

SINGLE AUDIT REPORT AND  
ACCOMPANYING SCHEDULE OF EXPENDITURES  
OF FEDERAL AWARDS

Chicago Housing Authority  
Year Ended December 31, 2017  
With Reports of Independent Auditors

Ernst & Young LLP



Building a better  
working world

Chicago Housing Authority

Single Audit Report and Accompanying  
Schedule of Expenditures of Federal Awards

Year Ended December 31, 2017

**Contents**

Report of Independent Auditors.....1

Report of Independent Auditors on Internal Control Over Financial Reporting and on  
Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with *Government Auditing Standards* .....4

Report of Independent Auditors on Compliance for the Major Federal Program;  
Report on Internal Control Over Compliance and Report on Schedule  
of Expenditures of Federal Awards Required by the Uniform Guidance.....6

Schedule of Expenditures of Federal Awards.....10

Notes to Schedule of Expenditures of Federal Awards .....11

Schedule of Findings and Questioned Costs:  
Section I – Summary of Auditor’s Results .....12  
Section II – Financial Statement Findings .....14  
Section III – Federal Award Findings and Questioned Costs.....15



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## Report of Independent Auditors

The Board of Commissioners of the Chicago Housing Authority  
Chicago, Illinois

### **Report on the Financial Statements**

We have audited the basic financial statements, not included herein, of the Proprietary Fund Type and Fiduciary Fund Type activities of the Chicago Housing Authority, as of and for the years ended December 31, 2017 and 2016, and the related notes to the financial statements, which collectively comprise the Chicago Housing Authority's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in conformity with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audits. We did not audit the financial statements of the Chicago Housing Authority Employees' Retirement Plan (the "Plan"), which is shown as the Fiduciary Fund Type – Pension Trust Fund as of and for the years ended December 31, 2017 and 2016. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinions, insofar as they relate to the amounts included for the Plan, are based on the report of the other auditors. We also did not audit the financial statements of the Britton Budd, Kenmore and Pomeroy Limited Liability Partnerships, which are described in Note 10 as blended component units, as of and for the years ended December 31, 2017 and 2016, and which statements reflect total assets constituting 5.7% and 3.9% of the total assets reflected on the statements of net position as of December 31, 2017 and 2016, respectively. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinions, insofar as they relate to the amounts included for the identified blended component units, are based on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material

misstatement. The financial statements of the Pension Trust Fund and Britton Budd, Kenmore and Pomeroy Limited Liability Partnerships were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

In our opinion, based on our audits and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Proprietary Fund Type activities and the Fiduciary Fund Type activities of the Chicago Housing Authority as of December 31, 2017 and 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in conformity with U.S. generally accepted accounting principles.

### ***Required Supplementary Information***

U.S. generally accepted accounting principles require that Management's Discussion and Analysis, Schedule of Changes in Plan's Net Pension Liability and Related Ratios, and Schedule of Plan Contributions on pages 26 through 37 and 90 through 91, not included herein, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary and Other Information***

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the Chicago Housing Authority's basic financial statements. The combining schedule of programs on pages 94 through 99, individual program schedules on pages 102 through 122 and Financial Data Schedules on pages 124 through 250, not included herein, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Introductory Section and the Statistical Section have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we do not express an opinion or provide any assurance on it.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we also have issued our report dated April 5, 2018 on our consideration of the Chicago Housing Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Chicago Housing Authority's internal control over financial reporting and compliance.

*Ernst + Young LLP*

April 5, 2018



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## Report of Independent Auditors on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

The Board of Commissioners, Chief Executive Officer, and  
Chief Financial Officer of the Chicago Housing Authority  
Chicago, Illinois

We have audited, in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements, not included herein, of the Proprietary Fund Type and Fiduciary Fund Type activities of the Chicago Housing Authority (the Authority) as of and for the year ended December 31, 2017, and the related notes to the financial statements, which comprise the Authority's basic financial statements, and have issued our report thereon dated April 5, 2018. Our report includes a reference to other auditors who audited the financial statements of the Authority Employees' Retirement Plan (the Plan) and certain blended component units, as described in our report on the Authority's financial statements. The financial statements of the Plan and the certain blended component units were not audited in accordance with *Government Auditing Standards*.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

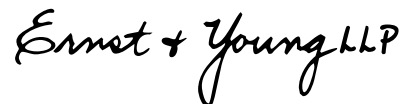
Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



April 5, 2018



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## Report of Independent Auditors on Compliance for the Major Federal Program; Report on Internal Control Over Compliance and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

The Board of Commissioners, Chief Executive Officer, and  
Chief Financial Officer of the Chicago Housing Authority  
Chicago, Illinois

### **Report on Compliance for the Major Federal Program**

We have audited the Chicago Housing Authority's (the Authority) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on the Authority's major federal program for the year ended December 31, 2017. The Authority's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

#### ***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations and the terms and conditions of its federal awards applicable to its federal programs.

#### ***Auditor's Responsibility***

Our responsibility is to express an opinion on the Authority's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Costs Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.



We believe that our audit provides a reasonable basis for our qualified and unmodified opinions on compliance for major federal programs. However, our audit does not provide a legal determination of the Authority’s compliance.

***Basis for Qualified Opinion on CFDA 14.881***

As described in the accompanying schedule of findings and questioned costs, the Authority did not comply with requirements regarding CFDA 14.881 Moving to Work Demonstration Program as described in finding number 2017-003 for Special Tests and Provisions: N2 – Public Housing Waiting List. Compliance with such requirements is necessary, in our opinion, for the Authority to comply with requirements applicable to that program.

***Qualified Opinion on CFDA 14.881***

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on CFDA 14.881 Moving to Work Demonstration Program for the year ended December 31, 2017.

***Other Matters***

The results of our auditing procedures disclosed other instances of noncompliance which are required to be reported in accordance with the Uniform Guidance, and which are described in the accompanying schedule of findings and questioned costs as follows.

<b>Finding No.</b>	<b>CFDA No.</b>	<b>Program Name</b>	<b>Compliance Requirement</b>
2017-001	14.881	Moving to Work Demonstration Program	Eligibility
2017-002	14.881	Moving to Work Demonstration Program	Reporting
2017-004	14.881	Moving to Work Demonstration Program	Special Tests and Provisions: N6 – Housing Assistance Payment

Our opinion on each major federal program is not modified with respect to these matters.

