

OEIG FINAL REPORT

I. BACKGROUND

The Illinois Teachers' Retirement System (TRS) was created by statute in 1939 to provide retirement annuities and other benefits for educators in Illinois public schools outside the City of Chicago.¹ TRS is governed by a 15-member Board of Trustees.²

In 2018, TRS began the process of constructing a new pension administration system that it called the Gemini Project. For Information Technology (IT) work needed for the project, TRS would issue Task Order Requests for Personnel (Task Order Request) to the specific companies with which TRS had contracts (Contractors) for this work. Contractors could then respond by submitting their candidates. In some cases, the candidates were subcontractors of the Contractors. For this project, TRS had contracts with 11 Contractors, including [TRS Contractor 1] and [TRS Contractor 2]. Once TRS received the submissions, it would review the proposed IT professionals and select a candidate for the position. TRS would pay the Contractor for the professional's services according to a previously-set fixed hourly rate.

In September 2018, TRS selected [TRS Contractor 1] subcontractor Jay Singh as a contractual Project Manager for the Gemini Project. [TRS Contractor 1] subcontracted Mr. Singh through Singh 3 Consulting, Inc. (Singh 3), a Georgia corporation for which Mr. Singh served as the President and Chief Executive Officer (CEO). Then, on August 5, 2019, TRS hired Mr. Singh into State employment as the TRS Chief Information Officer (CIO). Jana Bergschneider was the TRS Chief Financial Officer (CFO), and also temporarily served as the TRS Acting CIO who supervised Mr. Singh when he worked as the Project Manager.³ Richard Ingram served as the TRS Executive Director.

While the Office of Executive Inspector General's (OEIG) investigation was pending, Mr. Singh resigned from TRS employment, [Personal Information Redacted],⁴ and Mr. Ingram resigned following a TRS internal investigation unrelated to the allegations in this case.

II. SUMMARY OF THE ALLEGATIONS

The OEIG received multiple complaints making numerous allegations involving Mr. Singh's work at TRS, both contractually as the Project Manager and as the CIO, [pursuant to footnote 19, the OEIG concludes that an allegations is "founded" when it has determined that there is reasonable cause to believe that a violation of law or policy has occurred, or that there has been fraud, waste, mismanagement, misconduct, nonfeasance, misfeasance, or malfeasance. The information in this sentence is redacted because it relates to an allegation that the OEIG determined was unfounded. Therefore, the Commission exercises its discretion to redact this part of the sentence pursuant to 5

¹ 40 ILCS 5/16-101.

² 40 ILCS 5/16-163.

³ Ms. Bergschneider served as the Acting Chief Technology Officer (CTO). TRS then changed the position title from CTO to CIO. For ease to the reader, this Final Report will use the CIO position title for both positions throughout this report.

⁴ [Identifying information redacted].

ILCS 430/20-52(a)].⁵ This report focuses on the OEIG’s investigation of Mr. Singh’s alleged conflict of interest between his TRS CIO duties and his involvement with Singh 3, and the manner in which TRS handled the conflict of interest issue. [The information in this sentence is redacted because it relates to an allegation that the OEIG determined was unfounded. Therefore, the Commission exercises its discretion to redact this sentence pursuant to 5 ILCS 430/20-52(a)].⁶

During the course of the OEIG’s investigation, TRS retained a private law firm to conduct an internal investigation into some of the same allegations made to the OEIG that involved Mr. Singh, [Identifying Information Redacted], and the Gemini Project. As part of that internal investigation, the law firm interviewed Mr. Singh and Ms. Bergschneider, both of whom were still employed at TRS at that time, as well as several other TRS employees.

III. SUMMARY OF INVESTIGATION

A. Background On Mr. Singh’s Employment As The TRS Project Manager

1. TRS’ Hiring of Mr. Singh as the Project Manager

According to documents obtained from TRS, the Task Order for the Project Manager position was awarded to Mr. Singh, who was the candidate submitted by [TRS Contractor 1]. [TRS Contractor 1] sent the executed Task Order to TRS along with a letter dated September 10, 2018, stating their intent to utilize Singh 3 as a subcontractor for the Project Manager position. Mr. Singh began working as the Project Manager on October 1, 2018.

