

2021 Quarter 3 Report

OFFICE OF THE INSPECTOR GENERAL



07/01/2021-09/30/2021



**CHICAGO HOUSING AUTHORITY
OFFICE OF THE INSPECTOR GENERAL
INSPECTOR GENERAL KATHRYN B. RICHARDS
60 E. VAN BUREN, 7th FLOOR, CHICAGO, IL 60605**

October 15, 2021

To Chairperson Hurlock, Vice-Chair Chico, and Distinguished Members of the Finance and Audit Committee:

Enclosed for your review is the 2021 Third Quarter Report on the activities of the Chicago Housing Authority Office of the Inspector General (OIG) from July 1, 2021 through September 30, 2021. Pursuant to the Office of the Inspector General Charter, the report contains statistical data as well as summaries of OIG investigations, audits, and other activities.

The work of the CHA OIG reflected in this quarter's report truly represents the value and importance of a fully empowered IG to CHA operations. I credit the CHA Board of Commissioners and CHA management for their demonstrated support of the office, most notably in appropriately referring allegations to the OIG, providing timely responses, and readily adopting OIG recommendations. While there remains room for additional engagement and understanding of the OIG's role among our various stakeholders, I am greatly encouraged by CHA management's receptiveness to the OIG's various work product.

This quarter saw outcomes of the full spectrum of OIG work and the positive impact we have had for the CHA:

- An OIG investigation resulted in the September guilty plea of Brian Rice, a former employee of a CHA vendor, to all 10 indictments stemming from his extensive acts of bribery, taking money from numerous individuals in exchange for the false promise of an expedited HCV voucher. OIG investigators tirelessly pursued this case to protect the public trust in CHA's HCV waitlist process.
- The OIG concluded two priority investigations, each within 6 months, and both finding obvious conflicts of interest affecting the duties of an HCV inspections supervisor and a CHA employee responsible for public housing waitlist and occupancy matters, respectively. In both cases, the individuals had close personal relationships with program participants but, nevertheless, directly handled those individuals' matters on behalf of CHA. CHA management was highly responsive to OIG recommendations and quickly sought to mitigate the risk to CHA operations in both cases.

- The OIG audit section issued the Public Housing Equipment, Appliances, and Materials Inventory Audit, which found a significant lack of oversight of the purchases made through the CHA's contract with Lowe's to supply items such as refrigerators, stoves, and other materials to public housing sites. The audit identified over \$660,000 worth of equipment and appliances purchased by the CHA for placement in public housing sites, but for which there is no proof of delivery. In response to OIG's findings, PAM immediately instructed all private property management companies (PPMs) to maintain all receiving reports and pledged to take a variety of measures to ensure better recordkeeping and inventory practices going forward.
- Proactive OIG analytics work resulted in Advisory #20 identifying 143 CHA program participants whose income from employment with the Chicago Public Schools had been underreported due to the seasonal nature of the work and the lack of timely income reexaminations following their return to work in the fall. Both HCV and PAM adopted OIG recommendations for improving program administration for such individuals.
- The OIG improved the analytics methodology used to review the Illinois Lifetime Registered Sex Offender List, allowing us to identify not just potential unauthorized occupants, but also known household members and HCV landlords registered as sex offenders. This improvement identified an additional 30 individuals appearing on the registry who are associated with a CHA subsidized address. HCV and PAM are pursuing appropriate enforcement action.
- Finally, defendants in a criminal case developed by OIG resulted in additional restitution of \$10,000, received this quarter.

The staff of the OIG are tremendously dedicated to ensuring CHA meets its critical mission. We look forward to continuing our productive relationship with CHA management in our shared goal of preserving the public's trust and promoting integrity in CHA operations.

