

**OFFICE OF THE INSPECTOR GENERAL
CHICAGO HOUSING AUTHORITY**

REPORT OF THE OFFICE OF THE INSPECTOR GENERAL

QUARTERLY REPORT

OCTOBER 01, 2020 THROUGH DECEMBER 31, 2020

ELISSA RHEE-LEE

INSPECTOR GENERAL

JANUARY 15, 2021



January 15, 2021

To Chairwoman Hurlock, Vice-Chair Chico and Distinguished Members of the Finance/Audit Committee:

Enclosed for your review is the 2020 Quarterly OIG Report on the activities and initiatives from October 1, 2020 through December 31, 2020 pursuant to the Office of the Inspector General Charter. This report contains statistical data, summaries of investigations, audits, advisories and reviews.

The OIG received 117 complaints the past three months. The OIG provided 16 investigative support matters to internal and external stakeholders; referred 70 complaints to other CHA departments; declined 26 complaints; initiated four investigations; recorded seven indictments and one conviction; and did not close any investigations.

I thank Chairwoman Hurlock, Vice-Chairman Chico and members of the Finance/Audit Committee for protecting the OIG. A strong and independent OIG is ultimately in the best interest of CHA. It is laudable that the Board recognizes the importance of rooting out fraud, waste and abuse within CHA.

Please be safe and take care during these trying times.

Respectfully submitted,

Elissa Rhee-Lee
Inspector General

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This Quarterly report provides an overview of operations of the Office of the Inspector General (OIG) during the period of October 1, 2020 through December 31, 2020. This report includes statistical and narrative summaries of OIG activities for the past three months.

A. MISSION OF THE INSPECTOR GENERAL'S OFFICE

The OIG is an independent oversight organization whose mission is to promote economy, efficiency and integrity in the administration of programs and operation of the Chicago Housing Authority (CHA).

The OIG achieves this mission through:

- Criminal Investigations
- Administrative Investigations
- Program Reviews
- Performance Audits
- Analytics
- Advisories
- Fraud Awareness Training

From these activities, the OIG pursues criminal prosecutions when appropriate. Additionally, the OIG issues report of findings and disciplinary and policy recommendations to ensure that CHA officers, the Board of Commissioners, employees and vendors are held accountable for running an efficient, cost-effective operation. Furthermore, the OIG seeks to prevent, detect, identify, expose and eliminate waste, inefficiency, misconduct, fraud and abuse of public authority in CHA's use of funds.

B. INVESTIGATIONS AND PROGRAM REVIEW STANDARDS

The OIG conducts its investigations in accordance with the *Association of Inspectors General Principles and Standards for Office of Inspectors General*, generally accepted principles, quality standards and best practices applicable to federal, state, and local offices of Inspectors General. These include both general standards and qualitative standards as outlined in the above publication. Additionally, the OIG, always exercises due professional care and independent impartial judgement in conducting investigations and the issuance of reports and recommendations.

The OIG conducts audits of programs in accordance with *Generally Accepted Government Auditing Standards issued by the Comptroller General of the United States and Principles and Standards for the Offices of Inspector General*. Those standards require that we plan and perform the audit to obtain sufficient, and appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. The adherence to these standards ensures that audits and program reviews comprise the requisite independence, planning, organizing, staff qualifications, direction and control, coordination, reporting, confidentiality and quality assurance.

The OIG operations undergoes an independent peer review conducted by members of the National Association of Inspector General every three years to ensure compliance with the OIG's governing standards. The most recent review was completed on August 14, 2019 and the OIG met the respective AIG standards for the period under review. The National AIG commented that, "the sheer size of the

governmental operations that your office oversees, and your office’s jurisdiction and responsibility are unparalleled by any other local government inspectors general office.”

C. INVESTIGATIONS

The OIG conducts both criminal and administrative investigations into the performance of officers, employees, contractors, functions, and/or programs, either in response to complaints, audits or upon the OIG’s initiative.

The OIG received 117 complaints/matters during the last three months of 2020. Out of the 117 complaints, the OIG provided investigative support to both internal and external stakeholders for 16 matters. The OIG initiated four investigations, referred 70 complaints to other agencies or departments and declined 26 cases. Matters can be declined for a variety of reasons such as insufficient information provided, insufficient resources to address, and no actionable information contained in the allegation, or not within the OIG’s jurisdiction. The OIG did not close any investigations during the past three months.

