



CHICAGO HOUSING AUTHORITY

OFFICE OF THE
INSPECTOR GENERAL



2024

QUARTER 3 REPORT



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

October 15, 2024

To Chairperson Hurlock, Vice-Chairman Brewer, and Distinguished Members of the Finance and Audit Committee:

Enclosed is the 2024 Third Quarter Report on the activities of the Chicago Housing Authority (CHA) Office of the Inspector General (OIG) from July 1, 2024, through September 30, 2024. Pursuant to the OIG Charter, this report contains statistical information and summaries of OIG investigations, audits, and other activities.

Highlights of OIG work this quarter include the following:

- **Two new criminal indictments** stemming from an OIG investigation of theft by a property manager employed by CHA contractor. The property manager was found to have stolen 50 money orders totaling \$18,215.00 in tenant rent payments.
- **Audit of CHA's Use of CARES Act Funds** - The audit found that CHA spent all \$45,896,636 in CARES Act funds in accordance with federal requirements, maintained all supporting documentation, and provided accurate spending reports to HUD.
- **Management Memo regarding Tenant Rent Deposits and Ledger Reconciliations**, which highlighted accounting practices that had caused at least two tenants' rent payments to be deposited but not credited to the tenants' rent ledgers.
- **Seven sustained administrative investigations** with findings of misconduct by CHA employees, contractors, and one program participant. The OIG's recommendations in each focused on holding individuals accountable for compliance with established policies and procedures.
- **First OIG Engagement Survey** – sent to all CHA employees, and provided an opportunity for anonymous information and feedback regarding OIG's collaboration and effectiveness. We had strong participation with 115 employees completing the survey, representing 23% of all employees. The OIG will repeat this survey annually to measure OIG engagement.

I am particularly pleased to report that 97% of CHA employee respondents expressed confidence in the OIG's ability to conduct impartial and thorough investigations, and approximately 96% reported that the OIG's reports are clear and transparent. These findings go to the heart of the OIG's mission and reflect trust in the OIG's work. We also received helpful feedback highlighting a need for additional training, employee outreach, and information on how to make a complaint, all of which will be of particular focus in 2025.

The OIG and its staff are deeply committed to the mission of the CHA and our charge of identifying and preventing fraud, waste, abuse and misconduct in CHA operations. Each and every OIG recommendation is designed to ensure the CHA meets its mission with integrity and promote the public's confidence in the work being done at the CHA.

As always, please don't hesitate to contact us individually, or through our anonymous web portal at www.thecha.org/fraud, our complaint line at 1-800-544-7139, or email at fraud@thecha.org. I can be personally reached at krichards@thecha.org.

Respectfully submitted,



Kathryn B. Richards
Inspector General

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Mission

The OIG is an independent oversight agency, created by the CHA Board of Commissioners, to promote economy, efficiency, and integrity in the administration of programs and operations of the Chicago Housing Authority. The OIG achieves this mission through:

- Criminal and Administrative Investigations
- Investigative Support to Partner Agencies
- Performance Audits
- Program Reviews & Advisories
- Analytics
- Training and Fraud Prevention
- Communications and Outreach

The OIG partners with law enforcement agencies to pursue criminal prosecutions of fraud or other crimes affecting the CHA. In administrative matters, the OIG issues reports of findings and recommendations to ensure CHA participants comply with program requirements and that officers, employees, and vendors are held accountable. Through audits and analytics, the OIG seeks to prevent, detect, and eliminate fraud, waste, abuse, and misconduct in CHA's programs and operations. Finally, through training and outreach, the OIG seeks to prevent fraud and other misconduct, raise awareness of common fraud indicators, and provide multiple avenues for reporting such concerns.

Ultimately, the OIG seeks to ensure the CHA is best equipped to serve its overarching mission to provide affordable housing and "create and sustain strong communities where seniors thrive and everyone can unlock their economic power."



Professional Standards

OIG INVESTIGATIONS

The OIG conducts investigations in accordance with the Association of Inspectors General Principles and Standards for Offices of Inspectors General (the "Green Book"), 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. The OIG always exercises due professional care and independent, impartial judgment in its investigations and the resulting reports and recommendations.

