

CHICAGO HOUSING AUTHORITY



OFFICE OF THE INSPECTOR GENERAL

2024 QUARTER 1 REPORT



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

April 15, 2024

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

Enclosed is the 2024 First Quarter Report on the activities of the Chicago Housing Authority (CHA) Office of the Inspector General (OIG) from January 1, 2024, through March 31, 2024. Highlights of OIG work this quarter include the following:

- **Court orders for \$246,037 in restitution** payable to the CHA as a result of 2 OIG criminal investigations, which concluded with guilty pleas.
- **Receipt of \$99,940 in restitution** paid by defendants convicted of defrauding the CHA. The OIG returns these funds to the CHA Finance Department for use in the CHA's continued work.
- **Three criminal indictments** stemming from OIG investigations of fraud on the HCV program.
- **OIG's Audit of Rent Collection at CHA's Mixed Finance/Mixed Income Properties.** The audit identified significant deficiencies in Mixed-Finance property owners' practices in recording CHA tenant rent receipts and the corresponding deposits to CHA's tenant rent reserve bank accounts. CHA management is actively working to address these issues.
- **Resolution of 5 sustained administrative investigations** with findings of misconduct against CHA employees, program participants, vendors, and Section 3 contractors.
- **An OIG "Learning Lab"** presentation to all CHA staff, which provided an overview of the OIG, as well as fraud risk indicators, and tips for fraud prevention.
- **Participation in the Springboard to Success "Take Flight" Networking and Recruitment Event**, introducing young people to professions in the Inspector General community.

Additionally this quarter, we were pleased to be able to promote Angelina Allaback from Staff Investigator to Investigator. Angelina has worked for the OIG for nearly 2 years. During that time, she has completed a master's degree in Investigations from New Haven University and became a certified Inspector General Investigator. We are currently working to fill two open positions: staff investigator and staff auditor.

Finally, the OIG continues to serve as a trusted, confidential resource for employees, contractors, and participants to report their concerns without fear of reprisal. Our staff take this role very seriously, and we are always available to discuss issues and questions that may arise. 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,

A handwritten signature in blue ink that reads "Kathryn Richards". The signature is written in a cursive, flowing style.

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.

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

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.

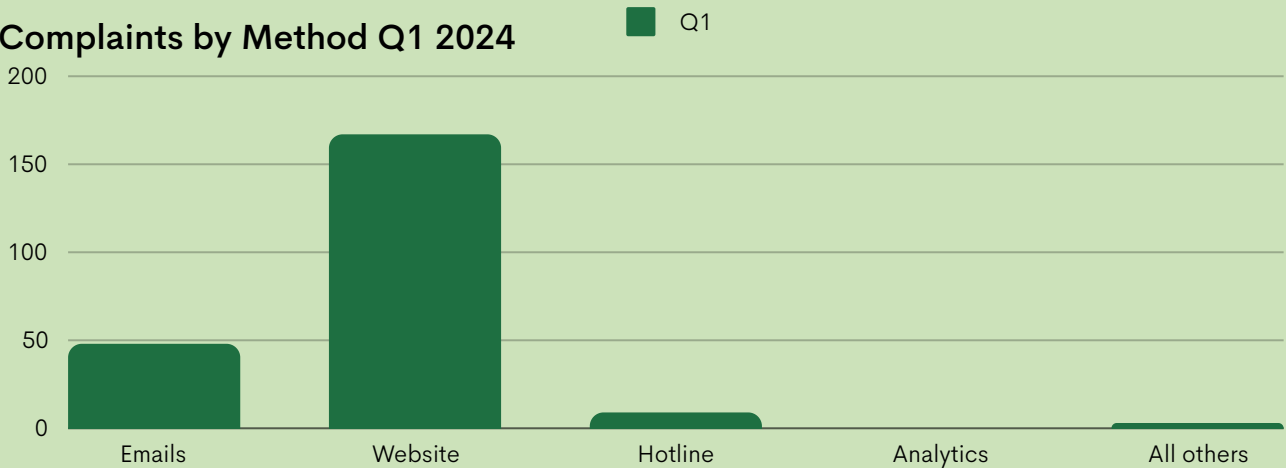
Complaints

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.

