

**OFFICE OF THE INSPECTOR GENERAL
CHICAGO HOUSING AUTHORITY**

REPORT OF THE OFFICE OF THE INSPECTOR GENERAL

2017 SECOND QUARTER REPORT
APRIL 01, 2017 THROUGH JUNE 30, 2017

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INSPECTOR GENERAL

JULY 14, 2017



July 14, 2017

To Chairman Hooker, Chair Markowski and Members of the Finance/Audit Committee:

Enclosed for your review is the 2017 Second Quarter Report on the activities and initiatives of the CHA Office of the Inspector General (OIG) pursuant to the mission and directives identified in the *Office of the Inspector General Charter*.

The OIG received 170 complaints during the second quarter. The OIG provided 91 investigative support matters to internal and external stakeholders; referred 36 complaints to other departments; declined 30 complaints; and initiated 13 investigations. The OIG has 42 pending investigations, of which 26 have been open for more than 6 months. An investigation can remain open longer than 6 months for many reasons including but not limited to complexity of the case, under review by a prosecuting agency, indicted but no dispositions on the cases, and investigations that are subject to grand jury work. In order to maintain the integrity of on-going investigations, the OIG quarterly reports do not contain any information on the pending investigations.

The OIG provided investigative support for the Resident Services department by utilizing open source information for CHA Health Partners during the second quarter. This will be a strong preventive measure to combat potential health care fraud against CHA residents. The OIG reviewed seven partnerships, and of the seven reviewed, derogatory information was identified with regard to one Health Partner. Consequently, the entity was removed from the approved list of healthcare providers.

The OIG concluded 3 audits during the second quarter and 2 follow-up audits are currently pending, and the OIG auditors will initiate 2 new program audits in 2017. The follow-up audits that were concluded this quarter were the CHA Emergency Contract and the Security Guard Service audits. The Occupancy Audit was discussed in the closed session with the Finance/Audit Committee in May 2017. The details relating to the business units' compliance with the OIG recommendations are contained herein.

Activities relating to data analysis pertained to matching up PO Box addresses of vendors with the same last name as the participants in the HCV program. The analysis resulted in 12 investigative support actions for the HCV program. The next phase of PO Box analysis will focus on 2 or more vendors with the same PO Box address.

The OIG has continued to provide due diligence on a quarterly basis of the lifetime registered sex offender list for CHA. Additionally, the OIG recommended, and the HCV has adopted, adding additional language in the Intake Application form to include the following language: "I/We understand and agree that no household /family member is/will be a lifetime registered sex offender."

The OIG will continue to maintain and protect its independence so that we can continue our mission through our various activities of promoting transparency, accountability and public trust in the administration of CHA programs.

As always, I thank Chairman Hooker, Chair Markowski and the Members of the Finance/Audit Committee for its continued support and commitment to the OIG mission

Respectfully submitted,

A handwritten signature in black ink, appearing to read "El Rhee-Lee", written over a light gray rectangular background.

Elissa Rhee-Lee
Inspector General

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This quarterly report provides an overview of operations of the Office of the Inspector General (OIG) during the period of 04/01/2017 through 06/30/2017. This report includes statistical and narrative summaries of OIG activities for the past quarter.

A. MISSION OF THE INSPECTOR GENERAL'S OFFICE

The OIG is an independent oversight office whose mission is to promote economy, efficiency and integrity in the administration of programs and operation of the Chicago Housing Authority (CHA).

The OIG achieves this mission through:

- Criminal Investigations
- Administrative Investigations
- Program Reviews
- Performance Audits
- Analytics
- Advisories
- Fraud Awareness Training

From these activities, the OIG issues reports of findings and disciplinary and policy recommendations to ensure that CHA officers, the Board of Commissioners, employees and vendors are held accountable for running an efficient, cost-effective operation. Furthermore, the OIG seeks to prevent, detect, identify, expose and eliminate waste, inefficiency, misconduct, fraud and abuse of public authority in CHA's use of federal funds.

B. INVESTIGATIONS AND PROGRAM REVIEW STANDARDS

The OIG conducts its investigations in accordance with the *Association of Inspectors General Principles and Standards for Office of Inspectors General*, generally accepted principles, quality standards and best practices applicable to federal, state, and local offices of Inspectors General. These include both general standards and qualitative standards as outlined in the above publication. Additionally, the OIG, at all times, exercises due professional care and independent impartial judgement in conducting investigations and the issuance of reports and recommendations.

