



ADDENDUM NUMBER 1

**April 10, 2024
Request for Proposal (RFP)
INDEPENDENT AUDITING SERVICES
Event Number 3246
Proposal Due Date: Tuesday, April 23, 2024, at 10:00 A.M. CST
Chicago Housing Authority
Department of Procurement and Contracts
60 East Van Buren, 8th Floor
Chicago, IL 60605**

Receipt of this Addendum is to be acknowledged by the Contractor by signing, dating and submitting with the Proposal. Failure to do so may render the Proposal non-responsive.

The following revisions, clarifications, additions and/or deletions are included in this Addendum to Solicitation No. 3246 and are to be fully incorporated into Respondent's Response therein.

Respondent acknowledges receipt of Addendum:

Respondent's Signature

Date

Item Number 1: REVISED ARTICLE V. SUBMITTAL REQUIREMENTS

Fee Proposal Form (Refer to Attachment A) – Page, 17

CURRENTLY READS:

On the fee proposal form a cost breakdown should be presented per professional level or resource, based upon an estimated 1300 hours per each year of service for the base term and any and all option years.

CHANGED TO:

On the fee proposal form a cost breakdown should be presented for each professional service or as groups with detail of services included in the group, based upon an estimated 5000 hours per each year of service for the base term and any and all option years. The hours are just an estimate for similar kind of work based on historical data while actual work can result in less or more hours.



Item Number 2: REVISED EVALUATION CRITERIA

Proposed Fees – Page, 24

CURRENTLY READS:

*Respondent's overall proposed fee for **Internal Audit Services** as outlined within the statement of work. (20 Points)*

CHANGED TO:

*Respondent's overall proposed fee for **Independent Auditing Services** as outlined within the statement of work. (20 Points)*

Item Number 3: INCORPORATING THE FOLLOWING ADDITIONAL EXHIBITS

- ***Exhibit 1 – 2022 UG Audit Report.***
- ***Exhibit 2 – Capital Grants Close Out 2***
- ***Exhibit 3 – Statement and Certification of Program Costs FSS Coordinator Grant.***

Item Number 4: QUESTIONS AND ANSWERS

- 1. Please provide the audit and quarterly review fees in the prior two years.**

Answer: *Audit and quarterly Review Fees are not available for the prior two years. Fees are based on contracted amount and do not provide necessary breakdown.*

- 2. Who prepares the ACFR? The Authority or the Auditor?**

Answer: *The CHA Financial Reporting team prepares the ACFR.*

- 3. Is there any significant change in funding in the current year? Any new federal awards or ending of certain programs?**

Answer: *There are no major anticipated changes in the current year. There are no new federal awards or ending of certain programs.*



4. **Please provide timing of preferred fieldwork. Was preliminary fieldwork performed? Is remote, hybrid or onsite fieldwork preferred?**

Answer: CHA strongly encourages preliminary fieldwork, including walk through reviews, be conducted with start date no later than October to adhere General ledger closing of December 31. Yearend close field work may start in late February/or early March. Audit fieldwork is hybrid because CHA staff follows a hybrid schedule.

5. **Were there any significant transactions in the current year? (new debt, purchased properties, change in component units, etc.?)**

Answer: In 2023 there were no major debt issuances or property purchases, but CHA had two additional component unit entities for reporting.

6. **What is the status of prior year audit findings? Have they been corrected? If not, what are the plans to address?**

Answer: There are no financial audit findings. However, there are three findings related to Uniform Guidance audit which the Authority is in process of resolving.

7. **Please provide the "Agreed Upon Procedures" that are included in the two quarterly review reports. If possible, please provide the most recent report issued.**

Answer: Quarterly review typically involves reading CHA prepared quarterly financial statements, flux explanations and reviewing for completeness. The audit firm prepares a presentation to finance and audit committee and report results.

8. **In Article V.A it asks to submit one complete proposal and a version labeled and separated into a different file. Please clarify if firms should submit one proposal "bookmarked" in our proposal, upload our separately in a different upload or both.**

*Answer: Both. See **ARTICLE V SUBMITTAL EQUIREMENTS A. Format:** Respondents shall present their proposals as a firm offer which, if accepted by CHA in its entirety, shall be binding between the parties. Electronic responses submitted via the CHA Supplier Portal at <https://supplier.thecha.org> only require one (1) complete proposal. The*



Respondents must also include an indexed version of each submittal section of the electronic proposal shall be formatted, labeled and separated into a different file.

- 9. Please clarify if firms should complete Attachment E and attach to proposals, should firms send to clients to complete and return with our submission, or is this form to be sent over to the references by CHA during the evaluation process.**

*Answer: Firms should complete Attachment E and submit with Proposal. Per **ARTICLE V SUBMITTAL REQUIREMENTS, Section G. References**, Please inform your references that they will be contacted by CHA. (Attachment E).*

- 10. Article V.P it asks for financial documents. Can you please clarify if firms can submit a disclosure document with our proposals and state that financial documents are available upon request.**

*Answer: Provide Financial documents requested and submit with Proposal. Non submission of required documents deems a proposal to be non-responsive. See **ARTICLE V SUBMITTAL REQUIREMENTS, Section P. Financial Information**.*

- 11. In Article V.R. it asks to submit all requirements provided on CHA's website, item I. HUD Form 5370-C is not listed on your forms. Can you please provide or can firms go ahead and upload a general HUD Form 5370-C and submit that.**

Answer: HUD Form 5370-C is not required.

