



**CHICAGO HOUSING AUTHORITY
OFFICE OF INSPECTOR GENERAL
CHICAGO, IL**

**OIG File #A2018-05-00016 – CPD Intergovernmental Agreement
Audit**

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ACRONYMS

CHA:	Chicago Housing Authority
OIG:	Office of the Inspector General
PO:	Property Office
PPM:	Private Property Management
CPD:	Chicago Police Department
CPD VSEO:	Chicago Police Department – Voluntary Special Employment Officers
IGA:	Intergovernmental Agreement
ICQ:	Internal Control Questionnaire
CLEAR:	Citizen and Law Enforcement Analysis and Reporting
FOP:	Fraternal Order of Police

A. Executive Summary

I. Authority and Role

The authority to perform this audit is pursuant to the Board approved Inspector General Charter, which states that the Office of the Inspector General (OIG) has the authority and duty to audit the administrative programs of the Chicago Housing Authority (CHA). The OIG is tasked with identifying inefficiencies, waste, fraud, abuse, misconduct and mismanagement, as well as promoting economy, efficiency, effectiveness, and integrity in the administration of CHA programs and operations. The role of the OIG is to conduct independent audits of CHA operations and programs and make recommendations for improvement when appropriate. CHA management is responsible for establishing and maintaining measurable processes to ensure that CHA programs operate economically, efficiently, effectively, and with integrity.

Standards

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 Offices of the Inspector General*. Those standards apply to performance audits of government agencies, and require that we plan and perform the audit to provide objective analysis, findings and conclusions to assist management and those charged with governance and oversight with, among other things, improving program performance and operations, reducing costs, facilitating decision making by parties responsible for overseeing or initiating corrective action, and contributing to public accountability.¹

The OIG auditors involved in this audit are free both in fact and appearance from personal, organization and external impairments to independence. All opinions, judgments, conclusions and recommendations are impartial and should be viewed as impartial by third parties.

The OIG believes that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives to identify conditions and/or an environment that results in, or could result in, waste, fraud, abuse, misconduct or mismanagement.

II. Background

Based on observations and concerns from the CHA's former Chief Executive Officer, as well as concerns raised by residents and Commissioners, the OIG conducted a performance audit of CHA's Chicago Police Department (CPD) Intergovernmental Agreement (IGA), contracted to provide additional police service at selected CHA sites. As part of the IGA, CPD-Voluntary Special Employment Officers (VSEO) provide additional services through dedicated police patrol watches primarily at mutually determined CHA developments. The IGA has existed since 2000 and is managed by CHA's Property Office. The most recent contract was a two-year reimbursement agreement not-to-exceed \$12,000,000.00 and expired in December 2018. The contract continues on a month-to-month basis while CHA and CPD negotiate a new contract.

¹ The U.S. Government Accountability Office, Comptroller General of the U.S. (2018). *Government Auditing Standards* (The Yellow Book). Washington, DC: GAO.

The CHA Safety and Security Office was responsible for identifying the specific CHA properties for coverage by the IGA based on institutional knowledge and reported criminal activity at CHA sites. CHA however, had no input into the selection of officers for the CPD VSEO program as their assignments were based on a contractual agreement between the CPD and the Fraternal Order of Police (FOP), Chicago Lodge No. 7. In the contract, Article 16 - Secondary Employment and Special Employment, Section 16.2 Special Employment - D, states:

“The Employer shall assign special employment opportunities to eligible Officers based on seniority.”

During the ICQ, CPD personnel at the district level expressed concerns regarding the inability to select officers who were familiar with their districts and the crime issues specific to their communities. Consensus existed among CPD entities that the challenges in a district would be better served by officers who were assigned in those districts and who were not only familiar with the challenges, but also familiar with residents in those communities.

All departments impacted by the CPD IGA Audit cooperated fully with the OIG staff. We thank CHA and CPD management for their assistance and willingness to improve the program.

III. 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.

IV. Scope

The scope period of this review covers activity from January 1, 2016 to December 31, 2018. However, we did not limit the review of transactions and processes by the audit period and scope.

V. Approach and Methodology

The audit was performed by conducting interviews, inspections, testing, reviewing documentation and other measures deemed necessary. Other measures included, but were not limited to, utilizing investigative techniques to collect, analyze, evaluate and interpret relevant data.

The IGA was reviewed by OIG auditors to ascertain if the agreed upon additional police services as outlined in the IGA were provided at the identified CHA developments.