2. Mr. Singh’s Involvement in the Task Order Process while Project Manager

On October 29, 2019, the OEIG interviewed TRS Purchasing Officer [TRS Employee 1], whose duties include handling TRS procurements. [TRS Employee 1] said that after Mr. Singh was hired as the Project Manager, he wrote the Task Order Requests that were issued under the Gemini Project. According to [TRS Employee 1], Mr. Singh was not on the selection team, but she would send the information to him and believed, based on emails she saw, that he chose who would be interviewed and sat in on the interviews. [TRS Employee 1] also said that Mr. Singh

⁵ The other complaints received were assigned OEIG case numbers 19-1532, 19-01613, 19-01633, 19-1818, 19-01874, 19-01875, 19-02195, and 19-02335, and were closed down to this OEIG case number 19-01857.

⁶ [Redacted]

[The information in this paragraph is redacted because it relates to an allegation that the OEIG determined was unfounded. Therefore, the Commission exercises its discretion to redact this paragraph pursuant to 5 ILCS 430/20-52(a)].

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assigned the percentages to the interview criteria that were used for scoring the candidates. She said that each person on the interview panel would score the interviewee and send the scoresheets to her to compile, but sometimes Mr. Singh made the decision on who would be selected for the position prior to her receiving all of the scoresheets.

On December 12, 2019, the OEIG interviewed TRS Director of Internal Audit and Risk Stacy Smith, who also said that after Mr. Singh was hired as the Project Manager in October 2018, he wrote the Task Order Requests, picked who he wanted to interview, and sat in on and asked questions during the interviews. According to Ms. Smith, Mr. Singh told the interviewers who to select and the interviewers were then expected to make the candidates' scores reflect that person as the highest scoring candidate. Ms. Smith added that Mr. Singh also determined the grading sheets used by the interviewers to score the candidates.

3. Mr. Singh's Involvement as Project Manager in Hiring Singh 3 Subcontractors

[Singh 3 Candidate 1]

On October 29, 2018, TRS issued a Task Order Request for a part-time Software Developer. The position was filled by [Singh 3 Candidate 1], a candidate provided by [TRS Contractor 2] through its subcontractor Singh 3. Emails reflect that Mr. Singh's involvement in the award of this Task Order included:

- asking [TRS Employee 1] to review the Task Order Request to ensure he did not miss anything, and telling her to issue it that afternoon;
- instructing [TRS Employee 1] that they only needed one resume per vendor;
- opining that they did not need to review a submission by one vendor;
- stating that he would discuss with Ms. Bergschneider whether an award letter should be sent to Contractor [TRS Contractor 2]; and
- emailing [TRS Employee 1] and others a candidate evaluation and scoring sheet listing the criteria to be evaluated and the percentage to be applied to those criteria for candidates, after he advised [TRS Employee 1] that he would update the scoring percentages.

Records reflect that only one candidate was scored: [Singh 3 Candidate 1]. [Singh 3 Candidate 1] was awarded the Software Developer position on November 9, 2018, and on April 15, 2019, he started a new position as a Senior Technical Systems Analyst.

During her OEIG interview, Ms. Smith said that Mr. Singh hired [Singh 3 Candidate 1], who worked for Singh 3 and was subcontracted through [TRS Contractor 2]. Although the Task Order Request had listed a preference for at least 90% of the work to be performed on site in Springfield, Ms. Smith added that [Singh 3 Candidate 1] worked from India and was never on site at TRS. During her OEIG interview, [TRS Employee 1] said that Ms. Bergschneider told her to execute [Singh 3 Candidate 1]'s subsequent promotion with an increase in pay from \$75 per hour to \$105 per hour, and added that at that time, Mr. Singh was in Ms. Bergschneider's office every workday for half of the day.