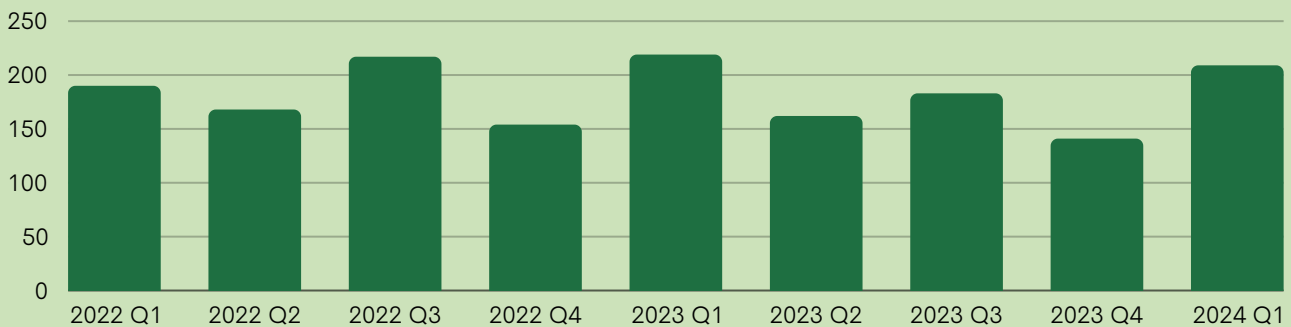
The OIG received **209** complaints in the first quarter of 2024. Of those complaints, the OIG referred **92** to various relevant CHA departments and outside agencies; provided investigative support for **7** matters, and declined **95**. The OIG opened **6** complaints for investigation. At the end of the quarter, **9** complaints received in Q1 remained pending for evaluation, and an additional **3** remained pending from previous quarters, for a total of **12** pending complaints.

Below are tables showing statistical information on complaints received this quarter.