Site visits were conducted to observe CPD presence at CHA developments and to determine whether PPMs had knowledge of the IGA and were aware of the additional

police officers assigned to CHA properties. Interviews were conducted with personnel from the following departments:

1. CHA Property Office (PO)
2. CHA Safety and Security Office
3. CPD
4. PPMs

Once the fieldwork was concluded, the OIG met with the Chief, PO, and the Director, Safety and Security, to discuss the OIG’s preliminary findings and recommendations. The OIG provided CHA management a draft report with findings and recommendations and allowed CHA management time to submit written responses. The final report, including management’s response, was presented to the Chief Executive Officer and the Audit Committee.

Documents Reviewed

1. Chicago Police Department, Intergovernmental Agreement
2. Illinois Local Government Prompt Payment Act (50 ILCS 505)
3. FOP Union Agreement

Data Overview

OIG auditors utilized the Lawson database to review CPD invoices from 2016, 2017 and 2018. The invoices were reviewed for mathematical accuracy and timely payment, as well as supporting documentation (CLEAR and Payroll Costing Report provided by CPD) to support the monthly charges.

The OIG audit team conducted site visits at the following nine CHA public housing sites covered by the IGA:

Site	PPM	Region	Prop Type	CPD District
ABLA Homes	McCormack Baron	2	Traditional-Family	12 th
Westhaven Apartments	McCormack Baron	2	Traditional-Family	12 th
Lake Parc Place Apartments	WCDC	3	Traditional-Family	2 nd
Wentworth Garden	WCDC	3	Traditional-Family	9 th
Dearborn Homes	WCDC	3	Traditional-Family	1 st
Trumbull	Eastlake	4	Traditional-Family	4 th
Cabrini Green Row Houses	Eastlake	4	Traditional-Family	18 th
Altgeld/Murray	Eastlake	4	Traditional-Family	5 th
Lowden	Eastlake	4	Traditional-Family	6 th

VI. Summary of Results

The OIG concluded that CPD accomplished its overall baseline services of providing police officers at specific CHA properties as defined in the IGA. However, the OIG auditors could not confirm that an identified process existed which formally monitored and reviewed the performance of those officers and therefore, auditors were unable to measure the full effectiveness of the VSEO program. It is commonly reasoned that additional police presence in a community serves as a deterrence to crime, but from an audit perspective, the OIG does not have relevant data to validate the success of the IGA as a deterrence to criminal activity. Additionally, the OIG auditors were not able to identify documented processes/procedures which address instances of non-performing CPD officers. Such procedures could be used to correct poor performance, leading to the removal of officers from the Voluntary Special Employment program.

During the audit interviews, CPD acknowledged the efforts and cooperation from the Safety and Security Office, but a common theme heard from District Commanders and CPD Executives was the need for more robust discussions of the VSEO program, and clarity on the goals of the program to ensure an alignment of mission between CPD, CHA and the PPMs. A clearly communicated plan, more active oversight and regular interactions among the CPD, CHA and PPMs would make certain that the CPD VSEOs are effectively performing their functions and are aligned in their mission.

The OIG also identified the timely payment of invoices and the periodic utilization of crime trend analysis at CHA properties as areas for program improvement that would enhance accountability and transparency.

The following material deficiencies and relevant issues were discussed with CHA Safety and Security Office:

1. PPMs and private security officers assigned to specific CHA properties were not fully aware of the extra services provided by the CPD through the VSEO program. Familiarity with the program would serve to better address emergent issues at those specific CHA properties.
2. A high turnover rate for the PPMs was identified as a contributing factor to either the real or perceived lack of communication between all parties effected by the IGA. The CHA Safety and Security Office plans to forward quarterly emails to PPMs, reminding them of the IGA.
3. CPD requested more consistent communication between CHA's Private Security and CPD officers working at the CHA developments. The CHA Safety and Security Office challenged this finding.

B. Findings and Recommendations

I. Communication/Collaboration with PPMs and Private Security Personnel

Risk Level: High

As part of the audit process, the OIG interviewed PPMs and private security personnel at all nine properties. Of the nine site visits, personnel from five PPMs (56%) were not aware of the additional CPD officers the IGA provided, and it was their assumption that the CPD officers responding to calls were dispatched from the district headquarters. As a result, some PPMs and private security personnel did not engage with the assigned CPD VSEOs on matters that required police intervention.

