

UNIFORM GUIDANCE REPORT AND  
SCHEDULE OF EXPENDITURES  
OF FEDERAL AWARDS

Chicago Housing Authority  
Year Ended December 31, 2020  
With Reports of Independent Auditors

Ernst & Young LLP



Chicago Housing Authority  
Uniform Guidance Report and  
Schedule of Expenditures of Federal Awards  
Year Ended December 31, 2020

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## Report of Independent Auditors on Compliance for the Major Federal Program; Report on Internal Control Over Compliance and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

The Board of Commissioners, Chief Executive Officer, and  
Chief Financial Officer  
Chicago Housing Authority

### **Report on Compliance for the Major Federal Program**

We have audited the Chicago Housing Authority's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on the Chicago Housing Authority's major federal program for the year ended December 31, 2020. The Chicago Housing Authority's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

#### ***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations and the terms and conditions of its federal awards applicable to its federal programs.

#### ***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for the Chicago Housing Authority's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Costs Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Chicago Housing Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the Chicago Housing Authority’s compliance.

***Opinion on the Major Federal Program***

In our opinion, the Chicago Housing Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the major federal program for the year ended December 31, 2020.

***Other Matters***

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance, and which are described in the accompanying schedule of findings and questioned costs as follows.

<b>Assistance</b>			
<b>Finding No.</b>	<b>Listing No.</b>	<b>Program Name</b>	<b>Compliance Requirement</b>
2020-001	14.881	Moving to Work Demonstration Program	Eligibility and Reporting
2020-002	14.881	Moving to Work Demonstration Program	Special Tests and Provisions: N14 – Recording of Declarations of Trust/Declaration of Restrictive Covenants Against Public Housing Property

Our opinion on the major federal program is not modified with respect to these matters.

The Chicago Housing Authority’s responses to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The Chicago Housing Authority’s responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

**Report on Internal Control Over Compliance**

Management of the Chicago Housing Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Chicago Housing Authority’s internal control over compliance with the requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major program and to test and report on internal control over compliance in accordance with the

Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Chicago Housing Authority’s internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be, material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as Findings 2020-001 and 2020-002, that we consider to be a material weakness as follows.

<b>Finding No.</b>	<b>Assistance Listing No.</b>	<b>Program Name</b>	<b>Compliance Requirement</b>
2020-001	14.881	Moving to Work Demonstration Program	Eligibility and Reporting
2020-002	14.881	Moving to Work Demonstration Program	Special Tests and Provisions: N14 – Recording of Declarations of Trust/Declaration of Restrictive Covenants Against Public Housing Property

The Chicago Housing Authority’s responses to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The Chicago Housing Authority’s responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

### **Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the financial statements of the business-type activities (Enterprise Fund) and the aggregate remaining fund information of the Chicago Housing Authority as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Chicago Housing Authority's basic financial statements. We have issued our report thereon dated July 20, 2021, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the basic financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain other procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*Ernst + Young LLP*

