



Office of Executive Inspector General for the Agencies of the Illinois Governor

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OEIG
Investigative
Priorities and
Initiatives

Order of Topics

- Background
- Priorities
- Initiatives
- Role of Internal Auditors *vis-à-vis* OEIG –
Summary Report Examples

OEIG Background

Jurisdiction

“[T]o investigate allegations of fraud, waste, abuse, mismanagement, misconduct, nonfeasance, misfeasance, malfeasance, or violations of this Act or violation of other related laws and rules.” 5 ILCS 430/20-10(c).

OEIG's Other Functions

- Administer and oversee annual employee ethics training
- Issue “Revolving Door” determinations
- Review hiring records to determine compliance with *Rutan* and applicable employment laws

Priorities (9/10 to Present)

Investigations

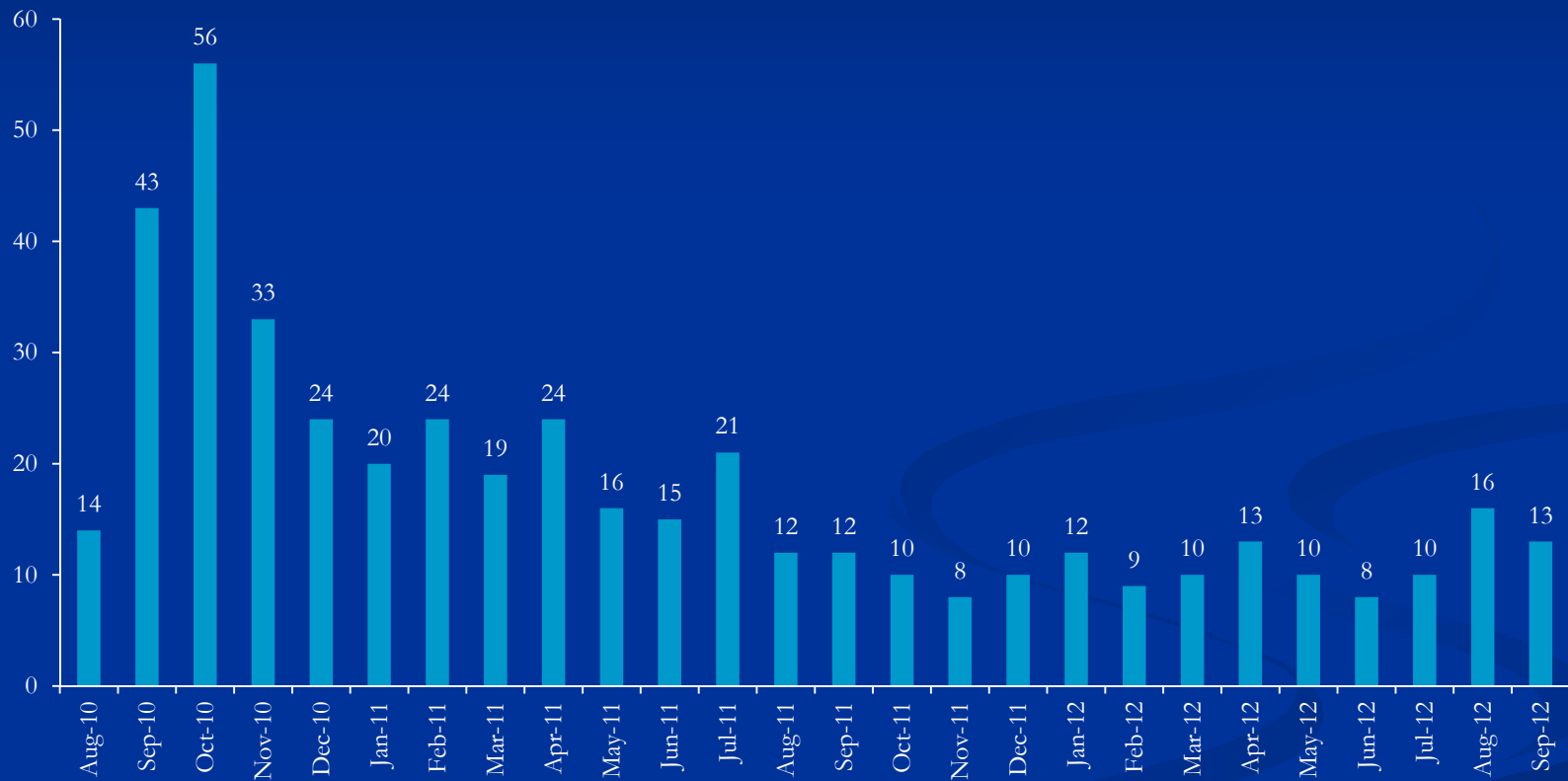
No. 1 Priority

Reduce Investigative
Backlog

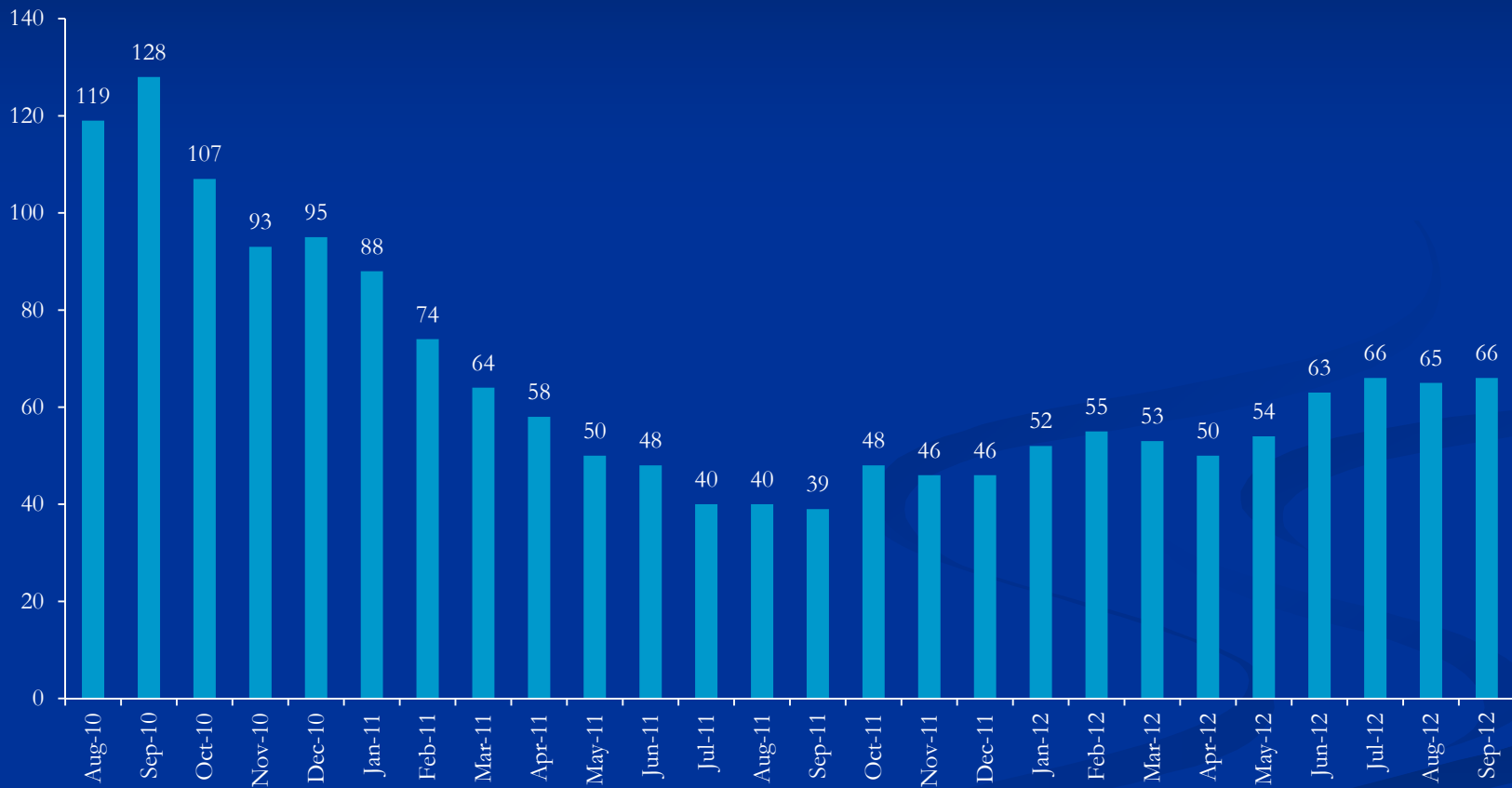
Pending Investigations



Case Closures



“Overage” Investigations



Develop Investigative Priorities

- Focus Resources
 - High-impact – Specific and General Deterrence
 - Systemic Wrongdoing
 - Complex – Major Fraud or Misconduct
 - Ethics Act Violations
 - Abuse of State Authority or Resources

