

Chicago Housing Authority Office of the Inspector General



Audit and Program Review 2023 Annual Plan

November 2023

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I. Mission

The Chicago Housing Authority (CHA) Office of Inspector General (OIG) is an independent oversight agency whose mission is to promote economy, efficiency, and integrity in the administration of programs and operations of CHA. The OIG seeks to prevent, detect, and eliminate waste, misconduct, and fraud affecting CHA. Additionally, through training, communications, and outreach, the OIG seeks to prevent fraud and other misconduct, raise awareness of common fraud indicators, and provide multiple avenues for reporting such concerns to ensure the CHA remains responsive and accountable to its stakeholders.

The OIG Audit section supports this mission through audits, reviews, and analytics projects. The authority to perform audits is pursuant to the CHA Board of Commissioners approved Inspector General Charter, which states that the OIG has the authority and duty to review CHA programs. Accordingly, the OIG conducts independent audits of CHA operations and programs and makes recommendations for improvement when appropriate.

II. Purpose of Annual Plan

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

A. Subject to Change

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

B. Standard

The OIG conducts audits of programs in accordance with Generally Accepted Government Auditing Standards issued by the Comptroller General of the United States and The Principles and Standards for the Offices of Inspector General. Those standards apply to performance audits of government agencies and require that we plan and perform the audit to provide objective analysis, findings, and conclusions to assist management and those charged with governance and oversight with, among other things, improving program performance and operations, reducing costs, facilitating decision making by parties responsible for overseeing or initiating corrective action, and contributing to public accountability.¹

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

III. Audits from 2021 and 2022 Completed or In Progress

COMPLETED

A. Demonstration Programs and Special Initiatives Admissions

Division: Housing Choice Voucher and Resident Services

Objective:

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

Scope: The scope period of this audit was for HCV admissions to demonstration programs and special initiatives occurring from January 1, 2017, through September 9, 2021. The scope does not include active HCV participants who were admitted prior to 2017 through a demonstration program or special initiative.

Completion Date: July 14, 2022, Issued: September 16, 2022

Published Report: [Resident Services and Housing Choice Voucher Department Demonstration Programs and Special Initiatives Admissions Audit](#)

B. CHA Public Housing Unit Vacancy Rates

Division: Property and Asset Management

Objective:

1. Evaluate current CHA public housing vacancy rates as compared to 2016, when the OIG last audited CHA's vacancy rate.
2. Determine whether CHA has adequate controls to ensure scattered site properties are appropriately monitored, repaired, and put back into service promptly.
3. Assess whether CHA complies with the City of Chicago's vacant building registration ordinance and requirements regarding the maintenance of vacant buildings.

Scope: For this audit, the OIG reviewed CHA vacancy data and rates as reported in Yardi, the CHA's system of record, as of September 1, 2021. Fieldwork was completed as of November 9, 2021.

Completion Date: Draft issued to PAM September 14, 2022. Response Received October 13, 2022

IN PROGRESS

C. Housing Choice Voucher (HCV) Abatement Process

Division: Housing Choice Voucher

Objective:

1. Determine whether CHA HCV abatement processes are in accordance with CHA's contracts with Nan McKay & Associates (NMA), CVR Associates (CVR) and governing documents.

2. Assess the risk environment and determine whether the current internal controls are sufficient to minimize fraud, waste, and abuse in the abatement process.

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

Projected Completion: 4th Quarter 2022

D. Department of Procurement and Compliance – PRTF

Division: Department of Procurement Compliance

Objective:

1. Assess if the seven (7) completed PRTF recommendations and two (2) additional OIG recommendations that were not part of the June 2019 City of Chicago OIG Audit² have been implemented.
2. Assess any resulting operational efficiencies of implemented recommendations.
3. Test compliance of current CHA internal controls, as it relates to the selected PRFT recommendations.

Scope: The scope of this audit is limited to the 7 PRTF and 2 CHA OIG recommendations identified above and their implementation as of January 2022. The scope and objectives may be expanded and/or changed based upon additional relevant material information.

