

**2024 QUARTER 2 REPORT**



**CHICAGO HOUSING AUTHORITY**

# **OFFICE OF THE INSPECTOR GENERAL**





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

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July 15, 2024

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

Enclosed is the 2024 Second Quarter Report on the activities of the Chicago Housing Authority (CHA) Office of the Inspector General (OIG) from April 1, 2024, through June 30, 2024. Pursuant to the OIG Charter, this report contains statistical information and summaries of OIG investigations, audits, and other activities.

Highlights of OIG work this quarter include the following:

- A court order and receipt of **\$60,009** in restitution payable to the CHA as a result of an OIG criminal investigation, which concluded with a guilty plea.
- Year-to-date receipt of **\$306,046** in restitution paid by defendants convicted of defrauding the CHA. The OIG returns these funds to the CHA Finance Department for use in the CHA's continued work.
- Two new criminal indictments stemming from an OIG investigation of fraud on the HCV program. The loss to the CHA in this case is at least **\$236,000**.
- **OIG Advisory #29 regarding excessive tenant holds for HCV payments indicating inactive vouchers.** OIG analytics identified 1,836 records with outstanding Housing Assistance Payments (HAP) Tenant Holds, including over 100 vouchers where the voucher holders had vacated their unit and no longer required assistance. HCV incorporated OIG's findings into future quality control protocols.
- **OIG's Follow-Up Audit of Public Housing Equipment, Appliance, and Materials Inventory.** The follow-up audit found that CHA's Property and Asset Management Division (PAM) has made some progress in improved inventory tracking, but more work is required to ensure consistent compliance by private property management firms.
- Resolution of **1 sustained administrative investigation** with findings of misconduct against a CHA private property management contractor and a CHA employee.

Additionally, we were pleased to welcome Macy Siegfried as our new Staff Investigator. Macy recently graduated from Marquette University with a degree in criminal justice. She has experience assisting with criminal investigations in a variety of settings, including the Milwaukee Police Department and the Milwaukee area HIDTA program (High Intensity Drug Trafficking Area), and a criminal defense law firm. The hiring process for staff auditor remains ongoing.

Finally, the OIG strives to serve the CHA, its employees, program participants, contractors, and additional stakeholders as an independent, unbiased resource. We are here to receive complaints and concerns and pledge to take appropriate action with due professional care.

As always, please don't hesitate to contact us individually, or through our anonymous web portal at [www.thecha.org/fraud](http://www.thecha.org/fraud), our complaint line at 1-800-544-7139, or email at [fraud@thecha.org](mailto:fraud@thecha.org). I can be personally reached at [krichards@thecha.org](mailto:krichards@thecha.org).

Respectfully submitted,

A handwritten signature in blue ink that reads "Kathryn Richards". The signature is written in a cursive, flowing style.

Kathryn B. Richards  
Inspector General







## Mission

The OIG is an independent oversight agency, created by the CHA Board of Commissioners, to promote economy, efficiency, and integrity in the administration of programs and operations of the Chicago Housing Authority. The OIG achieves this mission through:

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

The OIG partners with law enforcement agencies to pursue criminal prosecutions of fraud or other crimes affecting the CHA. In administrative matters, the OIG issues reports of findings and recommendations to ensure CHA participants comply with program requirements and that officers, employees, and vendors are held accountable. Through audits and analytics, the OIG seeks to prevent, detect, and eliminate fraud, waste, abuse, and misconduct in CHA's programs and operations. Finally, through training 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.

Ultimately, the OIG seeks to ensure the CHA is best equipped to serve its overarching mission to provide affordable housing and "create and sustain strong communities where seniors thrive and everyone can unlock their economic power."



# Professional Standards

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## OIG INVESTIGATIONS

The OIG conducts investigations in accordance with the Association of Inspectors General Principles and Standards for Offices of Inspectors General (the "Green Book"), 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. The OIG always exercises due professional care and independent, impartial judgment in its investigations and the resulting reports and recommendations.

## OIG AUDITS & PROGRAM REVIEWS

The OIG conducts audits of CHA 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 (the "Yellow Book").

Yellow Book 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 audit objectives.

Adherence to these standards ensures that audits and program reviews comprise the requisite independence, planning, staff qualifications, direction and control, confidentiality, and quality assurance.

## INDEPENDENT PEER REVIEWS

Every three years, the OIG submits to an independent peer review conducted by members of the national Association of Inspectors General to ensure compliance with these governing standards.