Respectfully submitted,



Kathryn B. Richards
Inspector General

TABLE OF CONTENTS

PAGE

MISSION OF THE OIG	5
INVESTIGATIONS AND AUDIT PROGRAM REVIEW STANDARDS	6
COMPLAINTS	7
• COMPLAINTS BY METHOD	7
• COMPLAINT DISPOSITION	8
• SUBJECT OF COMPLAINT	8
• CLASSIFICATION OF COMPLAINTS OPENED AS INVESTIGATIONS	8
INVESTIGATIONS	9
• CLOSED INVESTIGATIONS	9
• INDICTMENTS/CONVICTIONS	10
• PENDING INVESTIGATIONS	10
• INVESTIGATIONS NOT CONCLUDED WITHIN SIX MONTHS	11
INVESTIGATIVE SUPPORT	12
INDICTMENTS	12
NOTABLE DEVELOPMENTS IN CRIMINAL CASES	13
SUSTAINED ADMINISTRATIVE INVESTIGATIONS	14
AUDITS AND REVIEWS	19
MANAGEMENT ADVISORIES AND MEMOS	20
ANALYTICS	21



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."



Investigations and Audit and Program Review Standards

The OIG conducts investigations in accordance with the *Association of Inspectors General Principles and Standards for Offices of Inspectors General*, generally accepted principles, quality standards and best practices applicable to federal, state, and local offices of inspectors general. These include both general standards and qualitative standards as outlined in the above publication. Additionally, the OIG always exercises due professional care and independent, impartial judgment in conducting investigations and the issuance of reports and recommendations.

The OIG conducts audits of programs in accordance with *Generally Accepted Government Auditing Standards* issued by the Comptroller General of the United States and *Principles and Standards for the Offices of Inspector General*. Those standards require that we plan and perform the audit to obtain sufficient and appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives.

The adherence to these standards ensures that audits and program reviews comprise the requisite independence, planning, staff qualifications, direction and control, confidentiality, and quality assurance. Every three years, the OIG submits to an independent peer review conducted by members of the national Association of Inspectors General (AIG) to ensure compliance with these governing standards.

The OIG has been found to meet all relevant standards in each period reviewed.

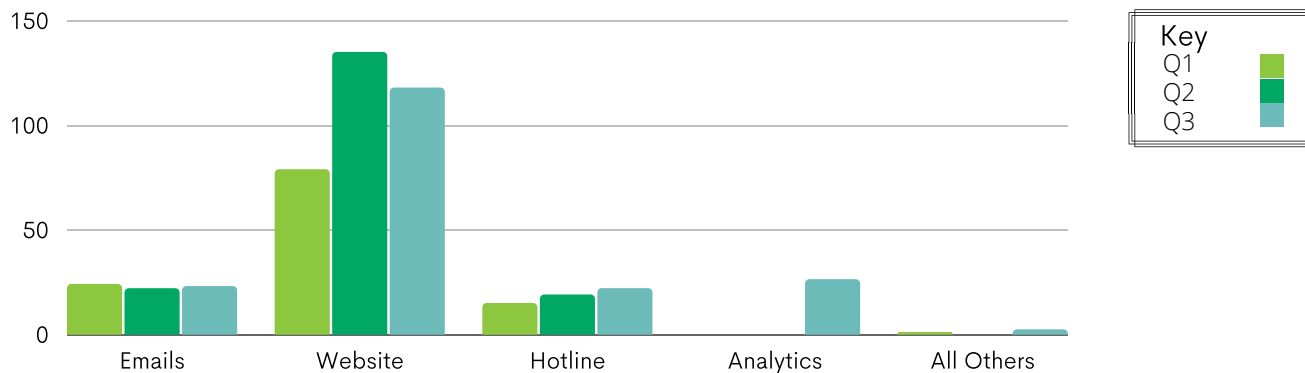
Complaints

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.

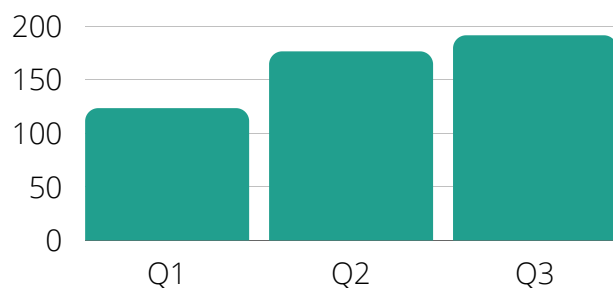
The OIG received 191 complaints in the third quarter of 2021. Of those complaints, the OIG opened 37 for investigation, referred 102 complaints to various relevant CHA departments; provided investigative support to internal and external stakeholders in response to 3 complaints, and declined 49 complaints. At the close of the third quarter 2 complaints remained pending for preliminary investigation.

