



**Association of Inspectors General
524 West 59th Street, 3532N
New York, New York 10018**

Kathryn Richards
Inspector General
Chicago Housing Authority
60 East Van Buren Street, 7th Floor
Chicago, IL 60605

Dear Inspector General Richards

On behalf of the Association of Inspectors General (AIG) Peer Review Team (Team), I am writing to share with you some observations we made when we were at your offices from September 12, 2022 through September 14, 2022. The Team was invited to conduct a Peer Review of your organization's Audit Division (AD) and Investigations Division (ID). The Team unanimously concluded that the Chicago Housing Authority Office of Inspector General (CHA OIG) AD and ID complied with the standards set by the *Association of Inspectors General (AIG) Principles and Standards for Offices of Inspector General* and the *United States General Accountability Office (GAO) Government Auditing Standards*. An earlier letter dated September 14, 2022 provided this unqualified opinion. The purpose of the present letter is to provide the comments shared with you and your Deputy Inspector General (DIG) during the exit conference that took place on September 14, 2022.

On September 14, 2022, the Team met with you and your DIG. We provided you with our general conclusion regarding compliance and noted several areas of distinction and consideration regarding the Divisions. Additional operational details and considerations were provided to assist with functional responsibilities.

The remainder of this letter will address Division-specific areas of distinction and consideration. These comments are based on the direct observations of the Team member assigned to review the Division; Team member interviews with external stakeholders; interviews with Division staff; case file reviews; review of Divisional administrative and operating materials; and the professional judgment and experience of the Peer Reviewer. Once again, nothing in this management letter diminishes the Team's unanimous conclusion that both AD and ID met the respective standards for the period under review.

Overall – Areas of Distinction

- **Stakeholder Relationships:** Stakeholders commended the CHA OIG for a smooth transition during the period of change from one Inspector General to another. Stakeholders spoke highly of staff qualifications, professionalism, and commitment to excellence.
- **Analyst Positions:** The CHA OIG has positioned analyst responsibilities in both AD and ID that provide analytical support to staff. Staff reported significant resources provided by both analysts and recognize the value in their capabilities.

Overall – Areas of Consideration

- **Procedure Manual:** The current procedure manual for both AD and ID has been updated and additional items are being added to ensure that all requirements are addressed. The CHA OIG should continue to prioritize the completion of this manual.
- **Audit / Investigations Case Management System:** Although ID currently utilizes a case management system, it has been reported to have various shortcomings and ID has been working to procure a different system. AD has no case management system whatsoever and uses internal network share drive folders to maintain its audit files.

Electronic case management systems assist in maintaining data integrity and increase efficiency in the overall process. The CHA OIG should prioritize the procurement of case management systems that will assist both AD and ID. A fully functioning case management system that once implemented, will allow AD and ID to track the progression of their cases and/or projects with ease, store electronic files within the database, track case milestones, and provide management with up-to-date tools to manage productivity.

Audit Division – Areas of Distinction

- **Risk Assessment:** This was a prior peer review consideration that has since been implemented. AU has recently promoted an internal hire to that of the Audit Manager. The Audit Manager has worked to create a documented methodology for their annual risk assessment to ensure an appropriate identification of risks and ratings. This will ensure that historical data is available for future use.
- **Independence Statement:** This was a prior peer review consideration that has since been implemented. Staff previously completed annual independence statements; however, staff have now implemented independence statements for each project assigned.

Audit Division – Areas of Consideration

- **Independence Statements:** AD staff (staff auditor, senior auditor, audit manager, etc.) are required to complete individual attestations for each assigned project they are assigned to. These independence statements are required to ensure consideration has been given to threats to independence and application of safeguards that address the specific facts and circumstances under which threats to independence exist. While this step is completed by all staff assigned to the project, the independence statement should also be completed by those responsible for reviewing and/or supervising these projects, to include the Deputy Inspector General and Inspector General.
- **Audit Checklist:** In assessing compliance with the generally accepted government auditing standards (GAGAS), an audit checklist is beneficial. A checklist should be developed to cover key points from the standards to include Ethics, Independence, and Professional Judgement. The checklist should also cover fieldwork standards related to planning, conducting the engagement, supervision, evidence, and audit documentation and should conclude with reporting standards.
- **Cross-Referencing and Indexing:** Audit files were found to be well-organized; however, because files are maintained in a network file, cross-referencing and indexing is completed manually. While all necessary data was documented, a detailed review of files based on existing conventions needed additional guidance. Should an audit case management database be secured, manual cross-referencing and indexing should not be an issue.

Investigations Division – Areas of Distinction

- **Stakeholder Relationships:** Stakeholders were highly complementary of the CHA OIG and its staff. Phrases used to describe investigative staff included, “know their cases like the back of their hands,” “happy,” and “one of my best organized agencies.” Stakeholders noted the seamless transition between the outgoing and incoming Inspector General. Stakeholders provided positive feedback regarding the quality of the investigative work product, professionalism of investigative staff, and the hiring of additional investigative positions.
- **Intake Process:** The IU complaint intake function has been reorganized to receive, review, and process complaints prior to assignment as a full investigation. This creates an efficient process to ensure complaints are fully addressed prior to disposition.

- **Knowledge Bank:** IU has created a series of internal tools that will serve as a knowledge bank to assist staff when conducting research such as historical data, point-of-contacts, due diligence checklist, etc.

Investigations Division – Areas of Consideration

- **Case File Organization:** While all investigative requirements were met, the following was noted regarding the organization of investigative case files:
 - **Case Management System:** Because of its limited functionality, the uploading of files to the database varies amongst staff. This should be resolved with the procurement of a new case management system.
 - **Uniform Naming Convention:** Investigative files should follow a uniform naming convention so that documents can easily be retrieved by necessary parties.
- **Case Closure Checklist:** Staff indicated that various files were found within the current case management system and/or physical case file; however, there was no uniform method for ensuring all related files were part of the closed case file. The CHA OIG should consider implementing a case closure checklist to ensure all required files are included in either the physical or electronic file prior to case closure.
- **Independence Statement:** All ID staff were fully aware of their responsibilities to notify their direct supervisors of potential conflicts of interest when assigned to a case; however, there is no current requirement to individually attest to independence for each investigation assigned. The CHA OIG should consider implementing requirements to attest to independence for *each* investigation assigned.

Lastly, we would like to acknowledge you on leading a commendable organization. The sheer size of the governmental operations that your office oversees, and your office's jurisdiction and responsibility are unparalleled by any other local government inspectors general office. Your office is unique, and as Peer Reviewers, we had an insightful learning experience. We hope that you find our comments helpful, and we look forward to continuing to support your organization's needs in the future.

Inspector General Kathryn Richards
Peer Review Management Letter
September 28, 2022

Please feel free to contact me or any member of the Peer Review Team if you have any questions.

Yours truly,

A handwritten signature in blue ink, appearing to be 'Flora Miller', with a long horizontal line extending to the left.

Flora Miller, Team Leader
AIG Peer Review for Chicago Housing Authority Office of Inspector General, September
2022
AIG Board Member and Peer Review Committee Chair

cc:

Traci Dodson, Team Member
AIG Peer Review for Chicago Housing Authority Office of Inspector General, September
2022