

CHICAGO HOUSING AUTHORITY OFFICE OF THE INSPECTOR GENERAL



2024 ANNUAL REPORT



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

February 1, 2025

To Interim Chairman Brewer and Distinguished Members of the Board of Commissioners:

Enclosed for your review is the 2024 Annual Report on the activities of the Chicago Housing Authority (CHA) Office of the Inspector General (OIG).

In 2024, the OIG received a record high of 758 complaints, initiated 24 investigations, and concluded 32 investigations. At the close of 2024, the OIG had 44 pending investigations. OIG work in 2024 saw the following results:

CHA OIG Criminal Investigations - resulted in **3 criminal convictions, 6 individual indictments, and \$306,046 in restitution ordered to the CHA**. All but one of these cases involved individuals who defrauded the Housing Choice Voucher (HCV) program by renting to a relative or concealing assets or income. Another case involved a property manager stealing CHA tenants' rent payments. In all instances, the OIG seeks to hold such criminals accountable and recover funds for the CHA and its program participants.

CHA OIG Administrative Investigations - reported findings of misconduct by CHA participants, contractors, and employees in **17 sustained administrative cases**. Many of these matters included disciplinary recommendations as well as recommendations for additional policies and procedures to prevent such conduct in the future.

CHA OIG Audits and Analytics - The OIG concluded **4 audits, 3 advisories, and 3 management memos** based on a wide variety of observations and findings designed to improve CHA's administration of programs and prevent fraud, waste, and abuse.

Additional OIG accomplishments and developments include the following:

- **OIG Staffing** - In 2024, the OIG promoted Angelina Allaback from Staff Investigator to Investigator and welcomed Macy Siegfried as our newest Staff Investigator.
- **Investigations and Audit Procedure Manuals** - the OIG created internal procedure manuals for the investigations and audit teams. The procedures assist staff in their day to day operations, promote best practices, and foster consistency in work product, all of which increases operational efficiency.

- **OIG Professional Development** - Six OIG staff members presented to more than 150 Inspector General colleagues at several training sessions hosted by the Illinois Chapter of the Association of Inspectors General. Training topics included "An Overview of Housing Benefits Fraud Investigations with the Chicago Housing Authority OIG," "Critical Incident Response Perspective: The George Floyd Investigation," and "Front-Line Perspectives on IG Performance Auditing and Evaluations."
- **Community Engagement and Training** – The OIG continued its outreach efforts to various CHA stakeholders with various methods of engagement. Of note this year, the OIG conducted its first employee engagement survey, which gathered valuable feedback from CHA employees on areas for future OIG activities.

Finally, it must be acknowledged that we are living in changing and turbulent times. As we face the challenges ahead, we are all well-served to keep transparency, honesty, and integrity among our personal constants. The OIG team is here to assist the CHA through this current transition in CHA leadership and beyond, with unbiased, independent investigations, audits, and reviews. Recognizing the complexities of operating the nation's third largest housing authority, I also want to acknowledge the many dedicated professionals at the CHA who work tirelessly to ensure Chicagoans have access to safe, affordable housing. Moreover, I want to recognize my team for their excellent work this year and their unwavering commitment to the mission of this office and the CHA.

Respectfully submitted,



Kathryn B. Richards
Inspector General

TABLE OF CONTENTS

PAGE

I. MISSION OF THE OIG	5
II. OIG INDEPENDENCE AND REPORTING	6
III. INVESTIGATION AND AUDIT STANDARDS	6
IV. SIGNIFICANT ACCOMPLISHMENTS AND ACTIVITIES IN 2024	7
V. OIG ENGAGEMENT AND TRAINING EFFORTS	8
VI. COMPLAINTS RECEIVED IN 2024	10
VII. INVESTIGATIVE SUPPORT MATTERS	12
VIII. INVESTIGATIONS ACTIVITY 2024	13
IX. INVESTIGATIONS - CLOSED CASE SUMMARIES	16
A. CRIMINAL CASES	16
i. INDICTMENTS	16
ii. CONVICTIONS	19
iii. PENDING CRIMINAL MATTERS	23
B. ADMINISTRATIVE CASES - SUSTAINED CASE SUMMARIES	24
i. HCV PROGRAM	24
ii. PUBLIC HOUSING PARTICIPANTS	26
iii. PUBLIC HOUSING CONTRACTORS	28
iv. CHA EMPLOYEES	31
X. ANALYTICS	39
XI. MANAGEMENT ADVISORIES AND MEMOS	39
XII. AUDITS AND REVIEWS	46
XIII. OIG STAFF AND CREDENTIALS	55



I. 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's authority is derived from the OIG Charter as approved by the CHA Board of Commissioners.

The OIG achieves its 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."

II. OIG INDEPENDENCE AND REPORTING

As provided by the OIG Charter enacted by the CHA Board of Commissioners, the OIG reports to directly to the CHA Board of Commissioners Finance and Audit Committee, and is "independent from the Authority's executive management, specifically, the Chief Executive Officer and other appointed officers." The Inspector General is appointed to a four-year term and may only be removed for cause by a majority vote of the Board.

OIG activities are reported to the Board's Finance and Audit Committee, and the OIG is required to publish quarterly and annual reports detailing sustained findings and activities. The OIG is authorized by the Board to issue administrative subpoenas in support of its investigations. All CHA officers, employees, and contractors have a duty to report to the OIG any fraud, mismanagement, waste of funds or resources, abuse of authority, misconduct, conflicts of interest, ethical violations, or other improper act involving Authority business or the Authority's assets. They further have a duty to cooperate with all OIG inquiries.

III. INVESTIGATION AND AUDIT STANDARDS

The OIG conducts investigations in accordance with the Association of Inspectors General (AIG) Principles and Standards for Office of Inspectors General (the "Green Book"), using 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 as outlined in the Green Book. Additionally, the OIG always exercises due professional care and independent, impartial judgment in conducting investigations and in the issuance of reports and recommendations.

The OIG conducts audits in accordance with the Generally Accepted Government Auditing Standards issued by the Comptroller General of the United States (the "Yellow Book"). Those standards require that we plan and perform the audit to obtain sufficient and appropriate evidence to provide a reasonable basis for findings and conclusions based on the audit objectives. Adherence to these standards ensures that audits are conducted with the requisite independence, planning, organizing, staff qualifications, direction and control, coordination, reporting, confidentiality, and quality assurance.



IV. SIGNIFICANT ACCOMPLISHMENTS AND ACTIVITIES IN 2024

- **Criminal Investigations – 6 Indictments, 3 Individuals Convicted, a total of \$306,046 in Restitution Ordered to the CHA**
 - People v. Cartagena, (Cook Cty. Cir. Ct.) Indictment
 - People v. Roman, (Cook Cty. Cir. Ct.) Indictment
 - People v. Hogans, (Cook Cty. Cir. Ct.) Indictment
 - People v. Martin, (Cook Cty. Cir. Ct.) Indictment
 - People v. Amos, (Cook Cty. Cir. Ct.) Indictment
 - People v. Harris (Cook Cty. Cir. Ct.) Indictment
 - People v. Brown, (Cook Cty. Cir. Ct.), Guilty Plea, Restitution \$136,000.00
 - People v. Robins, (Cook Cty. Cir. Ct.), Guilty Plea, Restitution \$110,037.00
 - People v. Rios, (Cook Cty. Cir. Ct.), Guilty Plea, Restitution \$60,009.00

- **Administrative Investigations – 17 Reports of Sustained Findings**
 - In 2024 OIG sustained 17 administrative investigations, which identified program violations and misconduct and recommended corrective action regarding the following subjects:
 - HCV and Public Housing Participants
 - CHA Contractors and Contractor Employees
 - CHA employees

- **Audits and Advisories – 4 Audits, 3 Advisories, 3 Management Memos**
 - Audit of Public Housing Capital Construction Change Orders and Supplemental Contracts
 - Audit of the CHA's Use of CARES Act Funds
 - Follow-Up Audit of Public Housing Equipment, Appliances, and Materials Inventory
 - Audit of Rent Collection at CHA's Public Housing Units in Mixed-Income/Mixed-Finance Properties

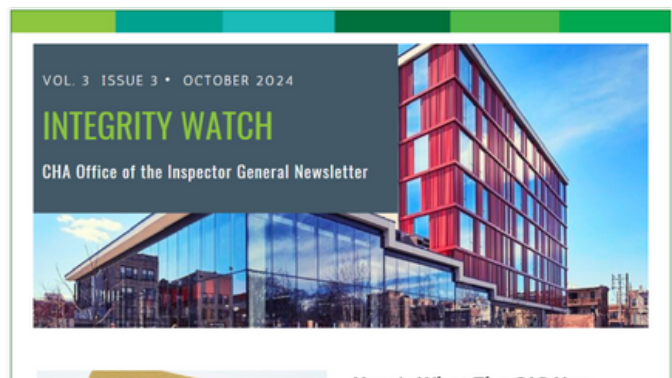
 - Advisory #29: Excessive HCV Payment Tenant Holds Reflecting Inactive Vouchers
 - Advisory #30: Public Housing Rent Collection, Lease Enforcement, and Tracking of Pending Eviction Matters
 - Advisory #31: Effective Tracking and Management of CHA Fleet Vehicles

 - Management Memo – Tenant Rent Deposits and Ledger Reconciliations
 - Management Memo – Follow Up to Advisory #25 – HCV Suspensions of Building Code Scofflaws
 - Management Memo – Follow Up to Advisory #26 – 2024 Review of CHA Employee-Participants and Housing-Based Conflicts of Interest

V. OIG ENGAGEMENT AND TRAINING EFFORTS

In 2024, the OIG continued to expand its engagement and training efforts as part of its mandate to prevent fraud, including the following activities:

- Presented at the CHA Learning Lab on OIG work and fraud prevention.
- Hosted a second annual OIG Open House event.
- Published 4 issues of Integrity Watch, the OIG quarterly email newsletter reaching all CHA employees and hundreds of contractors.
- Quoted in The Real Deal regarding OIG's work identifying potential Paycheck Protection Program loan fraud among CHA participants.
- Visited CHA public housing senior buildings to provide residents and property managers with OIG fliers and information.
- Promoted OIG activities on X, LinkedIn, and Facebook
- Contributed CHA OIG reports to the Association of Inspectors General Illinois Chapter quarterly newsletter.
- Participated in CHA's Bring Your Child to Work Event and Springboard to Success Networking and Recruitment Event.
- Presented at spring and fall trainings hosted by the Illinois Chapter of the Association of Inspectors General.
- Conducted first OIG Employee Engagement Survey asking all CHA employees for anonymous information and feedback regarding OIG's collaboration and effectiveness. See more below.



THE REAL DEAL
REAL ESTATE NEWS

Housing voucher reinstated to woman accused of \$42K PPP fraud

8,800 people with vouchers or living in public housing in Chicago obtained 10,000 federal Paycheck Protection Program loans, totaling more than \$190 million



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Here's What The OIG Has Accomplished This Quarter!

Two new criminal charges have been filed following an ongoing investigation with a former CHA PPM property



2024 OIG ENGAGEMENT SURVEY

In 2024, the OIG conducted its first Risk Assessment and Employee Engagement Survey asking all CHA employees for anonymous information and feedback regarding OIG's collaboration and effectiveness, as well as any potential risk areas within CHA. The Survey was emailed to 509 employees, and 115 employees completed it, resulting in a 23% response rate. The results highlight a strong understanding of the OIG's mission, high confidence in its operations, and identified areas for improvement to enhance outreach and support. A sample of responses include the following:

- **Understanding of the OIG's Mission: 96%** of respondents reported they understand the OIG's role in promoting transparency and accountability within the organization.
- **Confidence in Investigations: 97%** expressed confidence in the OIG's ability to conduct impartial and thorough investigations, reflecting trust in the OIG's integrity.
- **Clarity of Reports: 96%** believe that the OIG's reports are clear and transparent, which contributes to their overall trust in the OIG's findings and recommendations.
- **Awareness of Complaint Submission: 77%** know how to submit a complaint to the OIG; but some remain unsure of the process.
- **Accessing OIG Reports: 59%** had some knowledge of where to find the OIG's reports online, suggesting that improved communication about these resources is necessary.
- **Areas for Improvement (3)**
 - **Increased Staff Engagement: 14%** suggested the OIG increase its engagement with staff through regular updates and feedback sessions.
 - **Additional Training Opportunities: 20%** expressed interest in additional training on their responsibilities and the OIG's role.
 - **Eliminate Barriers to Reporting: 4%** reported encountering barriers when communicating or collaborating with the OIG.