Below are a series of tables showing statistical information on the OIG complaints for the first, second, and third quarters of 2021. As of the end of the third quarter, the OIG has received a cumulative total of 490 complaints this year.

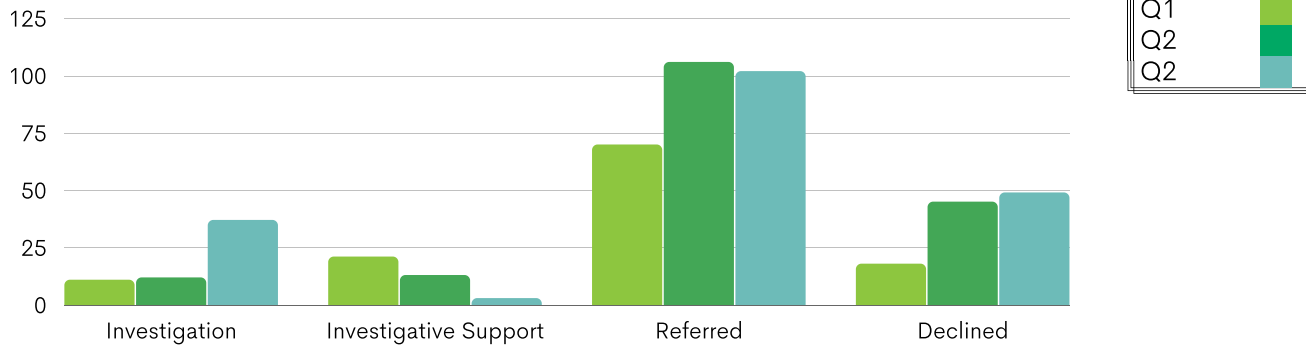
Complaints by Method



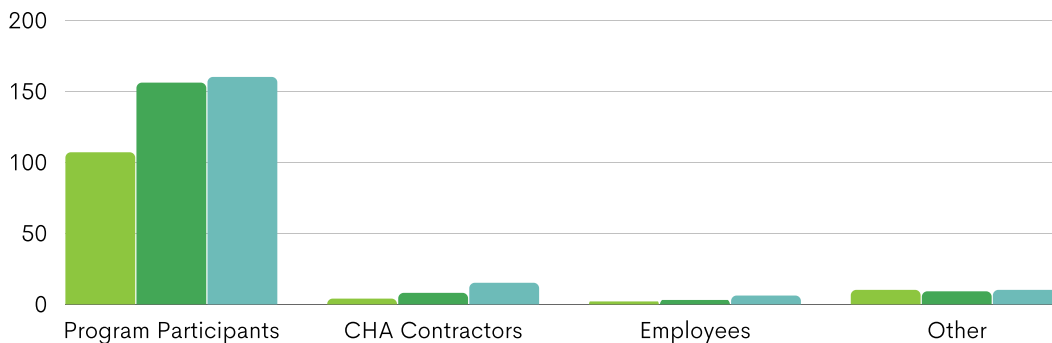
Total Complaints by Quarter



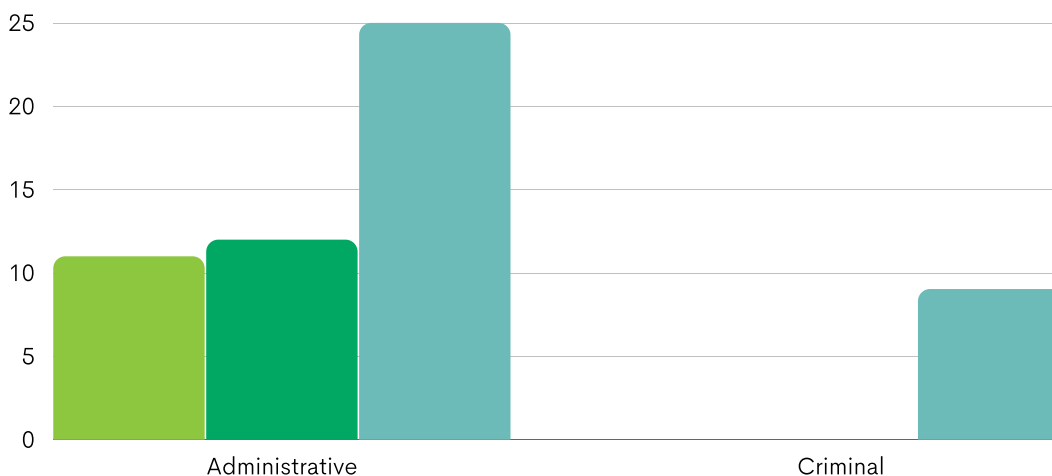
Complaints by Disposition



Subjects of Complaints



Classification of Complaints Opened as Investigations



Investigations

An OIG investigation may be administrative, criminal, or both. Administrative investigations generally involve violations of HUD regulations and/or CHA rules, policies, or procedures. For sustained administrative investigations, the OIG produces a summary