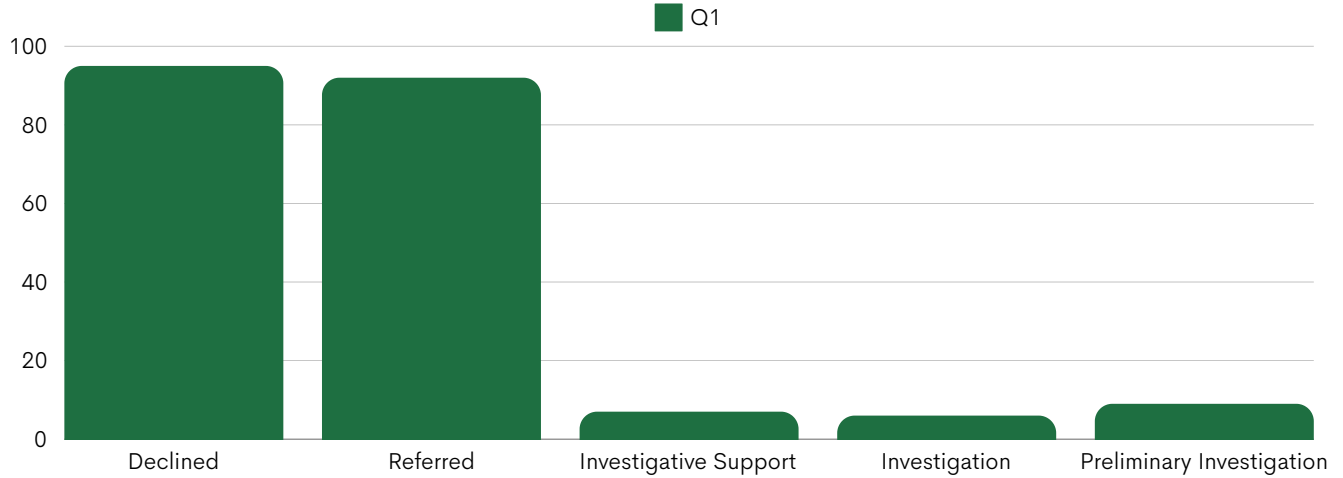
Complaints by Method Q1 2024



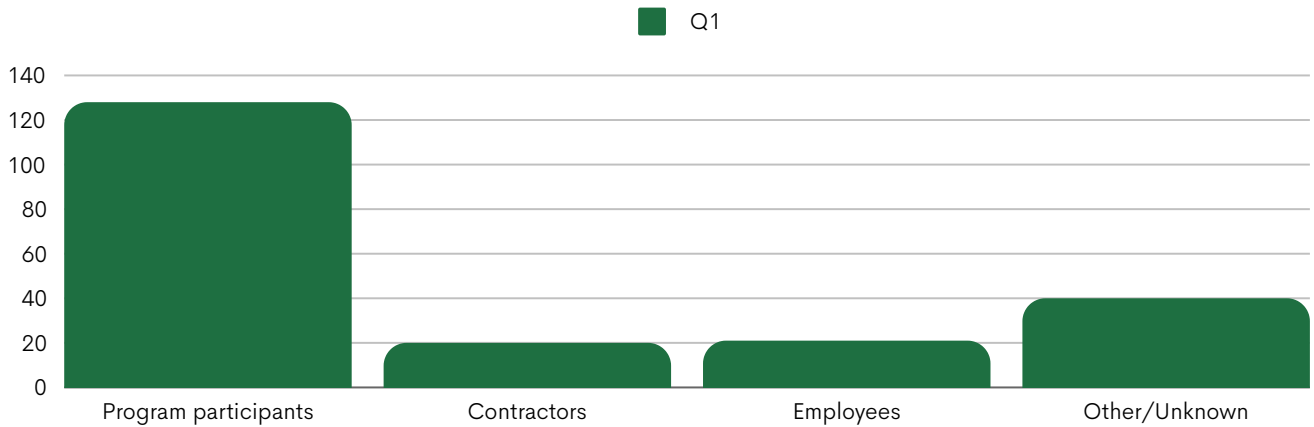
Total Complaints by Quarter



Complaints by Disposition

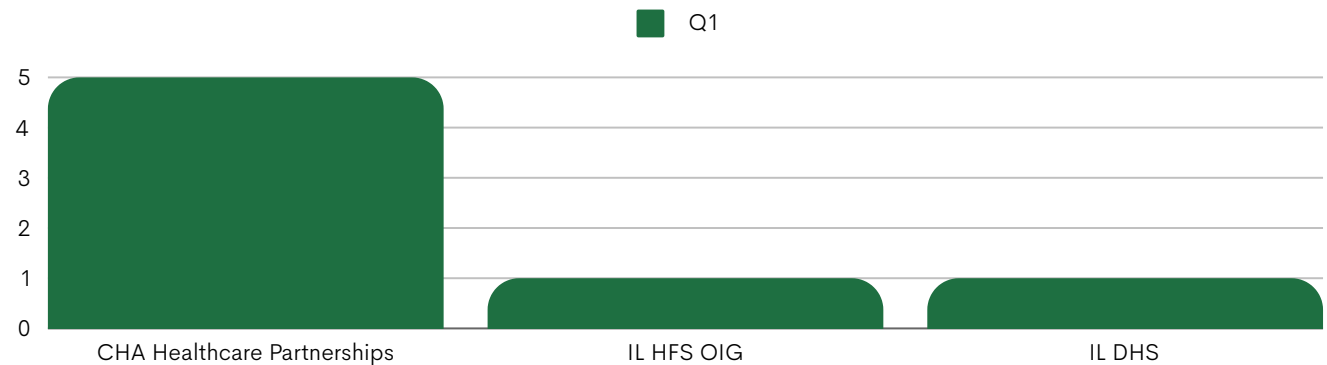


Subjects of Complaints



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 first quarter of 2024, the OIG received **7** 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.

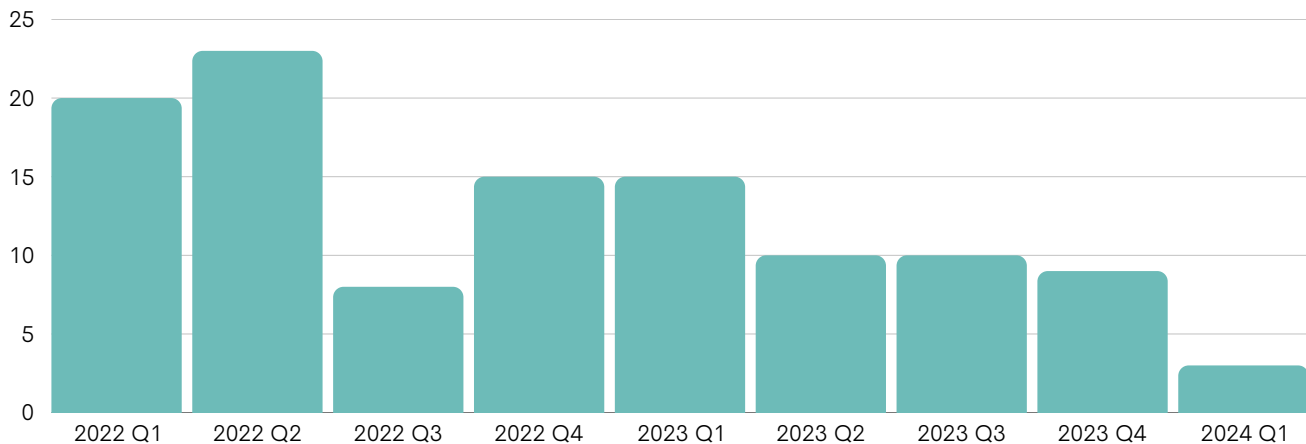
In criminal investigations, if there is sufficient evidence for potential prosecution, the OIG presents the evidence to a prosecuting agency for review. Investigations that result in criminal charges are reported to CHA management and the Finance and Audit Committee. A criminal matter that results in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