[Singh 3 Candidate 2] and [Singh 3 Candidate 3]

On January 10, 2019, TRS issued a Task Order Request for a full-time Senior Technical Systems Architect, which subsequently was reissued with adjustments. The Task Order was filled by [Singh 3 Candidate 2] and [Singh 3 Candidate 3], who were candidates provided by [TRS Contractor 1] through its subcontractor Singh 3. Emails reflect that Mr. Singh's involvement in the award of this Task Order included:

- selecting the title of the position;
- asking [TRS Employee 1] to complete the Task Order Request and send it to him for his review, and asking evaluation team members to review the Task Order Request he “put together”;
- determining that there would not be a restriction on the number of resumes a Contractor could submit;
- stating that he would attend the interview;
- asking [TRS Employee 1] and others to set up an interview with [Singh 3 Candidate 2];
- directing [TRS Employee 1] to extend the Task Order Request deadline and to update the percentage of on-site work; and
- asking [TRS Employee 1] to “...confirm this candidate [[Singh 3 Candidate 3]]” and “close” the Task Order Request.

[Singh 3 Candidate 2] and [Singh 3 Candidate 3] were the highest scoring candidates, and both were hired through [TRS Contractor 1]. They both began working in their positions on March 18, 2019, however, [Singh 3 Candidate 3] ended his contract after working only two days.⁷

In her OEIG interview, [TRS Employee 1] said that at some point she learned that someone had contacted the OEIG about TRS and she started wondering what that person knew that she did not know. Therefore, she said, on July 26, 2019, she began requesting subcontractor information from all the TRS contractors with active Task Order Requests. She said prior to requesting this information from the Contractors, she assumed that the persons being hired under the Task Order Requests were being hired as individuals and not through a company. [TRS Employee 1] said that on July 31, 2019, [TRS Contractor 1] responded that they intended to utilize Singh 3 as a subcontractor for [Singh 3 Candidate 2] for the Senior Technical Systems Architect position.

B. Mr. Singh's Conflict Of Interest During His Employment As CIO

On August 5, 2019, Mr. Singh began full-time employment as the CIO at TRS. At the time of his hire as TRS CIO, Mr. Singh provided to TRS a copy of a letter from himself to Singh 3 dated August 4, 2019, reflecting that he was resigning from his positions at Singh 3 and severing all ties, financial interests, and management control with the business, effective at the end of that day. Evidence gathered in the OEIG investigation, however, revealed that Mr. Singh remained involved

⁷ According to emails, [Singh 3 Candidate 3] ended his employment after working only 16 hours because he was unhappy with his living arrangements.

with Singh 3 after he became the TRS CIO, and that his close relatives also were involved with Singh 3.

1. Mr. Singh's Continued Involvement with Singh 3

On October 10, 2019, over two months after Mr. Singh claimed to have resigned from his Singh 3 positions, the Singh 3 website⁸ reflected a contact email address for the business as “jsingh@singh3.com” and listed a phone number for the business that was the same cell phone number listed for Mr. Singh in his TRS personnel file on an employee emergency information form dated July 2019.

A review of the Georgia Secretary of State (SOS) website reflected that, as of October 10, 2019, Jay Singh served both as the CEO and the Registered Agent for Singh 3.⁹ The Georgia SOS records also reflected that [Family Members 1] were officers in Singh 3. Mr. Singh's TRS personnel file listed [Family Members 1] as his [family members 1]. Publicly available county tax records reflected that [Family Members 1] owned the home that Mr. Singh listed as his address in his TRS personnel records when he became the CIO.¹⁰

While still employed by TRS, Mr. Singh was interviewed on February 20, 2020 as part of the TRS internal investigation. According to the internal investigation report, Mr. Singh admitted that he had not removed himself as a Singh 3 officer on Singh 3's corporate registration with the Georgia SOS as of the date of his interview. Mr. Singh claimed that his [family members 1] were Singh 3's sole shareholders, although he admitted that he did not sign any documents to transfer his shares of stock to his [family members 1]. According to the internal investigation report, Mr. Singh said that besides his August 4, 2019 letter to TRS, the only other actions he took to sever his ties with Singh 3 were signing over the Singh 3 bank account and informing his accountant.

The Georgia SOS website reflected that on February 20, 2020 (the day of Mr. Singh's interview in the internal investigation), the Singh 3 corporate information was changed to reflect that [Family Members 1] were the only officers for Singh 3, and that [Family Member 2] was an “Authorized Person” for the corporation. Mr. Singh's TRS personnel file reflected that [Family Member 2] was his [family].