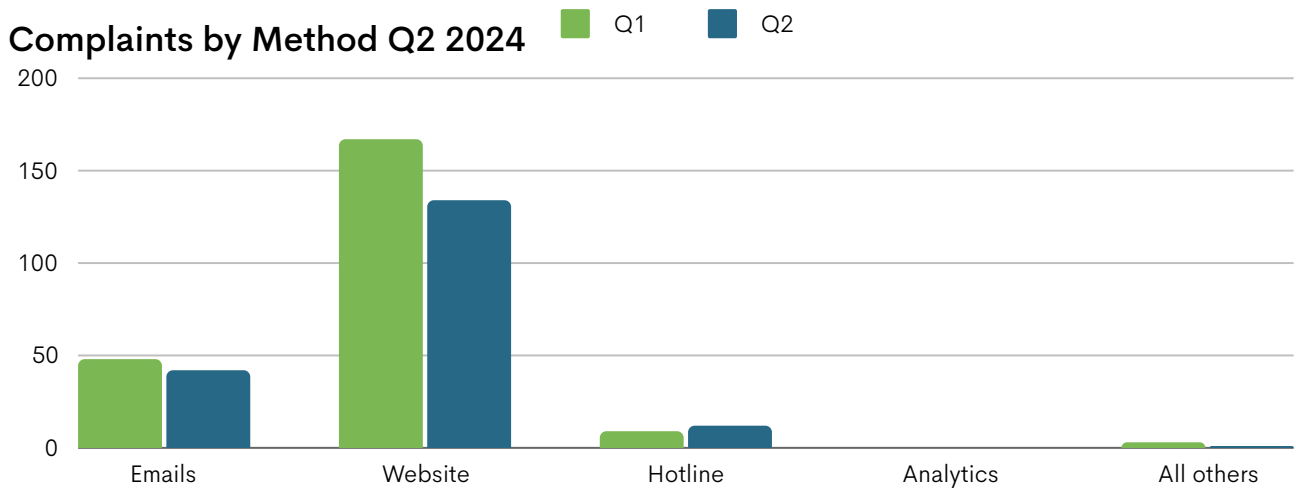
The CHA OIG has been found to meet all relevant standards in each period reviewed, including the most recent review, which encompassed OIG's work for the years 2019-2021. The CHA OIG's next peer review will occur in 2025.

# Complaints

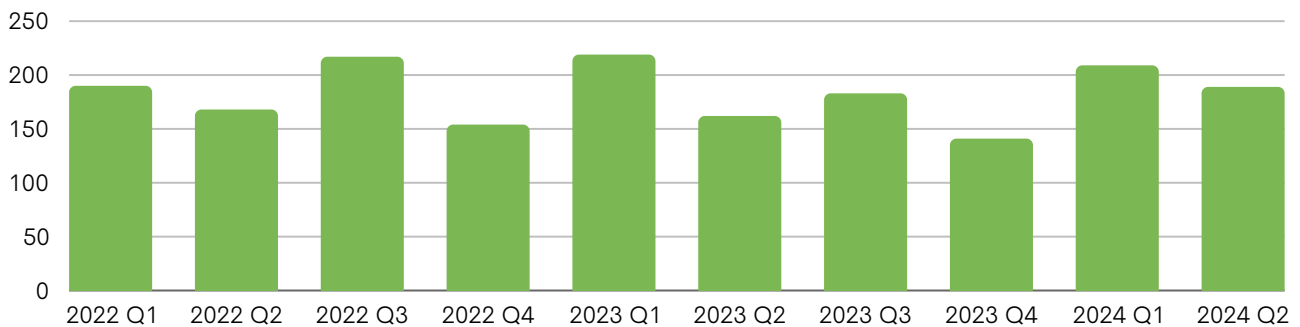
The OIG accepts complaints through its online web portal, by email, telephone hotline, employee complaint drop boxes, and in-person reports. Complainants may choose to remain anonymous. The OIG initiates investigations, reviews, and audits in response to complaints it receives or upon the OIG’s own initiative. Following a preliminary review and assessment, OIG staff make a determination on whether to open an investigation. 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 **189** complaints in the second quarter of 2024. Of those complaints, the OIG referred **95** to various relevant CHA departments and outside agencies; provided investigative support for **5** matters, and declined **70**. The OIG opened **7** complaints for investigation. At the end of the quarter, **9** complaints received in Q2 remained pending for evaluation, and an additional **3** remained pending from previous quarters, for a total of **12** pending complaints.

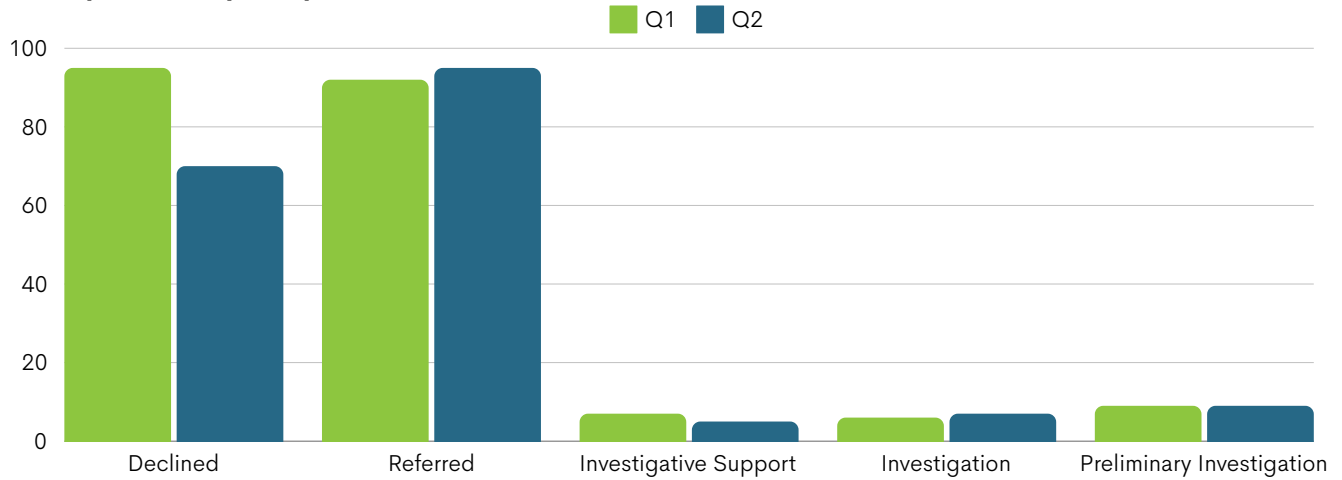
Below are tables showing statistical information on complaints received this quarter.



