



U. S. Department of Housing and Urban Development
Office of Inspector General for Audit, Midwest
77 West Jackson Boulevard, Room 2646
Chicago, Illinois 60604-3507

AUDIT RELATED MEMORANDUM

96-CH-201-1810

August 8, 1996

MEMORANDUM FOR: Richard B. Kruschke, Director of Public Housing, Illinois
State Office

FROM: Dale L. Chouteau, District Inspector General for Audit, Midwest

SUBJECT: Chicago Housing Authority
Follow-up Review of Maintenance Operations
Chicago, Illinois

We completed a review of the Chicago Housing Authority's maintenance operations. The review objective was to assess the Chicago Housing Authority's progress in improving its maintenance operations since our last audit. The previous audit of the Authority's maintenance operations was performed in 1993 and audit report number 94-CH-201-1013 was issued on January 14, 1994.

We determined what corrective actions have been implemented; what corrective actions are planned, but not yet implemented; and the time frame to implement planned actions. We also conducted a limited inspection of units at the Ida B. Wells King Drive Walkups development. Our audit covered the period of January 1, 1994 to March 31, 1996. Our audit scope did not include determining whether the Authority's housing stock met HUD's Housing Quality Standards.

Summary

The Authority has made progress towards addressing some of the severe problems which have adversely affected its maintenance operations for many years. The Authority has improved its maintenance operations in the following areas and has set goal dates for implementing improvements in other areas of its maintenance operations. The Authority has:

- Improved its internal communications systems.

- Implemented revised tenant screening and eviction procedures.
- Modified its system for accounting and tracking the inventory of materials and supplies.
- Centralized its system for delivering materials and supplies from the Central Warehouse to its developments.
- Increased the use of maintenance mechanics for routine maintenance.
- Established and ensured that staffs follow procedures for voiding and deleting work orders.
- Complied with HUD requirements in classifying and reporting work order activity.

At the time of our review, the Authority had not yet fully implemented its new integrated computer system for tracking maintenance work orders and inventory of materials and supplies. The Authority was in the very early stages of establishing a preventive maintenance program. Also, the Authority had not fully trained resident "screening panels" or adequately defined restrictions relating to the maintenance mechanic position. There were also problems related to plastering and tiling work at the Ida B. Wells King Drive Walkups development.

Although all of the recommendations in our previous audit report have not been implemented, we are recommending that the recommendations in the previous report be administratively closed. Where appropriate, we have repeated, in this memorandum, some of our previous recommendations, modified others, and added new recommendations to address conditions found during our current review. We will track the recommendations included in this memorandum in the Department's Automated Audit Management System.

We presented our draft memorandum to the Housing Authority's Deputy Executive Director for Operations. We held an exit conference with the Deputy Executive Director for Operations on May 24, 1996. The Authority provided us with written comments to our audit results and recommendations. We included excerpts from the comments with each audit issue. Appendix A contains the complete comments.

Within 60 days, please give us, for each recommendation made in this memorandum, a status report on: (1) the corrective action taken; (2) the proposed corrective action and the date to be completed; or (3) why the action is considered unnecessary. Also, please furnish us with copies of any correspondence or directives issued because of the audit.

Should your staff have any questions, please have them contact me at (312) 353-7832.

Appendices:

A - Auditee Comments

B - Report Distribution

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Background

The Chicago Housing Authority was organized in 1937 under the housing laws of the State of Illinois to build and operate public housing in Chicago for persons whose incomes are insufficient to obtain "decent, safe, and sanitary dwellings" in the private market. The Authority's Executive Director is Joseph Shuldiner.

The Authority administers over 55,400 units at 42 family developments and 45 elderly developments. The majority of the developments are Authority-managed; however, some developments are privately managed or resident-managed. The Authority has been designated by HUD as a "troubled" public housing agency since HUD began using the "troubled" designation in 1979.

The Chicago Housing Authority has a resident population exceeding 125,000 which face a multitude of social, economic, and racial problems common to many of the nation's inner city communities. A turbulent internal administrative shakeup, which resulted in the resignation of the Authority's Chief Operating Officer and Board of Directors, left the Authority without a governing board or administrative leadership. In June 1995, HUD assumed management of the Authority.