OIG AUDITS & PROGRAM REVIEWS

The OIG conducts audits of CHA 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 (the "Yellow Book").

Yellow Book 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 audit objectives.

Adherence to these standards ensures that audits and program reviews comprise the requisite independence, planning, staff qualifications, direction and control, confidentiality, and quality assurance.

INDEPENDENT PEER REVIEWS

Every three years, the OIG submits to an independent peer review conducted by members of the national Association of Inspectors General to ensure compliance with these governing standards.

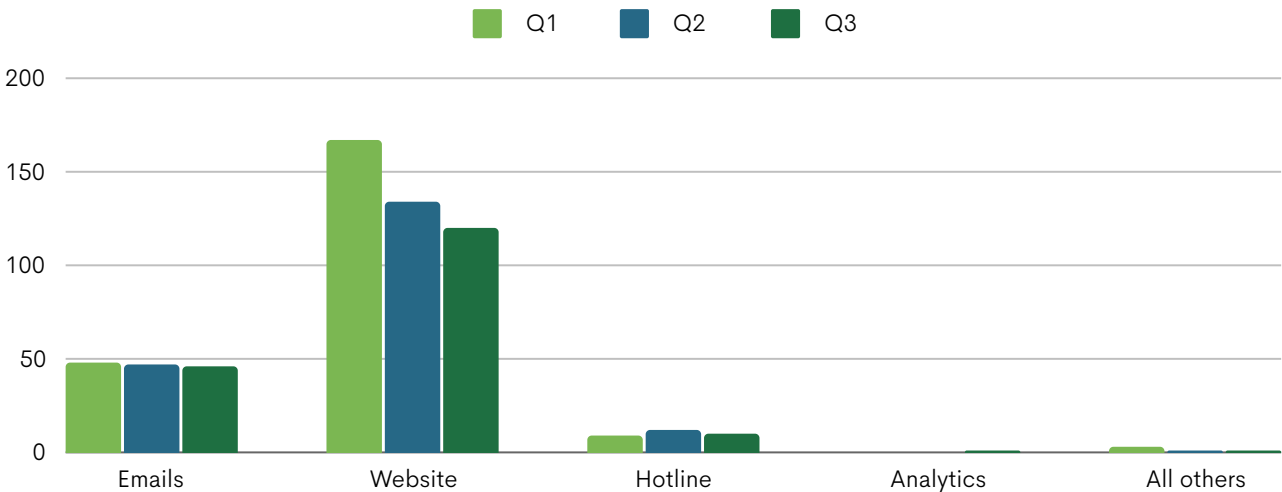
The CHA OIG has been found to meet all relevant standards in each period reviewed, including the most recent review, which encompassed OIG's work for the years 2019–2021. The CHA OIG's next peer review will occur in 2025.

Complaints

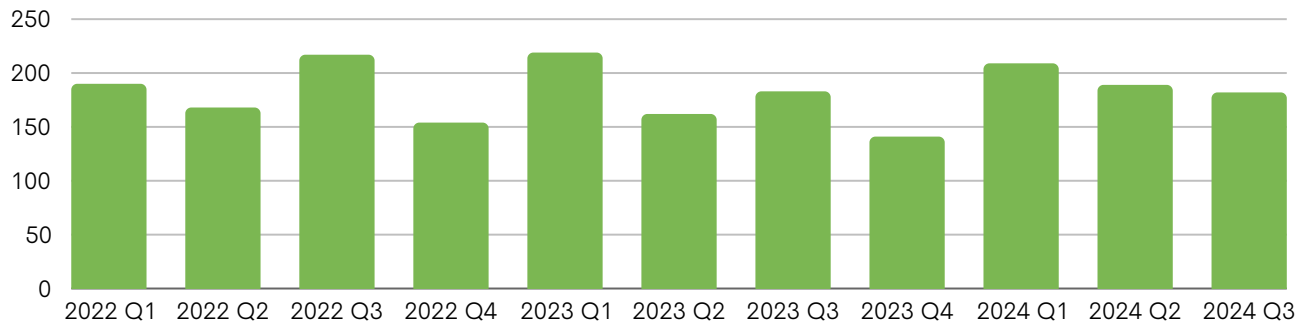
The OIG accepts complaints through its online web portal, by email, telephone hotline, employee complaint drop boxes, and in-person reports. Complainants may choose to remain anonymous. The OIG initiates investigations, reviews, and audits in response to complaints it receives or upon the OIG’s own initiative. Following a preliminary review and assessment, OIG staff make a determination on whether to open an investigation. 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 **182** complaints in the third quarter of 2024. Of those complaints, the OIG referred **96** to various relevant CHA departments and outside agencies; provided investigative support for **5** matters, and declined **53**. The OIG opened **3** complaints received in Q3 for investigation and opened **3** additional investigations from previous quarters. At the end of the quarter, **25** complaints received in Q3 remained pending for evaluation, and an additional **9** remained pending from previous quarters, for a total of **34** pending complaints. Below are tables showing statistical information on complaints received this quarter.

