



Office of the Inspector General

Administrative and Procedural Policies (APPs)

Approved by the CHA Board of Commissioners
November 16, 2021

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SECTION I – INTRODUCTION

1.1 Authority, Purpose and Scope

These Policies:

1. Are issued pursuant to the authority provided by the Board of Commissioners action approved on November 16, 2021, Office of the Inspector General Charter (OIG Charter) to provide guidance and standards concerning activities of the Chicago Housing Authority (“the Authority”) Office of the Inspector General (OIG);
2. Are issued to ensure compliance with the law, promote the use of best practices, foster accuracy in the performance of OIG activities, and provide transparency regarding the procedures and standards for the conduct of those activities;
 - (i) reflect existing and accepted OIG practice;
 - (ii) may, within the scope of other applicable laws or authority, vary from one OIG inquiry or another based on operational contingency and need, and;
 - (iii) do not confer any rights upon a subject or witness of an OIG investigation, audit or review;
3. Apply to all OIG activity except as otherwise directed (pertaining to certain sections of these Policies) by the Prosecuting agency. The Prosecuting agency includes the United States Attorney’s Office, the Illinois Attorney General’s Office, and the Cook County State’s Attorney’s Office.

SECTION II – ORGANIZATION MISSION AND JURISDICTION

2.1 Mission

The OIG is an independent, oversight office of the Authority whose mission is to promote economy, efficiency, and integrity in the administration of programs and operations of the Authority. The OIG achieves this mission through:

- Administrative and criminal investigations
- Audits of the Authority’s programs and operations
- Inspections and reviews of the Authority’s programs, operations, and policies

From these activities, the OIG issues reports of findings, and disciplinary and policy recommendations to ensure the Authority’s officers, the Board of Commissioners, employees, contractors, vendors, subcontractors, consultants, agents, and licensees are held accountable for running efficient, cost-effective operations and to further prevent, detect, identify, expose and eliminate waste, inefficiency, misconduct, fraud, and abuse of public authority and federal funds.

2.2 Jurisdiction

1. Subject Matter Jurisdiction

Pursuant to the OIG Charter, the OIG’s [...] jurisdiction extends to “the performance of the Authority’s Board Members, employees, contractors, vendors, subcontractors, consultants, agents, and licensees; and to review the Authority’s policies, procedures, functions and programs, either in response to a complaint or on the Inspector General’s own initiative, in order to detect and prevent waste, fraud, abuse or misconduct, and promote efficiencies within the programs and operations of the Authority.”

2. Personal Jurisdiction

Pursuant to the OIG Charter, personal jurisdiction extends to the conduct of the following:

- a. All officers of the Authority in the performance of their official duties;
- b. All employees of the Authority in the performance of their duties;
- c. Members of the Board in the performance of their official duties;
- d. All agents acting on behalf of the Authority; and
- e. All contractors, vendors, subcontractors, consultants, agents, licensees and their respective employees, providing, or seeking to provide goods and services to the Authority pursuant to a contract with the Authority.

SECTION III – ADMINISTRATIVE PROTOCOL**3.1 Administration and Time Keeping**

1. The Inspector General shall report OIG business directly to the Finance and Audit Committee of the Authority's Board of Commissioners.
2. The remainder of the OIG staff shall report to the Inspector General, who will be responsible for approval of time reporting, including all time off requests such as vacation, sick time, and personal time.
3. The Inspector General shall submit exception time to the Authority's Chief Executive Officer.

3.2 Budget and Expenses

1. The Inspector General shall submit to the Audit Committee Chair and the CEO a proposed budget for the following calendar year (no later than August of the preceding year). The Finance and Audit Committee will review and approve such budget at its next scheduled meeting, but in any event prior to the initial draft submission of the Authority's overall annual budget to the Board of Commissioners annually in November for approval. The Inspector General shall submit to the Finance and Audit Committee at each scheduled meeting or at the request of the Chair of the Finance and Audit Committee, an update on the status of actual expenditures compared to the approved budget.
2. The Inspector General will provide information to the CEO or designee on the status of the OIG's budget to ensure fiscal economy. The Inspector General will collaborate with the Authority's Chief Financial Officer with respect to all revisions, amendments, or requests for additional funding after approval from the Finance and Audit Committee.
3. Travel expense requests for the Inspector General shall be submitted to the Chair of the Finance and Audit Committee for review and approval and signed by the CEO (for administrative purposes to confirm that there are sufficient funds in the OIG budget).

3.3 Personnel Actions

1. The Inspector General shall be responsible for recommendations regarding all personnel actions for the OIG staff, including hiring, separations, promotions, demotions, pay changes, disciplinary actions and the like.
2. The Inspector General shall submit for review and comment all such recommended personnel actions to the Chief Executive Officer.
3. The personnel actions and reporting of the Inspector General and OIG staff shall be accumulated and presented to the Finance and Audit Committee with all regular reporting of Authority's employee personnel actions presented to the Board.
4. In the event that such recommended personnel action has the effect of exceeding the OIG's total budget allocation, the Inspector General shall also submit such recommendations to the CEO, who

shall present such request to CHA management only after the Chairperson and Chair of the Finance and Audit Committee jointly approve such request.