The following table summarizes the Chicago Housing Authority's maintenance expenditures for 1994 and 1995 at Authority managed, resident managed, and privately managed developments:

Category	1994	1995
Labor	\$35,762,169	\$36,108,327
Materials	5,475,850	8,102,979
Contract Costs	12,804,222	14,407,310
Extraordinary Maintenance	1,308,215	993,121
Total Maintenance Costs	\$55,350,456	\$59,611,737

The Authority's records relating to this review were at the Chicago Housing Authority's Headquarters, the Housing Management Division, the Customer Service Offices, its Legal Offices, the developments, and at the Authority's Central Warehouse.

Our review of the Authority's Maintenance Operations included an on site review at seven of the Authority's developments. These developments represented a cross section of the Authority's activities. These developments comprised 5,591 units of the Authority's units. The following table lists the developments we reviewed:

Development Type	Development Name	Number of Units
CHA Managed	Madden Park Homes	486
CHA Managed	Wentworth Gardens	422
CHA Managed	Stateway Gardens	1,644
CHA Managed	Cabrini W. Green B.	968
Privately Managed	Rockwell Gardens	1,135
Resident Managed	Dearborn Homes, RMC	800
Elderly	Kenmore Apartments	136
Total Units		5,591

We also performed limited inspections of units at the Ida B. Wells King Drive Walkups, a privately managed development consisting of 464 units.

Review Results

1. Internal Communications System

Finding 1 in our previous audit report disclosed that the Authority did not have an effective internal communication system to ensure its policies and procedures were clearly transmitted to and understood by Development Managers and Maintenance Superintendents. As a result: Development Managers did not consistently interpret and implement the Authority's tenant screening and eviction policies and procedures; work order procedures were not standardized or consistently followed by the Development Managers; work order benchmarks were not used by Maintenance Superintendents to measure the performance of maintenance staffs; Development Managers and Maintenance Superintendents generally misunderstood the duties and responsibilities of the maintenance mechanic position; and Maintenance Superintendents did not review completed work orders. We recommended the Authority ensure that its communication system transmits information to appropriate persons and contains a feedback mechanism to verify information was received and properly understood by development personnel.

To determine and assess the corrective actions taken by the Authority to improve its internal communications system, we interviewed various Authority staff, including either the Development Manager or Assistant Manager from seven developments and the respective Maintenance Superintendents. We also reviewed the Authority's Maintenance Manual; various policies and procedures; and assorted memoranda.

The Authority was ensuring that its communications system transmitted policies and procedures to appropriate personnel. For example:

- All seven of the Development Managers or Assistant Managers we interviewed were familiar with the Authority's Tenant Selection and Assignment Plan and felt that admissions policies and procedures were adequately communicated by the Authority's Occupancy Department.
- All seven of the Development Managers or Assistant Managers we interviewed said they were familiar with the Authority's eviction policies and procedures. They also said communications with the Authority's Office of General Counsel's Tenant Relations Division was good.
- The Authority developed a Maintenance Manual which standardized work order procedures. These standardized procedures were consistently followed at all seven developments we visited.
- At all seven of the developments we visited, the development representatives said they were aware of the Authority's work order benchmarks. However, in most cases they were not used because they were considered too generous. During our audit, the Authority

issued new benchmarks to development managers and maintenance superintendents on March 30, 1996.

- At all seven of the developments we visited, the development representatives understood the job duties which could be assigned to maintenance mechanics.

Communication of policies, procedures, training, and other matters was done through Inter-Office Memoranda to Development Managers from various Authority offices, including Housing Management, General Counsel, and the Building and Grounds Department. The Authority also implemented the following procedures to verify that information was received and properly understood by the Development Managers:

- Monthly General Managers and Senior Housing Managers meetings were conducted with the Assistant Director of Housing Management.
- Weekly meetings were conducted by the General Managers with their Development Managers, or their Senior Housing Manager.
- Weekly meetings were conducted by the Development Managers with their Local Area Council Building Presidents.
- Occasional meetings were conducted by the Director of Housing Management with development staff.

All of the above meetings, while having a formal agenda, also had an open forum, which encourages questions and answers.

Representatives from all seven developments we visited said that generally if they had a question or misunderstanding with the Authority's policies or procedures, they could simply telephone or E-mail the respective office's representative to resolve their questions. The Development Managers also said that since HUD took over the Authority in June 1995, the Authority's communication system had improved significantly. The Development Managers attributed this improvement to the new management's emphasis on the importance of good communication.