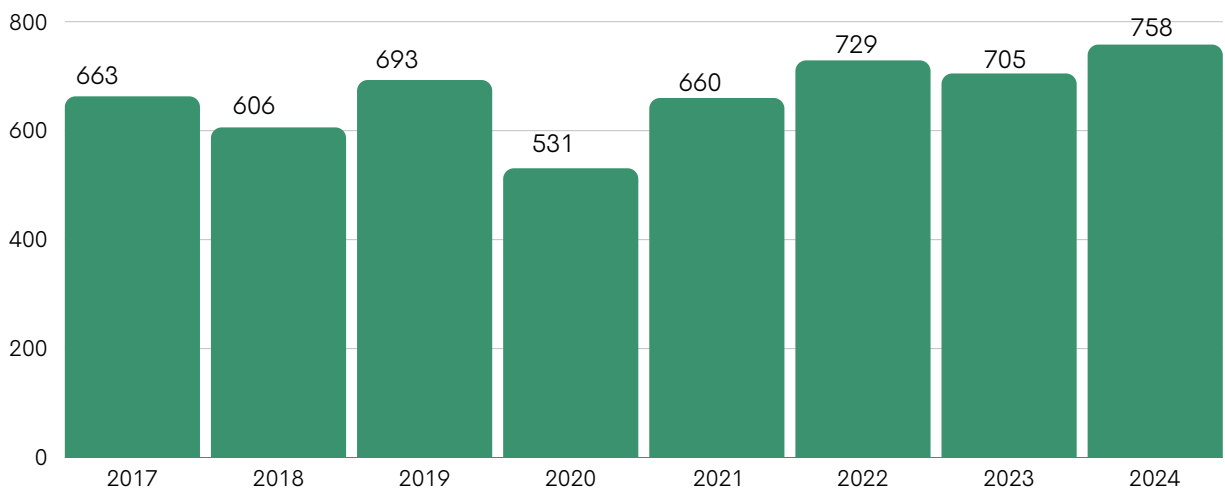
The OIG thanks all those who provided their valuable insights and suggestions.

VI. COMPLAINTS RECEIVED IN 2024

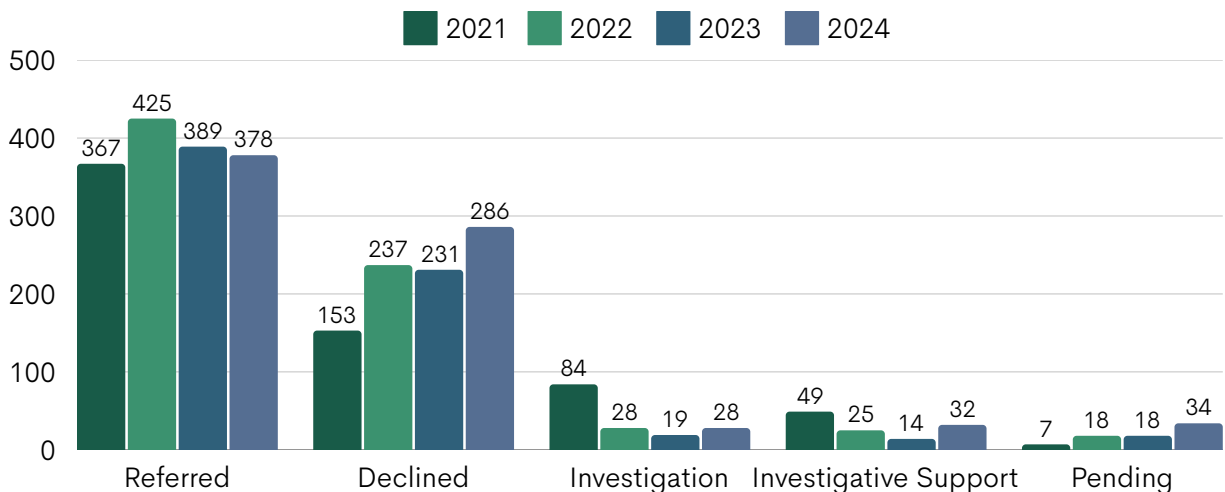
The OIG accepts complaints through its online web portal, by email, telephone hotline, employee complaint drop boxes, and in-person reports. Complainants may choose to remain anonymous. Following a preliminary review and assessment of the complaint, OIG staff determine whether to open an investigation 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 a record high of **758** complaints in 2024. Of those complaints, the OIG opened **28** for investigation, referred **378** complaints to various CHA departments and outside agencies; provided investigative support to internal and external stakeholders in response to **32** complaints, and declined **286** complaints. At the close of 2024, **34** complaints remained pending for preliminary investigation. Below are a series of tables showing information on OIG complaints for 2024 and comparisons to prior years.

Complaints Received Annually

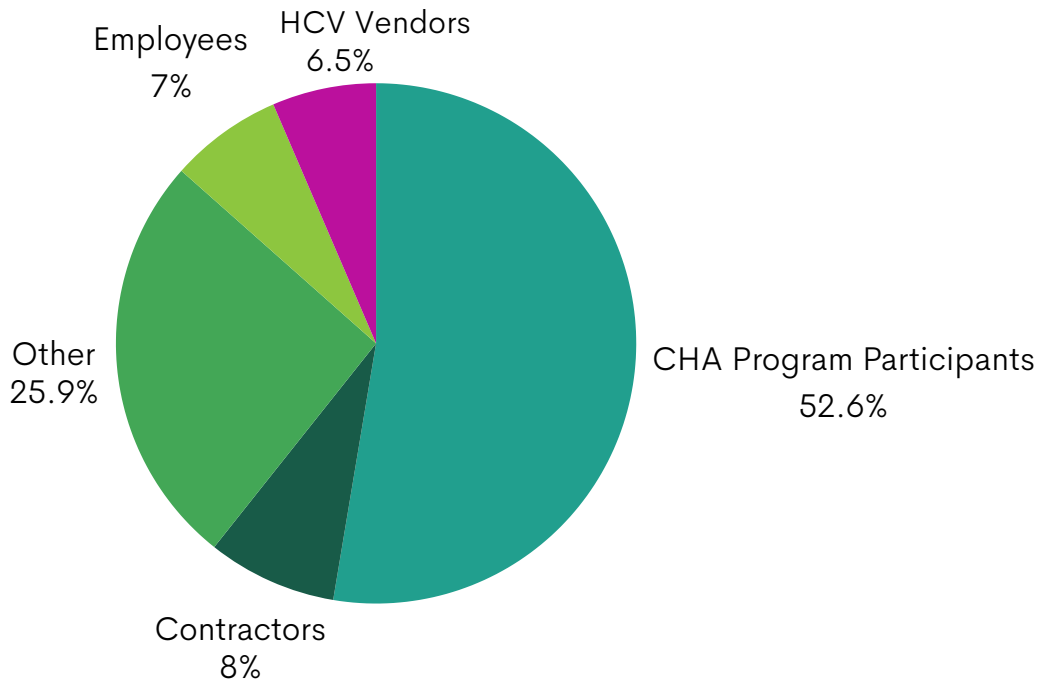


Complaints by Disposition



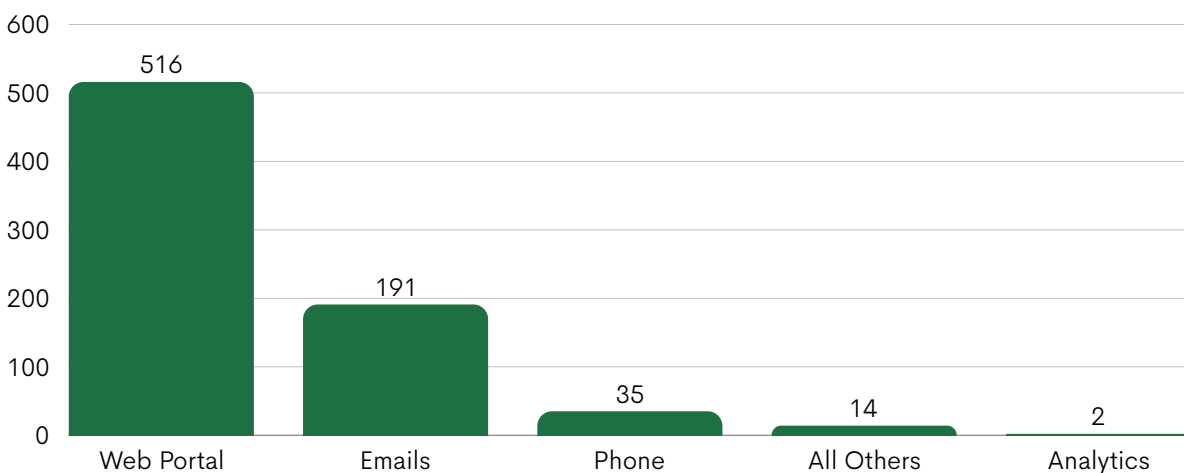
Consistent with prior years, **52.6%** of all complaints involved program participants and potential fraud or alleged violations of the CHA's public housing or HCV program policies. Allegations against CHA contractors and their employees constituted **8%** of all complaints, CHA HCV Vendors (landlords) constituted **6.5%**, while allegations against CHA employees represented **7%** of all complaints. The remaining **25.9%** of complaints involved individuals or entities outside the OIG's jurisdiction or unknown individuals.

Subjects of Complaints



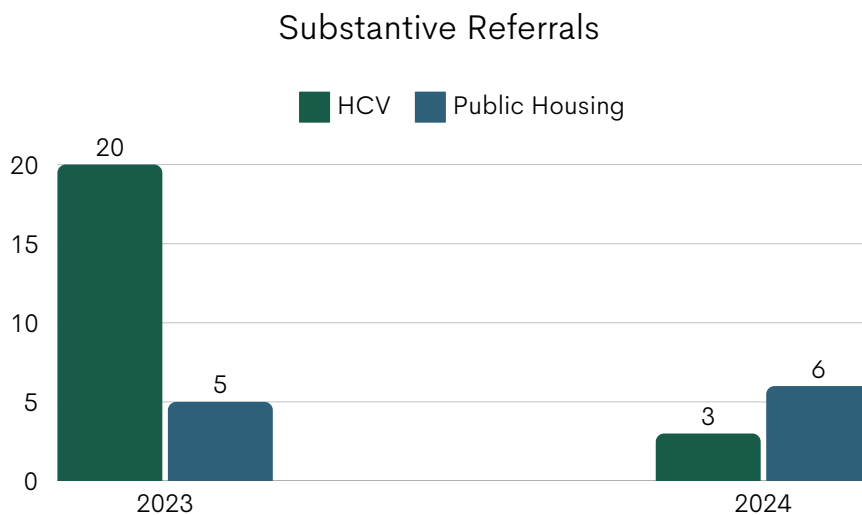
Most complaints received by the OIG, **70%**, were submitted through the OIG's anonymous web portal for complaints, located on the OIG's webpage.

Complaints by Method



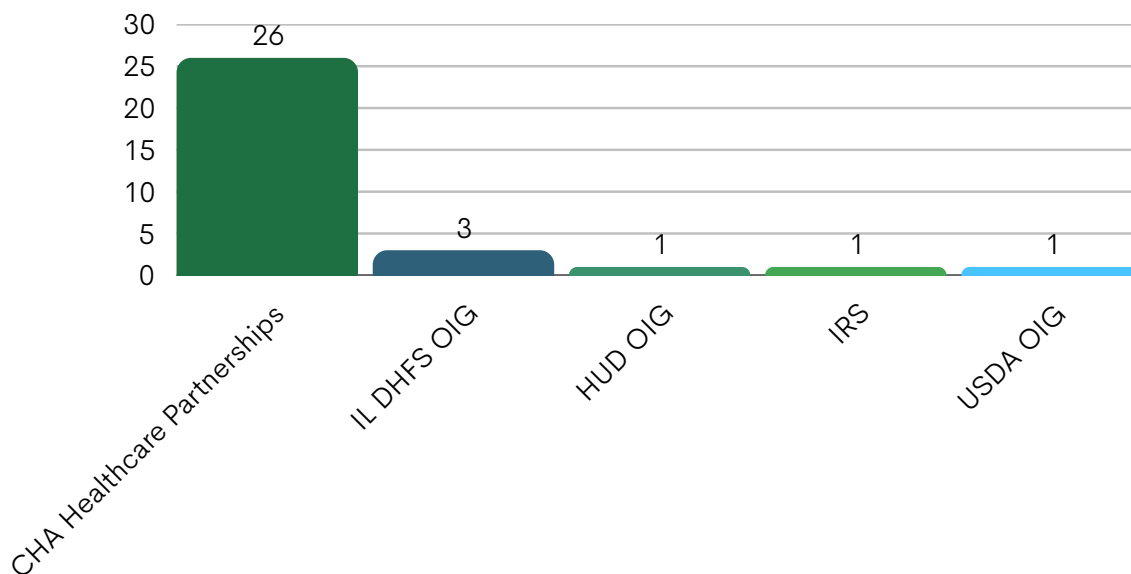
Substantive Complaint Referrals

Since 2022, the OIG has provided substantive referrals of credible program violations to CHA departments, supported by additional records and OIG analysis for the receiving department's consideration. These substantive referrals added value to CHA's enforcement of both public housing and HCV program rules in **9** matters in 2024.