2. OEIG's Review of Singh 3 Bank Records

Based on information in Mr. Singh's TRS personnel file, the OEIG first subpoenaed the records for Mr. Singh's personal banking account at [Bank 1] from February through December 2019. Upon review of these records, the OEIG saw monthly credits to Mr. Singh's checking account from February through July 2019 listed as “Payroll – Deposit” from a [Bank 2] checking account and issued a subpoena to [Bank 2] for accounts in the names of Jay Singh and Singh 3.

The OEIG obtained records from [Bank 2] for a Singh 3 checking account for a one-year

⁸ <http://singh3consulting.com>.

⁹ <https://ecorp.sos.ga.gov/>.

¹⁰ <https://tax.co.sangamon.il.us/SangamonCountyWeb/app/displayOwnerHistory.action?parcelNumber=22050329012&pendingDocumentNumber=>.

period, from February 2019 through February 2020, spanning the months both before and after Mr. Singh began working as the TRS CIO. The records included a signature card with the names of [Family Members 1], dated September 6, 2019. The records also reflected under “withdrawals and other debits” on the Singh 3 banking statements, both before and after Mr. Singh began working as the TRS CIO, large monthly deductions from Singh 3’s [Bank 2] checking account to what appeared to be an [Credit Card Company] account that referenced “Jay Singh.” For example, in the Singh 3 checking account statement for the month of February 2019, the following was listed under withdrawals or other debits:

02/04/19 [CREDIT CARD COMPANY] DES:ACH PMT ID:[AXXXX]
 INDN:Jay Singh
 CO ID: [3XXXX] CCD -4,744.69

With the exception of the dates and amounts of the withdrawals, each monthly withdrawal thereafter listed nearly identical information except for the “ID” number. Each withdrawal was for “[CREDIT CARD COMPANY] DES: ACH PMT” and “INDN:Jay Singh CCD” and all listed “CO ID:[3XXXX]” with the exception of one withdrawal in September 2019 that differed by one number and listed “CO ID:[1XXX].” The withdrawal dates and amounts from the Singh 3 checking account referencing “[CREDIT CARD COMPANY] DES: ACH PMT” and “INDN:Jay Singh CCD” are as follows:¹¹

Payments Made Before Mr. Singh’s Employment at TRS

02/04/19	\$ 4,745
03/04/19	\$11,632
04/03/19	\$ 7,724
05/03/19	\$ 4,458
06/03/19	\$10,095
07/03/19	\$10,254

Payments Made After Mr. Singh’s Employment at TRS

08/05/19	\$ 8,733
09/09/19	\$ 3,980
10/03/19	\$ 3,305
11/04/19	\$ 2,032
01/03/20	\$ 1,857
02/03/20	\$ 9,010

Total Payments After TRS Hire: \$30,116

The OEIG also subpoenaed [Credit Card Company] account records for accounts in the name of or under the signature authority of Jay Singh or Singh 3 from June 2019 through March

¹¹ The amounts in this Final Report have been rounded to the nearest dollar.

2020. The records produced by [Credit Card Company] confirmed that Mr. Singh had an [Credit Card Company] account. [Credit Card Company], however, did not identify the account to which the payments referencing “INDN: Jay Singh” from the Singh 3 [Bank 2] account were made.¹²

3. Mr. Singh’s Involvement as CIO in Hiring a Singh 3 Subcontractor

In October 2019, TRS issued a Task Order Request for a Business Analyst position. The position was filled by [Singh Candidate 4], a candidate provided by [TRS Contractor 1] through its subcontractor Singh 3. Mr. Singh, after he became the TRS CIO, was actively involved in this Task Order award as shown in the following TRS records between October 7 and 28, 2019:

October 7, 2019 Mr. Singh emailed and asked [TRS Employee 1] to issue a Task Order Request for a Business Analyst position and wrote that per their discussion, he had updated the description.

October 10, 2019 Mr. Singh emailed [TRS Employee 1], asking her to inform a Contractor that TRS would not accept their candidate’s proposed rate for the position, and/or to decline the Contractor’s offer to submit additional candidates.

October 15, 2019 [TRS Contractor 1] submitted [Singh Candidate 4] as a candidate for the position by email, and [TRS Employee 1] forwarded the email to Mr. Singh and others.