report of investigation with findings and recommendations for appropriate disciplinary, administrative, or other action to the CEO and the impacted department. The OIG requests a response from management and will report that response in each quarterly report.

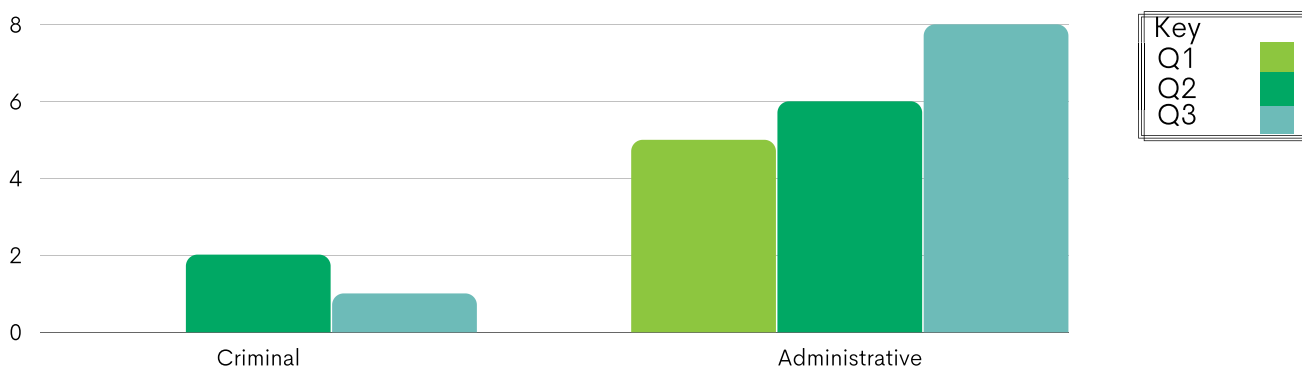
Within 30 days of the conclusion of a sustained investigation, the OIG provides the CHA Board of Commissioners Finance and Audit Committee a de-identified summary report detailing relevant information of the investigation.

In criminal investigations, if there is sufficient evidence for potential prosecution, the OIG presents the evidence to a prosecuting agency for review. Investigations that result in criminal charges are reported to CHA management and the Finance and Audit Committee.

