Internal Investigations

OIG and the Department of Law have entered into a Memorandum of Understanding which requires selection of an outside investigative company to review, process, and investigate (as appropriate) complaints against OIG Management (including the IG, any Deputy Inspector General, and the Chief Administrative Officer). Complaints against any other OIG employee will be handled by the OIG Internal Investigative Unit, which is comprised of designated members of OIG Management.

Final reports of investigations resulting from complaints referred by the Department of Law will be sent to the Department of Law as well as the Inspector General.

Section VII– Public Hearings (reserved)

OIG has never conducted public hearings. OIG shall not conduct public hearings until such time as appropriate rules and regulations have been developed and made final following a period of Notice and Comment of not less than 45 days.

Section VIII – Review and Amendment

The Inspector General shall appoint a group of senior-level OIG employees to periodically review all Rules and Regulations and any suggested revisions or additions from outside sources. The Rules and Regulations group is required to submit to the Inspector General any suggestions for revisions or additions at least every two years from the date these Rules and Regulations take effect. Any amendments to these Rules and Regulations shall be posted for a period of not less than 45 days to allow for Notice and Comment prior to becoming final.