VII. INVESTIGATIVE SUPPORT MATTERS

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 2024, the OIG provided investigative support in response to **32 complaints** from various agencies including, CHA Healthcare Partnerships, Illinois Department of Health and Family Services (DHFS) OIG, U.S. Housing and Urban Development (HUD) OIG, U.S. Department of Agriculture OIG, and the Internal Revenue Service.

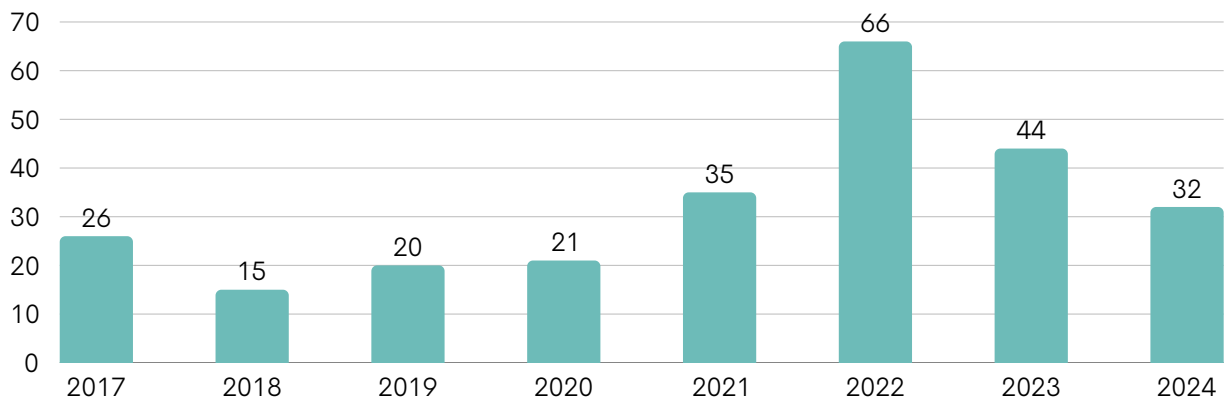


VIII. INVESTIGATIONS ACTIVITY 2024

In 2024, the OIG closed **32** investigations. Of those closed cases, **20** were closed sustained for criminal or administrative violations, including **3** criminal convictions and **17** administrative findings. A total of **5** investigations were closed as not sustained, and **7** were closed with no further action warranted. See the chart below detailing closed criminal and administrative cases.

At the close of 2024, the OIG had a total of **44** pending investigations. Of those, **25** were administrative and **19** criminal.

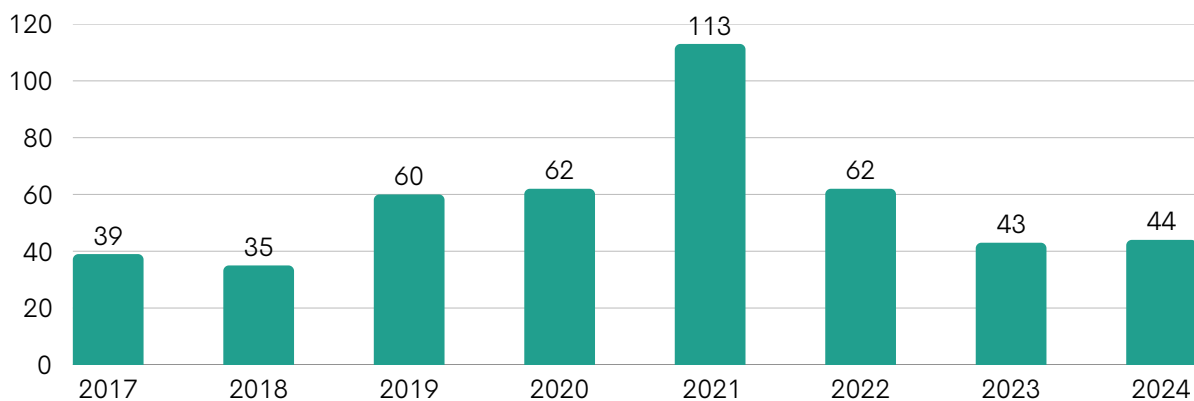
Yearly Closed Investigation Comparison



Investigations Case Load

The OIG has made significant strides in maintaining our investigations case load. A manageable case load improves the quality and timeliness of the ultimate findings. The end of year open case load comparison is displayed below.

Yearly Pending Case Load Comparison

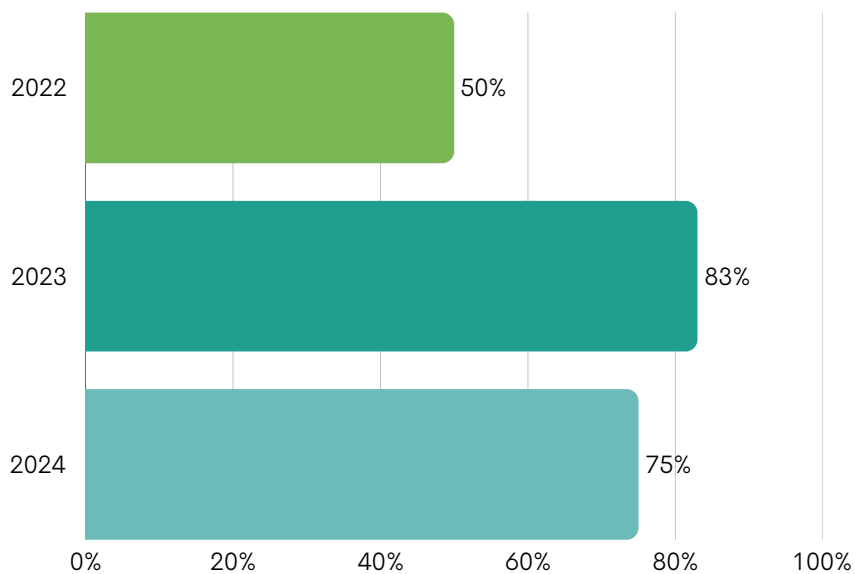


Investigations Not Concluded Within Six Months

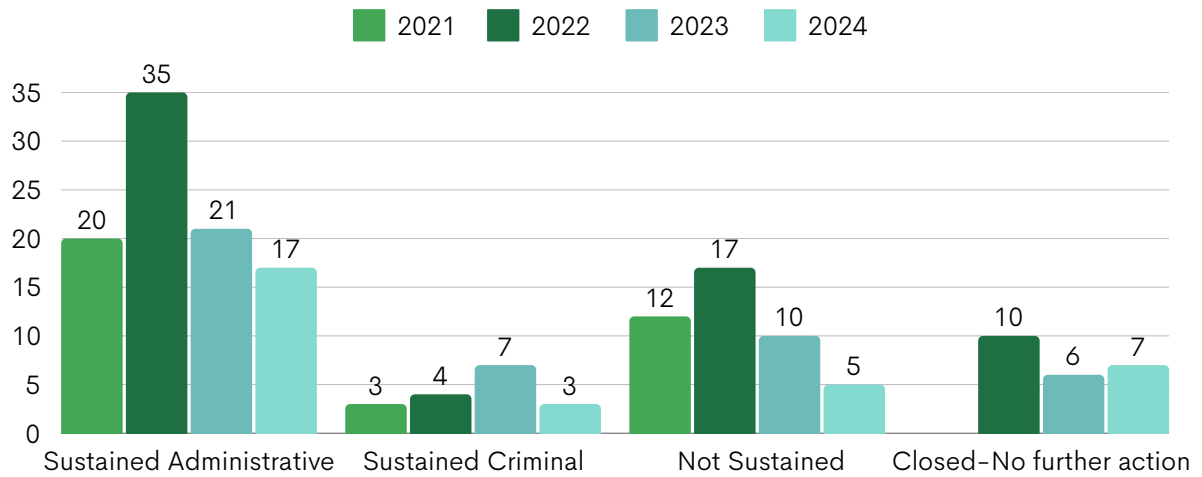
As of December 31, 2024, **33** investigations had been open 6 months or more, representing **75%** of all OIG cases. The following table shows the reasons why these matters remained open.

Reasons	Number of Investigations
Complex investigations, generally involve difficult issues of multiple subjects and/or under review by prosecuting agency	20
Indicted, but no criminal disposition	4
On-hold or delayed due to other ongoing time-sensitive investigations	9
Total	33

Percentage of all OIG Investigations Open Six Months or More



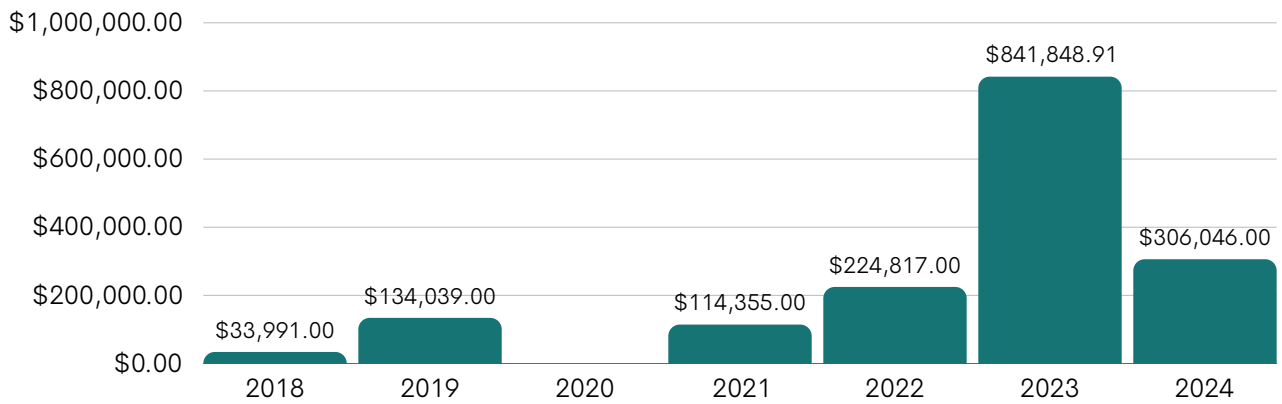
Disposition of Closed Investigations



Criminal Investigations Resulting in Restitution

The OIG consistently seeks restitution from individuals found to have defrauded the CHA's housing programs. In 2024, OIG criminal investigations resulted in three court orders for restitution for a total of \$306,046 in funds recovered for the CHA.

Total Restitution Ordered



IX. INVESTIGATIONS - CLOSED CASE SUMMARIES

A. CRIMINAL CASES

In 2024, OIG investigations resulted in **6** new indictments for fraud and theft of CHA funds. OIG investigations further resulted in **3** criminal convictions, involving 2 HCV participants and one landlord. In all 3 cases, the defendants were ordered to pay restitution, resulting in a total of \$306,046 payable to the CHA. These cases are detailed below, along with a table of all pending criminal cases stemming from OIG investigations.

CRIMINAL INDICTMENTS

The public is reminded that the defendants are presumed innocent until proven guilty in a court of law.

Indictments of Anna Cartagena & William Roman, OIG #2019-07-00002 Former HCV Participant and Landlord

On February 21, 2024, a Cook County Grand Jury returned indictments of former CHA HCV participant Anna Cartagena and William Lorenzo Roman, Cartagena's husband, who was also her former HCV landlord.

The OIG's investigation found that, for 14 years, Cartagena fraudulently obtained more than \$153,000 in CHA housing benefits by jointly owning and residing in the HCV-subsidized property with Roman, her husband. Cartagena concealed her marriage, ownership interest in the property, various sources of income, and her interest in a second residential property she jointly owned with Roman. The second property was occupied by Cartagena's mother, also a former HCV participant, and her stepfather.

As an HCV landlord for his wife's mother and stepfather, Roman fraudulently received \$44,000 from the CHA. When the second property went into foreclosure in 2013, Roman sold it to Cartagena's stepfather, who received rental payments related to his wife's voucher for over 7 years until her death in 2021. Cartagena maintained an interest in this property and was also a signatory on the bank account where her stepfather received these rental payments. The CHA has since terminated both vouchers.

Cartagena, 24-CR-0205401, is charged with two counts of Theft of Governmental Property greater than \$100,000.00 (Class X felony) and 11 counts of Forgery (Class 3 felony). Roman, 24-CR-0205501, is charged with 3 counts of Theft of Governmental Property greater than \$100,000.00 (Class X felony) and one count of Forgery (Class 3 felony). Prosecution of the matter is being handled by the Illinois Attorney General's Office, Public Integrity Bureau. The OIG's investigation will remain open pending the outcome of the criminal court proceedings.

Indictment of Patricia Hogans, OIG #2020-01-00066, HCV Program Fraud

On February 21, 2024, the Grand Jury sitting in the Circuit Court of Cook County returned a 9-count indictment on case number 24 CR 0205601, charging current HCV participant Patricia Hogans, with one count of Theft of Governmental Property greater than \$100,000 (Class X); 7 counts of Forgery (Class 3); and 1 count of State Benefits Fraud (Class 3).

