



CHICAGO HOUSING AUTHORITY
OFFICE OF THE INSPECTOR
GENERAL

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CHICAGO HOUSING AUTHORITY
OFFICE OF THE INSPECTOR GENERAL
INSPECTOR GENERAL KATHRYN B. RICHARDS
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February 1, 2022

To Chairperson Hurlock, Vice-Chairman Brewer, and Distinguished Members of the Finance and Audit Committee:

Enclosed for your review is the 2021 Annual Report on the activities of the Chicago Housing Authority Office of the Inspector General (OIG). Pursuant to the Office of the Inspector General Charter, this report provides statistical information as well as summaries of OIG investigations, audits, and other activities for the full 2021 calendar year. During the 2021 reporting period, the OIG processed 660 complaints, initiated 84 investigations, and provided investigative support to CHA departments and outside government agencies on 49 matters. OIG investigations resulted in four convictions, three indictments, \$114,355 in restitution orders, and 22 cases sustained for administrative violations.

The CHA OIG in 2021, like the rest of CHA, focused on pursuing its core mission of ensuring the CHA effectively provides safe, affordable housing, while also identifying areas for improvement of OIG internal operations, refining OIG policies, and leveraging our work to promote a culture of compliance and integrity throughout CHA. Accordingly, in addition to the numerous criminal and administrative investigations, audits, and management advisories detailed below, the OIG achieved the following accomplishments:

- Obtained Board approval for updates to the OIG Charter, Administrative and Procedural Policies, and Standards of Conduct, all posted to the OIG's webpage
- Enhanced and expanded OIG quarterly reports for added transparency and readability
- Hired an Administrative Coordinator – OIG's first administrative support professional tasked with finding enhanced operational efficiencies and improving OIG communications
- Adjusted the OIG budget to create two new positions in 2022 to support investigations and audits
- Completed the OIG's first agency-wide risk assessment with CHA management
- Launched an email newsletter for CHA staff and contractors to promote fraud prevention and awareness of the OIG
- Gained a presence on Twitter and LinkedIn, designed to reach a broader array of CHA stakeholders
- Began the process of replacing an outdated case management database to improve internal case tracking and operational metrics

In 2022 the OIG will continue to identify opportunities to improve internal OIG operations. First, in April 2022, the office will undergo its third Association of Inspectors General peer review. A team of IG professionals from across the country will audit the OIG's operations to

ensure we meet best practices in IG investigations and auditing standards. The results of this review will be reported to the CHA Board of Commissioners and published to the OIG's webpage.

Second, the OIG staff will work collectively and with input from various CHA stakeholders to develop a strategic plan to ensure the office is effectively utilizing available resources and assets to meet its mission. Third, the OIG plans to implement a new case management database in late 2022, which will improve case management, tracking, and operational analytics. Finally, the OIG anticipates filling three staff vacancies in the first quarter of 2022, which should significantly improve the timely conclusion of investigations and audits.

It is an honor to lead an office dedicated to the important work of combatting fraud, waste, and abuse of CHA programs and ensuring the Authority is in the best position to support Chicago families with safe, affordable housing. I look forward to working collaboratively with CHA management and the Board of Commissioners to support our shared mission of ensuring the availability of affordable housing throughout Chicago.

Respectfully submitted,



Kathryn B. Richards
Inspector General

<u>TABLE OF CONTENTS</u>	<u>PAGE</u>
I. MISSION OF THE OIG	5
II. INVESTIGATION AND AUDIT STANDARDS	6
III. SIGNIFICANT ACCOMPLISHMENTS AND ACTIVITIES IN 2021	7
IV. STATISTICAL INFORMATION REGARDING COMPLAINTS	9
V. STATISTICAL INFORMATION REGARDING INVESTIGATIONS	11
VI. INVESTIGATIONS - CLOSED CASE SUMMARIES	12
A. CRIMINAL CASES	12
i. INDICTMENTS	12
ii. CONVICTIONS	14
iii. PENDING CRIMINAL MATTERS	16
B. ADMINISTRATIVE CASES - SUSTAINED CASE SUMMARIES	17
VII. INVESTIGATIVE SUPPORT MATTERS	26
VIII. MANAGEMENT ADVISORIES AND MEMOS	26
IX. AUDITS AND REVIEWS	30
X. ANALYTICS	36
XI. OIG STAFF AND CREDENTIALS	38

A vertical photograph of the Chicago skyline, featuring the Willis Tower (formerly Sears Tower) as the central focus. The image is partially obscured by a teal-colored vertical bar on the left side of the page.

I. MISSION OF THE OIG

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

The OIG achieves this mission through:

- Criminal Investigations
- Administrative Investigations
- Investigative Support to Partner Agencies
- Performance Audits
- Program Reviews
- Analytics
- Advisories
- Training
- Communications and Outreach

The OIG partners with law enforcement agencies to pursue criminal prosecutions where appropriate. In administrative matters, 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. Finally, through training, communications, and outreach, the OIG seeks to raise awareness of common indicators of fraud or other misconduct, and to provide multiple avenues for reporting such concerns and issues to ensure the CHA remains responsive and accountable to its stakeholders.

Ultimately, the OIG seeks to ensure the CHA is best equipped to serve its overarching mission to "leverage the power of affordable, decent, safe, and stable housing to help communities thrive and low-income families increase their potential for long-term economic success and a sustained high quality of life."

II. INVESTIGATION AND AUDIT STANDARDS

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

The OIG conducts audits in accordance with the Generally Accepted Government Auditing Standards issued by the Comptroller General of the United States (the "Yellow Book") and the Green Book. Those standards require that we plan and perform the audit to obtain sufficient and appropriate evidence to provide a reasonable basis for findings, and conclusions based on the 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.

OIG operations undergo an independent peer review conducted by members of the national Association of Inspectors General (AIG) 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. At that time, the AIG peer review team 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." The CHA OIG is scheduled to undergo its next AIG peer review in April 2022.

III. SIGNIFICANT ACCOMPLISHMENTS AND ACTIVITIES IN 2021

- **Criminal Investigations – 4 Individuals Convicted, 3 Indicted, \$114,355 in Restitution**
 - U.S. v. Kowalski, et al. – Superseding Indictment
 - People v. Carney – Indictment
 - People v. Massey – Indictment
 - People v. Runsewe – Guilty Plea and \$27,022 Restitution
 - People v. Rice – Guilty Plea
 - People v. Watts and Spivery – Guilty Pleas and \$87,333 Restitution

- **Administrative Investigations – 22 Reports of Sustained Findings**
 - In 2021 OIG sustained 22 administrative investigations, which identified policy violations and misconduct and recommended corrective action regarding the following subjects:
 - HCV and Public Housing Participants
 - CHA Contractors and Contractor Employees
 - CHA Employees
 - Public Housing Local Advisory Council Leadership

- **Performance Audits – 6 Published Audits, 1 Risk Assessment**
 - 2021 Agency-wide Risk Assessment
 - Public Housing Equipment, Appliances, and Materials Inventory Audit
 - Audit of Emergency Contract at Lake Park Place
 - Follow-up Fleet Vehicle Audit
 - Chicago Police Department Intergovernmental Agreement Audit
 - HCV Inspections Audit
 - Audit of Private Property Management Tenant Accounts Receivable

- **Analytics**
 - Quarterly and Expanded Registered Sex Offender Analysis to Identify CHA Participants in Violation of Federal Program Restrictions
 - Analysis of Publicly Available Salary Information for CHA Participants Employed by Sister Agencies: City of Chicago and Chicago Board of Education, Resulting in two OIG Advisories and seven individual participants referred to HCV and PAM as sustained findings for program violations

- **Advisories – 3 Matters Reported to Management**
 - OIG Advisory #20: Income Reporting for Participants Employed by Chicago Public Schools
 - OIG Advisory #21 City of Chicago Employee Income Reporting
 - OIG Advisory #22 Federal Guidance on Promoting Accountability through Cooperation among Agencies and Inspectors General

- **Communications and Prevention Efforts**

- Launched OIG Quarterly Email Newsletter *Integrity Watch*
- Established OIG Presence on Twitter and LinkedIn
- Redesigned and Expanded Quarterly Reports to Provide Added Transparency