The Authority’s response to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs and corrective action plan. The Authority’s response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

## Report on Internal Control Over Compliance

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Authority’s internal control over compliance with the requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority’s internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as Finding 2017-003 to be a material weakness.

<b>Finding No.</b>	<b>CFDA No.</b>	<b>Program Name</b>	<b>Compliance Requirement</b>
2017-003	14.881	Moving to Work Demonstration Program	Special Tests and Provisions: N2 – Public Housing Waiting List

*A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as Findings 2017-001, 2017-002, and 2017-004 to be significant deficiencies.

<b>Finding No.</b>	<b>CFDA No.</b>	<b>Program Name</b>	<b>Compliance Requirement</b>
2017-001	14.881	Moving to Work Demonstration Program	Eligibility
2017-002	14.881	Moving to Work Demonstration Program	Reporting
2017-004	14.881	Moving to Work Demonstration Program	Special Tests and Provisions: N6 – Housing Assistance Payment

The Authority’s responses to the internal control over compliance findings identified in our audit are described in the accompanying corrective action plan. The Authority’s responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

**Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the financial statements of the Authority as of and for the year ended December 31, 2017, and have issued our report thereon dated April 5, 2018, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain other procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

*Ernst & Young LLP*

June 7, 2018

Chicago Housing Authority

Schedule of Expenditures of Federal Awards

Year Ended December 31, 2017

<b>Federal Department/Pass-Through Entity/Federal Program Title</b>	<b>Federal CFDA Number</b>	<b>Pass-Through Entity Identifying Number</b>	<b>Total Federal Expenditures</b>	<b>Amounts Passed Through to Subrecipients</b>
U.S. Department of Housing and Urban Development Direct Awards:				
Section 8 Project-Based Cluster:				
Lower Income Housing Assistance Program – Section 8				
Moderate Rehabilitation	14.856		\$ 8,414,998	\$ –
Hope VI Cluster:				
Demolition and Revitalization of Severely Distressed Public Housing	14.866		297,292	297,272
Housing Voucher Cluster:				
Section 8 Housing Choice Vouchers/HUD-Veteran Affairs				
Supportive Housing Program	14.871		8,874,388	–
Mainstream Vouchers	14.879		450,349	–
Total Housing Voucher Cluster			<u>9,324,737</u>	–
Moving to Work Demonstration Program:				
Public and Indian Housing/Low-Rent Housing (Operations)			173,852,508	–
Section 8 Housing Choice Vouchers			589,070,466	–
Public Housing Capital Fund			25,021,851	–
Total Moving to Work Demonstration Program	14.881		<u>787,944,825</u>	–
Jobs-Plus Pilot Initiative	14.895		526,390	461,197
Family Self-Sufficiency Program	14.896		796,565	796,565
Juvenile Reentry Assistance Program	14.897		53,396	53,396
ROSS Supportive Services Programs	14.898		107,898	–
Total U.S. Department of Housing and Urban Development			<u>807,466,101</u>	<u>1,608,430</u>
U.S. Department of Energy:				
Pass-Through Illinois Department of Commerce and Economic Opportunity				
Energy Efficient Appliance Rebate Program (EEARP)	81.127	544002	418,000	–
Energy Efficient Appliance Rebate Program (EEARP)	81.127	424003	76,296	–
Energy Efficient Appliance Rebate Program (EEARP)	81.127	544005	235,696	–
Energy Efficient Appliance Rebate Program (EEARP)	81.127	424011	159,384	–
Total U.S. Department of Energy			<u>889,376</u>	–
Total Expenditures of Federal Awards			<u>\$ 808,355,477</u>	<u>\$ 1,608,430</u>

The accompanying notes are an integral part of the schedule of expenditures of federal awards.

# Chicago Housing Authority

## Notes to Schedule of Expenditures of Federal Awards

December 31, 2017

### **1. Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Chicago Housing Authority (the Authority) under programs of the federal government for the year ended December 31, 2017. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Authority.

### **2. Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following applicable cost principles, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

The Authority has not elected to use the 10% de minimis direct cost rate as allowed under the Uniform Guidance.

Chicago Housing Authority

Schedule of Findings and Questioned Costs

December 31, 2017

Section I – Summary of Auditor’s Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

\_\_\_ Yes X No

Significant deficiency(ies) identified?

\_\_\_ Yes X None Reported

Noncompliance material to financial statements noted?

\_\_\_ Yes X No

Federal Awards

Internal control over major federal program:

Material weakness(es) identified?

X Yes \_\_\_ No

Significant deficiency(ies) identified?

X Yes \_\_\_ No

Type of auditor’s report issued on compliance for major federal program:

CFDA 14.881 – Qualified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

X Yes \_\_\_ No

Identification of major federal program:

CFDA Number

Name of Federal Program

CFDA 14.881

Moving to Work Demonstration Program

Dollar threshold used to distinguish between Type A and Type B programs:

\$3,000,000

Auditee qualified as low-risk auditee?

\_\_\_ Yes X No

Chicago Housing Authority

Schedule of Findings and Questioned Costs (continued)

**Section II – Financial Statement Findings**

None identified.

## Chicago Housing Authority

### Schedule of Findings and Questioned Costs (continued)

#### Section III – Federal Award Findings and Questioned Costs

##### **Finding 2017-001 Eligibility**

###### *Information on the Federal Program:*

U.S. Department of Housing and Urban Development (HUD)  
CFDA 14.881 – Moving to Work Demonstration Program (MTW):

Public and Indian Housing (Low Rent Housing)  
Program Year: January 1, 2017 through December 31, 2017  
Program No.: IL002-001-00017D

Section 8 – Housing Choice Vouchers (Project Based Vouchers)  
Program Year: January 1, 2017 through December 31, 2017  
Program No.: Multiple

Section 8 – Housing Choice Vouchers (Rental Assistance Demonstration)  
Program Year: January 1, 2017 through December 31, 2017  
Program No.: Multiple

###### *Criteria or Specific Requirement (Including Statutory, Regulatory, or Other Citation):*

Most Public Housing Authorities (PHAs) devise their own application forms that are filled out by the PHA staff during an interview with the tenant. The head of the household signs: (a) one or more release forms to allow the PHA to obtain information from third parties; (b) a federally prescribed general release form for employment information; and (c) a privacy notice. Under some circumstances, other members of the family are required to sign these forms (24 CFR sections 5.212, 5.230, and 5.601 through 5.615).