5. In the event that terminations and other personnel recommendations must be made in exigent circumstances, the Inspector General shall submit the recommendation to the Finance and Audit Committee Chair.

SECTION IV – INVESTIGATIONS

4.1 Legal Duties

OIG Investigative Activities shall be conducted in accordance with all applicable laws, regulations, and policies including the following as applicable:

- The Constitution of the United States
- The Constitution of the State of Illinois
- Federal law
- Illinois law
- The Municipal Code of Chicago
- The Office of the Inspector General Charter
- CHA Ethics Policy
- Applicable Collective Bargaining Agreements
- The CHA Employee Handbook
- Applicable legal case law
- Principles and Standards for Offices of Inspector General (the National Association of Inspectors General, “Green Book”)
- The OIG Administrative and Procedural Policies
- Standards of Conduct of the OIG

4.2 Receiving Complaints and Information

The OIG shall maintain the following mechanisms for the intake of complaints and information:

1. Public website: <http://www.thecha.org/about/inspectorgeneral>
2. Email address: fraud@thecha.org
3. Telephone Hotline: (800) 544-7139
 - a) The Hotline shall be staffed with an on-duty OIG representative between the hours of 8:30 a.m. to 5 p.m.;
 - b) The Hotline shall be enabled to receive recorded messages at all other hours which shall be responded to and processed as appropriate the following regular workday, in accordance with the procedures set forth herein.
4. Facsimile: (312) 786-6623
5. United States Mail: 60 E. Van Buren 7th Floor Chicago IL 60605
6. Request a confidential meeting with the Inspector General or any members of the OIG staff.
7. Any such other means of transmittal, receipt or communication that the OIG deems will further encourage and foster receipt of complaints and information without sacrificing confidentiality.

4.3 Whistleblower Protection

The OIG shall conduct its investigations in a manner that ensures whistleblower protection, and no person shall retaliate, punish, or penalize any other person for complaining to, cooperating with or assisting the OIG in an investigatory inquiry.

4.4 Recording and Logging of Complaints

All complaints received through any and all means, including, but not limited to those means identified in the OIG Administrative and Procedural Policies shall be assigned a unique number for logging and tracking purposes.

4.5 Complaint Review and Referral

Following a review of information provided to the OIG, one of three potential actions may be taken: (a) opening an investigation, (b) referring the matter to the appropriate Authority department for investigation or to another Agency, or (c) declining to investigate the complaint for one or more reasons.

For matters referred to the appropriate Authority department, the OIG may request that, once the matter is resolved, the department provide the OIG a written response detailing any actions taken on the matter referred by the OIG.

4.6 Confidentiality

All files and reports of the Office of the Inspector General shall be confidential and shall not be divulged to any person or agency, except (a) to appropriate federal, state, or local law enforcement authority and other Offices of Inspector General, (b) as otherwise provided in the OIG Charter, (c) as otherwise authorized by the Board or its Finance and Audit Committee, (d) as otherwise authorized in public reporting of Quarterly and Annual reports, or (e) as otherwise required by law.

In addition, pursuant to the OIG Charter, an OIG Summary Report shall not include the identities of informants, complainants, witnesses or subjects unless the report recommends disciplinary action against an employee or administrative action against a vendor doing business with or seeking to do business with the Authority. If complainants or informants request their identity remain confidential, they will be notified in the event disclosure of their identity is required by law.

Pursuant to the OIG Charter and except as otherwise required by law, the Inspector General shall provide relevant investigative information along with its Summary Report of Investigation to the CEO and the head of each department affected by or involved in the investigation resulting in a disciplinary action or termination. An individual or department is not involved in the investigation merely by having provided information in the context of or related to the administrative investigation. The OIG shall provide a regular summary report of a sustained investigation to the Finance and Audit Committee within 30 days of the completion of such investigation.

Any and all investigations of employees that were not sustained will be kept confidential with the OIG, and at no time shall the not-sustained investigation report be part of the employee's personnel file.

All OIG employees shall sign acknowledging their agreement to the OIG – Standards of Conduct and all confidentiality provisions, restricting their ability to discuss investigative matters or disclose, except as

provided by law, confidential, privileged or personal information obtained in the course of their OIG employment, and are subject to disciplinary action or other legal sanction for any violation.