The CHA OIG's investigation found that, for more than 18 years, Hogans has concealed her marriage to a City of Chicago employee, and further concealed the fact that she and her husband jointly purchased and relocated to a home located on E. 83rd St., Chicago, IL. In total, Hogans fraudulently received over \$148,053.00 in Housing Assistance Payments (HAP) from the CHA.

From 2005 to the present, Hogans has reported limited income to the CHA, including gifts and contributions from family. Hogans did not disclose that she receives monthly social security benefits issued to her at the E. 83rd St. property. Moreover, she did not disclose that her husband has been employed full-time as a Steamfitter with the City of Chicago Department of Assets, Information and Services, where he has earned a substantial salary, including several years in which he earned more than \$100,000 in annual income.

Prosecution of the matter is being handled by the Illinois Attorney General's Office, Public Integrity Bureau. The OIG's investigation will remain open pending the outcome of the criminal proceedings.



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 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.

Evidence shows that Martin fraudulently obtained HCV benefits by concealing her ownership of a home. Martin and Amos engaged in a scheme where Amos was listed as the agent and manager of properties Martin would rent with her fraudulently obtained CHA voucher. Amos is alleged to have then pocketed the CHA funds, as Martin never informed property owners she was a CHA voucher recipient.

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 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. Martin faces the following 16 charges based on three indictments:

- One count of theft of governmental funds over \$100,000, a Class X felony.
- One count of theft of governmental property between \$10,000 and \$100,000, a Class 1 felony.
- One count of theft by deception between \$10,000 and \$100,000, a Class 2 felony.
- Three counts of wire fraud, Class 3 felonies.
- Eight counts of forgery, Class 3 felonies.
- One count of loan fraud, a Class 2 felony.
- One count of income tax fraud, a Class 4 felony.

Amos is charged with the following based on two indictments:

- One count of theft of government funds over \$100,000, a Class X felony.
- One count of theft by deception between \$10,000 and \$100,000, a Class 2 felony.
- Three counts of wire fraud, Class 3 felonies.
- Six counts of forgery, Class 3 felonies.
- One count of income tax fraud, a Class 4 felony.

Indictment of Delvya Harris, OIG #2023-03-00077, Former Assistant Property Manager Charged with Stealing over \$18,000 in Tenant Rent Payments

On September 4, 2024, a grand jury sitting in the Circuit Court of Cook County returned two separate indictments of Delvya Harris, former assistant property manager at the Trumbull Park Homes, where she worked for CHA's private property management company, The Habitat Company. (People v. Harris, 24 CR 0870201 and 24 CR 0870301)

Harris is charged with theft of 50 money orders totaling \$18,215.00 in tenant rent payments, which she either deposited or had her boyfriend cash between November 2022 through March 2023. Harris was also charged with multiple counts related to her receipt of two PPP loans and an SBA EIDL advance loan.

The Habitat Company terminated Harris's employment and has worked closely with the OIG to credit the accounts of all affected tenants. Prosecution 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.

CRIMINAL CONVICTIONS

**Sentencing of Former HCV Participant Catherine Brown
People v. Brown, 22 CR 0281301, OIG #2017-04-00014**

On January 30, 2024, Catherine Brown, a former HCV participant, was sentenced to 48 months' probation and ordered to pay restitution to the CHA totaling **\$136,000**. As part of her plea agreement, entered in October 2023, Brown paid \$50,000 in restitution to the CHA prior to sentencing. Brown is a local pastor and community activist, who unsuccessfully ran for Chicago mayor in 2019.

For nearly 11 years, Brown used her voucher to live in a property she jointly owned with her parents. During this time, Brown was a signatory on both the P.O. Box and the bank account where payments intended for Brown's landlord were sent. Brown also failed to report her husband as a household member, or his income, to the CHA. For an additional 6 years, Brown concealed the fact that she was renting from her parents, which was also prohibited.

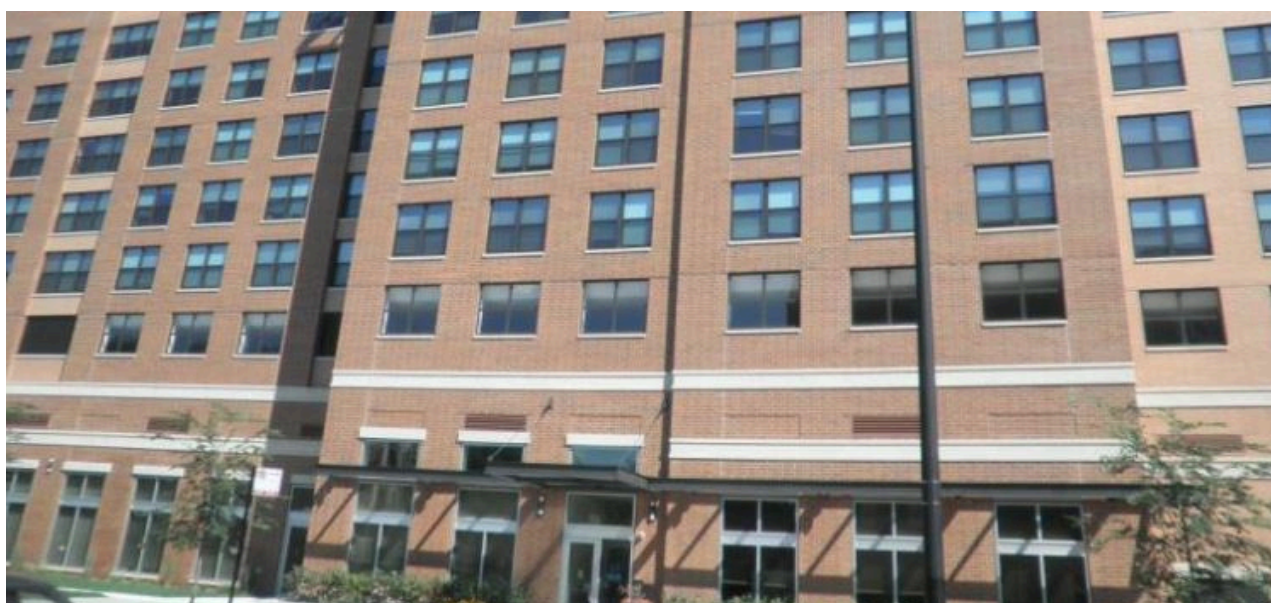
Sentencing of Former HCV Landlord Edith Robins
People v. Robins, 22 CR 0619301, OIG #2020-01-00066

On February 28, 2024, Edith Robins, a former HCV landlord, pleaded guilty in the Circuit Court of Cook County to one count of Theft of Governmental Property exceeding \$10,000 and not exceeding \$100,000, a Class 1 Felony, in relation to her long-running fraud against the CHA. Robins was sentenced to 48 months' probation and ordered to pay full restitution to the CHA in the amount of **\$110,037**. As part of her plea agreement, Robins tendered \$45,000 in restitution to the CHA at sentencing.

For approximately 12 years, Robins fraudulently received payments as an HCV landlord on behalf of her mother, Marie Gibson, a former HCV participant. Robins was Gibson's HCV landlord and held the power of attorney for Gibson, allowing her to complete Gibson's regular HCV recertifications. For 9 years Robins concealed the fact that Gibson was in fact living in a long-term residential nursing facility, and for an additional 3 years, concealed that Gibson had died in 2017. Robins did not disclose her mother's death to the CHA in order to continue receiving payments as an HCV landlord on behalf of Gibson.

Sentencing of Former Owner of CHA Security Contractor
U.S. v. Kiswani, 18 CR 00853

On March 7, 2024, Abraham Kiswani, former president of World Security Bureau, d/b/a World Security Agency, a former CHA security contractor, was sentenced to two years in federal prison for willfully evading more than \$3.7 million in federal and state income taxes. Kiswani pleaded guilty last year to a federal tax evasion charge, following an investigation, which found that, from 2010 through 2013, Kiswani concealed his wages, compensation, and income from being reported to the IRS. Kiswani also caused the business to pay a wide range of personal expenses which Kiswani falsely identified as business expenses. Kiswani failed to report approximately \$10 million in income that he received. The CHA OIG provided substantial assistance to the investigation.



Sentencing of Former HCV Participant Carla Rios
People v. Rios, 22-CR-0694301, OIG #2019-07-00005

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.



Sentencing of Former HCV Landlord Robert Kowalski
U.S. v. Kowalski, 19-CR-00226-01 (N.D. Ill.), OIG #2018-06-00038

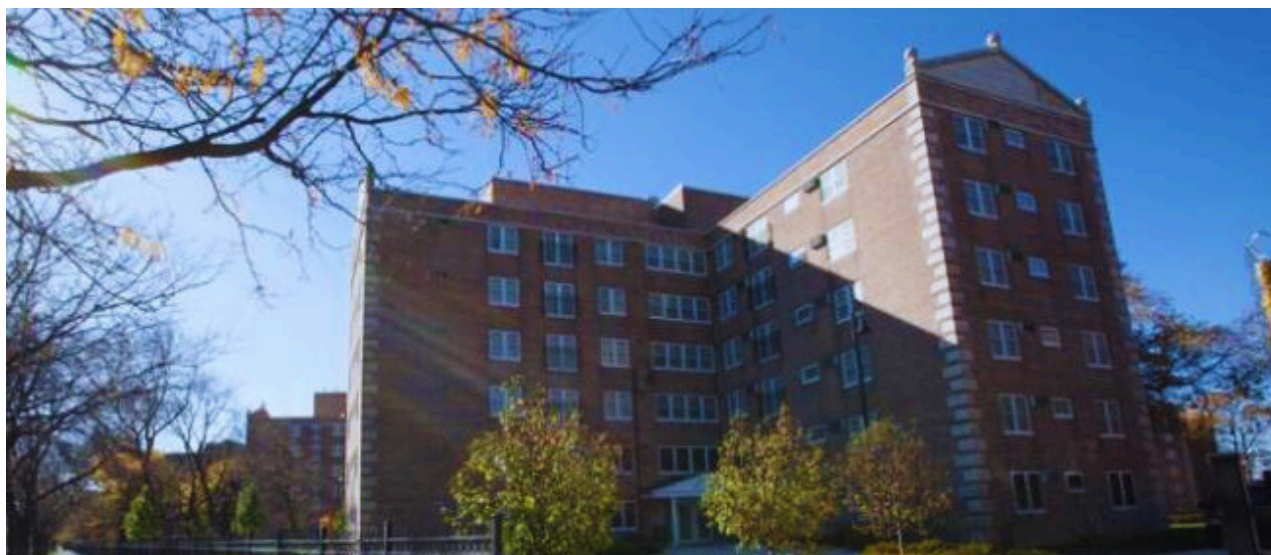
On August 14, 2024, Robert M. Kowalski, an attorney, real estate developer, and former CHA HCV landlord, was sentenced to 25 years in federal prison for embezzlement and fraud in connection with the failure of Washington Federal Bank for Savings in Chicago. In addition to the prison term, Kowalski was ordered to pay restitution of \$7.2 million to the FDIC and \$424,047 to the IRS.

Kowalski had been found guilty in March 2023, by a federal jury in the U.S. District Court of the Northern District of Illinois, on two counts of embezzlement, six counts of bankruptcy fraud, and seven counts of tax fraud, following a nearly four week-long trial.

Kowalski was a CHA landlord from 2011 until 2018. Kowalski conducted business with the CHA through limited liability corporations including Indomitable LLC, Piorun Properties LLC, and Mountain Duck Properties LLC. From 2011 through 2018, these entities were paid over \$2,000,000 in Housing Assistance Payments (HAP) on behalf of CHA participants.

As it relates to the CHA, Kowalski concealed from his bankruptcy creditors his interest in Mountain Duck Properties and five related land trusts. Between March 2018 through March 2019, Kowalski collected approximately \$34,600 in rent checks, which he concealed from his creditors, and understated income on related tax returns. In addition, the embezzlement, in part, involved the improper diversion of property to Kowalski, which he subsequently leased to HCV participants for his own benefit.

The CHA OIG worked in partnership with the U.S. Attorney's Office and federal law enforcement agencies, including, but not limited to, HUD OIG, the IRS Criminal Investigation Division, and the FBI. The OIG's investigation is closed.