The PHA must:

As a condition of admission or continued occupancy, require the tenant and other family members to provide necessary information, documentation, and releases for the PHA to verify income eligibility (24 CFR sections 5.230, 5.609, 960.259, and 982.516).



## Chicago Housing Authority

### Schedule of Findings and Questioned Costs (continued)

#### **Section III – Federal Award Findings and Questioned Costs (continued)**

For both family income examinations and reexaminations, obtain and document in the family file third-party verification of: (1) reported family annual income; (2) the value of assets; (3) expenses related to deductions from annual income; and (4) other factors that affect the determination of adjusted income or income-based rent (24 CFR sections 960.259 and 982.516).

Determine income eligibility and calculate the tenant's rent payment using the documentation from third-party verification in accordance with 24 CFR part 5 subpart F (24 CFR section 5.601 et seq.) (24 CFR sections 960.253, 960.255, 960.259, 982.201, 982.515, and 982.516).

Select tenants from the Waiting List (24 CFR sections 960.206 through 960.208 and 982.202 through 982.207).

Reexamine family income and composition at least once every 12 months (Public Housing program) or 24 months (HCV program) and adjust the tenant rent and housing assistance payment (HAP) as necessary using the documentation from third-party verification (24 CFR sections 960.253, 960.257, 960.259, and 982.516).

In addition, the Authority is participating in the Department of Housing and Urban Development's (HUD) Moving-to-Work (MTW) demonstration program. The Authority's initial MTW Demonstration Agreement was signed by the Authority and HUD on February 6, 2000, at which time HUD allowed the Authority to implement its Plan for Transformation. On June 26, 2008, the Authority and HUD signed the Amended and Restated MTW Agreement that extends the Authority's participation in the MTW program until 2018. Through this agreement, HUD waived selected statutory and regulatory requirements to allow the Authority flexibility in achieving the stated objectives of the MTW demonstration program. As such, per the Authority's Section 8 Housing Choice Vouchers (HCV) Administrative Plan, reexamination of family income and composition under the HCV program is performed bi-annually.

Section .300(b) of Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations* (OMB Circular A-133) states the following regarding internal control:

“The auditee shall maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with law, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.”

## Chicago Housing Authority

### Schedule of Findings and Questioned Costs (continued)

#### **Section III – Federal Award Findings and Questioned Costs (continued)**

*Condition:*

Ninety-five individuals were selected for testing of compliance with, and controls over, the eligibility requirements for the program. For the 95 individuals selected, 40 were Public Housing tenants, 40 were HCV tenants, and 15 were RAD tenants. In FY17, the RAD program was newly subject to Uniform Guidance compliance considerations and is reported under the HCV component of the MTW program. In our testing of the Authority's controls over the eligibility requirements, there were four Public Housing tenants, one HCV tenant, and four RAD tenants for which eligibility control deviations were noted (9.47% overall MTW deviation rate). The nature of the control deviations identified related to untimely or missing signatures by the certification specialists or the tenants on key eligibility documentation or the failure to perform the re-examination within the required timeframe.

In our testing over the eligibility compliance requirements, there were two Public Housing tenants, one HCV tenant and one RAD tenant for which compliance exceptions were noted (4.21% overall MTW exception rate). Of the exceptions identified, the issues were due to the certification specialists not including all income from the family file documents or third-party verification of reported family annual income on the Form HUD-50058, the tenant's rent payment not being calculated using the documentation from third-party verification, or the failure to perform the re-examination within the required timeframe.

*Questioned Costs:*

\$13,685 – CFDA 14.881

*Context:*

The Public Housing program, HCV program, and RAD program had 15,895 tenants, 40,071 tenants, and 2,294 tenants on its rent rolls, respectively, as of December 31, 2017.

*Effect:*

The Authority has a significant deficiency in internal control over compliance with the eligibility requirements of CFDA 14.881. Further, ineligible tenants may be inappropriately allowed to participate in the federal program.

## Chicago Housing Authority

### Schedule of Findings and Questioned Costs (continued)

#### **Section III – Federal Award Findings and Questioned Costs (continued)**

*Cause:*

Staff responsible for annual certifications made errors which went undetected. Reasons for these errors included failure to obtain timely or any signatures by the tenants on key documentation, using the incorrect form to verify income, neglecting to verify proper third-party income documentation and failure to perform the re-examination within the required timeframe. Further, as the RAD program was newly subject to Uniform Guidance compliance considerations in fiscal year 2017, the related policies and procedures have not been fully developed and/or implemented, resulting in additional findings.

*Identification as a Repeat Finding, if Applicable:*

The finding as related to the Low Rent component of the MTW program is a repeat finding from the prior audit and the prior year audit finding number is Finding 2016-001. Findings as related to the HCV and RAD components of the MTW program were not repeat findings from the immediately prior year audit.

*Recommendation:*

The Authority should strengthen existing policies, procedures, and internal controls so that adequate documentation of eligibility activities is properly maintained and reviewed in order to comply with federal eligibility requirements.

*Views of Responsible Officials and Planned Corrective Actions:*

Management has concurred on the exceptions identified. Refer to the Authority's Corrective Action Plan.

## Chicago Housing Authority

### Schedule of Findings and Questioned Costs (continued)

#### Section III – Federal Award Findings and Questioned Costs (continued)

##### **Finding 2017-002 Reporting**

###### *Information on the Federal Program:*

U.S. Department of Housing and Urban Development  
CFDA 14.881 – Moving to Work Demonstration Program (MTW):

Public and Indian Housing (Public Housing)  
Program Year: January 1, 2017 through December 31, 2017  
Program No.: IL002-001-00017D

Section 8 – Housing Choice Vouchers (Project Based Vouchers)  
Program Year: January 1, 2017 through December 31, 2017  
Program No.: Multiple

Section 8 – Housing Choice Vouchers (Rental Assistance Demonstration)  
Program Year: January 1, 2017 through December 31, 2017  
Program No.: Multiple

###### *Criteria or Specific Requirement (Including Statutory, Regulatory, or Other Citation):*

Per 24 CFR Part 908 and 24 CFR Section 982.158, the PHA is required to submit the Form HUD-50058, Family Report, electronically to HUD each time the PHA completes an admission, annual re-examination, interim re-examination, portability move-in, or other change of unit for a family. The PHA must also submit the Form HUD-50058 when a family ends participation in the program or moves out of the PHA's jurisdiction under portability.