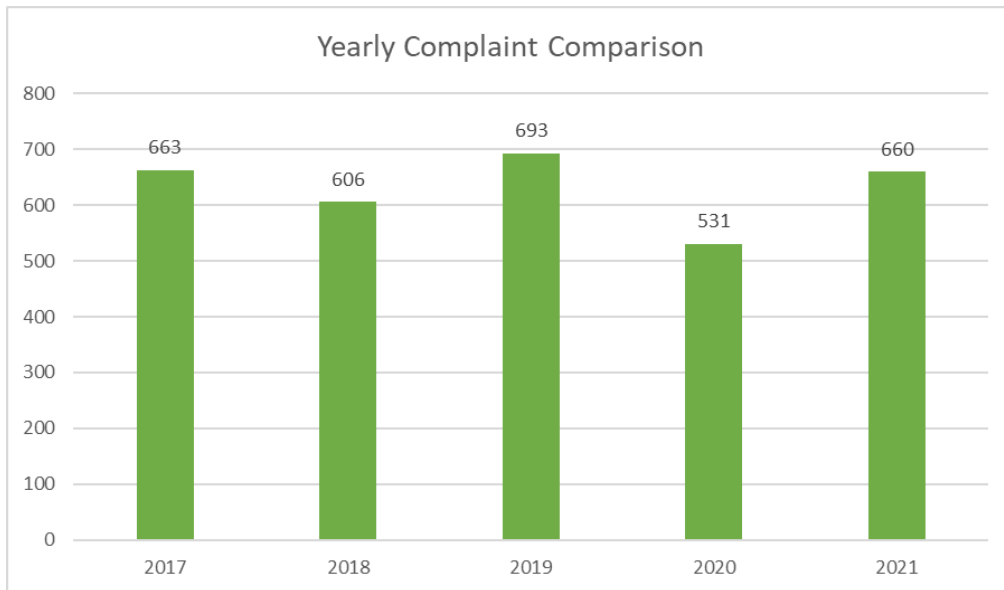


IV. STATISTICAL INFORMATION REGARDING COMPLAINTS

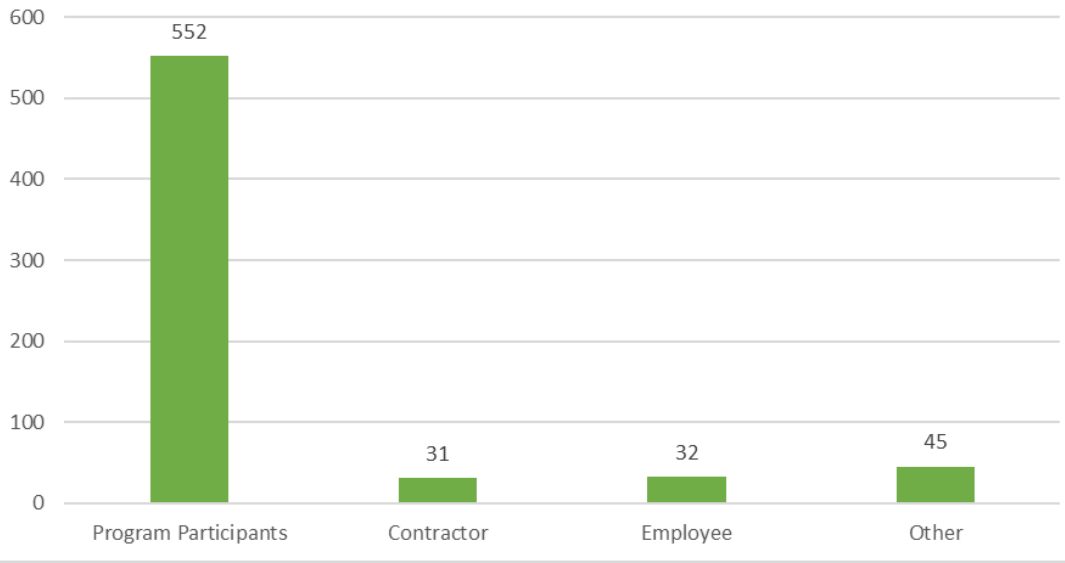
The OIG accepts complaints through its online web portal, by email, telephone hotline, employee complaint drop boxes, and in-person reports. Complainants may choose to remain anonymous. The OIG initiates investigations, reviews, and audits in response to complaints or concerns it receives or upon the OIG's initiative. Following a preliminary review and assessment of the complaint, OIG staff make a determination on whether to open an investigation or other matter. Matters may be declined for a variety of reasons including but not limited to: insufficient information, lack of jurisdiction, or no violation presented.

The OIG received 660 complaints in 2021. Of those complaints, the OIG opened 84 for investigation, referred 367 complaints to various relevant CHA departments and outside agencies; provided investigative support to internal and external stakeholders in response to 49 complaints, and declined 153 complaints. At the close of 2021, 7 complaints remained pending for preliminary investigation.

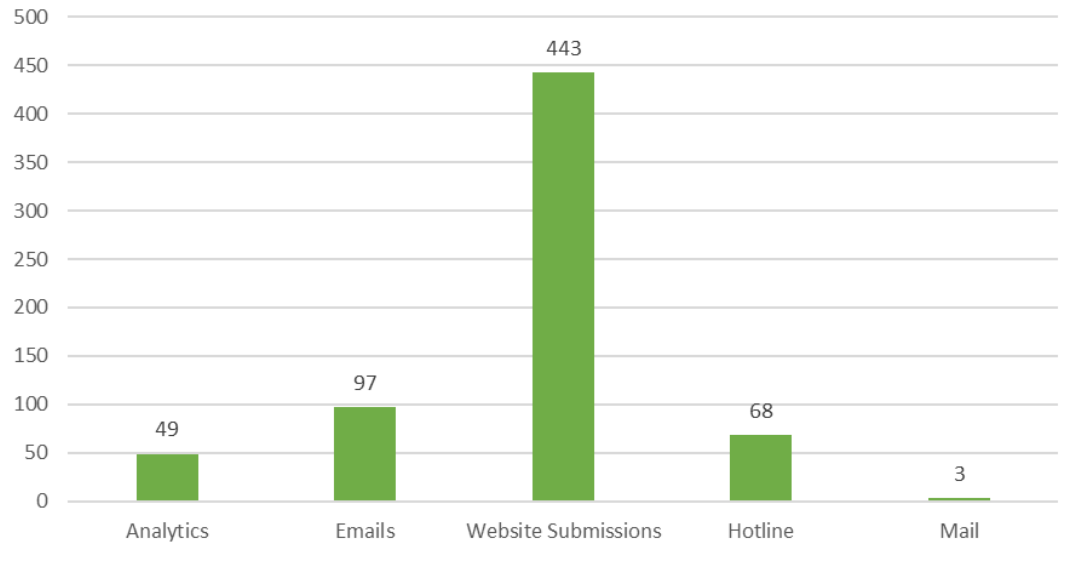
Below are a series of tables showing statistical information on the OIG complaints for 2021.



Subject of Complaint

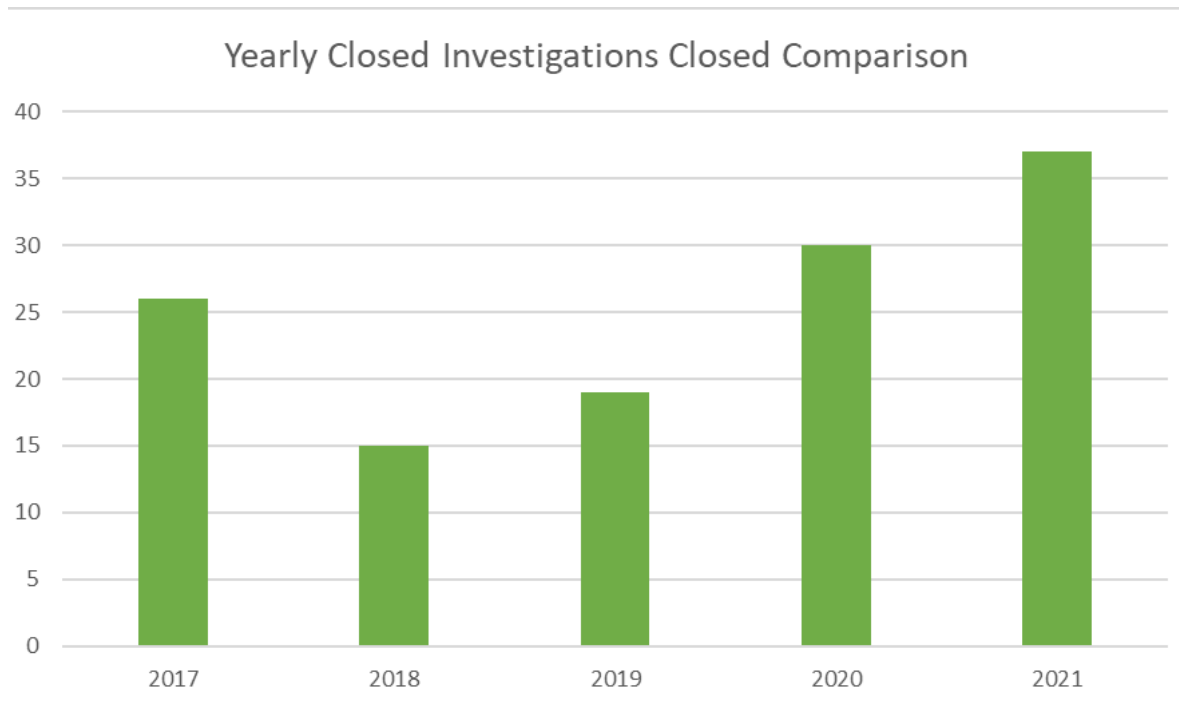


Complaints by Source



V. STATISTICAL INFORMATION REGARDING INVESTIGATIONS

In 2021, the OIG closed 37 investigations. Of those cases, 32 were administrative and 5 were criminal. Of these closed cases 22 were closed sustained for misconduct or other violations, and 15 were closed as not sustained. See the chart below detailing closed criminal and administrative cases.



Pending Criminal and Administrative Investigations

At the close of 2021, the OIG had a total of 113 pending investigations. Of those pending investigations, 89 were administrative and 24 criminal.

Investigations Not Concluded Within Six Months

Of the 113 pending investigations, 56 have been open for at least six months. The following table shows the reasons why these matters remain open.

