

# ANNUAL REPORT FOR 2009

*OF THE*

# OFFICE OF INSPECTOR GENERAL

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*March 10, 2010*

**CHICAGO TRANSIT AUTHORITY**



## Overview of OIG

- Established by Board Ordinance in 1999
- Mission: promote economy, efficiency, effectiveness and integrity in programs and operations of the CTA
- Granted law enforcement authority in 2000
- Investigations and Internal Audit function for the Authority

## Overview of OIG

- Reports directly to the Chicago Transit Board
- Currently 15 staff, divided evenly between audit and investigations
- Budget:

FY2009 Budget	\$2,085,000	
FY2009 Actual	\$1,743,000	
<i>Performance to Budget</i>	(\$342,000)	(16.4%)

# Internal Audit Highlights



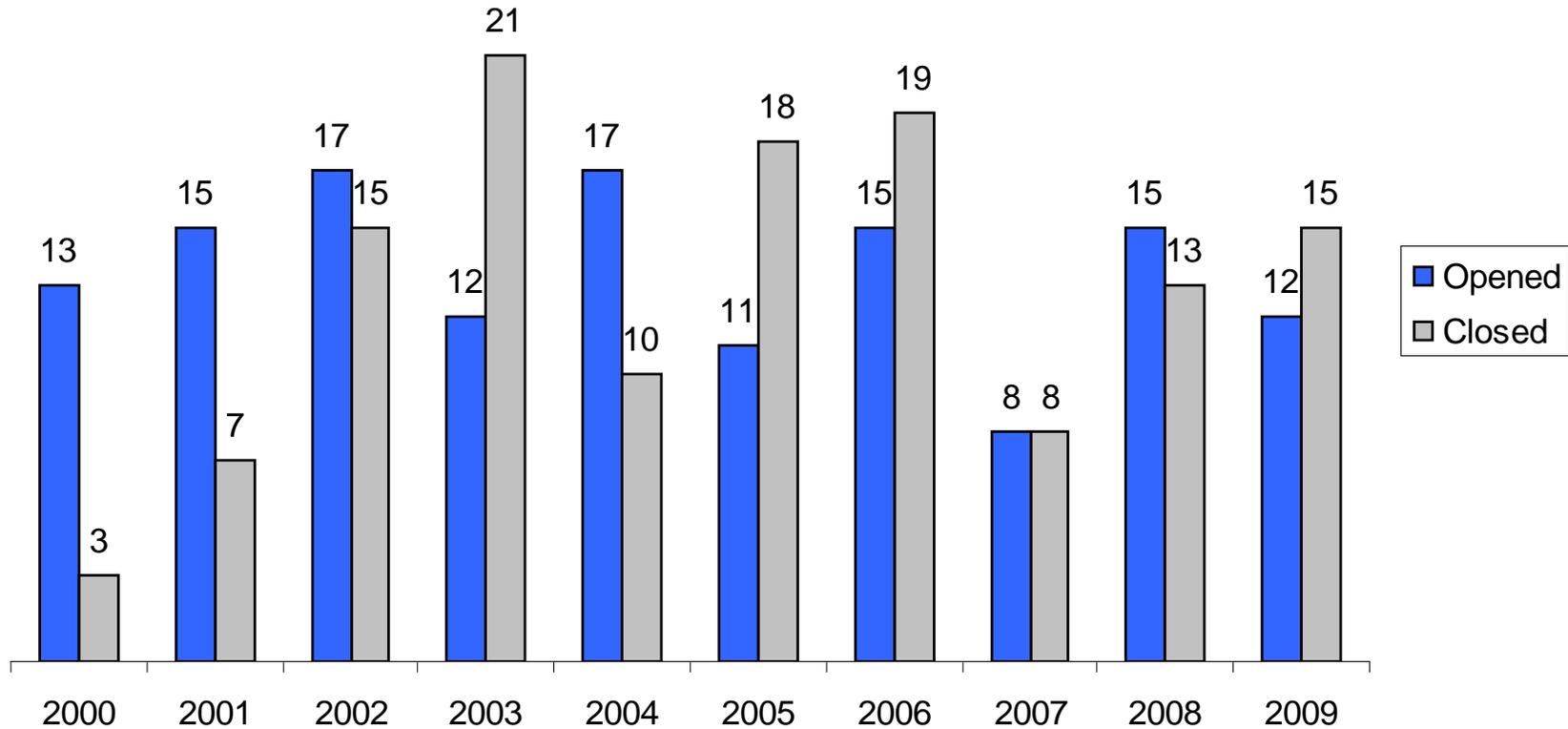
## Audits and Reviews Performed

- 15 Audits Completed
- 94 Findings and Recommendations
- 12 Audits Opened

2009 Annual Report

Focus	Noteworthy Areas Reviewed
Operational Controls	Warranty Claims Process Hiring and Promotion Processes Track Inspection Processes
Financial Controls	Payments for Electric Service Customer Parking Facilities
Management Succession	Chief Financial Officer
Ethics	Reporting of Statements of Financial Interests
Fraud	Review of Invoices of a Vendor
Construction / Capital	ARRA Compliance
Audit Follow-Up	Information Technology Security Bus Video Surveillance Equipment