## Chicago Housing Authority

### Schedule of Findings and Questioned Costs (continued)

#### **Section III – Federal Award Findings and Questioned Costs (continued)**

The following key line items on the Form HUD-50058 contain critical information:

- (1) Line 2a – Type of action
- (2) Line 2b – Effective date of action
- (3) Line 2k – FSS participation now or in the last year
- (4) Line 3b, 3c – Last name, First name
- (5) Line 3e – Date of birth
- (6) Line 3n – Social Security numbers
- (7) Line 5a – Unit address
- (8) Line 5h – Date unit last past HQS inspection
- (9) Line 5i – Date of last annual HQS inspection
- (10) Line 7i – Total annual income
- (11) Line 13h – Contract rent to owner
- (12) Line 13k – Tenant rent
- (13) Line 13x – Mixed family tenant rent
- (14) Line 17a – Participation in special programs – participation in the Family Self Sufficiency (FSS) Program
- (15) Line 17k(2) – FSS account information – balance

## Chicago Housing Authority

### Schedule of Findings and Questioned Costs (continued)

#### **Section III – Federal Award Findings and Questioned Costs (continued)**

Section .300(b) of OMB Circular A-133 states the following regarding internal control:

“The auditee shall maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with law, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.”

*Condition:*

Ninety-five individuals were selected for testing of compliance with, and controls over, the Form HUD-50058 reporting requirements for the program. For the 95 individuals selected, 40 were Public Housing tenants, 40 were HCV tenants, and 15 were RAD tenants. In our testing of the Authority’s controls over the Form HUD-50058 reporting requirements, there were five Public Housing tenants and two RAD tenants for which reporting control deviations were noted (7.36% overall MTW deviation rate). In all of the instances, the issue related to key line items on the Form HUD-50058 being stated incorrectly, including date of birth, total annual income, and contract rent to owner. In our testing over the Form HUD-50058 reporting compliance requirements, five Public Housing tenants and two RAD tenants with reporting compliance exceptions were identified (7.36% overall MTW exception rate). In all of the instances, the issue related to key line items on the Form HUD-50058 being stated incorrectly, including date of birth, total annual income, and contract rent to owner.

*Questioned Costs:*

\$13,685 – CFDA 14.881

## Chicago Housing Authority

### Schedule of Findings and Questioned Costs (continued)

#### Section III – Federal Award Findings and Questioned Costs (continued)

##### *Context:*

The Public Housing program, HCV program, and RAD program had 15,895 tenants, 40,071 tenants, and 2,294 tenants on its rent rolls, respectively, as of December 31, 2017. All active tenants have a Form HUD-50058, which is filed annually (Public Housing and RAD) or bi-annually (HCV). The Authority was required to submit the following 19 reports to HUD (excluding Form HUD-50058) for MTW programs that covered the fiscal year under audit as follows:

- HUD-52723, *Operating Fund Calculation of Operating Subsidy* – one (annually)
- HUD-52725, *Schedules of Compensation and Position* – one (annually)
- HUD-60002, Section 3 Summary Report, *Economic Opportunities for Low-and Very Low-Income Persons* – two (annually for each program)
- HUD-52681-B, *Voucher for Payment of Annual Contributions and Operating Statement* – 12 (monthly)
- FASS-PHA, *Financial Assessment Sub System* – one (annually)
- HUD-50900, *Annual MTW Plan and Annual MTW Report* – one each (annually)

##### *Effect:*

The Authority has a significant deficiency in internal control over compliance with the reporting requirements of CFDA 14.881. Further, information reported to HUD could be incomplete or inaccurate.

##### *Cause:*

The property management staff incorrectly calculated tenant income by using the incorrect documentation and failed to retain the proper documentation in each tenant's file.

## Chicago Housing Authority

### Schedule of Findings and Questioned Costs (continued)

#### **Section III – Federal Award Findings and Questioned Costs (continued)**

*Identification as a repeat finding, if applicable:*

For Public Housing Form HUD-50058, this is a repeat finding from the prior audit and the prior year audit finding number is Finding 2016-002. For RAD Form HUD-50058, this is not a repeat finding from the immediately prior audit.

*Recommendation:*

The Authority should strengthen existing policies, procedures, and internal controls so that adequate documentation of reporting activities is properly maintained and reviewed in order to comply with federal reporting requirements.

*Views of Responsible Officials and Planned Corrective Actions:*

Management has concurred on the exceptions identified. Refer to the Authority's Corrective Action Plan.



Chicago Housing Authority

Schedule of Findings and Questioned Costs (continued)

**Finding 2017-003 Special Tests and Provisions: N2 – Public Housing Waiting List**

*Information on the Federal Program:*

U.S. Department of Housing and Urban Development  
CFDA 14.881 – Moving to Work Demonstration Program (MTW):

Public and Indian Housing (Public Housing)  
Program Year: January 1, 2017 through December 31, 2017  
Program No.: IL002-001-00015D

*Criteria or Specific Requirement (Including Statutory, Regulatory, or Other Citation):*

Per 24 CFR sections 960.202 through 960.206, the PHA must establish and adopt written policies for admission of tenants. The PHA tenant selection policies must include requirements for applications and Waiting Lists, description of the policies for selection of applicants from the Waiting Lists, and policies for verification and documentation of information relevant to acceptance or rejections of an applicant.

## Chicago Housing Authority

### Schedule of Findings and Questioned Costs (continued)

#### **Section III – Federal Award Findings and Questioned Costs (continued)**

Section .300(b) of OMB Circular A-133 states the following regarding internal control:

“The auditee shall maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with law, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.”

#### *Condition:*

One hundred and sixty tenants were selected for testing of compliance with and controls over both the addition of new applicants to the Waiting Lists and the selection of applicants from the Waiting Lists. For the 160 tenants selected, 80 were Public Housing applicants, 50 were HCV applicants and 30 were RAD applicants, and each of these samples was split between testing new additions to the Waiting Lists and testing the placement of applicants from the Waiting Lists.

As a result of our testing of applicants placed into units from the Waiting Lists in FY2017, we identified five Public Housing tenants where the Authority’s Wait List procedures were not properly followed in the sample of 80 applicants from the Public Housing Waiting Lists. In the errors identified, the issues related to the incorrect exclusion of applicants from consideration for placement in an available unit due to errors in the manual process of sorting the Waiting List based on an applicant’s preferences or priority according to the Authority’s policies. These errors evidence a design deficiency in applying the Authority’s tenant selection policies and represent control deviations and compliance exceptions.

