

**PUBLIC BUILDING COMMISSION OF CHICAGO
MINUTES OF THE AUDIT COMMITTEE MEETING HELD ON
May 16, 2012**

The Audit Committee Meeting of the Public Building Commission of Chicago was held in the Board Room on the 2nd Floor, Richard J. Daley Center on May 16, 2012 at 4:30 p.m.

The following Commissioners attended

Chairman Martin Cabrera
Commissioner Byron T. Brazier
Commissioner Juan Rangel

Also attending:

Erin Lavin Cabonargi
Lori Lypson
Paul Spieles
Daryl McNabb
Tanya Foucher-Weekley
Eileen Ryan
Stetson Marshall
Lisa Giderof
Mary Pat Witry
David Winters
Anne Fredd, Neal and Leroy

The reading of the minutes of the April 26, 2012 meeting, which had previously been distributed, was dispensed with and upon motion duly made and seconded the minutes of said meeting were unanimously adopted.

On behalf of Patricia Bobb, PGC IG, Erin Lavin Cabonargi provided the Audit Committee with written reports concerning the proposed IG Policies and Procedures and the status of investigations. The Executive Director summarized the proposed IG policies and procedures, which included: the selection criteria for the IG; term of office; goals and objectives of the IG; IG jurisdiction; procedures for complaints and investigations; the duties to report and cooperate; periodic reports to be provided to the Audit Committee on a quarterly basis and reports to the full Board semi-annually, and other provisions. The proposed IG policies and procedures provide for regular reports to the Audit Committee on a quarterly basis and reports to the entire Board semi-annually. The IG report also provided a status of the PBC Hotline established in July 2011 and advised that ten complaints have been made to the Hotline of which five (5) have been closed, three (3) were unsubstantiated and two (2) were partially substantiated. The Audit Committee was also advised regarding initiatives to

increase awareness of the Hotline which include: announcements regarding the Hotline at PBC Board Meetings; reference to the Hotline in each PBC procurement opportunity notice; and details on the Hotline process to be highlighted on the PBC web-site. The AO Committee expressed its desire that the IG undertake a proactive role and initiate investigations concerning potential fraud, waste and abuse. It was noted that additional resources may be necessary to augment the part-time IG function.

The proposed IG Policies and Procedures and the IG report as amended were accepted by the Audit Committee (Exhibit A).

The Executive Director provided the Audit Committee with an Integrated Organization Chart for PBC and PMO personnel assigned to the following areas: Planning and Project Resources; Development; Operations; and External Affairs. The Executive Director also introduced to the Audit Committee the PBC Risk & Compliance Analyst, Stetson Marshall, who will be charged with conducting compliance audits related to organizational practices against PBC policies and procedures, conducting reviews of irregularities, making referrals to management and the PBC IG if warranted, and overseeing the Compliance Group to ensure that vendors comply with contractual obligations including M/WBE participation, Equal Opportunity goals and insurance.

The reports were accepted.

The next item was an approval to convene an Executive Session under the Open Meetings Act to discuss employment matters under 2(c) 1 of the Open Meetings Act. Legal Counsel No subsequent action was taken.

The Pursuant to Section 2.06(g) of the Open Meetings Act, a public comment period was held. No comments or statements were presented by any persons.

The meeting was adjourned.

**PUBLIC BUILDING COMMISSION OF CHICAGO
INSPECTOR GENERAL FUNCTION**

Effective as of _____, 2012

POLICIES AND PROCEDURES

- I. **Authority, Goals and Objectives.** By Resolution No. 7576, the Board of Commissioners (the "Board") of the Public Building Commission of Chicago ("PBCC") established an Inspector General function to provide an objective inspection and investigative resource for the Board. The Resolution authorized the Chairman of the Audit Committee of the Board to engage the services of an independent, qualified service provider to perform independent investigation as Inspector General ("IG") on behalf of the Board. The IG shall be selected without regard to political affiliation and on the basis of integrity, capability for strong leadership, and demonstrated ability in investigation, law, management analysis, public administration, or criminal justice administration or other closely-related fields. The IG shall serve for a term of 4 years and may only be removed for cause by a majority of the members of the Audit Committee. The IG shall be operationally independent from the Board.