Complaints by Method Q3 2024

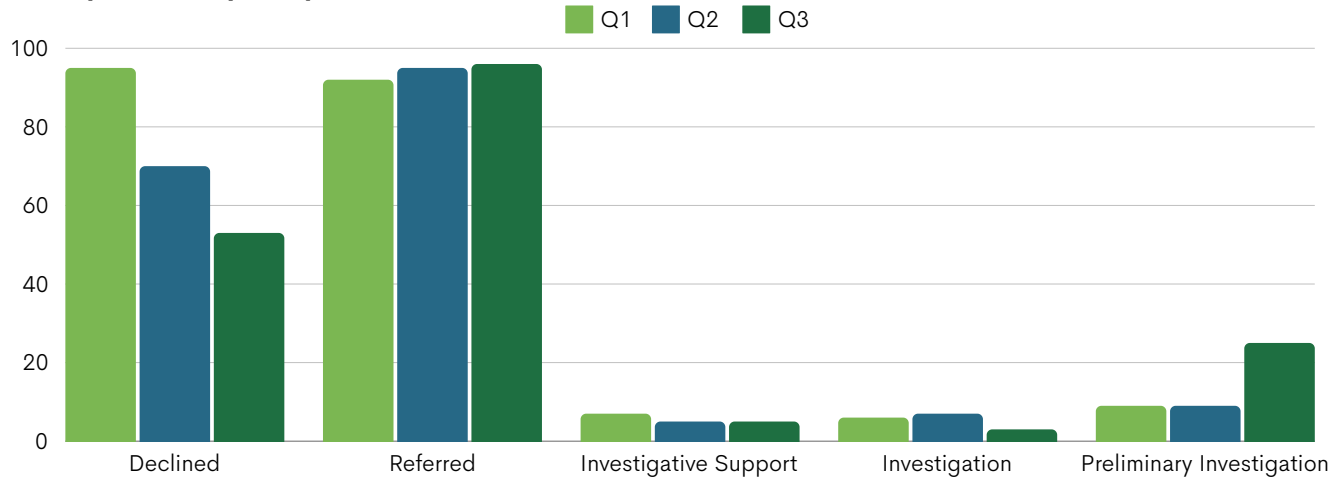


Total Complaints by Quarter

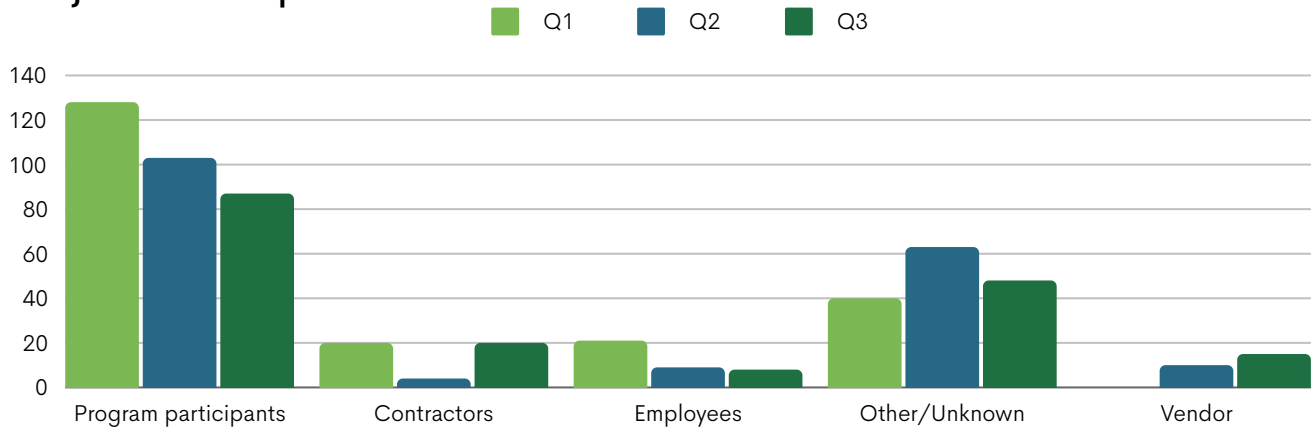


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Complaints by Disposition

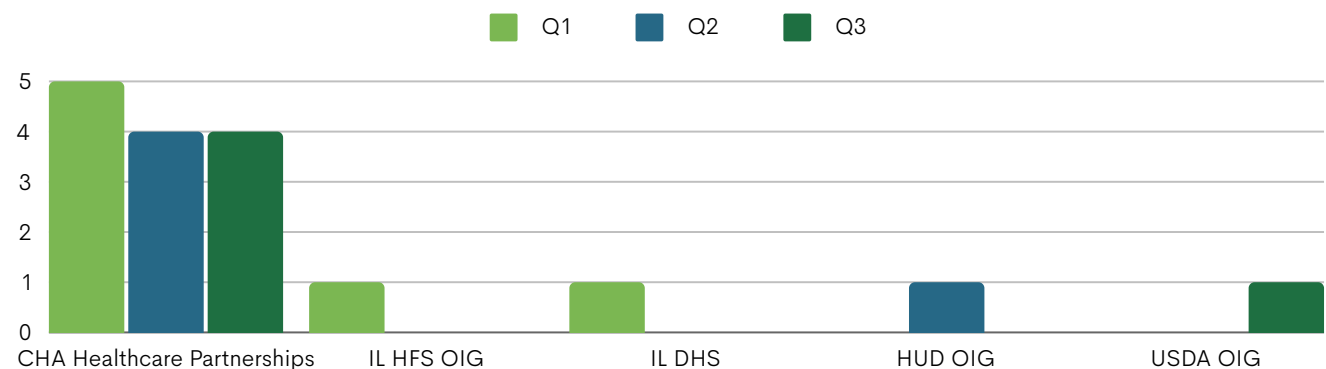


Subjects of Complaints



Investigative Support

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 requests for information, due diligence, or data analysis. In the third quarter of 2024, the OIG received **5** requests.



Investigations

An OIG investigation may be administrative, criminal, or both. Administrative investigations generally involve violations of HUD regulations and/or CHA rules, policies, or procedures. An administrative case is sustained if the preponderance of the evidence establishes a violation or the case identifies a particular issue that warrants an advisory to CHA management. For sustained administrative investigations, the OIG produces either an advisory or summary report of investigation with findings and recommendations for appropriate disciplinary, administrative, or other action to the CEO and the impacted department. The OIG will report management's response in each quarterly report.