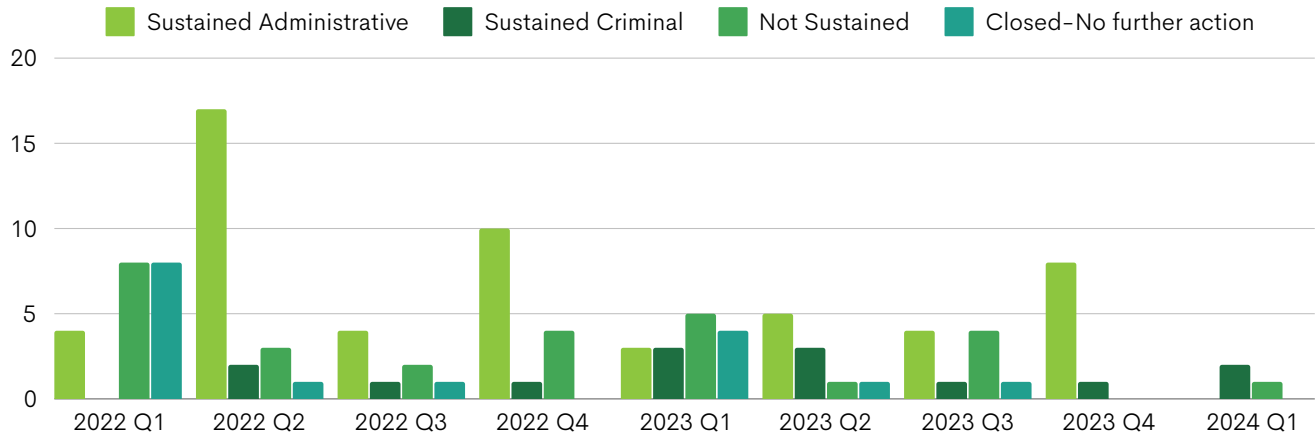
Investigations Closed This Quarter

In the first quarter of 2024, the OIG closed **3** investigations; **2** sustained and **1** not sustained. The **2** sustained investigations resulted in criminal convictions.

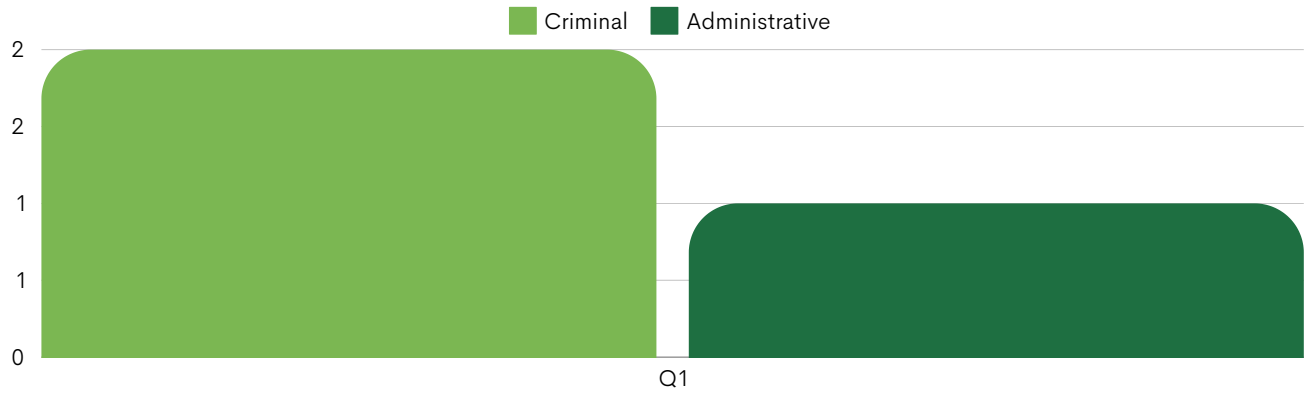
Closed Investigations by Quarter



Disposition of Closed Investigations

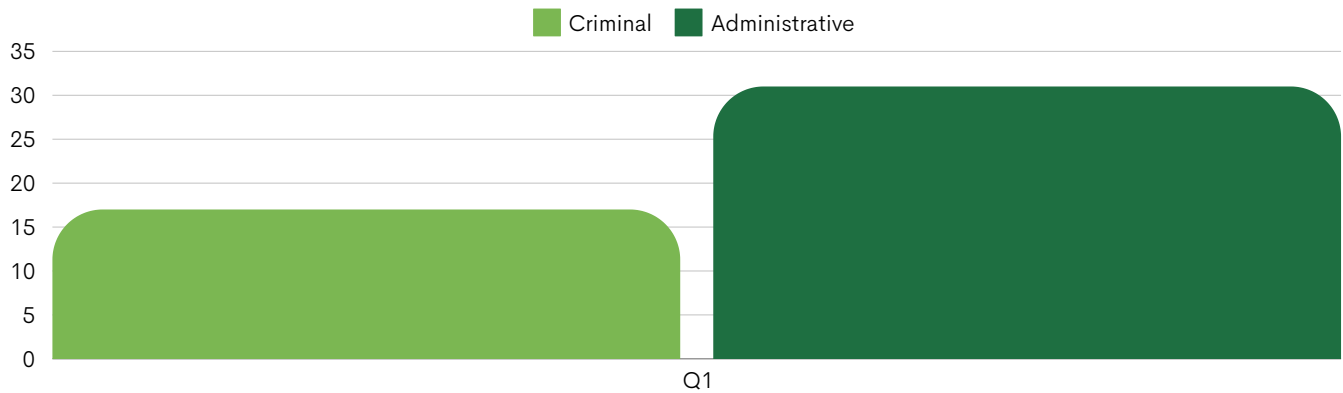


Closed Criminal and Administrative Cases



Pending Criminal and Administrative Investigations

At the close of the first quarter, the OIG had **48** pending investigations, including **31** administrative and **17** 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 **48** open investigations, **33** 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	18
Indicted cases, but no criminal disposition	3
On-hold or delayed due to other ongoing time-sensitive investigations	12
Total	33



Criminal Cases

This quarter, OIG investigations resulted in **3** new indictments, and **2** guilty pleas and orders of restitution. All charged criminal case activities are summarized below.

