

ANNUAL REPORT FOR 2009

OF THE

OFFICE OF INSPECTOR GENERAL

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

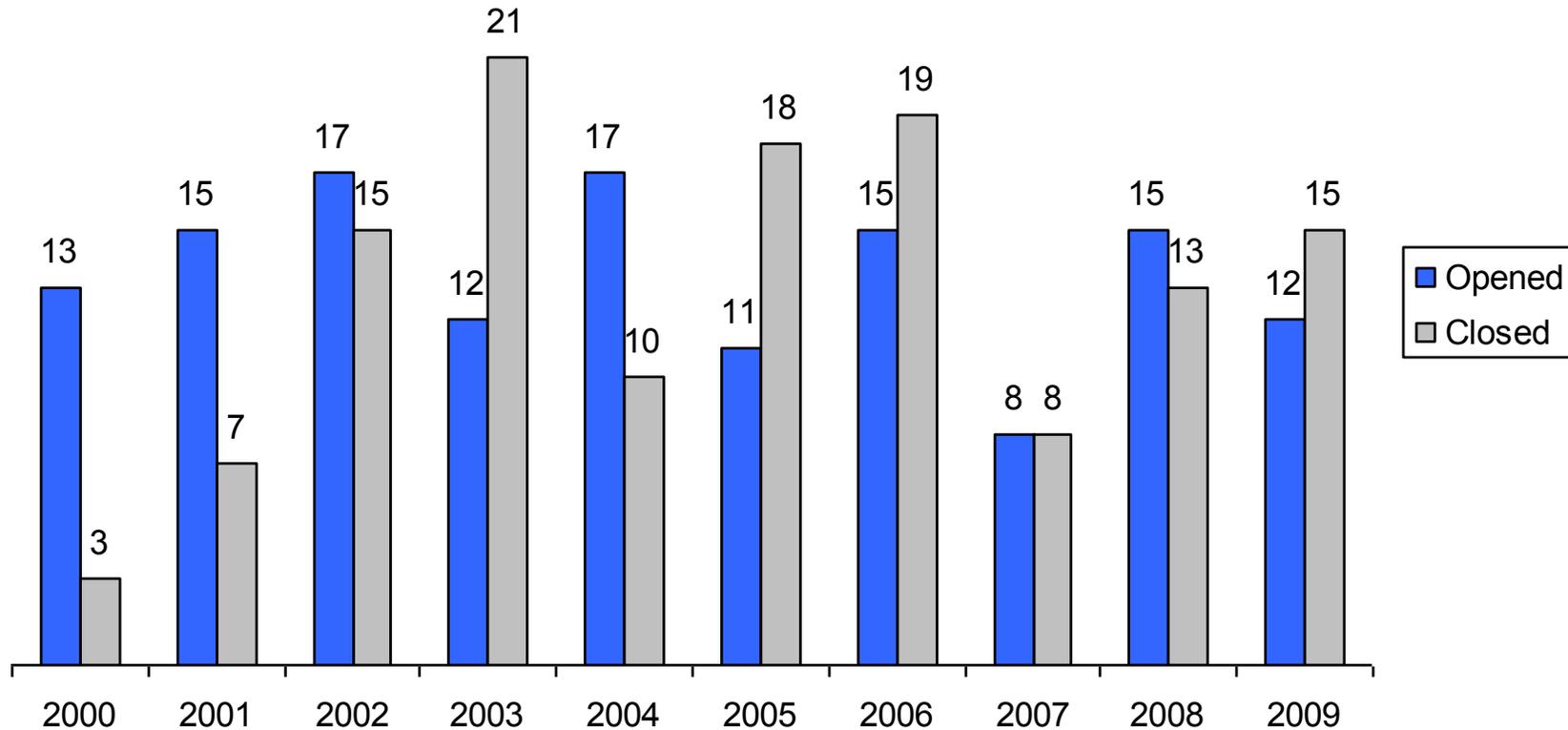
- 15 Audits Completed
- 94 Findings and Recommendations
- 12 Audits Opened