#### *Questioned Costs:*

None

#### *Context:*

The Public Housing program, HCV program and RAD program had 9,286 applicants, 10,000 applicants and 423 applicants on its Waiting Lists, respectively, as of December 31, 2017. During the year ended December 31, 2017, the Public Housing program, HCV program and RAD program had 1,377 applicants, 1,295 applicants, and 374 applicants, respectively, placed from the Waiting Lists into units.

## Chicago Housing Authority

### Schedule of Findings and Questioned Costs (continued)

#### **Section III – Federal Award Findings and Questioned Costs (continued)**

*Effect:*

The Authority has a material weakness in internal control over compliance with the special tests and provisions requirements of CFDA 14.881 as it relates to the placement of applicants from the Public Housing Waiting Lists. Further, applicants that should be considered to be placed into housing from the Waiting Lists may be inappropriately missed or skipped in the placement process.

*Cause:*

The filtered Waitlist for the Public Housing program which discloses potential candidates for move-in included applicants that were not working (a preference that is considered unallowable to be selected) or incorrectly excluded applicants from consideration for placement in an available unit.

The noted exceptions have been confirmed for Traditional Family and Senior Housing Waiting Lists samples. The exceptions are as a result of the current manual process by which Waiting Lists are generated and filtered. Several steps must be taken to manually filter Waiting Lists to include and/or exclude applicants for various eligibility criteria and preferences (work requirement, geographic preference, mobility preference, sensory preference, etc.).

*Identification as a repeat finding, if applicable:*

This is a repeat finding from the prior audit and the prior year audit finding number is Finding 2016-003.

*Recommendation:*

The Authority should implement application-based controls to eliminate the manual aspects of the sorting and identifying of applicants from the Public Housing Waiting Lists based on their preferences and priorities, in accordance with the Authority's policies, to enable compliance with federal Waiting List requirements.

*Views of Responsible Officials and Planned Corrective Actions:*

Management has concurred on the exceptions identified. Refer to the Authority's Corrective Action Plan.

## Chicago Housing Authority

### Schedule of Findings and Questioned Costs (continued)

#### **Section III – Federal Award Findings and Questioned Costs (continued)**

##### **Finding 2017-004 Special Tests and Provisions: N6 – Housing Assistance Payment**

###### *Information on the Federal Program:*

U.S. Department of Housing and Urban Development  
CFDA 14.881 – Moving to Work Demonstration Program (MTW):

Section 8 – Housing Choice Vouchers (Rental Assistance Demonstration)  
Program Year: January 1, 2017 through December 31, 2017  
Program No.: Multiple

###### *Criteria or Specific Requirement (Including Statutory, Regulatory, or Other Citation):*

Per 24 CFR section 982.158 and 24 CFR part 982, subpart K, the PHA must pay a monthly HAP on behalf of the family that corresponds with the amount on line 12u of the HUD-50058. This HAP amount must be reflected on the HAP contract and HAP register.

Section .300(b) of OMB Circular A-133 states the following regarding internal control:

“The auditee shall maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with law, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.”

###### *Condition:*

Forty tenants were selected for testing of compliance with and controls over HAP. For the 40 tenants selected, 25 were HCV tenants and 15 were RAD tenants.

In our testing of the Authority’s controls over the HAP requirements, there were five RAD tenants for which reporting control deviations were noted and six RAD tenants for which compliance errors were identified where the Authority’s procedures were not properly followed in the sample of 40. In the errors identified, the required Form HUD-52530 Section 8 Project-Based Voucher Program Tenancy Addendum was not properly completed, the required Form HUD-52530 was missing, or the total HAP was misstated on the Form HUD-50058. These errors evidence a design deficiency in applying the Authority’s HAP procedures.

## Chicago Housing Authority

### Schedule of Findings and Questioned Costs (continued)

#### **Section III – Federal Award Findings and Questioned Costs (continued)**

*Questioned Costs:*

\$394 – CFDA 14.881

*Context:*

The HCV program and RAD program had 40,071 tenants and 2,294 tenants on its rent rolls, respectively, as of December 31, 2017. Further, HAPs represent approximately 60% of total MTW expenditures reported in the schedule of expenditures of federal awards for the year ended December 31, 2017.

*Effect:*

The Authority has a significant deficiency in internal control over compliance with the special tests and provisions requirements of CFDA 14.881 as it relates to HAP. Further, tenants may receive the incorrect amount of HAP funding.

*Cause:*

The property management staff did not properly complete required HUD forms 52530 or 50058 or failed to retain proper documentation in each tenant's file.

*Identification as a repeat finding, if applicable:*

This is not a repeat finding from the immediately prior audit.

*Recommendation:*

The Authority should strengthen existing policies, procedures, and internal controls so that adequate documentation of HAP activities is properly maintained and reviewed in order to comply with federal HAP requirements.

*Views of Responsible Officials and Planned Corrective Actions:*

Management has concurred on the exceptions identified. Refer to the Authority's Corrective Action Plan.