- 12. Which Subcontractors were used on current contract?**

Answer: Please submit a FOIA request to obtain this information.

- 13. Do Auditors of CHA prepare the Financial Statements?**

Answer: No. CHA financial statements are prepared by CHA financial reporting team.



14. What documents are required to show good faith efforts?

Answer: Vendors need to give a detailed description of actions taken to meet the requirement. For example, websites that they visited, vendors they reached out to, outcomes from the outreach, collaboration with the WORC Office, etc.

15. Can the MWDBE requirements be met by both indirect & direct participation?

Answer: Yes, M/W/DBE requirements can be met with both Direct and Indirect. The commitment should not rely solely on Indirect participation.

16. Can you please clarify if the request to provide fees for 1,300 hours is for the base audit of the ACFR or inclusive of all services requested to be provided? Is the 1,300 hours reflective of what the current auditors spend?

Answer: Please refer to Revision in Item Number 1 for further explanation.

17. Can you please provide a list or quantify the number of properties that require electronic submission of the Annual Financial Statements filed on HUD's REAC site to enable us to prepare an accurate budget and scope for such services?

Answer: Please refer to Federal Data Scheduled included in 2022 ACFR. The number of reportable properties and programs do not exceed one hundred and ninety.

18. Would you be comfortable if an MBE/WBE firm owns one of the services – for example, completes and signs the opinion for the single audit or agreed upon procedures?

Answer: The Prime can receive "direct" credit for utilizing an M/W/DBE firm if they are performing a Commercially Useful Function within the scope of work on the CHA contract. The Prime can receive "indirect" credit for utilizing an M/W/DBE firm if they are performing work for the prime during the term of the CHA contract.



19. With the fiscal year 2022 ACFR audit completed and issued in September 2023, could you please provide the ideal timeline for fieldwork and goal issuance date? Does CHA plan to issue the FY 2024 ACFR within the six-month GFOA deadline?

Answer: Please refer to answer to Question 4. CHA has issued ACFR within six month of the GFOA deadline in the past and strives to achieve that goal if feasible.

20. Has the fiscal year 2022 single audit been completed? If issued, could you please provide a copy as it is not currently available on the CHA website?

Answer: Yes, CHA has completed 2022 single audit. See attached Exhibit 1 – 2022 UG Audit Report.

21. Could you please provide a copy of previously issued “Agreed Upon Procedures” reports for the quarterly reviews, capital fund grant activities and ROSS/FSS grant funds to enable us to prepare an accurate budget and scope for such services?

Answer: Please refer to answer to question 7. Attached is a copy of Capital Grant closeout- Exh 2-Capital Grants Close Out. Regarding ROSS and FSS grants, AUP is new and it encompasses appropriate attestation to attached Statement of Program Costs. See attached Exhibit 2 – Capital Grants Close Out 2 and Exhibit 3 – Statement and Certification of Program Costs FSS Coordinator Grant.

22. Does the incumbent auditor currently perform procedures over the net pension obligation under GASB 68 or do they obtain a schedule of pension amounts from the auditors of the Employees’ Retirement Plan & Trust Plan Audit under GASB 67? This is a common approach we have seen in accordance with the AICPA State and Local Government Guide to reduce performance of duplicative procedures (e.g. demographic testing, etc.).

Answer: Pension plan is independently audited CHA. Net pension obligation GASB 68 schedules are prepared by pension plan consultants/experts.

***** END OF ADDENDUM NO. 1*****

Chicago Housing Authority

Tamika Carson

Tamika Carson
Procurement Manager

EXHIBIT 1-FY 2022 UG AUDIT REPORT

UNIFORM GUIDANCE REPORT AND SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Chicago Housing Authority
Year Ended December 31, 2022
With Report of Independent Auditors

Ernst & Young LLP



Chicago Housing Authority

Uniform Guidance Report and Schedule of
Expenditures of Federal Awards

Year Ended December 31, 2022

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Report of Independent Auditors on Compliance for Each 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
Chicago Housing Authority

Report of Independent Auditors on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Chicago Housing Authority's compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of the Chicago Housing Authority's major federal programs for the year ended December 31, 2022. The Chicago Housing Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Chicago Housing Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Chicago Housing Authority and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Chicago Housing Authority's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Chicago Housing Authority's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Chicago Housing Authority's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Chicago Housing Authority's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Chicago Housing Authority's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Chicago Housing Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the Chicago Housing Authority's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed 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:

Finding No.	Assistance Listing No.	Program Name	Compliance Requirement
2022-001	14.881	Moving to Work Demonstration Program	E. Eligibility and L. Reporting
2022-002	14.881	Moving to Work Demonstration Program	Special Tests and Provisions: N14. Recording of Declarations of Trust/ Declaration of Restrictive Covenants Against Public Housing Property
2022-003	14.881	Moving to Work Demonstration Program	Special Tests and Provisions: N17. Environmental Contaminants Testing and Remediation

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

Government Auditing Standards requires the auditor to perform limited procedures on the Chicago Housing Authority's responses to the noncompliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The Chicago Housing Authority's responses were not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance, and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses.

