



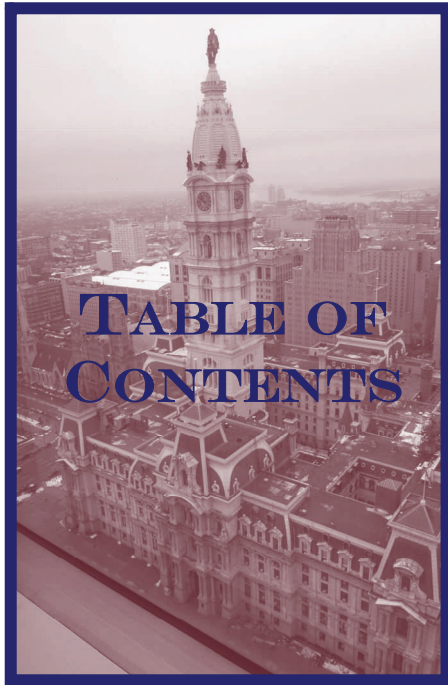
CITY OF PHILADELPHIA

OFFICE OF THE INSPECTOR GENERAL

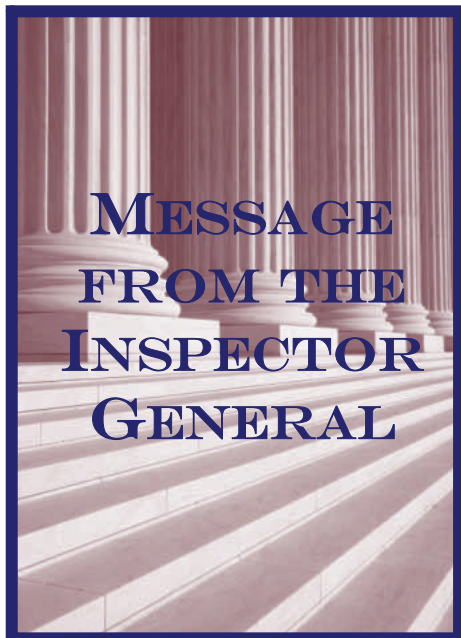
2008 ANNUAL REPORT







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In December, 2007, I left the U.S. Attorney's Office after 24 years as a prosecutor to become Philadelphia's Inspector General. I accepted Mayor Nutter's appointment because I believe that the Inspector General's office can make a difference in the fight against corruption in City government. As a federal prosecutor I saw corruption in many departments in the City. But I also saw many, many honest and hardworking city employees who were victimized by the perception that Philadelphia is corrupt. As a federal prosecutor, I could only do so much. I could help remove the wrongdoers from the City, but I couldn't change the system that allowed the wrongdoing to continue. As Inspector General, with the help of the citizens of Philadelphia, City employees and elected officials, I believe we can make a difference.

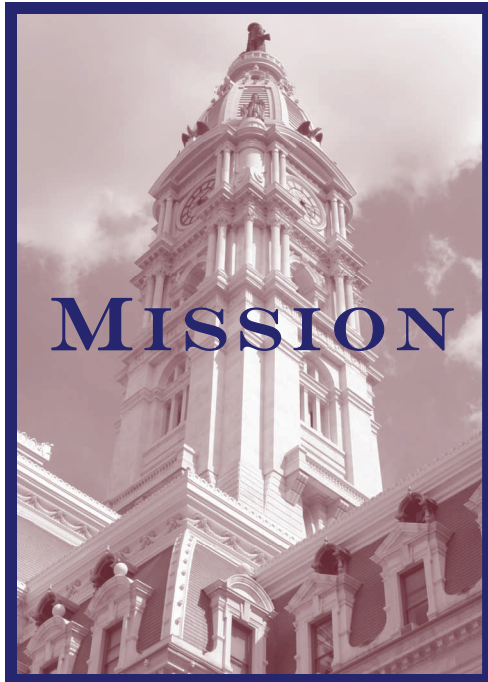
The Mayor asked only one thing of me - to work hard to find wrongdoing in the City and to expose it. That is the mission of our office - uncovering corruption, fraud, misconduct and waste by those in City government and by those doing business with the City.