October 16, 2019 Mr. Singh emailed the TRS IT Administrator, asking her to set up interviews of three candidates, including [Singh Candidate 4].

October 25, 2019 [TRS Employee 1] emailed and informed [TRS Contractor 1] that TRS wanted to select [Singh Candidate 4], and asked [TRS Contractor 1] to disclose subcontracting information, if any, for [Singh Candidate 4]. [TRS Contractor 1] then advised [TRS Employee 1] that they subcontracted with Singh 3 for [Singh Candidate 4] at a rate of \$140 per hour.

October 28, 2019 A Task Order award to [Singh Candidate 4] was executed on behalf of TRS with a signature in the name of Mr. Singh.

According to the internal investigation report, Mr. Singh admitted that he talked to the scoring team about [Singh Candidate 4] and told the scoring team that he had worked with her in the past and she had good skills.

¹² The OEIG made multiple attempts to obtain more information from both [Credit Card Company] and [Bank 2] regarding the payments from the Singh 3 checking account to the [Credit Card Company] account referencing “INDN: Jay Singh.” Due to the ongoing Coronavirus pandemic, responses to these inquiries were significantly delayed and the OEIG’s efforts to obtain more information were unsuccessful.

4. TRS's Knowledge of Mr. Singh's Continued Involvement with Hiring Singh 3 Employees

When Mr. Singh began work as the TRS CIO on August 5, 2019, various TRS managers were aware that [TRS Contractor 1] planned to continue using Singh 3 as a subcontractor for TRS work. According to [TRS Employee 1], in late July 2019, shortly before Mr. Singh's start date as TRS CIO on August 5, 2019, she first learned that [TRS Contractor 1] had subcontracted at least one individual through Singh 3. On August 2, 2019, [TRS Contractor 1]'s CEO emailed [TRS Employee 1] to confirm that it was not a problem for [TRS Contractor 1] to continue to use Singh 3 as a subcontractor. On August 5, 2019, [TRS Employee 1] forwarded the CEO's email to TRS then-Human Resources Director Gina Larkin, then- Chief Legal Counsel Marcilene Dutton, and Senior Legal Counsel and Ethics Officer Cynthia Fain, copying CFO Ms. Bergschneider, asking for an answer to the CEO's question.

[TRS Employee 1] responded by email later that day to the [TRS Contractor 1] CEO stating that TRS saw no issues with [TRS Contractor 1] continuing to use Singh 3 as a subcontractor. A printout of [TRS Employee 1]'s initial August 5, 2019 email, which TRS produced in the investigation, contained the handwritten notation, in part, "It is our understanding, Jay Singh has severed ties with Singh 3. Accordingly, we see no issues at this time w/ [TRS Contractor 1] [sic] utilizing Singh 3 as a subcontractor." In her OEIG interview, [TRS Employee 1] identified the handwritten notation as having been made by then-Chief Legal Counsel Ms. Dutton.

[TRS Employee 1] also stated in her interview that, after Mr. Singh provided TRS with a resignation letter stating that he was severing all ties with Singh 3, the letter was discussed in a meeting with Ms. Dutton, Ms. Bergschneider, Ms. Larkin, and Ms. Fain on August 5, 2019.¹³ According to [TRS Employee 1], during the meeting it was discussed that Executive Director Ingram was aware. [TRS Employee 1] stated that Ms. Fain brought up that they needed to verify that Mr. Singh was no longer on the Singh 3 bank account. [TRS Employee 1] also stated that she raised a question about Mr. Singh's Statement of Economic Interest form but Ms. Dutton, the Chief Legal Counsel, responded that it was "ok" because the form only applied to immediate family members living in the same household. [TRS Employee 1] also said she brought up issues with Singh 3 and Mr. Singh's employment at TRS to Ms. Fain, the Ethics Officer, and Ms. Fain stated that she (Ms. Fain) was not an investigator, but [TRS Employee 1] should do what she needed to do.

- C. **[The information in this subsection is redacted because it relates to an allegation that the OEIG determined was unfounded. Therefore, the Commission exercises its discretion to redact this paragraph pursuant to 5 ILCS 430/20-52(a)].**

[The information in this paragraph is redacted because it relates to an allegation that the

¹³ According to TRS, Ms. Larkin and Ms. Dutton subsequently departed TRS employment.