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 deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2022-001, 2022-002 and 2022-003 to be material weaknesses, as follows:

Finding No.	Assistance Listing No.	Program Name	Compliance Requirement
2022-001	14.881	Moving to Work Demonstration Program	E. Eligibility and L. Reporting
2022-002	14.881	Moving to Work Demonstration Program	Special Tests and Provisions: N14. Recording of Declarations of Trust/ Declaration of Restrictive Covenants Against Public Housing Property
2022-003	14.881	Moving to Work Demonstration Program	Special Tests and Provisions: N17. Environmental Contaminants Testing and Remediation

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 in internal control over compliance yet important enough to merit attention by those charged with governance.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the Chicago Housing Authority’s responses to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The Chicago Housing Authority’s responses were not subjected to the other 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 basic financial statements of the business-type activities (Enterprise Fund) and the aggregate remaining fund information of the Chicago Housing Authority as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Chicago Housing Authority's basic financial statements, and have issued our report thereon dated September 12, 2023, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the basic 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 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. The information has been subjected to the auditing procedures applied in the audit 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 of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Ernst + Young LLP

September 26, 2023

CHICAGO HOUSING AUTHORITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended December 31, 2022

<i>Federal Awarding Agency/Program Title</i>	<i>Federal Assistance Listing Number</i>	<i>Additional Award Identification</i>	<i>Total Amount Provided to Sub-Recipients</i>	<i>Federal Expenditures</i>	<i>Federal Program Total</i>	<i>Cluster Name</i>	<i>Cluster Total</i>
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT							
LOWER INCOME HOUSING ASSISTANCE PROGRAM SECTION 8 MODERATE REHABILITATION	14.856			\$4,165,390	\$4,165,390	SECTION 8 PROJECT-BASED CLUSTER	\$4,165,390
RESIDENT OPPORTUNITY AND SUPPORTIVE SERVICES - SERVICE COORDINATORS	14.870			\$208,902	\$208,902	N/A	\$0
SECTION 8 HOUSING CHOICE VOUCHERS	14.871	VASH		\$10,936,834	\$21,819,310	HOUSING VOUCHER CLUSTER	\$24,289,850
SECTION 8 HOUSING CHOICE VOUCHERS	14.871	EHV		\$10,882,476	\$21,819,310	HOUSING VOUCHER CLUSTER	\$24,289,850
MAINSTREAM VOUCHERS	14.879			\$2,470,540	\$2,470,540	HOUSING VOUCHER CLUSTER	\$24,289,850
MOVING TO WORK DEMONSTRATION PROGRAM	14.881			\$979,845,891	\$979,845,891	N/A	\$0
JOBS-PLUS PILOT INITIATIVE	14.895			\$459,688	\$459,688	N/A	\$0
FAMILY SELF-SUFFICIENCY PROGRAM	14.896			\$907,356	\$907,356	N/A	\$0
TOTAL DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT					<u>\$1,009,877,077</u>		
TOTAL EXPENDITURES OF FEDERAL AWARDS					<u>\$1,009,877,077</u>		

The accompanying Notes to the Schedule of Expenditures of Federal Awards are an integral part of the schedule.

Chicago Housing Authority

Notes to Schedule of Expenditures of Federal Awards

Year Ended December 31, 2022

1. Significant Accounting Policies Used in Preparing the Schedule of Expenditures of Federal Awards

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Chicago Housing Authority under programs of the federal government for the year ended December 31, 2022. 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 Chicago Housing Authority, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Chicago Housing Authority.

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.

2. 10% De Minimis Cost Rate

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

Chicago Housing Authority

Schedule of Findings and Questioned Costs

December 31, 2022

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 programs:
 Material weakness(es) identified? X Yes No
 Significant deficiency(ies) identified? Yes X No

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

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 programs:

Assistance Listing No.	Name of Federal Program or Cluster
14.856	Section 8 Project-Based Cluster
14.871 and 14.879	Housing Voucher Cluster
14.881	Moving to Work Demonstration Program

Dollar threshold used to distinguish between Type A and Type B programs: \$3,029,631

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 2022-001 Eligibility and Reporting (Form HUD-50058 MTW)

**Identification
of the Federal
Program:**

Federal Agency and Program Name

**Assistance
Listing #**

<p>U.S. Department of Housing and Urban Development (HUD): Moving to Work (MTW) Demonstration Program: Public and Indian Housing (Public Housing) Program Year: January 1, 2022 through December 31, 2022 Program No.: IL002-01-00022D</p> <p>Section 8 – Housing Choice Vouchers (HCV) and Rental Assistance Demonstration (RAD) Program Year: January 1, 2022 through December 31, 2022 Program No.: Multiple</p>	<p>14.881</p>
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**Criteria or Specific
Requirement
(Including
Statutory,
Regulatory or
Other Citation):**

2 CFR section 200.303 of the Office of Management and Budget’s (OMB) *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) states the following regarding internal control: “The non-Federal entity must: (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).”

Chicago Housing Authority

Schedule of Findings and Questioned Costs (continued)

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

Eligibility – 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: (1) one or more release forms to allow the PHA to obtain information from third parties; (2) a federally prescribed general release form for employment information; and (3) 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).
- 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 section 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 as necessary using the documentation from third-party verification (24 CFR section 960.253, 960.257, 960.259, and 982.516).