The OIG conducts audits of programs in accordance with *Generally Accepted Government Auditing Standards issued by the Comptroller General of the United States and Principles and Standards for the Offices of Inspector General*. Those standards require that we plan and perform the audit to obtain sufficient, and appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. The adherence to these standards ensures that audits and program reviews comprise the requisite independence, planning, organizing, staff qualifications, direction and control, coordination, reporting, confidentiality and quality assurance.

C. INVESTIGATIONS

The OIG conducts both criminal and administrative investigations into the performance of officers, employees, contractors, functions, and/or programs, either in response to complaints, audits or upon OIG's own initiative.

The OIG received 170 complaints/matters during the second quarter of 2017. Out of the 170 complaints, we provided investigative support to both internal and external stakeholders for 91 matters. We initiated 13 investigations, we referred 36 complaints to other agencies or departments and we declined 30 cases. Matters can be declined for a variety of reasons such as no specific information provided, insufficient resources to address, no actionable information contained in the allegation, or not within the OIG’s jurisdiction. Of the 13 matters resulting in investigations, 8 were ultimately closed during the first quarter.

Table # 1 Complaint by Method

Complaint by Method

Source	Number
Emails	21
Website Submissions	101
Hotline	25
In Person	2
Mail	2
Fax	0
Analytics	19
Total	170

Table # 2 Complaint Disposition

Complaint Disposition

Disposition	Number
Investigations	13
Investigative Support	91
Referrals	36
Declined	30
Total	170

Table # 3 Subject of Investigation

Subject of Investigation

Subject	Number
Program Participants	10
Contractors, Subcontractors, Vendor	1
Employees	0
Other	2
Total	13

Table # 4 Investigative Classification

Investigative Classification

Classification	Number
Administrative	6
Criminal	7
Total	13

Table # 5 Closed Investigations

Closed Investigations During the Quarter

Classification	Number
Administrative	4
Criminal	4
Total	8

Table # 6 Indictments/Convictions

Indictments/Convictions

Action Category	Number
Indictments	0
Convictions	1
Restitutions	1
Debarment	0
Total	1¹

Table # 7 Pending Investigations

Pending Investigations

Classification	Number
Administrative	8
Criminal	34
Total	42

¹ One OIG investigation resulted in a conviction. As part of sentencing, the subject was required to pay restitution (See Page 9-Closed Criminal Cases for details).

Table # 8 Pending Audits

Pending Audits	
Audit Name	Time Frame
PH Over Income	07/31/2017
Follow-Up Change Orders	12/31/2017

INVESTIGATIONS NOT CONCLUDED WITHIN SIX MONTHS

Under the *Inspector General Charter*, the OIG must provide quarterly statistical data on pending investigations/matters open for more than six months. Of the 42 pending matters, 26 have been open for at least six months. The following table shows the general reasons why these matters remain open.

Table # 9 Investigations Not Concluded within Six Months from Initiation

Reasons	Number of Investigations
A. Complex investigation, generally involve difficult issues of multiple subjects and/or under review by prosecuting agency	19
B. Indicted cases, but no criminal disposition	7
C. On-hold, in order to not interfere with another on-going investigation	0
Total	26

D. NOTABLE INVESTIGATIVE SUPPORT

CHA Health Partnership Initiative

In collaboration with CHA’s Resident Services Department, the OIG conducted a review of its Approved CHA Health Partners list using open source information. Of the seven partnerships reviewed, derogatory information was identified with regard to one Health Partner. As a result, they were removed from the list and will no longer have access to CHA property for the purpose of conducting business. The OIG will continue to review partnerships on an ad-hoc basis and ensure activities provided by health partners are in the best interests of the CHA and its residents.

E. CLOSED INVESTIGATIONS SYNOPSIS

An OIG investigation can be either administrative, criminal or both. Administrative investigations generally involve violations of HUD regulations and/or CHA rules, policies or procedures. For sustained administrative investigations, the OIG prepares a summary report of the investigation and its findings. These summary reports are presented to the CEO and the impacted department to facilitate an appropriate resolution. They are available upon request to the Audit Committee. In order to maintain confidentiality and integrity of the pending investigations, the OIG has omitted any information on pending/open investigations.