PENDING CRIMINAL MATTERS

OIG Criminal Cases Pending in Court

At the end of 2024, the OIG had **6** criminal cases pending in court, stemming from 4 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, forgery	HCV Fraud	Status hearing January 23, 2025
People v. Cartagena 24 CR 0205401 (Cook County Cir. Ct.)	2/21/2024	Class X felony theft and forgery	HCV Fraud	Jury Trial June 13, 2025
People v. Roman 24 CR 0205501 (Cook County Cir. Ct.)	2/21/2024	Class 1 felony theft, forgery	HCV Fraud	Jury Trial June 13, 2025
People v. Martin 24 CR 0473301 24 CR 0473401 24 CR 0473501 (Cook County Cir. Ct.)	5/8/2024	Class X felony theft, wire fraud, forgery, loan fraud, income tax fraud	HCV Fraud	Status hearing February 19, 2025
People v. Amos 24 CR 0473201 24 CR 0473601 (Cook County Cir. Ct.)	5/8/2024	Class X felony theft, wire fraud, forgery, loan fraud, income tax fraud	HCV Fraud	Status hearing February 19, 2025
People v. Harris 24 CR 0870201 24 CR 0870101 (Cook County Cir. Ct.)	9/11/2024	Class 1 felony theft, wire fraud, forgery, loan fraud, and income tax fraud	Theft of government property	Status hearing January 24, 2025

B. ADMINISTRATIVE INVESTIGATIONS - SUSTAINED CASE SUMMARIES

The OIG sustained 17 administrative investigations for various policy violations in 2024. Representative matters are detailed below.

Housing Choice Voucher Program - Sustained Administrative Investigations

HCV Participant Failed to Report Section 3 Business Income from the CHA, OIG #2021-06-00021

An HCV participant and sole proprietor of a Section 3 business repeatedly submitted false zero-income affidavits to the CHA to receive higher rental assistance, despite receiving regular Social Security income and income earned from their ownership and employment with the Section 3 business, which had received nearly \$400,000 in payments from CHA construction contracts. The individual specifically listed themselves as having worked as an employee on these contracts in the CHA's LCP Tracker system, and having earned wages that should have been reported to the CHA.

The OIG recommended that the HCV department review the matter for administrative enforcement of program policies, to include termination of the individual's voucher. The OIG further recommended that DPC consider appropriate remedial action up to and including debarment against the HCV participant and their business entities.

CHA accepted the OIG's recommendations and issued the participant a notice of Intent to Terminate the voucher. DPC reported it would move forward with debarment proceedings against the company and all affiliated names. This information will also be shared with the WORC office to remove the business from CHA's WORC portal.

HCV Participant's Failure to Disclose Income, PPP Loans, Household Member's Incarceration and Violent Criminal Activity, OIG #2023-0613

An HCV participant likely never resided in her various HCV subsidized units, failed to disclose her son and household member's violent criminal activity, arrest and incarceration, and failed to disclose income. Additionally, the participant and her household members received multiple PPP loans reflecting potential unreported business income.

CHA had issued a notice of intent to terminate the voucher earlier this year, but the requested hearing had not yet been scheduled. The OIG provided the HCV Division the investigative summary and evidence for use in the future administrative termination proceedings. In response, HCV stated it will seek to expedite the hearing and add the OIG's additional findings.

HCV Participant Found to be Living and Working In Michigan, OIG #2024-0271

An OIG investigation found that a Housing Choice Voucher (HCV) participant was, in fact, living in Muskegon, Michigan, where they operated a day-care business. As a result, the participant did not maintain their subsidized unit as their primary residence and failed to report significant business income, causing CHA to expend over \$100,000 in housing assistance payments. Concurrent to the OIG investigation, the HCV Program took appropriate steps to terminate the voucher. The OIG recommended the HCV Program take action to ensure that the CHA loss amount is accurately reflected as a HUD debt. Additionally, the OIG recommended that CHA's Office of General Counsel review this matter for consideration of options for civil litigation to recover the loss of CHA funds.

The OGC responded that, after careful review of the matter and the specific facts of the case, it did not believe civil litigation would be successful in recovering funds to the CHA. The HCV division noted that because 30 days had passed since the CHA had entered the individual's end of participation in the HUD system, CHA no longer has access to input an amount into the HUD Debts Owed. OIG and HCV agreed that, going forward, the OIG will immediately notify HCV enforcement if it becomes aware of a pending termination process for a voucher-holder under investigation by the OIG in order to preserve the option of recording debt owed in HUD's system, which would be referenced by any housing authority should the individual apply for benefits again in the future.

HCV Inspector, Employed by CHA Contractor, Made Inappropriate Referral for Property Management Services, OIG #2024-0027

An HCV inspector employed by a CHA contractor made an inappropriate referral for property management services to an HCV property owner. Given that the inspector had just issued the owner a failing inspection, the referral created an appearance of impropriety. The owner subsequently reported the incident to both the CHA OIG and federal law enforcement, resulting in a joint investigation by the CHA OIG and HUD OIG. The investigation produced no additional evidence that the inspector intended to extort the owner or solicited other HCV vendors.

The OIG recommended that CHA management provide the information to the HCV Contractor so that it may take any employment action deemed appropriate and further require the contractor to issue renewed guidance to all inspectors prohibiting any referrals during the inspection process.

In response, the HCV Division referred the information to the HCV Contractor, which terminated the inspector's employment, noting that the inspector's onboarding training included a strong emphasis on ethical behavior and incorporates scenarios like this incident to reinforce these principles. The Contractor conducted additional training for inspectors on the importance of ethical behavior in the workplace.

Public Housing Residents - Sustained Administrative Investigations

Public Housing Resident and Section 3/Resident-Owned Business Owner Failed to Report Ownership of 3 Residential Properties & Business Earnings OIG #2021-05-00019

An OIG investigation found that a Public Housing resident owned four undisclosed properties, including 3 houses. While the CHA had previously authorized the resident to operate a home-based daycare business out of their public housing unit as a Resident Owned Business, they instead operated the daycare business out of one of the properties they own. The resident further reported inflated business costs to increase the amount of income exclusions, thereby lowering their rent costs. Finally, the individual, both personally and through their LLC, fraudulently obtained a total of \$644,599 in pandemic-related loans and grants. The business income or operating losses upon which the seven disbursements were based represent either significant undisclosed income or criminal activity, by defrauding federally funded programs.

The OIG recommended that the PAM department initiate lease enforcement proceedings, to include eviction. The OIG also recommended that the Department of Procurement and Contracts (DPC) review for consideration of debarment.

In response, CHA accepted the OIG's recommendations. Specifically, the PAM department referred the case to CHA's Office of General Counsel to terminate participation the public housing program. DPC reported that it will move forward with debarment proceedings and inform the WORC office to remove the daycare's status as a Section 3 Business.



Public Housing Participant Submitted Forged Paystubs, OIG #2022-03-00064

A public housing resident submitted forged paystubs to their property manager in order to graduate from the CHA's Family Self Sufficiency (FSS) program and receive \$4,501 from the program. Although FSS program staff immediately confirmed the paystubs were forged and reflected less income than the resident had earned, they proceeded to allow the participant to graduate from the program and receive FSS funds. FSS staff reported the issue to the OIG, but according to FSS program staff, they were not empowered to deny the individual's graduation despite the evidence of forgery.

The OIG recommended that the Resident Services Division review FSS program procedures and staff training to ensure staff are empowered to deny graduation requests where a participant has clearly violated the rules. The OIG further recommended that Resident Services and Property and Asset Management staff review the enclosed information regarding the forged paystubs to determine the appropriate remedy, including consideration of lease termination and/or financial restitution to the FSS program.

In response, the Resident Services Division determined that the resident participated in CHA's pay point model for FSS and earned escrow based on goal completion versus a traditional FSS model in which escrow is calculated based on earned wages. Despite the forgery, the resident had met the goals of the program and was entitled to the FSS funds. The Chief of Resident Services met with FSS supervisory staff to ensure that they felt empowered to question documentation and the authority to determine compliance with program rules and regulations. The Chief confirmed that both understand they have the authority to implement the program and policies.

The Property and Asset Management division referred the income information to the PPM for administrative action as appropriate.



Public Housing Contractors - Sustained Administrative Investigations

Inadequate Oversight and Apparent Misuse of CHA's Home Depot "Pro Xtra Owner's Excellence" Account, OIG #2023-0701

A recent OIG investigation found that CHA had an historical Home Depot "Pro Xtra" Account, titled Owner's Excellence, opened in 2012, that had no current oversight or management by CHA. This historical account was separate from the more recent Home Depot Pro Xtra account associated with a 2021 Maintenance, Repair and Operations (MRO) Contract, which is being actively managed by the PAM department. Home Depot records from 2022 and 2023 show the historical "Owner's Excellence" account was being used by numerous customers across the country to make purchases at a substantial corporate discount, and in many cases, using non-CHA tax-exempt ID numbers.

The OIG recommended that the PAM department immediately work with Home Depot to close the account and redirect any current CHA contractors to the newer Home Depot account. The OIG further recommended that PAM staff continue to actively monitor the account to ensure it is used appropriately for CHA projects.

CHA accepted the OIG's recommendations. DPC has worked with Home Depot to close the unused account. Further, DPC stated it will work with the PAM department to ensure that there is a process in place in which to adequately monitor the existing account.

Private Property Management Company Reported Unit as Vacant Despite Tenant's Occupancy and Rent Payments for More than Three Years, OIG #2021-10-0001

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.

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 placed the OIG report in the former portfolio manager's personnel file for reference should they ever seek reemployment.

CHA Contractor, Submission of False Compliance Certifications and Failure to Pay Subcontractor, OIG #2020-12-00031

A former CHA contractor, through its owner, submitted false compliance certifications in which it committed to self-performing 75% of the work on two task orders, when in fact, the contractor caused its subcontractor to perform all the work and later failed to pay the subcontractor the full amount due.

The OIG recommended that the CHA Department of Procurement and Contracts (DPC) review the findings for consideration of appropriate administrative action up to and including permanent debarment against the contractor and its individual owner.

CHA Management responded that, given the length of time since the incident and the contractor's lack of work for CHA since 2020, CHA would not take administrative action, and would instead, place a note to the vendor file should the company or owner bid on any future CHA projects.

CHA Security Contractor Failed to Report Alleged Misconduct and Failed to Disclose Criminal History, OIG #2024-0260

A lead account manager employed by one of CHA's private security contractors failed to timely report alleged misconduct by a former CHA security manager and later provided incomplete statements in OIG interviews. The investigation also discovered that the account manager had recently served prison time for theft and mortgage fraud and has an outstanding warrant for serious narcotics charges.

The CHA security contractor exercised questionable judgment when it assigned the individual to manage the CHA's security services contract. In the account manager's application for reemployment at the security company, after release from prison, the individual cited the owners as having knowledge of the prior felony conviction.

Finally, OIG interviews with other CHA security contractors suggest that the former CHA security manager and others under the manager's supervision, may have carried weapons and other indicia of law enforcement on duty at CHA properties, in violation of CHA policy.

The OIG recommended that CHA management require the security contractor to remove the individual account manager from any work on CHA contracts and review this matter for potential administrative action against the security firm regarding contract compliance. The OIG recommended that CHA management meet with all CHA Safety and Security employees to reiterate the prohibition against carrying weapons on duty and provide clear guidance on attire. Finally, the OIG recommended a copy of this report be retained in the former CHA security employee's personnel file.

In response, CHA management confronted the security contractor with the OIG's findings. The security firm removed the individual from the CHA's account and placed the individual on leave from the company pending an internal investigation.



Theft of Rent Payments by Contract Property Manager, OIG #2024-0285

A former property manager employed by a CHA private property management forged and cashed at least three money orders from residents at a CHA development. The three money orders were provided by two residents, as rent payments, specifically on payment plans for past due rent. While the PPM identified one stolen money order, the OIG investigation identified two additional stolen money orders, bringing the total amount of theft to \$3,462.44. The PPM immediately terminated the employee.

The OIG recommended that CHA Property and Asset Management (PAM) division work with the PPM to ensure the affected tenants are made whole. The OIG further recommended that PAM review the information and take any additional administrative steps as appropriate to prevent such theft in the future.

In response, PAM stated that it would require the PPM to submit proof of payment to both impacted residents and remind the PPM to follow established rent collection procedures.

CHA Employees - Sustained Administrative Investigations

Commercial Lease Agreements Signed in Violation of Board's Significant Actions Policy & Non-Dwelling Premises Use & Lease Policy, OIG #2020-10-00025

In 2016 CHA senior leadership violated the CHA's Significant Actions Policy and the Non-Dwelling Premises Use and Lease Policy, by entering into two commercial lease agreements with a medical clinic without approval of the CHA Board of Commissioners. The leases, which charged just \$12 per year, did not include any guarantee of benefits or services for CHA residents. A little over a year later, sometime in 2017, the physician-owner abandoned the clinic built at CHA's Zelda Ormes Apartments, leaving patients' medical records and blank prescription pads unsecured in the space. The investigation revealed confusion and potentially conflicting language in the CHA's Significant Actions Policy and Non-Dwelling Premises Use and Lease Policy, particularly regarding the types of leases that must be approved the CHA Board of Commissioners.

In response, Management wrote, "the CHA's Non-Dwelling Premises Use and Land Policy was updated and Board Approved on 7/19/2022. CHA has implemented a public process for for-profit entities utilizing CHA Non-Dwelling Premises i.e.. (Lathrop Boy's & Girl's Club and space at the Charles Hayes Center). All leases and policies are approved through CHA's General Counsel's Office. As recommended, the CHA Human Resources department has retained a copy of this report and placed it in the appropriate personnel files."