The goals and objectives of the IG include the following:

- a. promoting honesty, integrity, effectiveness, efficiency and economy in the administration of PBCC's programs, contracts and operations by reviewing programs and identifying any inefficiencies therein;
 - b. detecting, investigating, deterring and preventing fraud, collusion, abuse, embezzlement or theft, waste and potential for misconduct, conflicts of interest, bribery or misconduct or other unethical or illegal activities;
 - c. providing independent, fair and objective evaluations relating to the Commission's policies, procedures, functions, programs, resources and operations, either in response to a complaint or on the IG's own initiative, in order to detect and prevent waste, fraud, abuse or misconduct, and promote efficiencies within the programs and operations of PBCC;
 - d. reporting to the Audit Committee concerning the results of investigations undertaken by the IG and recommending to the Board and the Executive Director policies, procedures and methods to eliminate and prevent inefficiency, waste and misconduct; and
 - e. assisting the Board and the Executive Director in improving the programs, activities and operations of PBCC.
- II. **Jurisdiction.** The jurisdiction of the IG extends to all PBCC employees, officials, agents, contractors, subcontractors, consultants, vendors and persons or businesses seeking PBCC contracts or pre-qualification to bid on PBCC contracts. The jurisdiction of the IG does not extend to any member of the Board of the PBCC.

- III. Complaints.** PBCC has established mechanisms for its employees, contractors, consultants and any interested members of the public to assist in preventing or stopping behavior that does not comply with its policy of conducting business in a legal, ethical or transparent manner. Appropriate complaints include suspicion of fraud, waste, non-compliance with rules or contracts, EEOC violations, MBE and WBE violations, Chicago residency, and other concerns related to the manner in which the business and affairs of PBCC are conducted.

Complaints to the IG may be initiated by any means of transmittal, receipt or communication which provides information without sacrificing confidentiality including the following:

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| a. | Telephone Reporting | 888-686-8383 |
| b. | PBC Compliance Hotline: | www.pbc.alertline.com |
| c. | United States Mail: | Public Building Commission
Inspector General |
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- IV. Actions.** Following a review of information provided, the IG may take any of the following actions:

- a. Open an investigation based upon information or complaints received from a known or self-identified party, an anonymous party or the IG's own initiative;
- b. Refer the matter to PBCC's Ethics Officer if it involves the alleged violation of PBCC's Ethics Policy (www.pbcchicago.com/contents/working/ethicss_policy.asp);
- c. Refer the matter to the appropriate law enforcement agency if it involves the alleged violation of a local, state or federal rule, regulation or statute;
- d. Decline to open an investigation for one or more reasons, or
- e. Upon approval by the Audit Committee, the IG shall conduct public hearings in furtherance of an investigation.

- V. Investigations.** Upon receipt of a complaint, the IG will take all necessary and appropriate action to investigate the allegations contained in the complaint. Such investigations may include interviews, review of any available documents and any other lawfully available means at the disposal of the IG.

- a. Factors that the IG may consider in determining to open an investigation include the following:
 - i. Credibility of the complainant;
 - ii. Reliability and accuracy of information based upon IG's knowledge of the subject matter;
 - iii. Nature of the conduct alleged;
 - iv. Age of the conduct complained of; and
 - v. Availability of investigative resources likely necessary to prove or disprove the complaint and impact on existing case load.
- b. Factors that the IG may not consider in determining to open an investigation include the following:
 - i. Religious or political beliefs of the complainant or alleged wrongdoer;
 - ii. Race, age, gender, disability, sexual orientation, national origin, marital status, military service or discharge status of the complainant or alleged wrongdoer; or
 - iii. Protected First Amendment conduct of the alleged wrongdoer.

VI. Compliance with Laws and Regulations. All investigations undertaken by the IG shall be conducted in compliance with all applicable local, state and federal laws, rules and regulations including, without limitation, the following:

- a. The Constitution of the United States;
- b. The Constitution of the State of Illinois;
- c. The Laws of the State of Illinois;
- d. The Public Building Commission Act (50 ILCS 20/1 et. seq.); and
- e. Applicable legal case authorities.

VII. Documentation. Information obtained during an investigation shall be verified by as many sources as are necessary and reasonable to establish the validity of such information and evidence. All significant investigative activities shall be documented in the case file in a timely, accurate and complete manner.