Corruption and fraud paint an ugly picture of Philadelphia. And I believe that if we work together to root out corruption and fraud, we can police ourselves. We can improve City government with more honest employees, better city services and more efficient government, but above all we can instill a sense of pride and trust on the part of the citizens we all serve. And by policing ourselves, we can give confidence to hardworking employees and to honest businesses that everyone in Philadelphia competes on a level playing field

The accomplishments in the report are evidence that we can work together to make our City better by making our government as transparent and honest as possible.

We look forward to expanding on this record of achievement in 2009.

Amy L. Kurland
Inspector General



The mission of the Office of the Inspector General (OIG) is to enhance the public confidence in the integrity of the City government by rooting out corruption, fraud, misconduct, waste and mismanagement. The OIG is the watchdog for the taxpayers of the city. The OIG has jurisdiction to conduct investigations and audits over all departments, agencies, commissions and boards under the Mayor's jurisdiction, as well as in contracts with individuals or companies receiving City funds and doing business with the City. The OIG also provides investigative expertise to any agency or authority requesting assistance.

As an operationally independent office, shielded from governmental influence, the OIG conducts both criminal and administrative investigations. We work with the Philadelphia Police Department, federal and state law enforcement agencies, as well as federal, state and local Inspectors General when conducting criminal investigations, and serious integrity related complaints of fraud, corruption and abuse. We conduct these investigations either in response to a report from a City employee or other citizen or on the Inspector General's own initiative to detect misconduct, inefficiency and waste within the programs and operations of City government.

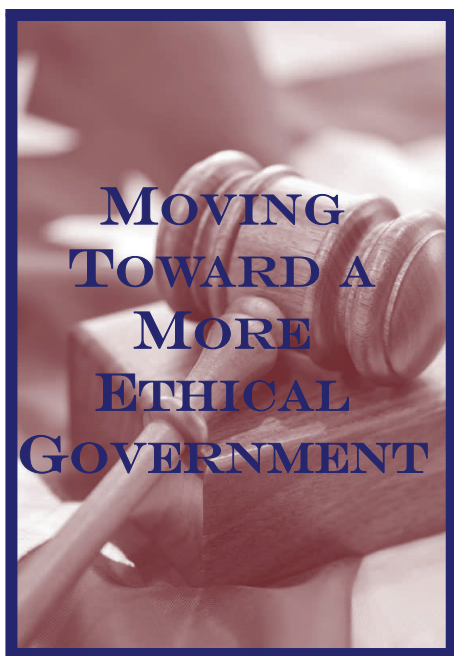
The OIG also supervises and works with Integrity Officers appointed within each City department under the Mayor's jurisdiction.

The OIG has the power to issue subpoenas, to examine all City documents, contracts, and monetary expenditures made from the City Treasury, and to require testimony of City employees.





ACCOMPLISHMENTS



Prior to January of 2008, the OIG operated primarily as a referral agency. The office responded to or referred back to the departments, complaints that were mostly administrative, such as residency violations, theft of time and improper use of city computers. The OIG referred to the DA's office all matters that appeared to be criminal in nature. None of those matters were ever prosecuted by the DA's office.

THE INTEGRITY OFFICER PROGRAM

Since January, the OIG has undergone a major reorganization. We have revamped the previously dormant Integrity Officer program. We have appointed, trained and now supervise 38 Integrity Officers from various city departments to conduct administrative, integrity-related complaints. These Integrity Officers were sworn in at a formal ceremony by Common Pleas President Judge Darnell Jones in the presence of Mayor Nutter and the Inspector General. The Integrity Officers meet bi-monthly for training and to update the IG on open cases. We have instituted a monthly reporting requirement for all Integrity Officer investigations, and we now have on staff a Program Supervisor who is available to assist the Integrity Officers with investigations on a daily basis.

Through this program, the investigation of these complaints is funded by the various departments and IG investigators are free to conduct more serious administrative and criminal investigations. Also through this program with the new visibility of the OIG, we have noticed a new awareness among city employees of integrity related issues. Many employees have reported bribe attempts and have turned in money and gifts that were given to them in an attempt to influence them.