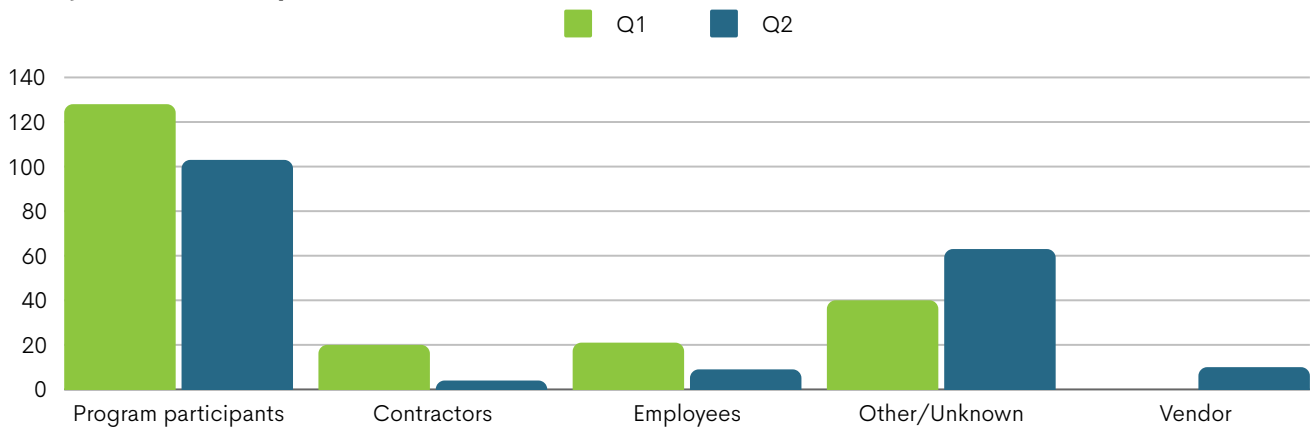
### Total Complaints by Quarter



### Complaints by Disposition

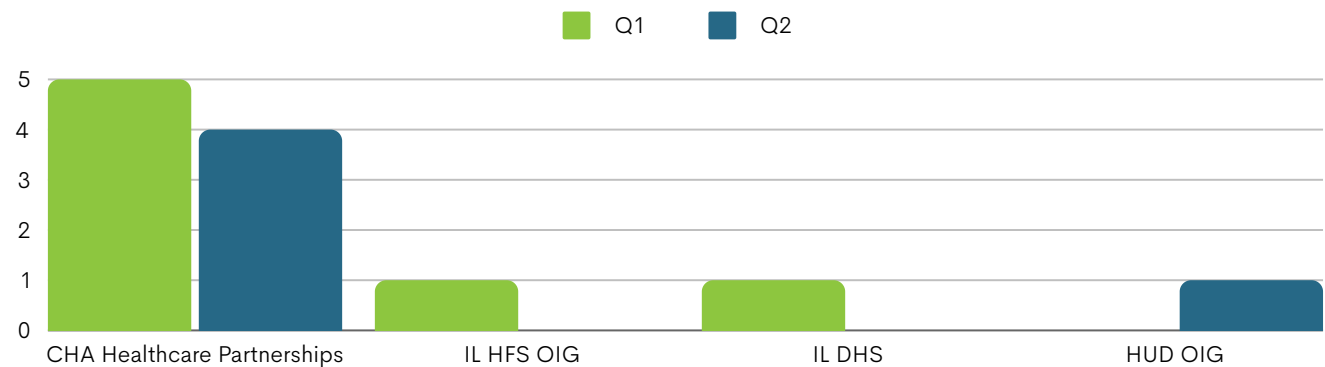


### Subjects of Complaints



### 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 requests for information, due diligence, or data analysis. In the second quarter of 2024, the OIG received **5** requests.





# 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. An administrative case is sustained if the preponderance of the evidence establishes a violation or the case identifies a particular issue that warrants an advisory to CHA management. For sustained administrative investigations, the OIG produces either an advisory or summary report of investigation with findings and recommendations for appropriate disciplinary, administrative, or other action to the CEO and the impacted department. The OIG will report management's response in each quarterly report.