4.7 Opening of Investigations

1. The OIG may initiate an investigation based on
 - a. information or complaints received from:
 - (i) a known or self-identified party; or
 - (ii) an anonymous party
 - b. Its own initiative.
2. Complaints may be opened as investigations only with the approval of the Deputy Inspector General or the Inspector General;
3. Factors for consideration about whether to open an investigation, may include, but shall not be limited to:
 - a. credibility of the complainant;
 - b. reliability and accuracy of information based on the OIG's knowledge of the subject matter;
 - c. the nature of the conduct alleged;
 - d. the age of the conduct complained of;
 - e. the likely impact on the Authority's operations and administration of the Authority's programs;
 - f. the likelihood of multiple agencies including but not limited to local, state and federal law-enforcement agencies being involved;
 - g. availability of potential investigative resources necessary to prove or disprove the complaint and impact on existing case load
4. The following considerations, constituting forbidden factors that shall not be considered when determining whether to open an investigation include, but are not limited to:
 - a. the religious or political beliefs of the complainant or alleged wrongdoer;
 - b. the race, age, gender, disability, sexual orientation, national origin, marital status, military service or discharge status of the complainant or alleged wrongdoer; or
 - c. protected First Amendment conduct of the alleged wrongdoer.

4.8 Investigative Standards

All OIG investigative staff shall have requisite knowledge, skills, and abilities to conduct thorough, objective, and timely investigations. The OIG investigative staff shall use due professional care and conform to the highest legal and ethical standards in the course of their work.

The OIG supervisory staff shall be responsible for ensuring the investigatory staff members are properly trained and monitored to ensure that investigations are conducted in full compliance with the laws, and thorough, and that the reports are high quality.

OIG employees are expected to conduct their work objectively and without bias. Any potential conflict of interest (actual or perceived) must be brought to the attention of the Inspector General so that a thorough assessment can be conducted to determine what, if any, recusals are required to avoid even the appearance of a conflict of interest between the OIG employee and the OIG mission.

4.9 Scope of OIG Investigation

In order to ascertain relevant facts necessary to make findings and recommendations as required by law, an OIG investigation may include, but is not limited to:

1. Interviews with complainants, witnesses, and subjects;
2. Acquisition and analysis of relevant documents;
3. Surveillance;
4. Computer forensic analysis;
5. Covert activity or undercover operations as allowed and approved by state or federal law.

4.10 Documentation

All significant investigative activities shall be documented in the case file in a timely, accurate and complete manner consistent with OIG policies.

The OIG shall undertake to collect all relevant evidence and maintain the chain of custody to preserve its admissibility in any subsequent proceedings. The OIG shall maintain evidence tracking and logging procedures, and evidence shall be kept in a secure evidence room that only authorized OIG personnel can access. Information and evidence obtained during an investigation shall be verified by as many independent sources as are necessary and reasonable to establish the validity of such information and evidence.

4.11 Subpoenas

The OIG is authorized by the Board to issue subpoenas to compel the attendance of witnesses for purposes of examination and/or the production of documents and other items for inspection and/or duplication when requested by the Inspector General to support OIG investigations.

Subpoenas shall be issued in accordance with Illinois law, which provides the following:

1. Service must be made in the same manner as subpoenas issued under the Rules of the Illinois Supreme Court, that is, by: in-person delivery, certified mail or facsimile.
2. Return/Response Time
Subpoenas will have a return date of at least seven days from the date of service of the subpoena.
3. Objection
 - a. The person or entity to which a subpoena is directed may submit a written objection no later than the time for appearance or production required by the subpoena. The objection shall be in writing, delivered to the OIG, and shall specify the grounds for the objection.
 - b. The filing of an objection to a subpoena, and negotiations pursuant to an objection, shall not constitute refusal to comply with the subpoena, or interference with or obstruction of an investigation.
4. Processing of Objection-The OIG shall work with the Office of the General Counsel or with outside counsel to do the following:

- a. For seven days after receipt of a timely objection to a subpoena, the OIG shall take no action to enforce the subpoena or initiate prosecution of the person to whom the subpoena is directed.
- b. During this seven-day period, the OIG shall consider the grounds for the objection and may attempt to resolve the objection through negotiation with the person to whom the subpoena is directed.
- c. The seven-day period may be extended by the OIG in order to allow completion of any negotiations. The extension shall be in writing addressed to the person to whom the subpoena is directed and shall specify the date on which the negotiation period will end. Negotiations may include such matters as the scope of the subpoena and the time, place and manner of response thereto.

5. Fees/Costs

Subpoenas requiring a personal appearance shall include the appropriate statutorily required witness and or mileage fee.

6. Enforcement of Subpoenas

Any actions or activities necessary to enforce a subpoena issued by the OIG pursuant to this Section 4.11 through civil proceedings under the laws of the State of Illinois shall be pursued through the Inspector General's coordination with the CHA's Legal Department and Chief Legal Officer, who may represent the OIG in such proceedings directly or through the engagement of an outside firm at the election of the Chief Legal Officer.