Criminal Indictments

Two OIG investigations resulted in three new indictments, summarized below.

Indictments of Anna Cartagena & William Roman, OIG #2019-07-00002 **Former HCV Participant and Landlord**

On February 21, 2024, the Grand Jury sitting in the Circuit Court of Cook County returned a 13-count indictment, 24-CR-0205401, charging former CHA Housing Choice Voucher (HCV) participant Anna Cartagena with two counts of Theft of Governmental Property greater than \$100,000.00 (Class X felony) and 11 counts of Forgery (Class 3 felony). The Grand Jury also returned a 4-count indictment, 24-CR-0205501, charging Cartagena's husband, who was her former HCV landlord, William Lorenzo Roman, with 3 counts of Theft of Governmental Property greater than \$100,000.00 (Class X felony) and one count of Forgery (Class 3 felony).

The OIG's investigation found that, for 14 years, Cartagena fraudulently obtained more than \$153,000 in housing benefits from the CHA by jointly owning and residing in the HCV-subsidized property with Roman, her husband. Cartagena concealed her marriage, ownership interest in the property, various sources of income, and her interest in a second residential property she jointly owned with Roman. The second property was occupied by Cartagena's mother, also a former HCV participant, and her stepfather.

As an HCV landlord for his wife's mother and stepfather, Roman fraudulently received \$44,000 from the CHA. When the second property went into foreclosure in 2013, Roman sold it to Cartagena's stepfather, who received rental payments related to his wife's voucher for over 7 years until her death in 2021. Cartagena maintained an interest in this property and was also a signatory on the bank account where her stepfather received these rental payments. The CHA has since terminated both vouchers.

Cartagena and Roman were arraigned on March 7, 2024. Prosecution of the matter is being handled by the Illinois Attorney General's Office, Public Integrity Bureau. The OIG's investigation will remain open pending the outcome of the criminal court proceedings

Indictment of Patricia Hogans, OIG #2020-01-00066, HCV Participant

On February 21, 2024, the Grand Jury sitting in the Circuit Court of Cook County returned a 9-count indictment on case number 24 CR 0205601, charging current HCV participant Patricia Hogans, with one count of Theft of Governmental Property greater than \$100,000 (Class X); 7 counts of Forgery (Class 3); and 1 count of State Benefits Fraud (Class 3). Hogans was arraigned on March 7, 2024.

The CHA OIG's investigation found that, for more than 18 years, Hogans has concealed her marriage to a City of Chicago employee, and further concealed the fact that she and her husband jointly purchased and relocated to a home located on E. 83rd St., Chicago, IL. In total, Hogans fraudulently received over \$148,053.00 in Housing Assistance Payments (HAP) from the CHA.

From 2005 to the present, Hogans has reported limited income to the CHA, including gifts and contributions from family. Hogans did not disclose that she receives monthly social security benefits issued to her at the E. 83rd St. property. Moreover, she did not disclose that her husband has been employed full-time as a Steamfitter with the City of Chicago Department of Assets, Information and Services, where he has earned a substantial salary, including several years in which he earned more than \$100,000 in annual income.

Prosecution of the matter is being handled by the Illinois Attorney General's Office. The OIG's investigation will remain open pending the outcome of the criminal proceedings.

Criminal Case Updates and Sentencings

People v. Brown, 22 CR 0281301, Former HCV Participant, OIG #2017-04-00014

On January 30, 2024, Catherine Brown, a former HCV participant, was sentenced to 48 months' probation and ordered to pay restitution to the CHA totaling **\$136,000**. As part of her plea agreement, entered in October 2023, Brown paid \$50,000 in restitution to the CHA prior to sentencing. Brown is a local pastor and community activist, who unsuccessfully ran for Chicago mayor in 2019.

For nearly 11 years, Brown used her voucher to live in a property she jointly owned with her parents. During this time, Brown was a signatory on both the P.O. Box and the bank account where payments intended for Brown's landlord were sent. Brown also failed to report her husband as a household member, or his income, to the CHA. For an additional 6 years, Brown concealed the fact that she was renting from her parents, which was also prohibited.