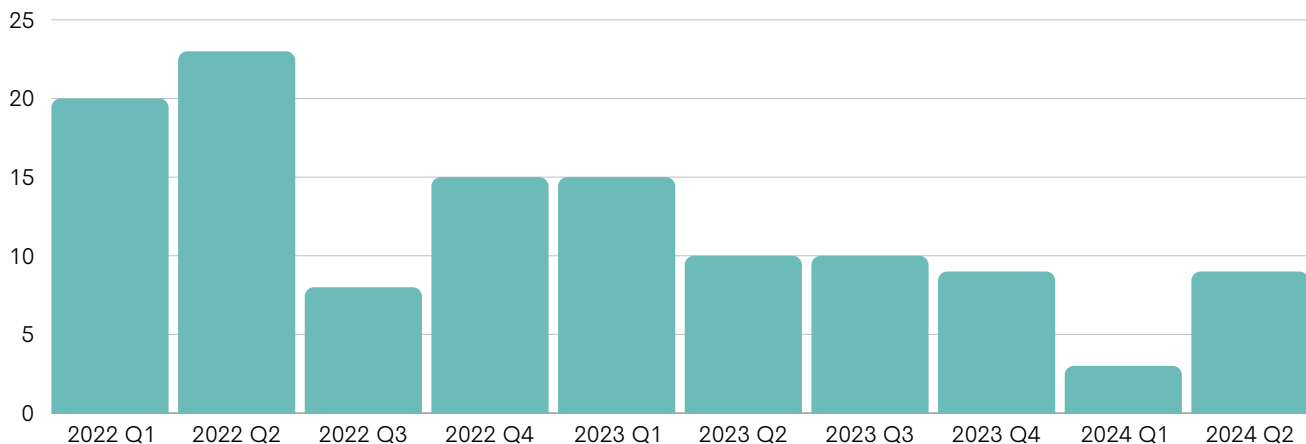
In criminal investigations, if there is sufficient evidence for potential prosecution, the OIG presents the evidence to a prosecuting agency for review. Investigations that result in criminal charges are reported to CHA management and the Finance and Audit Committee. A criminal matter that results in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

A case is not sustained when the OIG concludes that the available evidence is insufficient to prove a violation under applicable burdens of proof. A case is closed with no further action warranted ("closed-NFA") when, in OIG's assessment, the matter has been or is being appropriately addressed by another agency or department, the matter was consolidated with another investigation, or, the OIG determines that no further investigative action is warranted based on the specific circumstances presented.

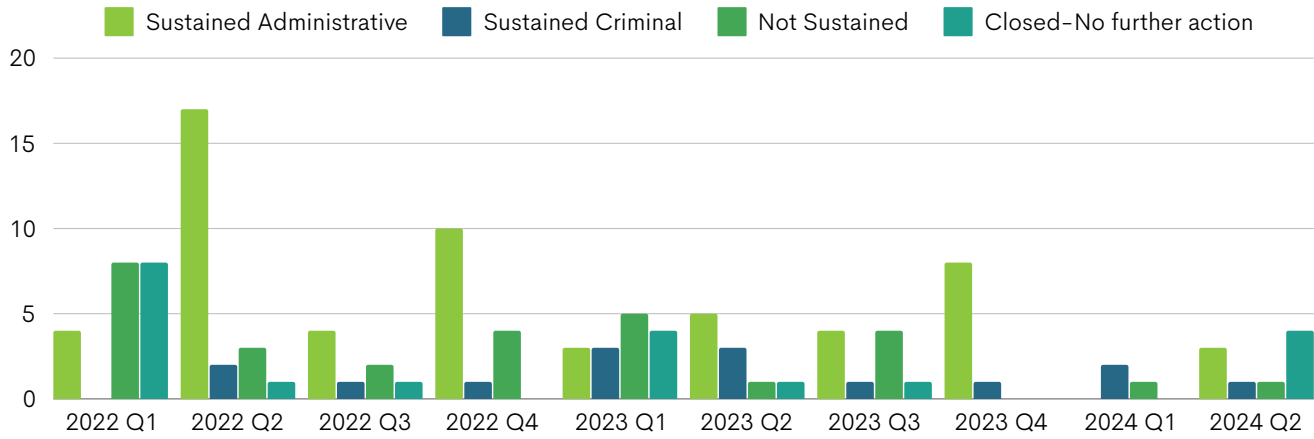
## Investigations Closed This Quarter

In the second quarter of 2024, the OIG closed **9** investigations; **4** were sustained, **1** was not sustained, and **4** were closed as no further action warranted. Of the 4 sustained investigations, **1** was criminal and **3** were administrative.

