

CHICAGO HOUSING AUTHORITY
The Office of the Inspector General



Audit and Program Review
2021-2022 Annual Plan
October 2021

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I. Mission

The OIG is an independent oversight office 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 and administrative investigations, performance audits, program reviews, analytics, and advisories. From these activities, the OIG issues reports of findings and recommendations to ensure that CHA officers, the Board of Commissioners, employees, and vendors are held accountable for running an efficient, cost-effective operation. Through audits, reviews, and analytics, the OIG seeks to prevent, detect, expose, and eliminate waste, inefficiency, misconduct, fraud, and abuse in CHA's programs and operations.

II. Purpose of Annual Plan

The purpose of the Audit and Program Review Annual Plan (Plan) is to express priorities for the year and outline a list of potential projects that fit those priorities. Our approach for executing these performance audits generally consists of interviews with key employees and contractors, review of documents, inspections, data extractions and the usage of applicable audit tools and investigative techniques.

A. Subject to Change

The Annual Plan is a guiding document subject to change and does not prohibit the introduction of new priorities or topics throughout the year. Some topics on the Plan may not be initiated or completed in the year. This may occur if time-sensitive priority projects emerge during the year, or if circumstances arise that reduce the priority of a planned project. In addition, a project originally launched as a review may instead be completed as non-review report, or it may be terminated if the OIG determines that further work on the topic is not necessary.

B. Standard

The OIG conducts audits of programs in accordance with Generally Accepted Government Auditing Standards issued by the Comptroller General of the United States and *The 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.

III. Audits from 2020 Completed or In Progress in 2021

COMPLETED

A. Follow-Up Audit of CHA Fleet Vehicle Use

Division: General Services

Objective: The purpose of the OIG's follow-up audit was to determine the status of the corrective actions from the original audit recommendations. The objectives of the original audit, completed on October 22, 2018, included the following:

1. Review CHA's process to ensure procedures are in compliance with CHA's General Business Expense Policy and CHA Vehicle Policy as it relates to fines and penalties.
2. Assess whether the General Services Department and PPM's are managing and maintaining fleet vehicles in accordance with CHA's Policies and Procedures.
3. Assess the risk environment and determine whether the current internal controls are sufficient to minimize fraud, waste and abuse of the CHA fleet vehicles usage.
4. Assess whether the fleet vehicle use program produced intended results or produced results that were not consistent with the program's objectives.

Scope: The initial scope period of the audit was January 1, 2016 to December 31, 2017.

Completion Date: March 1, 2021

B. Housing Choice Voucher (HCV) Inspections

Division: Housing Choice Voucher

Objective: As part of the 2019 Audit Plan, the OIG conducted a performance audit of HCV inspections. The objectives of the audit include the following:

1. Determine whether CHA HCV inspections are scheduled, conducted, reported and invoiced in accordance with CHA Policy and Procedures and CHA's contract with NMA.
2. Ensure program funds are used solely for units that are safe, decent and sanitary and meet HUD's HQS.
3. Assess the risk environment and determine whether the current internal controls are sufficient to minimize fraud, waste and abuse in the inspection process.

Scope: The scope period of this audit is for inspections occurring between October 1, 2018 through September 30, 2019.

Completion Date: March 1, 2021

C. CPD Intergovernmental Agreement

Division: Safety and Security

Objective: The OIG conducted a performance audit of CPD VSEO pursuant to the IGA. The objectives of the audit included the following:

1. Review the processes of the CHA and Private Property Management (PPM) firms to ensure procedures are in place and in compliance with the IGA as it relates to the additional police services at CHA developments.
2. Assess the effectiveness of CHA's internal controls as it relates to documenting, approving, and reallocating additional police services.
3. Assess the effectiveness of the additional police services.
4. Assess the risk environment and determine whether the current internal controls are sufficient to minimize fraud, waste and abuse within the framework of the IGA.

Scope: The scope period of this review covers activity from January 1, 2016 to December 31, 2018.

Completion Date: March 1, 2021

D. Emergency Contract at Lake Parc Place

Division: Property and Asset Management

Objective:

1. To assess whether Property and Asset Management Office (P.O.) complied with CHA's and HUD's policies, procedures and protocols as it relates to an Emergency Contract procured for LPP.
2. To assess effectiveness of P.O. internal controls to monitor and manage services provided through Emergency Contract at LPP.
3. Review expenditures and payment of invoices associated with the LPP emergency project.
4. Assess the risk environment and determine whether the current internal controls are sufficient to minimize fraud, waste and abuse.