Table # 1 Complaint by Method

Complaint by Method

Source	Number
Emails	15
Website Submissions	82
Hotline	15
In Person	0
Dropbox	0
Mail	1
Fax	0
Analytics	4
Total	117

Table # 2 Complaint Disposition

Complaint Disposition

Disposition	Number
Investigations	4
Preliminary Inquiry	1
Investigative Support	16
Referrals	70
Not yet assigned	0
Declined	26
Total	117

Table # 3 Subject of Investigation

Subject of Investigation

Subject	Number
Program Participants	1
Contractors, Subcontractors, Vendor	2
Employees	1
Other	0
Total	4

Table # 4 Investigative Classification

Investigative Classification

Classification	Number
Administrative	3
Criminal	1
Total	4

Table # 5 Closed Investigations

Closed Investigations During the Quarter

Classification	Number
Administrative	0
Criminal	0
Total	0

Table # 6 Indictments/Convictions

Indictments/Convictions

Action Category	Number
Indictments	1
Convictions	0
Restitutions	0
Debarment	0
Total	1

Table # 7 Pending Investigations / Preliminary Inquiries

Pending Investigations / Preliminary Inquiries

Classification	Number
Administrative	39
Criminal	23
Preliminary Inquiry	1
Total	63

Table # 8 Pending Audits

Pending Audits

Audit Name	Time Frame
Emergency Contract at Lake Parc Place*	12/31/2020
CPD Intergovernmental Agreement Audit*	12/31/2020
HCV Inspections Audit*	12/31/2020
Audit of PPM Tenant Accounts Receivable*	12/31/2020
Follow Up Fleet Audit*	12/31/2020
Job Order Contracting (JOC) Audit*	12/31/2020
Audit of Property Office's Equipment, Appliances, and Materials on CHA sites	3/31/2021
HCV Abatement Audit	3/31/2021
HCV Demonstration Programs and Special Initiatives Admissions Audit	3/31/2021

*See Closed Audits Section below for the current status of each audit.

INVESTIGATIONS NOT CONCLUDED WITHIN SIX MONTHS

Under the *Inspector General Charter*, the OIG must provide statistical data on pending investigations/matters open for more than six months. Of the 63 pending matters, 24 have been open for at least six months. The following table shows the general reasons why these matters remain open.

Table # 9 Investigations Not Concluded within Six Months from Initiation

Reasons	Number of Investigations
A. Complex investigation, generally involve difficult issues of multiple subjects and/or under review by prosecuting agency	15
B. Indicted cases, but no criminal disposition	9
C. On-hold, to not interfere with another on-going investigation	0
Total	24

D. NOTABLE INVESTIGATIVE SUPPORT

CHA Health Partnership Initiative

The OIG reviews open source information for the health partnership applications for the CHA's Resident Services Department. However, the OIG was not provided any applications this quarter to review. The OIG will continue to review partnerships on an ad-hoc basis and ensure activities provided by health partners are in the best interests of the CHA and its residents..

E. SIGNIFICANT INDICTMENTS

The OIG recorded one significant criminal indictment during the last quarter of 2020. The following is a summary of this case.

2019-09-00060

A Chicago Housing Authority (CHA) Office of the Inspector General (OIG) investigation was initiated in September 2019 involving CHA Housing Choice Voucher (HCV) participant, Silk Lumpkins (Lumpkins).

The investigation revealed that from November 2015 through March 2020, Lumpkins fraudulently received housing benefits totaling approximately \$110,000 by concealing income and assets from the CHA as follows:

- Lumpkins failed to report income she received from employment with several major companies. Lumpkins concealed her employment from the CHA through the use of an alias (Pauline Williams) and a second social security number.
- Lumpkins failed to report a residential home in Crystal Lake, IL as an asset. As part of Lumpkins 2013 Marital Settlement Agreement, she received sole possession of the residential property. Lumpkins was not responsible for paying the mortgage, taxes, or insurance on the property.
- Lumpkins failed to report monthly rent payments she received since 2015 from tenants that rented the Crystal Lake property.
- Lumpkins failed to report her current husband as a household member or his income from employment with Proctor & Gamble.
- Lumpkins failed to report monthly child support payments.

In addition, Lumpkins failed to disclose on her March 2015 CHA application a federal felony conviction for a bank robbery she committed in May 2010.

On December 30, 2020, the Grand Jury sitting in the Circuit Court of Cook County returned a one count indictment charging Lumpkins with a Class X felony theft.

Lumpkins' arraignment is scheduled for January 19, 2020.

