



OFFICE OF THE INSPECTOR GENERAL

ILLINOIS STATE TOLL HIGHWAY AUTHORITY
2700 OGDEN AVENUE, DOWNERS GROVE, IL, 60515

SUMMARY ACTIVITY REPORT FOR April 1, 2014 – September 30, 2014

To: The Office of the Governor
The Board of Directors of the Illinois State Toll Highway Authority
The State of Illinois General Assembly

From: James W. Wagner
Inspector General

Date: September 30, 2014

Re: Office of the Inspector General Summary Activity Report for the Period Ending September 30, 2014.

INTRODUCTION

On January 1, 2011, the Office of the Inspector General (OIG) became effective at the Illinois State Toll Highway Authority. On July 28, 2010, Governor Pat Quinn signed the legislation (605 ILCS 10/8.5) passed by the General Assembly that created the office of the Inspector General for the Illinois State Toll Highway Authority. On October 18, 2010, Governor Quinn announced the appointment of James W. Wagner to the new position and on November 17, 2010 the Senate Executive Appointments Committee and the Illinois General Assembly approved the appointment, to run until June 30, 2015. The legislation, which became Section 8.5 of the Toll Highway Act, (605 ILCS 10/8.5) includes Subsection (m) of Section 8.5 which states:

(m) "The Toll Highway Inspector General shall provide to the Governor, the Board of the Authority and the General Assembly a summary of reports and investigations made under this Section no later than March 31 and September 30 of each year. The summaries shall detail the final disposition of the Inspector General's recommendations. The summaries shall not contain any confidential or identifying information concerning the subjects of the reports and investigations. The summaries shall also include detailed, recommended administrative actions and matters for consideration by the Governor, the Board of the Authority, and the General Assembly."

There are no recommended administrative actions or matters for consideration by the Governor, the Board of the Authority, or the General Assembly during this period.

MISSION/JURISDICTION

The statute (605 ILCS 10/8.5) further advised in section (d) that *“the Toll Highway Inspector General shall have jurisdiction over the Authority and all Board members, officers and employees of, and vendors, subcontractors, and others doing business with the Authority. The jurisdiction of the Toll Highway Inspector General is to investigate allegations of fraud, waste, abuse, mismanagement, misconduct, nonfeasance, misfeasance, or malfeasance”*.

The statute required in section (f) (3) that: *Final reports and recommendations shall be submitted to the Authority’s Executive Director and the Board of Directors for investigations not involving the Board”*.

INVESTIGATIONS

The OIG now has one Deputy Inspector General, one Senior Investigator, one Investigator and one Administrative Assistant and as of September, 2014 has hired a new Investigator/Auditor for the Department. In August, 2013 the Deputy IG and Investigator attended training and became Certified Fraud Examiners (CFE’s). The Senior Investigator had completed the CFE training in 2012. The Inspector General, Deputy IG and Senior Investigator have also completed Certified Inspector General and Certified Inspector General Investigator training. The OIG Investigator attended the Certified Inspector General Investigator Training during February, 2014.

INVESTIGATIONS RESULTING IN DISCIPLINE:

The statute (605 ILCS 10/8.5) further required in Section (e) (3) *“Within 60 days after issuance of a final summary report that resulted in a suspension of at least 3 days or termination of employment, the Toll Highway Inspector General shall make the report available to the public by presenting the report to the Board of the Authority and by posting to the Authority’s public website”*. *“The Toll Highway Inspector General shall redact information in the summary report that may reveal the identity of witnesses, complainants, or informants”*.

Pursuant to these directions, this office is reporting the following investigations for the period of April 1, 2014 – September 30, 2014:

IG-14-005

The Tollway Senior Manager of Customer Service advised the OIG that a Customer Service Representative (CSR) had conducted questionable business transactions on two accounts involving cash and credit cards. On June 10, 2014 the CSR was interviewed by the OIG and admitted having stolen cash and also admitted signing a patron's name to a credit card receipt. Following the interview the OIG was advised that the CSR resigned employment on June 10, 2014.