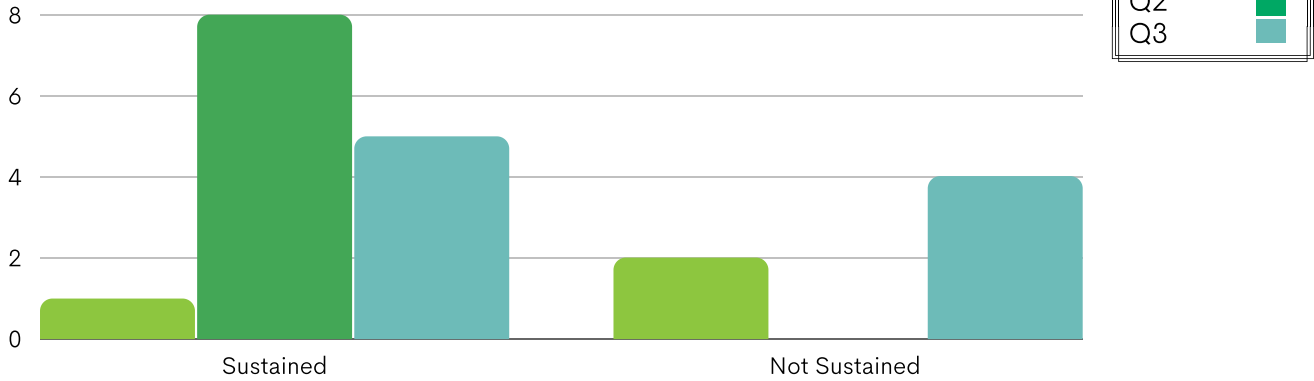
Investigations Closed During the Quarter

In the third quarter of 2021, the OIG closed 9 investigations. Of those cases, 8 were administrative and 1 criminal. One criminal matter, summarized below, was closed sustained with a criminal conviction and sentencing. Of the 8 administrative cases, 4 investigations were sustained for misconduct or program violations, and 4 were closed not sustained.

Closed Criminal and Administrative Cases

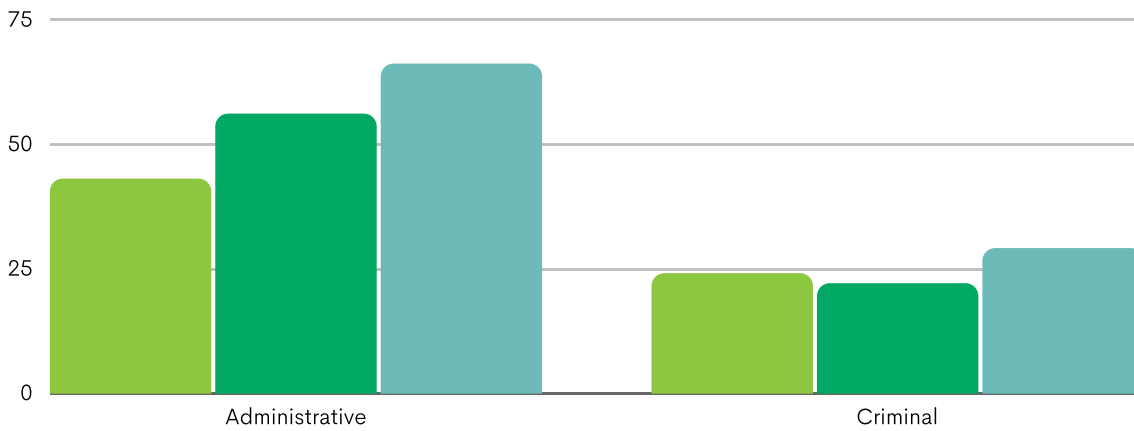


Closed Sustained and Not Sustained Cases



Pending Criminal and Administrative Investigations

At the close of the third quarter, the OIG had 95 pending investigations, up from 78 in the second quarter.