August 31, 2021

**CHICAGO HOUSING AUTHORITY**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**Year Ended December 31, 2020**

<i>Federal Awarding Agency/Program Title</i>	<i>Federal Assistance Listing Number</i>	<i>Additional Award Identification</i>	<i>Federal Expenditures</i>	<i>Federal Program Total</i>	<i>Cluster Name</i>	<i>Cluster Total</i>
<b>DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>						
LOWER INCOME HOUSING ASSISTANCE PROGRAM_SECTION 8 MODERATE REHABILITATION	14.856		\$6,071,060	\$6,071,060	SECTION 8 PROJECT-BASED CLUSTER	\$6,071,060
DEMOLITION AND REVITALIZATION OF SEVERELY DISTRESSED PUBLIC HOUSING	14.866		\$118,867	\$118,867	HOPE VI CLUSTER	\$118,867
RESIDENT OPPORTUNITY AND SUPPORTIVE SERVICES – SERVICE COORDINATORS	14.870		\$198,551	\$198,551	N/A	\$0
SECTION 8 HOUSING CHOICE VOUCHERS	14.871		\$10,692,836	\$10,692,836	HOUSING VOUCHER CLUSTER	\$11,706,826
MAINSTREAM VOUCHERS	14.879		\$888,467	\$1,013,990	HOUSING VOUCHER CLUSTER	\$11,706,826
COVID 19 - MAINSTREAM VOUCHERS	14.879	COVID 19	\$125,523	\$1,013,990	HOUSING VOUCHER CLUSTER	\$11,706,826
MOVING TO WORK DEMONSTRATION PROGRAM	14.881		\$851,339,080	\$879,299,151	N/A	\$0
COVID 19 - MOVING TO WORK DEMONSTRATION PROGRAM	14.881	COVID 19	\$27,960,071	\$879,299,151	N/A	\$0
JOBS-PLUS PILOT INITIATIVE	14.895		\$19,289	\$19,289	N/A	\$0
FAMILY SELF-SUFFICIENCY PROGRAM	14.896		\$904,560	\$904,560	N/A	\$0
<b>TOTAL DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>			<b>\$898,318,304</b>			
<b>DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>						
EVIDENCE-BASED FALLS PREVENTION PROGRAMS FINANCED SOLELY BY PREVENTION AND PUBLIC HEALTH FUNDS (PPHF)	93.761		\$92,175	\$92,175	N/A	\$0
<b>TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			<b>\$92,175</b>			
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<b>\$898,410,479</b>			

The accompanying Notes to the Schedule of Expenditures of Federal Awards are an integral part of the schedule.

# Chicago Housing Authority

## Notes to Schedule of Expenditures of Federal Awards

December 31, 2020

### **1. Significant Accounting Policies Used in Preparing the Schedules of Expenditures of Federal Awards**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Chicago Housing Authority under programs of the federal government for the year ended December 31, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Chicago Housing Authority, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Chicago Housing Authority.

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following applicable cost principles, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

### **2. 10% De Minimis Cost Rate**

The Chicago Housing Authority has not elected to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.



Chicago Housing Authority

Schedule of Findings and Questioned Costs

December 31, 2020

**Section I – Summary of Auditor’s Results**

**Financial Statements**

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

     Yes      X   No

Significant deficiency(ies) identified?

     Yes      X   None Reported

Noncompliance material to financial statements noted?

     Yes      X   No

**Federal Awards**

Internal control over major federal program:

Material weakness(es) identified?

  X   Yes         No

Significant deficiency(ies) identified?

     Yes      X   No

Type of auditor’s report issued on compliance for major federal program:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

  X   Yes         No

Chicago Housing Authority

Schedule of Findings and Questioned Costs (continued)

Identification of major federal program:

<u>Assistance Listing Number</u>	<u>Name of Federal Program</u>
14.881	Moving to Work Demonstration Program
Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$3,000,000</u>
Auditee qualified as low-risk auditee?	<u>    </u> Yes <u>  X  </u> No

Chicago Housing Authority

Schedule of Findings and Questioned Costs (continued)

**Section II – Financial Statement Findings**

None identified.

Chicago Housing Authority

Schedule of Findings and Questioned Costs (continued)

**Section III – Federal Award Findings and Questioned Costs**

**Finding 2020-001 Eligibility and Reporting (Form HUD-50058 MTW)**

*Information on the Federal Program:*

U.S. Department of Housing and Urban Development  
Assistance Listing No. 14.881 – Moving to Work Demonstration Program (MTW):

Public and Indian Housing (Public Housing)  
Program Year: January 1, 2020 through December 31, 2020  
Program No.: IL002-001-00020D

Section 8 – Housing Choice Vouchers – Project Based Vouchers (HCV)  
Program Year: January 1, 2020 through December 31, 2020  
Program No.: Multiple

Section 8 – Housing Choice Vouchers – Rental Assistance Demonstration (RAD)  
Program Year: January 1, 2020 through December 31, 2020  
Program No.: Multiple

*Criteria or Specific Requirement (Including Statutory, Regulatory, or Other Citation):*

2 CFR section 200.303 of the Office of Management and Budget’s (OMB) Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) states the following regarding internal control: “The non-Federal entity must: (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).”