OEIG determined was unfounded. Therefore, the Commission exercises its discretion to redact this paragraph pursuant to 5 ILCS 430/20-52(a)].

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D. The OEIG's Attempts To Interview Mr. Singh And Ms. Bergschneider

While the OEIG investigation was pending, Mr. Singh submitted a resignation letter dated April 2, 2020, effective that day, which indicated that he was asked to resign from TRS. In addition, Ms. Bergschneider was terminated from TRS employment on July 2, 2020, based upon her "...work performance and conduct related to the procurement process on the Gemini Project...." The OEIG requested to interview both Mr. Singh and Ms. Bergschneider after they left TRS employment, but both declined to be interviewed by the OEIG.

E. The OEIG's Request For Updates From TRS

On March 12, 2021, the OEIG requested updates from TRS on whether any changes had been made and/or staff trainings conducted on their conflict of interest policies, since Mr. Singh left TRS employment. On March 24, 2021, TRS responded that it had a review conducted of the Gemini Project, terminated [TRS Contractor 1] and [TRS Contractor 2], and sent a letter to the Sangamon County State's Attorney.¹⁷ In addition, TRS stated that it had established a Contracts and Procurement staff committee to oversee procurement practices and updated Task Order Request procedures to require that subcontractors be listed. TRS further stated that it was in the process of establishing a fraud hotline and planned on conducting procurement training for staff and reviewing their personnel policies after a new Human Resources Director started employment on April 1, 2021.

¹⁴ [The information in this paragraph is redacted because it relates to an allegation that the OEIG determined was unfounded. Therefore, the Commission exercises its discretion to redact this paragraph pursuant to 5 ILCS 430/20-52(a)].

¹⁵ [The information in this paragraph is redacted because it relates to an allegation that the OEIG determined was unfounded. Therefore, the Commission exercises its discretion to redact this paragraph pursuant to 5 ILCS 430/20-52(a)].

¹⁶ [The information in this paragraph is redacted because it relates to an allegation that the OEIG determined was unfounded. Therefore, the Commission exercises its discretion to redact this paragraph pursuant to 5 ILCS 430/20-52(a)].

¹⁷ TRS stated that its notification was sent pursuant to a fraud provision in the Illinois Pension Code (40 ILCS 5/1-135). The Illinois Pension Code provides that any reasonable suspicion by a trustee or board member of a retirement system or pension fund of a false statement or falsified record being submitted or permitted by a person under the Pension Code shall be immediately referred to certain boards or the State's Attorney where the alleged fraudulent activity occurred.

IV. ANALYSIS

A. Mr. Singh's Conflict Of Interest As The TRS CIO

TRS policy prohibits employees from having any interest, financial or otherwise, direct or indirect; engaging in any business, transaction, and professional activity; or incurring any obligation that is in substantial conflict with the proper discharge of his or her duties or responsibilities to TRS membership.¹⁸ TRS employees are required to disclose any relationship with a vendor under consideration or an official representative where such relationship could call into question the impartiality of the employee in the decision making process.¹⁹ The employee's supervisor and the Ethics Officer are to review the particulars of the relationship to determine the appropriate course of action to ensure the selection process remains fair and in the best interest of TRS.²⁰

Evidence shows that Mr. Singh remained involved with Singh 3 after submitting the August 4, 2019 letter claiming that he had severed all ties with the business. Long after Mr. Singh became TRS CIO, the Georgia SOS still showed that he was the CEO and Registered Agent for Singh 3. For at least two months after his alleged resignation from Singh 3, the Singh 3 website listed Mr. Singh's personal cell phone number and an email address in his name as contact information for the company. Mr. Singh's [family members 1] who were listed officers in Singh 3, owned the home where Mr. Singh lived, and his [family] was an "Authorized Person" for the corporation after Mr. Singh became the TRS CIO. Additionally, in the six months after Mr. Singh became the CIO, \$30,116 was paid from Singh 3's checking account to an [Credit Card Company] account in transactions identified in the name "Jay Singh."