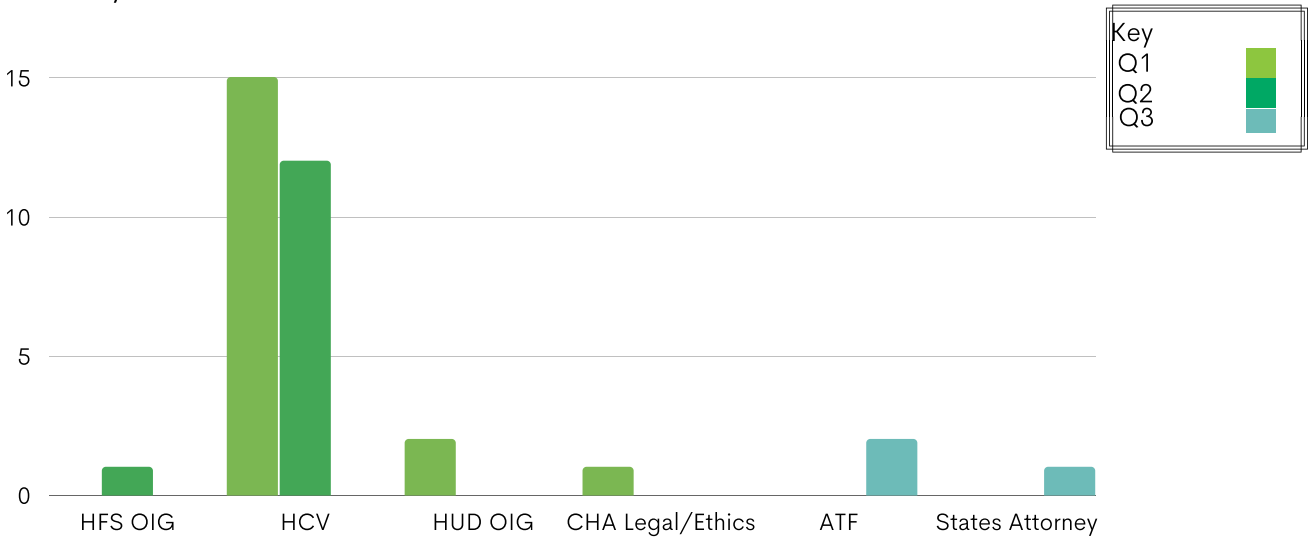
Investigations Not Concluded Within Six Months

Under the Office of the Inspector General Charter, the OIG must provide statistical data on pending investigations/matters open for more than six months. Of the 97 pending investigations, 57 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	24
Indicted cases, but no criminal disposition	7
On-hold or delayed due to other ongoing time-sensitive investigations	26
Total	57

Investigative Support

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 the third quarter of 2021, the OIG provided investigative support in response to 3 complaints; 2 to the U.S. Bureau of Alcohol, Tobacco, Firearms and Explosives and 1 to the Cook County State's Attorney's Office.



Indictments

The OIG recorded no new criminal indictments stemming from an OIG investigation during the last quarter.

Notable Developments in Criminal Cases

OIG # INC-2019-01-00068 *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 - Restitution*

As previously reported in prior quarterly reports, an OIG investigation revealed that former HCV participant Shawanna Spivery and former CHA 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. 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. As of the third quarter of 2021, the defendants have paid restitution to CHA in the amount of \$25,000.

Sustained Administrative Investigations

The following summaries provide information regarding sustained administrative investigations and any management response received within 30 days of the matter's closing. An administrative investigation is sustained if a preponderance of the evidence establishes a violation of law, policies, rules, or regulations or finds waste or inefficiency. In such cases, the OIG issues recommendations to management for enforcement action, discipline, debarment, or other corrective action.

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

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

A recent OIG investigation 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 the OIG. Given the lack of any evidence of an intent to deceive on the part of the contractor, the 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 was preparing in-house training for DPC Compliance staff on policies and processes and incorporated this OIG matter as a training case study. 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 is further reviewing the contractor compliance training presentation materials with an emphasis on guidelines for contractor and subcontractor independence. DPC is establishing ongoing monthly trainings for compliance staff and stated that it will hold the compliance team to the compliance monitoring standards set forth in the recently revised DPC procedures guide.

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

An OIG investigation found that in August 2020, a former CHA payroll employee issued a duplicate 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 the 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 # 2019-09-00060 - HCV Participant's Fraudulent Concealment of Assets and Income and Prior Felony Conviction

An OIG investigation involving CHA HCV participant revealed that from October 2015 through March 2020, the participant fraudulently received housing benefits totaling approximately \$110,000 by concealing income and assets from the CHA. The participant failed to report to the CHA:

- income received from employment using an alias and a second social security number;
- ownership of a residential home in Crystal Lake, IL, and monthly rent payments received from tenants of the property;
- monthly child support payments; and
- a current spouse as a household member and the spouse's income from employment.