LAW ENFORCEMENT PARTNERSHIPS

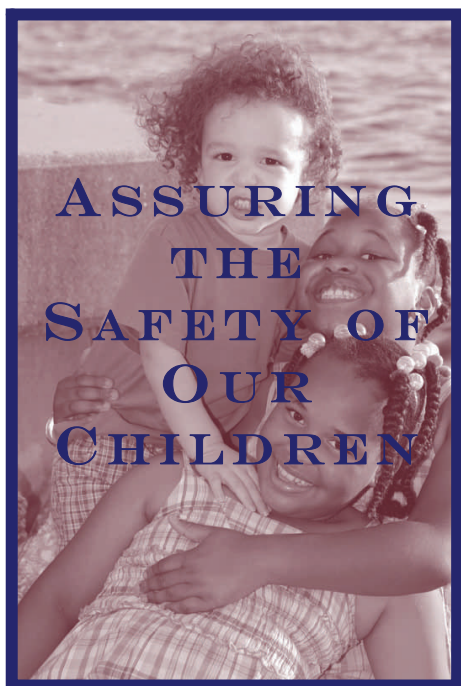
We have established new working partnerships with state, federal and local law enforcement. The criminal matters, which had not been discovered or prosecuted in the past, are now being investigated jointly. This new partnership and the presence of a strong OIG will prevent and deter fraud, corruption and misconduct by establishing to city employees and to those who do business with the city that we can police ourselves.

Many new complex financial investigations, involving significant alleged misappropriations, fraud, corruption and misconduct have been opened as a result of our partnerships with law enforcement. For example, ongoing investigations include:

- a \$200,000 embezzlement from a city health department program
- double-billing schemes and fraud by contractors
- a theft of approximately \$70,000 from a quasi-government agency
- A city employee who distributed city cell phones to unauthorized individuals, resulting in a significant loss to the city.
- A city employee who stole a city-owned house, valued at over \$100,000

We have also closed hundreds of cases that have been long dormant. We have streamlined our docket to reflect active, significant administrative and criminal matters.

The Inspector General speaks regularly at Management Team meetings, Executive Team meetings and Cabinet meetings regarding the operation and mission of the OIG. The IG and the Chief Integrity Officer have met with every department head and deputy mayor individually to discuss ethical issues related to those departments. They have also spoken to approximately 800 Streets Department employees and all inspectors employed by L&I and the Health Department about their ethical obligations as city employees. This contact with front line employees has never been done by any administration and the response has been enthusiastic and positive.



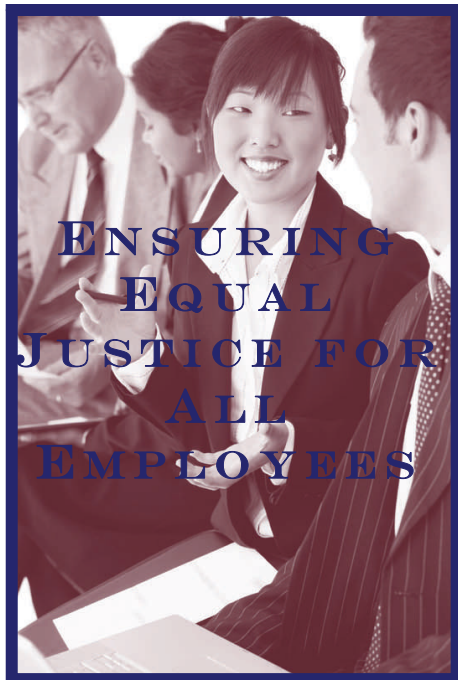
In the Fall of 2006, the citizens of Philadelphia were stunned by the untimely death of Danieal Kelly, a 14 year-old child with cerebral palsy who was allegedly starved to death by her mother. The city was equally appalled that the Kelly family had an active case and was receiving in-home services through the Philadelphia Department of Human Services (DHS). In the wake of the Kelly case, during the Street Administration, Cheryl Ransom-Garner resigned from her position as DHS Commissioner; John McGee was terminated from his position as DHS Deputy Commissioner.

Under the Nutter Administration, the Office of the Inspector General initiated an investigation of DHS upon release of the July 31, 2008 Grand Jury Report which alleged systemic failures by DHS staff in relation to the death of Danieal Kelly. We investigated two chains-of-command at DHS ranging from the social worker-level to the director-level.