IG-14-0011

The Tollway Toll Audit Manager advised the OIG that a review of a Seasonal Toll Collector's activity showed shortages in excess of \$1000.00 during five days in July, 2014. On July 24, 2014 the Collector was interviewed and confronted with the documentation that showed total cash shortages of \$2,217.03 during July 11-23, 2014. Following the interview the OIG was advised that the Tollway terminated the employment of the Collector on July 24, 2014.

IG-14-007

The Tollway Senior Manager of Customer Service advised the OIG that a Customer Service Representative (CSR) had conducted questionable business transactions on accounts involving credit cards. An audit review of all of the CSR's activities was conducted over a three day period and the past transactions were also reviewed. On August 5, 2014 the CSR was interviewed by the OIG and admitted violating the policies and procedures regarding the I-Pass accounts. The CSR also admitted improperly dismissing violations and improperly signed credit card receipts. Following the interview the OIG was advised that the CSR resigned employment on August 5, 2014.

IG-14-0013

The Tollway Toll Audit Manager advised the OIG that a review of a Toll Collectors activity showed shortages in excess of \$2000.00. The Collector was also observed taking cash. On September 4, 2014 the Collector was interviewed by the OIG and admitted taking cash. The Collector agreed to repay \$2980.00 and signed a letter of resignation on September 4, 2014.

IG-14-0014

The Tollway Toll Audit Manager advised the OIG that a review of a Toll Collectors activity showed shortages in excess of \$3000.00. The Collector was also observed taking cash. On September 4, 2014 the Collector was interviewed by the OIG and admitted taking cash. The Collector agreed to repay the Tollway \$3647.00 and signed a letter of resignation on September 4, 2014.

IG-14-0015

The Tollway Toll Audit Manager advised the OIG that a review of a Toll Collectors activity showed shortages in excess of \$2000.00. The Collector was also observed taking cash. On September 5, 2014 the Collector was interviewed by the OIG and admitted taking cash. The Collector agreed to repay the Tollway \$2241.00 and signed a letter of resignation on September 5, 2014.

ADDITIONAL INVESTIGATIONS RESULTING IN RECOMMENDATIONS:

IG-14-0010

On July 16, 2014 the OIG was advised by the Chief of Engineering and the Chief of Diversity that a company that had been awarded a Tollway contract at the June 2014 Board Meeting had submitted documents provided to the company from a sub-contractor that was a Woman Business Enterprise (WBE) company and the WBE document had been altered. The document in question was a certification from the City of Chicago that the company was a WBE and that the certification expired in 2014. The date of 2014 had obviously been altered.

The OIG investigation determined that the alteration was done by a clerk in the WBE company who wanted to ensure that the WBE company could submit the appropriate documentation required by the Tollway. The clerk had been unable to obtain the certification paperwork from the City of Chicago in the time allotted. The President of the WBE company was unaware of the action of the clerk until after the altered document was submitted. The President advised that the WBE had experienced long delays and problems with certifications in dealing with the City of Chicago. On July 11, 2014 the WBE company did receive an extension letter from the City of Chicago extending the WBE status until September 30, 2014.

RECOMMENDATIONS:

The OIG investigation determined that the prime company had committed no infraction of any Tollway or procurement rules; there was no contractual relationship between the WBE company and the Tollway; there was no contractual relationship between the WBE company and the prime company; there was no proof of intent to defraud with regard to the altered document. It was recommended that the Engineering Department should consider whether the WBE was a viable subcontractor and whether there was any breach of contractual duties and whether the submission of the altered document was significant enough to preclude the WBE from participating as a subcontractor.

MANAGEMENT RESPONSE:

The Engineering Department advised that since there was no intent to defraud the Tollway or the prime contractor and the company remains a WBE, the company should remain a viable subcontractor. However, since an altered document was made and delivered both the WBE and the prime contractor will be issued letters to remind them that it is not acceptable to alter such documents and that the prime contractor has an obligation to review material closely prior to forwarding to the Tollway. The WBE will be also advised to inform the Tollway in writing seeking a remedy or assistance should an instance again arise where they cannot obtain timely responses on the recertification.

