

Chicago Housing Authority Office of the Inspector General



Audit and Program Review 2024 Annual Plan

December 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 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 an audit may instead be completed as a non-audit report, or 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 2023 Completed or In Progress

COMPLETED

A. 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.

Completion Date: May 10, 2023

Published Report: [Audit of the CHA's Housing Choice Voucher Abatement Process](#)

B. CHA's Implementation of Procurement Reform Task Force Recommendations Part II

Division: Department of Procurement and Contracts

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.

Completion Date: October 20, 2023

Published Report: [Audit of CHA's Implementation of Procurement Reform Tas Force Recommendations Part II](#)

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

IN PROGRESS

C. 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 CHA tenant rent collection activities, including entry of corresponding receipt and deposit transactions into Yardi.
2. Management Agents update participant “Resident Ledgers” within Yardi timely and accurately and include adequate documentation for any manual adjustments.
3. CHA has adequate controls to ensure Management Agents are appropriately collecting mixed-income tenant rents.
4. Management Agents accurately report their rent reserve balances.

Scope: The OIG will review a sample selection of 22 mixed-finance developments’ rent collection/accounts receivable activities, which occurred for CHA participants between January 1, 2021, and December 31, 2021.

Projected completion: 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 federal requirements
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 completion: 1st Quarter 2024

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

Division: Property and Asset Management Office

Objective: The objectives of the audit completed in September 2021, included the following:

- 1) Assess whether CHA has adequate controls over equipment, appliances, and materials for each public housing community or site managed by PPMs.
- 2) Review the sufficiency of internal controls underlying the recording and tracking process associated with equipment and appliances purchased for CHA sites.
- 3) Review the sufficiency of PPM equipment, appliance, and material disposal procedures and related transactions.
- 4) Assess the risk environment and determine whether the current internal controls are sufficient to minimize fraud, waste, and abuse

Scope: The scope of the follow-up audit is from January 1, 2021, to December 31, 2022. This audit will be limited to verifying the existence of equipment and appliances such as but not limited to stoves, refrigerators, washers, and countertops ordered and purchased by PPMs during the follow-up audit period and assessing the adequacy of existing inventory controls.

Projected completion: 1st Quarter 2024

F. 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. Is CHA contractor access to the CHA network, as well as the Lawson and Yardi applications granted, revoked, and reviewed in accordance with ITS 'User Account Administration Procedure – Revision 3'?
2. Is contractor access granted in a manner that ensures segregation of accounting-related functions?
3. Is contractor's security access aligned with job responsibility / function?

Scope: The scope period of this Audit is for contractor-related access activities (i.e., access provisioning, revocations, and transaction creations) between June 1, 2022 through May 31, 2023, in CHA's three key operations software platforms: Microsoft Azure, Yardi Property Management, and Lawson / Infor.

Projected completion: 1st Quarter 2024

G. Non-Residential/Commercial Property Rental Income

Division: Property and Asset Management

Objective: Analyze and assess Non-Residential/Commercial Property rental income to identify:

1. Documented policies and procedures for the CHA-owned non-residential/commercial property rental.
2. Compliance with CHA policies, HUD regulations, 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, 2023.

Projected completion 2nd Quarter 2024

IV. Anticipated 2024 Audit Projects

The OIG gathers potential audit topics from a variety of sources including discussions with CHA management, complaints received through the OIG hotline, past OIG investigations, current HUD events, OIG risk assessments, 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's Construction Management and Change Order Process

Division: Department of Procurement and Contracts, Property and Asset Management

Objective: Analyze and assess if CHA's Construction Projects appropriately follow the change order process to identify any:

1. Irregularities
2. Controls in place to help ensure policies and procedures are adhered to,
3. Potential gaps in controls or risk of noncompliance with CHA policies and HUD regulations.

Scope: Activity from January 01, 2023, to December 31, 2023.

Projected Start Date: 1st Quarter 2024

B. CHA-Managed Unit Turn Cost Controls

Division: Property and Asset Management

Objective: Analyze CHA-managed public housing unit turns and spending to identify:

1. Controls in place to help ensure policies and procedures are adhered to,
2. The risk of waste, theft, and abuse associated with the unit turn process by construction contractors, PPMs, and/or CHA.

Scope: Activity from January 01, 2023, to December 31, 2023.

Projected Start Date: 1st Quarter 2024

C. Manually Prepared Accounts Payable Checks

Division: Finance, Comptroller's Office

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

1. Compliance with 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, 2022, through December 31, 2023.

Projected Start Date: 2nd Quarter 2024

D. HCV Port-In Process

Division: Housing Choice Voucher

Objective: Analyze and assess the CHA's HCV Port-In process to:

1. Assess department-level compliance of CHA's and HUD's policies, procedures, and protocols as it relates to Portability.
2. Assess effectiveness of CHA's internal controls related to the review, approval, and processing of HCV Port-Ins.
3. Assess the risk environment and determine whether the current internal controls are sufficient to minimize fraud, waste, and abuse.

Scope: Activity from January 01, 2023, to December 31, 2023.

Projected Start Date: 3rd Quarter 2024

E. CHA Hiring Process

Division: Human Resources

Objective: Analyze CHA hiring records to ensure:

1. Compliance with CHA policies and procedures and hiring best practices.
2. The application screening process identifies the most qualified candidates that meet the minimum qualification requirements for the job post.

Scope: Hiring sequences completed from July 1, 2023, to June 31, 2024.

Projected Start Date: 4th Quarter 2024

V. Follow-Up Audits in 2024

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 PPM Tenant Accounts Receivable – Completed March 2021

Division: Property and Asset Management

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

Scope: Verify that recommendations have been implemented as agreed by CHA Management.

Projected Start Date: 3rd Quarter 2024

Original Report: [PPM Tenant Accounts Receivable Audit](#)

B. CHA's Tracking and Management of Vacant Public Housing Units Audit – Completed March 2023 with Scope ending September 1, 2021

Division: Property and Asset Management

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

Scope: Verify that recommendations have been implemented as agreed by CHA Management.

Projected Start Date: 4th Quarter 2024

Original Report: [CHA's Tracking and Management of Vacant Public Housing Units Audit](#)