## Chicago Housing Authority

### Schedule of Findings and Questioned Costs (continued)

#### **Section III – Federal Award Findings and Questioned Costs (continued)**

Eligibility – Most Public Housing Authorities (PHAs) devise their own application forms that are filled out by the PHA staff during an interview with the tenant. The head of the household signs (a) one or more release forms to allow the PHA to obtain information from third parties; (b) a federally prescribed general release form for employment information; and (c) a privacy notice. Under some circumstances, other members of the family are required to sign these forms (24 CFR sections 5.212, 5.230, and 5.601 through 5.615).

The PHA must:

As a condition of admission or continued occupancy, require the tenant and other family members to provide necessary information, documentation, and releases for the PHA to verify income eligibility (24 CFR sections 5.230, 5.609, 960.259, and 982.516).

For both family income examinations and reexaminations, obtain and document in the family file third-party verification of (1) reported family annual income; (2) the value of assets; (3) expenses related to deductions from annual income; and (4) other factors that affect the determination of adjusted income or income-based rent (24 CFR section 960.259 and 982.516).

Determine income eligibility and calculate the tenant's rent payment using the documentation from third-party verification in accordance with 24 CFR part 5 subpart F (24 CFR section 5.601 et seq.) (24 CFR sections 960.253, 960.255, 960.259, 982.201, 982.515, and 982.516).

Select tenants from the waiting list (24 CFR sections 960.206 through 960.208 and 982.202 through 982.207).

Reexamine family income and composition at least once every 12 months (Public Housing program) or 24 months (HCV program) and adjust the tenant rent and housing assistance payment as necessary using the documentation from third-party verification (24 CFR section 960.253, 960.257, 960.259, and 982.516).

In addition, the Chicago Housing Authority (the Authority) is participating in the Department of Housing and Urban Development's (HUD) Moving-to-Work (MTW) Demonstration program. The Authority's initial MTW Agreement was signed by the Authority and HUD on *February 6, 2000*, at which time HUD allowed the Authority to implement its Plan for Transformation. On *June 26, 2008*, the Authority and HUD signed the Amended and Restated MTW Agreement

## Chicago Housing Authority

### Schedule of Findings and Questioned Costs (continued)

#### **Section III – Federal Award Findings and Questioned Costs (continued)**

that extended the Authority's participation in the MTW program through *December 31, 2018*. On *April 4, 2016*, the MTW Agreement was further modified and extended through *December 31, 2028*. Through this agreement, HUD waived selected statutory and regulatory requirements to allow the Authority flexibility in achieving the stated objectives of the MTW demonstration program. As such, per the Authority's Section 8 Housing Choice Vouchers (HCV) Administrative Plan, reexamination of family income and composition under the HCV program is performed biennially.

Reporting (Form HUD-50058 MTW) – Per 24 CFR Part 908 and 24 CFR Section 982.158, the PHA is required to submit Form HUD-50058 MTW, Family Report, each time the PHA completes an admission, annual reexamination, interim reexamination, portability move-in, or other change of unit for a family. The PHA must also submit Form HUD-50058 MTW when a family ends participation in the program or moves out of the PHA's jurisdiction under portability.

The following line items on the Form HUD-50058 MTW contain critical information:

- Line 1c – *Program*
- Line 2a – *Type of Action*
- Line 2b – *Effective Date of Action*
- Line 2k – *FSS Participation Now or in the Last Year*
- Line 3b, 3c – *Last Name, First Name*
- Line 3e – *Date of Birth*
- Line 3n – *Social Security Numbers*
- Line 5a – *Unit Address*
- Line 5h – *Date Unit Last Past HQS Inspection*
- Line 5i – *Date of Last Annual HQS Inspection*
- Line 7i – *Total Annual Income*
- Line 13h – *Contract Rent to Owner*
- Line 13k – *Tenant Rent*
- Line 13x – *Mixed Family Tenant Rent*
- Line 17a – *Participation in Special Programs – Participation in the Family Self Sufficiency (FSS) Program*
- Line 17k(2) – *FSS Account Information – Balance*