Auditee Comments

The Authority did not provide any comments related to this issue.

Recommendation

We recommend that the Director of Public Housing, Illinois State Office:

- 1A. Close the Recommendations in Finding 1 of OIG Audit Report Number 94-CH-201-1013.

2. Tenant Screening and Eviction Procedures

Finding 2 in our previous audit report disclosed that the Authority lacked effective tenant screening and eviction procedures. We recommended that the Authority: (a) clearly communicate and train Development Managers on its tenant screening policies and procedures; (b) determine the economic benefit of using resident screening panels that can influence the tenant screening process; (c) determine the economic benefit of performing pre-tenant screening housekeeping inspections and credit checks on all prospective residents; (d) consistently apply the Authority's comprehensive written eviction policy at all developments; and (e) inform Development Managers of the eviction policy and train them in coordination procedures with the Authority's Office of General Counsel.

Tenant Screening

To determine and assess the corrective actions taken by the Authority with regard to its tenant screening policies and procedures, we interviewed appropriate Authority personnel, including the Authority's Occupancy Director and representatives from seven different developments. Additionally, we reviewed the Authority's tenant screening policies and new screening procedures. We discussed these procedures with development staffs to determine whether they satisfactorily understood and complied with the procedures.

Communication between the Authority's Occupancy Department and the developments regarding tenant screening policies and procedures has improved since our last audit. However, the Authority had not instructed all resident screening panels on the procedures for accepting or rejecting residents, and it had not instructed development personnel in regard to "Restrictions on Assistance to Noncitizens".

The Authority has standardized the screening process whereby all screening procedures are being performed by the Occupancy Department. We were advised by the Authority's Deputy Executive Director for Operations that the resident screening panels at developments had an advisory role regarding the suitability of prospective residents and they provided prospective residents with information about the development. However, he said the final decision regarding accepting or rejecting prospective residents is made by the Authority's Occupancy Department. In making its final decision, the Authority's Occupancy Department will follow up on suitability recommendations made by the development's screening panel.

The Authority has not analyzed or determined the viability of using screening panels at all developments because of other priorities. Three of the seven developments we visited had resident screening panels because the resident organizations initiated them. Two of these panels were unsure of their authority for accepting or rejecting prospective residents. The third development's resident screening panel felt it had full authority for accepting or rejecting prospective residents. The remaining four developments we visited did not have resident screening panels. The Development Managers at these four developments either felt that resident

screening panels were not currently feasible or believed that all screening procedures should be performed by the Occupancy Department.

None of the representatives from the seven developments we visited had been instructed or apprised of the "Restrictions on Assistance to Noncitizens", commonly referred to as the "alien rule", which pertains to certifications and recertifications of residents. As a result, residents who are ineligible due to alien rule restrictions, may be recertified for housing assistance by the Authority's development personnel. The Authority planned to train development personnel on the "alien rule" restrictions in June 1996.

The Authority instituted new screening procedures that became fully effective for all developments on March 15, 1996. The Authority added home visits and credits checks to its previous screening procedures. These procedures were being performed by the Occupancy Department and included the following verifications:

- Eligibility
- Security and background checks
- Payment history for utility charges
- Prior landlord history
- Credit checks

Because of the limited time elapsed since the addition of home visits and credit checks to the screening procedures, we were not able to determine whether the Occupancy Department was using the new procedures.

Auditee Comments

The Chicago Housing Authority will develop a pamphlet which will provide directions for each "Resident Screening Panel". The pamphlet will provide them with the obligations and authorities as a screening panel. This pamphlet will be developed by August 1, 1996 and will be a companion to the new lease. In addition, we will be scheduling training on the new restrictions on Assistance to Noncitizens. This training will occur at our Occupancy Department during the month of June, 1996. The Chicago Housing Authority has developed a new tenant screening policy which is in effect and being utilized by the Occupancy Department.

Evictions

To determine and assess the corrective actions taken by the Authority with regard to its eviction policy, we interviewed appropriate Authority personnel, including legal staff in the Authority's Office of General Counsel's Tenant Relations Division and representatives from seven developments. We reviewed the Authority's policies and procedures for both "rent delinquency" and "for cause" evictions. We also discussed the Authority's eviction policy with development staff to determine whether they understood the policy and complied with it.

