

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

**REPORT OF THE OFFICE OF THE INSPECTOR GENERAL**

2018 FOURTH QUARTER REPORT  
**OCTOBER 01, 2018 THROUGH DECEMBER 31, 2018**

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January 15, 2019

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

Enclosed for your review is the 2018 Fourth Quarter Report on the activities and initiatives of the CHA Office of the Inspector General (OIG). The OIG derives its law enforcement status from the Illinois Housing Act and its powers and jurisdiction to perform audits and investigations from the creation of the independent OIG as mandated in the *Office of the Inspector General Charter*. As a duly recognized Law Enforcement Agency by the Illinois State Police, the OIG is able to receive and facilitate a broad spectrum of mutual information sharing with other State, Local, and Federal Law Enforcement Agencies.

The OIG received 153 complaints during the fourth quarter. The OIG provided 86 investigative support matters to internal and external stakeholders; referred 26 complaints to other CHA departments; declined 37 complaints; initiated 4 investigations; and closed 6 investigations. Additionally, the OIG concluded 1 performance audits and issued 3 OIG Advisories.

There were two major criminal indictments that were either initiated or investigated by the OIG. The Northern District of Illinois returned multiple count indictments against four individuals all related to criminal conduct against the CHA. Two defendants were former CHA contractors responsible for inspection process for the Housing Choice Voucher (HCV) program. Additionally, the owner of a security company that provided services to CHA's public housing portfolio was indicted for tax evasion. This security company was identified for fraudulent billing practices in the 2013 OIG Audit. Details of the fraud schemes are contained in the body of this report under Closed Criminal Investigations.

The OIG also presented 6 fraud awareness trainings during the quarter. Five training sessions were presented to Nan McKay, the contractor responsible for daily operations of the HCV department. The other training was presented to owners and stakeholders that participate in the HCV program and receive Housing Assistance Payments (HAP).

On several occasions I have met with Chairman Hooker and Co-Chair Chico to discuss emergent issues as well as significant criminal and administrative investigation that were either closed or resulted in criminal indictments.

I thank Chairman Hooker, Vice Chair Chico and members of the Finance/Audit Committee for your interest and support for the OIG's mission. I look forward to presenting the significant activities of 2018 during closed session of the Finance/ Audit Committee in March 2019.

Respectfully submitted,

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 10/01/2018 through 12/31/2018. 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 law enforcement agency 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 pursues criminal prosecutions when appropriate. Additionally, the OIG issues report 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 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, always 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.

The OIG operations undergoes an independent peer review conducted by members of the National Association of Inspector General every three years to ensure compliance with the aforementioned governing standards.

### 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 the OIG's initiative.

The OIG received 153 complaints/matters during the fourth quarter of 2018. Out of the 153 complaints, the OIG provided investigative support to both internal and external stakeholders for 86 matters. The OIG initiated 4 investigations, referred 26 complaints to other agencies or departments and declined 37 cases. Matters can be declined for a variety of reasons such as insufficient information provided, insufficient resources to address, no actionable information contained in the allegation, or not within the OIG's jurisdiction. The OIG closed 6 investigations during the fourth quarter.

**Table # 1 Complaint by Method**

Complaint by Method

Source	Number
Emails	39
Website Submissions	95
Hotline	16
In Person	1
Dropbox	2
Mail	0
Fax	0
Analytics	0
<b>Total</b>	<b>153</b>

**Table # 2 Complaint Disposition**

Complaint Disposition

Disposition	Number
Investigations	4
Preliminary Inquiry	0
Investigative Support	86
Referrals	26
Declined	37
<b>Total</b>	<b>153</b>

**Table # 3 Subject of Investigation**

Subject of Investigation

Subject	Number
Program Participants	1
Contractors, Subcontractors, Vendor	2
Employees	0
Other	1
<b>Total</b>	<b>4</b>

**Table # 4 Investigative Classification**

Investigative Classification

Classification	Number
Administrative	2
Criminal	2
<b>Total</b>	<b>4</b>

**Table # 5 Closed Investigations**

Closed Investigations During the Quarter

Classification	Number
Administrative	3
Criminal	3
<b>Total</b>	<b>6</b>

**Table # 6 Indictments/Convictions**

Indictments/Convictions

Action Category	Number
Indictments	2
Convictions	1
Restitutions	0
Debarment	0
<b>Total</b>	<b>3<sup>1</sup></b>

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<sup>1</sup> An OIG investigation resulted in one indictment of 4 defendants.