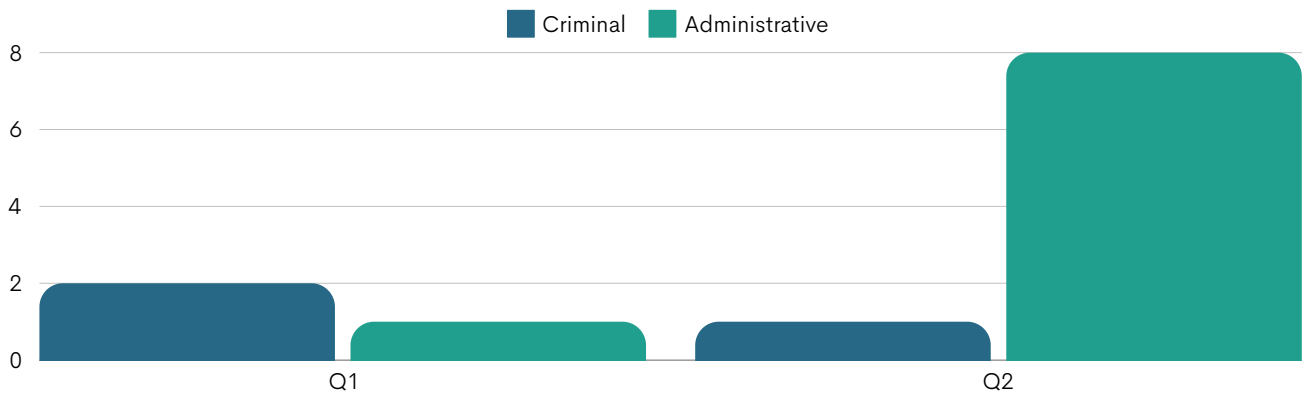
## Closed Investigations by Quarter



### Disposition of Closed Investigations

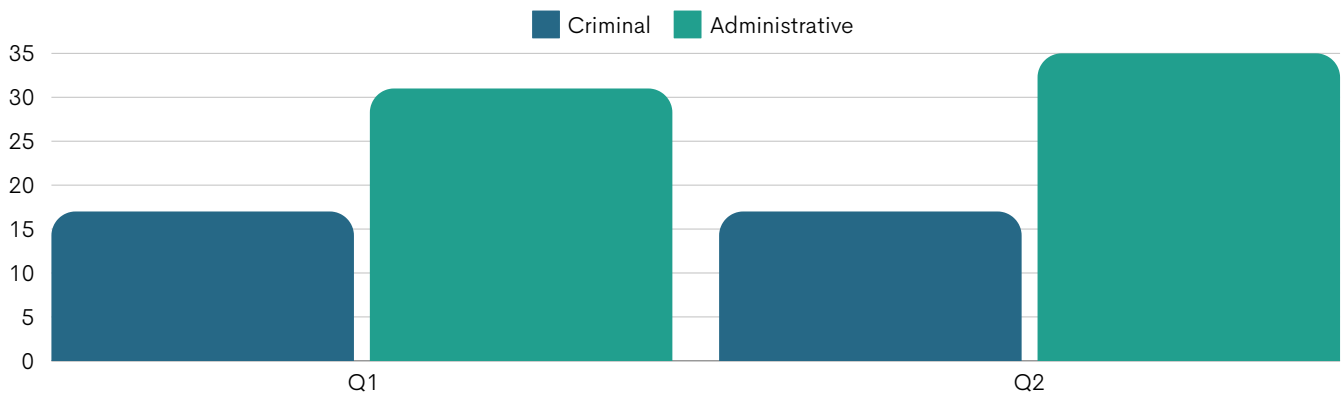


### Closed Criminal and Administrative Cases



### Pending Criminal and Administrative Investigations

At the close of the second quarter, the OIG had **52** pending investigations, including **35** administrative and **17** criminal investigations.



## 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 **52** open investigations, **36** 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	20
Indicted cases, but no criminal disposition	3
On-hold or delayed due to other ongoing time-sensitive investigations	13
Total	36



## Criminal Cases

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This quarter, OIG investigations resulted in **2** new indictments, and **1** guilty plea and order of restitution. All charged criminal case activities are summarized below.

### Criminal Indictments

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One OIG investigation resulted in two new indictments, summarized below.

#### **Indictments of Gwendolyn Martin and Lawrence Amos, OIG # 2022-10-00018** **HCV Program Fraud, SBA PPP Loan Fraud, IDHA Rental Assistance Fraud**

On May 8, 2024, the Grand Jury sitting in the Circuit Court of Cook County issued indictments charging Housing Choice Voucher (HCV) participant, Gwendolyn J. Martin and her son, Lawrence Amos, with multiple charges of fraud against the CHA, the Illinois Housing Development Authority (IHDA) and the U.S. Small Business Administration (SBA).

The indictments stem from a CHA OIG investigation, which found that, from December 2008 to May 2024, Martin (aka: Gwendolyn Martin / Gwendolyn James / Gwendolyn Amos), fraudulently obtained housing benefits totaling over \$236,000 from the CHA, while \$158,519 was paid directly to Amos as her purported HCV landlord.

The OIG's investigation also found that Martin submitted falsified documents to IHDA to obtain rental assistance; and both Martin and Amos fraudulently obtained funds from the Paycheck Protection Program through the SBA for businesses that did not exist.

Prosecution of is being handled by the Illinois Attorney General's Office, Public Integrity Bureau. The OIG's investigation remains open pending the outcome of the criminal proceedings. The public is reminded the defendants are presumed innocent until proven guilty in a court of law. Martin faces the following 16 charges based on three indictments:

- One count of theft of governmental funds over \$100,000, a Class X felony punishable by up to 30 years in prison.
- One count of theft of governmental property between \$10,000 and \$100,000, a Class 1 felony punishable by up to 15 years in prison.
- One count of theft by deception between \$10,000 and \$100,000, a Class 2 felony punishable by up to 7 years in prison.
- Three counts of wire fraud, Class 3 felonies punishable by up to 5 years in prison.
- Eight counts of forgery, Class 3 felonies punishable by up to 5 years in prison.
- One count of loan fraud, a Class 2 felony punishable by up to 7 years in prison.
- One count of income tax fraud, a Class 4 felony punishable by up to 3 years in prison.



Amos is charged with the following based on two indictments:

- One count of theft of government funds over \$100,000, a Class X felony punishable by up to 30 years in prison.
- One count of theft by deception between \$10,000 and \$100,000, a Class 2 felony punishable by up to 7 years in prison.
- Three counts of wire fraud, Class 3 felonies punishable by up to five years in prison.
- Six counts of forgery, Class 3 felonies punishable by up to five years in prison.
- One count of income tax fraud, a Class 4 felony punishable by up to 3 years in prison.

## **Criminal Case Updates and Sentencings**

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### **Guilty Plea and Sentencing of Carla Rios, OIG #2019-07-00005, HCV Program Fraud**

On April 23, 2024, Carla Rios, a former HCV participant, pleaded guilty in the Circuit Court of Cook County to one count of State Benefits Fraud for her scheme to defraud the CHA. Rios was sentenced to 24 months' probation. As part of her plea agreement, Rios repaid CHA the full amount of restitution owed, with a check for \$60,009.00.