People v. Robins, 22 CR 0619301, Former HCV Landlord, OIG #2020-01-00066

On February 28, 2024, Edith Robins, a former HCV landlord, pleaded guilty in the Circuit Court of Cook County to one count of Theft of Governmental Property exceeding \$10,000 and not exceeding \$100,000, a Class 1 Felony, in relation to her long-running fraud against the CHA. Robins was sentenced to 48 months' probation and ordered to pay full restitution to the CHA in the amount of **\$110,037**. As part of her plea agreement, Robins tendered \$45,000 in restitution to the CHA at sentencing.

For approximately 12 years, Robins fraudulently received payments as an HCV landlord on behalf of her mother, Marie Gibson, a former HCV participant. Robins was Gibson's HCV landlord and held the power of attorney for Gibson, allowing her to complete Gibson's regular HCV recertifications. For 9 years Robins concealed the fact that Gibson was in fact living in a long-term residential nursing facility, and for an additional 3 years, concealed that Gibson had died in 2017. Robins did not disclose her mother's death to the CHA in order to continue receiving payments as an HCV landlord on behalf of Gibson.

U.S. v. Kiswani, 18 CR 00853, Former CHA Security Contractor

On March 7, 2024, Abraham Kiswani, former president of World Security Bureau, d/b/a World Security Agency, a former CHA security contractor, was sentenced to two years in federal prison for willfully evading more than \$3.7 million in federal and state income taxes. Kiswani pleaded guilty last year to a federal tax evasion charge, following an investigation, which found that, from 2010 through 2013, Kiswani concealed his wages, compensation, and income from being reported to the IRS. Kiswani also caused the business to pay a wide range of personal expenses which Kiswani falsely identified as business expenses. Kiswani failed to report approximately \$10 million in income that he received. The CHA OIG provided substantial assistance to the investigation.



Criminal Case Recoveries

This quarter, the OIG secured two new orders of restitution totaling **\$246,037**. These cases are summarized below. The OIG received actual funds from five defendants this quarter, totaling **\$99,940.59**, returned to the CHA.

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

The following shows actual funds received by convicted defendants this quarter.

Case Name	Date of Restitution Payment	Amount
People v. Spruill 22 CR 0228801	2/22/24	\$200.59
People v. Robins 22 CR 0619301	2/28/24	\$45,000.00
People v. Brown 22 CR 0281301	3/29/24	\$50,000.00
People v. Wanda Goodloe 16 CR 0628801	3/25/24	\$40.00
People v. Townsend 22 CR 0017401	3/25/24	\$4,700.00
Q1 Total Received		\$99,940.59

OIG Criminal Cases Pending in Court

At the end of Q1 2024, the OIG had **5** criminal cases pending in court; 4 of which stem from two investigations.

Case Name	Indictment	Summary of Charges	Scheme	Updates
People v. Rios 22 CR 0694301 (Cook Cty. Cir. Ct.)	6/15/2022	State benefits fraud, multiple forgery counts	HCV Fraud	Status hearing April 19, 2024.
People v. Rodriguez 22 CR 0694401 (Cook Cty. Cir. Ct.)	6/15/2022	Class 1 felony theft, forgery	HCV Fraud	Status hearing April 19, 2024.
People v. Cartagena 24 CR 0205401 (Cook County Cir. Ct.)	2/21/2024	Multiple Class X felony Theft and forgery counts	HCV Fraud	Status hearing April 19, 2024.
People v. Roman 24 CR 0205501 (Cook County Cir. Ct.)	2/21/2024	Multiple counts of class X felony theft, forgery	HCV Fraud	Status hearing April 19, 2024.
People v. Hogans 24 CR 0205601 (Cook County Cir. Ct.)	2/21/2024	Class X felony theft, state benefits fraud, multiple forgery counts	HCV Fraud	Status hearing May 20, 2024.

Sustained Administrative Case Summaries

The following summaries provide information regarding sustained administrative investigations and management's response.

Commercial Lease Agreements Signed in Violation of Board's Significant Actions Policy & Non-Dwelling Premises Use & Lease Policy, OIG #2020-10-00025

An OIG investigation found that in 2016 CHA senior leadership violated the CHA's Significant Actions Policy and the Non-Dwelling Premises Use and Lease Policy, by entering into two commercial lease agreements with a medical clinic without approval of the CHA Board of Commissioners. The leases, which charged just \$12 per year, did not include any guarantee of benefits or services for CHA residents. A little over a year later, sometime in 2017, the physician-owner abandoned the clinic built at CHA's Zelda Ormes Apartments, leaving patients' medical records and blank prescription pads unsecured in the space. The investigation revealed confusion and potentially conflicting language in the CHA's Significant Actions Policy and Non-Dwelling Premises Use and Lease Policy, particularly regarding the types of leases that must be approved the CHA Board of Commissioners.

In response, Management wrote, "the CHA's Non-Dwelling Premises Use and Land Policy was updated and Board Approved on 7/19/2022. CHA has implemented a public process for for-profit entities utilizing CHA Non-Dwelling Premises i.e.. (Lathrop Boy's & Girl's Club and space at the Charles Hayes Center). All leases and policies are approved through CHA's General Counsel's Office. As recommended, the CHA Human Resources department has retained a copy of this report and placed it in the appropriate personnel files."