4.12 Duty to Cooperate and Duty to Report

1. All Authority employees, Board Members, contractors, vendors, subcontractors, consultants, agents, licensees and their respective employees, conducting business for or on behalf of the Authority have a duty to cooperate with the OIG in any and all inquiries undertaken by the OIG pursuant to the OIG Charter, other applicable Board Resolution(s), and any policies, procedures and other methods or rules effectuating such Resolution(s); and each department's premises associated with the with the Authority or doing business with the Authority shall be made available as soon as practicable including but not limited to equipment, personnel, books, records (in any form), and paper as deemed relevant by the OIG.
2. It is the duty of every employee of the Authority, Board Members, contractors, vendors, subcontractors, consultants, agents, licensee and their respective employees to report any fraud, mismanagement, waste of funds or resources, abuse of authority, misconduct, conflict of interest, ethical violation or other improper act, by another, involving Authority business or the Authority's assets Any employee found to have knowledge of such acts and who does not report them as required herein and/or refuses to cooperate with the OIG may be subject to discipline up to and including termination. The failure of any contractor, subcontractor, vendor, consultant, agent, or licensee (and their respective employees found to have knowledge of such acts) to report such knowledge to the OIG and/or refuses to cooperate could result in cancellation of the existing contract and disqualification from further transactions with the Authority as deemed appropriate by the Board.

4.13 Interviews

1. As part of an investigation, the OIG may conduct interviews of persons with potentially relevant information, including complainants, witnesses and subjects. In all investigations, to the extent possible, the OIG shall attempt to interview the subject of the investigation. All interviews shall be conducted in accordance with existing laws. Interviews of union employees shall additionally be conducted in accordance with applicable Collective Bargaining Agreements (CBAs).
2. Status of Interviewee
The status of an interviewee depends on a number of circumstances and may change over the course of an investigation depending on the facts of the matter.
 - a. Witnesses are defined as persons who provide information and against whom formal action is not reasonably contemplated (including disciplinary, administrative or criminal sanctions).
 - b. Subjects are defined as persons against whom formal adverse action (including disciplinary, administrative or criminal sanctions) might potentially be recommended.
 - c. In the initial contact with an interviewee, the OIG shall advise the person if he or she is, at that time of the interview, is considered a witness or a subject.
3. Advisements to Subjects of Investigations

Advisements shall be provided to all subjects of investigations.

The nature of additional advisements provided to subjects depends on their status (employee/vendor/licensee; union/non-union), and whether an investigation is administrative or criminal. If the investigation is administrative, the subject will be advised of their duty to cooperate, and that they are being compelled to answer questions. If the investigation is criminal, the subject will be advised of their right not to answer questions and that their participation in the interview is voluntary. The OIG investigators shall read the appropriate advisements (administrative or criminal) out loud and provide a written copy for review before requesting a signature acknowledging that the advisements have been provided. If a subject declines to sign the acknowledgement, his/her refusal shall be documented before the interview will proceed. The acknowledgement form shall be included in the investigative file.

Administrative advisements and criminal advisements shall not be given to subject(s) in the same interview.

- a. Administrative Investigations

Administrative investigations generally involve violations of the Authority's policies or procedures and any all matters that is under the jurisdiction of the OIG pursuant to the OIG Charter. Advisements in such investigations as listed above shall contain the following core elements:

- i. The subject has a duty to cooperate, which includes the duty to provide complete and truthful answers to OIG inquiries.
- ii. Nothing from the interview can be used in any subsequent criminal prosecution against the subject.

iii. Any information provided can be used as the basis for disciplinary and/or other administrative action against the subject.

Subjects covered by a Collective Bargaining Agreement, will be advised that they have the right to union representation at the interview.

b. Criminal Investigations

Criminal investigations may involve violations of municipal, state, or federal law. The advisements in criminal investigations shall contain the following core elements:

i. The interview is voluntary and there is no duty to answer questions or provide information. In other words, the subject may refuse to answer questions on the basis of their Fifth Amendment right against self-incrimination. Refusal based on the Fifth Amendment right cannot be used by the OIG as the basis for a recommendation of disciplinary action.

ii. Any statement or information provided may be used in a subsequent criminal prosecution and/or disciplinary/administrative action against the subject.

4. Witness Interviews

A witness is an individual who may possess information relevant to an investigation but who, at the onset of the interview, is not a subject. The following are the basic rules governing witness interviews (except if it is a criminal investigation and the presenter may advise differently).

a. Witnesses will not be provided advisements, except as provided below or if directed by the presenter.

b. If the OIG determines on the basis of information received during a witness interview that the witness may have exposure to formal adverse action, and thus constitute a potential subject, the OIG shall stop the interview and either: (i) provide appropriate advisements as discussed in subsection 4.13(3) above, or (ii) schedule a subsequent interview at which time appropriate advisements will be provided.

5. Representation

Every person interviewed may request union or legal representation at the interview.

a. An interviewee requesting representation at an OIG interview shall be given a reasonable amount of time to obtain representation.

b. At any time during the interview, the interviewee may stop the interview and request representation, and the interview will be discontinued and rescheduled within a reasonable amount of time.

c. If an interviewee elects to bring a union or legal representative, that representative may not answer questions for the interviewee and may not obstruct the interview. Interviewees are advised that they will be permitted to take reasonable breaks and may consult with their representative

during those breaks. Representatives may be permitted to clarify questions and may provide additional information at the conclusion of the interview.

d. If a union employee who is a subject chooses to proceed without a union representative, he or she shall be asked to sign a waiver indicating that fact.