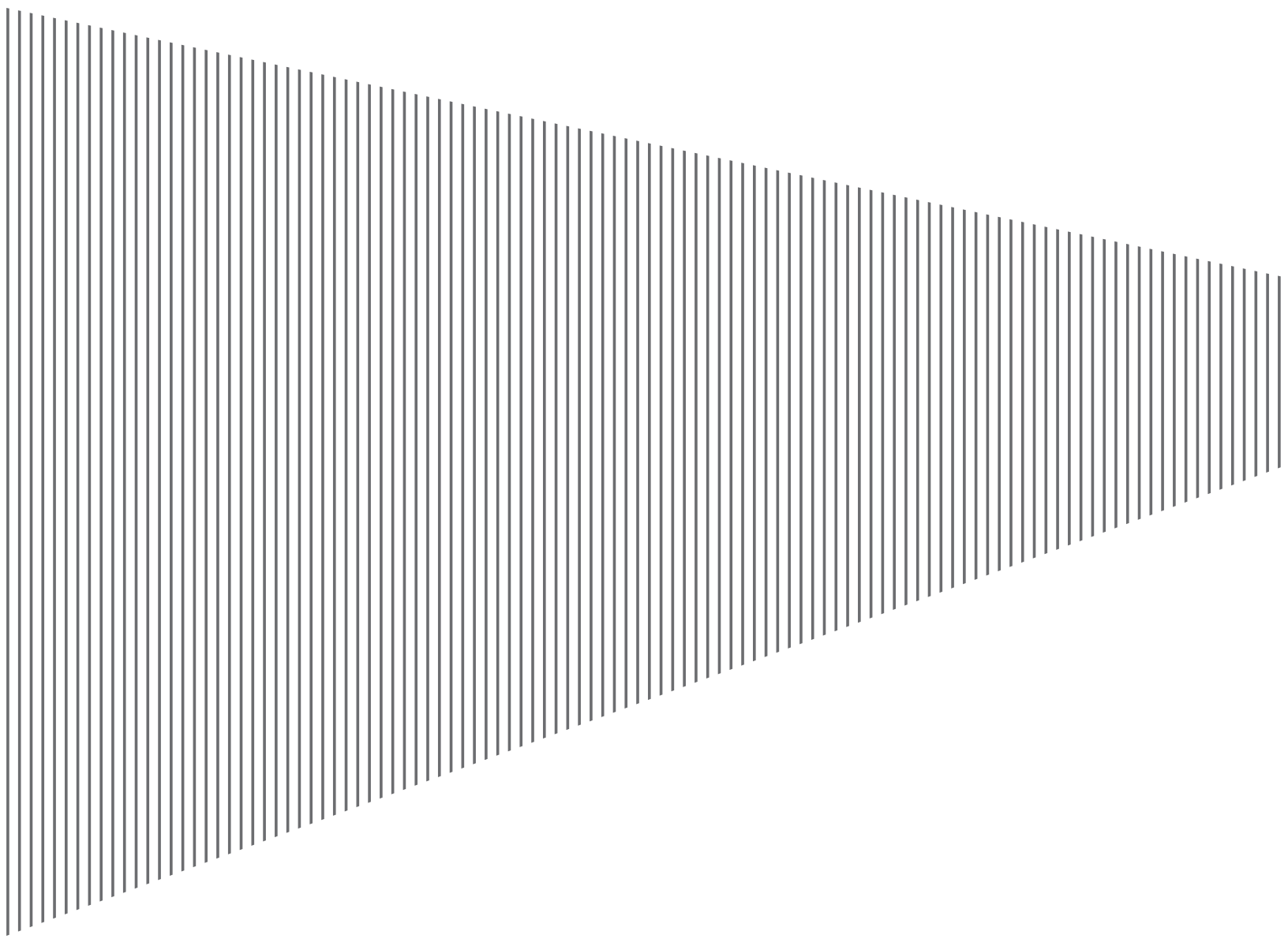
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# CHICAGO HOUSING AUTHORITY

## 2017 SINGLE AUDIT REPORT

### NOTES AND FINDINGS AND CORRECTIVE ACTION PLANS



CHICAGO HOUSING  
AUTHORITY

## Chicago Housing Authority

### Summary Schedule of Prior Audit Findings

#### Financial Statement Findings for the Year Ended December 31, 2016:

- None identified

John T. Hooker  
DIRECTOR

Craig Chico  
VICE PRESIDENT

#### Federal Award Findings and Questioned Costs for the Year Ended December 31, 2016:

Matthew Brewer  
Dr. Mildred Harris  
Meghan Harte  
John G. Markowski  
Cristina Matos  
Francine Washington  
VICE PRESIDENT

- **Finding 2016-001 Eligibility (CFDA 14.881)**
  - Refer to current year Finding 2017-001
  - Recurrence reason: Human Error
- **Finding 2016-002 Reporting (CFDA 14.881)**

Eugene Jones, Jr.  
VICE PRESIDENT

José R. Alvarez  
VICE PRESIDENT

- Refer to current year Finding 2017-002
- Recurrence reason: Form HUD-50058 – Added training and quality control techniques did not increase the level of accuracy in the reporting requirements.
- Recurrence reason: Form HUD-60002 –

No response needed

- **Finding 2016-003 Special Tests and Provisions: N2 – Public Housing Waiting List Reporting (CFDA 14.881)**
  - Refer to current year Finding 2017-003
  - Recurrence reason: Manual waitlist filtering process

#### Financial Statement Findings for the Year Ended December 31, 2015:

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12th Floor  
Chicago, IL 60605

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- None identified

**Federal Award Findings and Questioned Costs for the Year Ended December 31, 2015:**

- **Finding 2015-001 Eligibility (CFDA 14.881)**

- Refer to current year Finding 2017-001
- Recurrence reason: Form HUD-50058 – Added training and quality control techniques did not increase the level of accuracy in the reporting requirements.

- **Finding 2015-002 Reporting (CFDA 14.881)**

- Refer to current year Finding 2017-002
- Recurrence reason: Form HUD-50058 – Added training and quality control techniques did not increase the level of accuracy in the reporting requirements.
- Recurrence reason: Form HUD-60002 –

No response needed

- **Finding 2015-003 Special Tests and Provisions: N2 – Public Housing Waiting List Reporting (CFDA 14.881)**

- Refer to current year Finding 2017-003
- Recurrence reason: Manual waitlist filtering process



**Real Estate Assessment Center  
Financial Assessment Subsystem (FASS-PH)**

**Attachment: Notes and Findings / Action Plans**

**PHA Information**

**PHA Code: IL002**

**Fiscal Year End Date: 12/31/2017**

**PHA Name: Chicago Housing Authority (“Authority”)**

**Submission Type: Audited/A133**

**Finding 2017-001 Eligibility**

**Contact Persons: Chief HCV Officer**

HCV Senior Director

**Planned Actions:**

The subject file was corrected prior to the start of the audit, but well after the due date.

Because of this finding, HCV has begun an ongoing QC process with late reexams utilizing the existing Yardi Recertification Report. In addition to our current review which is to ensure that late reexams do not exceed HUD’s minimum threshold, each tenant id will be reviewed and tracked to ensure timely compliance. HCV has developed workarounds to get the best results from the Yardi report, and has created the requirements of a new Yardi report that we hope can be created and deployed once we are upgraded to Yardi 7s.

In addition to our internal QC, we have asked the vendor to create a new report using their own resources to track any late reexams that are not captured by the Yardi report.

**Anticipated Completion Date:** Once CHA has migrated to Yardi 7s we will begin working with ITS and Yardi developers to strengthen the Yardi Recertification Report. We anticipate this will be 4Q 2018. Requirements are already developed to give us flexibility to look at a large range of overdue and upcoming recertifications, and will help us identify some common issues that lead to late re-exams, including irregular re-examination dates, missing or incorrect program setting codes, and rescinded ITTs.