The Authority was consistently applying its comprehensive written eviction policy. All seven development representatives we interviewed said communications and coordination with the Tenant Relations Division were good to excellent. Moreover, these representatives said they felt adequately trained on the Authority's eviction policies and procedures for both "delinquent rent" and "for cause" evictions.

Since HUD took over management of the Authority in June 1995, the Authority's Associate General Counsel for Tenant Relations has implemented or will implement the following procedures:

- The 14-day lease termination notices for non-payment of rent were being hand-delivered by the Authority's Legal Department rather than sent by mail. Delivery of the notices by personal service provides evidence of actual receipt by the tenant and facilitates legal enforcement by the Courts. This notice is now automatically prepared by the Authority's Tenant Accounting Department rather than by development staff.
- The ten-day lease termination notices requiring residents to make necessary payment arrangements to have their gas and/or electric service restored were also being hand-delivered by the Authority's Legal Department rather than sent by mail. Again, delivery of the notices by personal service provides evidence of actual receipt by the tenant and facilitates legal enforcement by the Courts. Additionally, a procedure by which utility allowances will be paid directly to the utility companies was being established.
- The Authority was using third year law students supervised by experienced attorneys to process non-jury delinquent rent eviction cases. These law students supplemented the Authority's full time attorneys.
- A new attorney was hired in March, 1996, and another attorney was to be hired imminently. Also, an office manager will be hired shortly to deal solely with evictions. All three new hires will be used to expedite and handle more "for cause" eviction cases.
- A motion for an extraordinary writ from the Illinois Supreme Court has been filed regarding rulings from two judges in the eviction courts. These two judges were of the opinion that the Authority could not carry out evictions using its own police force, a practice which was more cost effective and efficient than using the Sheriff's Department. The extraordinary writ is not an appeal, but rather, is a request to change a court order. While awaiting resolution from the higher court, the Authority is continuing to carry out eviction orders from judges who recognize the Authority's right to do so. Eviction orders from the judges prohibiting the Authority's evictions are being performed by the Sheriff's Department.

The Authority also implemented two changes to facilitate rent collections, which should reduce the amount of non-payment of rent eviction cases:

- Under the Protected Payee Program, the Illinois Department of Public Aid deducted rent payments from the welfare benefits for rent delinquent residents. The amount deducted was the monthly rent plus a portion of any prior arrearage. A change was made in November 1995 whereby residents could no longer voluntarily get off the program as they did in the past.
- The Authority began deducting rent payments from payroll checks of residents who are also Authority employees and delinquent in their rent payments.

Representatives from the seven developments we visited said the newly implemented eviction procedures were effective and helpful in their eviction efforts.

Auditee Comments

The Authority did not provide any comments related to this issue of our draft audit memorandum.

Recommendations

We recommend that the Director of Public Housing, Illinois State Office:

- 2A. Close the Recommendations in Finding 2 of OIG Audit Report 94-CH-201-1013.
- 2B. Assure that the Authority analyzes and determines the viability of using resident screening panels at all developments.
- 2C. Assure that the Authority clearly communicates and trains Development Managers on its resident screening policies and procedures (this recommendation is repeated from our previous audit report). In particular, the Authority needs to instruct all Development Managers and resident "screening panels" on the precise authority the screening panels have in regard to accepting or rejecting residents; and implement training to development personnel on "Restrictions on Assistance to Noncitizens".

3. Preventive Maintenance

Finding 3 in our previous audit report disclosed that the Authority lacked a preventive maintenance program. We recommended that the Authority: (a) continue its efforts to implement a preventive maintenance test program at Robert Taylor Homes; (b) use the results of the test program to establish and incrementally implement a plan for initiating preventive maintenance procedures at all of its developments; and (c) develop and implement preventive maintenance procedures to maintain major renovations being conducted under the Comprehensive Grant or other programs.

To assess and determine the corrective actions taken by the Authority with regard to its preventive maintenance procedures, we conducted interviews with the Authority's development management and maintenance staffs, and we reviewed the Authority's Maintenance Manual. We also analyzed the proposed strategies outlined in the Authority's June 21, 1996 draft Memorandum of Agreement with HUD to determine what steps the Authority will take to implement its preventive maintenance procedures.