6. Recording

The OIG may seek to record subject interviews. The OIG may, at its discretion and with consent, record other witness interviews.

There are two means by which the OIG may record an interview: i) with consent of the interviewee, an interview may be audio-recorded by the OIG; or ii) the OIG may employ an independent, commercial court-reporting service to transcribe the interview. In the event that an interview is not court-reported, the following steps shall be taken:

- a. Prior to the interview, the interviewee shall be asked if he/she will consent to audio-recording.
- b. Pursuant to Illinois state eavesdropping law, if the interviewee declines to give his/her consent, the interview shall not be audio-recorded.
- c. No adverse action shall be taken or adverse inference drawn against the interviewee who declines to consent to record an interview.

4.14 Findings

1. OIG administrative investigations result in either sustained or not-sustained findings.
2. Sustained findings may relate to purely administrative or combined administrative and criminal violations.
3. Administrative investigations which establish by a preponderance of the evidence that a violation occurred are sustained. Administrative investigations which do not establish by a preponderance of the evidence that a violation occurred are not-sustained. Not-sustained findings are not exonerations, but merely a finding that at the time of disposition, evidence possessed by the OIG did not establish a violation by a preponderance of admissible evidence. Not-sustained findings against employees will not be part of the employees' personnel files.
4. Criminal investigations will be reviewed by the United States Attorney, the Illinois Attorney General, or the Cook County State's Attorney, as appropriate, to determine if criminal prosecution will be pursued. The burden of proof is beyond a reasonable doubt.
5. In the event that the investigation will lead to a law enforcement action that may have significant media attention, such as an arrest or an indictment, the Inspector General shall, unless doing so will undermine the integrity, confidentiality and safety of the OIG Investigators or the law enforcement personnel executing such action, will inform the Chair of the Finance and Audit Committee and the Chief Executive Officer that an arrest or indictment is imminent.

4.15 Investigative Reports

1. Summary Report of Investigation – Sustained Investigations

A sustained administrative case shall result in a written Summary Report of Investigation (SRI) that comports with the Standards of Quality as set forth below in subsections 4.16 and 4.17. An SRI summarizes and analyzes the relevant evidence, both aggravating and mitigating, specifies the subject's violations of the Employee Handbook, contractor policies, or other laws, and sets forth recommendations for disciplinary or other corrective action.

- a. No SRI shall be issued without the approval of the Inspector General.
- b. An SRI shall be sent to the Chief Executive Officer and the impacted department(s) implicated in the investigation from whom response to OIG recommendations may be required.
- c. An investigation may be sustained on the basis of a finding not ascribed to or made against a specific subject or an individual rather that evidence establishes by a preponderance of evidence, waste, ineffectiveness, or inefficiency in the Authority's operation not attributable to a specific individual.
- d. The OIG may issue an SRI recommending administrative action based on criminal conduct.
- e. Where appropriate, the OIG shall ask CHA management for a written response to any recommendations made based on the findings in an SRI. Such response will be included in the OIG's quarterly and annual reports.
- f. The OIG shall provide the Finance and Audit Committee with a regular summary report of all sustained administrative and criminal investigations with 30 days following the conclusion of such investigation or review. The regular summary report shall not include the names of any involved parties unless otherwise authorized by the Finance and Audit Committee.

2. Significant OIG Investigative Activities

- a. The Inspector General shall report "Significant OIG Activities" including, for example, the OIG's investigation of claims or allegations of material impropriety by members of the Authority's Executive Management or other Authority personnel, staff, vendors or agents, to the Chairperson and the Vice Chairperson within seven (7) business days of the event of such Significant OIG Activities. In the event of alleged misconduct that poses high operational risk to CHA, the OIG shall notify the Chairperson and the Vice-Chairperson, and the Chairperson and the Vice-Chairperson shall not disclose such information of alleged misconduct and shall not prevent or impede said investigation.
- b. From time to time, as needed or as requested by the Board Chairperson, the Inspector General shall brief the full Board of Significant OIG Activities. The Board Chairperson and the Vice-Chairperson may from time to time jointly request that the Inspector General provide a verbal/virtual briefing to the Chairperson and the Vice-Chairperson on Significant OIG Activities. The Inspector General shall provide such verbal/virtual briefing(s) to the Chairperson and Vice-Chairperson not later than three (3) days from their joint request for a verbal/virtual briefing. Neither the Board nor Authority's Executive Management shall prevent, impair or prohibit the

Inspector General from initiating, carrying out or completing any investigations, audits or reviews.

4.16 Standards of Quality for Investigative Reports

OIG reports shall assure utility, objectivity, and integrity. In addition, statistical information generated and disseminated by the OIG shall be based on sound statistical methods and the principle of transparency to the intended user.