Scope: The scope of this audit focused on the Emergency Contract for hot water, heating, and fire safety at 3939 South Lake Park Ave., Chicago, IL on February 1, 2019.

Completion Date: March 1, 2021

E. PPM Tenant Accounts Receivable

Division: Property and Asset Management

Objective:

1. To assess whether PPMs' ability to collect rent owed by residents conforms with: "Activities that are customarily associated with third party multi-unit property management" (Private Property Management Agreement)
2. To ascertain whether PPMs are adhering to the CHA's minimum standards in rent collections.
3. To ascertain whether delinquent Past -Tenant Accounts Receivable (TAR) balances are electronically reported to HUD.
4. To ascertain whether TAR balances are properly reflected in the tenant ledger.
5. To provide the CHA with an independent analysis of cash inflow processes that the PPM utilized when performing services and activities on behalf of the CHA as required by the contracts.
6. Assess the risk environment and determine whether the current internal controls are sufficient to minimize fraud, waste and abuse of the rent collection process at CHA Traditional and Mixed-Finance properties.

Scope: The initial scope period of this audit was for activity performed between January 1, 2018 to December 31, 2018. After a review of CHA's "bad debt report," which details rent owed over 90 days by each past resident, the scope was adjusted to January 1, 2018 to June 30, 2019, in order to capture additional relevant information.

Completion Date: March 1, 2021

F. Public Housing Equipment, Appliance, and Materials Inventory Audit

Division: Property and Asset Management

Objective:

1. Assess whether CHA have adequate controls over equipment, appliances and materials, and safeguards in place surrounding each community or site managed by PPMs.
2. Focus on the internal controls underlining the recording and tracking process associated with equipment and appliances purchased for CHA sites.
3. The audit will also include a review of PPM equipment, appliances and materials disposal procedures and related transactions.
4. Assess the risk environment and determine whether the current internal controls are sufficient to minimize fraud, waste and abuse.

Scope: The scope of the audit is from January 1st, 2017 to December 31, 2019. The audit was limited to verifying the existence of equipment and appliances such as but not limited to refrigerator, washer, countertop, and assessing the adequacy of existing controls. Equipment purchased in prior years and records up to the start of the audit in June 2020 was also be included.

Completion date: September 27, 2021

IN PROGRESS

G. Housing Choice voucher (HCV) Abatement Process

Division: Housing Choice Voucher

Objective:

1. Determine whether CHA HCV abatement processes are in accordance with CHA's contracts with Nan McKay & Associates (NMA), CVR Associates (CVR) and governing documents.
2. Assess the risk environment and determine whether the current internal controls are sufficient to minimize fraud, waste and abuse in the abatement process.

Scope:

The scope of the audit is for activity between October 1, 2018 through September 30, 2019. The scope and objectives may be expanded and/or changed based upon discovery of additional relevant material information.

Projected completion: 4th Q 2021

H. Demonstration Programs and Special Initiatives Admissions

Division: Housing Choice Voucher

Objective:

1. Determine whether participants in CHA demonstration programs are admitted in accordance with CHA Policy and Procedures, as well as with individual program criteria.
2. Assess the risk environment and determine whether the current internal controls are sufficient to minimize fraud, waste and abuse in the admission process for CHA's demonstration programs and special initiatives.

Scope: The scope period of this audit is for admissions between January 1, 2017 through December 31, 2019. The scope and objectives may be expanded and/or changed based upon discovery of additional material information.

Projected completion: 4th Q 2021

I. Vacancy Rates of CHA Units

Division: Property and Asset Management

Objective:

1. Determine whether CHA has adequate controls to ensure scattered site properties are appropriately monitored, repaired, and put back into service in a timely manner.
2. Evaluate current vacancy rates as compared to 2016, when the OIG last audited CHA's vacancy rate.
3. Assess whether CHA follows applicable local laws regarding registration and maintenance of vacant buildings, including the City of Chicago's vacant building registration ordinance.
4. Assess the risk environment and the controls to minimize fraud, waste and abuse in occupancy rate reporting.

Scope: The audit scope period of this audit is for vacant units from January 1, 2017 through August 31, 2021. The scope and objectives may be expanded and/or changed based upon discovery of additional material information.

