



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

June 30, 2016

Elissa Rhee-Lee
Inspector General
Chicago Housing Authority Office of Inspector General
60 East Van Buren Street, 12th Floor
Chicago, IL 60605

Dear Inspector General Rhee-Lee,

On behalf of the Association of Inspectors General's (AIG's) Peer Review Team (Team), I am writing to share with you some observations we made when we were at your offices from May 16, 2016 through May 18, 2016. The Peer Review Team was invited to conduct a Peer Review of your organization's Investigations Division (ID) and Audit Division (AD). The Team unanimously concluded that the Chicago Housing Authority Office of Inspector General (CHA OIG) complied with the standards set by the Association of Inspectors General (AIG) Principles and Standards for Offices of Inspector General (Green Book), and the United States General Accountability Office (GAO) Government Auditing Standards (Yellow Book). An earlier letter dated May 27, 2016 provided this unqualified opinion. The purpose of the present letter is to provide the comments shared with you and your executive staff during the exit conference that took place on May 18, 2016.

On May 18, 2016, the Team met with you and your executive leadership. We provided you with our general conclusion regarding compliance, and noted several areas of distinction and consideration regarding each of the Divisions.

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

Audit Division – Areas of Distinction

- **Relationship with Stakeholders** – The CHA OIG has established strong working relationships with its stakeholders, both external and internal. Peer Reviewers met with external stakeholders from the Federal Bureau of Investigations and the Cooks County State’s Attorney’s Office. The FBI representative expressed a strong sense of credibility that the CHA OIG team possesses and that their work product reflects an independent and professional team. The SAO representative gave high accolades to the working relationship that has been maintained between the CHA OIG and SAO.

Peer Reviewers also met with internal stakeholders from the Chicago Housing Authority (CHA) who identified the relationship between the CHA and the CHA OIG as a very positive working relationship. CHA representatives expressed their understanding of the role of the CHA OIG and gave accolades for the open and ongoing levels of communication whenever possible. CHA representatives believed in a work environment that fosters the role of the CHA OIG as it relates to CHA staff.

- **Staff Qualifications** – Peer Reviewers met with staff members, reviewed staff qualifications, and examined their training files and found that all staff members contained more than the requisite experience necessary for their positions. The CHA OIG has made it their mandate that all staff members become Certified Fraud Examiners, as well as Certified Inspector General Investigators or Certified Inspector General Auditors. Both of these certifications include an extensive training course followed by an examination. The value of training opportunities provided to CHA OIG staff is an investment in the future of the CHA OIG as a highly trained staff adds to the credibility of the organization.

Audit Division – Areas of Consideration

- **Follow Up Reporting** – AD may wish to review their processes to track the status of management’s action on reported findings and recommendations. They could assess the adequacy, effectiveness, and timeliness of management’s actions. Management is primarily responsible for deciding the appropriate action to be taken on reported findings and recommendations. Approximately six months to one year after the issuance of the initial report, a follow-up is conducted and a report issued. The report summarizes managements’ responses to recommendations that are categorized as implemented, acceptable alternative, partially implemented, not implemented, or not applicable.

- **Managing and Filing Work Papers** – We strongly recommend that AD invest in an electronic work paper (EWP) system for managing (including sign-offs/supervisory reviews) and archiving all project-related documents. EWP systems have two major advantages. The first is managerial: they are labor-saving applications that allow AD to reallocate staff resources more efficiently and effectively. The second is that, because everything is stored immediately and in a consistent format, there are fewer opportunities for errors or omissions in the documentation chain.
- **Training** – Due to the size of the CHA OIG, it is recommended that you consider creating and developing a cross-training program (“Program”) for both divisions. The Program should provide continued professional development in defined core areas of the audit and investigative functions, including report writing, testifying, interviews and interrogation, and computer analysis, etc.
- **Annual Risk Assessment** – AD’s risk assessment consist of an evaluation of information reviewed from a number of sources such as CHA Internal Audit, organizations similar in nature, news reports, CHA OIG team meetings, discussions with CHA management, etc. These evaluations are assigned a level of risk for the purposes of the development of the CHA OIG Annual Audit Plan. It is recommended that the AD formalize their annual risk assessment to ensure an appropriate identification of risks and ratings based on a documented methodology.
- **Annual Audit Plan** – It is recommended that CHA OIG expand their Annual Audit Plan to include other areas of CHA OIG operational responsibilities, such as Continuous Audits, Investigations, Audits/Investigations in Progress, Follow-Up Audits, Cooperative Partnerships In Support Of County Operations, Ongoing Projects, Operational Hotlines, Participation on Various Boards and Teams, etc.