Reasons	Number of Investigations
Complex investigations, generally involve difficult issues of multiple subjects and/or under review by prosecuting agency	23
Indicted cases, but no criminal disposition	7
On-hold or delayed due to other ongoing time-sensitive investigations	26
Total	56

VI. INVESTIGATIONS - CLOSED CASE SUMMARIES

A. CRIMINAL CASES

In 2021, OIG investigations resulted in three indictments for fraud related to CHA programs, including an HCV landlord and two HCV participants. OIG investigations further resulted in four criminal convictions, including two HCV participants, one HCV landlord, and one former employee of a CHA contractor entrusted to manage HCV waitlists. These cases are detailed below, along with a table of all pending criminal cases stemming from OIG investigations.

i. CRIMINAL INDICTMENTS

OIG #2018-06-00038, U.S. v. Robert Kowalski, et al., 19-CR-226, (Dist. Ct. N.D. Ill.)

On February 25, 2021, Robert M. Kowalski was indicted by a federal grand jury in the United States District Court of the Northern District of Illinois. Kowalski was charged in a third superseding indictment with Conspiracy to Commit Embezzlement (the three prior indictments have been previously reported). The indictment also renews tax charges and bankruptcy fraud charges against Kowalski.

Kowalski was a CHA landlord from 2011 until 2018. Kowalski conducted business with the CHA through limited liability corporations including Indomitable LLC, Piorun Properties LLC, and Mountain Duck Properties LLC. From 2011 through 2018, these entities were paid over \$2,000,000 in Housing Assistance Payments (HAP) on behalf of CHA HCV participants. From 2011 through 2018, Kowalski, through his LLCs, received HAP payments for over 90 CHA HCV participants, and during 2018, Kowalski had 15 units in which he was receiving HAP from the CHA. The additional count, in part, involved the improper diversion and subsequent non-disclosure of legitimate CHA HCV HAP. The indictment, as it relates to the CHA, alleges that Kowalski concealed from his bankruptcy creditors his interest in Mountain Duck Properties and five related land trusts. Between March 2018 through March 2019, Kowalski collected approximately \$34,600 in rent checks, which he concealed from his creditors. The indictment also alleges that the Piorun Properties LLC's 2015 US Corporate Income Tax Return filed by Kowalski understated income in that it did not report income that Piorun Properties LLC received from the CHA relating to the Mountain Duck Properties. The CHA OIG has been working in partnership with the US Attorney's Office and other federal law enforcement agencies involved in this investigation.

OIG #2017-06-00022, *People v. Massey*, 21 CR 0069001 (Cook Cty. Cir. Ct.)

An OIG investigation revealed that, from November 2000 through February 2018, CHA HCV participant, Evelyn Massey fraudulently obtained housing benefits totaling over \$188,000 by concealing her ownership in the property that she resided in with her CHA voucher. On January 20, 2021, a Cook County grand jury returned a multi-count indictment charging Massey with one count of Class X Felony Theft, three counts of Class 1 Felony Theft, one count of Wire Fraud (Class 4 Felony) and three counts of Forgery (Class 3 Felony). Prosecution of the matter is being handled by the Illinois Attorney General's Office.

OIG #2019-08-00024, *People v. Carney*, 21 CR 1492801 (Cook Cty. Cir. Ct.)

An OIG investigation revealed that from August 2015 through November 2021, HCV participant Jeanette Carney fraudulently received housing benefits totaling over \$90,000.00 by failing to report her husband as a household member or his income from employment with the City of Chicago. Additionally, Carney falsely reported four dependents, a daughter and four grandchildren, who did not reside in the unit. This resulted in additional loss to the CHA. The evidence shows that Carney has resided in three different HCV units since receiving her voucher. Carney reported between \$4,680.00 and \$21,600.00 in annual household income since 2015. In fact, evidence shows that Carney's husband, a laborer with the City of Chicago Department of Transportation, earned as much as \$94,000.00, annually, while residing with Carney. Carney's husband, who was not charged, reported each HCV unit address to his employer, on signed City of Chicago employee residency affidavits.

On December 1, 2021, the Grand Jury sitting in the Circuit Court of Cook County returned a five-count indictment charging Carney with Class 1 felony theft, wire fraud, and three counts of forgery for her fraudulent receipt of HCV housing benefits. Prosecution of the matter is being handled by the Illinois Attorney General's Office.

The OIG also referred this matter to the HCV department for appropriate administrative action pending the outcome of the criminal case. The HCV department responded by issuing the family a notice of Intent to Terminate the voucher assistance. The family has 30 days to respond and may request an administrative hearing. The OIG's investigation remains open pending the outcome of the criminal court case.

ii. CRIMINAL CONVICTIONS

OIG # 2016-06-00016 People v. Runsewe - Guilty Plea and \$27,022 Restitution

An OIG investigation found that Olumide Runsewe had fraudulently obtained an HCV voucher from the CHA. Runsewe was indicted in October 2017 by a Cook County Grand Jury on two felony counts of theft and two felony counts of forgery. The indictment alleged that between December 2013 and April 2017, Runsewe failed to disclose income, failed to notify the CHA of changes in household dependents and failed to notify the CHA of his marriage in 2014 as well as his spouse's income. It was further alleged that Runsewe presented a false document to the CHA that was purportedly from the United States Post Office as well as a false document that was purportedly a court order signed by the Honorable Judge Cheryl D. Cesario (Judge Cesario retired prior to the date of the court order).

In an interview with OIG investigators, Runsewe admitted to falsely claiming he was not married. He also admitted to submitting fraudulent documents and to signing a Zero-Income Affidavit despite being employed by the US Postal Service as a letter carrier. The OIG investigation determined that from January 1, 2014, through December 31, 2016, Runsewe fraudulently received housing benefits from the CHA totaling \$27,021.

On April 19, 2021, Runsewe pleaded guilty to Theft and received 24 months of Second Chance Probation and made full restitution on April 26, 2021, by providing a cashier's check payable to the CHA in the amount of \$27,021.

OIG #-2019-01-00068 People v. Brian Rice - Guilty Plea and Sentencing

In January 2019, the CHA OIG initiated an investigation involving Brian J. Rice, a former employee of Nan McKay & Associates, which is contracted to administer the CHA's Housing Choice Voucher Program. The investigation revealed that between November 2018 and June 2019, Rice used his CHA credentials to solicit bribes from individuals applying to the CHA's waiting list and those already on the list waiting to receive CHA vouchers. Upon receiving payment, Rice provided applicants with a voucher and false information to provide to landlords. Once a landlord submitted the fraudulent information to the CHA, they were informed that neither the voucher nor the required tenant number could be verified. Individuals paid between \$1,800 and \$2,500, and it is estimated that Rice collected more than \$116,000 in bribes. While Rice repaid some of the money, in other instances he changed his phone number so that individuals who paid bribes could no longer contact him.

The Grand Jury sitting in the Circuit Court of Cook County returned 10 separate indictments on January 15, 2020, charging Rice with 34 counts, including bribery, wire fraud, theft by deception, and forgery.

On September 14, 2021, Rice pleaded guilty to all bribery counts and was sentenced to 6 months in Cook County Jail, 3 years probation, and ordered to pay fines and fees totaling \$8,400.00. Prosecution of the matter was handled by the Illinois Attorney General's Office.

OIG # 2017-06-00011 *People v. Watts and Spivery - Guilty Pleas and \$87,333 Restitution*

An OIG investigation revealed that former HCV participant Shawanna Spivery and former HCV landlord Charles Watts fraudulently received over \$94,000 in housing assistance payment (HAP) benefits from the CHA by failing to disclose that they were married and that they lived together in the single-family home owned by Watts, where he was receiving HAP on behalf of Spivery. Spivery and Watts were indicted in June 2019 by a Cook County Grand Jury on multiple counts of Theft of Government Property from the CHA exceeding \$10,000 in value but not exceeding \$100,000, and one count each for income tax fraud for filing as "single or head of household" when they were legally married. Spivery was separately charged with Forgery for knowingly submitting a false document to the CHA.

On June 16, 2021, Spivery and Watts pleaded guilty to one felony count of Theft of Government Funds and one felony count of Forgery, respectively. The Court sentenced Watts and Spivery to three years of Second Chance Probation plus court costs and restitution, including a total of \$87,333 in restitution to the CHA. In 2021, CHA received a total of \$25,000 in restitution collected to date.

iii. PENDING CRIMINAL MATTERS

At the end of 2021, 7 OIG criminal investigations remained pending in court. The chart below outlines the current status of those cases.