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



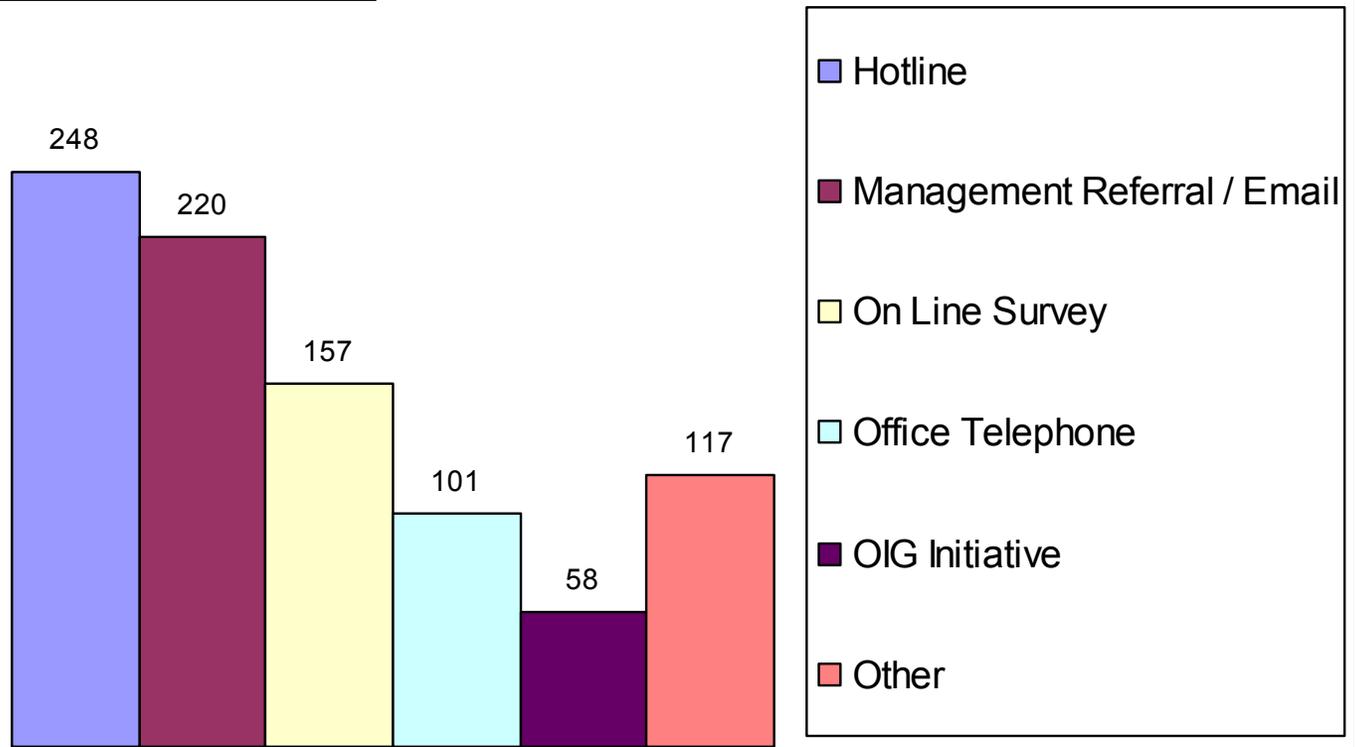
Ten Year Audit Comparison



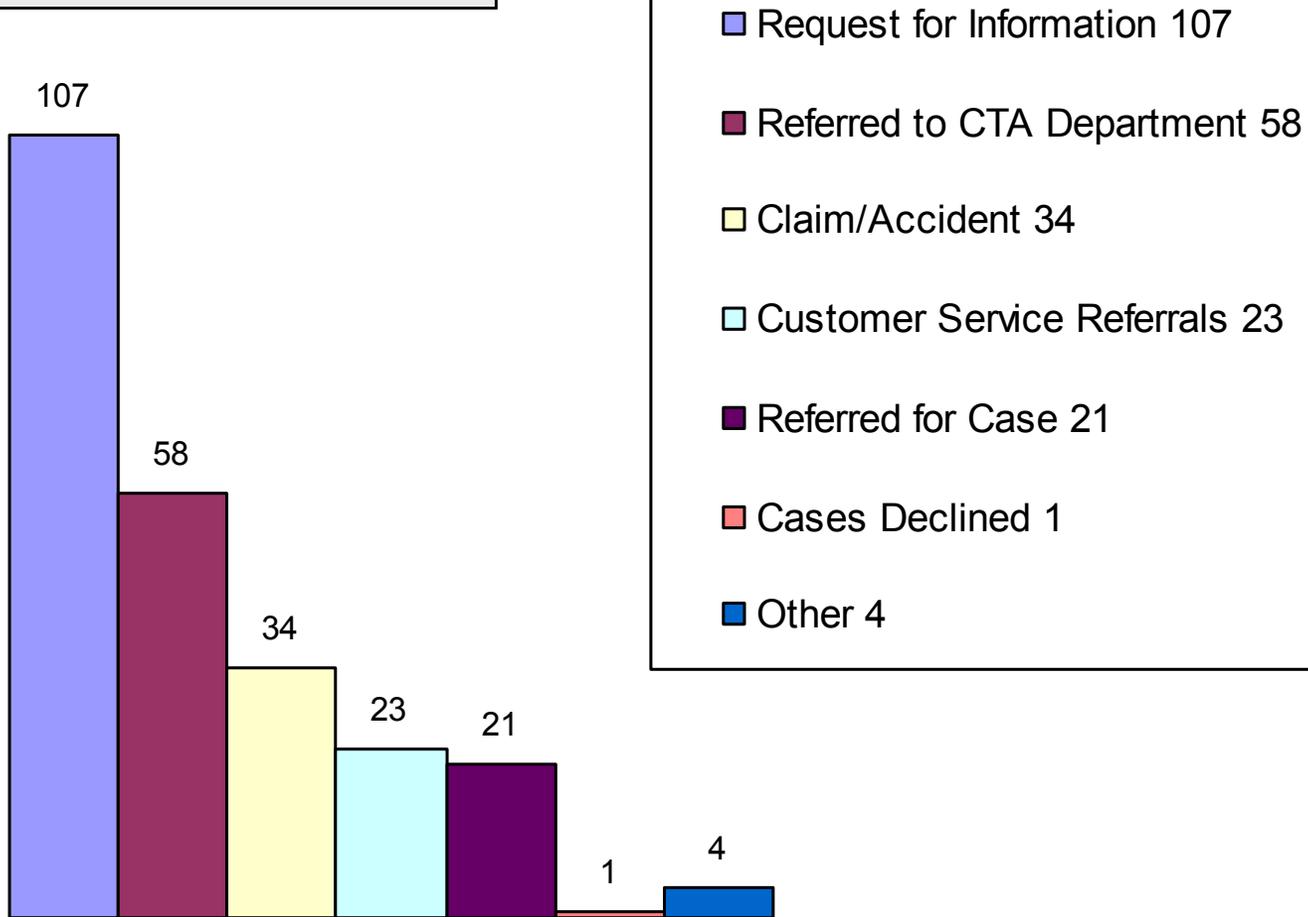
Investigation Highlights