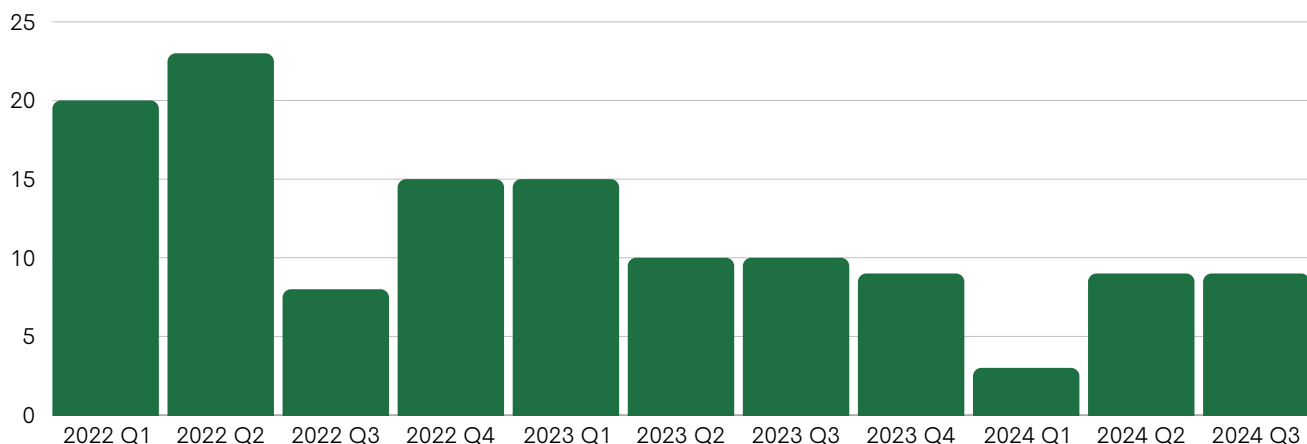
In criminal investigations, if there is sufficient evidence for potential prosecution, the OIG presents the evidence to a prosecuting agency for review. Investigations that result in criminal charges are reported to CHA management and the Finance and Audit Committee. A criminal matter that results in a final criminal conviction is closed sustained.

A case is not sustained when the OIG concludes that the available evidence is insufficient to prove a violation under applicable burdens of proof. A case is closed with no further action warranted ("closed-NFA") when, in OIG's assessment, the matter has been or is being appropriately addressed by another agency or department, the matter was consolidated with another investigation, or, the OIG determines that no further investigative action is warranted based on the specific circumstances presented.

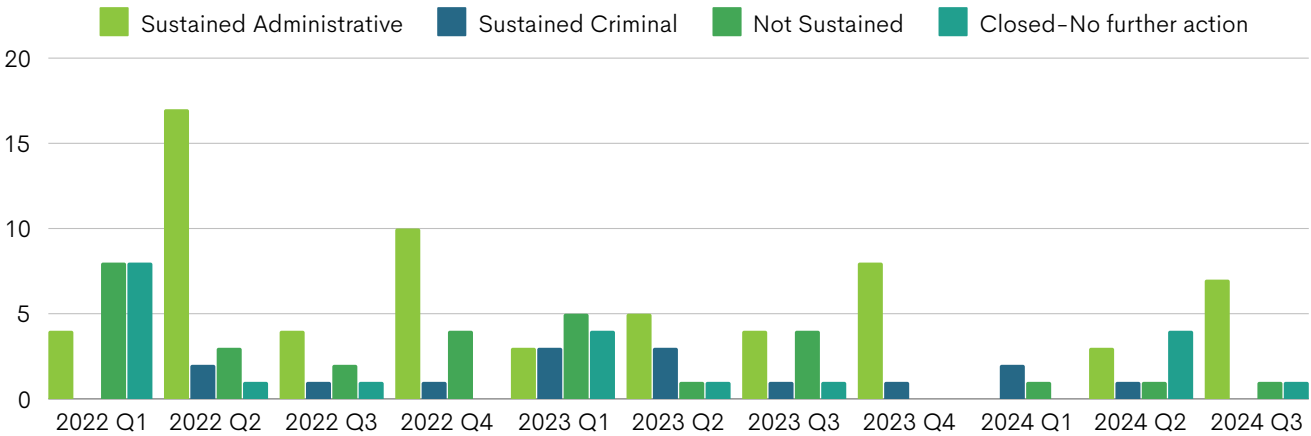
Investigations Closed This Quarter

In the third quarter of 2024, the OIG closed **9** investigations; **7** were sustained, **1** was not sustained, and **1** was closed as no further action warranted. All 7 sustained cases were administrative.