OIG Case#	Case Name	Indictment	Summary of Charges	Current Status
2019-08-00024	People v. Carney, 21 CR 1492801 (Cook Cty. Cir. Ct.)	12/21/2021	Felony theft, wire fraud, and forgery for fraudulent receipt of HCV benefits	Court status set for 2/4/22.
2018-06-00038	U.S. v. Kowalski, 1:19-cr-00226-01 (U.S. District Ct.)	3/10/2019 Multiple superseding indictments	Conspiracy to commit embezzlement, bankruptcy fraud, tax fraud.	Awaiting order for next court date.
2017-06-00022	People v. Massey, 21 CR 58201 (Cook Cty. Cir. Ct.)	1/20/2021	Felony theft, wire fraud and forgery	Trial set for 3/21/22.
2019-09-00060	People v. Lumpkins, 21 CR 0069001 (Cook Cty. Cir. Ct.)	12/30/2020	Class X felony theft	Pre-trial set for 2/17/22.
2016-02-00046	People v. Mong, 19 CR 1092601 (Cook Cty. Cir. Ct.)	8/6/2019	Class 1 felony theft and forgery	Court status date set for 3/14/22.
2014-03-00034	U.S. v. Coleman, 1:20-cr-00099 (U.S. District Ct.)	2/14/2020	Felony wire fraud	Guilty plea 1/19/22. Sentencing set for 5/12/22.
2014-07-00043	U.S. v. Barrow, 1:19-cr-00650 (U.S. District Ct.)	8/15/2019	Felony wire fraud	Trial set for 3/14/22.

B. ADMINISTRATIVE INVESTIGATIONS - SUSTAINED CASE SUMMARIES

The OIG sustained 22 administrative investigations for various policy violations in 2021. Representative matters are detailed below.

OIG # 2020-10-00016 – Housing Specialist Failure to Secure Laptop and Log-In Credentials (HCV Program Vendor)

An OIG investigation found that a Housing Specialist III employed by a CHA vendor failed to secure their login and password information and work-issued laptop while working from home, and as a result, an individual, likely the employee's brother, accessed images of a prospective Housing Choice Voucher (HCV) landlord's voided checks and attempted to make withdrawals from the landlord's accounts using two fraudulent checks, each in the amount of \$3,800. In response to the landlord's complaint, the vendor reported the matter to the OIG, immediately limited the employee's duties, and actively cooperated with OIG's investigation. Immediately following the OIG's interview of the employee, the vendor terminated the employee for violating the Standards of Employment and Discipline guidelines outlined in its employee handbook and guidelines for protection of trade Secrets and other confidential information.

OIG's investigation, including review of personal bank records and work emails, revealed no additional suspicious activity in relation to the individual. There was no loss to the landlord or the CHA. Based on the above findings, the CHA OIG closed the investigative matter as sustained and provided a summary of investigation for the HCV Department's use and reference in its oversight of the vendor.

OIG # 2020-06-00037 Private Property Management Employee Theft and Failure to Report Misconduct to OIG (Public Housing PPM Vendor)

An OIG investigation found that a maintenance employee of a CHA private property management (PPM) company stole items from a deceased CHA tenant's unit at the Judge Fischer Apartments in May 2020. In response to a complaint from the tenant's sister, the PPM conducted its own internal investigation and, as a result, terminated two employees and suspended another. The items were recovered and returned to the complainant. While the PPM acted swiftly to address the misconduct, it did not report the alleged misconduct to the CHA OIG as required by the CHA Board of Commissioners OIG Charter. In fact, this incident was remarkably similar to another incident involving the same PPM's employees, which came to light in June 2020, but which had occurred one year prior at the Mary Hartwell Catherwood Senior Apartments. In that incident, in June 2019, PPM maintenance employees disposed of and/or stole items from a deceased resident's unit before the tenant's family had an opportunity to retrieve the items. The deceased tenant's family reportedly complained to the PPM as well as CHA management on or about July 8, 2019,

but the incident was never reported to the CHA OIG. It was only brought to the OIG's attention once news media reported on the theft on June 29, 2020, nearly a year later.

The OIG recommended that the Property and Asset Management Division instruct the PPM on its duty to promptly report misconduct to the CHA OIG. CHA contractors' duty to report to the CHA OIG misconduct that involves CHA business or assets is intended to ensure such allegations are investigated in a manner that is independent, thorough, and in accord with CHA's best interests. Additionally, providing such notice to the CHA OIG ensures CHA and the OIG have the opportunity to identify patterns and trends, such as the complaints at issue here, and to ensure vendors are addressing such issues across the board to prevent similar misconduct in the future. The OIG noted that the upcoming transition of public housing properties to PPMs may represent an opportune time to reiterate to all CHA PPMs the duty to report misconduct to the CHA OIG. The OIG asked that the Property and Asset Management Division notify the OIG of any action taken in response to OIG's recommendation.

In response, CHA's Property and Asset Management Division directed the PPM to ensure all staff performing work related to CHA's contracts have successfully completed CHA's online Ethics Training and reminded in writing of their duty to report misconduct to CHA's OIG.

OIG # 2020-04-00031 Public Housing Resident Failure to Disclose Marriage and Family Income (PH Participant)

An OIG investigation found that, from 2013 to present, a CHA public housing resident failed to list her husband as an occupant on her lease and failed to report his income from the Social Security Administration (SSA). More specifically, the tenant was admitted to the CHA Public Housing program in March 2013, but did not disclose her marriage to her husband, which occurred on April 10, 2010, nor list him as an occupant on her lease for the past eight years. The resident did not report her husband's income from the SSA at any time during her tenancy, while reporting other income or a reduction of income when it was no longer received.

The resident and her husband each had separate motivation to conceal their marriage: The husband concealed the marriage when in 2011 he began receiving survivor benefits; and the resident concealed the marriage and her husband's income in 2013 in her application for public housing. The OIG sustained the matter for multiple program violations and recommended that the CHA Property and Asset Management Division review the matter for appropriate legal action and eviction.

OIG # 2016-12-00051 Cabrini Green Local Advisory Council v. The CHA et al. - LAC Mismanagement, Conflicts of Interest, and Mishandling of Funds (LAC Member)

On April 21, 2021, the U.S. District Court approved a settlement order between the CHA, City of Chicago, and Cabrini Green Local Advisory Council (LAC), establishing a process by which the current board members of the Community Development Corporation (CDC) will resign, and the CDC will establish a "caretaker board" tasked with identifying new CDC board membership and hiring professional staff. The Court will continue to monitor the CDC for at least six months following the appointment of the new board.

The settlement resolves a pending motion by the CHA and the City of Chicago, asking the U.S. District Court to modify and enforce the Cabrini Green Consent Decree to allow for greater oversight of funds. In his order entering the proposed settlement, Judge Edmund Chang noted, "Given the facts set forth in the OIG Report, . . . the proposed settlement reasonably pushes the reset button on the CDC so that those important purposes can be fulfilled." The settlement is the result of an OIG investigation of the Cabrini Green LAC, CDC and allegations of mishandling of funds, conflict of interest, and mismanagement involving various Board members. The investigation determined that the CDC failed to adhere to the intent of the 2000 Cabrini-Green Consent Decree between the Cabrini-LAC, the CHA, and the City of Chicago.

Despite receiving over \$1.5 million between 2015 and 2019, the CDC provided little or no benefits to the displaced and current residents of Cabrini Green as had been stipulated in the Consent Decree. The CDC also frequently violated and conflicts of interest and ignored professional advice by allowing CDC Board members, and family and friends of Board members, to profit and receive benefits from CDC funding. The CDC also failed to adhere to its regulatory responsibilities as an IRS recognized Tax-Exempt Organization and potentially put at risk the developments that received government tax credits.

The OIG investigation revealed that Carol Steele controlled all aspects of the CDC decision making process and had appointed all Board members since 2009, to include family members and friends. Expenditures and actions taken by the Board were often not documented or recorded in Board minutes. Steele had served as both the LAC President and CDC President since September 1, 2016. Due to the projected receipt of over \$7 million in revenue by the CDC, the OIG recommended that the CHA return to Federal District Court to ensure proper implementation and enforcement of the Consent Decree.

OIG #2021-06-00020 Public Housing Occupancy Specialist Ethics Violations, Personal Use of Confidential Information, Preferential Treatment, False Statements (CHA Employee)

An OIG investigation found an Occupancy Specialist (OS) with Property and Asset Management (PAM), engaged in multiple violations of the CHA's Employee Standards of Conduct and Ethics Policy.

The case was initiated following a complaint from an applicant on the public housing waitlist, who alleged that the OS had initiated a romantic relationship and later extorted the applicant for sex. The OIG investigation found that the employee used confidential personal contact information gained through their position as an OS to make unsolicited contact with at least two CHA program applicants and solicited them for romantic relationships. In one instance, the employee established a personal dating relationship with a program applicant. That relationship progressed to a point where the employee appears to have negligently damaged the applicant's vehicle, and while the evidence of the underlying events was inconclusive, the employee's actions led to an incident in which the applicant filed a police report accusing the employee of damaging and or withholding access to their vehicle and refusing to return the vehicle if the applicant did not engage in sex with the employee. Additionally, OIG's investigation established that the employee made improper modifications to the applicant record of an individual with whom the employee admittedly had a prior working relationship and had extensive personal call and text communications. Records further show that the employee had financial transactions with the applicant during the same period. The employee also engaged in multiple, inappropriate personal communications of a sexual nature using a CHA email account. Finally, the employee made multiple false statements to the OIG as part of an official investigation. Accordingly, the OIG recommended that PAM terminate the employee. In response, PAM terminated the individual's employment.

OIG #2021-04-00033 - HCV Inspection Supervisor Conflict of Interest Violations and False Statements; HCV Landlord working with Convicted Property Manager (HCV Program Vendor)

An OIG investigation found that an Inspections Supervisor employed by a company contracted by the CHA to administer the HCV program, violated the contractor's conflicts of interest policy by personally inspecting at least two HCV units owned by a friend, and later lied to OIG investigators in an official OIG investigation about the relationship.