The Authority has taken little action to improve its preventive maintenance program. None of the recommendations from our previous audit report were implemented. In fact, the Authority's preventive maintenance test program at Robert Taylor Homes was discontinued in 1994. HUD's Office of Public Housing, Illinois State Office, advised that HUD funding was not approved for the test program.

Because the Authority is classified by HUD as troubled, it submitted a draft Memorandum of Agreement to HUD dated June 21, 1996. To address deficiencies in its preventive maintenance program, the Authority set forth the following strategies:

- Determine who will perform systems preventive maintenance inspections and repairs (Target Date - June 1996).
- Conduct a preventive maintenance needs assessment for each development and develop a plan for the funding and repair of deficiencies (Target Date - June 1996).
- Develop and implement procedures for contracting out the annual inspection of major systems and the use of job order contracts to repair major system deficiencies in no more than 30 days (Target Date - September 1996).
- Develop and implement a preventive maintenance schedule (Target Date - June 1997).

The Authority has not met the June 1996 target date for determining who will perform systems preventive maintenance inspections and repairs or conducting the developments' needs assessments. By September 30, 1996, the Authority plans to have established a preventive maintenance program for its heating plants and elevators.

The Authority's Director of Housing Management said the preventive maintenance needs assessments discussed in the draft Memorandum of Agreement will only be underway (not completed) by September 30, 1996. The preventive maintenance schedule to be developed will encompass the results of the preventive maintenance needs assessment to be done at each development. The needs assessment is required because of differences in building designs, age, and conditions.

Under the Gautreaux court order, all newly constructed housing units of the Authority must be managed by private management firms. Therefore, preventive maintenance for the newly constructed units will be performed by the private management firms.

Auditee Comments

Due to the severe condition of the building structures and systems, the Chicago Housing Authority's maintenance staff has not concentrated on developing a preventive maintenance program. We will develop new target dates for conducting a preventive maintenance needs assessment and develop an applicable schedule. Providing adequate funds are available, we will utilize job order contracts to repair major system deficiencies. We have initiated a preventive maintenance program for the Heating Systems which will go into effect at the end of the heating season, 1996.

Recommendations

We recommend that the Director of Public Housing, Illinois State Office:

- 3A. Close all of the Recommendations in Finding 3 of OIG Audit Report 94-CH-201-1013.
- 3B. Assure that the Authority establishes a preventive maintenance program, including target dates, to meet the June 30, 1997 draft Memorandum of Agreement target date.
- 3C. Assure that the Authority requires private management firms to implement a preventive maintenance program for all newly constructed housing units under their management.

4. Providing Maintenance Staffs With Materials Needed to Complete Maintenance Tasks From Work Orders

Finding 4 in our previous audit report disclosed that the Authority did not ensure that the maintenance staffs at its developments had adequate materials to complete maintenance tasks generated by work orders. We recommended that the Authority: (a) take action to correct the problems identified in the Authority's Inspector General report dated May 6, 1993 on the centralized warehouse; (b) establish procedures to control and reconcile all materials requisition forms; (c) establish inventory reorder points for maintenance materials, vehicle parts, and supplies; (d) establish procedures to periodically reconcile all inventories to supporting records; (e) implement procedures to help safeguard materials by restricting storage area access to individuals who can be held accountable; (f) purge the warehouse and development inventories of obsolete or unneeded items; and, (g) establish procedures that require inventory items to be periodically analyzed, and redistributed or purged from the computer system as necessary.

To determine and assess the corrective actions taken by the Authority to improve the availability of materials needed by its maintenance staffs to adequately complete their tasks from outstanding work orders, we interviewed the Central Warehouse manager and dispatcher; the Customer Service Manager; the Director of Procurement; the Assistant Director of Management Information Systems; the Development Manager or Assistant Development Manager from seven developments; and, the Maintenance Superintendents from the same seven developments. We reviewed the Authority's policies and procedures for providing materials and supplies to maintenance staffs. Additionally, we observed the Authority's inventory system and attended a training session on the Authority's new order entry system for work orders.

The Authority has corrected or is in the process of correcting the deficiencies identified in the Authority's Inspector General report dated May 6, 1993 on the centralized warehouse. The Authority eliminated the use of manual materials requisition forms by automating the process of ordering materials and supplies from its Central Warehouse; established procedures to reconcile physical inventories to supporting records; and restricted storage area access to individuals who can be held accountable. The Authority is still in the process of purging its inventory of obsolete or unneeded inventory items. The Authority's new integrated computer system will contain inventory reorder points and will identify overstocked and unused items.