The OIG investigation revealed that criminally indicted DHS social workers, Dana Poindexter and Laura Sommerer, failed to perform their job duties in the investigation of reports, the assessment of child safety, and the provision of services to Danieal Kelly and her family. The investigation further established that there was a failure at all levels of DHS management to adequately monitor the personnel who were assigned the responsibility of handling Danieal's case.

The OIG recommended the termination of eight DHS employees. Based on these recommendations, Poindexter and Sommerer, as well as two DHS social work supervisors, Ingrid Hawk and Shawn Davis, were terminated from employment at DHS. Two social work administrators, Janice Walker and Martha Poller, retired from city employment prior to being terminated. Social work administrator Valerie Mond resigned from city employment prior to being terminated. DHS social work director Wesley Brown retired from DHS in October 2008 after receiving a 10 day suspension for his role in the handling of the Kelly case.

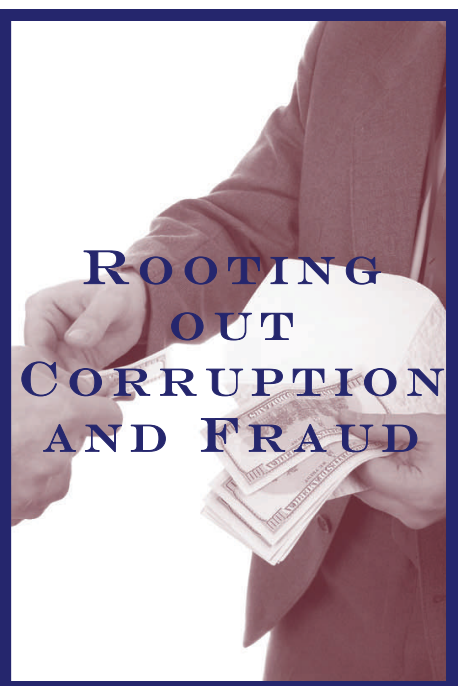
As a result of its findings in the Kelly case, the OIG has created a new unit dedicated exclusively to investigating DHS matters. The unit is comprised of a team of investigators who conduct administrative and criminal investigations of any DHS employee or DHS-contracted agency employee alleged to have violated law or policy, failed to perform job duties, committed fraud, undue influence or performed any act that has placed children at risk of harm. The ultimate goal of the unit is to make recommendations for systemic change and reform in order to keep Philadelphia's children safe.



Tanya Smith, Acting Central Personnel Director, was employed by the City of Philadelphia for eighteen years. Based on several complaints, the OIG conducted an investigation, which confirmed that Smith inappropriately interfered with an exam to benefit her former secretary. Smith improperly questioned at least three Personnel Department employees on their exam status and then when she learned that her former secretary had not passed, Smith canceled the written exam reporting "significant technical errors." However, there was no evidence of any technical errors. In addition, Smith attempted to obstruct the OIG investigation by providing false statements during an OIG interview.

Smith was appointed by the Civil Service Commission as the Acting Personnel Director to uphold and safeguard the regulations of all civil service employees. During this appointment, Smith intentionally circumvented the civil service system and in doing so failed to uphold these regulations.

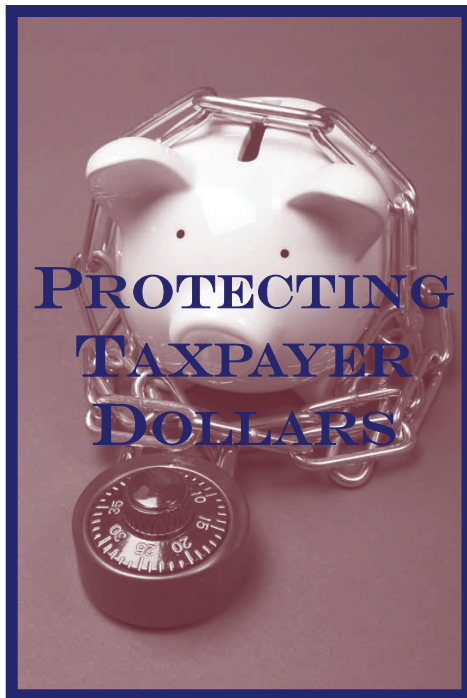
Smith was held to the same standard as all City of Philadelphia employees. The OIG recommended that Smith's employment be adjudicated according to the civil service regulations that she was required to enforce. Civil Service regulations require that, if a violation of any regulation is intentional, the violator shall be removed from the position and barred from civil service position for five years. The OIG recommended that Smith be terminated from her position with the City of Philadelphia and be barred from employment with the City of Philadelphia for five years. In the face of the overwhelming evidence, Smith resigned before she could be so adjudicated.