**Table # 7 Pending Investigations / Preliminary Inquiries**

Pending Investigations / Preliminary Inquiries

Classification	Number
Administrative	13
Criminal	21
Preliminary Inquiry	3
<b>Total</b>	<b>37</b>

**Table # 8 Pending Audits**

Pending Audits

Audit Name	Time Frame
Follow-Up Construction Change Order	03/31/2019
CHA Elevator Services	03/31/2019
CAC Youth Program Audit	03/31/2019
CPD Intergovernmental Agreement Audit	06/30/2019
PPM Vehicle Use Audit	06/30/2019
Procurement Reform Task Force (PRTF) Review	04/30/2019

**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 37 pending matters, 24 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
<b>A.</b> Complex investigation, generally involve difficult issues of multiple subjects and/or under review by prosecuting agency	19
<b>B.</b> Indicted cases, but no criminal disposition	5
<b>C.</b> On-hold, to not interfere with another on-going investigation	0
<b>Total</b>	<b>24</b>

#### **D. NOTABLE INVESTIGATIVE SUPPORT**

##### **CHA Health Partnership Initiative**

In collaboration with CHA's Resident Services Department, the OIG reviewed fifteen health partnership applications this quarter utilizing open source information. Of the fifteen applications reviewed, there was no derogatory information identified. 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. SIGNIFICANT INDICTMENTS**

There were two significant indictments this quarter. An OIG investigation resulted in one criminal indictment against four individuals. The following is a summary of these cases.

##### **OIG Ref# 2016-12-00050**

On November 15, 2018, the Grand Jury sitting in the United States District Court in Chicago returned a four-count indictment charging Spiro Kouvelis (Kouvelis), Kevin Goodwin (Goodwin), Lillian Juarez (Juarez) and Shawn Betts (Betts) with Wire Fraud. Kouvelis, Goodwin and Betts were also charged with Conspiracy. The Government is seeking forfeiture of assets traceable to the scheme. These charges contain potential terms of imprisonment of 20 years. The four charged individual's involvement with the CHA is identified below.

- Spiro Kouvelis – Owner of G& L Development 2, LLC or 5243 S. Damen, LLC., who owned numerous HCV properties.
- Kevin Goodwin – Owner of Goody's Development, LLC, a business that managed properties that were rented to HCV tenants.
- Lillian Juarez – Formerly employed as an Inspections Supervisor by HCV contractor CVR, who was contracted to administer the CHA's HCV program.
- Shawn Betts – Formerly employed as an Inspector for HCV contractor CVR.

The investigation revealed that from 2011 and continuing until June 2014, Kouvelis and Goodwin made cash payments and provided other things of value to Juarez and Betts, who in exchange agreed to perform acts as employees of CVR that benefitted Kouvelis and Goodwin.

Specifically, Kouvelis and Goodwin made cash payments ranging between \$1,000 and \$1,300 or other things of value to Juarez in exchange for providing them with non-public information that identified HCV tenants looking for a residence; attempting to resolve disputes with tenants on terms beneficial to Kouvelis and Goodwin; waiving inspection fees for Section 8 properties that they owned or managed; and scheduling and expediting inspections for Section 8 properties that they owned or managed.

In addition, Kouvelis and Goodwin made cash payments ranging between \$50 and \$150 to Betts in exchange for passing properties that should have failed their inspections. Betts would then



provide information about the deficiencies in the properties for Kouvelis and Goodwin to repair to avoid detection of the scheme by others.

All defendants cooperated with Investigators to seek reduced sentences. The CHA OIG worked the investigation jointly with the United States Department of Housing and Urban Development (HUD) OIG.