- VIII. Confidentiality.** All investigatory files and reports of the IG shall be confidential and shall not be divulged to any person or agency, except to the United States Attorney, the Illinois Attorney General, the States Attorney of Cook County, the Inspector General of a User Agency or otherwise as authorized by the Board or required by law.
- IX. Whistleblower Protection.** The IG shall conduct its investigation in a manner that ensures whistleblower protection to the fullest extent provided under the Whistleblower Act of the State of Illinois (740 ILCS 174/1 et. seq.) to any individual or entity providing information, cooperation or assistance to the IG as a complainant or in response to any IG investigative inquiry.
- X. Duties to Report and Cooperate.** It shall be the duty of every employee, official, agent, contractor, subcontractor, consultant and vendor of the PBCC to report any fraud, mismanagement, waste of funds or resources abuse of authority, conflicts of interest, ethical violations or other impropriety involving PBCC business, contracts or resources to the IG. All PBCC employees, officials, agents, contractors, subcontractors, consultants, vendors or persons or businesses seeking PBCC contracts or pre-qualification to bid on PBCC contracts must cooperate in the conduct of investigations undertaken by the IG. Nothing in this Resolution may be interpreted to allow the IG to violate any individual's constitutional rights, including the Fifth Amendment right against self-incrimination, provided, however, that failure to cooperate may be cause for discharge from employment by PBCC. In addition, nothing in this Resolution may be interpreted to allow the IG to require any statement, testimony, action or document that is subject to the attorney-client privilege.
- XI. Reports of Investigations.** IG investigations may result in either sustained or not sustained findings. Upon conclusion of any investigation or review, the IG shall submit a confidential report to the Audit Committee, which shall provide reports and any recommendations to the Board that may require corrective action. The IG report shall include: a description of any complaints or other information received by the IG pertinent to the investigation; a description of any misconduct, inefficiency, waste or abuse discovered in the course of the investigation; recommendations for disciplinary, administrative or other action as deemed appropriate; and such other information as the IG may deem relevant to the investigation or review and any resulting recommendations. The IG report shall not include the name of any informant, complainant, witness or person investigated or reviewed unless otherwise authorized by the Audit Committee. The Board shall have the exclusive authority to initiate any corrective action necessary pertaining to the policies of the Board pursuant to the report of the IG. Any disciplinary action of PBCC personnel or administrative procedures necessary pursuant to an IG investigation shall be undertaken by the Executive Director.
- XII. Periodic Reports.**
- a. Quarterly Reports.** No later than the first day of January, April, July and October of each year, the IG shall file with the Audit Committee a quarterly report, accurate as of the last day of the preceding month, indicating the number of investigations and reviews initiated since the date of the last

quarterly report, the number of investigations and reviews concluded since the last quarterly report and the number of investigations and reviews pending as of the reporting date. The quarterly reports shall identify any investigation or review which has not been completed within six months, and shall state the reasons for failure to complete the investigation or review within six months. The quarterly reports shall also include the number of investigations and reviews involving alleged waste, inefficiency, fraud and abuse in PBCC's programs, contracts or operations. Each quarterly report will be publicly posted after it has been filed with the Audit Committee.

- b. **Semi-Annual Reports.** No later than the first day of January and July of each year, the IG shall file with the Audit Committee a semi-report providing a consolidated version of all information provided in the two (2) immediately preceding quarterly reports and a description of any actual or potential waste, inefficiency, fraud and abuse in PBCC's programs, contracts or operations, recommendations to the Audit Committee of policies and methods for the elimination or prevention of such waste, inefficiency, fraud and abuse, and any additional information which the IG deems appropriate. Each semi-annual report will be publicly posted after it has been filed with the Audit Committee.

XIII. Resources. In order to ensure that the IG has sufficient resources to perform the required duties and responsibilities, the Board shall include in the Annual Budget an amount sufficient to support the operation of the IG. Adjustments may be made from time to time throughout the year as necessary pursuant to resolutions of the Board.

XIV. Partial Invalidity. If any section, paragraph, clause or provision of the PBCC IG Policies and Procedures shall be held invalid, the invalidity of such section, paragraph, clause or provision shall not affect any other provision of the PBCC IG Policies and Procedures.