The Authority's warehouse system is comprised of a Central Warehouse and 29 satellite warehouses located at various developments. The clerks at the satellite warehouses are accountable to the Central Warehouse. Only the satellite warehouse clerks have access to the satellite warehouses. At the time of our previous audit, the satellite warehouses were accountable to the Development Managers and multiple development employees had access to the satellite warehouses. Placing the satellite warehouses solely under the control of the satellite warehouse clerks reduced the possibility of unauthorized withdrawals of materials and supplies from the satellite warehouses.

Generally, the Maintenance Superintendents at the developments we visited said they no longer had problems with the availability of supplies and materials needed for completing work order

tasks. Each satellite warehouse maintains its own supplies. The satellite warehouses are linked to the Central Warehouse by computer. The supplies and materials that each satellite warehouse has on hand are entered into the Authority's computerized inventory system. When a satellite warehouse runs low on supplies or materials, the satellite warehouse clerk orders the supplies or materials via computer from the Central Warehouse. Previously, development maintenance staffs ordered supplies and materials in person from the Central Warehouse using a material requisition form. Through the on-line method of ordering materials and supplies, the satellite warehouses know if needed materials or supplies are in stock at the Central Warehouse.

We verified that the Authority's December 31, 1995 physical inventory of the materials and supplies had been posted to the Authority's accounting system. We observed that the Central Warehouse had security guards posted at each entrance and they maintained a sign in sheet for persons coming into the Warehouse. The Warehouse also had video cameras at various locations that were monitored by responsible staff. The Central Warehouse and satellite warehouses had restricted access to materials and supplies.

The Authority has established procedures to purge its Central Warehouse's and satellite warehouses' inventories of obsolete or unneeded items. The Authority's Central Warehouse has identified and segregated obsolete inventory items valued at \$1.5 million. The Authority's Purchasing Department is in the process of disposing of the items.

On April 1, 1996, the Authority started using a new integrated computer system to enter maintenance work orders. This integrated system will also be used to account for the inventory of maintenance supplies and materials. On June 1, 1996, the Authority went on-line with the new inventory system. It also established new inventory re-order points on this system. The new integrated computer system should result in greater control and accountability over the inventory of materials and supplies.

Auditee Comments:

The Chicago Housing Authority is in the process of implementing an inventory survey and this information will be directly loaded in to the new integrated computer system. The new system and survey will be based upon the bar-code system. We are also deleting old inventory and unneeded inventory items. The physical inventory will assist us in further identifying those items.

Recommendations

We recommend that the Director of Public Housing, Illinois State Office:

- 4A. Close all of the Recommendations in Finding 4 of OIG Audit Report 94-CH-201-1013.
- 4B. Assure that the Authority purges the warehouse and development inventories of obsolete or unneeded items (this recommendation is repeated from our previous report).

- 4C. Assure that the Authority takes a physical inventory of materials and supplies; enters the physical inventory data into its new integrated computer system; and properly implements the integrated work order and inventory systems.

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5. Delivery Procedures Of Materials Needed For Work Orders

Finding 5 in our previous audit report disclosed that the Authority did not have an efficient method to deliver materials and supplies from the Central Warehouse to its developments. We recommended that the Authority: (a) properly analyze, evaluate, and document the number of delivery drivers needed for the warehouse delivery system; and (b) adjust the number of full-time drivers to the minimum required to effectively accomplish the mission according to the analyses performed.

To determine and assess the corrective actions taken by the Authority for the delivery of materials and supplies needed to complete work orders, we interviewed various Authority staff, including the Director and Assistant Director of Housing Management; the Warehouse Manager and Dispatcher; the Director of Procurement; the Manager or Assistant Manager from seven developments; and, the Maintenance Superintendent and/or the satellite warehouse clerk from the same seven developments. We reviewed the Authority's current policies and procedures for the delivery of materials and observed the Authority's computerized inventory system and new integrated computer system as they related to delivery of materials needed to complete work orders.

The Authority has taken the necessary actions to correct the deficiencies cited in our previous audit report.