Despite Mr. Singh's significant involvement with Singh 3, Mr. Singh was actively involved in filling the Task Order Request that was awarded to Singh 3 subcontractor [Singh Candidate 4]. Mr. Singh updated the description for the position, directed [TRS Employee 1] to issue the Task Order Request, rejected a candidate submitted by another Contractor, directed the IT Administrator to schedule interviews with [Singh Candidate 4] and other candidates that Mr. Singh identified, and executed the Task Order award to [Singh Candidate 4] on behalf of TRS. In an interview in the internal investigation, Mr. Singh admitted that he told the scoring team that he had worked with [Singh Candidate 4] in the past and she had good skills. Based on the foregoing, there is reasonable cause to conclude that Mr. Singh had a conflict of interest as the TRS CIO, when he was involved in awarding a position to a candidate subcontracted through a business he and/or his close family members operated, and this allegation is **FOUNDED**.²¹

¹⁸ TRS Personnel Policies & Procedures Manual (Section V, Policy 510, Ethics and Standards of Conduct, (A) Conflict of Interest – Prohibition.

¹⁹ TRS Personnel Policies & Procedures Manual (Section V, Policy 510, Ethics and Standards of Conduct, (B) Impartiality.

²⁰ *Id.*

²¹ The OEIG concludes that an allegation is "founded" when it has determined that there is reasonable cause to believe that a violation of law or policy has occurred, or that there has been fraud, waste, mismanagement, misconduct, nonfeasance, misfeasance, or malfeasance.

While many of the relevant employees are no longer at TRS including the legal counsel, Ethics Officer, and Mr. Singh's supervisor, the lack of TRS action regarding this conflict is disconcerting. There was a discussion with managers on the issue at the time Mr. Singh started as CIO. It appears that managers believed the issue was sufficiently dealt with by solely relying on Mr. Singh's representation that he was severing ties with Singh 3. No action was taken or follow up conducted by TRS. While the OEIG agrees that TRS managers do not have to be investigators, there is a duty of managers to at least determine an appropriate course of action when presented with an actual or perceived conflict. For instance, it does not appear that anyone inquired of TRS employee, Mr. Singh, with regard to how he was going to sever all ties and who would be taking over Singh 3—a business that continued to do work for TRS. Nor does it appear that anyone ever considered whether a conflict continued to exist if Mr. Singh's relatives took over the business. Best practices dictate that TRS, at minimum, have a more detailed process in place for analyzing a conflict issue, including identifying what type of inquiry will be made by TRS of the possibly conflicted employee; who at TRS will vet the issue and make recommendations; and who at TRS will make the ultimate decision of how to proceed to best ensure the State employee is not, nor appears to be, acting in their own interest over those of the State.

Last month the OEIG requested an update as to actions the agency had taken particularly with regard to their conflict of interest practices. While TRS has taken some steps to address the wrongdoing in this case, it has not taken any action to address its conflict of interest procedures. The OEIG highly recommends TRS promptly address its practices and procedures regarding conflicts of interest. By doing so, TRS can potentially prevent the problems such as those that occurred in this case, rather than dealing with the aftermath.

- B. [The information in this subsection is redacted because it relates to an allegation that the OEIG determined was unfounded. Therefore, the Commission exercises its discretion to redact this paragraph pursuant to 5 ILCS 430/20-52(a)].**

V. FINDINGS AND RECOMMENDATIONS

As a result of its investigation, the OEIG concludes that there is **REASONABLE CAUSE TO ISSUE THE FOLLOWING FINDINGS:**

- **FOUNDED** – Mr. Singh had an interest in Singh 3 that was in substantial conflict with the discharge of his TRS duties, in violation of TRS policies.
- **[The information in this paragraph is redacted because it relates to an allegation that the OEIG determined was unfounded. Therefore, the Commission exercises its discretion to redact this paragraph pursuant to 5 ILCS 430/20-52(a)].**

²² [The information in this paragraph is redacted because it relates to an allegation that the OEIG determined was unfounded. Therefore, the Commission exercises its discretion to redact this paragraph pursuant to 5 ILCS 430/20-

52(a)].