In criminal investigations, if there is sufficient evidence gathered for potential prosecution, the investigation will be presented to a prosecuting agency for review. In the event a tenant fraud case is declined by the prosecuting agency, the evidence can be referred to CHA departments for appropriate administrative sanctions including termination of participant's voucher, debarment, or civil action remedies.

CLOSED CRIMINAL CASES

Three criminal cases were sustained and closed. One case was not sustained. The following is a summary of the sustained criminal cases:

Ericka Island

A CHA OIG investigation was initiated in February 2015 and worked jointly with the Chicago Field Division of the Department of Homeland Security (DHS) OIG and the United States Department of Housing and Urban Development (HUD) OIG. The investigation involved CHA HCV participant, Ericka Island, who was alleged to have submitted fraudulent documents to the Federal Emergency Management Agency (FEMA) to obtain benefits totaling over \$20,000 in the form of emergency rental assistance. During this time period, the CHA paid approximately \$13,573 in rental assistance for Island's HCV apartment.

On August 08, 2016, the Cook County State's Attorney's office filed an eight count indictment against Island.

On April 7, 2017, Island pled guilty before the Honorable Judge Thaddeus Wilson to one count of Theft and was sentenced to two years' probation, community service, and ordered to pay restitution totaling \$4,800.

OIG Ref# 2016-03-00005

A CHA OIG investigation was initiated in March 2016. The investigation revealed that a CHA Housing Choice Voucher (HCV) participant was renting from, and residing jointly in, the subsidized unit with the owner, who was determined to be her mother. From January 1999 through February 2016, the CHA paid the owner a total of \$150,438.00 in Housing Assistance Payments (HAP) on behalf of the participant's voucher.

A CHA Intent to Terminate (ITT) hearing related to the participant's voucher was conducted on October 17, 2016. A decision to terminate the participant's housing assistance was entered on November 16, 2016.

The investigative findings were presented for criminal prosecution on December 20, 2016. Due to several circumstances, the matter was declined by the prosecuting agency on April 4, 2017. The OIG considers this investigative matter to be closed.

OIG Ref# 2016-08-00030

A CHA OIG investigation was initiated in August 2016. The investigation revealed that a CHA HCV participant underreported her income by signing several "Zero Income Affidavit" forms while employed as a bus driver for the Chicago Transit Authority. From March 2015 through March 2016, the CHA paid a total of \$10,374.00 in HAP on behalf of the participant's voucher.

A CHA ITT hearing related to the participant's voucher was conducted on July 13, 2016. A decision to terminate the participant's housing assistance was entered on August 11, 2016.

The investigative findings were presented for criminal prosecution on August 17, 2016. Due to several circumstances, the matter was declined by the prosecuting agency on June 8, 2017. The OIG considers this investigative matter to be closed.

CLOSED ADMINISTRATIVE CASES

Two administrative cases were closed and sustained. Two cases were closed and not sustained. The following is a summary of one of the sustained cases; see Page 17- Analytics for the other sustained case.

OIG Ref# 2017-04-00019

On April 6, 2017, the Director of Inspections with CVR notified the OIG that one of their inspectors received an envelope containing \$50 from a property owner after completing an inspection. Ironically, the unit had passed the inspection. The inspector attempted to return the envelope, however the landlord walked away. The envelope containing the \$50 was turned over to the OIG.

The OIG interviewed the inspector and the landlord. The landlord refused to admit that he had given the envelope containing the cash to the inspector. The landlord was informed that CHA employees, including inspectors, are not allowed to take any gratuity. The OIG visited the HCV unit and noted that the unit was extremely clean and well maintained. The information was forwarded to the HCV Department to take any action deemed appropriate.

F. CLOSED AUDITS AND REVIEWS SYNOPSIS

The investigative team continues to rely heavily on the audit and analytics team for investigative support in financial frauds and forensic accounting matters. This support is critical to allow the OIG to conduct and lead multi-jurisdiction, complex investigations. It was anticipated that the need for audit staff support on investigative matters will continue to be an integral part of OIG investigations.