Additionally, OIG's investigation found that the HCV units at issue here were being partially managed by an individual who in just 2020, was convicted of federal wire fraud following an earlier OIG investigation, which found that the individual had paid cash bribes to employees of a CHA contractor to pass HCV inspections and for other information. In early 2021, the individual was listed as a secondary contact for these units and had been actively engaged in managing the units for the landlord until early 2021.

As a result of the OIG investigation, the contractor terminated the Inspection Supervisor's employment. The OIG notified CHA management of the investigative findings in September 2021. In response, the HCV department stated that it would seek to bar the landlord from future participation in the HCV program and ensure the individual property manager appears on the CHA's Do Not Lease list.

OIG # 2021-04-00061 Married HCV Participants, Forgery and Fraudulent Concealment of Income and Assets (HCV Participants)

An OIG investigation found that an HCV program participant provided false information on her HCV applications for eligibility when she falsely declared she was not married. The participant never reported her husband as a household member, nor his income from employment at any of her bi-annual re-examinations with the CHA.

During the course of this investigation, the husband was also an HCV participant, receiving rental assistance at a different address. The OIG determined that the husband had also falsely declared to CHA that he was unmarried and falsely claimed additional household members to qualify for a voucher with his income. The husband submitted to CHA multiple forged documents to support his claim of additional dependents. In addition, he failed to report to the CHA another residential property he owned. In 2017, the OIG provided this information to HCV, and HCV initiated enforcement action, prompting the husband to voluntarily relinquish his voucher.

The CHA OIG presented the findings of its investigation to a prosecuting agency in April 2018. In September 2021, after a period of joint investigation and additional delays outside the OIG's control, the prosecuting agency notified the OIG that it was declining to prosecute the matter.

The wife remains an HCV participant, but based on publicly available Small Business Association (SBA) Paycheck Protection Program information, she appears to have reported to the SBA significant earnings as a sole proprietor of a management consulting services company in either 2019 or 2020. This information contradicts the participant's multiple re-certifications going back to 2015, in which she claimed she had no income. The OIG recommended that HCV initiate enforcement action against the participant for providing false information to CHA and failing to disclose income. The HCV participant has failed to request an Informal Hearing and is scheduled to be terminate 1/31/22. This decision is final unless the family requests an informal hearing before this date.

OIG # 2019-09-00060 – HCV Participant Fraudulent Concealment of Income and Assets (HCV Participant)

An OIG investigation involving CHA HCV participant Silk Lumpkins revealed that from October 2015 through March 2020, Lumpkins fraudulently received housing benefits totaling approximately \$110,000 by concealing income and assets from the CHA, including employment income earned under a second social security number, a residential home she owns in Crystal Lake, Illinois, spousal income, and child support payments from an ex-husband.

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. Lumpkin's criminal proceedings are still pending. While the criminal charges were pending, the OIG recommended that the HCV Division seek termination of Lumpkins's voucher.

In response, the HCV department initiated termination proceedings. Following an administrative hearing regarding her multiple violations, a Hearing Officer issued a written decision recommending the termination of Lumpkins's participation in the HCV program, which CHA adopted effective October 1, 2021.

OIG #2016-04-00061 HCV Program Fraud – Concealment of Spousal and Business Income, False Statements on Application (HCV Participant)

An OIG investigation found that an HCV program participant provided false information on her HCV applications for eligibility when she falsely declared she was not married and failed to disclose her husband's income. Additionally, evidence suggests she failed to disclose business income as the sole proprietor of a management consulting services company, which she claimed to have received for purposes of obtaining a Paycheck Protection Program (PPP) loan of \$20,000. This PPP loan information directly contradicts the participant's multiple statements to CHA going back to 2015, in which she reported having no personal income.

The OIG's investigation additionally found that the HCV participant's husband was also an HCV participant, receiving rental assistance at an address separate from his wife's. The OIG determined that the husband had also falsely declared to CHA that he was unmarried and falsely claimed additional household members to qualify for a voucher. In 2017, the OIG provided this information to HCV, and HCV initiated enforcement action against the husband, prompting him to relinquish his voucher. At that time, the HCV department declined to pursue administrative action related to the wife's voucher based on a lack of documentary evidence that the husband resided with her at the subsidized address.

The CHA OIG presented the findings of its investigation to the Cook County State's Attorney's Office (CCSAO) in April 2018 for potential criminal prosecution. In September 2021, after a period of joint investigation and additional delays outside the OIG's control, the State's Attorney's Office notified the OIG that it was declining to prosecute the matter. The wife, however, remained an active HCV participant.

The OIG recommended that HCV initiate enforcement action against the wife for providing false information to CHA and failing to disclose income, including business income.

In response, HCV initiated enforcement proceedings and ultimately issued a notice of Intent to Terminate the voucher. The family has requested an administrative hearing.

OIG # 2019-12-00042 – Excessive Tardiness, Repeated Absences, Failure to Supervise (CHA Employees)

An OIG investigation found that a Quality Control HUD File Reviewer in the CHA HCV Division of Compliance and Operations engaged in a pattern of excessive tardiness and repeated absences and left the office without proper authorization on multiple occasions, in violation of CHA's Standards of Conduct. Additionally, the investigation found a lack of supervision by the file reviewer's direct supervisors who were both aware of employee's frequent late arrivals but failed to take any steps to correct the issue.

The OIG recommended that CHA impose discipline against file reviewer up to and including termination, taking into account any past disciplinary history and any other relevant factors. The OIG also recommended that CHA impose discipline against the two supervisors for their failure to appropriately supervise the employee.

In response, the HCV department placed the file reviewer on a 90-day performance improvement plan. The two supervisors were issued a written reprimand and a verbal warning, respectively, and management reset expectations with the supervisors regarding management protocol surrounding supervision and oversight of staff.

OIG # 2019-10-00018 Public Housing Tenant Failure to Relinquish Keys after Vacating Unit (PH Participant)

An OIG investigation found that a former public housing resident violated their CHA lease by moving out of their unit in June 2019 but did not notify CHA or return the keys until May 2020. The OIG investigation confirmed through records from the Cook County Recorder of Deeds, that the tenant purchased a condo in Alsip in June 2019. OIG interviews suggest that the tenant allowed an aunt and cousins to live in the unit for nearly a year and was allegedly charging \$700 a month in rent. OIG's investigation estimated the loss to CHA from June 24, 2019 to May 1, 2020, as approximately \$3,339. Due to the loss amount, OIG did not present this matter for prosecution and referred the matter to the Property and Asset Management Division to document in the former tenant's records.

OIG # 2021-01-00008 CHA Payroll Department, Gaps in Manual Check Procedures and Controls (CHA Employee and CHA Policies)

An OIG investigation found that in August 2020, a former CHA payroll employee issued a replacement payroll check without first receiving appropriate supporting documentation to ensure the first payroll ACH transfer was not deposited to an employee's account. As a result, the employee received an additional salary payment, and the employee did not fully repay the money to CHA until approximately nine months later.

OIG's investigation also identified areas for potential improvement in CHA's payroll process. Specifically, the CHA payroll Policies and Procedures Manual in effect at the

time did not address this situation and did not require any separate verification by another CHA employee, allowing a payroll employee to unilaterally approve the request for a paycheck and print and issue the electronically signed check to the employee.

The OIG recommended that CHA review existing payroll policies and procedures to ensure sufficient segregation of duties and provide greater assurance that the Payroll Department maintains appropriate supporting documentation for manual or supplemental payroll checks.

In response, CHA management accepted the OIG recommendation and created Payroll Manual Check Printing Procedures to govern the issuance of manual payroll checks and provide the safeguards recommended by the OIG. These procedures preclude staff from unilaterally approving, printing, and issuing a manual payroll check regardless of the reason. The printing of a payroll check now requires the use of a form bearing the approval of one of the following: the Chief Executive Officer, Chief Operating Officer, Chief Administrative Officer, or Chief Financial Officer. Additionally, responsibility for maintaining blank check stock and printing any manual checks is now held by CHA Accounts Payable staff.

OIG # 2021-03-00007 CHA Contractor MBE/S3BC Program Violations – MBE Subcontractor Owned by Employee of the Prime Contractor (CHA Vendor and CHA Procurement)

On June 21, 2021, the OIG notified CHA management of an investigation which found that, from at least 2016 through 2021, a CHA prime construction vendor violated the CHA's minority owned business enterprise (MBE) and Section 3 Business Concern (S3BC) requirements on multiple past contracts through inappropriate use of a company owned by an employee of the prime contractor as an MBE and/or S3BC subcontractor. Additionally, the prime contractor utilized the subcontractor to perform work outside the scope of the subcontractor's designated MBE certification. OIG's review however, found that the prime contractor had fully disclosed to the CHA's Department of Procurement and Contracts (DPC), its intended use of the subcontractor and the fields in which the subcontractor was certified, as well as the fact that the subcontractor's owner was an employee of the prime. DPC nevertheless approved the proposed compliance plans.

Following significant turnover in DPC staff, in February 2021, DPC identified the prime contractor's apparent violations and referred them to OIG for review. Given the lack of any evidence of an intent to deceive on the part of the contractor, OIG recommended that DPC work with the contractor to appropriately address any ongoing compliance issues and consult with CHA's Office of General Counsel to pursue any appropriate remedial action. The OIG further recommended that DPC ensure its staff are well trained on how to evaluate vendor compliance plans going forward.