Projected completion: 4th Quarter 2022

E. Mixed-Finance/Mixed-Income Public Housing Rent Collection

Division: Finance and Property and Asset Management

Objective: The audit will assess whether:

1. Management Agents perform timely and accurate family income determination (reoccurring) examinations as reflected in the CHA's system of record, Yardi.
2. Management Agents perform timely and accurate CHA tenant rent collection activities, including entry of corresponding receipt and deposit transactions into Yardi.
3. Management Agents update participant "Resident Ledgers" within Yardi timely and accurately and include adequate documentation for any manual adjustments.
4. Management Agents return unused security deposits to tenants within 45 days.
5. CHA has adequate controls to ensure Management Agents are appropriately collecting mixed-income tenant rents.
6. Management Agents accurately report their rent reserve balances.

Scope: The OIG will review Mixed Finance Development eligibility examinations and rent collection/accounts receivable activities, which occurred for CHA participants between January 1, 2021, and December 31, 2021.

Projected completion: 2nd Quarter 2023

² [Third Annual Procurement Reform Task Force Progress Report June 2019](#)

IV. Follow-Up Audits

The key objective for a follow-up audit is to document status of prior audit findings and the actions taken by management to implement the audit recommendations. The OIG will perform the following follow-up audits.

A. Follow-Up Public Housing Equipment, Appliances, and Materials Inventory

Division: Property and Asset Management Office

Objective: Document the current status of prior audit findings and the actions taken by management to implement the audit recommendations.

Scope: TBD

Projected Start Time: 1st Quarter 2023

B. Follow-Up PPM Tenant Accounts Receivable

Division: Property and Asset Management

Objective: Document the current status of prior audit findings and the actions taken by management to implement the audit recommendations.

Scope: TBD

Projected Start Date: 3rd Quarter 2023

V. Anticipated Audit Projects

The OIG gathers potential audit topics from a variety of sources including discussions with CHA management, complaints received from the public through the OIG hotline, past OIG reviews, current HUD events, OIG Risk Assessment, CHA Internal Audit Annual Risk Assessment, OIG investigations, and other government agencies performance audits.

The scope and objectives of anticipated audits listed below may be expanded and/or changed based upon discovery of additional relevant material information.

A. CHA Contractor System Access Controls

Division: Information Technology Services, Property and Asset Management, and Housing Choice Voucher

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

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

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

Projected Start Date: 1st Quarter 2023

B. Manually Prepared Accounts Payable Checks

Division: Comptroller's Office

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

1. Documented policies and procedures before the issuance of manual checks,
2. Controls in place to help ensure policies and procedures are adhered to,
3. Potential gaps in controls or risk of abuse of manually prepared Accounts Payable checks,
4. Trends that indicate any increases or decreases of manual check transactions and expenditures.

Scope: Manual checks issued between January 1, 2021, through December 31, 2022.

Projected Start Date: 1st Quarter 2023

C. Private Property Management Company Expenditures

Division: Property and Asset Management

Objective: Analyze and assess if PPMs follow the Private Property Management Procedural Manual for expenditures to identify:

1. Controls in place to help ensure policies and procedures are adhered to,
2. Risk of waste, theft, abuse in PPM expenditures of CHA funds

Scope: Activity from January 01, 2022, to December 31, 2022.

Projected Start Date: 4th Quarter 2023

D. CHA Receipt and Use of Emergency Pandemic Relief Funding

Division: Multiple CHA divisions

Objective: Analyze and assess use of emergency pandemic relief funds from multiple sources, such as CARES Act and Emergency Rental Assistance Payments to ensure CHA:

1. Appropriately allocated relief funds in accordance with program requirements and HUD guidance
2. Maintained all supporting documentation and accurately reported spending
3. Established controls to prevent waste, theft, and abuse of funds

Scope: Activity from January 01, 2020, to December 31, 2022.

Projected Start Date: 1st Quarter 2023

E. Commercial Property Rental Income

Division: Property and Asset Management

Objective: Analyze and assess Commercial Property rental income to identify:

1. Documented policies and procedures for the rental of CHA-owned commercial property.
2. Compliance with HUD and other applicable regulations for rental of commercial property.
3. Risk of waste and abuse in the renting of CHA-owned commercial properties

Scope: Active rentals between January 1, 2021, through December 31, 2022.

Projected Start Date: 3rd Quarter 2023