The OIG closed 3 audits during the second quarter, and currently has four pending audits. Below is a summary of the closed audits during this quarter.

Occupancy Rate

Due to observations and concerns of CHA's Chief Property Officer (PO), and as part of the OIG 2016 Audit Program Plan, the OIG conducted a performance audit of CHA's occupancy process. Primarily, the audit assessed the risk environment and the existing controls to minimize potential for fraud, waste and abuse.

The following notable observations are based on December 2016 data provided by the PO:

1. CHA had a high vacancy rate, with an unadjusted vacancy rate of 18% (2,772 out of 15,734) and an adjusted vacancy rate of 7% (961 out of 13,923). The adjusted estimated financial loss of potential rental income (1,042 leasable units) is \$242,525 monthly and \$2,910,306 annually.
2. The length of vacancy time for unoccupied units was prolonged, with an average vacancy time of 13 months for the sampled Scattered Site units.
3. CHA has 795 units scheduled for modernization and/or make ready work. The renovation for some of these units have been ongoing for years.
4. CHA PO maintains an off-line report from Yardi regarding occupancy/vacancy rate, as opposed to pulling directly from Yardi.

The final audit report was presented and discussed with the Audit Committee on May 16, 2017. The Property Office is currently making process improvements to address the high vacancy rate and reduce unit turnaround time. Specifically, the department has created an occupancy initiative plan, which includes holding PPM's accountable for meeting the required timeline to turn and lease units, improving the process for having screened and approved applicants, implementing site-based waitlists, and expanding the Job Order Contracting (JOC) program. The Property Office also plans to fully utilize Yardi for effective and timely documentation and reporting.

Follow-Up CHA Emergency Contracts

On May 31, 2017, the OIG completed the Follow-Up Emergency Contract Audit. The original audit was completed on April 07, 2015. The Department of Procurement & Contracts (DPC)

Management responded that these recommendations to the observations identified were implemented.

Of the three recommendations in the original audit report, we determined that all three were implemented. We commend DPC for their implementation of all of our recommendations. The CHA is part of a city-wide procurement initiative, the Procurement Reform Task Force (PRTF). The PRTF was tasked with developing recommendations and best practices governing the award, management and oversight of contracts in an effort to improve efficiency, transparency and increase accountability of public funds.

Emergency Contract Start Date – Risk Level: Low

Observation:

DPC procedures did not require procurement staff to follow-up with user department to identify and track a start date of the work or service which created the Emergency Contract. Without tracking the start date of the work or service of an awarded contract, the agency is at risk of awarding an Emergency Contract in violation of the Emergency Contract guidelines.

Recommendation:

Track and review the start date for approved Emergency Contracts and take appropriate actions when an Emergency Contract is awarded outside the guidelines.

Current Status:

Implemented – DPC requires procurement staff to identify and track the start date of the work/service performed as the result of an Emergency Contract. DPC will not approve Emergency Purchases outside of the guidelines.

Emergency Contract Filing System – Risk Level: Medium

Observation:

DPC did not have files completed, centralized and readily available for review. Required documents outlined in the Procurement Guide were not available.

Recommendation:

Centralize files for all CHA awarded contracts.

Current Status:

Implemented – DPC has centralized all awarded contract files in both hard copy and electronically.

Availability of Key Documents – Risk Level: Low

Observation:

DPC did not promptly provide the most current procedures and supporting documentation. It appeared CHA staff did not have access to key information such as RFPs, Emergency Contracts, etc.

Recommendation:

Establish a centralized electronic document system to ensure access of key documents, as outlined in the Procurement Guide.

Current Status:

Implemented – DPC continues to utilize a shared drive (P-Drive) which allows quick access to all key documents for DPC staff.

Follow-Up Security Guard Services

On May 22, 2017, the OIG completed a follow-up review of the Security Guard Services Audit issued on February 18, 2014. The purpose of our follow-up review was to determine the status of previous observations and recommendations for improvement.

Of the five recommendations in the original audit report, the OIG determined that four were implemented and one was not implemented. The Safety and Security Department and Property Office (PO) developed a SharePoint site to centralize all security related documents such as insurance, invoices, and security credentials. We commend the PO for their implementation of our recommendations, however the SharePoint site is not currently being utilized to store the security documents.