Projected completion: 4th Q 2021

I. Follow-Up Audits

The key purpose/objective for a follow-up audit is to confirm (document) the status and the actions taken by management to implement the audit recommendations. The OIG will perform the following follow-up audits.

A. Follow-Up Emergency Contract at Lake Parc Place

Division: Property and Asset Management

Objective: Confirm (document) the current status of and the actions taken by management to implement the audit recommendations.

Scope: TBD

Projected Start Time: 4thQ 2021

B. Follow-Up Housing Choice Voucher (HCV) Inspections

Division: Housing Choice Voucher

Objective: Confirm (document) the current status of and the actions taken by management to implement the audit recommendations.

Scope: TBD

Projected Start Date: 2nd Q 2022

C. Follow-Up PPM Tenant Accounts Receivable

Division: Property and Asset Management

Objective: Confirm (document) the current status of and the actions taken by management to implement the audit recommendations.

Scope: TBD

Projected Start Date: 3rd Q 2022

D. Follow-Up CPD Intergovernmental Agreement

Division: Safety and Security

Objective: Confirm (document) the current status of and the actions taken by management to implement the audit recommendations.

Scope: TBD

Projected Start Date: 4th Q 2022

II. Potential Audit Projects

The OIG gathers potential audit topics from a variety of sources including discussions with CHA management, complaints received from the public through the OIG hotline, past OIG reviews, current HUD events, OIG Risk Assessment, CHA Internal Audit Annual Risk Assessment, OIG investigations and other government agencies performance audits. Through audits the OIG seeks to prevent, detect, expose, and eliminate waste, inefficiency, misconduct, fraud, and abuse in CHA's programs and operations.

A. CHA Contractor System Access Controls

Division: Information Technology Division

Objective: Analyze and assess whether policies, procedures and controls exist to ensure:

1. System access granted to CHA contractors has been properly documented and authorized.
2. Access has been promptly revoked or systemically restricted when contractors' association with the CHA ceases.
3. System access is confined to provided adequate segregation of duties.

Scope: Current CHA contractor system access (when audit commences).

Projected Start Time: 1st Q 2022

B. Department of Procurement and Compliance – PRTF

Division: Department of Procurement Compliance

Objective:

1. Assess whether, and the extent to which, implemented recommendations are fully and effectively operational.
2. Test compliance of current internal controls, as it relates to the PRFT.

Scope: The scope for this audit will be to review seven (7) completed PRTF recommendations and two (2) additional OIG recommendations that were not part of the City of Chicago OIG Audit. The scope and objectives may be expanded and/or changed based upon discovery of additional material information.

Projected Start Time: 4th Q 2021

C. Manually Prepared Accounts Payable Checks

Division: Finance

Objective: Analyze and assess historical use of manually prepared Accounts Payable checks in order to identify:

1. Documented policies and procedures that exist which include requirements to be followed when manual checks are utilized,
2. Controls in place to help ensure policies and procedures are adhered to,
3. Circumstances that contribute to the use or abuse of manually prepared Accounts Payable checks,
4. Trends that indicate any increases or decreases of manual check transactions and expenditures, and
5. Risks associated with manual check use.

Scope: The scope of the audit is for manual checks issued between January 1, 2019 through December 31, 2021. The scope and objectives may be expanded and/or changed based upon discovery of additional relevant material information.

Projected Start Time: 1st Q 2022

D. Mixed Finance Tenant Accounts Receivable Recording

Divisions: Finance and Property and Asset Management

Objective: Analyze and assess Accounts Receivable recording processes related to rent determination and collection for public housing participants residing at CHA mixed-finance properties, to determine or identify:

1. Timely and accurate family and income determination (reoccurring) examinations have been performed and entered into the CHA's system of record, Yardi,
2. Participant rent collection activities have been performed timely and accurately, including entry of corresponding receipt and deposit transactions into the CHA's system of record, Yardi,
3. Maintenance to participants' "Resident Ledger" within Yardi have been performed timely and accurately, including adequate documentation provided for any manual adjustments made.
4. Impacts to annual Mixed-Finance, Rent Reserve funding calculations

Scope: Participant examination and accounts receivable activities which occurred between January 1, 2021 and December 31, 2021. The scope and objectives may be expanded and/or changed based upon discovery of additional relevant material information.

Projected Start Time: 2nd Q 2022