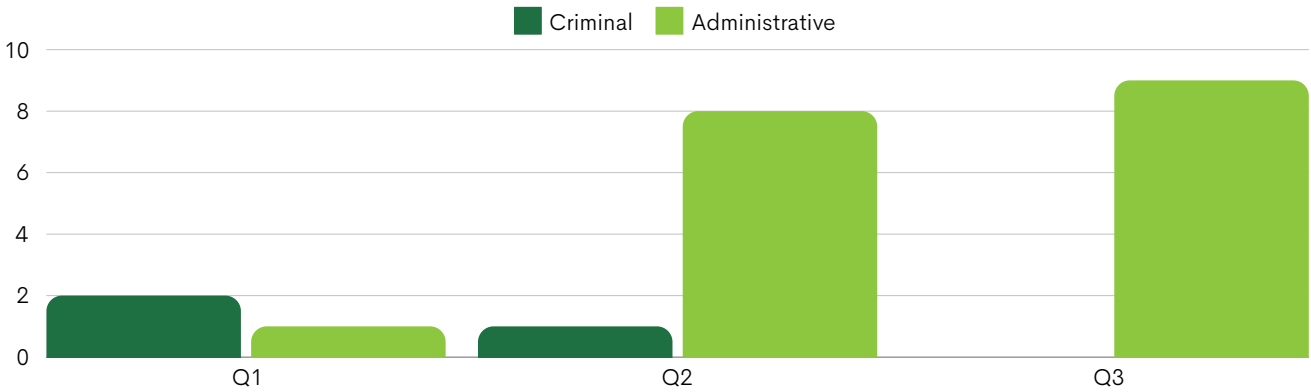
Closed Investigations by Quarter



Disposition of Closed Investigations

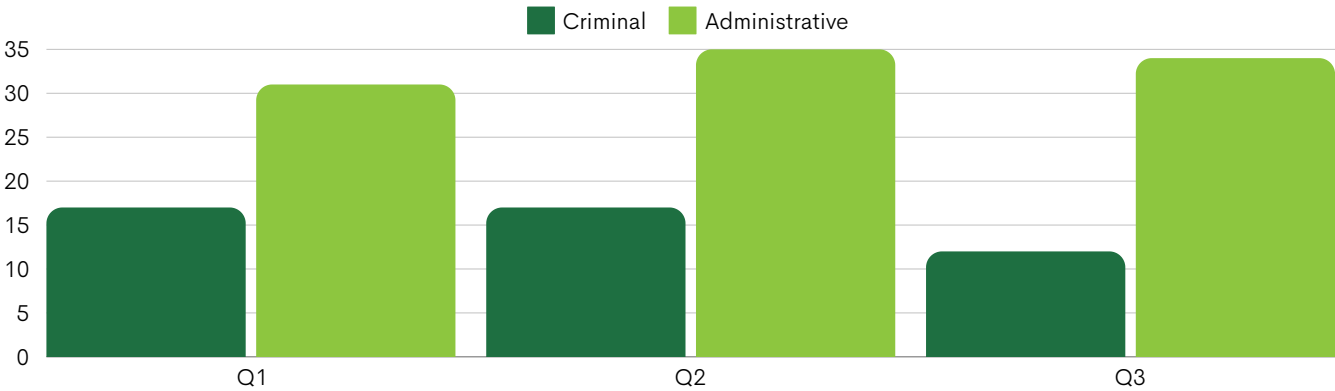


Closed Criminal and Administrative Cases



Pending Criminal and Administrative Investigations

At the close of the second quarter, the OIG had **46** pending investigations, including **34** administrative and **12** criminal investigations.



Investigations Not Concluded Within Six Months

Under the Office of the Inspector General Charter, the OIG must provide statistical data on pending investigations/matters open for more than six months. Of the **46** open investigations, **37** have been open for at least six months. The following table shows the reasons why these matters remain open.

Reasons	Number of Investigations
Complex investigations, generally involve difficult issues of multiple subjects and/or under review by prosecuting agency	20
Indicted cases, but no criminal disposition	4
On-hold or delayed due to other ongoing time-sensitive investigations	13
Total	37



Criminal Cases

This quarter, OIG investigations resulted in **1** new indictment. All charged criminal case activities are summarized below.