Former CHA Senior Manager and CHA Contractor Engaged in Private Property Development Venture In Violation of CHA Ethics Policy, OIG #2021-01-00031

The owner of a former CHA construction contractor, and a former CHA senior manager for construction, engaged in multiple violations of the CHA Ethics Policy. Specifically, the senior manager and the business owner collaborated on the development of a for-profit, low-income housing property development while the manager was employed with CHA and exercised contract management authority over the contractor. In doing so, the manager engaged in activities that were in direct conflict with the interests of the CHA, by competing against the CHA for low-income housing tax credits for their own property. The business owner partnered with the employee on a new business entity used to develop the property and later hired the employee to the company less than a month after individual left the CHA.

The OIG recommended that CHA consider appropriate remedial action against the construction company, its owner, the former employee, and employee's current business, up to and including debarment.

In response, CHA management accepted OIG's recommendations, writing that, the Department of Procurement and Contracts (DPC) had reviewed the OIG memo and determined it would move forward with debarment proceedings.



CHA Employee and HCV Participant, Appearance of Conflict of Interest
OIG #2024-0075

A CHA employee who was also an HCV participant engaged in activity that created the appearance of a conflict of interest by asking CHA colleagues questions about their voucher while at work, rather than dealing exclusively with the housing specialists tasked with handling such questions. While the investigation determined that the employee did not engage in direct requests for preferential treatment, such activity raised concerns that the employee was seeking preferential treatment.

The OIG recommended that CHA management review the matter for any administrative employment actions deemed appropriate, including a written reprimand. Additionally, the OIG recommended that CHA management increase its communication efforts regarding conflicts of interests to ensure employee-participants clearly understand the reasons why their voucher administration must be ported out to another housing authority and to avoid any actions which could give the appearance of impropriety.

In response, management stated it would note the investigation in the employee's personnel file. Management declined to impose any discipline, because the employee had since removed themselves from the voucher and was no longer a participant in the HCV program. Management further stated that it would continue to monitor employee-participants and communicate conflicts of interest information and reasoning for port-outs.



CHA PAM Employee Abuse of Authority, Procurement Violations, Duplicative Construction Spending, OIG #2023-02-00009

An OIG investigation found that the PAM Asset Management team and the PAM Building Operations team, each issued separate construction contracts for the same porch at a CHA scattered site property. The first was approved as an emergency repair, and the second was approved as part of a broader porch replacement project. The first contractor hired by the PAM to simply repair the porch, performed work outside of its contract scope by replacing the porch, and did not obtain a permit, instead referencing a permit that had, in fact, been obtained by second construction contractor. The contractor's actions were not an intentional misrepresentation, but rather an apparent misunderstanding given the existence of two contracts. The contractor's explanation that it performed work beyond the scope of its repair contract, and later assumed the replacement permit had been obtained for the work they were doing, was credible, given the lack of communication between CHA teams.

Moreover, while a PAM senior manager appropriately reported the contractor's apparent misrepresentation regarding the permit to the OIG, the manager exceeded their authority by imposing a de-facto suspension or debarment on the contractor, without any due process, and then, nearly five months later, unilaterally lifted the suspension without consulting the OIG. The contractor estimated that it lost approximately \$80,000 in work during the de facto suspension. The CHA manager failed to follow established procedures for either contractor debarment or notice of default on a contract; undermined the OIG's independent investigation, and potentially jeopardized any future administrative action the CHA may have decided to take against the contractor.

The OIG recommended that CHA impose discipline against the PAM employee up to and including termination for abuse of authority and failure to follow established CHA procedures.

The OIG further recommended that CHA management review this incident to determine ways to increase coordination and communication between the Asset Management and Building Operations teams to prevent wasteful contracting, to include duplicate construction projects for the same property. Finally, the OIG recommended that DPC review the contractor's actions for any additional administrative action deemed appropriate.

In response, CHA management terminated the senior manager for these, and other violations identified in additional OIG investigations summarized below. Management scheduled mandatory procurement training for all managers in the Property Division. Management continues to review the OIG's programmatic recommendations and recommendations regarding the contractor.

CHA PAM Employee Violation of Procurement Policies, Excessive and Duplicative Unit Turn Costs, OIG #2023-0615

In late 2022 and early 2023, property management staff with one of CHA's PPM firms incorrectly contracted for additional unit-turn construction, just four months after completing a full unit-turn. The unit was not leased up after the full unit-turn and was later included in another construction package, in a misguided attempt to make the unit ADA compliant. Both PPM and CHA PAM personnel failed to track unit construction, compare applicable scopes of work, or engage the CHA Accessibility Program, ultimately costing the CHA \$19,343.53 in unnecessary expenses.

Additionally, a PAM senior manager violated CHA procurement policies by directing the PPM to divide a \$471,346.66 requisition for work by one construction contractor into three \$157,115.55 requisitions to keep the procurements below the PPM procurement threshold.

The OIG recommended that CHA management 1. take appropriate action against the PPM for waste of CHA funds; 2. impose discipline or require remedial training for the relevant CHA portfolio managers; 3. impose discipline against the PAM senior manager, up to and including termination, for violating CHA procurement policies; 4. review existing procedures to prevent such waste in the future; 5. develop procedures for the CHA Accessibility Program regarding unit-turn work that involves accessibility modifications.

In response, CHA management terminated the senior manager, issued a written reprimand to the involved CHA portfolio manager, and is engaging with the PPM to recover the funds unnecessarily expended on the unit. Management continues to review the OIG's programmatic recommendations.

CHA PAM Employee Violations of Emergency Contracting Procedures OIG #2024-0129

A senior manager in the PAM Division verbally awarded three exorbitant, emergency contracts with no formal procurement process or approval. The contracts were issued as part of the emergency remediation of damage done to the electrical and plumbing systems at a CHA senior building in January 2024. As a result, the contracts were unclear as to scope and price, causing confusion on scene and in the days after. Additionally, the manager's failure to follow procedure caused other employees to enter false information in CHA's records, and created the appearance of favoritism for the contractors. The OIG recommended CHA discipline the senior manager up to and including termination of employment.

In response, CHA management issued the senior manager a written reprimand and scheduled mandatory procurement training for all managers in the Property Division.

CHA PAM Employee Procurement Policy Violations, OIG #2024-0389

A PAM senior manager violated CHA procurement procedures by altering the official recommendation memo of the committee assigned to evaluate vendor proposals. The revised memo falsely stated the consensus of the Evaluation Committee (EC) was to award two separate contracts to two vendors, when in fact, the EC had recommended the award of one contract to one contractor. The manager further caused the EC members, all of whom were direct subordinates, to finalize the memo with their signatures, and later relied upon the misleading memo when requesting the approval of the Board of Commissioners.

The OIG investigation also identified confusion regarding the role of the EC as an independent review body, meant to ensure integrity and transparency in the vendor selection process. While at least two senior managers believed that executive management have discretion to override the EC's decision, there is no such discretion documented in CHA policies or procedures. EC members are required to maintain confidentiality in their deliberations and must be free of any potential conflicts of interest or outside influence to make an objective decision based on established criteria.

Further, employee interviews in this case revealed a troubling workplace environment within the PAM and DPC Departments, in which at least six employees expressed fear of reprisal for questioning management or raising concerns.

The OIG recommended that CHA discipline the PAM senior manager up to and including termination. The OIG further recommended DPC clarify the importance of the EC's recommendation in the procurement process and explicitly prohibit the exercise of executive management discretion for vendor selection after the EC has concluded its work.

Finally, the OIG recommended CHA provide additional training for all supervisory staff on the importance of enforcing CHA policies, how to appropriately respond to reports from subordinates of policy violations, and the prohibition against retaliation for making a complaint or participating in any official investigation.

In response, CHA management met with several involved employees and determined that there were various mitigating factors contributing to the senior manager's actions, and issued the senior manager a written reprimand. Management also scheduled mandatory procurement training for all managers in the Property Division.

CHA PAM Employees - Ethics Violations, Secondary Employment, and False Statements, OIG #2024-0637

A PAM senior manager engaged in long-term violations of the CHA's secondary employment policy, conflicts of interest and financial relationships with a CHA Housing Choice Voucher (HCV) vendor, exhibited repeated lapses in ethical judgment, and made false statements. Specifically, the senior manager maintained a direct financial relationship with an active HCV vendor, and engaged in a scheme to conceal the vendor's real estate assets from ongoing criminal proceedings, by briefly taking legal ownership of the HCV properties. The senior manager also maintained a close friendship with a direct subordinate, which involved financial assistance and employment in the senior manager's own unauthorized secondary employment.

OIG interviews further established that the responsible CHA department head, more likely than not, knew of the senior manager's secondary employment and close personal relationship with the subordinate employee, but did not ensure either had received authorization and did not address the apparent conflicts of interest present in the supervisory relationship.

The OIG recommended that CHA terminate the senior manager's employment and issue the department head a written reprimand. The OIG also recommended the department head and subordinate employee be provided with remedial CHA ethics training with a focus on conflicts of interest and secondary employment. Finally, the OIG recommended that the HCV Department review the matter for potential suspension of the HCV vendor.

In response, CHA management terminated the senior manager, issued the department head a written reprimand, and issued the subordinate employee a written reprimand for violation of secondary employment policies.



**Unethical Conduct, Failure to Report CHA Income to CHA Property Manager
OIG #2024-0116**

A CHA Resident Services employee who is also a CHA Public Housing resident, failed to disclose they had immediate family participating in CHA programs, misused their CHA systems access to view the data of her immediate family members, and enrolled their mother in a CHA program, in violation of the CHA's Ethics Policy. Additionally, the employee failed to report their CHA income to their CHA public housing property manager, and further underreported prior employment and business income. Finally, when confronted about their conduct in an official OIG interview, the employee falsely stated they had previously informed a supervisor of their actions and that the supervisor declined to take any disciplinary action.

The OIG recommended that CHA take disciplinary action against the employee up to and including termination of employment. The OIG further recommended that the CHA's Property and Asset Management (PAM) division refer the income information to property management for administrative action/lease enforcement as appropriate.

In response, CHA terminated the individual's employment. PAM referred the income information to the individual's private property management company for administrative action.

Failure to Record or Track Use of CHA Take-Home Vehicle, OIG #2024-0546

An employee in the HQ Facilities Department routinely took a CHA vehicle home overnight, in the Chicago suburbs, without filling out a CHA Vehicle Usage Form, obtaining a supervisor's signature approval, or recording themselves as the driver in the Geotab system, which provides GPS tracking of fleet vehicles. The employee also occasionally used the vehicle for personal use. The evidence suggested that, in all instances, the employee had the tacit approval of their former supervisor and took the vehicle home as part of their frequent driving responsibilities. Nevertheless, the employee is one of the few staff tasked with enforcing the CHA Vehicle Policy. The OIG further identified widespread inconsistencies in the logging of employees into the Geotab system and the Vehicle Usage Forms and Logs.

The OIG recommended the employee be issued a written reprimand for failure to follow Vehicle Use procedures. The OIG also recommended that all HQ Facilities employees be re-trained on the updated Vehicle Policy and ensure the procedures in place conform with the existing policy.

In response, CHA counseled the employee on the fleet policy and re-set performance expectations. CHA further committed to train all relevant staff on the Fleet Vehicle policy and procedures before the end of Q1 2025.

X. ANALYTICS

The OIG routinely engages in various data analytic projects designed to identify red flags or indicators for fraud, program violations, or other misconduct. In 2024, the OIG completed multiple data analytics projects, some of which resulted in complaints for investigation (as noted in the statistical data provided above), and others which resulted in management Advisories #29, #30, and #31, described below.

XI. MANAGEMENT ADVISORIES & MEMOS

The OIG issued three management advisories and five management memos in 2024. OIG management advisories and memos notify the CHA of various management and operational issues identified by the 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.

Advisory #	Description/Summary
29	Excessive HCV Payment Tenant Holds Reflecting Inactive Vouchers
30	Public Housing Rent Collection, Lease Enforcement, and Tracking of Pending Eviction Matters
31	Effective Tracking and Management of CHA Fleet Vehicles



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.

Advisory #30: Public Housing Rent Collection, Lease Enforcement, and Tracking of Pending Eviction Matters

OIG Advisory #30 identified a significant number of public housing residents whose Yardi tenant records reflected significant rent arrears but no indication that the CHA's Private Property Management (PPM) company had sought to enforce the lease terms.

- As of March 1, 2024, 1,394 CHA residents had not paid rent for over 120 days (4 months) and were at least \$500 in arrears, amounting to \$10,481,136.00. On average, these residents had not paid rent in 700 days, or nearly 2 years.
- Yardi records for these 1,394 delinquent tenants, did not consistently reflect that the tenants had been referred to CHA Legal for eviction, nor did their Yardi records consistently use the "Do Not Accept" rent payment status, which is required while an eviction case is pending.
- As of February 16, 2024, CHA Legal had only 124 pending eviction cases for non-payment of rent.