For purposes of these standards, the following definitions apply:

- *Utility* means that information to be disseminated is useful to its intended user for the purpose for which it is disseminated;
- *Objectivity* means that the information is substantively accurate, clear, complete, and presented in an unbiased manner;
- *Integrity* means that information is protected from unauthorized access, corruption, or revision to ensure that it is not compromised through corruption, falsification, or unauthorized dissemination; and
- *Transparency* refers to a clear description of the methods, data sources, assumptions, outcomes, and related information that will allow the user to understand how the data or information produced was generated.

4.17 Application of Standards of Quality to OIG Reports and Advisories

1. The SRI shall be reviewed for accuracy by the assigned lead investigator and the Deputy Inspector General before it is submitted for approval by the Inspector General.
2. The SRI shall: (i) present to the user the salient evidence that supports the findings and recommendations; (ii) distinguish opinion from factual assertion, and (iii) summarize and provide appropriate analysis of evidence adverse to the findings and recommendations.
3. Privileged information that is to be used or referenced in the SRI shall be submitted to the holder of the privilege for review and consultation regarding its use and protection prior to dissemination of the SRI.

SECTION V –AUDIT AND PROGRAM REVIEW

5.1 Authority

The OIG Audit Section supports the OIG mission by conducting independent, objective analysis and evaluation of the Authority's programs and operations, issuing reports, and making recommendations to strengthen and improve delivery of the Authority's services. The authority to produce reports and recommendations on ways to improve the Authority's operations is established in the OIG Charter, which confers upon the Inspector General the following power and duty:

Cooperate with the Authority's auditors to promote economy, efficiency, effectiveness and integrity in the administration of programs and operations of the Authority by, at the request of the Finance and Audit Committee, reviewing programs, identifying any inefficiencies, waste and potential for misconduct therein, and recommending policies and methods for the elimination of inefficiencies and waste, as well as for the prevention of misconduct.

5.2 Audit and Review Standards

Audits/reviews of the Authority's programs and operations are conducted in accordance with Principles and Standards for Offices of the Inspector General, (the Green Book).

5.3 Ethics and Independence

The OIG Auditors must adhere to all applicable laws and regulations, CHA policies and procedures including, but not limited to the Ethics Policy, and the OIG Standards of Conduct (SOC).

1. Individual Independence

The OIG auditors shall maintain independence of mind and appearance in all matters relating to his/her work. It is paramount that the staff be free from influences that could impair their objectivity, as well as any appearance of compromised objectivity. The OIG auditors involved in a performance audit or program review shall complete an Independence Statement to evaluate and record any potential threats to independence related to that audit or review. It is the responsibility of each individual to inform the Inspector General of any threats to independence, and it is the Deputy Inspector General's responsibility to determine if and how the threats can be mitigated through application of safeguards. The Inspector General shall record this determination in a memorandum retained with the Independence Statement.

2. Organizational Independence

The OIG must maintain its organizational independence from the Authority and the Board of Commissioners and programs it audits.

5.4 Staff Competencies and Training

All OIG auditors shall have requisite knowledge, skills and abilities to conduct thorough, objective, and timely performance audits and other reports. Staff shall use due professional care, adhere to the Principles and Standards of the Green Book and Yellow Book, and conform to the highest ethical standards in the course of their work. Supervisory staff is responsible for ensuring that Audit staff are properly trained in order to produce high-quality work.

5.5 Quality Control System

The OIG Auditors shall produce high-quality work products through adherence to the OIG Audit section's quality control system for all projects, compliance with auditing standards, proper training and supervision of staff, and undergoing an external peer review every three years. The OIG Audit Section quality control system shall include processes that are designed to prevent, detect, and correct errors and continually improve its efficiency and effectiveness.

Quality assurance during project planning and fieldwork shall be achieved through internal review by members of the OIG and documented supervisory approval at key milestones (objectives, methodology, and tentative findings). Quality assurance during the reporting phase shall begin with an independent review of the draft report and supporting work papers, continue with supervisory review of work papers and subsequent drafts, and culminate in final approval by the Inspector General.

5.6 Project Selection and Annual Plan

The OIG Audit Section shall produce an Annual Audit Plan that expresses the priorities for the calendar year and outlines a list of potential audit/review subjects and non-audit work subjects that fit those priorities. The annual plan is a guiding document subject to change and shall not prohibit the introductions of new priorities or launch of projects not on the plan during the course of the year. This means that some items on the Plan may not be performed in that year. The Annual Audit Plan shall be drafted in consultation with CHA Internal Audit to ensure that there is no duplication of work or resources. A draft of the Annual Plan shall be presented to the Audit Committee in last Audit Committee meeting of the year. The OIG will meet regularly with Internal Audit to ensure that potential overlaps between Internal Audit and OIG audits and reviews are minimized and to promote efficiency and fiscal responsibility.

