

# Chicago Housing Authority Office of the Inspector General



## Audit and Program Review 2025 Annual Audit Plan

December 2024

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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 the 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, 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.<sup>1</sup>

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<sup>1</sup> 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 2024 Completed or In Progress

#### COMPLETED

##### A. Rent Collection at CHA's Public Housing Units in Mixed-Income/Mixed-Finance Properties

**Divisions:** Finance and Property and Asset Management

**Objective:** Analyze and assess accounts receivable recording processes related to rent collection for public housing participants residing at CHA mixed-finance properties to determine whether:

1. Mixed-Finance PPMs perform timely and accurate CHA tenant rent collection activities, including entry of corresponding receipt and deposit transactions into Yardi.
2. Mixed-Finance PPMs update participant "Resident Ledgers" within Yardi timely and accurately and include adequate documentation for any manual adjustments.
3. CHA has adequate controls to ensure mixed-finance PPMs are appropriately collecting mixed-income tenant rents.
4. Mixed-Finance PPMs 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.

**Completion Date:** March 22, 2024

**Published Report:** [Audit of Rent Collection at CHA's Public Housing Units in Mixed-Income/Mixed-Finance Properties](#)

##### B. Public Housing Equipment, Appliance, and Materials Inventory Follow-Up Audit

**Division:** Property and Asset Management

**Objective:** The original audit was issued in September 2021 and covered the period of January 1, 2017, to December 31, 2019. The objectives of the original audit 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 current status of the OIG's previous findings and recommendations.

**Completion Date:** June 28, 2024

**Published Report:** [Equipment, Appliance, and Materials Inventory Follow-Up Audit](#)

### C. CHA's Use of CARES Act Funds

**Divisions:** Finance, Property and Asset Management, and Housing Choice Voucher

**Objective:** Analyze and assess the CHA's use of emergency pandemic relief funds it received as a result of the Coronavirus Aid, Relief, and Economic Security (CARES) Act to determine whether 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:** CHA's CARES Act spending between March 1, 2020, to December 31, 2021.

**Completion Date:** August 23, 2024

**Published Report:** [The CHA Authority's Use of CARES Act Funds Audit](#)

## IN PROGRESS

### D. CHA Capital Construction Change Orders and Supplementals Process Audit

**Division:** Property and Asset Management

**Objective:**

1. Review the Building Operations practices for compliance with HUD regulations, CHA's Procurement Manual, and Building Operations Policies and Procedures with respect to capital construction projects, including change orders (COs) and Supplementals.
2. Evaluate the risk environment and controls to mitigate fraud, waste, and abuse.

**Scope:** All capital construction contracts closed from January 1, 2022, through December 31, 2023, with either a CO or Supplemental.

**Completion Date:** expected December 2024

### E. CHA Contractor System Access Controls

**Divisions:** 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:** 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:** 1<sup>st</sup> Quarter 2025

## IV. Anticipated 2025 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 activities, 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. Private Property Managers' Use of the CHA Budget, Maintenance Account - Unit Turn

**Division:** Property and Asset Management

**Objective:** Analyze PPM-managed public housing unit turns and spending to:

1. Determine whether adequate controls are in place to ensure policies and procedures are followed
2. Evaluate the risk of waste, theft, and abuse by construction contractors, PPMs, and/or CHA.

**Scope:** Activity from January 1, 2024, to December 31, 2024.

**Projected Start Date:** 1<sup>st</sup> Quarter 2025

### B. CHA Development Project Management Process

**Division:** Development

**Objective:** Assess compliance with CHA policies, confirm the accuracy and alignment of project timelines and budgets, and evaluate the effectiveness of project management practices to ensure CHA development projects meet established standards and regulations.

**Scope:** Closed Development projects from January 1, 2022, to December 31, 2024.

**Projected Start Date:** 1<sup>st</sup> Quarter 2025

### 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, 2023, through December 31, 2024.

**Projected Start Date:** 2<sup>nd</sup> Quarter 2025

## D. HCV Port-In Process

**Division:** Housing Choice Voucher

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

1. Department-level compliance with CHA and HUD porting policies and procedures
2. Effectiveness of CHA's internal controls related to the review, approval, and processing of HCV Port-Ins
3. Risk of fraud, waste, and abuse.

**Scope:** Activity from January 01, 2024, to December 31, 2024.

**Projected Start Date:** 3<sup>rd</sup> Quarter 2025

## 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 January 1, 2024, to December 31, 2024.

**Projected Start Date:** 3<sup>rd</sup> Quarter 2025

## F. Emergency Contracts Audit

**Division:** Department of Procurement

**Objective:** Analyze CHA's emergency contracts to assess:

1. Department-level compliance with CHA and HUD policies, procedures, and protocols as it relates to Emergency Contract procurement.
2. Effectiveness of CHA's internal controls related to the review, approval, and processing of Emergency Contracts.
3. The risk of fraud, waste, and abuse.

**Scope:** Emergency contracts issued from January 1, 2024, to December 31, 2024.

**Projected Start Date:** 4<sup>th</sup> Quarter 2025

## V. Follow-Up Audits in 2025

The key objective for a follow-up audit is to document the 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 Audit of 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:** 1<sup>st</sup> Quarter 2025

**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:** 4<sup>th</sup> Quarter 2025

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

**Note:** In addition to follow-up audits, the OIG will also follow up on prior OIG Advisories and the status of management advisory responses. Summaries of all OIG Advisories are available in the OIG quarterly reports.