Contracts for all PPMs - Risk Level: High

Observation:

The observation regarding inconsistent terms and conditions of the contracts were not submitted to the PPMs for response. The PPM Manual requires that the PPMs have a “fully executed contract” with the security guard service provider. However, there was no definition of what constitutes a “fully executed contract”. Therefore, this issue should be addressed internally amongst CHA’s Legal, Procurement and the Asset Management departments.

Recommendation:

Asset Management² work with Legal and Procurement to define “fully executed security contract” stated in the PPM Procedural Manual. Asset management provide PPMs with contract template with minimum required provisions pursuant to 24 CFR and HUD regulations.

CHA Asset Management Response:

- Asset Management agrees with the recommendation to better define the requirements and expectations for what constitutes a fully executed security contract.
- Asset Management will conduct a review of the current security contract template with CHA Legal, Procurement, and Risk Management in the 1st quarter of 2014 to determine areas for improvement or revision. Subsequently, Asset Management will issue a written advisory to PPMs to clarify expectations and require firms to adhere to the revised security contract template.

² The Asset Management Department was renamed to ‘Property Office’ (PO).

Current Status:

Implemented- CHA executed new ground security services contracts with all security service providers on CHA sites and monitored by the Property Office.

Insurance Coverage for all PPMs - Risk Level: High

Observation:

Security company did not provide required insurance coverage and/or endorsement.

Recommendation:

PPMs monitor the security vendor's insurance portfolios to ensure that the minimum required insurance coverage amounts are met and that CHA is listed as an additional insured on the insurance policy ensure compliance with Section 17.8 and 17.9 of the PPM Manual.

CHA Asset Management Response:

CHA Asset Management agrees with the recommendation.

- All required insurance documentation for these contracts has been provided and added to the respective security folder.
- CHA Asset Management has also completed a review of every other security contract and security folder (not just those selected for this review) to ensure that all required insurance documentation is present.
- CHA Asset Management has added a more detailed review of insurance certificates to the existing payment process checklist to ensure that each payment has all proper insurance documentation in place prior to approval of each CHA payment for contracted services.

Current Status:

Implemented - The CHA Safety and Security Department (Security Department) has been working with the PO to develop and implement a SharePoint site to centrally catalog all insurance and security credentials. This new site will become the standard as CHA transitions to the new centrally procured security contracts that are scheduled to transition in summer of 2017.

Security Folders for all PPMs - Risk Level: Low

Observation:

- PPMs did not have the required documentation in the security folders on site for audit purposes as required by PPM Manual, Chapter 17.
- During field work, the PPMs informed the OIG that it was not their practice to maintain security folders that contain security officers' credentials on site. As field work progressed, the PPMs started collecting information from the security vendors to meet the documentation requirements. Except for the education requirement, the documents requested for the audit were also part of requirements for licensed private security companies in the State of Illinois.

Recommendation:

Maintain security folders at premises as required by the PPM Manual, Chapter 17.

CHA Asset Management Response:

- CHA Asset Management agrees with the recommendation that PPMs must maintain security folders as required by the PPM Procedural Manual.
- Asset Management will review the requirement about where the folders should be located (currently stated as “on the premises”) to take into consideration electronic file practices in 1st Quarter 2014. If any revisions or clarifications to the PPM Procedural Manual are required as a result of this review, a new written advisory will be issued.
- CHA Asset Management has also completed a review of all security folders (not just those selected for this review) to ensure that all required elements are present.

Current Status:

Not Implemented - The Security Department has been working with the PO to develop and implement a SharePoint site to centrally catalog all security folders which would then be accessible to each vendor, PPM and the PO staff. This new site will become the standard as we transition to the new centrally procured security contracts that are scheduled to transition in August of 2017.

Security Department staff continue to implement the action plans with the security firms and have successfully tested the new SharePoint site with the two newly contracted firms in summer of 2015.

Required Verification of Credentials for all PPMs - Risk Level: Medium

Observation:

- PPMs did not provide evidence of compliance with Section 17.2 and 17.3 of the PPM Manual.
- PPMs did not establish a process to ascertain that the security vendors had the required credentials for security guards, including Off Duty Police Officers.
- In addition, WSA did not provide Off Duty Police identifications pursuant to the contract.