Chicago Housing Authority

Schedule of Findings and Questioned Costs (continued)

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

In addition, the Chicago Housing Authority (the Authority) is participating in HUD's Moving to Work (MTW) Demonstration Program. The Authority's initial MTW 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 extended the Authority's participation in the MTW program through December 31, 2018. On April 4, 2016, the MTW Agreement was further modified and extended through December 31, 2028. 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 HCV Administrative Plan, reexamination of family income and composition under the HCV program is performed biennially or triennially.

Reporting (Form HUD-50058 MTW) – Per 24 CFR Part 908 and 24 CFR Section 982.158, the PHA is required to submit the Form HUD-50058 MTW, *Family Report*, each time the PHA completes an admission, annual reexamination, interim reexamination, 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.

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

- (1) Line 1c – *Program*
- (2) Line 2a – *Type of Action*
- (3) Line 2b – *Effective Date of Action*
- (4) Line 2k – *FSS Participation Now or in the Last Year*
- (5) Lines 3b, 3c – *Last Name, First Name*
- (6) Line 3e – *Date of Birth*
- (7) Line 3n – *Social Security Numbers*
- (8) Line 5a – *Unit Address*
- (9) Line 5h – *Date Unit Last Past HQS Inspection*

Chicago Housing Authority

Schedule of Findings and Questioned Costs (continued)

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

(10) Line 5i – *Date of Last Annual HQS Inspection*

(11) Line 7i – *Total Annual Income*

(12) Line 13h – *Contract Rent to Owner*

(13) Line 13k – *Tenant Rent*

(14) Line 13x – *Mixed Family Tenant Rent*

(15) Line 17a – *Participation in Special Programs – Participation in the Family Self Sufficiency (FSS) Program*

(16) Line 17k(2) – *FSS Account Information – Balance*

Condition:

Eighty tenants and participants were selected for testing of internal controls over compliance with the eligibility and Form HUD-50058 MTW reporting requirements for the program. For the 80 tenants and participants selected, 40 were Public Housing and RAD tenants (28 Public Housing and 12 RAD) and 40 were Housing Choice Voucher (HCV) participants. In our testing of the Authority's internal controls over compliance with the eligibility and Form HUD-50058 MTW reporting requirements, there were four Public Housing tenants and three RAD tenants for which control deviations/compliance exceptions were noted (8.8% overall MTW deviation rate). The nature of the control deviations identified is as follows:

- In the case that a recertification was to be performed in 2022, the examination/re-examination checklist was not initialed by the certification specialist (CS); therefore, the Authority did not retain evidence that the CS inspected all relevant forms (three instances).
- In the case that a recertification was to be performed in 2022, the examination/re-examination checklist was initialed by the certification specialist (CS), but forms were missing and/or not signed (one instance).
- In the case that a recertification was to be performed in 2022, relevant forms were signed after the effective date and submittal to HUD (three instances).

Chicago Housing Authority

Schedule of Findings and Questioned Costs (continued)

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

- In the case that a recertification was to be performed in 2022, relevant forms were missing and/or missing signature by the tenant and recertification clerk (five instances).

In addition, 100 tenants and participants were selected for testing over the compliance requirements over eligibility and Form HUD-50058 MTW reporting for the program. For the 100 tenants and participants selected, 60 were Public Housing and RAD tenants (42 Public Housing and 18 RAD) and 40 were HCV participants. In our testing, there were 7 Public Housing tenants and 5 RAD tenants with compliance exceptions (12% overall MTW exception rate). The nature of the compliance exceptions identified is as follows:

- In the case that a recertification was to be performed in 2022, relevant forms were missing and/or missing signature by the tenant and recertification clerk (eight instances).
- In the case that a recertification was to be performed in 2022, third-party income support was not available and/or on file (four instances).
- In the case that a recertification was to be performed in 2022, third-party income support did not match the calculation amount (one instance).
- In the case that a recertification was to be performed, it was not performed within a reasonable timeframe (two instances).
- In the case that a recertification was to be performed, proper documentation was not available and/or on file to tie key line items within Form HUD-50058: total annual income, date of birth, and social security number (two instances).
- In the case that a recertification was to be performed in 2022, the reexamination file could not be located (one instance).

The compliance exceptions noted above are a result of a deficiency in internal controls.

Furthermore, for Public Housing, RAD and HCV, the quality review specialists perform a quality review of a sample of tenant/participant recertification files to ensure compliance with eligibility and reporting

Chicago Housing Authority

Schedule of Findings and Questioned Costs (continued)

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

(Form HUD-50058 MTW) requirements. For Public Housing and RAD, management did not maintain evidence of documentation of completeness and accuracy regarding populations utilized in selecting samples for the quality control reviews performed. In addition, management did not design an internal control to ensure findings identified in the quality control review are resolved.

Cause: Management has not designed a control to ensure that eligibility and HUD-50058 MTW reporting requirements are being met.

Effect or Potential Effect: Ineligible tenants or participants may be inappropriately allowed to participate in federal programs, and information reported to HUD could be inaccurate or incomplete.

Questioned Costs: None.