**John T. Hooker**  
CHA Director

**Craig Chico**  
CHA Director

**Matthew Brewer**  
**Dr. Mildred Harris**  
**Meghan Harte**  
**John G. Markowski**  
**Cristina Matos**  
**Francine Washington**  
CHA Director

**Eugene Jones, Jr.**  
CHA Director

**José R. Alvarez**  
CHA Director



**Real Estate Assessment Center  
Financial Assessment Subsystem (FASS-PH)**

**Attachment: Notes and Findings / Action Plans**

**PHA Information**

**PHA Code: IL002**

**Fiscal Year End Date: 12/31/2017**

**PHA Name: Chicago Housing Authority (“Authority”)**

**Submission Type: Audited/A133**

**Finding 2017-001 Eligibility**

**Contact Persons:** Senior Director, RAD & PBV Program,

Chief Property Officer

**Planned Actions:** Continuous File Reviews, Trainings and Accountability

The Authority will require a qualified site staff member from the Private Property Management Firm to prepare or update resident files for initial occupancy or recertification along with initialing each item on all control sheets in the front of each file section. Upon completion, the file is to be reviewed by a second qualified site staff member for accuracy and completeness. Training of CHA and site staff will be conducted. All CHA and site staff will be required to maintain Rent Calculation Certification on a Bi-Annual Basis.

A portfolio manager from Property Office will be required to review 1% of resident files every month for each property utilizing the Yardi Tenant File Auditing Tool. The Portfolio Manager, upon completion of the review, will be required to initial and provide the date the audit was performed at the bottom of the control page.

**John T. Hooker**  
CHA Director

**Craig Chico**  
CHA Director

**Matthew Brewer**  
**Dr. Mildred Harris**  
**Meghan Harte**  
**John G. Markowski**  
**Cristina Matos**  
**Francine Washington**  
CHA Director

**Eugene Jones, Jr.**  
CHA Director

**José R. Alvarez**  
CHA Director



**Real Estate Assessment Center  
Financial Assessment Subsystem (FASS-PH)**

**Attachment: Notes and Findings / Action Plans**

**PHA Information**

**PHA Code: IL002**

**Fiscal Year End Date: 12/31/2017**

**PHA Name: Chicago Housing Authority (“Authority”)**

**Submission Type: Audited/A133**

**John T. Hooker**  
CHA Director

**Craig Chico**  
CHA Director

**Matthew Brewer**  
**Dr. Mildred Harris**  
**Meghan Harte**  
**John G. Markowski**  
**Cristina Matos**  
**Francine Washington**  
CHA Director

**Eugene Jones, Jr.**  
CHA Director

**José R. Alvarez**  
CHA Director

**Finding 2017-001 Eligibility**

**Contact Persons:** Chief Property Officer,

Deputy Chief Property Officer

**Planned Actions:** Continuous File Reviews, Trainings and Accountability

The Authority will require a qualified site staff member from the Private Property Management Firm to prepare or update resident files for initial occupancy or recertification along with initialing each item on all control sheets in the front of each file section. Upon completion, the file is to be reviewed by a second qualified site staff member for accuracy and completeness. Training of CHA and site staff will be conducted. All CHA and site staff will be required to maintain Rent Calculation Certification on a Bi-Annual Basis.

A portfolio manager from Property Office will be required to review 1% of resident files every month for each property utilizing the Yardi Tenant File Auditing Tool (increasing audit sample from 10% annually to 12% annually). The Portfolio Manager, upon completion of the review, will be required to initial and provide the date the audit was performed at the bottom of the control page.

**Anticipated Completion Date:** Fourth (4<sup>th</sup>) Quarter 2018



CHICAGO HOUSING  
AUTHORITY

John T. Hooker  
Executive Director

Craig Chico  
Deputy Executive Director

Matthew Brewer  
Dr. Mildred Harris  
Meghan Harte  
John G. Markowski  
Cristina Matos  
Francine Washington  
Assistant Executive Director

Eugene Jones, Jr.  
Chief Financial Officer

José R. Alvarez  
Assistant Chief Financial Officer  
Assistant Controller

**Real Estate Assessment Center  
Financial Assessment Subsystem (FASS-PH)**

**Attachment: Notes and Findings / Action Plans**

**PHA Information**

**PHA Code: IL002**

**Fiscal Year End Date: 12/31/2017**

**PHA Name: Chicago Housing Authority (“Authority”)**

**Submission Type: Audited/A133**

**Finding 2017-002 Reporting**

**Corrective Action Plan Form HUD-50058:**

**Contact Persons:** Chief Property Officer,

Deputy Chief Property Officer

**Planned Actions:** Continuous File Reviews, Training and Accountability

The Authority will require a qualified site staff member from the Private Property Management Firm to prepare or update resident files for initial occupancy or recertification along with initialing and dating each item on all control sheets in the front of each file section. Upon completion, the file is to be reviewed by a second qualified site staff member for accuracy and completeness. Training of CHA and site staff will be conducted. All CHA and site staff will be required to maintain Rent Calculation Certification on a Bi-Annually Basis.

Portfolio Managers, from the Property Office, will be required to review 1% of resident files every month utilizing the YARDI Tenant File Auditing Tool. Portfolio Manager, upon completion of their review, is required to initial and provide the date the audit was performed at the bottom of each control page. Previous 10% Annually now 12% Annually File Review Required.

**Anticipated Completion Date:** Fourth (4<sup>th</sup>) Quarter 2018

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CHICAGO HOUSING  
AUTHORITY

**John T. Hooker**  
Chairman

**Craig Chico**  
President

**Matthew Brewer**  
**Dr. Mildred Harris**  
**Meghan Harte**  
**John G. Markowski**  
**Cristina Matos**  
**Francine Washington**  
Founding Board Members

**Eugene Jones, Jr.**  
Executive Director

**José R. Alvarez**  
Deputy Executive Director

**Real Estate Assessment Center  
Financial Assessment Subsystem (FASS-PH)**

**Attachment: Notes and Findings / Action Plans**

**PHA Information**

**PHA Code: IL002**

**Fiscal Year End Date: 12/31/2017**

**PHA Name: Chicago Housing Authority (“Authority”)**

**Submission Type: Audited/A133**

**Finding 2017-002 Reporting**

**Corrective Action Plan Form HUD-50058:**

**Contact Persons:** Senior Director, RAD & PBV Program, Chief Property Officer

**Planned Actions:** Continuous File Reviews, Trainings and Accountability

The Authority will require a qualified site staff member from the Private Property Management Firm to prepare or update resident files for initial occupancy or recertification along with initialing each item on all control sheets in the front of each file section. Upon completion, the file is to be reviewed by a second qualified site staff member for accuracy and completeness. Training of CHA and site staff will be conducted. All CHA and site staff will be required to maintain Rent Calculation Certification on a Bi-Annual Basis.