Moreover, the CHA has no centralized database, accessible to both CHA's PPMs and CHA's Office of General Counsel ("CHA Legal"), that accurately reflects the status of lease enforcement actions, 30-day notices, payment plan discussions, or CHA tenants' eviction cases. This lack of coordination negatively impacts CHA's tracking and enforcement of rent payments and can interfere with the accuracy of tenant ledgers.

The OIG recommended that CHA management consider the following actions to ensure CHA consistently and effectively enforces its lease terms:

- Ensure CHA portfolio managers perform regular, proactive reviews of individual delinquent accounts and follow up with PPMs to ensure they follow the CHA's procedures to address past due accounts.
- Review available Yardi tools to determine the most effective way to track cases where PPMs have issued the tenant an enforcement notice or referred the tenant to CHA Legal for potential eviction, including the following:
 - Ensure PPMs use Yardi memo notes to document enforcement efforts.
 - Ensure PPMs use the "Do Not Accept" rent flag to identify when the cases have been sent to Legal for potential eviction.
 - Require CHA Legal staff to update Yardi memo notes to accurately reflect the status of any legal review or eviction cases.

- Conduct regular reviews of Yardi reports showing tenants flagged as “Do Not Accept” to ensure that data is accurate and that the flag is removed if the tenant becomes lease compliant.
- Ensure existing Yardi fields reflect current CHA procedures for lease enforcement. Specifically, PAM should consider changing the “Cash Only” flag to “Money Orders Only” given the CHA’s prohibition against the payment of rent in cash.

Management Responses

CHA’s Office General Counsel (OGC) and Property and Asset Management Divisions each responded to the OIG’s recommendations.

Office of General Counsel Response

The OGC responded that its Litigation Division tracks eviction matters received from the PPMs in an Excel tracking log accessible to CHA’s PAM Division. OGC stated it would update its Excel Tracking Log with all pending eviction matters. It anticipated a large amount of additional cases would be referred to the OGC for tenant eviction and would add the cases to the Log as received. The OGC disagreed with the OIG’s recommendation that OGC staff update Yardi tenant records with the status of eviction cases, arguing that updating tenant records is a contractual responsibility of the PPMs.

Property and Asset Management Response

The PAM Division agreed with the OIG’s recommendations, stating that CHA Portfolio Directors will emphasize with their Portfolio Managers the requirement to regularly and proactively review delinquent accounts within their portfolios and follow up with PPMs to ensure excessive delinquencies are addressed.

The PAM Division is working with ITS to explore the purchase of an additional software module to track legal cases from the point of confirmed delinquency through eviction.

The PAM Division is also working with Legal to create an accurate baseline of all cases that should be in progress. Currently, there are hundreds of cases reported by the Management firms as being submitted for processing that Legal does not have in queue.

Any tracking, filing, reporting, or updating will be deemed inaccurate until agreement on the universe of open cases can be confirmed.

Going forward, PAM is hopeful that implementation of additional tracking software will aide every user department in playing their role in the legal process more seamlessly and accurately. Finally, PAM will work to update the labeling of Yardi fields to reflect current CHA procedures for lease enforcement.

Advisory #31: Effective Tracking and Management of CHA Fleet Vehicles

Recent OIG activities identified areas for improved oversight and management of CHA's fleet vehicles. While the CHA uses GPS tracking to monitor its fleet vehicles, employees were often not accurately recorded in the tracking program, and the supporting Vehicle Usage Forms were incomplete. Finally, the OIG identified a lack of employee training on the current 2024 CHA Vehicle Policy and opportunities for additional routine review of employee vehicle usage for potential red flags or misuse.

The OIG recommended that CHA management conduct training for all CHA employees responsible for managing CHA fleet vehicles; require accurate and complete vehicle tracking in the Geotab GPS software; conduct routine reviews of vehicle usage records to identify potential misuse; regularly check employee driver's licenses, and reevaluate the procedures used to assign vehicles located at the Charles A. Hayes Family Investment Center (FIC).

Management Response

Management pledged to train all vehicle drivers before the end of Q1 2025 on the Fleet Vehicle policy and procedures. The most recent approved policy can be found on CHA's website here: <https://www.thecha.org/about-cha/board-approved-policies>. The policy will also be provided to all drivers at the training and given to each new driver.

Management noted that as of January 2025, HQ facilities is using FreshService, an IT service management tool, for vehicle reservations and information. HQ staff will be required to check for accuracy and completeness of all required information. Regarding the GPS software, the HQ Director is determining how to best ensure HQ staff immediately key out a driver upon return of the vehicle. Additionally, the HQ Facilities director will review records on a monthly basis for high-risk drivers (as defined in Geotab) and will send notices to the employee with consequences per policy and shared with Human Resources and the employee's division if there is impact to performing job responsibilities. Finally, the HQ Director will review the vehicle assignment process for vehicles located at the FIC and take back responsibility for all vehicles if warranted.

OIG Management Memos

Management Memo: Tenant Rent Deposits and Ledger Reconciliations OIG #2024-0161

The OIG recently referred a complaint to CHA's PAM Division with additional OIG analysis and recommendations. A public housing resident had contacted the OIG to report that although he had paid over \$1500 in back rent in August 2022, and had a rent receipt and proof of the canceled check to show it was deposited, he had recently received a 30-day notice of lease termination, citing a past due balance of the same amount paid in August 2022.

The OIG determined the tenant's cashier's check was deposited into CHA's account as part of a batch deposit but was not reconciled or tied to a specific tenant account. Because the outstanding reconciling deposit on the CHA cash account was never cleared, the payment was later reversed from the tenant's Yardi ledger in April 2023. The transactions (the credit and the reversal) no longer appear on the tenant's Yardi ledger visible to property management.

The OIG also identified a second tenant's rent payment deposited to CHA's account as part of the same batch deposit, but which was also not reflected on the tenant's ledger.

The complaint highlighted a larger operational issue with the CHA's operating cash account reconciliation process. The OIG recommended CHA management take the following steps:

- Rectify the Yardi ledgers for the two affected tenants.
- Review the cash reconciliation items in the CHA account to identify and address discrepancies.
- Evaluate the process for updating Yardi ledgers to ensure all payments are accurately reflected in a timely manner.

In response, PAM credited the two tenants' ledgers with the amounts paid. PAM employees reviewed the recommendations with the relevant private property management company and confirmed that it had implemented new procedures to prevent the loss and/or lack of recording as it relates to resident receivables from reoccurring.

Management Memo re: Follow Up to Advisory #25 – HCV Suspensions of Building Code Scofflaws

The OIG concluded a follow-up analysis on Advisory #25, released in late 2022, regarding the suspension of Housing Choice Voucher (HCV) property owners appearing on the City of Chicago "Building Code Scofflaw List." As of September 1, 2024, the OIG identified 13 residential building owners and affiliated companies with CHA Housing Assistance Payment (HAP) Contracts appearing on Scofflaw List, in violation of the CHA's HCV Administrative Plan and HCV Procedure Guide.

The OIG recommended that the CHA's HCV Division, first, suspend the business entities from participation in the HCV program, and second, establish an internal process to ensure HCV staff review the Scofflaw List twice per year, after new defendant-owners added every April 1 and October 1. Bi-annual reviews will bolster HCV's existing compliance efforts and help to ensure CHA's HCV voucher-holders are living in safe and healthy conditions.

Management Response

In response, CHA HCV staff consulted with the City of Chicago to confirm the property owners that were active in the Scofflaw List and received further guidance on the city's processes related to the Scofflaw List. As of mid-January 2025, HCV suspended one vendor, and was continuing to work with City of Chicago staff regarding additional property owners listed in the Scofflaw List to suspend those with active accounts.

The HCV Office also reviewed its procedures and determined that an update detailing its processes is necessary. In addition to reviewing the Scofflaw List bi-annually for vendor suspension purposes, HCV committed to adopt a policy requiring that the Scofflaw List database is reviewed prior to approving Request for Tenancy Approval (RTA), Rent Increase Request, and HCV Change of Ownership/Management requests. HCV will also conduct training sessions for its contractors on how to navigate through the Scofflaw List database. The HCV Office stated that it will continue to strategize on additional effective tracking systems.



XII. AUDITS AND REVIEWS

The OIG closed four audits in 2024. The audits are summarized below. Full audit reports may be accessed on the OIG's webpage.

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.

Audit of the CHA's Use of CARES Act Funds

The OIG audited the CHA's use of Coronavirus Aid, Relief, and Economic Security (CARES) Act funds from March 1, 2020, to December 31, 2021. CHA received a total of \$45,896,636 in CARES Act funding from the U.S. Department of Housing and Urban Development (HUD). The money was issued in four separate awards, each designated for specific purposes including public housing, housing choice voucher (HCV) programming, and administrative fees. All funds were required to be expended by December 31, 2021.

The OIG audit found that CHA spent all CARES Act emergency funds in accordance with federal requirements. CHA allocated \$23,632,376 from the operating CARES Act funding to cover the costs of Public Housing operations.

CHA allocated \$22,264,261 of the CARES Act funding to cover the costs of its HCV operations. Administrative Fees of \$21,406,154 were disbursed to CHA's vendor managing the HCV program. Additionally, \$533,220 was allocated for technology to facilitate remote work. CHA also engaged a single company for bio-hazard cleaning, with expenses totaling \$322,239. The audit confirmed that CHA maintained all supporting documentation and provided accurate spending reports to HUD.

The OIG commended CHA management and staff for their diligence and adherence to policies and procedures.

Audit of Public Housing Capital Construction Change Orders and Supplemental Contracts

The OIG conducted an audit of the CHA Building Operations Capital Construction Change Orders and "Supplemental" Contract Process. This audit was initiated in response to a complaint received in June 2023 regarding CHA's Section 3 pre-qualified vendor pool and CHA capital construction management practices.

The OIG identified 54 capital construction projects, with either a change order or supplemental contract, completed during the two-year scope period. Of those, 28 properties--representing 85 unique projects with a total value of \$6,404,410—were randomly selected for testing.

The OIG identified several critical deficiencies in the CHA's management of construction activities. As a result, CHA was billed for work not completed, and contractors were awarded contracts that exceeded their capacities and assigned tiers. The following findings highlight the mismanagement of CHA Building Operations construction activities.

Summary Findings

CHA Failed to Monitor Capital Construction Projects

1. CHA Project Managers approved contractor labor hours that were unreasonable and excessive.
2. Contractors submitted duplicate charges for work listed under both the original Task Order and the Supplemental Task Order.
3. CHA PMs signed off on contractor invoices for unnecessary work and tasks that were not completed.
4. CHA unit costs in e-Builder were excessive, not reflective of Chicago market rates, and had no minimum specifications for quality.
5. Vendors were awarded contracts that exceeded the value allowed by their assigned JOC tiers in their master contract.
6. Vendors were awarded multiple smaller value contracts to circumvent the tier limits of the JOC Program.

Use of Supplemental Contracts Violated CHA's Procurement Policies

7. The Supplemental contract process did not comply with CHA's Procurement Manual.
8. Building Operations lacked formal policies and procedures for managing COs and Supplementals.

Summary Recommendations

The OIG recommended that CHA take the following actions:

1. Building Operations PMs should thoroughly review contractors' detailed proposals for reasonableness.
2. Before approving contracts, CHA Building Operations should conduct Joint Scope Meetings (JSM) to confirm that the proposed tasks are necessary.
3. PMs should ensure contractors' labor hours submitted for each task are appropriate and justified.
4. Before approving any invoices, Building Operations should ensure that all charges are thoroughly vetted for duplicates before payment.
5. CHA should review and adjust the unit costs listed in e-Builder to better reflect current Chicago market prices.
6. CHA should strictly adhere to the requirements of its existing contracts, including the tier limits for certain vendors.
7. CHA should implement independent quality control reviews of projects awarded through the Building Operations department to ensure program compliance and integrity.
8. CHA Building Operations should adhere to the requirements outlined in CHA's Procurement Manual and contractual agreements when procuring construction services.
9. Develop Standard Operating Procedures for Change Orders and construction management aligned with CHA's governing documents.

Management Response

In response to the OIG's recommendations, the Deputy Chief of the Building Operations Department provided the following in summary:

Regarding the audit findings related to the failure to monitor capital construction projects, management acknowledged that it is the responsibility of each CHA Project Manager to conduct a Joint Scope Meeting with the contractor to review the scope of work before the contractor submits a proposal, thoroughly review each contractor's proposal for reasonableness, including labor hours, and thoroughly review each invoice to ensure all charges are vetted for duplicates before payment.

Management had "no objection" to the recommendation to implement independent quality control reviews of projects awarded through the Building Operations department to ensure program compliance and integrity.

Management noted that the audit included a table that "illustrates notable instances of unreasonable charges by contractors." It should be noted that this table included a subset of the total number of projects completed during the audit period, under a different contract and that many of the noted projects were managed by Projects Managers no longer with the CHA.

