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March 25, 2011

Honorable Toni Preckwinkle
and Members of the Board of Commissioners
of the Forest Preserve District
118 North Clark Street
Chicago, Illinois 60603

Re: OIIG 10-0051 (Forest Preserve District Investigation)

Dear President Preckwinkle and Members of the Board of Commissioners:

This letter is written in accordance with Section 2-289(c)(2) of the Independent Inspector General Ordinance, Cook County IL., Ordinance No. 07-O-52 (2007) (the "OIIG Ordinance") following an investigation that was initially initiated to determine whether the Forest Preserve District was the victim of employee theft at its Cermak Aquatic Center. During the course of this investigation, additional information involving systematic deficiencies and gross mismanagement were identified. In accordance with the OIIG Ordinance, this statement is made to apprise you of our findings.

Background

On July 22, 2010, the Office of the Independent Inspector General (OIIG) received an allegation that one or more Forest Preserve District seasonal employees were committing theft by underreporting the number of daily transactions and skimming from the daily cash proceeds received as part of the operation of the Cermak Aquatic Center located in Lyons, Illinois. The allegations surrounded an office that was centrally located and used by all staff at the pool.

In order to ascertain whether the allegations had merit, the OIIG, with the technical support of Investigators with the Illinois State Police and State's Attorney's Office, accessed the facility off hours and placed 2 covert surveillance cameras in the subject office. The cameras recorded the activities within the office during the period of August 19, 2010 to September 8, 2010 (approximately 120 hours of video evidence). The surveillance evidence along with the results of an accounting of the daily cash receipts confirmed the theft involving thousands of dollars. However, the surveillance also revealed that employees were using the office for

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improper purposes during work hours. This included surveillance video of employees consuming alcoholic beverages and providing the alcohol to minors, engaging in sexual relations, improper physical contact between supervisor and subordinate, employees lounging and/or sleeping for hours at a time along with evidence of extreme nonfeasance of the workforce.

The scope of the initial investigation expanded and ultimately involved over 50 interviews of District employees at numerous levels and departments, document reviews that involved time card records, finance records, union contracts, employee files and District contracts with third party vendors. The evidence that was developed formed the basis for our recommendation for the imposition of discipline involving 17 employees (seasonal employees, full-time laborers, supervisors and managers) of the District based on their violation of the Illinois Criminal Code, Personnel Rules of Conduct and/or the Ethics Ordinance.¹

Importantly, the expanded investigation revealed an institutional deficiency at numerous levels within the District that contributed to the wide-spread waste and fiscal mismanagement, nonfeasance, and wrongful conduct by District employees.

For example, an extensive document review of Daily Time Sheets and Forest Preserve District Finance Department records revealed an excessive amount of overtime hours being utilized. Specifically, we determined that \$166,716.62 was paid in overtime to the seasonal and full-time employees for all 3 aquatic centers during the 2010 summer season. Follow-up interviews with Forest Preserve District upper management revealed the \$166,716.62 was without justification and unapproved or otherwise approved without any scrutiny by management. This investigation revealed that employees routinely clocked-in 4 hours before the pool was to open without any operational justification. Employee interviews documented wide-spread time card fraud, employees being absent from the facility for extended periods of time during working hours, employees being paid on "rain days" when the pool was closed, hiring violations and, as indicated above, hours of inactivity by staff on a daily basis.

The union contract applicable to the laborers working at the Center provided for one-half hour of "unpaid lunch" for the members of the bargaining group. This investigation determined that 21 laborers (full-time and seasonal) assigned to the Recreation Department were paid for their lunch breaks totaling \$21,308.88 from 2008 through 2010. Further inquiry revealed that the

¹ Pursuant to Section 2-288 of the OIIG Ordinance, I have issued a separate confidential OIIG Summary Report addressing the instances of individual misconduct and recommendation for disciplinary action of the 17 individual employees involved in this matter. The report is confidential due to the personal employment matters addressed therein.

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seasonal employees (lifeguards/cashiers/pool managers) were also paid for their lunch breaks but there was no written policy addressing the issue of a paid or unpaid lunch breaks for them.

A review of the profit/loss statement for the 3 aquatic centers reflected an operational loss of \$209,989.14 for the 2010 summer season. The mismanagement of the extensive overtime, the failure to manage the extreme nonfeasance of the workforce, the unfamiliarity of the laborers union contract and theft from the daily revenue significantly contributed to the 2010 summer season operational loss.

The institutional vulnerabilities identified during the course of the investigation can be classified into three separate categories:

- (1) The failure to utilize internal controls or exercise oversight and accountability practices;
- (2) gross mismanagement; and
- (3) inadequate financial reporting and financial management practices.

We have offered the District numerous specific recommendations to remedy the systematic conditions that fueled these circumstances. Central to these recommendations is for the District to build a culture of accountability and integrity. These core values should emphasize “doing the right thing” and a “duty to report” wrongful conduct. The set of core values could be introduced on an annual basis and during employment orientation for full-time and seasonal employees whereby they are required to sign an “Employee Acknowledgement” indicating they have read, understand and will comply as a condition of employment.

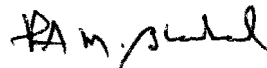
While this case began with an allegation of petty theft, it ultimately exposed the need for the District to focus its resources in building an internal framework to address the lack of training, monitoring and oversight of staff and the lack of internal controls, adequate time keeping and payroll systems, overtime management practices, hiring protocols, effective accounting practices and a capacity for coordination between the Finance and Recreation Departments. Moreover, though this investigation was initially focused on a single District facility, the management and operational conditions that existed to allow these issues to develop likely exist on a larger scale within the District.

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In reviewing this case, we also want to stress that throughout this investigation, we encountered many positive examples of hard work and dedication among the employees that comprise the District, as well as the outstanding services the District provides to the people of Cook County.

I hope this information proves helpful in building upon the success that the District has achieved. Please do not hesitate to contact me if you have any questions or require additional information.

Very truly yours,



Patrick M. Blanchard
Independent Inspector General

cc: Mr. Kurt Summers, Jr., Chief of Staff, Office of the President
Ms. Laura Lechowicz Felicione, Special Assistant to the President
Mr. Arnold Randall, General Superintendent, Forest Preserve District
Ms. Mary Laraia, Deputy Superintendent, Forest Preserve District