**OIG Ref# 2014-03-00028**

On December 12, 2018, a Grand Jury in the United States Northern District of Illinois returned a four-count indictment charging Ibriham Kiswani (Kiswani) with 3 counts of tax evasion [Title 26 U.S.C 7201] for the years 2010, 2012 and 2013 and 1 count of filing a false corporate income tax return [Title 26 U.S.C 7206(1)] for the year 2010.

Kiswani was the owner of World Security Bureau, which assumed the name World Security Agency (WSA). WSA provided security services and their primary client was the Chicago Housing Authority. From September 2008 through September 2015, WSA obtained contracts through Private Property Management firms (PPM) to provide security services at various CHA public housing properties. During that period, WSA was paid over \$48 million dollars. WSA was assigned approximately 27 CHA properties and provided approximately 80 armed and unarmed security officers each day at those sites. Upon the recommendation of the OIG, the CHA submitted a new solicitation for security services and the CHA stopped doing business with WSA after September 2015 during this pending investigation.

In July 2013, the OIG initiated an audit of security services hired by PPM firms. At the start of the audit, it was determined that one of the security vendors, WSA had not been submitting time sheets for security services to the Habitat Company. As a result of the OIG audit of security services, an investigation was initiated to review all of WSA billing of PPM firms. Significant billing irregularities were discovered. In April, 2014 the OIG referred the matter to the United States Attorney's Office (USAO). The USAO accepted the referral for investigation. This investigation included multiple Federal Agencies; Housing and Urban Development OIG, the Federal Bureau of Investigation, the Internal Revenue Service-Criminal Investigations and the City of Chicago OIG.

During the course of the investigation, the CHA OIG was able to document a large overbilling scheme by WSA and Kiswani to the detriment of the CHA for the years 2011 through June 2014.

**F. 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.

#### **CLOSED CRIMINAL CASES**

Three criminal cases were closed this quarter. One case was not sustained and two cases were declined. The following are summaries of the closed declined criminal cases.

##### **OIG Ref# 2014-03-00028**

In January 2018, the US Attorney's Office decided not to charge the CHA fraud scheme at this time (See *Significant Indictments* – Page 9).

##### **OIG Ref# 2016-08-00037**

A CHA OIG investigation involving an HCV participant was initiated in August 2016. The investigation revealed the participant was the daughter of her landlord and had become a joint owner of the HCV property in February 2002. The participant submitted false information to the CHA to misrepresent their relationship to the landlord as well as to conceal their ownership in the property. The approximate loss to the CHA was determined to be \$153,630.

As a result of the investigation, the participant's housing assistance with the CHA was terminated in February 2017. The investigative findings were presented for criminal prosecution in January 2017. Due to several circumstances, the matter was declined by the prosecuting agency in October 2018. The OIG considers this investigative matter to be closed.

#### **CLOSED ADMINISTRATIVE CASES**

There were three closed administrative cases this quarter. Two cases were sustained and one case was not sustained. The following are summaries of the sustained cases.

##### **OIG Ref# 2018-05-00014**

An investigation involving a CHA Job Order Contractor (JOC) was initiated in May 2018. The JOC contractor allowed the certificate of Insurance (COI) to lapse for worker's compensation, commercial general liability insurance, and automobile liability insurance. The contractor had performed a variety of work from June 2017 to September 2018. In addition, the contractor received \$97,089 for jobs that were completed to date.

The investigation revealed that the contractor provided several fraudulent certificates to the CHA Risk Department. The contractor alleged that an intern at his office changed the COIs by typing the wrong information from one policy to another, and replacing each certificate with different signatures.

Based on the contractors attempt to modify and submit fraudulent CIOs to the Risk Management Department, the CHA OIG recommended the contractor be terminated from the JOC program and debarred from doing any future work for the CHA.