Regarding the findings that use of supplemental contracts violated procurement policies, management wrote that the Building Operations Department works closely with the Department of Procurement and Contracts to create and issue solicitations and issue a Purchase Order for each project or task order. The Building Operations Department follows contractual requirements in current contracts as well the internal standard operating procedures related to attaining approval from the CHA's Investment Committee for a change order that modifies the scope of work or extends the time of an original contract.

The Construction Management Association of America defines a Change order as revisions or additions to an existing construction or engineering contract and are used to modify the original agreement of the parties. In contrast, a supplemental task order is for a scope of work that is additional to and different from a previous task order.

A new General Contracting Pre-Qualified Pool (GCPQP) was authorized by the CHA Board of Commissioners in September 2023 which included different contractor tier structures, levels of project award amounts and processes with vendors receiving new contracts in 2023Q4. The current contract requirements and tier limits are adhered to. The Building Operations Department reviewed and updated unit costs to reflect current Chicago market prices in 2024Q1 for use in the current contracts.



Audit of Rent Collection at CHA's Public Housing Units in Mixed Income/Mixed Finance Properties

The OIG Audit of Mixed-Finance Rent Collection identified several significant deficiencies in the Mixed-Finance property owners' practices in recording CHA tenant rent receipts and the corresponding rent deposits to CHA's tenant rent reserve bank accounts. The OIG identified at least \$289,720 in rent collected, during the audit scope period, but not deposited into CHA's Tenant Rent Reserve bank account from MF properties.

The significant discrepancies between MF rent records as reflected in Yardi, owner ledgers, and the CHA bank deposits, make it impossible to verify actual rent balances for CHA tenants at many of these properties. The management agents working for the owners—private property managers (PPMs), are subject to the terms of CHA's Regulatory and Operating (RO) agreement with each property owner. Findings one through four below represent violations of the RO agreements.

1. Mixed-Finance PPMs Did Not Accurately Record Tenant Rent Payments in Yardi
2. Mixed-Finance PPMs Did Not Deposit All Tenant Rents into the CHA's Tenant Rent Reserve Account
3. Mixed-Finance Tenant Balances and Credits Were Not Consistently Transferred with Tenants to New Units
4. Mixed-Finance PPM Staff Made Excessive Material Adjustments to Tenant Accounts Without Prior Authorization
5. CHA Did Not Report Delinquent Past-Tenant Accounts Receivable (TAR) Balances from its Mixed-Finance Properties to HUD

The OIG recommended that CHA take the following actions:

1. CHA staff should conduct regular reconciliations of tenant ledgers in Yardi, PPM ledgers, and the Tenant Rent Reserve Accounts (TRRAs) to ensure accuracy in mixed-finance tenant accounts.
2. Should such reconciliations reveal material discrepancies, CHA Finance and PAM departments should engage the CHA Office of General Counsel to enforce the terms of the Regulatory and Operating agreements.
3. CHA should monitor mixed-finance properties for compliance with the CHA's RO agreements, including the recording of tenant payments in CHA's Yardi and the timely deposit of tenant funds to the CHA's TRRA bank account.
4. CHA PAM staff should closely monitor PPM transitions at Mixed-finance properties to ensure all CHA tenant rents are received, recorded, and deposited prior to the property's transfer to a new PPM. PAM staff should confirm that all PPMs have appropriate access to CHA's Yardi system prior to assuming responsibility for CHA units.
5. CHA should direct Mixed-finance owners to ensure their PPM personnel know how to transfer tenant balances in CHA's Yardi system when a tenant moves to a new unit.

The OIG recommended that CHA take the following actions (cont'd):

6. CHA should identify all current tenants with an outstanding rent balance or credit.
7. CHA should direct mixed-finance owners to ensure their PPM personnel obtain approval from the CHA PAM department prior to applying resident rent charge credits, and provide CHA with supporting documentation for any such tenant ledger adjustments.
8. The PAM department should work with the Finance Department's Property Accounting staff to evaluate the accuracy of bad debt records.
9. CHA should ensure that, any bad-debt records deemed sufficiently accurate, are submitted to HUD through the EIV system.

Management Response

Management concurred with most findings and accepted all but two recommendations, stating as follows: CHA has and will continue to monitor the PPM firms' diligence in posting tenant rents into the Yardi system and depositing those funds into the TRR accounts in accordance with the R&O agreements. CHA has considered long term adjustments to the practice of handling of tenant rents by Mixed Income PPM firms, which will require them to post rents to their system of record, make bank deposits into the TRR immediately, and provide accurate records so that CHA can reconcile what is posted to what has been deposited.

CHA had already identified historical activity and data that suggested the need for drastic changes to the handling of TRR accounts by the PPM firms (including those five with standalone ownership by the private owner/developer). As a result, CHA will not seek joint ownership of the bank accounts. Instead, CHA will require that tenant rents are posted in the PPM firms' system of record, deposited immediately into the TRR, and for reports to be provided so that CHA can reconcile what is posted against what is deposited.

Part of the initiative and associated analysis aimed at ensuring that all funds paid by CHA residents can be accounted for within a reasonable timeframe—including cleanup/reconciliation of monies owed to CHA, monies owed to residents (current or former), and charges/balances that cannot be reconciled. CHA will provide PPMs a recommendation to resolve balances that cannot be reconciled.

Preliminary reviews highlighted a lack of knowledge at the PPM level on how to perform complex adjustments in the Yardi system. PPM firms were directed to stop making efforts to correct records, and to reach out to CHA Finance teams for assistance. CHA will send out an official advisory to all Mixed Income PPM firms to reinforce this directive and will exercise any remedies allowed under the Regulatory & Operating agreements.

CHA reported it was developing a process to verify the total amount of bad debt, and once confirmed, the accurate amount will be reported to HUD's EIV system.

2025 OIG AUDIT PLAN

The following table shows audits in progress and audits anticipated for launch in 2025. More information about audit topics can be found in the OIG Audit Plan for 2025, published on the OIG webpage www.thecha.org/fraud. The OIG audit plan is subject to change based upon OIG observations, requests by CHA management, and any other emergent issue that require the OIG to respond in a timely fashion.

Audits in Progress	2025 Audits	2025 Follow up Audits
Contractors System Access Audit	Private Property Managers' Use of the CHA Budget Maintenance Account for Unit Turns	PPM Tenant Accounts Receivable
	CHA's Development Project Management Process	Tracking and Management of Vacant Public Housing Units
	Manually Prepared Accounts Payable Checks	
	HCV Port-In Process	
	CHA Hiring Process	
	Emergency Contracts	

XIII. OIG STAFF AND CREDENTIALS

The work of the OIG is performed by investigators, auditors, and analysts with deep institutional knowledge as well as subject matter expertise in areas of criminal and administrative investigations, government auditing principles, and analytics.

OIG staff hold memberships and relevant professional certifications from the Association of Inspectors General, Association of Certified Fraud Examiners, Association of Local Government Auditors, and the Institute of Internal Auditors, among others.

INSPECTOR GENERAL – KATHRYN RICHARDS was appointed Inspector General by the CHA Board of Commissioners in April 2021. Richards is a Certified Inspector General and a licensed attorney. Prior to CHA, Richards spent 10 years with the City of Chicago OIG, including five years as the Chief Assistant Inspector General. In that role, she provided strategic guidance and legal counsel on all OIG activities, including investigations, audits, and reviews. Richards is also the Board President of the Illinois Chapter of the Association of Inspectors General, which provides training in professional best practices for all Illinois IG agencies. She previously served as a staff attorney with the Seventh Circuit U.S. Court of Appeals. Richards holds a B.A. in Political Science from New York University and a J.D. from DePaul University College of Law, where she graduated *summa cum laude* with a certificate in public interest law.

DEPUTY INSPECTOR GENERAL – MICHAEL KOSANOVICH joined the OIG in February 2017 after 24 years with the FBI, where he provided executive management oversight to the Chicago Division's White Collar Crime program, leading Financial Crime and Public Corruption investigations. Prior to his arrival to CHA, Michael spent three years as the Global Security Director with General Electric. Michael earned a Bachelor's degree in Criminal Justice from the University of Maryland and completed FBI Executive Management Training at Northwestern University's Kellogg School of Management. He is a Certified Inspector General.

SENIOR INVESTIGATOR – JUSTIN KING joined the OIG in August 2013 after working for CHA's Legal Department as a Housing Compliance Project Coordinator, helping initiate and investigate Criminal Activity Eviction cases. Justin holds a Bachelor's degree in Criminal Justice and is a Certified Fraud Examiner and a Certified Inspector General Investigator.

SENIOR INVESTIGATOR – MICHAEL MELCHER joined the OIG in June 2023 after retiring from the FBI as Acting Chief of the Crisis Management Unit at FBI Headquarters. Mike also served as the Supervisory Special Agent for the Public Corruption/Civil Rights squad at the Minneapolis Field Office. Mike previously spent a number of years in the Chicago field office, working terrorism, special events, and Russian Organized Crime matters.

Mike previously served as a police officer in Sioux Falls, SD and also served in the U.S. Air Force as a Russian interpreter and chemical weapons arms control inspector. He has a degree in Political Science from the University of South Dakota and training in leadership development from the FBI. He is a Certified Inspector General Investigator.

INVESTIGATOR – THERESA BERNAL joined the OIG in April 2022. Theresa previously served as a Probation Officer for Cook County Adult Probation and also worked as a LEADS Unit Supervisor with the Cook County State’s Attorney Office for four years. She previously worked in the legal field for over 15 years. Theresa holds a Bachelor’s degree in Criminal Justice from Roosevelt University. She is a Certified Inspector General Investigator.

INVESTIGATOR – ANGELINA ALLABACK joined the OIG in April 2022. Before working for the OIG, Angelina worked as an Investigator for the Defense Counterintelligence and Security Agency. She holds a dual degree in English and History from Saint Olaf College in Minnesota and a Master’s degree in Investigation at the University of New Haven. She is also a Certified Inspector General Investigator.

STAFF INVESTIGATOR – MACY SIEGFRIED joined the OIG in June 2024 after graduating from Marquette University with a Bachelor’s degree in Criminology & Law Studies and Psychology. Macy has previous experience working as a legal assistant for a criminal defense attorney and has completed internships with North Central HIDTA and the Milwaukee Police Department.

AUDIT MANAGER – BEATRIZ MARTINEZ joined the OIG in August 2013 after working for CHA’s HCV Department as a Quality Control Financial Analyst and the Comptroller Division as an HCV Accounting Supervisor. Beatriz has over 30 years of accounting experience and over 15 years of experience as an auditor. Prior to CHA, Beatriz worked as an Internal Auditor for the Office of the Special Deputy Receiver and worked pro-bono at Latinos Progresando. Beatriz also provides income tax assistance to low-income residents. Beatriz earned a Bachelor’s degree in Accounting from Robert Morris University. Beatriz is a Certified Fraud Examiner, a Certified Inspector General Auditor, and a Certified Public Accountant.

SENIOR AUDITOR – ELLAYE ACCOH has worked at the OIG since 1998. Ellaye has over 25 years of experience in the fields of audit and investigation. Ellaye earned a Bachelor’s degree in Finance and a Master’s degree in Accounting. Ellaye is a Certified Fraud Examiner, a Certified Inspector General Auditor, and a Certified Government Auditing Professional.

PERFORMANCE ANALYST – BRUCE MERRELL joined the OIG in August 2019 after working for 15 years as an Engagement Manager for RSM US LLP, where he supervised numerous attestation examinations. For the last three years, Bruce was assigned to the CHA’s internal audit department and supported various data analytics projects. Bruce also previously served as a data center and application development manager for Avon Products, Inc., where he was responsible for the design, development, implementation, and support for enterprise-wide, multi-national applications. Bruce is a Certified Fraud Examiner, Certified Information Systems Auditor, a Certified Information Security Manager, and Certified in the Governance of Enterprise IT.

OPERATIONS ANALYST – SHANIQUIA (NICOLE) ANDERSON joined the OIG in October 2019 after working as a QA Analyst and Grant Writer. Nicole holds a Bachelor’s degree in English and Communications and a Master’s degree in Public Administration from the University of Illinois Urbana-Champaign.

INFORMATION ANALYST- MAXWELL BROWN joined the OIG in January 2022. Max previously served as a consultant with the Greater Chicago Food Depository, where he worked on issues of food access and equity in Illinois. He received his Master's of Public Policy from the Harris School of Public Policy at the University of Chicago with a certificate in Municipal Finance, and a B.S. in Environmental Health from Colorado State University.

EXECUTIVE ASSISTANT- KIANA GATES joined the OIG in August 2021. Kiana has worked in administration for over 15 years and has gained an enormous amount of experience that has enabled her to work in various administrative roles in both non-profit and private sectors. Kiana received her Bachelor’s degree in Mass Communications from Southern University and A&M College.





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
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