James Lynch: Following a joint OIG and FBI investigation, Lynch, a veteran BRT real estate tax assessor was indicted and convicted on federal extortion charges for accepting \$20,000 cash from a developer for advice/service. Lynch also lost his job and his City pension.

Rachel Davis: Davis was a customer service representative for the Water Revenue Bureau. She accepted \$200 and other things of value from an expeditor who did business with the Revenue Department. The OIG was able to locate witnesses who had seen an envelope fall out of a newspaper Davis was holding, and who heard Davis brag about "getting rich," and identify the expeditor who paid her. She was fired from her city job.

An OIG investigation determined that five L&I temporary employees had improperly applied for and received CRISIS grants for themselves and their friends and relatives for which they were not qualified. Based on this evidence and investigation, those workers were disqualified from further city employment.



Fraudulent Wage Tax Refunds

The OIG discovered that Artega Mangum had signed and filed thirty Wage Tax Refund Petitions with the Department of Revenue. The Petitions were for individuals who lived and worked in the City and thus did not qualify for a refund of those taxes. The investigation confirmed that Mangum falsely signed the employer's name in the authorized official signature line of the request for refunds. She also requested refunds for 100% of wage taxes paid in each of the thirty requests. As a result of the investigation, the OIG prevented the City of Philadelphia and its' taxpayers from being defrauded of \$27,416.70. In addition, Mangum has agreed to pay and has been making payments on the assessed fine of \$9,000.00.

Fraudulent Sick Notes

The OIG conducted an investigation of the use of fraudulent sick notes at the Department of Recreation and Fairmount Park. We discovered that Wendy Robinson had falsified and used 83 sick notes. She submitted these false notes to her supervisor, claiming that she was sick and had visited the doctors named on

the notes. In fact, the doctors named had not issued or signed the notes. Robinson was paid for those sick days. The lost wages to the city were valued at \$15,659.61. Efforts are underway to recoup that money.

The OIG investigation also confirmed that William Nicholson had falsified 47 sick notes. He also submitted these notes in an attempt to establish that he was sick and had visited a doctor. The doctors named in the notes had not seen Nicholson and had not signed the notes. Nicholson's lost wages are valued at \$12,895.60, and the OIG is attempting to recover those funds from Nicholson.

Theft of Time

Thomas Nace, a Fairmount Park supervisor, intentionally falsified his attendance records so that he was compensated for hours of work he did not perform. These hours included traveling in a City vehicle to conduct personal affairs, such as purchasing alcohol, and spending time in his residence. When confronted with his illegal conduct, Nace resigned from the City. He was also ordered to repay the City for the time he did not work.

Unauthorized Overtime

Carmen Paris was the former Commissioner of the Health Department. The OIG investigation determined that in 2007, Paris was on the board of a charitable organization. During that year she directed Health Department employees to work over and above their regular city work hours on evenings and weekends to support that charity, without authorization from her superiors, thereby incurring substantial overtime liabilities for the City. That unauthorized overtime cost the city approximately \$20,000.

The OIG investigation of Paris also established that she accepted a gift in the form of entertainment from a corporation that has a contract with the City of Philadelphia. Paris has resigned from City employment.

Theft of Gasoline

This OIG investigation revealed that 4 city employees from the Philadelphia Water Department stole gasoline from city vehicles by siphoning it into their personal vehicles. The Water Department has issued Notices of Dismissals to those employees and demands for the reimbursement for the value of the gasoline.