Context: The Public Housing and RAD programs had 12,931 and 4,949 tenants on its rent rolls, respectively, as of December 31, 2022. The HCV program had 45,389 participants as of December 31, 2022. All active tenants and participants have a Form HUD-50058 MTW, which is filed annually (Public Housing and RAD), biennially (HCV), or triennially (HCV).

Identification as a Repeat Finding, if Applicable: This finding is a repeat of finding 2021-001 from the prior year.

Recommendation: The Authority should design sufficiently precise policies, procedures, and internal controls to ensure ineligible tenants or participants are not inappropriately allowed to participate in federal programs and reporting to HUD is complete and accurate.

Views of Responsible Officials: Management concurs with the finding and has developed a plan to correct the finding.

Chicago Housing Authority

Schedule of Findings and Questioned Costs (continued)

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

Finding 2022-002 N. Special Tests and Provisions – N14. Recording of Declarations of Trust/Declaration of Restrictive Covenants Against Public Housing Property

Identification of the Federal Program:	Federal Agency and Program Name	Assistance Listing #
	U.S. Department of Housing and Urban Development (HUD): Moving to Work (MTW) Demonstration Program: Public and Indian Housing (Public Housing) Program Year: January 1, 2022 through December 31, 2022 Program No.: IL002-001-00022D	14.881

Criteria or Specific Requirement (Including Statutory, Regulatory or Other Citation): The Uniform Guidance 2 CFR section 200.303 states, “The non-Federal entity must: (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework,” issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).”

2 CFR section 905.505(c)(4) states, “Declaration of Trust. All public housing rental projects must show evidence satisfactory to HUD of an effective Declaration of Trust being recorded in first position, meeting the requirements of paragraph (c) of this section and covering the term of the financing. If part of a mixed-finance project, this evidence will be with the mixed-finance evidentiary documents.”

Chicago Housing Authority

Schedule of Findings and Questioned Costs (continued)

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

Condition:	<p>Seventeen Declarations of Trust (DOTs) were selected for testing of internal controls over and compliance with the recording of DOTs against public housing property. For nine of the 17 DOTs tested, we noted control deviations and a compliance exception of the following nature:</p> <ul style="list-style-type: none">• We identified four instances in which incorrect DOT Property Identification Numbers (PINs) were recorded in the Authority's DOT Excel monitoring spreadsheet when comparing the DOT filed with the State of Illinois to the Authority's DOT Excel monitoring spreadsheet (control deviations).• We identified six instances in which incorrect DOT addresses were recorded in the Authority's DOT Excel monitoring spreadsheet when comparing the DOT filed with the State of Illinois to the Authority's DOT Excel monitoring spreadsheet (control deviations).• We identified one instance in which incorrect PINs were recorded within the Authority's DOT Excel monitoring spreadsheet. In addition, the incorrect PINs were recorded on the DOT filed with the State of Illinois. As such, a Scrivener's Affidavit is required to be recorded by the Authority (control deviations and compliance exception).
Cause:	<p>The Authority's DOT Excel schedule used to monitor the accuracy and completeness of DOTs contained inaccuracies which were due to human error.</p>
Effect or Potential Effect:	<p>DOTs may not be properly recorded for public housing.</p>
Questioned Costs:	<p>None.</p>
Context:	<p>The Public Housing program had 148 DOTs recorded against public housing property for the year ended December 31, 2022.</p>

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: The finding is a repeat of finding 2021-002 from the prior year.

Recommendation: The Authority should perform a periodic quality control review of its DOT Excel monitoring spreadsheet against recorded DOTs to ensure continued accuracy and completeness.

Views of Responsible Officials: Management concurs with the finding and has developed a plan to correct the finding.

Chicago Housing Authority

Schedule of Findings and Questioned Costs (continued)

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

Finding 2022-003 N. Special Tests and Provisions – N17. Environmental Contaminants Testing and Remediation

Identification of the Federal Program:	Federal Agency and Program Name	Assistance Listing #
Criteria or Specific Requirement (Including Statutory, Regulatory or Other Citation):	<p>U.S. Department of Housing and Urban Development (HUD): Moving to Work (MTW) Demonstration Program: Public and Indian Housing (Public Housing) Program Year: January 1, 2022 through December 31, 2022 Program No.: IL002-001-00022D</p>	14.881
	<p>The Uniform Guidance 2 CFR section 200.303 states, “The Non-Federal entity must: (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework,” issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).”</p> <p>2 CFR section 5.703 states, “HUD housing must be decent, safe, sanitary and in good repair. Owners of housing described in §5.701(a), mortgagors of housing described in §5.701(b), and PHAs and other entities approved by HUD owning housing described in §5.701(c), must maintain such housing in a manner that meets the physical condition standards set forth in this section in order to be considered decent, safe, sanitary and in good repair. These standards address the major areas of the HUD housing: the site; the building exterior; the building systems; the dwelling units; the common areas; and health and safety considerations.”</p>	

Chicago Housing Authority

Schedule of Findings and Questioned Costs (continued)