The Inspector General shall submit to the Finance and Audit Committee for review and comment at the last meeting before the beginning of the following calendar year, the proposed Annual Plan. This plan will describe the rationale behind the selection of the potential audits and reviews of subject matters and programs. Once the Finance and Audit Committee has commented and approved the proposed Annual Plan, the Annual Plan will be distributed to the Authority's Executive Staff. The Audit Plan will be updated during the course of the year as the plan is modified and new priorities are identified based upon new information and observations. throughout the year.

5.7 General Procedures

1. Audit Notification

The OIG shall send an engagement letter to the appropriate Authority's Executives (typically the department Chief or designee) and or contractors, vendors, subcontractors, consultants, agents, and licensees to notify them that the OIG is initiating a performance audit/review in the subject area identified and explains the general topic areas of the audit/program review. The engagement letter usually requests an entrance conference with the Authority's management to be held in person at the department's office or otherwise agreed upon location. The entrance conference provides an opportunity to describe the broad goals of the performance audit/review, establish a working relationship with department management or contractor, identify a primary contact person for the department or contractor, and answer any initial questions.

2. Planning

All audits and reviews shall begin with initial planning designed to determine and refine the project, objective, scope and methodology.

- “Objectives” – are the specific questions that audit or review is intended to answer (or statements of what the audit is intended to accomplish).
- “Scope” - expresses the boundaries of the audit and is determined by the audit objectives. Scope also identifies the subject matter, entity, problem, documents, time period, and/or locations that the audit will evaluate.
- “Methodology” - is the procedures used to gather and analyze evidence needed to address the objectives within the scope selected.

3. Fieldwork

Staff shall plan and conduct fieldwork following these three general principles:

- a. Reasonable assurance that evidence is sufficient and appropriate to support any findings: Staff must ensure that they collect and test enough evidence and that the evidence is suitably related to the audit objectives.
- b. Significance: Staff must consider the relative importance of a matter (evidence, finding, background, etc.) in the context of the audit objectives.
- c. Audit risk: Staff must continually take steps to reduce the risk that they will fail to detect a mistake, inconsistency, significant error, or fraud during fieldwork. Such steps may include obtaining additional peer or supervisory review, increasing scope, or changing methodology.

In the event that audit staff uncover evidence of fraud, illegal acts, or serious violations of provisions of contracts or agreements they must inform the Deputy Inspector General immediately. The Deputy Inspector General shall consult with the Inspector General on whether the project may proceed or the matter should be referred to the OIG Investigations Section to possibly opening and investigation.

4. Findings and Recommendations

Findings shall be structured messages that support the overall answers to the objectives. They must collectively address the results (both positive and negative) of the audit procedures and be supported by sufficient, appropriate evidence. Findings may include four elements: criteria (“what should be?”), condition (“what is?”), effect or potential effect (“what is the impact?”), and cause (“why did it happen?”).

Recommendations should provide general actions for remediation of the causes of any negative findings but cannot be so specific that, if implemented, the OIG would risk reviewing its own work if it were to audit the program again in the future. In addition, the recommendations should not suggest a situation where the OIG would perform a management function of the auditee.

a. Minor Issues

If staff discovers something during the course of the audit that is not significant enough to be a finding but would be useful for management to know, the issue should be communicated to management orally and/or in writing. The auditee is not required to respond to such issues.

b. Interim Communication with Auditee

Staff should weigh the severity of any program deficiencies or control gaps they encounter and communicate potentially serious findings to the auditee and to the CEO (when appropriate) as soon as practicable, based on consultation with and approval by the Inspector General, so that steps may be taken to address the problem immediately. Such communication, which may be oral or written, is not a substitute for a final report, but it shall alert management to matters needing immediate attention and permit them to take corrective action before the final report is completed. The provision of any such communication by OIG and any such actions taken in response shall be noted in the final report.

5. Reporting

The findings and conclusions of OIG audits or reviews are then published in reports directed to the Finance and Audit Committee of the Board, the CEO, and to the Authority's department that is impacted by the audit. Audit reports are intended to: i) communicate results to auditee management; ii) communicate results to the Finance and Audit Committee and subsequently to the Board of Commissioners by the Finance and Audit Committee Chair iii) make the results clear and understandable; iv) facilitate future follow-up to determine whether corrective action has been taken.

If an audit is terminated prior to completion, the OIG shall inform the auditee and prepare a memorandum summarizing the results of work performed and the reason the audit was terminated.

The OIG shall strive to produce high-quality reports, which have the following characteristics: accurate, objective and balanced, significant and useful, timely, complete yet concise, clear and simple, and persuasive.

The OIG staff assigned to the audit are responsible for drafting the report. When the draft is ready, an internal OIG auditor or staff and analysts, with no previous connection to the project, shall be assigned to independently review the report and supporting documentation for accuracy, completeness, and adherence to Auditing Standards and Best Practices. The report shall then be reviewed by the Deputy Inspector General and ultimately by the Inspector General.