Criminal Indictments

Former Assistant Property Manager Charged with Stealing over \$18,000 in Tenant Rent Payments People v. Delvya Harris, 24 CR 0870201 and 24 CR 0870301

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. 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.

Criminal Case Updates and Sentencings

No updates for Q3 2024

Criminal Case Recoveries

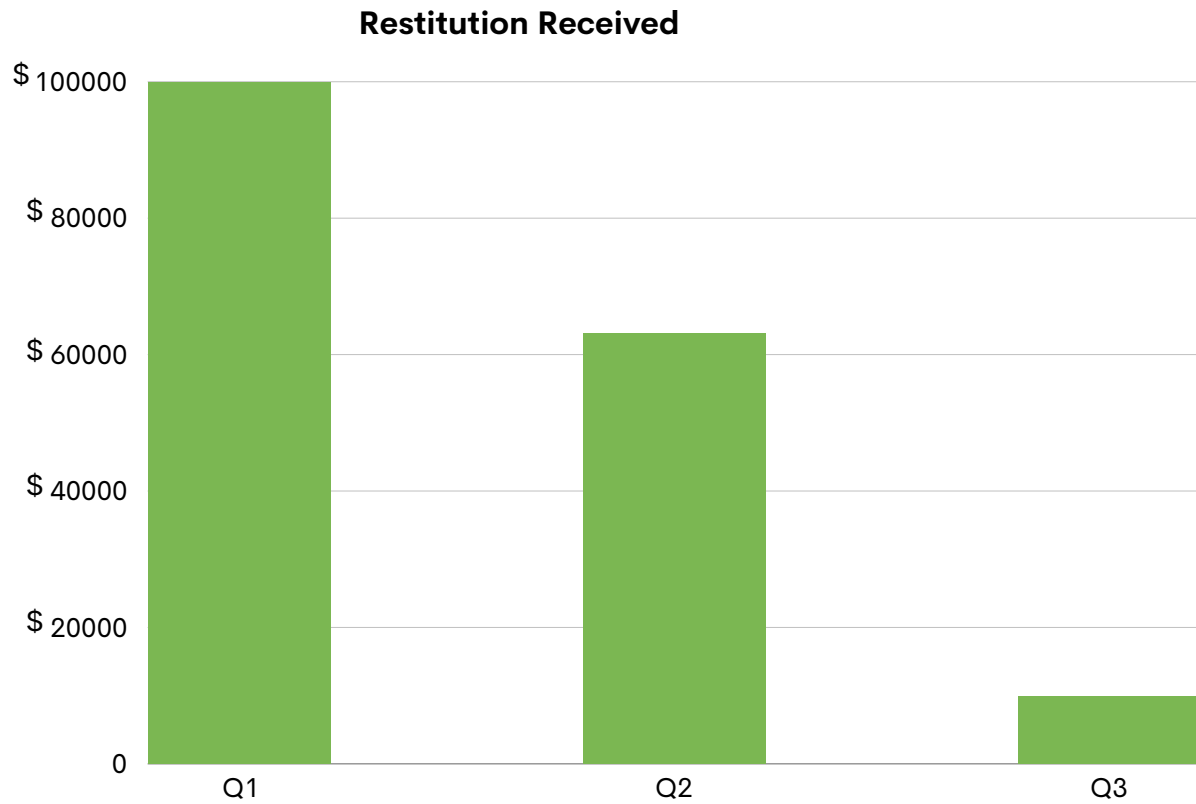
This quarter, the OIG did not secure new orders for restitution. The year-to-date total restitution ordered is **\$306,046**.

Case Name	Date of Restitution Order	Amount
People v. Brown 22 CR 0281301	1/30/24	\$136,000.00
People v. Robins 22 CR 0619301	2/28/24	\$110,037.00
Q1 Total Ordered		\$246,037.00

Case Name	Date of Restitution Order	Amount
People v. Rios	4/23/24	\$60,009.00
Q2 Total Ordered		\$60,009.00

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The OIG tracks convicted defendants' restitution payments to ensure court orders are followed. This quarter the OIG received funds from **8** defendants, totaling **\$9,840.39** returned to the CHA, bringing the year-to-date total money repaid to **\$172,899.92**.