Transparency

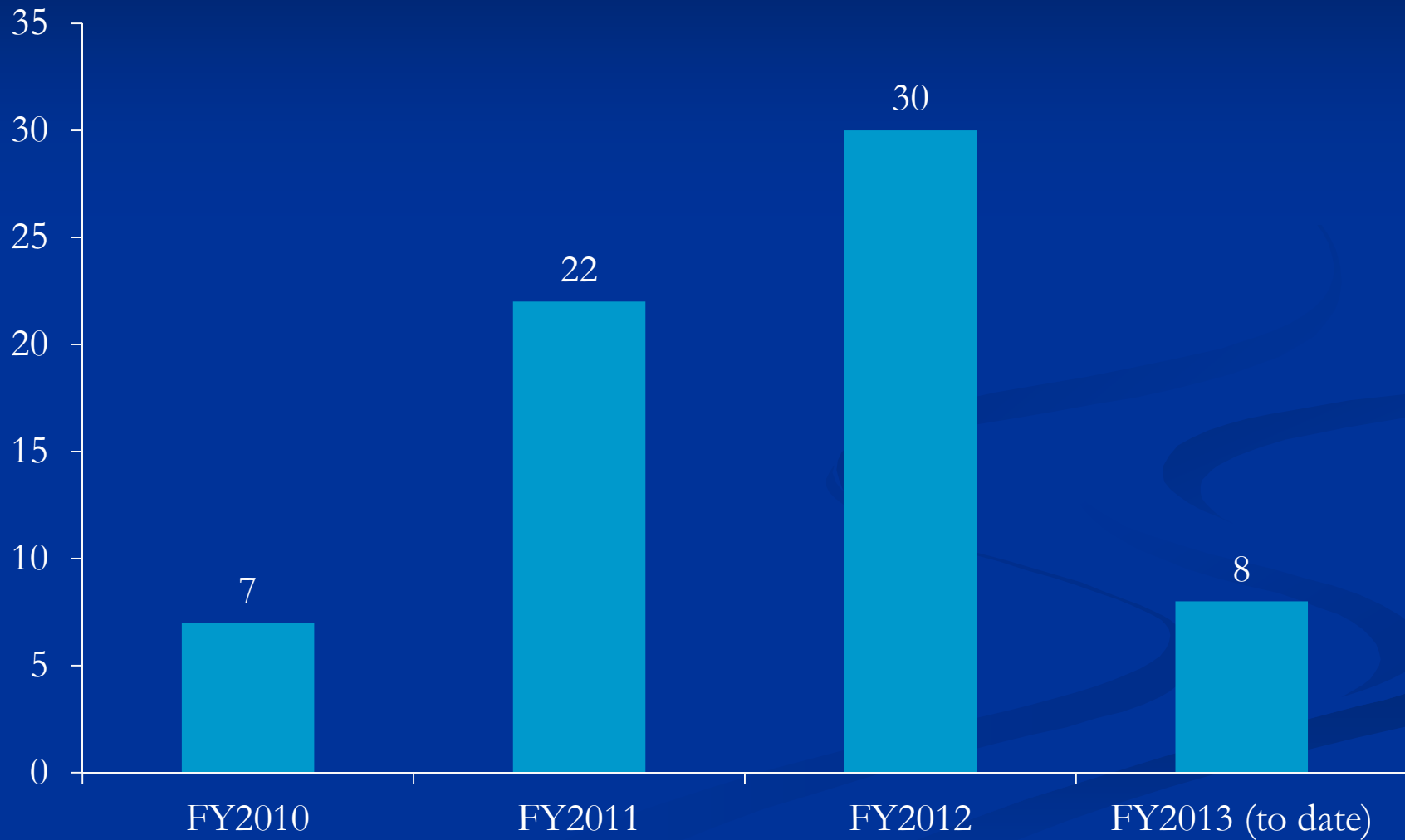
- Inform Stakeholders of actions
- Participate in outreach, presentations
- Create an electronic newsletter