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

Condition:	<p>For Uniform Physical Conditions Standards (UPCS) and environmental inspections, management provided populations; however, they were unable to provide evidence that the populations were complete and accurate.</p> <p>Sixty failed UPCS inspections and forty failed environmental inspections were selected for compliance testing out of the total 9,975 failed UPCS inspections and 216 failed environmental inspections, respectively, reported by the Authority.</p> <ul style="list-style-type: none">• Internal controls were not in place to ensure that failed UPCS and environmental inspections were remediated.• For 35 of the 60 (58%) failed UPCS inspections and 14 of the 40 (35%) failed environmental inspections tested, the Authority did not maintain adequate supporting documentation to evidence that the safety/environmental concern from the failed inspection was remediated.
Cause:	<p>Internal controls were not in place over the creation and follow-up of work orders related to failed UPCS and environmental inspection reports to ensure the identified safety/environmental concerns were remediated.</p>
Effect or Potential Effect:	<p>HUD housing may not meet the physical condition standards and environmental contaminants may not get remediated.</p>
Questioned Costs:	<p>None.</p>
Context:	<p>The Public Housing program had a total of 19,146 UPCS inspections performed during the year ended December 31, 2022, of which 9,975 were failed inspections that required remediation, 1,801 were inconclusive, and 729 were canceled. The Public Housing program had a total of 256 environmental inspections performed during the year ended December 31, 2022, of which 216 required remediation and 11 were inconclusive.</p>

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: The finding is a repeat of finding 2021-003 from the prior year.

Recommendation: The Authority should implement internal controls over the monitoring of failed UPCS and environmental inspections to ensure that identified safety/environmental concerns are remediated. Adequate supporting documentation should be maintained of all remediation activities.

Views of Responsible Officials: Management concurs with the finding and in 2023 began implementation of a plan to correct the finding.

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Chicago Housing Authority Summary Schedule of Prior Audit Findings December 31, 2022

Finding 2021-001 (Assistance Listing 14.881) Eligibility and Reporting (Form HUD-50058 MTW) Public Housing and Rental Assistance Demonstration (RAD)

Status Update: All property management staff responsible for recertification must be certified in rent calculation and CHA has previously provided perfect file folder training. CHA originally scheduled training for eligibility and reporting controls/compliance based on CHA's perfect file folder and recertification process in December 2022, however, the training was not completed in lieu of other year-end close out activities and training. CHA has scheduled the required training for March 31st. Additionally, CHA is working to move from a paper-based environment to electronic file folders at all properties which will further aid in compliance. The online portal for recertifications will be implemented in Q32023.

Finding 2021-002 (Assistance Listing 14.881) N14. Recording of Declarations of Trust/Declaration of Restrictive Covenants Against Public Housing Property

Status Update: In response to the initial finding set forth as 2021-002 N14, CHA Legal immediately corrected the noted six control deviations and compliance exceptions. In accordance with the Corrective Action Plan, CHA Legal Department has conducted a quality control review of the Authority's recorded Declarations of Trusts ("DOT") and excel spreadsheet related to various DOTs and has identified approximately 200 properties that warrant further review. Research is being conducted on the identified 200 DOTs to ascertain if an error exists or corrective action is needed. If an error is found, a Scrivener's Affidavit may be required which must be prepared and recorded to correct the error. The research is a manual process to search historic paper files. Two additional staff have been assigned to prioritize the completion of this task. We estimate that the corrective action will be complete on or before the end of the 3rd quarter 2023.

Finding 2021-003 (Assistance Listing 14.881) N17. Environmental Contaminants Testing and Remediation

Status Update: CHA is working to automate work order creation in Yardi for failed inspections items. This technology-based solution will ensure all failed items have a work order associated with them that will be tracked and closed out by property management. This solution is still under implementation and will be complete by Q4 2023. While PH is ready, the RAD solution requires additional technical work.



Chicago Housing Authority's Response to 2022 Uniform Guidance Audit (UGA) Findings

Notes and Findings/Action Plans

PHA Information

PHA Code: IL002

Fiscal Year End Date: 12/31/2022

PHA Name: Chicago Housing Authority ("Authority")

Submission Type: Audited/A133

Finding 2022-001 (Assistance Listing 14.881) Eligibility and Reporting (Form HUD-50058 MTW) Public Housing and Rental Assistance Demonstration (RAD)

Corrective Action Plan:

- *Summary of Finding – Eligibility and Reporting – Internal Controls*
 - There were four Public Housing tenants and three RAD tenants for which control deviations were noted (8.8% overall MTW deviation rate). In the case that a recertification was to be performed in 2022, the nature of the control deviations are as follows:
 - The examination/re-examination checklist was not initialed by the certification specialist (CS); therefore, the Authority did not retain evidence that the CS inspected all relevant forms (three instances).
 - The examination/re-examination checklist was initialed by the CS, but forms were missing and/or not signed (one instance).
 - Relevant forms were signed after the effective date and submittal to HUD (three instances).
 - Relevant forms were missing and/or missing signature by the tenant and CS (five instances).

- *Summary of Finding – Eligibility and Reporting – Compliance*

In addition, there were twelve compliance exceptions noted out of 100 tenants selected for the MTW program (12.0% overall MTW exception rate).

 - The recertification was to be performed in 2022, relevant forms were missing and/or missing signature by tenant and recertification clerk (eight instances).
 - The recertification was to be performed in 2022, third-party income support was not available and/or on file (four instances).