901 Contacts and Leads in 2009



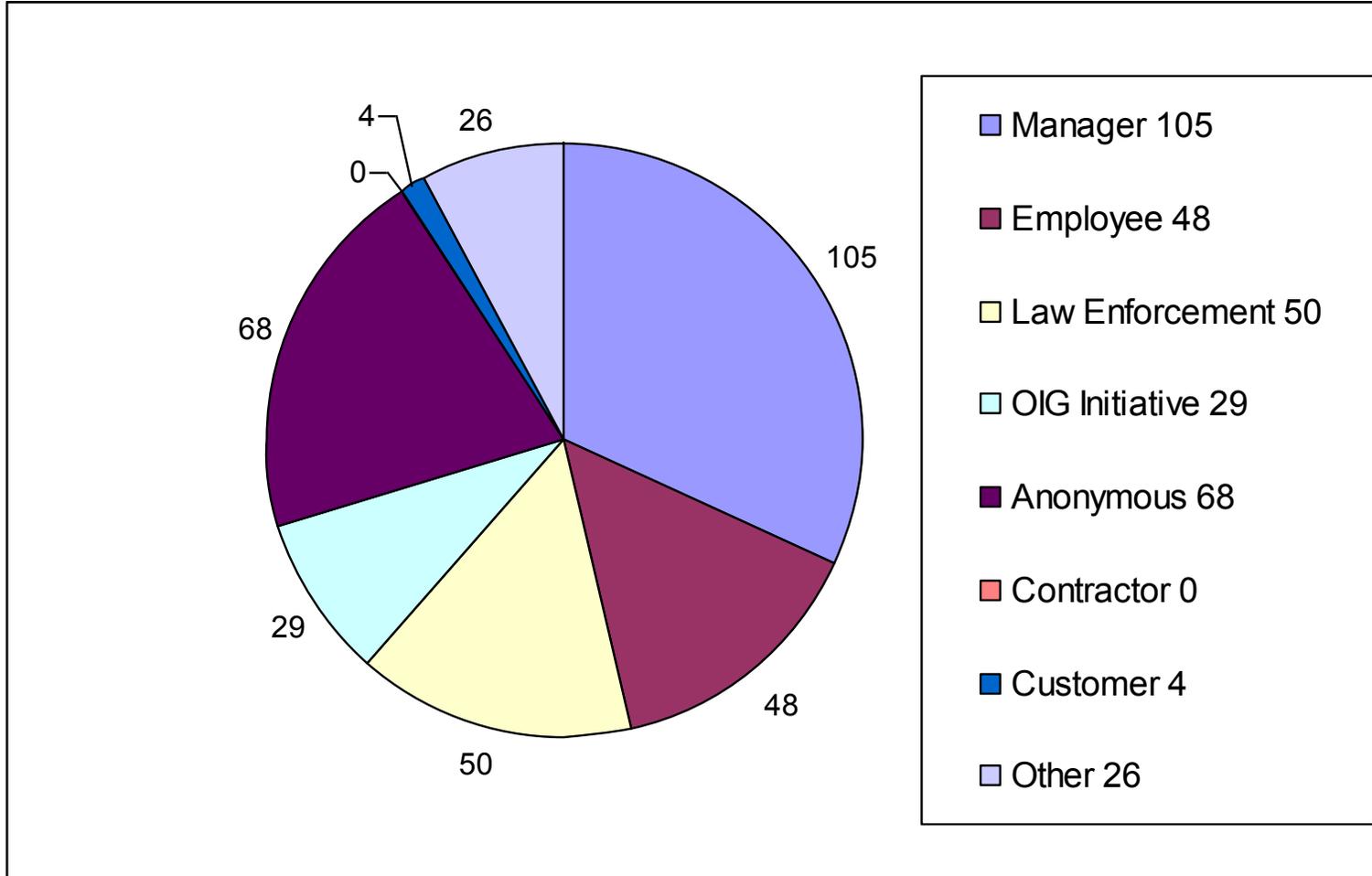
248 Hotline Calls in 2009



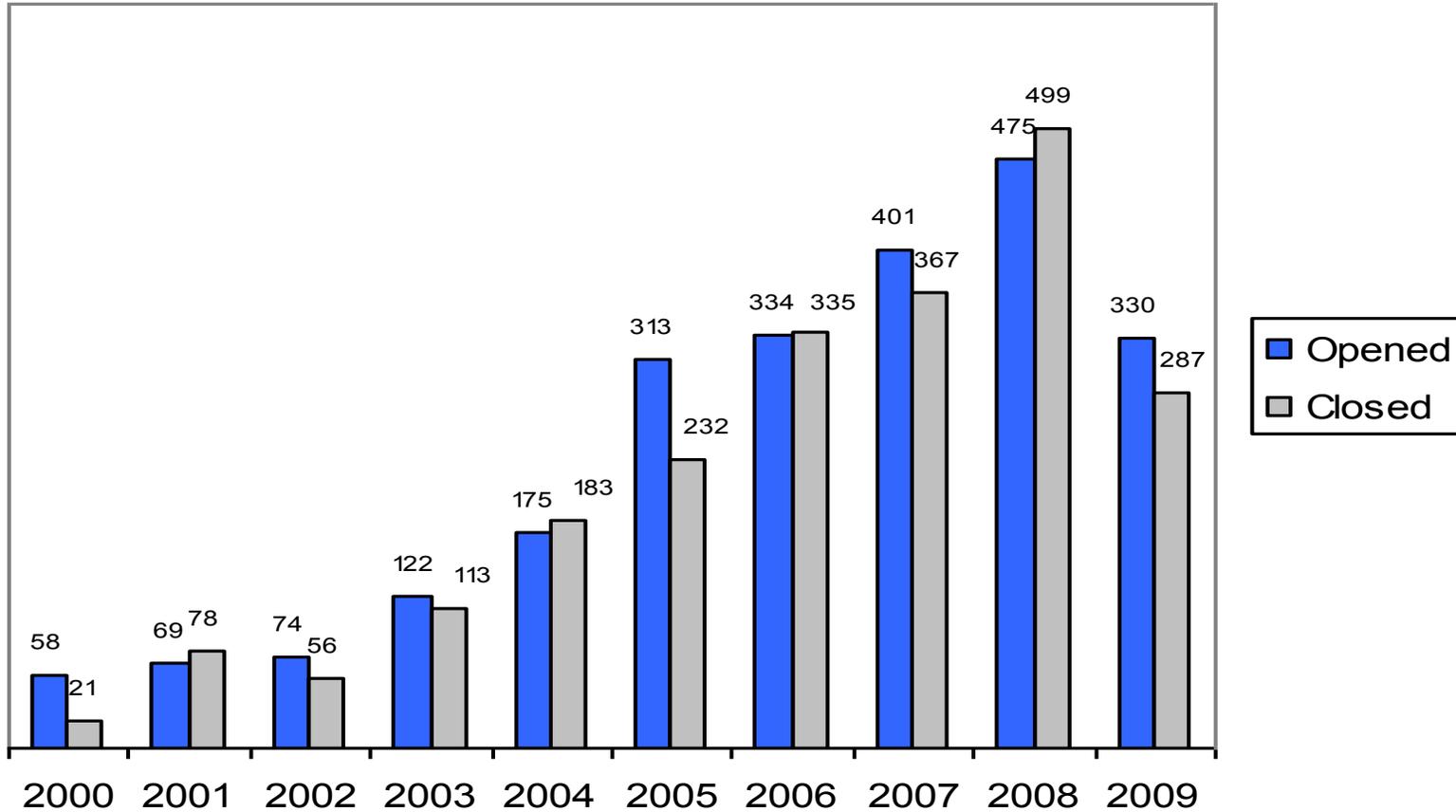
Disposition of Contacts and Leads

Case Opened	330
Referred to Management	145
Provided Requested Information	110
Referred to Customer Service	30
Not Actionable or Declined Case	286
	<hr/>
<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

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

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

Phone **(773) 282-8463**

E-Mail **hotline@ctaoig.net**

U.S. Mail **P.O. Box 641075**
Chicago, IL 60664-1075

Fax **(312) 681-3797**

