



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

**OIG File #A2020-05-003 - Follow Up Audit of CHA Fleet Vehicle  
Use**

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## 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.<sup>1</sup>

#### Independence

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.

### II. Background

In 2018, the OIG conducted an audit of the CHA's Fleet Vehicle Use Program. CHA's fleet vehicles are managed by CHA's General Service Department. Vehicles are made available to employees for transportation in work-related duties. All employees using a CHA vehicle for business must comply with CHA's Vehicle Policy, which was significantly revised in October 2015 and superseded any and all previously implemented policies and resolutions.

The OIG identified two findings and fifteen recommendations, which promoted continuous improvements in operations, effectiveness and transparency of process.

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

### **III. 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.

### **IV. Scope**

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

### **V. Approach and Methodology**

To determine the current status of our previous findings and recommendations, the OIG requested an updated response from the management of the auditee on the current status of the observations and recommendations. Upon reviewing the status report submitted by General Services, the OIG performed the following:

- Identified the status of each recommendation;
- If a recommendation was implemented, the OIG assessed its effectiveness to obtain assurance that risks identified are addressed;
- If a recommendation was partially implemented, the OIG identified what was and what was not implemented and assessed the degree of the residual risk;
- If management chose an alternative action plan, an evaluation was conducted to ensure management actions effectively mitigate the risk identified;
- If a recommendation was not implemented, the OIG asked management to provide an explanation and projected implementation timeline;
- Limited testing to determine whether CHA had any outstanding unpaid tickets on CHA fleet and PPM issued vehicles.

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

### **VI. Summary of Results**

Of the two findings and fifteen recommendations in the original audit report, the OIG determined that 11 recommendations were implemented and 4 were not implemented. The OIG commends General Services for their cooperation and implementation of the recommendations.

## **B. Status of Recommendations**

This section reports the follow-up review on actions taken by management on the recommendations made in the original audit report. The observations and recommendations contained herein are those of the original audit, followed by the current status of the recommendation.

### **Finding I: Inconsistent Application of CHA's Vehicle Policy**

The audit indicated that CHA did not consistently apply the vehicle policy as it relates to fines and penalties incurred while using a CHA vehicle.

#### **IA. Outstanding Tickets and Violations on CHA Fleet Vehicles**

CHA owed a total of \$5,210 for 28 outstanding tickets incurred between September 2015 and August 2017. CHA paid the outstanding balance using its non-Federal funds. In violation of CHA's Vehicle Policy, most employees did not pay their ticket or were not held responsible for reimbursement of funds back to CHA.

#### **Recommendations:**

1. CHA should be consistent in its application of the Vehicle Policy as it relates to fines and penalties incurred while using a CHA vehicle. If CHA pays for outstanding tickets, General Services should provide Human Resources with a list of those individuals who incurred tickets and the corresponding amount to seek recoupment through payroll, where appropriate.
2. Ensure employees are notified in writing. Attach sufficient documentation to the ticket notification to avoid any potential disputes. Ensure appropriate documentation is maintained by CHA.
3. Require employees to provide proof of payment to General Services.
4. General Services should electronically maintain a list of previous tickets an individual has received to allow CHA to apply penalties, if needed, for an individual who repeatedly has speeding and/or red-light violations.
5. Continue to periodically check the City of Chicago's website for any outstanding tickets and/or violations.

#### **Original Management Response:**

- General Services concurs with the finding. General Services will create a list of violations and forward it to the Human Resource Department on a monthly basis.
- General Services updated its Fleet Procedures, which were attached to their audit response.
- General Services will also begin to establish a repeat offender list.

#### **Current Status of Recommendation: Implemented**

Recommendations 1, 2, 3, 4 and 5 have been implemented. The OIG identified one outstanding ticket on a CHA fleet vehicle, as of 7/2/2020. General Services is currently working with the driver to pay the fine and if necessary, will coordinate with Human Resources per Recommendation 1.

## **IB. Outstanding Tickets and Violations on Vehicles Issued to CHA's PPM Firms**

The OIG identified two outstanding unpaid tickets on PPM vehicles, and PPMs used their CHA operating cash account to pay for a permit parking violation and an expired plate violation. Pursuant to the Private Managers Financial Procedures Manual, PPMs may not use the CHA's operating subsidy to pay such fines and penalties.

### **Recommendations:**

1. See Recommendation AI.
2. Ensure PPMs are aware of CHA's Vehicle Policy and its requirements regarding the payment of tickets and/or violations when using any vehicle for CHA business.
3. CHA should seek recoupment of funds for tickets and violations expensed by PPMs.
4. General Services should work with Property Office to develop a process or internal protocol regarding PPM fleet vehicle usage.

### **Management Response:**

- General Services concurs with the finding. General Services will forward the policy with new procedures addendum to each firm and continue its pursuit to get tickets paid via continued notification.

### **Current Status of Recommendation: Implemented**

The OIG did not identify any outstanding tickets or violations on vehicles issued to PPM firms. CHA's Property Office also sought recoupment of funds for the tickets and violations expensed by the PPMs and identified by the OIG in the original audit report. General Services stated they have been able to achieve great cooperation from the Property Office and when tickets are issued, notifications have been sent out and payment has been addressed in a timely manner.

## **IC. Outstanding Illinois Toll Highway Authority Fees**

CHA had an outstanding balance with the Illinois Toll Highway Authority on violations incurred during the audit. The audit determined that General Services does not confer with the Illinois Toll Highway Authority to identify any outstanding tolls for CHA vehicles and on two occasions, CHA's account was placed with a collection agency for lack of payment on outstanding tolls.

### **Recommendations:**

1. Establish a process for identifying outstanding toll fees.
2. Consider purchasing one or more I-PASS transponders.

### **Management Response:**

- General Services concurs with the finding. General Services will communicate with Illinois Toll Way Government Relations staff to establish a process for identifying outstanding toll fees.
- General Services will consider purchasing IPASS transponders, but only two plate numbers can be assigned to a device.

### **Current Status of Recommendation: Not Implemented**

The OIG commends the General Services Department for making repeated attempts to establish an account with the Illinois Toll Highway. General Services stated they are now reassessing whether purchasing transponders is necessary and appropriate.

General Services has not established a process to identify outstanding toll fees. General Services should consider utilizing Illinois Tollway's online search by plate functionality to identify outstanding toll fees. CHA employees should be reminded of their responsibility to notify General Services about toll violations as soon as they occur to mitigate costs.

## **Finding II: Limited Information Included in Operating Procedures**

While CHA's Vehicle Policy was Board approved in 2015, General Services' Operating Procedures, which do not require board approval, have not been updated to reflect the practice required to support and carry out the requirements listed in the Vehicle Policy.

### **Recommendations:**

1. CHA should look at its previous policy to identify substantive procedures that were removed and include these details in General Services' Operating Procedures.
2. General Services should update its Operating Procedures to be in line with the CHA Vehicle Policy.
3. General Services' Operating Procedures should include departmental vehicle usage guidelines. The guidelines should state each department head will be responsible for a ticket in the event a drive cannot be identified by the department to which the vehicle was assigned.
4. General Services' Operating Procedures should reference how failure to pay fines may result in a payroll deduction.
5. General Services' Operating Procedures should address the use of a personal vehicle for CHA business.

### **Management Response:**

- General Services' concurs with the finding and recommendations.

### **Current Status: Partially Implemented**

General Services immediately implemented Recommendation 1, 2, and 3 by updating its Operating Procedures in response to the audit. However, the OIG noted that the practices mentioned in Recommendation 4 and 5 were not incorporated and should be included in the written operating procedures. CHA management stated these recommendations will be addressed in 2021.