**OIG Ref# 2017-08-00043**

CHA contracts with four PPM firms to manage CHA's Public Housing portfolio. During the summer of 2017, the CHA OIG had received a number of allegations relating to a Private Property Management (PPM) firm and their management of Altgeld Gardens/Phillip Murray Homes (Altgeld). These allegations included:

1. PPM firm was paying their maintenance staff and employees at Altgeld overtime that was not being approved by the CHA and was not being recorded under the overtime budget line, as required.
2. PPM firm established a Roving Team of skilled tradesman to complete various work orders and make ready units throughout their portfolio. It was discovered that several roving team members were related to their supervisor, a violation of the CHA's Ethics Policy.
3. PPM firm could not account for numerous appliances that had been delivered to Altgeld. During 2017, CHA had initiated a contract with Lowe's stores to replace all the appliances in all CHA units. For the PPM portfolio, all of the appliances for Region 4 were to be delivered to Altgeld. The PPM would then deliver the appliances from Altgeld to various CHA properties and units in Region 4.

Overtime Allegation

The OIG investigation sustained the allegation that the PPM firm was paying overtime to their employees at Altgeld without CHA approval. The investigation revealed that the PPM firm paid employees at Altgeld approximately \$394,290 in overtime wages in 2015, \$111,758 in 2016 and \$108,378 in 2017. It is likely that a number of overtime hours were the result of referrals from CHA emergency services and/or Altgeld's emergency services, and thus technically approved. However, based upon a review of Altgeld's internal payroll records, it was clear that numerous overtime hours had been worked by Altgeld's maintenance staff that were not emergency or life safety issues.

The PPM firm also failed to record the overtime hours on a separate "overtime" line in their property's monthly budget; instead lumping the overtime paid in the regular salary line item. The PPM firm also failed to request a budget revision for the overtime paid from the CHA.

A review of the Budget Comparison schedules submitted by the PPM firm reflect that Altgeld was over budget for maintenance staff payroll by over \$382,578 for 2015, \$115,817 for 2016 and \$220,141 for 2017. It is likely that the overtime paid by the PPM firm to their Altgeld maintenance staff contributed to their budget variance.

It should also be noted that the OIG investigation only pertained to Altgeld and did not include other CHA properties that the PPM firm managed.

### Roving Team Conflict of Interest Allegation

The OIG investigation also sustained the allegation that the PPM firm was in violation of the CHA Ethics policy that prohibits an employee from exercising authority, supervision or control over a relative. Section 11a of the CHA's Ethics Policy approved by the CHA Board of Commissioners on 4/21/2015 states:

"No Officer or Employee shall employ, advocate for employment, or supervise, in any CHA department in which said Officer or Employee serves or over which he or she exercises authority, supervision, or control, any Person (i) who is a Relative of said Officer or Employee, or (ii) in exchange for or in consideration of the employment of any of said Officer's or Employee's Relatives by any other Officer or Employee."

The most recent contract (#11665) between the PPM firm and the CHA dated 11/2/2015 addresses the CHA Ethics Policy in Section 4.19:

*"Managers Duty to Comply with CHA's Governing Documents. Managers and its employees shall have a duty to comply with All CHA Governing Documents described in Exhibit B. Failure to comply with any CHA Governing Document as required in this subsection 4.19 shall constitute an event of default under this Agreement."* Exhibit B contained 27 CHA Governing Documents including the CHA Ethics Policy.

The OIG investigation determined that when the PPM firm hired employees for their roving team, three relatives of one of the PPM supervisors were hired.

### Appliance Accountability Allegation

The OIG investigation sustained the allegation that the PPM firm did not properly account for new appliances they received Lowe's for CHA Region 4 properties. Approximately 800 appliances were delivered to Altgeld during 2017. The CHA Senior Portfolio Manager assigned to Altgeld determined that it was very difficult to account for the appliances that had been received by the PPM firm because the PPM failed to maintain an inventory and had no process in place. The PPM firm did not document the serial number of the appliances upon receipt and they often did not document the unit address of where the appliance was delivered. The Portfolio Manager has since implemented a better tracking system with the PPM firm to properly account for future appliances received.