Transparency (continued)

Issue Timely, Objective and Thorough
Summary Reports

- Legislation: Increased Publication
- Discretionary Publications: Increase

Publication of OEIG Reports



Mandatory v. Discretionary Report Releases

<u>FY</u>	<u>Total</u>	<u>Mandatory</u>	<u>Discretionary</u>
2010	7	7	0
2011	22	13	9
2012	30	13	17
2013	8	3	5

Transparency

vis-à-vis

(Internal Auditors)

OEIG Confidentiality Issues –
Disclosures to Third-Party
(Office of Auditor General)

Example of OEIG Letter to Agency

Re: Disclosing Information to Auditor General

May 18, 2012 Letter to Agency from OEIG

We understand that while conducting an audit, the Office of Auditor General (OAG) requested the [Agency] management to disclose, among other things, knowledge of any allegations of fraud or suspected fraud, or of illegal acts. We also understand that as a part of its audit protocol the OAG issues a letter of understanding to management, which states in part:

The Office of Auditor General is aware that such matters [knowledge of any allegations of fraud or suspected fraud, or of illegal acts] may be the subjects of inquiry by the [Office of Executive Inspector General for the Agencies of the Illinois Governor]...Please note that you are still required to respond to the auditor's inquiries about suspected fraud.

This will confirm that the OEIG does not object to [the Agency] providing information to the OAG that may be the subject of inquiry by our Office and we agree with the OAG's statement, as set forth above.

OEIG Letter to Auditor General

Re: OAG Request to Review OEIG Investigative File

September 20, 2012 OEIG Letter to Office of Auditor General

The OAG has asked whether our Office can confirm the OAG's understanding that [redacted] is under investigation and whether our Office could share any information with the OAG on the matter. We have reviewed the relevant statutes and auditing standards, and have determined that our Office may answer your questions and produce the requested documents, including those deemed confidential by the State Officials and Employees Ethics Act (Ethics Act).

We believe ... that the OAG is a "law enforcement authority" to whom the OEIG may divulge confidential information within the meaning of the Ethics Act.

Second, the Auditing Act states that all state agencies and their officers and personnel "shall promptly comply with, and aid and assist the Auditor General in the exercise of his or her powers and duties under" the Auditing Act by, among other things, producing records.

OEIG Letter to Auditor General (continued)

Third, the Auditing Act contains a provision specifically addressing its effect on other laws which states, in part, that when records or information is classified as confidential pursuant to laws other than the Auditing Act, the OAG is subject to the same confidentiality restrictions as the agency producing the documents.

Fourth, the Auditing Act expressly states that the terms of the Auditing Act will prevail in the event of a conflict with other statutes.

[T]he Attorney General examined the referenced provisions of the Auditing Act, and appears to have already determined that a state agency must produce information to the OAG even though that information may be deemed confidential.

We intend to make the requested documents available to the OAG

Transparency Re: Release of OEIG Summary Reports

- Ethics Act, § 20-52(b)

The Commission shall redact information in the summary report that may reveal the identity of witnesses, complainants, or informants or if the Commission determines it is appropriate to protect the identity of a person before the report is made public. The Commission may also redact any information it believes should not be made public. Prior to publication, the Commission shall permit the respondents, Inspector General, and Attorney General to review documents to be made public and offer suggestions for redaction or provide a response that shall be made public with the summary report.

Transparency - Responses (continued)

OEIG Case No. 10-01182 – *In re: Erwin
McEwen, et al.* –

EEC Executive Summary Preface:

The OEIG proposed an additional 22 substantive redactions and the redaction of 36 names, but the Commission has decided that the public would be better served by more transparency.

Transparency – OEIG Response Published

OEIG Case No. 11-01130 – *In re: Corey Wells* –

August 29, 2012 OEIG Letter to EEC

[W]e wish to reiterate our . . . suggestion in which we ask that Mr. Wells' name and identifying information be redacted from the published report. We respectfully offer this redaction suggestion because even though we believe increased transparency is important, the public disclosure we believe is necessary in this case is that this sort of misconduct (viewing sexually explicit material on State-issued computers) is inappropriate. In this instance, public disclosure of the misconduct is more important than the public disclosure of the identity of the subject who engaged in the misconduct, but is no longer a State employee. If the EEC opts not to accept our suggestions for redaction, we respectfully request it to publish this letter as our agency's Section 20-52(b) response.