Recommendation:

- PPMs develop a process to ensure compliance with Section 17.2 and 17.3 of the PPM Manual.
- The PPMs verify the accuracy and completeness of each document submitted by the Security companies.
- The PPMs obtain from the security vendor copies of the required documentation for Off Duty Police Officers.

CHA Asset Management Response:

CHA Asset Management agrees with the recommendations.

- CHA Asset Management will issue an advisory to all PPM firms to strengthen the procedures related to security guard credentials in 1st Quarter 2014. The new procedures will require the PPM firms to sign an affidavit declaring that they have reviewed the credentials of each employee and that the credentials are current, complete and valid for each guard for every request for payment.
- CHA Asset Management will conduct a review of the enhanced credential review procedures to ensure PPM compliance on a quarterly basis.

Current Status:

Implemented - The Security Department has been working with the PO to develop and implement a SharePoint site to catalog centrally all insurance and security credentials. This new site will become the standard as we transition to the new centrally procured security contracts that are scheduled to transition in Summer of 2017.

To date, all new security personnel submit their credentials to the Director of Safety Strategies as an interim measure.

Billing - Risk Level: High

Observation:

Charges were unsupported.

Recommendation:

The PPM ensure that security vendor invoices and security guard timesheets are matched for accuracy and that payment is made in accordance with established contract rates.

CHA Asset Management Response:

CHA Asset Management agrees with the recommendations.

- CHA will conduct audits of 2013 security invoices as part of the financial year end close out to determine if there have been any other payments not in line with established contract rates.
- In 2014, CHA will conduct quarterly reviews to ensure that security vendor invoices and security guard timesheets are matched for accuracy and that payments are made in accordance with established contract rates.
- CHA will require that any reimbursement due to the CHA for payments made in excess of the contracted rates be paid to the CHA within 30 days after giving written notice;
- CHA will issue an advisory that all increase in security coverage (hours, rates or service level) must be approved by the Director of Asset Management.
- Any security increase that results in long term changes to security costs must be incorporated into a revised contract within 30 days of the change. No increase in security coverage will be allowed without proper approvals.
- Any violation in these policies will result in sanctions to the PPM firms.

Current Status:

Implemented - The Director of Security Strategies now personally directs all staffing changes in terms of quantity and credentials to ensure that invoices received match assignments made directly from CHA and not from the PPM. The Director also reviews and approves each invoice to ensure accuracy in terms of assignments and hours worked.

Additional improvements in the area of invoicing that will be implemented, as part of the new centralized procured security contracts, is to utilize the SharePoint site to catalog all security logs, incident reports and sign in logs/ time sheets to improve controls.

One final area that is being implemented to strengthen the controls is the use of the door access control system. This is a Radio Frequency Identification (RFID) control system that is currently being piloted and expected to be rolled out to each property by the end of 2017. This system is being tied to our camera system which would allow us to verify each guard's time of start and end, along with their patrol locations.

G. ANALYTICS

The following are the significant data analytic initiatives for this quarter:

Landlord/Tenant Collusion

During Quarter 4 of 2016, nine cases were opened by OIG Investigators as a result of the landlord/tenant collusion analysis. This analysis was conducted because recent criminal indictments have shown a clear trend of participant and landlord relationships as a basis for criminal fraud schemes. The OIG was required to determine whether a landlord was both renting to a relative and residing jointly in a HCV unit³. Eight of the nine cases were closed during the first quarter of 2017. The one remaining case was closed during this quarter and the investigation was sustained.

In total, seven of the nine cases were sustained. As of the end of this quarter, four cases are currently pending CHA's Legal Department's review and awaiting an intent to terminate (ITT) hearing. One ITT hearing has been scheduled and one Prohibitive Activity and Conduct (PAC) meeting was held. As a result of the PAC meeting, the participant was required to submit a Reasonable Accommodation request to rent the unit from a relative; if the request is not approved, the tenant will be scheduled for a briefing and moving papers will be issued to find a new unit. Lastly, one (1) case is currently pending review of a Reasonable Accommodation request.

The OIG will provide an update on the action(s) taken by the agency in response to these OIG investigations during the third quarter.

³ Each of these landlords and their respective tenant entered into a lease after the effective date (June 1998) of CHA's "Family Obligation" policy which restricts individuals from renting from a relative.