IG-12-0012

A previous investigation was brought to the attention of the OIG by the Chief of Engineering and Chief of Diversity regarding work done by a Disadvantaged Business Enterprise (DBE) sub-contractor on three construction contracts. The contracts were for work done for a Prime Contractor in 2012 with the work completed by 2013. The amounts paid to the sub-contractor on the three contracts totaled over \$3 million. There was initial concern regarding “profit” made by the sub-contractor, but the review by Engineering documented there is no restriction on the amount of profit that can be made. While it was disclosed that a “normal” profit might be between 5-20% there are no documents that prove or substantiate that amount for construction contracts.

There was a dispute between the sub-contractor DBE and another company that allegedly provided equipment and employees to the DBE to complete the work on the three contracts. That company was not an approved subcontractor on any of the construction contracts involved although there was an equipment rental agreement between the two companies. Documents were obtained that allegedly showed the non-DBE company was paid a total of \$133,954.54 on the three contracts. The non-DBE company claimed to be owed a total of \$254,771.14 and was allegedly paid \$29,895.14 with an outstanding balance of \$224,876.00. That dispute between the DBE and the non-DBE company has not been resolved.

The Internal Audit review of the work performed by the DBE had determined that they performed at least 30% of the total cost of its contract to qualify within the Special Provisions for DBE Participation for a Commercially Useful Function. There was no evaluation as to whether the DBE had subcontracted a greater portion of the work of a contract than would be expected on the basis of normal industry practice.

RECOMMENDATIONS:

The recommendations from the OIG were to be considered within the context of compliance with all Federal laws, State statutes, local ordinances, rules and regulations and placed the

responsibility on the prime contractor to select appropriate sub-contractors to be in compliance with written procedures. Previous recommendations dealing with prime contractors and DBE sub-contractors had stressed due diligence on the part of Prime Contractors and the Tollway had responded that continued education for Prime Contractors would be made available regarding obligations to perform due diligence consistent with the DBE program.

It was noted that the Board had authorized hiring a Consulting Corporation in 2013 to obtain Construction Management Services System wide. Part of the responsibility in that contract was to perform documentation audits to confirm receipt of DBE/EEO Forms and paperwork and confirm processing of same. Reports were to be provided detailing relevant data. It was requested that any reports produced pursuant to the above agreement be provided to the OIG and any affected Departments that may not have previously received such reports.

GENERAL SUMMARY OF ACTIVITY:

In order to provide a more complete summary of the activity of the OIG during this period, it should be noted that in addition to the investigations discussed above, the OIG also received from Tollway Management and individuals, various allegations and concerns and conducted investigations into numerous additional matters during this period, which were completed with no material findings or procedural recommendations or are still under investigation.

During the period of April 1, 2014 through September 23, 2014 the Office of the Inspector General (OIG) opened thirteen (13) Inspector General (IG) cases and closed seventeen (17) IG cases. There are currently five (5) IG cases open.

There were eighty-nine (89) Investigative Assistance (IA) cases opened and eighty-three (83) IA's closed and two (2) were converted to an IG investigation. There were sixty-five (65) IA cases opened responding to a subpoena requesting Tollway information. There were fifty-six (56) subpoena requests closed during this period.

The office opened nine (9) Preliminary Inquiry (PI) Investigations and six (6) PI investigations were closed. One case was converted to an IG investigation.

The IG office received forty-one (41) complaints from citizens and forty-six (46) complaints were closed during this period.

The above represents a total number of two hundred seventeen (217) cases opened and a total of two hundred eight (208) cases closed for a total of four hundred twenty-five (425) matters handled during this time period.

There were no redacted investigative reports posted on the Tollway website for public review during this six month period but additional ones will be posted when appropriate.