The OIG audit team conducted an Internal Control Questionnaire (ICQ) with the executives at CPD Headquarters and Commanders from three separate CPD Districts. They provided the CHA with the following recommendations to help enhance communication between the CPD VSEOs and the PPMs:

- Ensure regular communication between CHA, PPMs, private security firms and CPD VSEOs to increase awareness of key challenges affecting CHA developments;
- Direct PPMs and private security personnel to provide CPD VSEOs any relevant information and intelligence that comes to their attention in a timely manner;
- Report all relevant matters to CPD VSEOs immediately;
- Conduct regular security meetings at all CPD District locations covered by the IGA.

Risks:

1. Lack of effective collaboration among PPMs, Private Security Firms and CPD
2. Lack of oversight of the CPD officer assigned to CHA properties by CHA Safety and Security Office

Recommendations:

CHA Safety and Security Office should ensure PPMs are aware of the additional police services at their respective properties, as stipulated in the IGA, and should conduct regular meetings to strengthen communication with the CPD, PPMs and private security personnel. Regular meetings will enhance collaboration with CPD to build safer CHA communities and to increase awareness of key challenges affecting CHA developments. Additionally, Safety and Security Office must ensure consistency in the program and provide a consistent message across all CHA properties covered by the IGA.

Management Response:		
<input type="checkbox"/> Concur with findings and recommendation	<input checked="" type="checkbox"/> Do not concur with findings and recommendation	<input type="checkbox"/> Concur with part of the findings and recommendation
<p>Management does not concur with the findings and recommendations. CHA communicates and collaborates with PPMs and private security personnel, including organizing monthly meetings with security firms, PPM, CPD, and CHA Safety and Security personnel for family properties and organizing special initiatives, such as roll calls and situational training, with CPD and security firms. Oversight of CPD officers is handled by CPD in collaboration with CHA’s Safety and Security team. CHA Safety and Security manages communication with CPD and directs other stakeholders (PPMs and security firms) based on that communication. Currently, CHA is working to establish monthly multi-District meetings with CPD Commanders to discuss CHA properties, which will deepen and broaden our collaboration and communication efforts.</p>		
Custodian:	Eric Garrett	
Implementation Timeline:	Q1 2021	

OIG’s Concluding Response:
<p>The OIG interviewed PPMs and private security personnel at the nine properties covered by the IGA and five out of nine (56%) PPMs were not aware of the additional police services.</p>

II. Timely Payments
Risk Level: High

CHA did not process timely payments. According to the Illinois Local Government Prompt Payment Act (50 ILCS 5050), “Any bill approved for payment pursuant to Section 3 (The appropriate local governmental official or agency receiving goods or services must approve or disapprove a bill from a vendor or contractor for goods or services furnished the local governmental agency within 30 days after the receipt of such bill or within 30 days after the date on which the goods or services were received, whichever is later.) shall be paid within 30 days after the date of approval.”

For years 2016, 2017 and 2018, CHA did not document any derogatory performance issues with the CPD VSEO program, yet failed to process payments within the required timeframe. CHA failed to process eight (2016), seven (2017) and nine (2018) invoices during the required timeframe and also paid multiple past due invoices all at one time. For example, CHA processed payments on July 22, 2016, which covered four 2016 invoices totaling \$2,215,228.12; on May 26, 2017, three 2017 invoices totaling \$1,716,875.12; and on January 8, 2019, five 2018 invoices totaling \$3,624,361.91. PO informed OIG Auditors that there was no executed IGA for 2019 and no payments were processed (over \$7,500,000) for 2019.

Risks:

Noncompliance with *the Illinois Local Government Prompt Payment Act (50 ILCS 5050)*.

Recommendations:

CHA management should strengthen internal controls and develop an action plan to ensure that invoices are accurate and payments to CPD are processed timely and in accordance with the Prompt Payment Act. CHA should also execute an agreement with CPD for 2019.

Management Response:		
<input type="checkbox"/> Concur with Findings and recommendation	<input checked="" type="checkbox"/> Do not concur with Findings and recommendation	<input type="checkbox"/> Concur with part of the Findings and recommendation
<p>Management does not concur with the findings and recommendations. All payments to CPD are on “hold” pending resolution of outstanding service issues and execution of a new IGA. Once all issues are resolved and a new IGA is executed, payments will be made in a timely manner.</p>		
Custodian:	Eric Garrett	
Implementation Timeline:	N/A	

OIG’s Concluding Response:
<p>For the audit scope period (2016, 2017 and 2018), the OIG identified 24 of 36 (67%) payments which were not processed within the required timeframe.</p> <p>During the audit inquires, the OIG was never made aware of any outstanding service issues.</p>