## Chicago Housing Authority

### Schedule of Findings and Questioned Costs (continued)

#### **Section III – Federal Award Findings and Questioned Costs (continued)**

*Condition:*

Eighty tenants and participants were selected for testing of internal controls over and compliance with the eligibility and Form HUD-50058 MTW reporting requirements for the program. For the 80 selected, 40 were Public Housing and RAD tenants (31 Public Housing and 9 RAD) and 40 were HCV participants. In our testing of the Authority's internal controls over and compliance with the eligibility and Form HUD-50058 MTW reporting requirements, there were three Public Housing tenants, one RAD tenant and one HCV participant, for which control deviations/compliance exceptions were noted (6.25% overall MTW deviation/exception rate). The nature of the control deviations/compliance exceptions identified are as follows:

- For one Public Housing tenant, the Authority did not complete the certification for the tenant in a timely manner. During our testing, we identified one instance in which a Form HUD-50058 MTW was effective June 1, 2020, but was not processed by the Authority until March 2021, along with all relevant forms. All signatures related to the tenant file were dated March 2021.
- For two Public Housing tenants with re-certifications performed in 2020, the 2020 examination/re-examination checklist was not initialed by the certification specialist (CS); therefore, the Authority did not retain evidence that the CS inspected all relevant forms at the time of the re-certification.
- For one RAD tenant with a re-certification performed in 2020, relevant forms were missing and/or missing signatures by the tenant and the recertification clerk. Relevant forms include the necessary consent forms, recertification application, and family review calculation.
- For one HCV participant, the Authority did not complete the re-examination that was due by December 31, 2020 until 2021.

## Chicago Housing Authority

### Schedule of Findings and Questioned Costs (continued)

#### **Section III – Federal Award Findings and Questioned Costs (continued)**

In addition, for Public Housing, HCV, and RAD, the quality review staff performs a review of a sample of tenant/participant recertifications files to ensure compliance with eligibility and reporting (Form HUD-50058 MTW) requirements. From the population of tenant/participant recertifications files reviewed by the Authority during the fiscal year, we selected a sample of 25 Public Housing and RAD tenant recertifications and 25 HCV participant recertifications, for a total of 50 tenant/participant recertifications to test the operating effectiveness of internal controls related to the Authority quality control review. Based on our testing, we identified 5 control deviations (10%), whereby there was no evidence of the Authority following-up on and/or correcting findings that were identified as part of the quality control review. All five of the control deviations are related to Public Housing.

#### *Cause:*

The volume of examinations and quality control reviews as well as human error led to incomplete tenant files and unresolved quality control review findings.

#### *Questioned Costs:*

None.

#### *Context:*

The Public Housing and RAD programs had 13,352 and 4,507 tenants on its rent rolls, respectively, as of December 31, 2020. The HCV program had 45,077 participants as of December 31, 2020. All active tenants and participants have a Form HUD-50058 MTW, which is filed annually (Public Housing and RAD), biennially (HCV), or triennially (HCV). In addition, the total number of tenant/participant recertifications files that were subject to the Authority's quality control review for the Public Housing, HCV, and RAD programs during fiscal year 2020 was approximately 4,000.



## Chicago Housing Authority

### Schedule of Findings and Questioned Costs (continued)

#### **Section III – Federal Award Findings and Questioned Costs (continued)**

*Effect or Potential Effect:*

Ineligible tenants or participants may be inappropriately allowed to participate in the federal program, and information reported to HUD could be inaccurate or incomplete. In addition, the Authority's quality control review is utilized to monitor the accuracy and completeness of tenant or participant files. When the review occurs and issues are not resolved or corrected, inaccuracies or inconsistencies can occur.

