



Office of the Inspector General Advisory #15

TO: Eugene Jones, Jr., Chief Executive Officer
CC: James Bebley, Chief Legal Officer
Tenelle Barnes, Acting Human Resources Officer
FROM: Elissa Rhee-Lee, Inspector General
DATE: December 12, 2018
SUBJECT: CHA Ethics Policy

Officers and employees of the Chicago Housing Authority (CHA) at all times in the performance of their duties owe a fiduciary duty to the CHA. CHA's code of conduct is set forth in its Ethics Policy and applies to all CHA officers, employees and by contract to certain CHA Contractors and Subcontractors.

Article III Part C imposes limitations on the solicitation and acceptance of gifts by CHA officers, employees and covered relatives. Specifically, CHA officers, employees and covered relatives are prohibited from soliciting any gift, accepting any anonymous gift and accepting any gift of cash, gift card or cash equivalent. The Policy also states no officer, employee or covered relative shall knowingly accept any gift unless the total value of all gifts given to the officer, employee or covered relative by a single source amounts to no more than \$50.00 in a calendar year.

However, there is an exception to the prohibition of accepting a gift that is more than \$50.00. The Ethics Policy states the following:

“A gift from a relative or personal friend does not apply, unless the officer or employee has reason to believe, under the circumstances, the gift was given because of the official position of the officer or employee.”

The OIG evaluated other government agencies Policies and Ordinance pertaining to solicitation and receiving gifts. The State of Illinois, Cook County and City Colleges of Chicago all have similar language that prohibits receiving gifts from a “Prohibited Source.” They also have relevant factors to consider in determining whether a gift from a friend that is a “prohibited source” is permissible pursuant to their respective policy or ordinance.

CHA's Ethics Policy does not provide criteria for determining whether a gift is provided on the basis of a personal friendship or based on business concerns. It does not require a disclosure to be made by the CHA employee receiving a gift that is more than \$50.00 from a “Prohibited Source.” CHA does not have a definition of a “Prohibited Source.”

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The State Officials and Employees Ethics Act¹, the Cook County Ethics Ordinance² and the City Colleges of Chicago Ethics Policy³ all have similar definitions of what constitutes “Prohibited Source” as it relates to their respective gift policy. The Cook County Ethics Ordinance defines “Prohibited Source” to include, but not limited to, the following:

“*Prohibited source* means any person or entity who:

- (1) Is seeking official action:
 - a. By the official, board or commission appointee; or
 - b. In the case of an employee, by the employee or by the official, County agency, board or commission or other employee directing the employee.
- (2) Does business or seeks to do business:
 - a. With the official, board or commission appointee; or
 - b. In the case of an employee, with the employee or with the official, County agency, board or commission or other employee directing the employee.”

The State of Illinois [5 ILCS 430/10-15] states that the member, officer or employee shall consider the circumstances under which the gift was offered. In determining whether a gift is provided on the basis of personal friendship, the member, officer, or employee shall consider the circumstances under which the gift was offered, such as:

- “(i) the history of the relationship between the individual giving the gift and the recipient of the gift, including any previous exchange of gifts between those individuals;
- (ii) whether to the actual knowledge of the member, officer, or employee the individual who gave the gift personally paid for the gift or sought a tax deduction or business reimbursement for the gift; and
- (iii) whether to the actual knowledge of the member, officer, or employee the individual who gave the gift also at the same time gave the same or similar gifts to other members’ officers, or employees.”

The OIG recommends the CHA Ethics Policy be amended to include a definition of “Prohibited Source” and include factors to consider in evaluating the applicability of the exception to the gift ban from a Prohibited Source. Additionally, the OIG recommends disclosure to the Ethics Officer in order for the relevant factors to be considered. This affirmative disclosure will enhance public accountability, avoid appearance of conflict of interest and ensure that CHA’s interest is first and foremost protected.

¹ State Officials and Employees Ethics Act. 5 ILCS 430. Definitions (Article 1 Section 1-5). Gift Ban (Article 10. Section 10 to 15).

² Cook County Ethics Ordinance. Article VII. Division 2. Definitions (Section 562). Receiving and soliciting gifts and favors (Section 574).

³ City Colleges of Chicago Board Policies and Procedures. Article 5. Section 2. Definitions (83). Gift Ban (84-85).

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