In response, DPC reported that it had executed a compliance agreement with the prime contractor in which the contractor agreed to forfeit remaining contract retention funds in the amount of \$74,934.00. The prime contractor will no longer submit the employee-owned subcontractor for M/W/DBE credit on any current and future projects and will update its compliance plan to reflect the use of two replacement M/WBE firms. Once the issues on the contracts are closed, CHA will lift the current compliance hold and allow the contractor to bid on future work. Future violations of the contract documents and M/W/DBE program will result in the inability to be considered for future bid submissions work.

DPC further reported that it had already been preparing in-house training for DPC staff on policies and processes. DPC used the OIG matter as a training case study model for DPC Compliance staff. Staff has been instructed to review the scope of a contractor's work; review contractor websites to check for employee/employer relationships for subcontractors; and verify NAICS codes where applicable.

DPC reviewed the contractor compliance training presentation materials with an emphasis on guidelines for contractor and subcontractor independence. DPC further established ongoing trainings for compliance staff that encompass mock schedule reviews and testing scenarios on a monthly basis. The compliance team will be held to the compliance monitoring standards set forth in the revised procedures guide.

XII. INVESTIGATIVE SUPPORT MATTERS

The OIG regularly receives requests from various external and internal partners for investigative support on matters within the OIG's jurisdiction. These requests often take the form of discrete requests for information, due diligence, or data analysis. In 2021, the OIG provided investigative support in response to 45 complaints from various agencies including, CHA's HCV Division, CHA Legal, HUD OIG, ATF, Cook County State's Attorney, the City of Chicago, and the Illinois Department of Healthcare and Family Services OIG.

VIII. MANAGEMENT ADVISORIES & MEMOS

The OIG issued three management advisories in 2021. OIG management advisories and memos notify the CHA of various management and operational issues identified by the OIG through analytics, audits, or investigations. The OIG provides advisories to describe opportunities to strengthen program administration, improve program controls, or eliminate waste or inefficiencies.

Advisory #	Description/Summary
20	Chicago Public Schools Employee Income Reporting and Interim Reexaminations for HCV and PH Participants
21	City of Chicago Employee Income Reporting for HCV and PH Participants
22	Federal Guidance on Promoting Accountability through Cooperation among Agencies and Inspectors General

OIG Advisory #20: Income Reporting for Participants Employed by Chicago Public Schools

On June 30, 2021, the OIG issued Advisory #20 to the CEO, the Chief Housing Choice Voucher (HCV) Officer, and the Chief Property and Asset Management (PAM) Officer regarding seasonal income reporting and interim reexaminations for HCV and Public Housing (PH) participants employed by the Chicago Public Schools (CPS).

The advisory reported that, due to the seasonal nature of their income, approximately 103 HCV program participants and 40 PH residents employed by CPS had requested loss of income reexaminations to increase the amount of housing assistance they received during the CPS summer vacation months, but had not had timely subsequent reexaminations, per CHA policies, to readjust rent obligations once they returned to work in the fall. More specifically, these individuals' incomes had not been reexamined for at least six months following the summer months' reduction, and therefore the HCV participants' landlords received an excess amount of monthly Housing Assistance Payments, and the PH tenants had received a zero-income rent reduction, for, on average, more than six months.

Using data analytics, which compared CPS employee wage data to CHA's Yardi income examination history data, the OIG generated detailed listings of each participant identified for the respective departments to validate. These listings, as well as recommendations accompanied the advisory.

The OIG received a joint response to the advisory from the HCV and PAM departments in early August. Following their validations, the departments concurred with OIG's findings for most of the participants identified. The response also agreed with the OIG's recommendations and included commitments to harmonize the examination treatment of seasonal CPS employees and standardize supporting Yardi notations to ensure more accurate income reporting for these participants. The departments further stated that they would pursue rental shortfalls and other enforcement actions as warranted.

OIG Advisory #21: City of Chicago Employee Income Reporting for Housing Choice Voucher and Public Housing Participants

On December 10, 2021, the OIG issued Advisory #21 regarding an OIG data analytics project, which identified multiple HCV and Public Housing tenants who work for the City of Chicago ("the City") but whose self-reported income is less than that reported in the HUD Enterprise Income Verification (EIV) system. The OIG referred seven program participants to HCV and PAM and recommended further review of their income and eligibility and for administrative action, if appropriate.

The City of Chicago employs approximately 30,000 individuals, each of whom is required to live in Chicago as a condition of employment. In early 2021, the OIG conducted an analysis of publicly available salary information for City of Chicago employees and compared the data to CHA Yardi participant records for CHA heads of household. The OIG worked with the City of Chicago Office of Inspector General to confirm individuals' City employment and salary history. That review identified a number of City employee participants who may be underreporting income, including five HCV program participants and two public housing tenants who warranted immediate administrative review and action. The OIG continues to review a number of additional participants who may have deliberately concealed City income.

OIG Advisory #20, described above, was based on a similar analysis for CHA participants employed by Chicago Public Schools (CPS) and identified specific gaps in program administration involving the seasonal nature of CPS employment, that resulted in significant underreported income. In this corresponding analysis of City employees, the OIG did not identify a clear gap in CHA's program administration, but in several specific instances, CHA's own review of the information reported in EIV likely would have identified the unreported City income.

In response, the HCV and PAM departments reviewed the individual participants and took the following action. PAM initiated eviction proceedings for the two public housing residents. HCV calculated appropriate housing assistance payments (HAP) for each participant based on the accurate income information and identified a combined \$117,145 in HAP overpayments made by the CHA. HCV issued notices of intent to terminate participation in the HCV program to all five participants.

OIG Advisory #22 Federal Guidance on Promoting Accountability through Cooperation among Agencies and Inspectors General

On December 23, 2021, the OIG issued an advisory to the CHA Board Chairperson and Vice-Chairman, and CEO regarding recent relevant guidance from the federal government on best practices for promoting cooperation and communication with an agency's OIG office. In December 2021, the Executive Office of the President and U.S. Office of Management and Budget (OMB) issued a memorandum to all federal executive agencies on "Promoting Accountability through Cooperation among Agencies and Inspectors General," with specific steps agencies can take to better empower and support their IG offices, including regular and consistent communication from management to staff reinforcing the need for cooperation and collaboration with the OIG, and regular meetings between the IG and agency leadership to maintain open lines of communication.

The OMB memo notes the importance of independence for OIGs in being able to effectively perform their work, but further notes the importance of collaboration and communication between agency leadership and the IG. In that spirit, and with the goal of fostering transparent and effective collaboration, the CHA OIG recommended that CHA management consider adopting the following recommendations:

- Establish regular reminders for all CHA staff and contractors on the duty to report fraud, waste, and abuse, and the duty to cooperate with the OIG, referencing many of the points in the attached OMB template.
- Develop online training modules for CHA staff and contractors, including an orientation to the OIG for new hires, and an annual on-line training regarding the OIG, which could be combined with the CHA's annual ethics training module. The OIG would be happy to work with CHA management to develop such training.
- Establish regular meetings between CHA management and the IG, whether one-on-one or in small groups, to provide regular opportunities for candid conversations about CHA operations.
- Establish regular meetings between CHA management and OIG staff to specifically address any new or changed programs and enterprise risk management efforts. Such meetings would be designed to brief the OIG on new programs, initiatives, and risk management efforts and discuss the potential for fraud and risk mitigation. The OIG, however, is prohibited from participating in the design of CHA programs given its role as independent auditor.

In response, the CEO thanked the OIG for sharing the OMB memo and noted that CHA appreciates its relationship with the OIG and continues to collaborate to combat fraud, theft, waste, abuse, and misconduct. The CEO noted that CHA management "fortunately already routinely practice many of the memorandum's recommendations regarding collaboration, communication, and training," citing the OIG's new employee newsletter and coverage of the duty to report to OIG in employee annual, mandatory ethics training

The CEO distinguished between CHA and federal agencies, which she commented "often do not have internal auditors" and noted that CHA's internal auditor (augmented by its third-party internal audit firm) provides advisory services for CHA management when reviewing internal controls for new programs.

Finally, the CEO stated that she is "open to finding additional employee engagement and training opportunities," and invited the OIG to present and discuss the OIG quarterly report with CHA management. She welcomed further discussion on the topic.

IX. AUDITS AND REVIEWS

The OIG closed 6 audits during the 2021 reporting period. The following is a summary of those audits. Additionally, in November 2021, the OIG finalized its 2021- 2022 Audit Plan described below.

Emergency Contract at Lake Parc Place (LLP) Audit

The OIG conducted a performance audit of a CHA Emergency Contract procured in February 2019 at the senior building of Lake Parc Place (LPP), located at 3939 S. Lake Park Avenue, Chicago, IL.

On February 1, 2019, a fire sprinkler head ruptured in the second basement (the boiler room) at LPP and the boiler room was submerged with over 12 feet of water making the fire pump, boiler, domestic water pumps, and control panel nonoperational. All tenants were relocated to various hotels while emergency repairs were being performed by a contractor.