Former CHA Senior Manager and CHA Contractor Engaged in Private Property Development Venture In Violation of CHA Ethics Policy, OIG #2021-01-00031

An OIG investigation found that the owner of a former CHA construction contractor, and a former CHA senior manager for construction, engaged in multiple violations of the CHA Ethics Policy. Specifically, the senior manager and the business owner collaborated on the development of a for-profit, low-income housing property development while the manager was employed with CHA and exercised contract management authority over the contractor. In doing so, the manager engaged in activities that were in direct conflict with

the interests of the CHA, by competing against the CHA for low-income housing tax credits for their own property. The business owner partnered with the employee on a new business entity used to develop the property and later hired the employee to the company less than a month after individual left the CHA.

The OIG recommended that CHA consider appropriate remedial action against the construction company, its owner, the former employee, and employee's current business, up to and including debarment.

In response, CHA management accepted OIG's recommendations, writing that, the Department of Procurement and Contracts (DPC) had reviewed the OIG memo and determined it would move forward with debarment proceedings.

Public Housing Resident and Section 3/Resident-Owned Business Owner Failed to Report Ownership of 3 Residential Properties & Business Earnings, -
OIG #2021-05-0019

An OIG investigation found that a Public Housing resident owns four undisclosed properties, including 3 houses. While the CHA had previously authorized the resident to operate a home-based daycare business out of their public housing unit as a Resident Owned Business, they instead operate the daycare business out of one of the properties they own. The resident further reported inflated business costs to increase the amount of income exclusions, thereby lowering their rent costs. Finally, the individual, both personally and through their LLC, fraudulently obtained a total of \$644,599 in pandemic-related loans and grants. The business income or operating losses upon which the seven disbursements were based represent either significant undisclosed income or criminal activity, by defrauding federally funded programs.

The OIG recommended that the PAM department initiate lease enforcement proceedings, to include eviction. The OIG also recommended that the Department of Procurement and Contracts (DPC) review for consideration of debarment.

In response, CHA accepted the OIG's recommendations. Specifically, the PAM department referred the case to CHA Legal to terminate participation the public housing program. DPC reported that it will move forward with debarment proceedings and inform the WORC office to remove the daycare's status as a Section 3 Business.

HCV Participant Failed to Report Section 3 Business Income from the CHA, OIG #2021-06-00021

An OIG investigation found that an HCV participant and sole proprietor of a Section 3 business repeatedly submitted false zero-income affidavits to the CHA to receive higher rental assistance, despite receiving regular Social Security income and income earned from their ownership and employment with the Section 3 business, which had received nearly \$400,000 in payments from CHA construction contracts. The individual specifically listed themselves as having worked as an employee on these contracts in the CHA's LCP Tracker system, and having earned wages that should have been reported to the CHA.

The OIG recommended that the HCV department review the matter for administrative enforcement of program policies, to include termination of the individual's voucher. The OIG further recommended that DPC consider appropriate remedial action up to and including debarment against the HCV participant and their business entities.

CHA accepted the recommendations made by the OIG. The participant was issued a notice of Intent to Terminate the voucher. DPC determined that it will move forward with debarment proceedings against the company and all affiliated names. This information will also be shared with the WORC office to remove the business from CHA's WORC portal.

Inadequate Oversight and Apparent Misuse of CHA's Home Depot "Pro Xtra Owner's Excellence" Account, OIG #2023-0701

A recent OIG investigation found that CHA had an historical Home Depot "Pro Xtra" Account, titled Owner's Excellence, opened in 2012, that had no current oversight or management by CHA. This historical account was separate from the more recent Home Depot Pro Xtra account associated with a 2021 Maintenance, Repair and Operations (MRO) Contract, which is being actively managed by the PAM department. Home Depot records from 2022 and 2023 show the historical "Owner's Excellence" account was being used by numerous customers across the country to make purchases at a substantial corporate discount, and in many cases, using non-CHA tax-exempt ID numbers.

The OIG recommended that the PAM department immediately work with Home Depot to close the account and redirect any current CHA contractors to the newer Home Depot account. The OIG further recommended that PAM staff continue to actively monitor the account to ensure it is used appropriately for CHA projects.

CHA accepted the OIG's recommendations. DPC has worked with Home Depot to close the unused account. Further, DPC stated it will work with the PAM department to ensure that there is a process in place in which to adequately monitor the existing account.

Audits and Reviews

Closed Audits

The OIG closed one audit in the first quarter of 2024. The OIG's Audit of Rent Collection at Mixed-Finance properties 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 first quarter: the Contractors System Access Audit and a Follow-up Audit on Public Housing Equipment Appliance and Materials Inventory.