OIG Criminal Cases Pending in Court

At the end of Q3 2024, the OIG had 6 criminal cases pending in court, 4 of which stem from 2 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 October 17, 2024
People v. Cartagena 24 CR 0205401 (Cook County Cir. Ct.)	2/21/2024	Class X felony theft and forgery	HCV Fraud	Status hearing October 30, 2024
People v. Roman 24 CR 0205501 (Cook County Cir. Ct.)	2/21/2024	Class X felony theft, forgery	HCV Fraud	Status hearing October 30, 2024
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 November 17, 2024
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 November 17, 2024
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 October 24, 2024

Sustained Administrative Cases

The following summaries provide information regarding sustained administrative investigations and management's responses. This quarter, the OIG concluded multiple cases involving employees of the Property and Asset Management (PAM) Division. Several of these investigations involved the same individuals. CHA management responded to the OIG's disciplinary recommendations, but continues to review the OIG's programmatic recommendations stemming from these investigations.

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.

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.

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 PPM 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.

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

An OIG investigation found that 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.

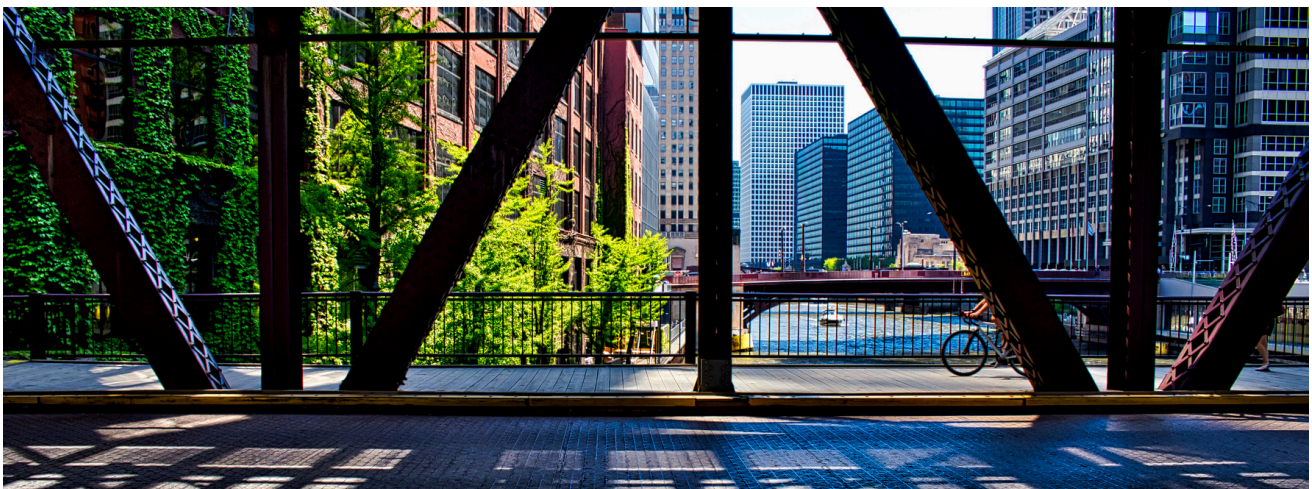
CHA PAM Employees - Ethics Violations, Secondary Employment, and False Statements, OIG #2024-0637

An OIG investigation found that 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.



CHA Security Contractor, Failure to Report Alleged Misconduct, Assignment of Individual with Criminal History to CHA's Account, 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 employee 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.



Audits and Reviews

Closed Audits

The OIG closed one audit in the third quarter of 2024. The CHA's Use of CARES Act Funds Audit is summarized below.

Draft Audits

The OIG issued no new draft audits.

Pending Audits

The OIG had two audits pending at the close of the third quarter: Contractors System Access Audit and CHA Capital Construction Change Orders and Supplementals Process Audit.

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.

Management Advisories and Memos

This quarter, the OIG issued one Advisory and two Management Memos, one of which is summarized below. The Advisory and the remaining Management Memo will be summarized next quarter to allow management time to respond.

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.



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.

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