CHA abated the LPP emergency in three days, but the restoration work proceeded for nine months without 1) a documented contract; 2) City of Chicago licensed fire guards, which is in violation of city regulation; 3) an analysis of fire guard services cost; 4) performance or payment bonds; and 5) adequate oversight and planning.

The OIG determined that a thorough assessment of the project after the emergency was abated (including but not limited to, scope of service, independent cost estimate or an executed contract) would have avoided the excessive charges for fire watch services that constituted 70% of the total project cost. In February 2020, a year after the emergency, the project was not complete, but the project cost was nearly three million dollars.

Response: CHA management concurred with the findings and recommendations and negotiated a lower hourly rate for fire watch services that resulted in an overall cost reduction of \$385,185.20. CHA management further committed to training for project managers related to emergency procurement and casualty responsibilities, the adoption of National Fire Protection Association guidance regarding fire watch services, and more frequent monitoring of vendor performance.

Audit of CHA's Intergovernmental Agreement with the Chicago Police Department

The OIG conducted a performance audit of CHA's Chicago Police Department (CPD) Intergovernmental Agreement (IGA) to provide additional police service at selected CHA sites, including various public housing developments. As part of the IGA, CPD-Voluntary Special Employment Officers (VSEO) provide additional services through dedicated police patrol watches at mutually determined CHA developments.

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 to formally monitor and review the performance of those officers, and therefore, auditors were unable to measure the full effectiveness of the VSEO program.

The OIG found a lack of effective collaboration among Private Property Managers (PPMs), Private Security Firms, and CPD, and a lack of documented processes/procedures to provide oversight and adjustments in staffing based on changes in localized crime trends. During the audit interviews, CPD acknowledged the efforts and cooperation of the CHA Safety and Security Office, but a common theme heard from District Commanders and CPD leadership was the need for more robust communication regarding the VSEO program and goals of the IGA to ensure an alignment of mission between CPD, CHA, and the PPMs. A clearly communicated plan, more active oversight, and regular interactions among 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.

Response: CHA management concurred in part with some findings and did not concur with others. CHA management responded that it is currently working with CPD on updates to the IGA, which will include better and regular reporting by CPD. CHA management noted that it regularly communicates with CPD and is working to establish monthly multi-District meetings with CPD Commanders to discuss CHA properties, which will deepen and broaden collaboration and communication efforts. CHA also started working with CPD to gather weekly calls for service for hot spots to track activity and is using this data as a 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.

HCV Inspections Audit

The OIG conducted an audit of Housing Choice Voucher (HCV) inspections to determine whether CHA has effective and efficient controls over the administration and monitoring of HCV inspections.

The audit revealed certain instances in which units eligible for HCV inspections were not inspected within the annual/biennial requirement. The OIG also identified inspections that were changed from a fail status to a pass status. Broad user access to inspection records may contribute to the modified inspection records, and ultimately, creates an environment where inspection records could be manipulated and used for illegitimate reasons.

Overall, the OIG determined that some internal controls could be strengthened to provide reasonable assurance that the data meets expectations about its quality and integrity, as well as to protect from unauthorized use or modification.

Response: CHA management concurred in part with the findings and recommendations and provided an action plan to address the OIG's findings and recommendations. Specifically, HCV noted that in 2019, the NMA team and HCV Financial Compliance team took certain steps to improve billing accuracy, including manual reviews, monthly reviews of randomized samples of inspections to ensure validity, and adoption of certain regular reporting as work arounds to software limitations. HCV also committed to improving staff training to review for any scheduled inspection series when it is reported a participant is deceased or has left a unit to mitigate inspections of unoccupied units. HCV also worked with Yardi and CHA's Information Technology Section to re-review user groups with access to modify inspection records to confirm appropriate settings and committed to ensuring better documentation of the inspection record for any inspection result corrections

Audit of PPM Tenant Accounts Receivable

The OIG conducted an audit of CHA's private property management (PPM) tenant accounts receivable for the period of January 1, 2018 to July 31, 2019. The Audit revealed the following:

1. PPMs were not consistently issuing and/or enforcing 14-Day Notices to tenants in a timely manner.
2. Mixed-finance developments were not consistently recording tenant rent received into the CHA's accounting system (Yardi);
3. Tenants' rent balances were not consistently transferred to their new unit ledgers.
4. Tenants' rent accounts in mixed-finance developments show excessive adjustments.

5. In one instance, which has been referred to OIG for investigation, a property manager at a mixed-finance development manipulated tenants' financial records to generate inaccurate rent charges; and 6. CHA has not reported to HUD delinquent past-Tenant Accounts Receivable (TAR) balances.

Response: CHA management concurred with the OIG's findings and recommendations and provided an action plan to address the OIG's findings and recommendations. Specifically, Property and Asset Management responded that it will 1) direct and monitor PPMs' compliance with the Property Management Procedural Manual; 2) coordinate with the CHA Law Department in on-going assessment of the appropriateness and timing of 14-Day demand letters; and 3) provide Safe Harbor consideration for residents. CHA management noted that, in appropriate cases, residents are referred to Resident Services and a social service provider and have options for a rent repayment plan. CHA management committed to improvements in training for property managers and the Property Accounting staff to ensure appropriate transfers in tenant account balances upon moving to a new unit. Management's response further noted that Property and Asset Management and Property Accounting have been more actively involved in addressing TAR and rent collections and review of tenant balances for MF properties. Property and Asset Management will continue working with Property Accounting to review regular exception reports and create formal responsibilities and procedures.

Follow Up of CHA Fleet Vehicle Audit

The OIG conducted a follow-up review of its 2018 CHA Fleet Vehicle Use Audit to determine the status of previous findings and recommendations for improvement. Of the 2 findings and 15 recommendations in the original audit report, the OIG determined that CHA General Services implemented 11 recommendations and had not yet implemented 4 recommendations, particularly regarding updates to General Services' Operating Procedures and improved processes to identify unpaid tolls for CHA vehicles.

Response: CHA management responded that the 4 recommendations not yet implemented will be addressed in 2021. The OIG will follow up in 2022 to verify the update of operating procedures and additional recommendations.

Public Housing Equipment, Appliances, and Materials Inventory Audit

On September 27, 2021, the OIG issued an audit of Public Housing Equipment, Appliances, and Materials Inventory to the CHA Board of Commissioners Finance and Audit Committee.

The OIG audit evaluated the CHA's inventory controls for equipment and appliances, such as stoves, refrigerators, washers, and countertops ordered by CHA's Private Property Management companies (PPMs) at each public housing site and paid for by CHA using a master contract with Lowe's, during the period of January 1, 2017 to December 31, 2019. The OIG found that the PPMs did not maintain documentation of the items delivered by Lowe's and were able to provide receipts for just 30% of the selected invoices. While Lowe's was able to provide additional receipts, allowing the OIG to verify proof of delivery for 78% of the items, Lowe's was unable to produce proof of delivery for 22% of the items paid for in response to the invoices selected for testing, representing \$664,304.86 in equipment and appliances without documentation of receipt. The OIG also found lack of controls regarding the disposal of CHA equipment, appliances, and materials.

The OIG provided six recommendations designed to address the manifest risk of waste, theft, and abuse. Among those recommendations, the OIG advised that PAM immediately instruct PPM staff to maintain copies of receiving reports; independently monitor and verify receipt of goods; train PPM staff to record equipment and appliances in CHA's electronic Yardi Fixed Assets Module and take steps to regularly monitor such fixed asset inventories to ensure PPM compliance.

Response: CHA management concurred with all findings and pledged to adopt all OIG recommendations, including better record keeping, clarified procedures, and routine audits, to ensure the identified risks and issues were addressed.



2021 - 2022 OIG AUDIT PLAN

The following is a list of audits that were in progress at the close of 2021 and audits that are projected to be completed in 2022. More information about these audit topics can be found in the OIG Audit Plan for 2021-2022, published on the OIG webpage at <https://www.thecha.org/about/office-inspector-general>.

The OIG audit plan is subject to change based upon OIG observations, requests by CHA management, and any other emergent issue that requires the OIG to respond in a timely review.

Audits in Progress	Follow up Audits	2022 Audits
HCV Abatement Audit	Emergency Contract at Lake Parc Place	CHA Contractor System Access Controls
CHA Vacancy Audit	HCV Inspections	Department of Procurement and Compliance-PRTF
Vacancy Rates of CHA Units	PPM Tenant Accounts Recievable	Manually Prepared Accounts Payable Checks
	CPD Intergovernmental Agreement	Mixed Finance Tenant Accounts Receivable Recording

X. ANALYTICS

The OIG routinely engages in various data analytic projects designed to identify red flags or indicators for fraud, program violations, or other misconduct. In 2021, the OIG completed multiple data analytics projects, some of which resulted in complaints for investigation (as noted in the statistical data provided above), and others which resulted in management Advisories #20 and #21 which identified 7 sustained administrative matters regarding program participants referred for administrative program enforcement. Additionally, since 2017, the OIG has performed a routine compliance review, detailed below, to ensure prohibited registered sex offenders are not residing in CHA properties or HCV addresses.

Registered Sex Offender List Analysis

As part of a routine analysis, each quarter the OIG identifies the number of lifetime registered sex offenders listing a public housing or HCV address, pursuant to the Quality Housing and Work Responsibility Act of 1998 (Section 578), which prohibits lifetime registered sex offenders from residing in public housing or participating in the HCV program.