Mixed-Finance Rent Collection Audit

The OIG concluded the Audit of Mixed-Finance Rent Collection and has received the management response. The audit identified several significant deficiencies in the Mixed-Finance property owners' practices in recording CHA tenant rent receipts and the corresponding rent deposits to CHA's tenant rent reserve bank accounts. The OIG identified at least \$289,720 in rent collected, during the audit scope period, but not deposited into CHA's Tenant Rent Reserve bank account from MF properties. The significant discrepancies between MF rent records as reflected in Yardi, owner ledgers, and the CHA bank deposits, make it impossible to verify actual rent balances for CHA tenants at many of these properties. The management agents working for the owners—private property managers (PPMs), are subject to the terms of CHA's Regulatory and Operating (RO) agreement with each property owner. Findings one through four below represent violations of the RO agreements.

1. Mixed-Finance PPMs Did Not Accurately Record Tenant Rent Payments in Yardi
2. Mixed-Finance PPMs Did Not Deposit All Tenant Rents into the CHA's Tenant Rent Reserve Account
3. Mixed-Finance Tenant Balances and Credits Were Not Consistently Transferred with Tenants to New Units
4. Mixed-Finance PPM Staff Made Excessive Material Adjustments to Tenant Accounts Without Prior Authorization
5. CHA Did Not Report Delinquent Past-Tenant Accounts Receivable (TAR) Balances from its Mixed-Finance Properties to HUD

The OIG recommended that CHA take the following actions:

1. CHA staff should conduct regular reconciliations of tenant ledgers in Yardi, PPM ledgers, and the Tenant Rent Reserve Accounts (TRRAs) to ensure accuracy in mixed-finance tenant accounts.
2. Should such reconciliations reveal material discrepancies, CHA Finance and PAM departments should engage the CHA Office of General Counsel to enforce the terms of the Regulatory and Operating agreements.
3. CHA should monitor mixed-finance properties for compliance with the CHA's RO agreements, including the recording of tenant payments in CHA's Yardi and the timely deposit of tenant funds to the CHA's TRRA bank account.
4. CHA PAM staff should closely monitor PPM transitions at Mixed-finance properties to ensure all CHA tenant rents are received, recorded, and deposited prior to the property's transfer to a new PPM. PAM staff should confirm that all PPMs have appropriate access to CHA's Yardi system prior to assuming responsibility for CHA units.
5. CHA should direct Mixed-finance owners to ensure their PPM personnel know how to transfer tenant balances in CHA's Yardi system when a tenant moves to a new unit.
6. CHA should identify all current tenants with an outstanding rent balance or credit.
7. CHA should direct mixed-finance owners to ensure their PPM personnel obtain approval from the CHA PAM department prior to applying resident rent charge credits, and provide CHA with supporting documentation for any such tenant ledger adjustments.
8. The PAM department should work with the Finance Department's Property Accounting staff to evaluate the accuracy of bad debt records.
9. CHA should ensure that, any bad-debt records deemed sufficiently accurate, are submitted to HUD through the EIV system.

Management Response

In response, Management concurred with most findings and accepted all but two recommendations, stating as follows:

CHA has and will continue to monitor the PPM firms' diligence in posting tenant rents into the Yardi system and depositing those funds into the TRR accounts in accordance with the R&O agreements. CHA has considered long term adjustments to the practice of handling of tenant rents by Mixed Income PPM firms, which will require them to post rents to their system of record, make bank deposits into the TRR immediately, and provide accurate records so that CHA can reconcile what is posted to what has been deposited.

Management Response (continued)

CHA had already identified historical activity and data that suggested the need for drastic changes to the handling of TRR accounts by the PPM firms (including those five with standalone ownership by the private owner/developer). As a result, CHA will not seek joint ownership of the bank accounts. Instead, CHA will require that tenant rents are posted in the PPM firms' system of record, deposited immediately into the TRR, and for reports to be provided so that CHA can reconcile what is posted against what is deposited.

Part of the initiative and associated analysis aimed at ensuring that all funds paid by CHA residents can be accounted for within a reasonable timeframe—including cleanup/reconciliation of monies owed to CHA, monies owed to residents (current or former), and charges/balances that cannot be reconciled. CHA will provide PPMs a recommendation to resolve balances that cannot be reconciled.

Preliminary reviews highlighted a lack of knowledge at the PPM level on how to perform complex adjustments in the Yardi system. PPM firms were directed to stop making efforts to correct records, and to reach out to CHA Finance teams for assistance. CHA will send out an official advisory to all Mixed Income PPM firms to reinforce this directive and will exercise any remedies allowed under the Regulatory & Operating agreements.

CHA is currently developing a process to verify the total amount of bad debt. Once this is done, the accurate amount will be reported to HUD's EIV system.

Management Advisories and Memos

OIG management advisories and memos seek to notify the CHA of various management and operational issues identified by OIG through analytics, audits, or investigations. The OIG provides advisories to describe opportunities to strengthen program administration, improve program controls, or eliminate waste or inefficiencies.

This quarter, the OIG did not issue any management advisories or memos.



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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