Transparency – OEIG Response Published (continued)

OEIG Case No. 11-01130 – *In re: Corey Wells* –
September 20, 2012 OEIG Letter to EEC

[W]e would like to take this opportunity to again respectfully reiterate our suggestion that Mr. Wells' name and identifying information be redacted from the Final Report and attachments. As we noted in our August 29 letter, in this instance we think it is more important to disclose the type of misconduct discovered and investigated by our Office rather than the subject's name, particularly in view of the fact that Mr. Wells is now no longer a State employee.

Other OEIG Responsibilities

vis-à-vis

Internal Auditors

Revolving Door

- Appeals
- Administrative Rule Changes
- OEIG Comments

OEIG Initiatives

- Staff Reorganization(s)
- Website Re-design—User Friendly
- RTB—Auditing Positions
- GRIT—Grant Review Initiative Team

Role of Internal Auditors *vis-à-vis* OEIG Summary Reports

- 08-01116 – Summer Youth
- 11-00517 – IPA
- 10-00100 – Dickerson, *et al.*

08-01116 – Summer Youth

Audit Finding –

Fiscal agent agreements not executed prior to effective date of contract or commencement of activities, and insufficient time to develop protocols.

08-01116 – Summer Youth OEIG Investigation Finding(s)

- IDOT Emails, interviews (pgs. 9-15) revealed that –
 - Despite knowing, we made “... payment on good faith.”
 - If we did not pay, there would have been “additional financial hardship for each of the providers.”
 - We were aware payments were made prior to performing reconciliation.
 - Why make payment?
 - If not, we “would have been looking for a new job.”
 - “Considerable pressure from the [OOG].”
 - People with “guns demanding [payment].”

08-01116 – Summer Youth

Audit Finding –

Time sheets were vague or incomplete, or noted activities unrelated to transportation or not in support of IDOT projects.

08-01116 – Summer Youth OEIG Investigation Finding(s)

Reviewed progress reports and other documentation – not related to transportation (pgs. 5-7).

For example:

- “walk up to people”
- “resume writing”
- “clean out ball washer”

08-01116 – Summer Youth

Audit Finding – Overpayments to fiscal agents totaling in excess of \$640,000.

OEIG Investigation – AGREED

- Referral to Attorney General
- Recoupment Recommendation
- Response to Recommendation – moving forward with recovery

11-00517 – IPA

Audit Findings –
Inadequate accounting procedures
and internal fiscal controls.

OEIG Findings

Re: 11-00517 – IPA

- Hiring of IPA CFO
 - Interviews (pgs. 11 – 19) –
 - CFO (the person hired) and our investigation revealed:
 - she was not qualified to hold title of CFO (employee);
 - she is not familiar with State accounting laws and regulations (employee);
 - she only had a high school diploma (employee); and
 - the title of CFO was not “a good fit” for incumbent (GOMB).
 - College degree unnecessary for CFO position, nor was familiarity with GAAP because it could be learned “fairly easily.” (CMS)

10-00100 – Dickerson, et al.

Audit Findings –

Inappropriate authorizations of expenditures that did not meet program objectives, or lacked supporting documentation.

OEIG Findings

Re: 10-00100 – Dickerson, et al.

- Review of inappropriate expenditures (pg. 3)
- Interviews (pgs. 3-5) –
 - Employee Statement: Merely process vouchers; do not review them.
 - Employee Statement: “Did what I was told to do” by supervisor, even though sometimes questioned expenditures.
 - Supervisor Statement: I was not told about questionable expenditures.
 - Employee Statement: Supervisor changed rules, procedures, and target demographic, which prompted greater assistance and more expenditure approvals.
 - Supervisor Statements: Reviews of files did not reveal inappropriate expenditures, yet when asked by investigators, supervisor stated:
 - “We shouldn’t have paid for the mattresses.”
 - “We shouldn’t have done that.”

QUESTIONS ?