The Grand Jury had returned a 4-count indictment on June 15, 2022, charging Rios with State Benefits Fraud (Class 3 felony) and 3 counts of Forgery (Class 3 felony). The Grand Jury also returned a 2-count indictment charging Rios' sister, Silvia Rodriguez, with Theft of Government Property (Class 1 felony) and Forgery (Class 3 felony). Rodriguez was the owner of the HCV property where Rios purportedly resided with her voucher. *People v. Rios*, 22-CR-0694301 & *People v. Rodriguez*, 22-CR-0694401 (Cook Cty. Cir. Ct.).

The OIG's investigation found that, from September 2015 to March 2021, Rios fraudulently obtained over \$60,000 in housing benefits from the CHA by concealing the fact that she was renting from her sister, Rodriguez. Rios also concealed her various sources of income and residential properties she jointly owned with her husband. In fact, Rios resided in one of the properties she owned, while her sister Rodriguez lived in the HCV unit and received monthly voucher payments for Rios' housing assistance. Rodriguez also submitted numerous fraudulent documents to the CHA alleging she was not Rios' sister.

On the date of Rios' sentencing, the criminal case against Rodriguez was dismissed due, in part, to Rios's payment of full restitution to the CHA, Rodriguez's cooperation, and other mitigating factors. Rios and Rodriguez had both been previously terminated from the HCV program. Prosecution of the matter was handled by the Illinois Attorney General's Office, Public Integrity Bureau. The OIG's investigation is now closed.

**Criminal Case Recoveries**

This quarter, the OIG secured one new order of restitution totaling **\$60,009**. This brings the year-to-date total of restitution ordered to **\$306,046**.

Case Name	Date of Restitution Order	Amount
People v. Rios	4/23/24	\$60,009.00
<b>Q2 Total Ordered</b>		<b>\$60,009.00</b>

Case Name	Date of Restitution Order	Amount
People v. Brown 22 CR 0281301	1/30/24	\$136,000.00
People v. Robins 22 CR 0619301	2/28/24	\$110,037.00
<b>Q1 Total Ordered</b>		<b>\$246,037.00</b>

The OIG tracks convicted defendants' restitution payments to ensure court orders are followed. This quarter the OIG received funds from 5 defendants, totaling **\$99,940.59** returned to the CHA, bringing the year-to-date total money repaid to **\$163,059.53**.

Case Name	Date of Restitution Payment	Amount
People v. Rios	4/17/24	\$60,009.00
People v. Hawthorne	4/19/24	\$250.00
People v. Spruill 22 CR 0228801	4/24/24	\$250.00
People v. Brown 22 CR 0281301	5/3/24	\$1,000.00
People v. Wanda Goodloe 16 CR 0628801	5/17/24	\$120.00

**Criminal Case Recoveries (Cont'd)**

People v. Robins 22 CR 0619301	6/5/24	\$50.00
US v. Johnson	6/26/24	\$144.37
U.S. v. Barrow	6/26/24	\$295.57
People v. Townsend 22 CR 0017401	6/27/24	\$1,000.00
<b>Q2 Total Received</b>		<b>\$63,118.94</b>

Case Name	Date of Restitution Payment	Amount
People v. Spruill 22 CR 0228801	2/22/24	\$200.59
People v. Robins 22 CR 0619301	2/28/24	\$45,000.00
People v. Brown 22 CR 0281301	3/29/24	\$50,000.00
People v. Wanda Goodloe 16 CR 0628801	3/25/24	\$40.00
People v. Townsend 22 CR 0017401	3/25/24	\$4,700.00
<b>Q1 Total Received</b>		<b>\$99,940.59</b>

## OIG Criminal Cases Pending in Court

At the end of Q2 2024, the OIG had **5** criminal cases pending in court, 4 of which stem from 2 OIG investigations.

Case Name	Indictment	Summary of Charges	Scheme	Updates
People v. Hogans 24 CR 0205601 (Cook County Cir. Ct.)	2/21/2024	Class X felony theft, state benefits fraud, multiple forgery counts	HCV Fraud	Status hearing August 27, 2024.
People v. Cartagena 24 CR 0205401 (Cook County Cir. Ct.)	2/21/2024	Multiple Class X felony Theft and forgery counts	HCV Fraud	Status hearing August 7, 2024
People v. Roman 24 CR 0205501 (Cook County Cir. Ct.)	2/21/2024	Multiple counts of class X felony theft, forgery	HCV Fraud	Status hearing August 7, 2024
People v. Martin 24 CR 0473301 24 CR 0473401 24 CR 0473501 (Cook County Cir. Ct.)	5/8/24	Class X felony theft, class one felony theft, class two felony theft, multiple counts of wire fraud, multiple counts of forgery, loan fraud, income tax fraud.	HCV Fraud	Status hearing July 26, 2024
People v. Amos 24 CR 0473201 24 CR 0473601 (Cook County Cir. Ct.)	5/8/24	Class X felony theft, class two felony theft, multiple counts of wire fraud, multiple counts of forgery, loan fraud, income tax fraud.	HCV Fraud	Status hearing July 26, 2024



## Sustained Administrative Cases

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The following summaries provide information regarding sustained administrative investigations and management's response.