In 2021, OIG analytics staff improved the methodology, allowing for an expanded review, encompassing not just tenant addresses, but also household member names, and HCV unit owner addresses.

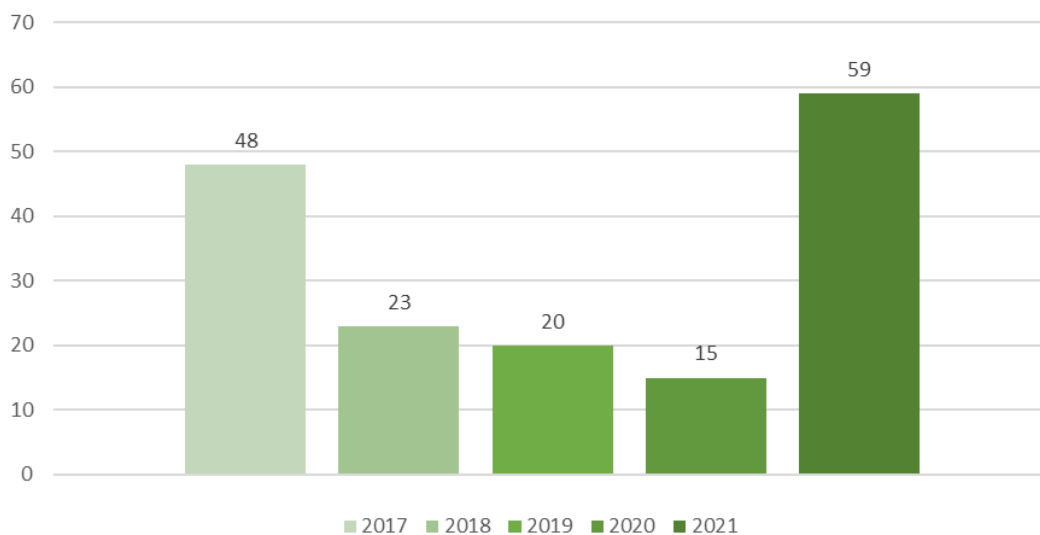
Since 2017 when this initiative first began, the OIG has identified 154 offenders who listed a Public Housing or HCV address on the registry. The CHA participant living at an address which was listed on the registry rarely listed the offender as a household member, indicating the participant was either unaware their address was listed on the registry; or, they were unaware they had unauthorized occupants living in their unit. Regardless, once an offender is identified as having a Public Housing or HCV address, CHA will notify the respective tenant and require them to submit documentation stating that the offender does not reside in the CHA unit. They must also take steps to remove the CHA address from the sex offender registry.

Of the 154 offenders identified since beginning of this analysis in 2017, over 48% (75 out of 154) have removed the CHA address from the registry. As shown in the chart below, 15 participants have been terminated from the HCV Program. The following is a summary of administrative actions taken as a result.

In 2022, the OIG will work with the HCV and PAM Divisions to share OIG's methodology and transfer these regular reviews to the business units as part of their routine compliance efforts. The OIG anticipates auditing these efforts in the future.

Registered Sex Offender Analysis Enforcement Action (Tenants)	Total (154)
Terminated	15
Settlement Agreement	2
Under Eviction	1
PAC Agreement or Warning Notice	15
Notice of Intent to Terminate	28
Document Outstanding Notice Sent	18
After Inquiry, No Further Action	75
Total	154

SEX OFFENDER RESULTS BY YEAR



XI. OIG STAFF AND CREDENTIALS

The work of the OIG is performed by investigators, auditors, and analysts with deep institutional knowledge, as well as subject matter expertise in areas of criminal and administrative investigations, government auditing principles, and Analytics.

INSPECTOR GENERAL – KATHRYN RICHARDS was appointed as Inspector General for the Chicago Housing Authority by the CHA Board of Commissioners effective April 5, 2021. Richards is a Certified Inspector General through the Association of Inspectors General and a licensed attorney. Prior to CHA, Richards spent 10 years as the Chief Assistant Inspector General for the City of Chicago OIG. In that role, she provided strategic guidance and legal counsel on all OIG activities, including investigations, audits, and reviews. Richards also serves as Board President of the Illinois Chapter of the Association of Inspectors General, which provides training in professional best practices for all Illinois IG agencies. She previously served as a staff attorney with the Seventh Circuit U.S. Court of Appeals. Richards holds a B.A. in Political Science from New York University and a J.D. from DePaul University College of Law, where she graduated summa cum laude with a certificate in public interest law.

DEPUTY INSPECTOR GENERAL – MICHAEL KOSANOVICH joined the OIG in February 2017 after 24 years with the FBI, where he provided executive management oversight to the Chicago Division's White Collar Crime program, leading Financial Crime and Public Corruption investigations. Prior to his arrival to CHA, Michael spent three years as the Global Security Director with General Electric. Michael earned a Bachelor's degree in Criminal Justice from the University of Maryland and completed FBI Executive Management Training at Northwestern University's Kellogg School of Management.

SENIOR INVESTIGATOR – JUSTIN KING joined the OIG in August 2013 after working for CHA's Legal Department as a Housing Compliance Project Coordinator, helping initiate and investigate Criminal Activity Eviction cases. Justin earned a Bachelor's degree in Criminal Justice. Justin is a Certified Fraud Examiner and a Certified Inspector General Investigator.

SENIOR INVESTIGATOR – EDWARD MALONEY joined the OIG in December 2020 after 30 years of service as an Assistant States Attorney for Cook County. Ed prosecuted cases of identity theft, financial institution fraud, felony theft and forgery. He also conducted training sessions for the Chicago Police Department (CPD) and United States Postal Inspectors (USPI) on evidence needed for successful prosecutions of financial crime cases. Ed received his law degree from The University of Illinois at Chicago College of Law.

INVESTIGATOR – ANTHONY Q. SARTIN joined the OIG in January 2021 after retiring from the federal government with over 30 years of law enforcement experience. He spent seven years as a Customs Inspector with the United States Customs Service (now Customs & Border Protection). He then worked for 15 months as a Special Agent with the Federal Aviation Administration Civil Aviation Security Division. Finally, he ended his federal career as a Senior Special Agent after 22 years with the U.S. Department of Transportation, Office of Inspector General. Anthony has an extensive background in fraud investigations including Disadvantaged Business Enterprises, contract fraud, money laundering, and numerous false statements/certifications cases. Anthony was also the Principal Firearms Instructor and Tactical Trainer for the 13 state Chicago Region. Anthony graduated from Tennessee State University with a degree in Accounting & Business Law.

SENIOR AUDITOR – ELLAYE ACCOHI has worked at the OIG since 1998. Ellaye has over 20 years of experience in the fields of audit and investigation. Ellaye earned a Bachelor's degree in Finance and a Master's degree in Accounting. Ellaye is a Certified Fraud Examiner, a Certified Inspector General Auditor, and a Certified Government Auditing Professional.

SENIOR AUDITOR – BEATRIZ MARTINEZ joined the OIG in August 2013 after working for CHA's HCV Department as both a Quality Control Financial Analyst and an Accounting Supervisor. Beatriz has over 20 years of accounting experience and over ten years of experience as an auditor. Prior to CHA, Beatriz worked as an Internal Auditor for the Office of the Special Deputy Receiver and worked pro-bono at Latinos Progresando. Beatriz also provides income tax assistance to low-income residents. Beatriz earned a Bachelor's degree in Accounting from Robert Morris University. Beatriz is a Certified Fraud Examiner, a Certified Inspector General Auditor, and a Certified Public Accountant.

AUDITOR – BRUCE MERRELL joined the OIG in August 2019 after working for 15 years as an Engagement Manager for RSM US LLP, where he supervised numerous attestation examinations. For the past three years, Bruce was assigned to the CHA's internal audit department and supported various data analytics projects. Bruce also previously served as a data center and application development manager for Avon Products, Inc., where he was responsible for the design, development, implementation, and support for enterprise-wide, multinational applications. Bruce is a Certified Fraud Examiner, Certified Information Systems Auditor, a Certified Information Security Manager, and Certified in the Governance of Enterprise IT.

OPERATIONS ANALYST – SHANIQUIA (NICOLE) ANDERSON joined the OIG in October 2019 after working as a QA Analyst and Grant Writer. Nicole is skilled in research and writing. She is a critical thinker and enthusiastic problem solver. She earned her Bachelor's degree in English and Communications and her Master's degree in Public Administration from the University of Illinois Urbana-Champaign.

INFORMATION ANALYST- MAXWELL BROWN joined the OIG in January 2022, where he is happy to help the CHA be a more efficient, accountable, and equitable organization better equipped to provide for those in need of housing. Max previously served as an intern and consultant with the Greater Chicago Food Depository, where he worked on issues of food access and equity in Illinois. He received his Master's of Public Policy from the Harris School of Public Policy at the University of Chicago with a certificate in Municipal Finance, and a B.S. in Environmental Health from Colorado State University.

ADMINISTRATIVE COORDINATOR- KIANA GATES joined the OIG in August 2021. Kiana has worked in administration for over 15 years and has gained an enormous amount of experience that has enabled her to work in various administrative roles in both non-profit and private sectors. She highly enjoys supporting her team in any capacity. Kiana received her Bachelor's degree in Mass Communications from Southern University and A&M College.