- The recertification was to be performed in 2022, third-party income support did not match the calculation amount (one instance).
 - The recertification was to be performed in 2022, but was not performed within a reasonable timeframe (two instances).
 - The recertification was to be performed, proper documentation was not available and/or on file to tie key line items within Form HUD-50058: total annual income, date of birth, and social security number (two instances).
 - The recertification was to be performed in 2022, the reexamination file could not be located (one instance).
- **Planned Actions:**

On March 31, 2023, a comprehensive, in-person training on the 'Perfect File Folder' was conducted. It was inclusive of Private Property Management (PPM) firms for both Public Housing and RAD properties. By the end of 2023, each site will have and be required to maintain (and update as needed) a blank Perfect File Folder for site reference. Additionally, the Authority will require certification by the PPMs that 100% of the tenant files that have been reviewed in a calendar year have also been audited and purged. The Authority's Portfolio Management team will conduct regular audit sampling from the files that have been certified as audited by the PPMs.

Contact Person: Eric Garrett, Chief Property Officer

Anticipated Completion Date: Q4 2023

Finding 2022-002 (Assistance Listing 14.881) N14. Recording of Declarations of Trust/Declaration of Restrictive Covenants Against Public Housing Property

Corrective Action Plan:

- *Summary of Finding - Special Test Provisions*

There were nine of the seventeen Declarations of Trust selected for testing of internal controls over compliance with recording of DOTs against public housing property with deviations and a compliance exception of the following nature:

 - Four instances were identified in which incorrect Property Index Numbers (PINs) were recorded within the Authority's Excel Monitoring spreadsheet when comparing the information on the DOT. As such, the Authority's Excel monitoring spreadsheet required updating due to inaccurate data (control deviations).
 - Six instances in which the incorrect DOT addresses were recorded in the Authority's Excel monitoring spreadsheet when compared to the DOT filed with the State of Illinois (control deviations).
 - One instance was identified in which incorrect PINs were recorded within the DOT when comparing the DOT to the Authority's DOT Excel monitoring spreadsheet. As such, a Scrivener's Affidavit was required to be recorded by the Authority (control deviation and compliance exception).

- **Planned Actions:**

The CHA Office of the General Counsel conducted a comprehensive quality control review of both the Authority's Excel Monitoring spreadsheets and the recorded DOTs, in response to the 2021 audit findings related to the CHA's DOTs. During the quality control review process, which coincided with the same timing as the 2022 audit, Legal Department staff identified and corrected all discrepancies within the foregoing documents. This undertaking included the requisite corrections noted above. The CHA Office of the General Counsel is awaiting receipt of filed documents to be returned from the County Clerk's Office to note the recording information on the respective Excel spreadsheets for accurate reference. Once this update is completed, all Excel spreadsheets will be locked allowing only one point of date entry by the Office of the General Counsel, while making the spreadsheets available as a "read-only" file. Going forward, the quality control efforts to be undertaken will be to make sure that new DOTs are accurately prepared and identified on the Excel spreadsheets.

Contact Person: Ellen M. Harris, Chief Legal Officer

Anticipated Completion Date: End of 1st Qtr. 2024

Finding 2022-003 (Assistance Listing 14.881) N17. Environmental Contaminants Testing and Remediation

Corrective Action Plan:

- *Summary of Finding – Special Test and Provisions*

The Authority was unable to provide evidence that the UPCS or the environmental inspection populations were complete and accurate.

Sixty failed UPCS inspections and forty failed environmental inspections were selected for compliance testing out of the total 9,975 failed UPCS inspections and 216 failed environmental inspections, reported by the Authority.

- Internal controls were not in place to ensure that failed UPCS and environmental inspections were remediated.
- For 35 of the 60 failed UPCS inspections tested (58%) and 14 of the 40 (35%) failed environmental inspections, the Authority did not maintain adequate supporting documentation to evidence that the safety concern from the failed inspection was remediated.

- **Planned Actions:**

For the 2024 inspection cycle, the Authority will implement new software protocols that will automatically generate work orders to resolve findings in a failed inspection. It will track mitigations and completion of those work orders, in lieu of re-inspections. Additionally, Portfolio Management team will conduct a regular audit of work orders generated from the annual unit inspections (2%).

For environmental findings, the Authority will broaden the scope of the internal inspections to include generating work orders for all findings, and securing all necessary evidence that work was remediated, and all other necessary actions have occurred. For open findings, the Authority is confirming that one or more of the following conditions exist:

- Identified remediation has taken place through a completed work order or comprehensive unit turn.
- Resident has been transferred.
- Unit is vacant, pending remediation through a comprehensive unit turn.

Contact Person: Eric Garrett, Chief Property Officer

Anticipated Completion Date: Q1 2024



Exh 2 - Capital Grants Close Out AUP

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Report of Independent Accountants on Applying Agreed-Upon Procedures

To the Audit Committee and Management of the Chicago Housing Authority:

We have performed the procedures enumerated below, which were agreed to by management of the Chicago Housing Authority (the "Authority"), solely to assist you in evaluating whether certain U.S. Department of Housing and Urban Development capital grants issued from 2010 through 2012 were funded and expended in the Authority's fiscal years of 2011 through 2016 as summarized in the accompanying Chicago Housing Authority Capital Grant Closeout schedule. The Authority's management is responsible for the Chicago Housing Authority Capital Grant Closeout schedule. The sufficiency of these procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Procedures and findings are enumerated below:

1. We obtained from management of the Authority a schedule prepared by Authority finance personnel entitled Chicago Housing Authority Capital Grant Closeout dated December 31, 2018 ("Schedule") and agreed HUD Grant Description and Grant Award Amount by line to form HUD-53001 Actual Modernization Cost Certificate or to form HUD-52839 Actual Comprehensive Grant Cost Certificate. We were informed by management that the HUD Grant Description is reported in the Chicago Housing Authority's accounting records under fund numbers as shown in the Schedule in the column labeled CHA Grant Fund Number and referred to herein as "Grant Fund Number."