### **Private Property Management Company Reported Unit as Vacant Despite Tenant's Occupancy and Rent Payments for More than Three Years, OIG #2021-10-00001**

A recently sustained investigation found that, from July 2018 until October 2021, one of the CHA's contracted Private Property Management (PPM) companies, through the actions of the individual Property Manager, failed to properly record one of its tenants as residing in a CHA building. For over three years, the tenant lived in the unit and diligently paid the monthly rent with money orders, which the property manager accepted but never recorded or deposited. Instead, the property manager simply placed the tenant's money orders in a desk drawer.

In an OIG interview the property manager claimed things had simply been too busy when the tenant should have been leased up, and the property manager never went back to enter the tenant into the system. Once another PPM company took over the property in September 2021, the new PPM staff learned that the unit was not, in fact, vacant as reflected in Yardi, and the tenant's money orders were unaccounted for. The OIG's investigation determined that none of the money orders were cashed or deposited, however, the property manager's improper actions resulted in a loss of \$9,574.40 in rental income to the CHA.

Moreover, CHA's Property and Asset Management (PAM) Division failed to provide appropriate oversight of the PPM and the existing vacancies at the property. The Asset Management team failed to implement appropriate quality control measures to ensure long-term vacant units were in fact vacant and being made ready for a new tenant in a timely fashion. Specifically, the former CHA Portfolio Manager failed to adequately perform their job duties, given their responsibility for regularly reviewing vacant units within their portfolio, and failing to identify a purportedly vacant unit that had, in fact, been occupied by an unleased individual, for over three years. The OIG recommended that CHA management:

- Review this incident with the PPM and take appropriate administrative action to recoup the lost rental income, ensure its property managers retain and produce resident records including rent receipts, and ensure similar lapses do not occur again in the future.
- Determine whether to seek the removal of the property manager from work at any CHA properties, given the failure to properly lease up the tenant, and, keeping all of the tenant's rent payments in an envelope and not depositing them.

- Review these findings and ensure the PAM Division's current tracking system for vacant units will adequately prevent such instances from occurring in the future.
- Place this report in the personnel file of the former portfolio manager.

CHA's PAM Division management responded that it would meet with the PPM to review the findings and recoup the \$9,574.40 in lost rent revenue. Management stated that although the property manager did not follow established rent collection procedures, there were no violations of law. As a result, CHA will not seek to remove the property manager from work on CHA property unless they engage in further violations of rent collection procedures. Finally, CHA will place the OIG report in the former portfolio manager's personnel file for reference should they ever seek reemployment.

## **Audits and Reviews**

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### **Closed Audits**

The OIG closed one audit in the second quarter of 2024. The OIG's Follow-Up Audit of Equipment, Appliance and Materials Inventory is summarized below.

### **New and Pending Audits**

The OIG had three audits pending at the close of the second quarter: Contractors System Access Audit, CARES Act, and CHA Construction Change Orders and Supplementals Process Audit.

This quarter the OIG initiated an audit of the CHA Construction Change Orders and Supplemental Contracts Process. The OIG will review Change Orders and Supplemental Contracts to determine whether CHA:

1. Complies with HUD's regulations, CHA's Procurement Manual, and PAM Policies and Procedures; and
2. Evaluate the risk environment and control to mitigate fraud, waste, and abuse.

The PAM Division has responded to OIG document requests and the audit is underway

### **Draft Audits**

The OIG issued no new draft audits.

## **OIG Follow-Up Audit of Public Housing Equipment, Appliances, and Materials Inventory**

The OIG conducted a performance audit of the Public Housing Equipment, Appliance, and Materials Inventory in 2021. The 2021 audit found a lack of managerial control and oversight of equipment and appliances purchased for CHA public housing units and a lack of utilization by the private property management companies (PPMs) of the Yardi fixed assets module, which can be used to electronically track CHA equipment and appliances. Instead, tracking and inventory is paper based, with PPM staff storing delivery tickets in binders located at each property. The OIG made six recommendations to CHA management for better tracking and control of appliances, equipment, and other materials purchased for use in CHA public housing.

The OIG's follow-up audit found that CHA's Property and Asset Management Division (PAM) has fully implemented just two of the six recommendations. Of the remaining four, Asset Management has partially implemented three and developed an alternative solution for the last recommendation. Asset Management reportedly continues to work on fully implementing the remaining partially implemented OIG audit recommendations.

### **OIG Recommendations and Current Status**

#### **1. Establish SOPs for both the receipt and disposal of equipment and appliances valued at less than \$5,000 per item. -- Partially Implemented**

Response: "PAM is in the process of updating our manuals to reflect current verbiage regarding this item, with expected completion in Q4 2024. In the interim, PPM's have been reminded regarding the MRO binders for supplies."

OIG: During fieldwork, the OIG observed that not all PPMs knew the process for disposing of appliances, and many had not received recent guidance from CHA regarding the disposal of appliances and equipment.

#### **2. Instruct and or train PPMs to maintain equipment and appliance receiving documents, and independently ensure PPMs keep copies of receiving reports. -- Fully Implemented (With exceptions in PPM compliance)**

Response: "PAM requires PPMs to keep a binder with material delivery tickets on site, and Portfolio Managers are required to audit the binders."

OIG: OIG field work determined this recommendation was implemented, but some PPMs were not complying with procedures. OIG was unable to locate delivery receipts at the property sites for 48% of the appliances and materials delivered during the audit scope.

