



Establishing an Inspector General at the MWRD

ESTABLISHING AN INSPECTOR GENERAL AT THE MWRD

OPTIONS AND CONSIDERATIONS

COMMITTEE ON ETHICS
STUDY SESSION
August 31, 2017

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What is an Inspector General?

WHAT IS AN INSPECTOR GENERAL (“IG”)?

Public official specifically tasked with oversight of a government agency

Promotes an agency’s efficiency and effectiveness by detecting wrongdoing, fraud, and waste through inspections, investigations, and/or audits

Most important characteristic: INDEPENDENCE

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What the MWRD is already doing

WHISTLEBLOWER HOTLINE & COMMITTEE, AP 10.11.0

- Independent 3rd Party Reporting Service
 - receives complaints
- The Committee (Executive Director, General Counsel & Director of HR)
 - Investigates complaints of suspected improper governmental activities by MWRD officials, employees or those doing business with the MWRD

ETHICS COMMISSION

- Created by 2004 MWRD Ordinance as required under the Illinois Ethics Act
- 3 members appointed by ED with advice & consent of the Board of Commissioners
 - Receives and adjudicates complaints of prohibited political activity and violations of gift ban act
 - Has subpoena power & can make disciplinary recommendations

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What the MWRD is already doing, cont.

- **CIVIL SERVICE BOARD**
 - Created by MWRD Act
 - 3 members appointed by the Board of Commissioners
 - Conducts discharge hearings and adjudicates employee appeals
 - Has subpoena power & administers oaths
- **ANTI-HARASSMENT, ANTI-DISCRIMINATION, ANTI-RETALIATION POLICY AND REPORTING PROCEDURE, AP 10.5.0**
 - HR receives & investigates complaints related to legally protected characteristics

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What the MWRD is already doing, cont.

- **MWRD AUDIT COMMITTEE, AP 8.16.0**
 - Comprised of 7 members and reports annually to the Board of Commissioners, Comprehensive Annual Financial Report (CAFR)
 - Focus on issues related to fiscal accountability, other areas of significant risks, and monitors adequacy of MWRD's internal control structure
 - Oversight of internal audit section
 - Oversight of external audit process
 - Recommends external auditor
 - Contract rotates every 5 years and limits consulting services as to not impair independence
 - Reviews and approves both internal and external auditor recommendations
- **MWRD INTERNAL AUDIT SECTION, AP 8.2.0**
 - Managed by Audit Committee and operates under the supervision of the Clerk/Director of Finance with completed audits reported annually in the Budget Book under the Finance Department
 - Independent review of accounting, financial, compliance & other business functions
 - Independently reviews MWRD operations, internal control structure, proposes recommendations for more efficient, transparent, & cost effective operations
 - Internal Audit Section is modeled after best practices promulgated by Government Finance Officer Association (GFOA) AND Illinois Institute of Internal Auditors (IIA)

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Who could serve as MWRD's Inspector General?

- Expand MWRD's Internal Audit Section
- Create an Office of Inspector General by amending Act
- Hire outside attorney to act as Special Counsel through the procurement process
- Expand use of external auditors
- Amend MWRD's Ethics Ordinance to incorporate IG powers & duties and/or expand duties and powers of Ethics Commission

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Options

OPTION ONE: ENHANCE MWRD'S INTERNAL AUDIT SECTION

Assign employee with expertise in audits & investigations and create independent reporting authority for this office

- Benefits:
 - Position already in budget
 - Knowledge of MWRD
 - IG support available through contract
- To Consider:
 - Perception that In-House IG may lack independence
 - Amend Ethics Ordinance

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Options

OPTION TWO: CREATE AN OFFICE OF INSPECTOR GENERAL BY AMENDING MWRD ACT (70 ILCS 2605/ *et seq.*)

- Benefits:
 - Independent office
 - Oversees all levels of MWRD (staff, ED, Treasurer, Board, Board's staff, third parties doing business with MWRD)
 - Subpoena Power, administer oaths
- To Consider:
 - Adds another full-time layer to the organization
 - Amendment to MWRD Act

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Options

OPTION THREE: HIRE ATTORNEYS TO ACT AS SPECIAL COUNSEL OR EXPAND THE USE OF EXTERNAL AUDITORS TO PERFORM IG FUNCTIONS ON AN AS-NEEDED BASIS

- Benefits:
 - Cost savings because not full-time
 - Can implement under contract
- To Consider:
 - May lack MWRD familiarity
 - Amend Ethics Ordinance

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Options

OPTION FOUR: USE THE MWRD'S ETHICS COMMISSION BY AMENDING THE ETHICS ORDINANCE (Ordinance No. 04-001)

- Benefits:
 - Current Ethics Commissioners are highly qualified attorneys
 - Reasonable hourly rates
- To Consider:
 - Who would lead? Commission comprised of 3 members
 - Possibly create chair, vice-chair, secretary (similar to Civil Service Board)
 - Amend Ethics Ordinance

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Other Considerations

- Who Appoints the IG?
- Will the IG be exempt from Civil Service?
- Full time or part time?
- Salary or hourly rate?
- Term limit?
- Contract or staff?
- To whom will the IG report?

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What is the proper scope of the Inspector General's powers and duties?

- Effective IG must possess Subpoena Power for documents & witnesses
- Limited vs. Broad Scope of Authority
 - Will IG act based upon formal direction from the BOC or ED, upon receipt of a complaint through the Whistleblower Hotline or upon its own prerogative?
- Investigations vs. Audits of Effectiveness of Programs and Operations
 - IG would perform Investigations based on complaints or by direction of Board or ED, but IG could also audit effectiveness and efficiency of MWRD programs and operations
 - IG could conduct Whistleblower Investigations

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Discussion

Discussion