

**STATE OF ILLINOIS
DEPARTMENT OF TRANSPORTATION**

IN THE MATTER OF,)

McDonough Associates, Inc.,)

Respondent(s))

2012-S-001

Feroz Nathani, President
McDonough Associates, Inc.
130 East Randolph Street, Suite 1000
Chicago, IL 60601-6214

NOTICE OF INTERIM SUSPENSION AND ACTION TO SEEK SUSPENSION

The Chief Procurement Officer for the State of Illinois, Department of Transportation ("CPO"), pursuant to Title 44 Illinois Administrative Code, Sections 6.510, 6.520, and 6.610, in order to safeguard the public interest in the solicitation, execution, administration and performance of public contracts hereby notifies McDonough Associates, Inc. ("MAI") that the CPO proposes to suspend MAI from participating on any contract awarded by or requiring approval or concurrence of the Illinois Department of Transportation (herein "Department").

The bases for this action are detailed in the Department's Audit Report No. 11-22-001, attached as Attachment 1. The Department reviewed records of MAI for its fiscal years ending December 31, 2000 through December 31, 2009 for the purpose of assessing the factual basis for MAI's overhead rates reflected in its financial submissions to the Department, as well as to determine whether MAI is utilizing an appropriate system of accounting practices and controls. The Findings are summarized as follows:

1. MAI improperly included dividends disguised as bonuses in its overhead compensations (see Finding 1);
2. MAI failed to properly code time to its Direct Labor cost accounts (see Finding 2);
3. MAI improperly included direct costs into its transportation expenses (see Finding 3);

4. MAI improperly included direct project settlement costs into its legal and accounting expenses (see Finding 4);
5. MAI made false or improper charges or recording of costs to its overhead account as evidenced by "Post-It" notes which show the actual direct projects which should have been charged, bringing into question the integrity of entries in the entire account. (See Finding 5);

MAI, through its acts, omissions and/or misconduct, whether or not any such misconduct or offense is in connection with a Department contract or any contract requiring Department approval, has demonstrated it lacks the responsible business integrity and/or honesty to contract with the Department.

INTERIM SUSPENSION

Pursuant to 44 Illinois Administrative Code, Section 6.530, I find that immediate action is necessary to safeguard the public interest in the solicitation, execution, administration and performance of public contracts. The reasons for the interim suspension are set for in paragraphs (1) through (5) above and the Illinois Department of Transportation Audit Report No. 11-22-001, attached as Attachment 1. Therefore, effective immediately and until a hearing on the merits, if necessary, MAI is placed on suspension. MAI is suspended from participating on any contract awarded by or requiring approval or concurrence of the Department and MAI shall not be eligible for selection as a consultant, for approval as a subconsultant under prime consultant proposals, or for approval in either capacity on a contract with a local agency subject to the approval of the Department of Transportation, pending further notice. However, pursuant to Section 6.600, if the CPO makes a finding on a contract by contract basis that the public interest so warrants, MAI may be allowed to continue to work on existing executed contracts with the Department, but the CPO reserves the right to void any contracts pending further review and consideration.


RESPONDENT'S RIGHTS UNDER THE CODE

1. Any contractor receiving a notice of the intent of the Department to seek suspension may, within thirty (30) days after receipt of a notice, file an appearance and request for hearing. A contractor that does not file an appearance and request a hearing within the thirty (30) days after receipt shall be deemed to have waived any hearing and will be subject to immediate suspension. (44 Ill. Admin. Code 6.620(a))
2. Upon receipt of an appearance and request for hearing, the CPO will set the matter for a hearing within thirty (30) days, and notify the contractor of the place, time and date of the hearing and the designated hearing officer. (44 Ill. Admin. Code 6.630)
3. The contractor may file a written notice for disqualification of a Hearing Officer, setting forth reasons of personal bias or conflict of interest, within three (3) days after the appointment of the Hearing Officer. (44 Ill. Admin. Code 6.630)
4. The contractor may file a written answer to a notice not later than twenty (20) days prior to the hearing date, but shall not be required to file an answer. The answer may include affirmative defenses. (44 Ill. Admin. Code 6.640)
5. Within 30 days after receipt of a notice that imposes an interim suspension, the contractor may submit, in person, in writing, or through a representative, information, documentation and argument in opposition to the interim suspension. The CPO will consider the contractor's submission in light of the evidence developed in the pending investigation, and may modify or terminate the suspension or may leave it in force. The Chief Procurement Officer's decision concerning imposition of an interim suspension is final without further hearing (44 Ill. Admin. Code 6.620(b)).

6. Notices shall be directed to Bill Grunloh, Chief Procurement Officer, 2300 S. Dirksen Parkway, Springfield, IL 62764.

This Notice of Interim Suspension and intent to seek suspension is issued and served this 12 day of January 2012 at Springfield, Illinois.

Department of Transportation



Bill Grunloh, Chief Procurement Officer

Bill Grunloh, Chief Procurement Officer
2300 S. Dirksen Parkway, Room 200
Springfield, IL 62764
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