



CHICAGO HOUSING AUTHORITY OFFICE OF INSPECTOR GENERAL CHICAGO, IL

OIG case #14A-0001

2017 CHA Emergency Contracts Follow-Up Audit

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A. Executive Summary

1. Background

The authority to perform this audit is pursuant to the Board approved Inspector General Charter, which states that the OIG has the power and duty to audit the administrative programs of the Chicago Housing Authority (CHA). The OIG is tasked to identify inefficiencies, waste, fraud, abuse, misconduct and mismanagement, and to promote economy, efficiency, effectiveness, and integrity in the administration of CHA programs and operations. The role of the OIG is to audit CHA operations and make recommendations for improvement, when appropriate. CHA management is responsible for establishing and maintaining processes to ensure that CHA programs operate economically, efficiently, effectively, and with integrity.

➤ Standards:

The OIG conducts audits of programs in accordance with Generally Accepted Government Auditing Standards issued by the Comptroller General of the United States and *The Principles and Standards for Offices of the Inspector General*. Those standards require that we plan and perform the audit to obtain sufficient and appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives to identify conditions and/or an environment that results in and/or could result in waste, fraud, abuse, misconduct or mismanagement.

All departments impacted by this follow-up audit cooperated fully with the OIG staff. We thank CHA management for its cooperation and willingness to better improve the program.

2. Objective and Scope

The OIG conducted a follow-up review of the Emergency Contracts Audit. The purpose of our follow-up review was to determine the status of previous observations and recommendations for improvement.

The purpose of the original audit, dated April 07, 2015 was to:

- i. Assess department-level compliance of CHA's and HUD's policies, procedures, and protocols as it relates to Emergency Contract procurement.
- ii. Assess effectiveness of CHA's internal controls related to the review, approval, and processing of Emergency Contracts.
- iii. Evaluate effectiveness and efficiency of Emergency Contract current processes, policies and procedures.

To determine the current status of our previous recommendations, we communicated with management to determine the actual actions taken to implement recommendations for improvement. We performed limited testing to verify the implementation of the recommendations for improvement.

3. Approach and Methodology

The follow-up audit was performed by conducting interviews, reviewing documentation, inspections, testing and other measures deemed necessary. Other measures include, but are not limited to utilizing investigative techniques to collect, analyze, evaluate and interpret relevant data. Interviews were conducted with key personnel from the Department of Procurement & Contracts (DPC).



4. Summary of Results

Of the three recommendations in the original audit report, we determined that all three were implemented. We commend DPC for their implementation of all of our recommendations. The CHA is part of a city-wide Procurement initiative, the Procurement Reform Task Force (PRTF). The PRTF was tasked with developing recommendations and best practices governing the award, management and oversight of contracts in an effort to improve efficiency, transparency and increase accountability of public funds.

B. Status of Recommendations

This section reports our follow-up review on actions taken by management on the Recommendations in the original audit of the Emergency Contract. The observations and recommendations contained herein are those of the original audit, followed by the current status of the recommendations.

1. Emergency Contract Start Date

Risk Level: Low

Observation:

The Department of Procurement & Contracts (DPC) procedures did not require procurement staff to follow-up with user department to identify and track starting date of the work or service which created the Emergency Contracts. Without tracking the starting date of the work or service of an awarded contract, the agency is at risk of awarding an Emergency Contract in violation of the Emergency Contract guidelines.

We Recommended:

Track and review the start date for approved Emergency Contracts and take appropriate actions when an Emergency Contract is awarded outside the guidelines.

Status:

Implemented – DPC requires procurement staff to identify and track the start date of the work/ service performed as the result of an Emergency Contract. DPC will not approve Emergency Purchases outside of the guidelines.

2. Emergency Contract Filing System

Risk Level: Medium

Observation:

DPC did not have files completed, centralized and readily available for review. Required documents outlined in the Procurement Guide were not available.

We Recommended:

Centralized files for all CHA awarded contracts.

Status:

Implemented – DPC has centralized all awarded contract files in both hard copy and electronically.



3. Availability of Key Documents

Risk Level: Low

Observation:

DPC did not promptly provide the most current procedures and supporting documentation. It appeared CHA staff did not have access to key information such as RFPs, Emergency Contracts, etc..

We Recommended:

Establish a centralized electronic document system to ensure access of key documents, as outlined in the Procurement Guide.

Status:

Implemented – DPC continues to utilize a shared drive (P-Drive) which allows quick access to all key documents for DPC staff. The link to the drive:

<P:\Solicitation Folders\Non-Compete>