



**Public Building
Commission** of Chicago

OFFICE OF THE INSPECTOR GENERAL

Public Building Commission of Chicago

QUARTERLY REPORT

SECOND QUARTER 2013

June 28, 2013

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A. Overview

This report provides an overview of the operations of the Office of the Inspector General (“OIG”) of the Public Building Commission (“PBC”) from March 31, 2013 through June 30, 2013. This report includes statistical and narrative descriptions of the activity of the OIG, as required by the Public Building Commission of Chicago (“PBCC”) *Inspector General Function Policies and Procedures*.

Two of eight investigations underway at the beginning of the third quarter are near completion. These investigations are currently being documented for presentation to the Audit Committee. The remaining six investigations are expected to progress during the third quarter as the earlier mentioned matters are formally closed out.

During the second quarter, the OIG continued working to develop guidance to alleviate the presence or appearance of pass-through fraud within the MBE/WBE program. The OIG’s efforts are designed to clarify the standards required for compliant participation in the PBC’s MBE/WBE Program, deter occurrences of fraud or abuse within the construction program, and strengthen the culture of compliance among all contractors and business partners.

Finally, the OIG has continued to increase the accessibility of our office to contractors, citizens and members of the construction industry by establishing a presence at meetings and events relevant to PBC operations.

B. New Investigations

No new investigations commenced this period.

C. Ongoing Investigations

There are currently eight ongoing investigations involving fraud within the MBE/WBE Program. Two of the ongoing interviews are in their final stages of report preparation. The remaining six investigations are still in the fact-finding stage.

PBC-1-2012.11

The investigation of a minority-owned supplier of mechanical, electrical, and plumbing supplies has concluded. After a review of requested documents, the OIG interviewed key personnel involved in execution of a 2009 PBC project. Delay in the production of individuals for interviews essential to the complete and thorough investigation of allegations at issue in this matter constituted an appreciable delay in the conduct of the investigation and prevented disposition of this matter within six months of commencement.

As of the date of this report, the OIG is in the process of obtaining final responses from the Prime Contractor and finalizing a report of investigation for presentation to the Chairman of the Audit Committee for final acceptance.

PBC-2-2012.11

The investigation of a minority-owned supplier of construction materials has concluded. After a review of requested documents, the OIG conducted interviews with key personnel involved in execution of a 2009 PBC project. Delay in the production of individuals essential to the complete and thorough investigation of the allegations at issue in this matter constituted an appreciable delay in the conduct of the investigation and prevented disposition of this matter within six months of commencement.

As of the date of this report, the OIG is in the process of obtaining final responses from the Prime Contractor and finalizing a report of investigation for presentation to the Chairman of the Audit Committee for final acceptance.

PBC-3-2012.12

The OIG's investigation of a woman-owned supplier of construction materials in a 2010 PBC project is ongoing.

PBC-6-2012.12

The OIG's investigation of a minority-owned subcontractor joint-venture member providing masonry services for a 2010 PBC project is ongoing.

PBC-7-2012.12

The OIG's investigation of a minority-owned subcontractor performing demolition services for a 2010 PBC project is ongoing.

PBC-8-2012.12

The OIG's investigation of a woman-owned supplier of construction materials in a 2010 PBC project is ongoing.

PBC-9-2013.2

The OIG's investigation of a woman-owned supplier of electrical supplies for a 2009 PBC Project in February 2013 is ongoing.

PBC-10-2013.3

The OIG's investigation of improper payments practices by a minority-owned subcontractor performing security services for a 2010 PBC project is expected to commence at the issuance of a request for documents.

D. Closed Investigations

No investigations were closed this period.

E. Program Management

MBE/WBE Program

Throughout the second quarter, the OIG continued to work diligently to develop guidance on the MBE/WBE Program. The Office is in final stages of process development, and is eager to present a comprehensive program to the Commission aiming to: (1) clarify the standards required for compliant participation in the PBC's MBE/WBE Program, (2) deter occurrences of fraud or abuse within the construction program, and (3) strengthen the culture of compliance among all contractors and business partners.

F. Outreach and Engagement

We are committed to increasing the accessibility of the OIG to contractors, current and prospective, as well as industry professionals and citizens interested in the work of the Commission.

One of the most anticipated projects commenced by the PBC during the quarter was the 2013 School Investment Program ("SIP"). When the Board of Commissioners announced the program, which is expected to deliver more than \$220 million in capital investment to more than 100 Chicago Public Schools, the OIG expected heightened public interest in both the PBC's management of the program, as well as the extent to which community residents would be included in workforces completing school repairs.

As a result, the OIG participated in a proactive meeting with members of the Office of the Inspector General of the Chicago Board of Education to create a plan to address potential concerns arising from the PBC's participation in the SIP. The OIG also attended community hiring outreach events in which members of the community interested in working with any of the 17 design-build entities completing the 2013 SIP project met and interviewed for available job opportunities. To date, the OIG has been in contact with several community intake session applicants to track their progression throughout the employment process and document their success in obtaining employment on SIP work to be completed this summer.