Because Mr. Singh is no longer employed at TRS, the OEIG recommends that TRS place a copy of this report in his personnel file, that Mr. Singh not be rehired by the State, contractually or as a direct employee, and that the State no longer utilize Mr. Singh or Singh 3 as a contractor or subcontractor.

As mentioned, the OEIG also highly recommends that TRS implement more detailed procedures for addressing conflicts of interest issues, and ensure that employees are aware of and trained on such procedures. The OEIG requests that TRS detail this plan in its response to this report.

No further investigative action is needed, and this case is considered closed.

Date: May 19, 2021

Office of Executive Inspector General
for the Agencies of the Illinois Governor
607 E. Adams Street, 14th Floor
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By: **Melissa Rollins**
Assistant Inspector General #154

Travis Howard
Investigator #123



Office of Executive Inspector General
for the Agencies of the Illinois Governor

www.inspectorgeneral.illinois.gov

**AGENCY OR ULTIMATE JURISDICTIONAL AUTHORITY
RESPONSE FORM**

Case Number: 19-01857

Return 20 Days After Receipt

Please check the box that applies. (Please attach additional materials, as necessary.)

We have implemented all of the OEIG recommendations. Please provide details as to actions taken:

The Teachers' Retirement System of the State of Illinois ("**TRS**") has implemented all of the OEIG recommendations, and will continue to improve its policies and procedures for addressing potential conflicts of interest.

As a threshold matter, TRS did not wait until the OEIG issued its Final Summary Report ("**Report**") to address the issues identified in the Report. As the OEIG is aware, upon learning of the issues identified in the Report, the TRS Board of Trustees retained outside counsel to conduct its own internal investigation and acted swiftly to make changes upon the conclusion of TRS's investigation. TRS terminated the employment of Jay Singh, severed its relationship with Singh3 Consulting, Inc. ("**Singh3**") and the contractors and subcontractors affiliated with Singh3 - [REDACTED]

[REDACTED]. TRS has also placed these entities on its prohibited contractor list.

TRS has also made numerous personnel changes to address the issues raised in the Report.

The OEIG made two specific recommendations in its report. TRS has implemented both.

1. Placing Copy of Report in Mr. Singh's Personnel File

The OEIG recommended that (i) TRS place a copy of the OEIG report in Mr. Singh's personnel file, (ii) Mr. Singh not be rehired by the State, and (iii) the State no longer utilize Singh3 as a contractor or subcontractor.

TRS has placed the OEIG report in Mr. Singh's personnel file, will not rehire him as an employee, contractor, or subcontractor, and put Mr. Singh and Singh3 on TRS's list of prohibited vendors.

2. Implementation of More Detailed Procedures for Addressing Conflicts of Interest and Training TRS Personnel

The OEIG recommended that TRS implement more detailed procedures for addressing conflicts of interest issues and train its personnel. TRS has done four things to implement this recommendation.

First, since receiving the Report, TRS has retained outside counsel to review and recommend changes to its conflicts of interest provisions in TRS's *Personnel Policies and Procedures Manual* to more clearly set forth procedures for identifying, reporting, and avoiding conflicts of interest.

Second, TRS has implemented new requirements in its procurement process. TRS has created a procurement committee of senior personnel, which personnel include TRS's General Counsel, Chief Financial Officer, Executive Director, Purchasing Officer, and Director of Internal Audit. The procurement committee is required to meet and approve procurements made by TRS. This new process creates more oversight, as well as a written record and documentation for all procurement decision.

Third, TRS is in the process of implementing a whistleblower hotline so any individuals wishing to raise potential conflicts of interest can do so anonymously. TRS issued an RFP in early 2021 for a vendor to administer this program and signed a contract in early June of 2021.

Fourth, with the implementation of the whistleblower hotline, TRS will require all employees to undergo training on (i) TRS's conflicts of interest policies, (ii) the procurement process, and (iii) the new whistleblower hotline.

- We will implement some or all of the OEIG recommendations but will require additional time to do so.
We will report to OEIG within _____ days from the original return date.

- We do not wish to implement some or all of the OEIG recommendations. Please provide details as to what actions were taken, if any, in response to OEIG recommendations:



Signature

Teachers' Retirement System
Acting Executive Director

Print Agency and Job Title

Stan Rupnik

Print Name

6/8/2021

Date