A portfolio manager from Property Office will be required to review 1% of resident files every month for each property utilizing the Yardi Tenant File Auditing Tool. The Portfolio Manager, upon completion of the review, will be required to initial and provide the date the audit was performed at the bottom of the control page.

**Anticipated Completion Date:** Fourth (4<sup>th</sup>) Quarter 2018



Real Estate Assessment Center  
Financial Assessment Subsystem (FASS-PH)

Attachment: Corrective Action Plan

PHA Information

PHA Code: IL002  
Fiscal Year End Date: 12/31/2017  
PHA Name: Chicago Housing Authority (“Authority”)  
Submission Type: Audited/A133

John T. Hooker  
Chairman

Craig Chico  
Vice-Chairman

Matthew Brewer  
Dr. Mildred Harris  
Meghan Harte  
John G. Markowski  
Cristina Matos  
Francine Washington  
Board of Commissioners

Eugene Jones, Jr.  
Chief Executive Officer

José R. Alvarez  
Chief of Staff and  
Chief Operating Officer

**Finding 2017-003 Special Tests and Provisions: N2 – Public Housing Waiting List**

Corrective Action Plan:

**Contact Persons:** Chief Property Officer,  
  
Director of Housing Policy

**Planned Actions:** Site Based Waitlist

Rationale:

The transition to a site based waitlist model is to provide applicants:

1. Choice in where they would like to live
2. Information about amenities and wait times for all CHA properties so applicants can make an informed choice

Improve the effectiveness and efficiency of waitlist management by:

1. Replicating the successful management of the CHA senior properties (which have been utilizing site based waitlists of several years), to the Family and PBV portfolio of properties
2. Automating the management of the waitlist process, to remove the potential for human error
3. Increasing the success rate of applicants screened to accepted housing offers

Waitlist Management Improvements

1. Automation: Complete by end of 4<sup>th</sup> quarter 2018
  - a. eliminate occupancy specialist filtering the waitlist to produce a waitlist for screening;
  - b. vacant units in Yardi will be matched with waitlist names for matching site based waitlist through an automated process;

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- c. waitlist names pulled for screening at a site based property will be automatically logged in Yardi to ensure a clear auditable record
- 2. **Efficiency:** complete end of 3rd quarter 2018
  - a. increasing applicant choice will reduce the number of applicant declines, thereby reducing the total number of applicants that need to be processed to house an applicant (the current ratio of applicants screened to applicants housed is 10:1).
  - b. requiring annual updates or confirmation of contact information to remain on the waitlist will ensure the applicants are still interested and readily reached, further reducing the volume of applicants that need to be processed to make a housing offer

### Implementation

Phase I – Transition existing applicants to site based waitlists: May 21 – July 20, 2018

#### **Outreach:**

- 1. applicants receive no less than three (3) written communications via mail and email, along with two (2) automated phone announcements
- 2. the CHA opened remote sites Monday – Friday 10 AM – 6 PM at four (4) locations to assist applicants in completing the transition and a hotline and phone bank was created to provide applicant support.

#### **Progress to Date:**

- 1. over 15,000 applicants have completed the transition.
- 2. Most applicants have completed the process using a mobile phone
- 3. Site based applications have been received for all of the 147 site based waitlists

Phase II – Open the waitlist to new applicants (waitlist to remain open): Starting in late August, 2018.

Occupancy Department will work with the Authority's Information Technology Systems Department to create an automated batch waitlist selection process that eliminates various manual filtering processes and allows for waitlists to be automatically saved.

**Anticipated Completion Date:** Fourth (4<sup>th</sup>) quarter 2018





CHICAGO HOUSING  
AUTHORITY

**John T. Hooker**  
Chairman

**Craig Chico**  
Vice Chairman

**Matthew Brewer**  
**Dr. Mildred Harris**  
**Meghan Harte**  
**John G. Markowski**  
**Cristina Matos**  
**Francine Washington**  
Board Members

**Eugene Jones, Jr.**  
Vice President

**José R. Alvarez**  
Vice President  
Chief Operating Officer

**Real Estate Assessment Center  
Financial Assessment Subsystem (FASS-PH)**

**Attachment: Notes and Findings / Action Plans**

**PHA Information**

**PHA Code: IL002**

**Fiscal Year End Date: 12/31/2017**

**PHA Name: Chicago Housing Authority (“Authority”)**

**Submission Type: Audited/A133**

**Finding 2017-004 Special Tests and Provisions: N6 – Housing  
Assistance payment**

**Corrective Action Plan:**

**Contact Person:** Senior Director, RAD & PBV Program,  
Chief Property Officer

**Planned Actions:** Continuous File Reviews, Trainings and  
Accountability; More Timely Contract Rent Adjustments

The Authority will require a qualified site staff member from the Private Property Management Firm to prepare or update resident files for initial occupancy or recertification along with initialing each item on all control sheets in the front of each file section. Upon completion, the file is to be reviewed by a second qualified site staff member for accuracy and completeness. Training of CHA and site staff will be conducted. All CHA and site staff will be required to maintain Rent Calculation Certification on a Bi-Annual Basis.

A portfolio manager from Property Office will be required to review 1% of resident files every month for each property utilizing the Yardi Tenant File Auditing Tool. The Portfolio Manager, upon completion of the review, will be required to initial and provide the date the audit was performed at the bottom of the control page.

Regarding HAP Contract Rents, a firmer process between Portfolio Management and the PBV Team as Contract Administrator will be established to request rent increases for qualifying properties approximately 90 days before the HAP contract anniversary date. Subsequently, the approved rents will be forwarded appropriately to

Data Integrity Analyst staff (or an appropriate counterpart) to update Yardi accordingly.

**Anticipated Completion Date:** Fourth (4<sup>th</sup>) Quarter 2018



# CHICAGO HOUSING AUTHORITY

## 2017 SINGLE AUDIT REPORT

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