Red Flag Analysis

In a continued effort to use existing data sources to reveal indicators of fraud, the OIG is seeking to identify potentially fictitious vendors/landlords, as well as landlord/tenant collusion by analyzing vendors and landlords who use postal office (PO) boxes as their identified address. Due to the abundant amount of records with PO boxes, the OIG first started looking at landlords who use a PO box as their primary address and whose last name matched that of their respective tenant⁴.

The OIG found that on multiple occasions a landlord had the same last name as his or her respective tenant and had a PO box as his or her primary address. Further research was then conducted to identify an additional physical address for each landlord who listed a PO box. Investigative support was provided to the HCV Department on twelve (12) occasions; there was no indication of fraud in terms of the landlord residing with the tenant, but they may have been in violation of renting from a relative after reviewing relevant tenant and landlord files. Seven (7) separate cases were opened as investigations.

The next set of analyses will include two or more vendors with the same mailing address (PO box).

Registered Sex Offender List Analysis

As part of a quarterly analysis, the OIG continues to identify the number of registered sex offender names (offenders) listing a Public Housing or HCV address based on a Chicago Sun-Times article published in January of 2017. The OIG's independent assessment compares CHA records to Illinois state police database that includes the names and addresses of all registered offenders in Illinois. The admission of lifetime offenders to federally assisted housing is prohibited pursuant to the Quality Housing and Work Responsibility Act of 1998 (Section 578), which became effective in June of 2001⁵. It is important to note that offenders in Illinois who are subject to the Sex Offender Registry must register annually for a period of ten years. Only those convicted and statutorily defined as a sexual predator, sexually dangerous, sexually violent or a child murderer must register for his or her natural life.

The first analysis was conducted using data from January 23, 2017, and resulted in 30 lifetime offenders who listed HCV addresses on the registry⁶. Each participant who resides at an address matching the registry was admitted into CHA after 2001. During this quarter, using data from April 20, 2017, the OIG found only 13 lifetime offenders whose listed address matched that of a participant. Five of these 13 individuals had been identified last quarter and the respective head of household had been issued an intent to terminate (ITT) or a Prohibitive Activity and Conduct (PAC) warning as a result. The additional 8 offenders who registered at the same

⁴ This first analysis of PO boxes is similar to the Landlord/Tenant Collusion analysis noted above. However, this analysis identifies landlords who attempt to conceal a relationship with his or her tenant by using a PO box as a primary address.

⁵ There is currently no HUD statutory or regulatory basis to evict or terminate the assistance of a household solely on the basis of a household member's sex offender registration status for admissions before June 25, 2001.

⁶ If an offender did not identify an apartment number, the residence type was not categorized as a single family home, and/or the last name of the offender did not match the tenants' last name, then it was not considered a "match".

address as a HCV participant were not listed as household members. This indicates that these CHA participants may have unauthorized occupants living in their unit.

There were no new registered sex offenders who listed a public housing address (2 offenders were registered at a CHA property last quarter). One respective tenant admitted that the offender was his brother and signed an agreement to exclude him from CHA property; yet, the offender has not removed the CHA property from the registry.

Most offenders identified last quarter have since changed their address with the registry and the respective tenant has sent in the appropriate documentation stating that the individual does not reside with them. However, one individual was terminated because he was both a CHA voucher holder and a lifetime registered sex offender.

In addition to conducting the analysis, the OIG recommended that the Intake Application add the following language under Section VII: "I/We understand and agree that no household/family member is/will be a lifetime registered sex offender." The HCV Department has included this requested amendment and began using the new Intake Application as of 04/24/2017.

The OIG will provide this analysis to the respective departments again during the third quarter.

H. FRAUD AWARENESS TRAINING

On May 15, 2017, OIG staff presented training to Resident Service Coordinators (RSC) at the FIC. RSCs work at CHA's public housing properties across the city. Approximately 70 RSCs were in attendance. The OIG will present fraud awareness training to all CHA staff in September 2017. In addition, the OIG will provide program specific, targeted training to Private Property Management firms and Housing Choice Voucher contractors in 2017. The OIG will continue to provide training to diverse groups of internal and external stakeholders in 2017. The OIG believes that training is pivotal in the reporting and prevention of fraud, waste and abuse of CHA funds.