For Grant Fund Numbers 251, 253, 254, and 256-259, the HUD Grant Description used on the form HUD-53001 used "IL09" instead of "IL06." The remaining 9-digits of the 13-digit descriptions agreed to the form HUD-53001.

2. We verified mathematical accuracy of the Total column on the Schedule by adding A-133/UG Expenditure Data by Grant Fund Number for FY2011 through FY2016 without exception.



- For the funds listed in the Schedule, we agreed A-133/UG Expenditure Data from the Schedule by fiscal year to a detailed schedule of expenditures of federal awards (“Detailed SEFA”) prepared by Grant Fund Number for the same fiscal year. The Detailed SEFA was prepared by the Authority’s finance personnel. We did not perform additional procedures over the Detailed SEFA.

For Grant Fund Number 257 for fiscal year 2014, the Authority used the amount of total revenue (\$13,256,262) reported on the Detailed SEFA instead of the amount of total expense reported on the Detailed SEFA (\$13,255,956) as A-133/UG Expenditure Data in the Schedule, resulting in a difference of \$306.

- We agreed the Detailed SEFA totals by Federal Department Program Title (i.e., Total Public Housing Capital Fund) to amounts reported for Public Housing Capital Fund by the Authority for each respective year in its audited Schedule of Federal Expenditures of Federal Awards (“Audited SEFA”) filed with the Real Estate Assessment Center for the corresponding fiscal year.

Differences were identified between the totals reported for Total Public Housing Capital Fund in the Detailed SEFA and the totals reported for Public Housing Capital Fund in the Audited SEFA for fiscal years 2011 and 2014 as follows:

Fiscal Year 2011

	<u>Detailed SEFA</u>	<u>Audited SEFA</u>	<u>Difference</u>
Total Public Housing Capital Fund	\$61,813,176	\$61,833,059	(\$19,883)

The (\$19,883) difference identified above is comprised of differences related to Grant Fund Numbers not included in the Schedule as follows:

Unnamed Grant Fund Number	(\$20,000)
Grant Fund Number 236	117
	<u>(\$19,883)</u>

Fiscal Year 2014

	<u>Detailed SEFA</u>	<u>Audited SEFA</u>	<u>Difference</u>
Total Public Housing Capital Fund	\$51,064,266	\$51,042,036	\$22,230

The \$22,230 difference identified above is comprised of differences related to Grant Fund Numbers included in the Schedule (and included in the column labeled Variances in the Schedule) as follows:

Grant Fund Number 253	\$22,535
Grant Fund Number 257	(305)
	<u>\$22,230</u>



This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the accompanying Schedule. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The Authority is responsible for the source documents that are described in the specified procedures and related findings section. We were not engaged to perform and we have not performed any procedures other than those previously listed, including procedures to test the accuracy or completeness of the information provided to us except as indicated in our procedures. Furthermore, we have not performed any procedures with respect to the preparation or verification of any of the source documents. We have no responsibility for the verification of any underlying information upon which we relied in forming our findings.

This report is intended solely for the information and use of the audit committee and management of the Authority, and is not intended to be and should not be used by anyone other than these specified parties. It is not intended to be and should not be used by any other person or entity, who are not identified as specified parties but who may have access to this report as required by law or regulation.

Ernst + Young LLP

February 5, 2020

Exhibit # 3

Housing Authority of
Chicago, Illinois

Statement and Certification of Program Costs
FSS Coordinator Grant
December 31, 2023

1. The actual program costs for grant are as follows:

	FSS23IL4946	
Funds approved	\$	1,137,019
Funds disbursed	\$	1,137,019
Excess funds approved	\$	-
Funds advanced	\$	1,137,019
Funds disbursed		1,137,019
Excess funds (deficiency)	\$	-

2. The distribution of costs as shown on the Federal Financial Report (SF-425) submitted to HUD for approval is in agreement with the Housing Authority's records.

3. All program costs have been paid and all related liabilities have been discharged through payment.

CHICAGO HOUSING AUTHORITY

STATEMENT OF GRANT FUNDS EXPENDED

February 19, 2019 – March 31, 2020

Grant Period Contract

1. The actual ROSS cost for the local projects are as follows:

	<u>FSS18IL2334</u>
Funds Approved	\$ 819,136
Funds Expended	\$ <u>819,136</u>
Excess of funds approved	\$ <u>-</u>
HUD grants	\$ 819,136
Funds Expended	\$ <u>819,136</u>
Excess of funds granted	\$ <u>-</u>

2. Costs as shown in the Federal Financial report (SF-425) for the period February 19, 2019 through March 31, 2020 are in agreement with the Chicago Housing Authority's Records.
3. All costs have been paid and all related liabilities have been discharged through the payment.