*Identification as a Repeat Finding, if Applicable:*

This finding is not a repeat finding from the immediate prior year.

*Recommendation:*

The Authority should strengthen existing policies, procedures, and internal controls so that adequate documentation of eligibility and reporting activities is properly maintained and reviewed in order to comply with federal eligibility and reporting (Form HUD-50058 MTW) requirements. In addition, the Authority should ensure all findings identified through its quality control review are followed-up on and corrected in a timely manner to ensure compliance with federal eligibility and reporting (Form HUD-50058 MTW) requirements.

*Views of Responsible Officials:*

Management agrees with the finding and has developed a plan to address the finding.

Chicago Housing Authority

Schedule of Findings and Questioned Costs (continued)

**Section III – Federal Award Findings and Questioned Costs (continued)**

**Finding 2020-002 N14. Recording of Declarations of Trust/Declaration of Restrictive Covenants Against Public Housing Property**

*Information on the Federal Program:*

U.S. Department of Housing and Urban Development  
Assistance Listing No. 14.881 – Moving to Work Demonstration Program (MTW):

Public and Indian Housing (Public Housing)  
Program Year: January 1, 2020 through December 31, 2020  
Program No.: IL002-001-00020D

*Criteria or Specific Requirement (Including Statutory, Regulatory, or Other Citation):*

The Uniform Guidance 2 CFR section 200.303 states, “The non-Federal entity must: (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework,” issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).”

2 CFR section 905.505(c)(4) states, “*Declaration of Trust*. All public housing rental projects must show evidence satisfactory to HUD of an effective Declaration of Trust being recorded in first position, meeting the requirements of paragraph (c) of this section and covering the term of the financing. If part of a mixed-finance project, this evidence will be with the mixed-finance evidentiary documents.”

## Chicago Housing Authority

### Schedule of Findings and Questioned Costs (continued)

#### **Section III – Federal Award Findings and Questioned Costs (continued)**

*Condition:*

Twelve Declarations of Trust (DOTs) were selected for testing of internal controls over and compliance with the recording of DOTs against public housing property. Based on our testing, we noted six control deviations and compliance exceptions as follows:

- We identified six instances in which incorrect Property Index Numbers (PINs) were recorded within the Authority's DOT Excel monitoring spreadsheet when comparing the information to the DOT. As such, the Authority's Excel monitoring spreadsheet required updating due to inaccurate data.
- We identified four instances in which incorrect PINs were recorded within the DOT when comparing the DOT to the Authority's DOT Excel monitoring spreadsheet. As such, a Scrivener's Affidavit was required to be recorded by the Authority. These instances where a Scrivener's Affidavit was required to be recorded occurred within the six instances identified above.

*Cause:*

The Authority's DOT Excel schedule used to monitor the accuracy and completeness of DOTs contained inaccuracies which were due to human error.

*Questioned Costs:*

None.

*Context:*

The Public Housing program had 122 DOTs recorded against public housing property for the year ended December 31, 2020.

## Chicago Housing Authority

### Schedule of Findings and Questioned Costs (continued)

#### **Section III – Federal Award Findings and Questioned Costs (continued)**

*Effect or Potential Effect:*

The Authority has a material weakness in internal control over compliance with the special tests and provisions requirements of Assistance Listing 14.881 as it relates to the recording of DOTs against public housing property. Furthermore, DOTs may not be properly recorded for public housing.

*Identification as a Repeat Finding, if Applicable:*

This finding is not a repeat finding from the immediate prior year.

*Recommendation:*

The Authority should perform a periodic quality control review of its DOT Excel monitoring spreadsheet against recorded DOTs to ensure continued accuracy and completeness.

*Views of Responsible Officials:*

Management agrees with the finding and has developed a plan to address the finding.