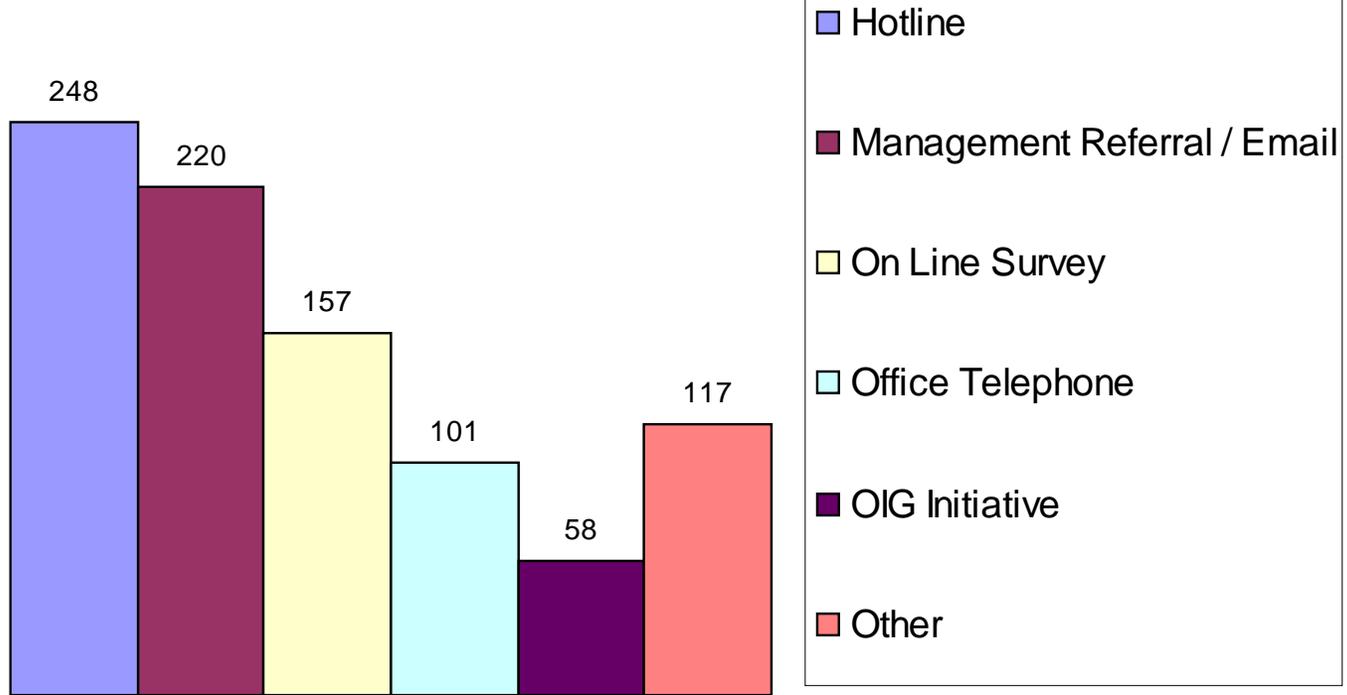
# Ten Year Audit Comparison



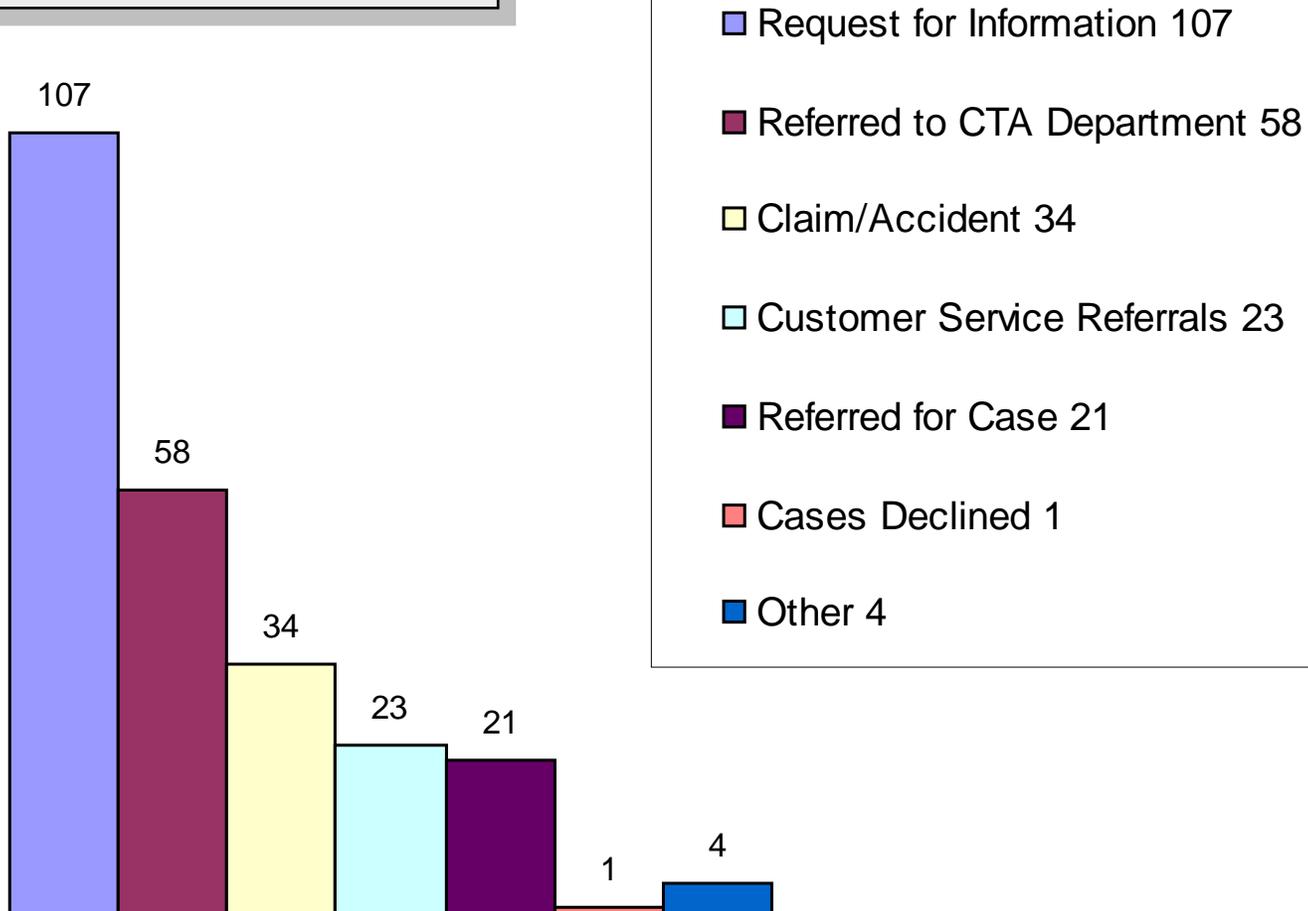
# Investigation Highlights



## 901 Contacts and Leads in 2009



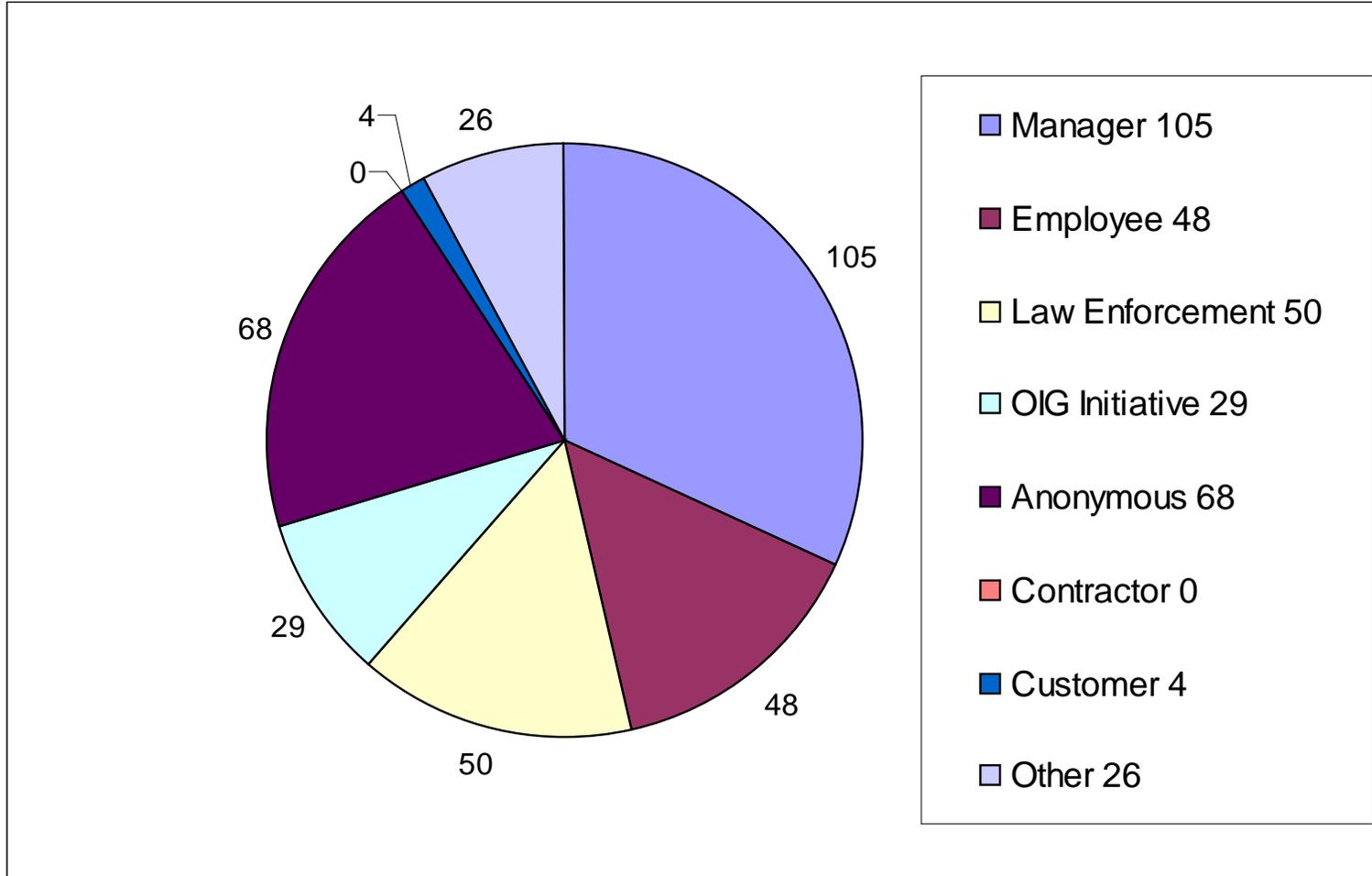
## 248 Hotline Calls in 2009



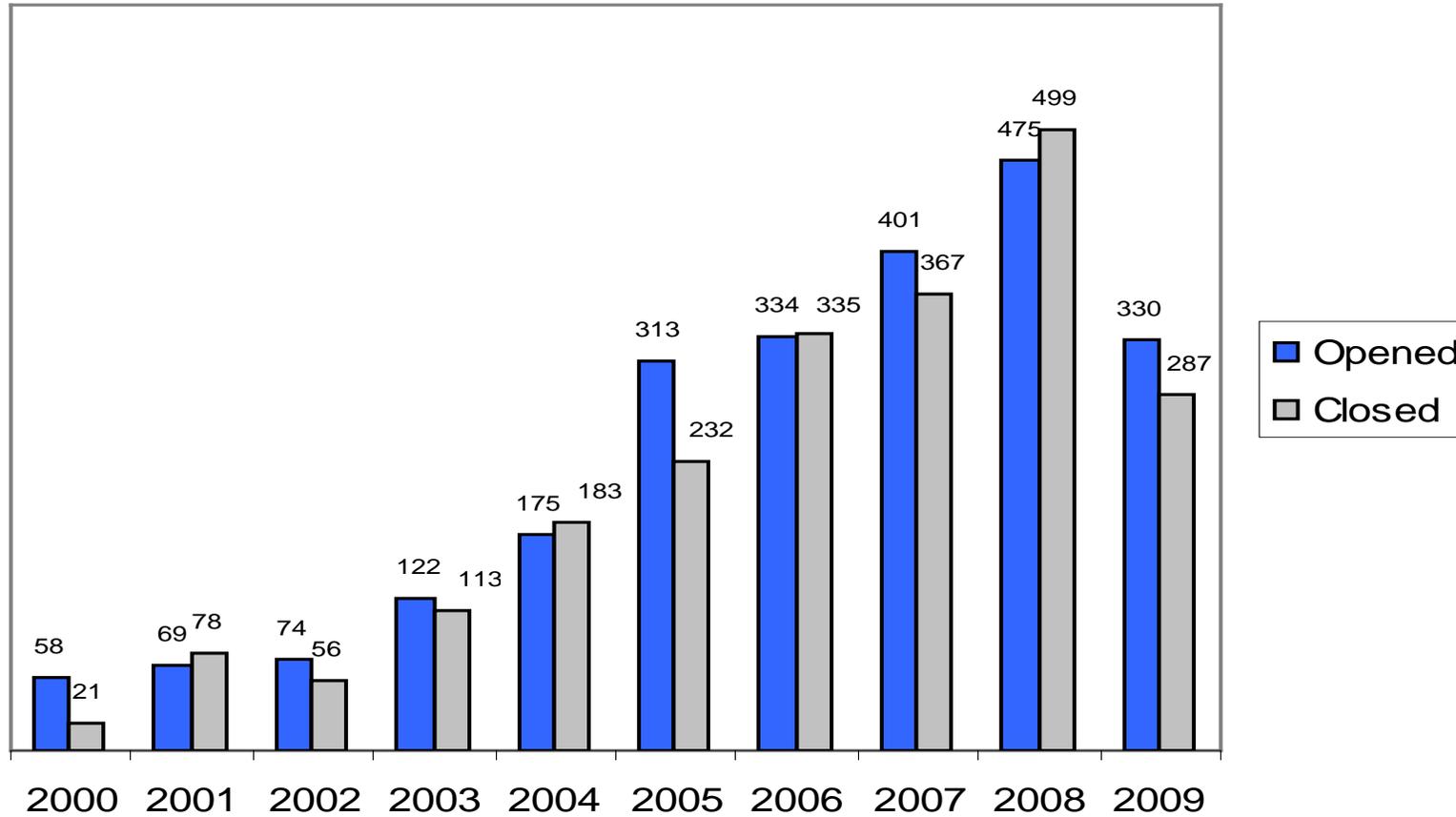
## Disposition of Contacts and Leads

Case Opened	330
Referred to Management	145
Provided Requested Information	110
Referred to Customer Service	30
Not Actionable or Declined Case	286
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<i>Total Contacts and Leads</i>	901