Investigations Division – Areas of Distinction

- **Relationship with Stakeholders** – The CHA OIG has established strong working relationships with its stakeholders, both external and internal. Peer Reviewers met with external stakeholders from the Federal Bureau of Investigations and the Cooks County State’s Attorney’s Office. The FBI representative expressed a strong sense of credibility that the CHA OIG team possesses and that their work product reflects an independent and professional team. The SAO representative gave high accolades to the working relationship that has been maintained between the CHA OIG and SAO.

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- **Complete and Organized Case Files** – The CHA OIG utilizes an electronic case management system that houses all of its case files. Peer Reviewers reviewed eight (8) closed files, twenty (20) complaints, closed Investigative Reports, file memorandums and other case related documents. Peer Reviewers found the case files to be well-organized and information was presented in a clear and concise manner. Case files are electronically stored, eliminating the need for physical storage space.
- **Staff Qualifications** – Peer Reviewers met with staff members, reviewed staff qualifications, and examined their training files and found that all staff members contained more than the requisite experience necessary for their positions. The CHA OIG has made it their mandate that all staff members become Certified Fraud Examiners, as well as Certified Inspector General Investigators or Certified Inspector General Auditors. Both of these certifications include an extensive training course followed by an examination. The value of training opportunities provided to CHA OIG staff is an investment in the future of the CHA OIG as a highly trained staff adds to the credibility of the organization.
- **External Agency Coordination** – The CHA OIG has taken measures to remain proactive in its operations by coordinating and maintaining active roles with local, state, and federal task force programs such as their current work with the U.S. Department of Homeland Security, U.S. Department of Housing and Urban Development. These task force programs assist in identifying current trends (investigative and prosecutorial) that will ensure the mission of the CHA OIG is supported.

Investigations Division – Areas of Consideration

- **Law Enforcement Policies and Procedures** – The CHA OIG has developed a comprehensive policy manual that outlines the ID's roles and responsibilities as it relates to investigations. Given that some of the CHA OIG ID staff members are also given authority as peace officers, the CHA OIG should consider implementing policies and procedures that specifically address those designated peace officers

such as arrest powers (if any), on-duty and off-duty carry of firearms, training requirements, etc. The CHA OIG should also consider incorporating any applicable statutory requirements into their policy manual.

- **Complaint Intake Disposition** – The CHA OIG has developed a methodology for receiving and documenting all incoming complaints in order to assess for assignment and disposition. Complaints can be received via telephone, internet, e-mail, fax, in-person, or by U.S. Mail. Currently, complaints received via e-mail are provided with an electronic confirmation of receipt and complaints received in-person or telephonically are given a verbal acknowledgement of receipt. Complaints received via fax, internet, or U.S. Mail do not receive an acknowledgement. From a customer service standpoint, the CHA OIG should consider developing a form letter, regardless of the delivery method that would advise complainants of
- **Whistle-blower Determination** – The CHA OIG currently is responsible for reviewing complaints for potential Whistle-blower (WB) determination. The CHA OIG should establish a formalized policy to address several areas including remedies for retaliation (if any) and protection. The CHA OIG should also standardize its process for evaluating WB determinations.
- **Location** – The CHA OIG is located in the same building as the Chicago Housing Authority, and although in its own suite, those wishing to make a complaint, be interviewed, etc., are required to enter the same area and go through security registration where the Chicago Housing Authority operates. Where feasible, the CHA OIG should consider securing an off-site location that can be used in circumstances where anonymity may be necessary (interviews, complaints, etc.).

An overall area of distinction is the newly added Information Analyst position. The Information Analyst will be responsible for analyzing and compiling data that will assist in identifying and/or creating statistical models, trends, etc. that will further the CHA OIG's proactive role in deterring fraud, waste, and abuse. While CHA OIG operations reflect that of a large-scale agency, in reality, it is a small, but effective organization that has been able to use its limited resources to make the most impact. The CHA OIG should also be recognized for their sense of urgency and commitment to the Peer Review process as evidenced by the fact that they have already prepared for and/or initiated several of the recommendations made during the Exit Conference on May 18, 2016.

Lastly, we would like to commend you on leading a truly effective organization. The commitment you and your staff have shown to the Inspector General community is reflected in stakeholder comments who not only understand your role, but respect it. Your office is unique, and as Peer Reviewers, we had an insightful learning experience. We

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hope that you find our comments helpful and we look forward to continuing to support your organization's needs in the future.

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

Yours truly,

A handwritten signature in black ink, appearing to be 'Flora Tran', written in a cursive style.

Flora Tran
Team Leader, AIG Peer Review for CHA OIG, May 2016
Association of Inspectors General

cc:

Hector Collazo, Team Member, AIG Peer Review for CHA OIG, May 2016
Robert Joyce, Team Member, AIG Peer Review for CHA OIG, May 2016