The OIG recommended to the CHA Property Office that the PPM firm should be held accountable for:

- paying unauthorized overtime for issues not related to emergencies or life safety,
- for not recording overtime separately on their monthly budget comparison schedules,
- for not requesting budget revisions for overtime paid,
- and for not properly accounting for approximately 800 new appliances delivered to Altgeld.

The OIG recommended that the Property Office should determine appropriate action to be taken for these violations up to and including; withholding management fees, not approving budget increases for future abuses and/or terminating the contract.

The OIG also recommended that the PPM firm needed to address the clear conflict of interest concerning their employee supervising three relatives assigned to PPM's roving team. If this issue was not addressed by the PPM firm, the OIG recommended that these three employees should be prohibited from working on CHA properties.

## **G. 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. The audit staff's support on investigative matters will continue to be an integral part of OIG investigations.

The OIG finalized the CHA Fleet Vehicle Use Audit this quarter. The report was discussed with CHA's General Services and Human Resource Departments, who both concurred with each finding. New procedures were added and updated where appropriate to provide clarity to the CHA's Fleet Vehicle Policy. Below contains a summary of the audit and includes CHA management's response.

### **CHA Fleet Vehicle Use**

As part of the 2018 Audit Plan, the OIG conducted a performance audit of CHA's Fleet Vehicle Use Program. CHA's fleet vehicles are managed by CHA's General Service Department. Vehicles are made available to employees for transportation in work-related duties. All employees using a CHA vehicle for business must comply with CHA's Vehicle Policy, which was significantly revised in October 2015 and superseded any and all previously implemented policies and resolutions. When conducting research, the OIG examined the information contained within CHA's Vehicle Policy and compared its content to CHA's previous policy and other sister agencies to identify key similarities and differences between them. CHA's current policy contains multiple components consistent with other policies; however, the level of specificity and detail varied between agencies.

#### **Findings & Response:**

1. CHA did not consistently apply the Vehicle Policy as it relates to fines and penalties incurred while using a CHA vehicle.
  - A. CHA had outstanding tickets incurred from 2016 and 2017 on its fleet vehicles. Many CHA employees were not held responsible for paying these tickets.  
**Management Response:** Concur. "Currently, there is no language in the Fleet Policy or procedures that allows the Fleet Department to 'hold employees responsible' for failure to pay a ticket or fine. The department has drafted procedural language and recommend

that employees be prohibited from driving a Fleet Vehicle until 'Proof of Payment' is provided to a member of the team. Such a requirement, would necessitate the department maintaining a spreads sheet of violations, notifications, date of payment, date proof offered. This procedure is already in place & the GS Department will create a list of violators & forward it to the Human Resource Department, on a monthly basis. Please see the attached Fleet Procedures updated (September 2018)."

- B. CHA's PPMs had outstanding tickets incurred from 2016 and 2017 on its CHA issued maintenance vehicles. Some of CHA's PPMs violated the Private Managers Financial Procedures Manual by using their CHA operating cash account to pay for parking and expired plate violations.

**Management Response:** Concur. "Fleet staff consistently forwarded notification to CHA leaders that manage/interact and provide oversight to the PPM's. Again, there is no authority within Fleet & Facility to hold the PPM's accountable. Discussions were initiated with the Chief who was suggesting that ticket payment be deducted from invoices/statements submitted to the authority. Of course, this method would not produce an 'immediate' proof of payment to the Fleet Department and it would not offer any assurance to Fleet that the ticket/fines were properly and completely addressed. [General Services] will forward policy with new procedures addendum to each firm. (Forwarded by e-mail and hard copies delivered to the Property Division). General Services will continue its pursuit to get tickets paid via, continued notification. Full compliance, would require members of the Property Division to monitor the PPM Contractors, for proof of payment."

- C. CHA fleet vehicles and PPM issued vehicles both incurred outstanding toll violations. CHA had an outstanding balance with the Illinois Toll Highway Authority during the audit.