# Sources of Opened Cases



## Ten Year Investigations Comparison



## Nature of Allegation / Case

***Seven categories accounted for two-thirds of opened cases in 2009:***

FMLA / Time Abuse
Falsified Documents
Assist Law Enforcement
Secondary Employment Violations
Residency Violations
Arrest of Employee
Misuse of CTA Resources

## Nature of Allegation / Case

***The remaining one-third of opened cases were varied:***

Forgery	Fare Card Related
Impersonation / Identity Theft	Driver's License Violations
Theft	Bribery / Kickbacks / Bid Rigging
Procedural Violations	Conflict of Interest
Check / Credit Card	Harassment
Assist of CTA Department	Fraud
Improper Conduct	Other

## Case Highlight – DBE Fraud

- Contractor (Castle Construction) represented to CTA that it subcontracted \$3.0M of \$9.8M to minority subcontractor
- Presented sworn statements misrepresenting the payment amounts to the sub
- Actual DBE contract was only \$550k; contractor did the work itself or gave to non-minority firms
- OIG referred to Attorney General
- Indicted on 12 counts in April of 2009

## Administrative Actions Related to OIG Activities

*January 1 – December 31, 2009*

<b>Employee Discharges</b>	<b>28</b>
<b>Employee Suspensions</b>	<b>6</b>
<b>Employee Retirements/Resignations</b>	<b>4</b>
<b>Employee Reprimands/Warnings</b>	<b>7</b>
<b>Contractor Debarments</b>	<b>1</b>
<b>Totals</b>	<b>46</b>

## Look Ahead for 2010

- **Continued emphasis on timely management responses**
- **Challenge of doing more with limited resources**
- **Monitoring of controls that may be vulnerable to management turnover**

## Contact Information

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