The CHA OIG investigation will remain open pending the outcome of Lumpkin’s criminal court proceedings.

F. CLOSED INVESTIGATIONS SYNOPSIS

An OIG investigation can be either administrative, criminal or both. Administrative investigations generally involve violations of HUD regulations and/or CHA rules, policies or procedures. For sustained administrative investigations, the OIG prepares a summary report of the investigation and its findings. These summary reports are presented to the CEO and the impacted department to facilitate an appropriate resolution. They are available upon request to the Finance/Audit Committee. In order to maintain confidentiality and integrity of the pending investigations, the OIG has omitted any information on pending/open investigations. In criminal investigations, if there is sufficient evidence gathered for potential prosecution, the investigation will be presented to a prosecuting agency for review.

CLOSED CRIMINAL CASES

There were no closed criminal cases in the last quarter of 2020.

CLOSED ADMINISTRATIVE CASES

There were no closed administrative cases during the last quarter of 2020.

G. CLOSED AUDITS AND REVIEWS SYNOPSIS

The investigative team continues to collaborate with the audit and analytics team for investigative support in financial frauds and forensic accounting matters. This collaboration is critical to allow the OIG to conduct and lead multi-jurisdiction, complex investigations. The audit and analytics staff’s support on investigative matters will continue to be an integral part of OIG investigations.

The OIG did not close any audits during this reporting period. The OIG is currently waiting for CHA management’s response to the following five audits: Emergency Contract at Lake Parc Place Audit; CPD Intergovernmental Agreement Audit; HCV Inspections Audit; Audit of PPM Tenant Accounts Receivable; and Follow Up Fleet Audit.

Job Order Contracting (JOC) Audit

The Job Order Contracting (JOC) Audit has been postponed until further notice. It is the OIG’s understanding that the program will be restructured and managed in-house to improve efficiency throughout the program. The Property Office and Capital Construction Departments are making the necessary changes to the program. In support of the restructuring, the OIG provided CHA management with a list of complaints received about the program, and numerous red flags that had been identified since the program began in 2016.

ADVISORIES

The OIG issued one advisory during the reporting period (Attachment 1).

Advisory #19 - Historical Housing Quality Standards (HQS) Inspection Results Associated to New Units when Participants Move

During participant relocations occurring between October 1, 2017 and September 30, 2020, approximately 4% of historical unit HQS inspection records were updated in the system of record to reflect the new unit's unique code rather than accurately retaining the original unit code. The OIG issued Advisory #19 to CHA management with recommendations to mitigate and eventually remediate this condition. HCV department management readily acknowledged the identified condition and committed to seeking [a] viable resolution(s).

H. ANALYTICS

The following are significant data analytic projects for the past three months:

HAP Overpayments

The OIG identified approximately \$170,000 of Housing Assistance Payments (HAP) to HCV landlords after participants had vacated the respective rental units. The OIG issued a memorandum to HCV management with recommendations to further reduce residual risks of HAP overpayments.

HUD EIV's Deceased Tenant Report

The OIG identified 57 deceased tenants residing in a Public Housing or Mixed-Finance property, for which CHA has not taken the necessary corrective action within HUD's required timeframe. The OIG issued a memorandum to the Property Office to ensure unoccupied units are prepared for occupancy and made available for the next eligible family, as well as to ensure CHA is not subject to a monetary penalty as determined by HUD.

Registered Sex Offender List Analysis

As part of a routine analysis, the OIG continues to identify the number of lifetime registered sex offender names (offenders) listing a public housing or HCV address, pursuant to the *Quality Housing and Work Responsibility Act of 1998 (Section 578)*.¹

Results

The OIG found 19 lifetime offenders who listed CHA addresses on the registry for this reporting period. One of these individuals was identified in previous quarterly analyses. Neither of the offenders registered at the same address as an HCV participant were listed as household members according to the participant's voucher. This indicates that these CHA participants may have unauthorized occupants living in their unit. As a result, HCV sends each participant a notice requesting proof of residency for the offender and must provide documentation showing the subsidized address has been removed from the registry.

¹ This Act became effective on June 25, 2001.

There are three offender that are registered at the same address as a Public Housing resident.

Status from Previous Analyses from 2017 to current

Enforcement Action	Total (106)
Terminated	8
Settlement Agreement	1
Under Eviction	0
PAC Agreement or Warning Notice	15
ITT issued	14
Document Outstanding Notice Sent	15
No Further Action	53