Unauthorized Use of City Equipment

Following up on a complaint by a neighbor, the OIG established that William Lorch, a Streets Department Waste Collection District Supervisor used his position to have City employees do work on his personal residence on City time, using City equipment. Lorch had the City employees remove two tree stumps from his back yard in order to install an above ground pool. He asked his subordinate, Frank Bavis for his assistance, and Bavis ordered two Streets Department workers to report to Lorch's residence with a City of Philadelphia dump truck and a small end loader, where they removed the stumps from Lorch's back yard. By combining the cost to rent a dump truck, \$280, a small front end loader, \$295, and the cost of City personnel, \$158.86 the loss to the City for this activity was estimated to be \$733.86. Lorch and Bavis were suspended and the other employees were disciplined.

Improper Financial Assistance Grants

A joint investigation with the OIG and the Philadelphia Housing Authority established that eight City employees provided false income information to PHA in order to receive financial assistance. The employees were disqualified from the financial assistance program and/or ordered to repay the money.

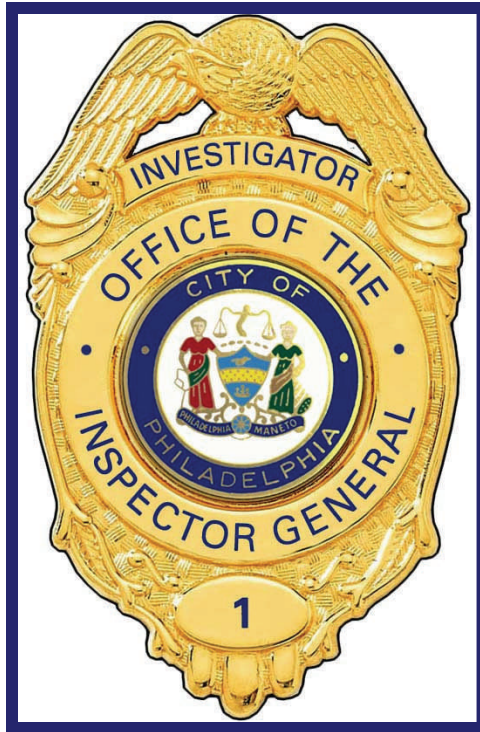
Unauthorized Outside Employment

OIG investigation determined that Commerce Department employee Mohamed Basal, while working as an occupational hygienist at the Philadelphia airport, was also employed as a translator for a California company. He admitted that he did his translating from his city computer, using his city phone, during city working hours. When confronted with this evidence, Basal resigned from the city. He was assessed \$12,000 in unreported tax due.

Dismissals and Suspensions

As a result of OIG investigations this year, 27 employees were terminated from employment, or resigned in lieu of termination. 6 employees were suspended without pay, which resulted in additional salary savings. Additionally, 14 other employees were disciplined by their departments.

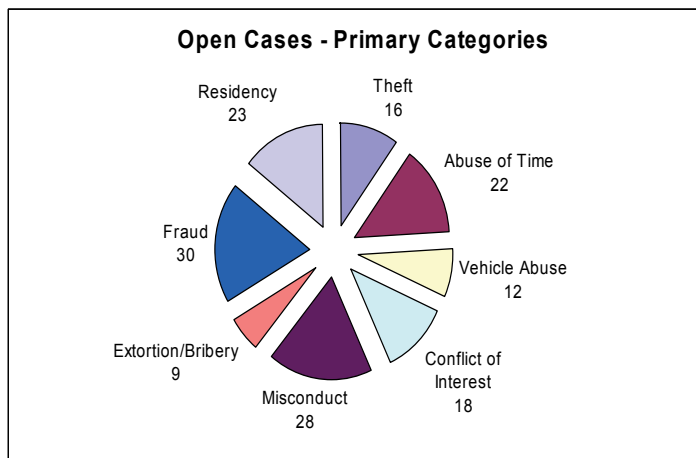
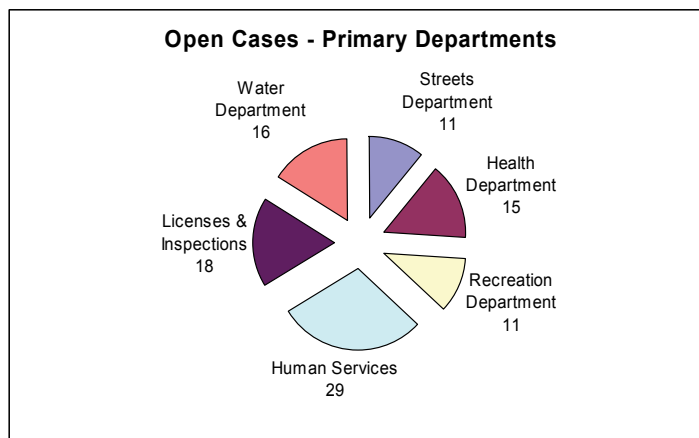
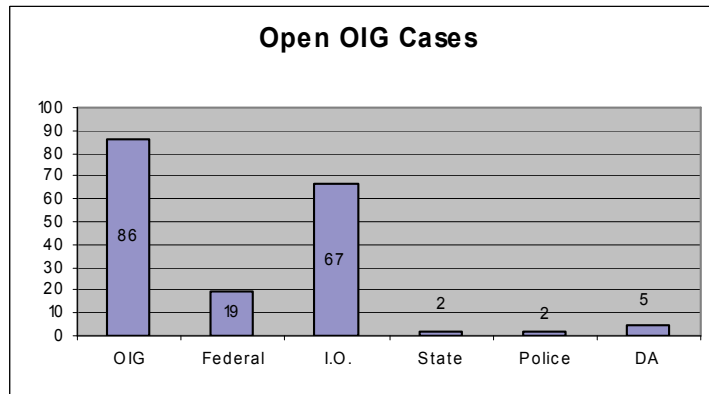