**Management Response:** Concur. "[General Services] is in communication with Illinois Toll Way Government Relations staff, in an attempt to establish a process for identifying outstanding toll fees, before they double. Fleet Management made the recommendation to purchase IPASS transponders, but recognize the degree of attention that has to be paid to the execution of usage, as the authority requires that only two {2} plate numbers be assigned to a device. The department has also recommended that drivers be reminded, of the requirement to pay tolls, immediately, with the issuance of post cards, that contains the toll authority web address and the time frame allowed to pay tolls, on line, prior to penalties being assessed, by the Tollway Authority. This procedure has been in place since August 2018."

2. While CHA’s Vehicle Policy was board approved in October 2015, General Services’ Operating Procedures have not been updated to reflect the tasks required to support and carry out the 2015 board approved Vehicle Policy.

A. General Services’ Operating Procedures do not reference departmental vehicle usage, although some departments are assigned a vehicle and received violations.

**Management Response:** Concur.

**H. ADVISORIES**

The OIG issued three advisory reports to CHA this quarter. The OIG issues advisories when systemic or high risk conditions are identified by the OIG during the course of audits, data analytics and/or investigations. Once the advisory is issued to CEO Eugene Jones, internal stakeholders are identified to address the concern raised in the advisory.

<b>Advisory #</b>	<b>Description/Summary</b>
15	Recommendation for CHA’s Ethics Policy
16	Recommendation regarding Duty to Cooperate and Duty to Report for Property Owners
17	Recommendation for HCV to Document PAC Meetings

The following is a summary of the above listed advisory reports:

**Advisory 15: CHA’s Ethics Policy**

Based on an evaluation of other government agencies’ Policies and Ordinances pertaining to solicitation and receiving gifts, the OIG identified significant criteria, disclosure requirements and definitions that were not included in CHA’s Ethics Policy. The OIG made a recommendation for CHA to amend the policy as it relates to gifts and prohibited sources in order to avoid any appearance of conflict of interest and ensure that CHA’s interest is first and foremost protected.

**Advisory 16: Duty to Cooperate and Duty to Report**

Property Owners in the HCV Program owe a fiduciary duty to the CHA. They are required to report to the OIG any information concerning fraud or unethical activity, as well as have a duty to cooperate with the OIG in all inquiries. A review of CHA’s Property Owner Guidebook and relevant owner documentation discovered that these provisions were not properly acknowledged by each owner. To increase transparency, the OIG recommended the HCV Department include language in its Property Owner Certification Form and ensure owners initial and certify that they have read, understand and agree to such terms.

The HCV Department reviewed and agreed with the recommendation. They will adopt immediately upon the issuance of an internal advisory and update the appropriate form.

## Advisory 17: Document Prohibited Activity and Conduct (PAC) Meetings

OIG investigations involving HCV participants and/or owners require a thorough review of program documentation. When analyzing files, the OIG will occasionally identify that a Prohibited Activity and Conduct (PAC) meeting occurred with a participant but cannot find any memorialization about what happened during the meeting. The OIG made a recommendation to the HCV Department to document PAC meetings to both support HCV in addressing repeated violations by participants and/or owners, and to assist the OIG in determining whether a participant and/or owner took overt steps to conceal information and deceive the CHA.

### I. ANALYTICS

The following are significant data analytic projects for this quarter:

#### Registered Sex Offender List Analysis

As part of a quarterly analysis, the OIG continues to identify the number of lifetime registered sex offender names (offenders) listing a public housing or HCV address, pursuant to the *Quality Housing and Work Responsibility Act of 1998 (Section 578)*.<sup>2</sup>

#### *Quarter 4 Results*

The OIG found 14 lifetime offenders who listed CHA addresses on the registry for this quarter. Ten of these individuals were identified in previous quarterly analyses. Four of the additional offenders registered at the same address as an HCV participant and were not listed as household members to the according participant's voucher. This indicates that these CHA participants may have unauthorized occupants living in their unit. As a result, HCV sends each participant a notice requesting proof of residency for the offender and must provide documentation showing the subsidized address has been removed from the registry.