III. Evaluation of Crime Statistics on CHA properties

1. Crime Statistics

Risk Level: High

The audit revealed that CHA does not request crime statistical data as stated in the IGA Section 2.05 and 2.06. The IGA provides for CPD to assign a full-time analyst to the Department’s Crime Prevention and Information Center. The salary and benefits for this position are paid solely by CHA. IGA Section 2.05 g states:

“CPD and CHA agree to continue to work together on a continuous basis to ensure that CHA is receiving adequate crime statistics and other relevant data (including Index, Non-Index Crimes, incidents without arrests on or near CHA property, arrests on or near CHA property), to enable both parties to agree upon a plan of action to address issues as they arise at various CHA locations.”

CPD personnel recommended that CHA request crime trend analysis at CHA properties to help assess and justify the reassignment of VSEOs to those properties that require additional resources. CHA should also enhance their procedures on sharing emergent issues with the District Headquarters in a timely manner.

Risk:

Inadequate CPD VSEO coverage in areas requiring additional resources or newly identified high-crime areas.

Recommendations:

CPD should provide CHA Management with statistical data reports on a regular basis to help evaluate trends and to justify the efficient reassignment of police services. Concerns should also be communicated to the District Commander and Patrol immediately.

Management Response:		
<input type="checkbox"/> Concur with Findings and recommendation	<input type="checkbox"/> Do not concur with Findings and recommendation	<input checked="" type="checkbox"/> Concur with part of the Findings and recommendation
<p>Management concurs in part with the findings and recommendations. CPD sends arrest information based on CHA address usage, but does not regularly send CHA-specific crime statistics. CHA is working with the City on updates to the IGA, including better and regular reporting by CPD. In September of 2020, CHA started working with CPD to gather weekly calls for service for hot spots to track activity and is using this data as starting point for larger crime statistics analysis. Property and Asset Management recently hired a new Deputy Chief for Safety and Security. During 2021, the new Deputy Chief will oversee solicitation of services for an assessment of the safety and security program and take recommendations from that review to guide additional improvements.</p>		
Custodian:	Eric Garrett	
Implementation Timeline:	Q2 2021	

2. Redeployment of CPD Officers

Risk Level: High

CHA’s process for assignment of officers is not documented. Without supporting documentation, and a transparent process, the PO cannot fully justify the allocation of resources. CPD scheduling for VSEOs is done 30 days in advance, limiting CHA’s ability to request reassignment of officers based on an emergency or exigent circumstances. Additionally, the OIG auditors were not able to identify documented processes/procedures which address instances of non-performing CPD officers. Such procedures could be used to correct poor performance, leading to the removal of officers from the Voluntary Special Employment program.

Risk:

1. Lack of justification for re-assigning officers to certain CHA developments.
2. Inability to appropriately and effectively assign CPD resources to address crime issues.

Recommendations:

Promote transparency by documenting redeployment of CPD officers. Request crime analysis reports to help assess needs and develop a plan of action to address emerging issues. CHA should use all available resources to create a plan of action to incorporate arising issues and to reassign officers as needed for emergency situations.

Management Response:		
<input type="checkbox"/> Concur with Findings and recommendation	<input checked="" type="checkbox"/> Do not concur with Findings and recommendation	<input type="checkbox"/> Concur with part of the Findings and recommendation
<p>Management does not concur with the findings and recommendations. The process for deployment of police officers is governed by the CPD police collective bargaining agreement; it is not a CHA process. CHA partners with CPD to identify emergency/exigent situations and create resolutions; for example, CPD assigned a tactical team to ABLA 1324 S. Loomis Chicago, IL 60604 after violence over the summer.</p>		
Custodian:	Eric Garrett	
Implementation Timeline:	N/A	

OIG's Concluding Response:
<p>While the CPD collective bargaining agreement governs the selection of <i>individual</i> officers assigned to CHA locations, the IGA did not prevent CHA from being part of the process for determining the number of police officers deployed to a given location. According to the IGA, <u>“CPD will provide dedicated watches of police officers each day at CHA developments and other CHA locations as the needs are mutually determined by the CHA and CPD, with an adequate number of police officers for each watch. The number of officers, who will work overtime hours on their respective days off at overtime rates of pay, and the number of officers who will be assigned to the watches at CHA developments and other CHA locations will be mutually determine and agreed upon by the CHA and CPD.”</u> The OIG’s recommendation is directed toward staffing levels, which can be better informed by relevant crime data.</p>