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# Chicago Housing Authority

Attachment: Notes and Findings/Action Plans

## Real Estate Assessment Center

Financial Assessment Subsystem (FASS-PH)

### PHA Information

**PHA Code: IL002**

**Fiscal Year End Date: 12/31/2020**

**PHA Name: Chicago Housing Authority (“Authority”)**

**Submission Type: Audited/A133**

### **Finding 2020-001 (Assistance Listing 14.881) Eligibility and Reporting (Form HUD-50058 MTW) Public Housing and Rental Assistance Demonstration**

#### Corrective Action Plan:

Contact Person: Eric Garrett, Chief Property and Asset Management Officer

#### **Planned Actions:**

- For one Public Housing tenant, the Authority did not complete the certification for the tenant in a timely manner. During our testing, we identified one instance in which a Form HUD-50058 MTW was effective June 1, 2020, but was not processed by the Authority until March 2021, along with all relevant forms. All signatures related to the tenant file were dated March 2021.
  - *The Recertification for the one Public Housing tenant has been completed to date. The Property and Asset Management team will confirm and ensure that Property Management completes Recertifications timely. As a caveat, under the new CHA Private Property Management contract, there is a financial penalty for non-compliance of contractual obligations (per occurrence).*
- For two Public Housing tenants with re-certifications performed in 2020, the 2020 examination/re-examination checklist was not initialed by the certification specialist (CS); therefore, the Authority did not retain evidence that the CS inspected all relevant forms at the time of the re-certification.
  - *CHA acknowledges that the re-examination checklist was not initialed by the certification specialist (CS). However, the 2020 examinations/re-examinations were present in the file folder, completed and signed by the resident timely. There was no financial impact on the subsidy of the resident or the CHA.*
- For one RAD tenant with a re-certification performed in 2020, relevant forms were missing and/or missing signatures by the tenant and the recertification clerk. Relevant forms include the necessary consent forms, recertification application, and family review calculation.
  - *The CHA acknowledges the missing signatures for the consent forms, recertification application, and family review calculation. Although residents have been hesitant to physically come into the office to sign documents because of the ongoing pandemic, the PPM is working with the resident to sign all missing documentation. The CHA is in the conception/design phase of creating an online portal (Rent Café) for the PPM to*

*conduct online recertifications allowing residents to complete & sign pertinent documents via the online portal.*

**Anticipated Completion Date:** Q4 2021

**Finding 2020-001 (Assistance Listing 14.881) Eligibility and Reporting (Form HUD-50058 MTW) Housing Choice Voucher**

*Corrective Action Plan:*

Contact Person: Cheryl Burns, Chief Housing Choice Voucher Officer

**Planned Actions:**

- For one Housing Choice Voucher participant, the Authority did not complete the certification in a timely manner due to participant related delays. CHA Advisory 2020-14 provided protections for families facing termination from the program to prevent displacement during the pandemic. The re-examination was processed in June 2021, after the participant responded and provided all required documents.
  - *The Recertification for the one Housing Choice Voucher participant has been completed. The Housing Choice Voucher Program will ensure that Recertifications are completed timely moving forward.*

**Anticipated Completion Date:** Q2 2021

**Finding 2020-002 (Assistance Listing 14.881) N14. Recording of Declarations of Trust/Declaration of Restrictive Covenants Against Public Housing Property**

*Corrective Action Plan:*

Contact Person: Cheryl Colston, Chief Legal Officer

**Planned Actions:** The Office of the General Counsel will initiate a quality inspection process of its current recorded Declaration of Trust (DOT) documents against Title Company track search records in an effort to identify and correct any errors/omissions. Legal will verify all property information prior to the DOT documents being uploaded into the CHA Property database.

**Anticipated Completion Date:** Q1 2022

# Chicago Housing Authority

## Summary Schedule of Prior Findings December 31, 2020

### **Financial Statement Findings for the Years Ended December 31, 2019, and 2018:**

- None identified

### **Federal Award Findings and Questioned Costs for the Years Ended December 31, 2019, and 2018:**

- **Findings 2019-001 and 2018-005 Activities Allowed or Unallowed and Allowable Costs/Cost Principles (Assistance Listing 14.881)**
  - The finding was corrected.