In addition, the participant failed to disclose a prior federal felony conviction for a bank robbery.

The OIG presented the matter for criminal prosecution, and in December 2020, the Grand Jury sitting in the Circuit Court of Cook County returned a one count indictment charging the participant with a Class X felony theft. The criminal proceedings are still pending and have been separately reported in prior OIG quarterly reports. The OIG further recommended the HCV department terminate the participant's voucher.

In response, the HCV department initiated termination proceedings. Following an administrative hearing regarding the multiple violations, a Hearing Officer issued a written decision recommending the termination of the voucher, which CHA adopted, terminating the voucher effective October 1, 2021.

OIG # 2018-06-00006 – CHA Choose To Own and HCV Program Participant Charging Rent to Multiple Unauthorized Occupants

An OIG investigation found that a CHA participant charged rent to multiple unauthorized occupants living in their home, which was purchased through CHA’s Choose to Own (CTO) program in December 2011. The participant later sold the house in 2017, making over \$70,000 in profit from the sale, and then re-entered the HCV program in 2018.

According to witness interviews, during the time the participant owned the CTO home, they rented to at least 10 individuals, charging each \$300/month in rent. After selling the house in 2017, the participant lived in the home rent-free until being readmitted into the HCV program in 2018.

Witness interviews and other information identified at least two individuals who were connected to the CTO address in 2018 as residents of the participant's current subsidized address, indicating that the participant may be renting their current HCV unit to some of the same individuals associated with the CTO address.

The OIG sustained this matter, citing evidence to conclude that the participant rented out their CTO home while in the program and may continue to allow unauthorized occupants in the current HCV unit. The OIG recommended that the CHA HCV Department review the matter for appropriate enforcement action.

In response, the HCV department stated that it will initiate enforcement proceedings against the participant, beginning with the scheduling of a Prohibited Action Conduct (PAC) Meeting.

Audits and Reviews

The OIG closed one audit during the third quarter of 2021. Full OIG audit reports are published online at <https://www.thecha.org/about/office-inspector-general>.

Pending OIG audits include the HCV Abatement Audit and the HCV Demonstration Programs and Special Initiatives Admissions Audit. The OIG also initiated an audit of CHA's Public Housing Unit Vacancy Rates.

Additionally, the audit and analytics team continued to provide investigative support to investigations in financial frauds and forensic accounting matters. This support greatly facilitates the OIG's ability to conduct and lead multi-jurisdiction, complex investigations.

Public Housing Equipment, Appliances, and Materials Inventory Audit

The OIG issued a final report of the Public Housing Equipment, Appliances, and Materials Inventory Audit to the CHA Board of Commissioners Finance and Audit Committee on September 27, 2021. 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.

In response, CHA management concurred with all findings and pledged to adopt all OIG recommendations, including better record keeping and clarified procedures, to ensure the identified risks and issues are addressed.

Management Advisories and Memos

OIG management advisories and memos seek to notify the CHA of various management and operational issues identified by 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. This quarter, the OIG issued one advisory.

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

As reported in the OIG's 2021 Quarter 2 Report, 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.

Analytics

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.

This quarter, 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. As a result, the OIG identified a total of 30 potentially prohibited individuals not previously identified in the OIG's prior reviews. Given the serious nature of the potential program violations and safety implications, the OIG immediately provided this information to CHA management for appropriate action.

Of the 30 sex offenders listing CHA addresses, 4 were documented with CHA as the Head of Household or a Household Member, raising concerns about the effectiveness of CHA's background checks. The remaining 22 appear to be unauthorized occupants of a CHA address. Seven of the offenders listed public housing addresses, and 23 offenders listed addresses of HCV participants. The OIG notified HCV and Public Housing of its findings.

Action Taken on Previous Findings

Enforcement Action	Total (133)
Terminated	12
Settlement Agreement	2
Under Eviction	1
PAC Agreement or Warning Notice	15
Notice of Intent to Terminate Issued	21
Document Outstanding Notice Sent	16
After Inquiry, No Further Action Required	66