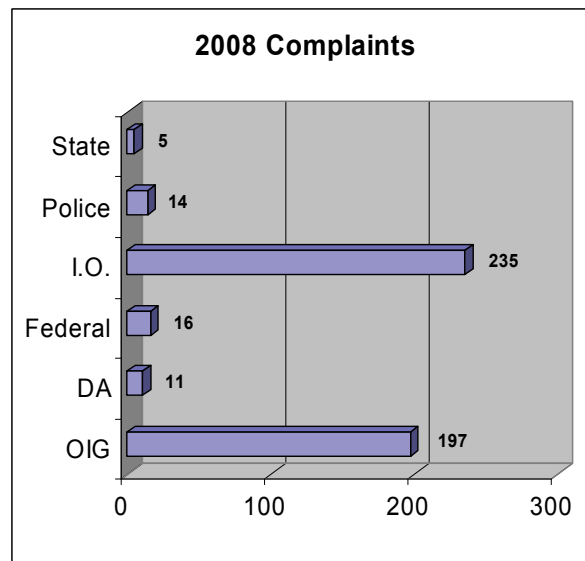


STATISTICAL REPORT

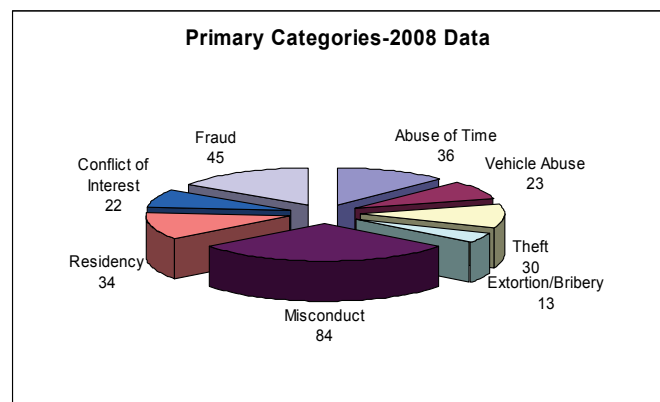
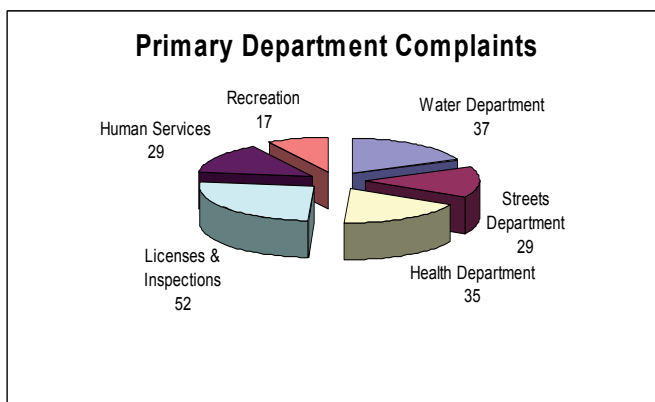
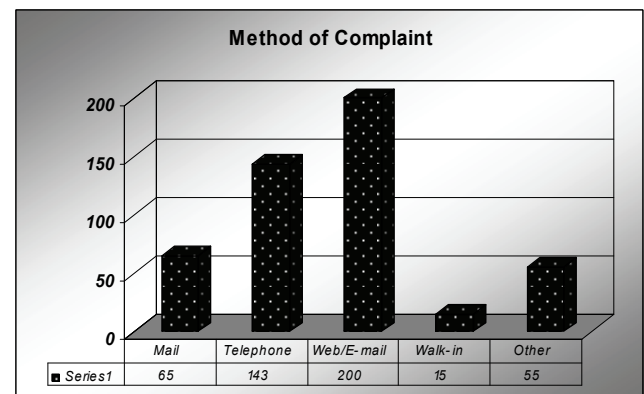
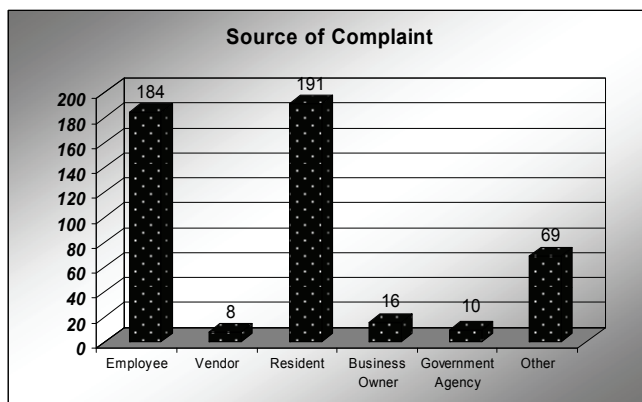
STATISTICAL REPORT

Current Open Cases



2008 Case Data

*Total Number of
Complaints Received: 478*





OFFICE OF THE INSPECTOR GENERAL STATISTICAL SUMMARY

Monthly Data – December 2008

The OIG received **40** new complaints during the month of December.

Current Open Complaint Data

Current number of open complaints: **181**

Open cases are assigned as follows:

OIG investigations: **86**

State investigations: **2**

Federal investigations: **19**

Police Department: **2**

Department investigations: **67**

DA's Office: **5**

Year To Date Data

Total number of complaints received

January 1, 2008 – December 31, 2008: **478**

(Complaints received in 2007: 214)

Of the 478 complaints received:

Number of complaints closed: **343**

Number of complaints involving contractors/
companies doing business with the city: **70**

No jurisdiction: **19**

These complaints are/were assigned as follows:

Department I.O.: **235**

OIG: **197**

Police: **14**

State: **5**

District Attorney: **11**

Federal: **16**

Cases closed during the current fiscal year resulted in:

Arrests: **2**

Administrative Action: **56**

 termination: **27**

 suspension: **10**

 other dept action: **19**

Pension Disqualifications Requests: **5**

Source of Complaint

City department/Employee.....	184
Contractor/Vendor.....	8
Resident.....	191
Business Owner.....	16
Government Agency.....	10
Other.....	69

Received

Mail.....	65
Telephone.....	143
Web/E-mail.....	200
Walk-In.....	15
Other.....	55

Arrests: [Employees removed from rolls-
criminal action*]

Terminations: [Employees removed from
rolls-administrative action*] **\$2,876,481.16***

Suspensions: [Actual] **\$25,293.24**

Demotion/Salary Reduction*

Restitution: [Funds returned to City
Treasury] **\$211,406.00**

Fines & Assessments: **\$34,100.00**

Total: **\$3,147,280.40**

Financial Accomplishments

*The OIG takes a conservative approach to documenting financial savings, basing this number only on a 2-year salary projection. Some federal agencies project the salary over the employee's remaining career and include pension accumulation. Statistical data is recorded at the time the case file is closed.

*DEDICATED TO
ENSURING HONESTY
AND INTEGRITY IN CITY
GOVERNMENT
BY ROOTING OUT
CORRUPTION, FRAUD,
MISCONDUCT AND
ABUSE.*



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