**3. Ensure Lowe's provides proof of delivery for missing equipment or cure the default. Require PPM staff to reconcile all equipment invoices with receiving reports to ensure all items have been received. Conduct regular audits of PPMs to ensure compliance with procedures. -- Partially Implemented**

Response: PAM requires delivery ticket binders to be onsite, and we will follow up with Lowe's regarding reconciling any and all invoices with deliveries on an ongoing basis.

OIG: The delivery receipts reviewed by OIG during the field test were not consistently complete. Some receipts indicated partial receipt of the ordered items, while others lacked signatures or initials from the receiving staff. The incomplete delivery receipts amounted to a value of \$37,261.58.

**4. Clarify and reconcile the treatment of appliances in PPM Manuals and provide clear instructions on the receipt and disposal of equipment. -- Partially Implemented**

Response: The PAM procedural manual is currently under revision and once completed/approved, with expected completion in Q4 2024.

OIG: The language in the latest editions of the Property Management Procedural Manual and the Property Management Financial Manual has remained unchanged since the previous audit. PAM informed OIG that revisions to the Procedural Manual were scheduled for Q3 of 2023, but these revisions had not yet taken place.

**5. Ensure all maintenance tools purchased with CHA funds are inventoried and maintained for use at CHA property. -- Fully Implemented (With exceptions in PPM compliance)**

Response: PAM emphasized the PPMs' responsibility to maintain inventory records and ensure tools and equipment purchased with CHA funds remain on CHA property and portfolio managers are required to conduct quarterly audits to ensure compliance. Power tools also are required to be on the appliance log as well.



OIG: The OIG confirmed that PAM has fully implemented the recommendations. Site managers and staff provided OIG with spreadsheets listing the property's current inventory. Additionally, not many tools were ordered from Lowe's during the follow up audit's scope. When OIG inquired about the use of tools on the property, PPM staff explained that all tools were kept onsite and were not permitted to be taken home for personal use

**6. Train PPM staff how to record equipment and appliances in CHA's Yardi Fixed Assets Module. Regularly monitor fixed asset inventories to ensure compliance and tracking. -- Acceptable Alternative**

Response: Work orders are created for all appliance orders. Appliances and their serial numbers are included on work orders when they are installed in a unit. Additionally, the appliances, serial numbers, and work order numbers are logged together on the appliance log so appliances are properly tracked from the initial order to installation.

OIG: PPMs are recording appliance model and serial numbers in the Yardi Work Order modules. The OIG review confirmed this alternative is implemented. However, some PPMs are not complying with procedures.



# Management Advisories and Memos

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## **OIG Advisory #29: Excessive HCV Payment Tenant Holds Reflecting Inactive Vouchers**

In May 2024, the OIG issued Advisory #29, which identified 155 HCV participants whose voucher payments had been on hold for at least 12 months. Of those, it appeared that 130 were being reported to HUD as current voucher holders. However, the OIG's analysis suggested that at least 112 of the voucher holders had vacated their CHA subsidized units and no longer required their vouchers. As of the date of OIG's analysis, the OIG identified 1,836 records with outstanding Housing Assistance Payments (HAP) Tenant Holds.

Temporarily withholding HAP is a common occurrence when used for various occupant or unit ownership transitions. The CHA's Yardi system provides a "Tenant Hold" function, which is used to suspend HAP during these transitions. The 155 participants identified with holds 12 months or more, represent just 1.7% of a population of 9,225 Tenant Holds that were initiated between August 1, 2019, and May 15, 2023. Aside from the 155, the remaining 9,070 Tenant Holds had a mean average of 1.24 months in duration. Following a discussion with HCV Division management, these excessive Tenant Holds appear to be due to the lack of a specific reporting and monitoring process needed to detect these oversights.

The OIG recommended that HCV review the information provided and carefully resolve each identified instance, while avoiding any erroneous HAP overpayments that may occur when a Tenant Holds is canceled. Additionally, the OIG recommended that HCV review this information with its HCV contractors and housing specialists and implement additional quality control procedures to regularly review Tenant Holds that remain outstanding after several months.

In response the HCV Department agreed to implement improved quality control procedures to regularly review Tenant Holds. Moving forward, HCV staff will incorporate in its existing monthly quality control reviews, those records with Tenant Holds and no resolution within 90 and 180 days. HCV vendors will correct or provide an updated status on any holds, and document the status in Yardi memos.

HCV disseminated the listing of 1,836 records with outstanding HAP Tenant Holds to CHA's program administration vendors for analysis and corrective actions. As of July 2024, the vendors had resolved the outstanding tenant hold for 798 records, and were working on another 311, while the final 727 were still within 180 days of Tenant Hold placement. The HCV Department stated it would continue to improve QC processes and reporting based on OIG's recommendations to operate efficiently and effectively.



The Office of the Inspector General (OIG) is an independent body within the Chicago Housing Authority (CHA). Its purpose is to investigate and audit matters concerning fraud, theft, waste, abuse, and misconduct within or affecting CHA. The OIG promotes economy, efficiency, and integrity in the administration of programs and operations of CHA. The OIG ensures that violations are investigated and prosecuted, as they relate to CHA residents and employees, contractors, subcontractors, or any entity receiving funds from CHA.

For more information regarding this report, please contact  
Chicago Housing Authority  
Office of the Inspector General  
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Or visit our website at [www.thecha.org/fraud](http://www.thecha.org/fraud)

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