#### *Status from Previous Quarterly Analyses*

Enforcement Action	Total (71)
Terminated	6
Settlement Agreement	1
Under Eviction	0
PAC Agreement or Warning Notice	15
ITT issued	0
Document Outstanding Notice Sent	13
No Further Action	36

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<sup>2</sup> This Act became effective on June 25, 2001.



## J. LAW ENFORCEMENT AND OIG PARTNERSHIPS

Throughout the year, the OIG staff participate in various professional meetings and seminars, in order to share intelligence, discuss case information, and obtain training. Below are four meetings that staff attended this quarter.

**UChicago Urban Crime Labs** partners with policymakers and practitioners to generate evidence about the strategies that reduce violence and do the most social good per dollar spent - including strategies that seek to ***prevent crime*** from happening in the first place. By addressing challenges across five key dimensions of urban life: crime, education, health, poverty, and energy & environment, the Crime Lab works to reduce crime and keep our most vulnerable communities safe.

On 10/1/2018, the Deputy IG met with Roseanna Ander, Founding Executive Director, Crime Lab and Education Lab, and Alexander Heaton, Research Manager, for a general discussion on the UChicago Crime Lab's mission in monitoring known areas of crime, tapping into data and analytics, and utilizing technology in an effort to conduct precision policing. The Deputy IG also provided a broad overview of the CHA and the OIG's mission.

**OIG Agent Working Group** was formed to encourage OIG Agent/Investigator dialogue and agency collaboration which leads to an increase in joint investigations and federal prosecutions. Experience has shown that when an individual or group has committed fraud against one agency, it is likely that those same targets have committed fraud against other Federal, State or Local agencies.

The group is comprised of Federal and State OIG Agents and Investigators of OIG, and prosecutors from the U.S. Attorney's Office for the Northern District of Illinois.

On 10/10/2018, OIG personnel attended a presentation on Social Media and Online Investigations. Following the presentation, the meeting was opened up for discussion on ongoing investigations, issues, and/or trends.

**Executive Leadership Group** meets on a quarterly basis to discuss various issues related to the participating agencies. The group is comprised of law enforcement executives from various federal agencies. The Deputy IG attended a meeting on 10/17/18 at the US Department of Labor, Office of Inspector General.

**Illinois Fraud Working Group** is a quarterly meeting of law enforcement investigators and provides presentations, training, and discussion of fraud matters within the Chicago area of responsibility. Attendees include representatives from federal and state law enforcement agencies and many of their related OIGs; the US Attorney's Office; and the Illinois Attorney General's Office. The Deputy IG attended a meeting on 10/17/18 at the Federal Reserve Board.

In addition to the regular meetings above, the OIG staff attended the following training this quarter.

## **Association of Inspector General's National Conference**

OIG staff attended the annual AIG Fall Training Conference held in Chicago from 10/24-10/26/2018. The training was attended by over 300 inspectors general, analysts, investigators and auditors from local, state, federal, and military OIGs across the nation. Attendees attend a variety targeted training sessions that include case studies regarding fraud investigations, analytics and ethics. The training also provides an opportunity for OIG staff to earn CPE credits to maintain their professional certifications.

### **K. FRAUD AWARENESS TRAINING**

During the fourth quarter, OIG staff presented fraud awareness trainings to Nan McKay employees that administer the HCV program and HCV owners/investors. The following is a summary of the trainings presented.

#### **Owner Resource Council**

On November 8, 2018, OIG staff presented at the quarterly Owner Resource meeting to approximately 40 HCV owners, managers, and investors. The training provided an overview of the OIG department, ways to detect and report fraud, the CHA Ethics Policy, and HCV fraud case studies.

#### **Housing Choice Voucher**

OIG staff presented 5 separate trainings to approximately 200 Nan McKay employees over the course of two days on December 17<sup>th</sup> & 18<sup>th</sup>. Nan McKay is a CHA contractor that administers the HCV program. The trainings provided information on a variety of topics including fraud awareness, red flags, schemes, and HCV criminal case studies investigated by the OIG.

The OIG will continue to provide training to internal and external stakeholders in 2019. The OIG believes that training is pivotal in the reporting and prevention of fraud, waste and abuse of CHA funds.