The Inspector General shall send the report to impacted department(s) and invite them to submit a written response within 14 days of receipt of the draft report to be included in the final report published to the Finance and Audit Committee and to the CEO. An in-person meeting with related department's leadership and designee will be held to discuss the OIG's finding and their responses prior to submitting the final report to the Finance and Audit Committee and to the CEO. Approximately six months after report publication, the OIG shall determine how to follow up with the auditee or the impacted department on corrective actions taken pursuant to the audit report.

6. Documentation

The OIG requires audit files to be retained for seven years. Any record destruction will be done in accordance with the CHA Records Management Program and Record Retention Schedule and then destroyed provided that no litigation is pending or anticipated. Retention is to ensure that:

- work papers are not misplaced, stolen, altered, or removed from the premises (except to be archived);
- documentation is available to support audit conclusions should questions arise or legal proceedings be undertaken; and
- External peer review can be conducted at least once every 3 years.

SECTION VI – OIG ADVISORIES**6.1 OIG Advisories**

An OIG Advisory, as issued by the OIG, is a written report, typically in the form of a letter or memorandum to CHA management. Advisories may result from an OIG investigation, audit, analytic review, or other OIG activity. The Advisory is intended to provide notice of a condition identified by the OIG in the course of its various activities, that hinders the effective and efficient execution of the Authority's operations and programs or opens the Authority to liability or risk, but on which, due to limited resources, the OIG has not conducted an inquiry sufficient to issue authoritative findings in an audit report. The Advisory may make recommendations to CHA management for appropriate steps or considerations to address such conditions.

- a. Individuals referenced in an Advisory will be de-identified to the extent possible.
- b. No Advisory shall recommend discipline or other adverse action against an individual party.
- c. No Advisory shall be issued without the approval of the Inspector General.
- d. An Advisory will be issued to the affected department(s), which will be provided an opportunity to, at their discretion and within a reasonable time period, provide a written response.

SECTION VII – QUALITY ASSURANCE

7.1 External Review of Operations

To the extent permitted and consistent with the OIG’s confidentiality requirements set forth in the OIG Charter, the OIG shall submit to the following external reviews of operations:

1. Confidential expenditures of the OIG shall be subject to a special review by an outside public accounting firm if requested by the Finance and Audit Committee, every two years. The final report shall be delivered to the Finance and Audit Committee and the Inspector General. The Inspector General will provide a copy of the report to the Chair of the Board of Commissioners.
2. The OIG operations shall be subject to a triennial qualitative assessment peer review by the Association of Inspectors General. The Peer Review of the OIG Investigations and Audit Sections shall be based on the national Principles and Standards for Offices of Inspector General (the “Green Book”). All non-confidential findings shall be submitted to the Finance and Audit Committee.

7.2 Investigations of Certain CHA Commissioners, the Inspector General, and OIG Staff

1. In the event of an allegation against a Finance and Audit Committee Member, the Inspector General shall notify and confer with the Finance and Audit Committee Chairperson and the Chief Legal Officer to determine whether the Inspector General shall handle the matter, or whether, in the interests of avoiding any potential conflict of interest, an independent firm should be retained to evaluate the allegation and conduct an investigation if the independent firm deems it warranted.
2. In the event of an allegation against the Finance and Audit Committee Chairperson, the Inspector General shall notify and confer with the Chairperson of the Board and the Chief Legal Officer to determine whether the Inspector General shall handle the matter, or whether, in the interests of avoiding any potential conflict of interest, an independent firm should be retained to evaluate the allegation and conduct an investigation if the independent firm deems it warranted.
3. In the event of an allegation against the Chairperson of the Board, the Inspector General shall notify and confer with the Vice-Chairperson and the Chief Legal Officer to determine whether the Inspector General shall handle the matter, or whether, in the interests of avoiding any potential conflict of interest, an independent firm should be retained to evaluate the allegation and conduct an investigation if the independent firm deems it warranted.
4. In the event of an allegation against any members of the OIG, the Chief Legal Officer shall notify the Chairperson and retain an independent firm to evaluate the allegation and conduct an investigation if the independent firm deems it warranted.
5. Any referral or retention of an independent firm to conduct an evaluation, review or investigation pursuant to the provisions and conditions of the foregoing subsections (1) – (4) (pursuant to and consistent with the OIG Charter) shall be effected through an engagement of such independent firm by the CHA’s legal department.

SECTION XIII – REVIEW AND AMENDMENT

8.1 Periodic Review

The Inspector General shall appoint certain OIG staff to periodically review all Administrative and Procedural Policies and any suggested revisions or additions. The Policies should be submitted to the Inspector General with any suggestions for revisions or additions at least every two years from the date these Policies take effect. Any amendments to these Policies shall be reviewed and subject to comments and approval by the Inspector General and the Chief Legal Officer.

Reviewed and amended by Inspector General Kathryn Richards in September 2021.

Approved by the CHA Board of Commissioners November 16, 2021.