Authority-managed developments no longer pick up materials at the Authority's Central Warehouse. Rather, the Central Warehouse delivers requested materials to the 29 satellite warehouses located at or near most of the developments. Using the Central Warehouse to deliver materials and supplies allows the development maintenance staffs to spend more time on actual maintenance work. Generally, the Development Managers we interviewed said they were satisfied with the effectiveness and timeliness of the delivery system.

When the Central Warehouse began delivering materials to the developments about two years ago, it used 25 drivers. Because of increased private management of Authority developments and the fact that the drivers' role was reduced to servicing only satellite warehouses, the Authority's delivery system has become more efficient and the Authority has reduced the number of drivers to meet its actual needs to 14 drivers.

Auditee Comments

The Authority did not provide any comments related to this issue of our audit memorandum.

Recommendation

We recommend that the Director of Public Housing, Illinois State Office:

5A. Close the Recommendations in Finding 5 of OIG Audit Report Number 94-CH-201-1013.

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6. Maintenance Mechanic Position

Finding 6 in our previous audit report disclosed that the Authority did not fully use its maintenance mechanic (generalist) position. We recommended that the Authority: (a) reconcile the differences between the Authority's maintenance mechanic job qualifications, job description, and the union contract regarding the use of power tools; (b) verify that development Maintenance Superintendents use of maintenance mechanics is consistent with the Authority's plans and policies; (c) develop a plan to increase the number of maintenance mechanics at Authority developments to perform routine maintenance; and (d) stop the practice of using craftsmen to perform routine maintenance at the Authority's developments.

To determine and assess the corrective actions taken by the Authority to improve its use of the maintenance mechanic positions, we interviewed various Authority staff including the Director and Assistant Director of Housing Management, the Housing Management Contract Administrator, the Assistant Director for Site Maintenance Services, and the Development Manager or Assistant Manager from seven developments and the respective Maintenance Superintendents. We reviewed the Authority's current policies and procedures for the use of maintenance mechanics and we reviewed current work orders. We also reviewed the maintenance mechanic's job description and current union contract.

The Authority's Maintenance Superintendents are using maintenance mechanics in accordance with the Authority's plans and policies. Also, the Authority hired additional maintenance mechanics as of January 1996. Craftsmen do not perform routine maintenance at the Authority's developments. However, the Authority needs to reconcile the differences between the Authority's Maintenance Manual and job description regarding the duties of maintenance mechanics.

The Authority's Maintenance Manual was not consistent with the maintenance mechanics' job description in regards to the maintenance mechanics' duties. The Authority's Maintenance Manual described 38 neutral duties that a maintenance mechanic could do. The Maintenance Manual stated that maintenance mechanics could use power tools of up to 1/2 horsepower but were restricted to using hand tools for rodding drains. Conversely, the Authority's job description required maintenance mechanics to have the ability to use power rodding equipment. Therefore, the Maintenance Manual and job description were inconsistent regarding the use of power tools and the rodding of drains.

We visited seven developments and found that the Maintenance Superintendents assigned most work orders to maintenance mechanics. However, if the work order was too difficult for them, it was properly assigned to craftpersons such as carpenters, electricians, glazers, painters, etc. The Maintenance Superintendents no longer assigned routine maintenance tasks to craftpersons. The developments' use of maintenance mechanics for routine maintenance is generally in accordance with the Authority's Maintenance Manual, except for allowing the use of power rodding equipment.

At the time of our previous audit, the Authority had 63 maintenance mechanics on its maintenance staff. By the end of 1995, the Authority had reduced the number of maintenance mechanics to 52 because of increased private management of developments. However we verified that the Authority increased the number of maintenance mechanics to 80 as of January 1996 in order to reduce the backlog of routine maintenance work orders.

Auditee Comments

The Chicago Housing Authority has increased the number of maintenance mechanic positions from 52 to 86 during the 1996 fiscal year.

The Chicago Housing Authority is engaged in collective bargaining with the applicable unions which are restricting the uses of the skills of the maintenance mechanics. We are hopeful that this new venture will be more flexible than the contract which is presently in force. Appendix A to the present contract severely limits the neutral duties and excludes the use of equipment above one-half horse power. If we can conclude the bargaining, we will reconcile the differences between the Authority's Maintenance Manual and the job description.

Recommendations

We recommend that the Director, Office of Public Housing, Illinois State Office:

- 6A. Close out the Recommendations in Finding 6 of OIG Audit Report Number 94-CH-201-1013.
- 6B. Assures that the Authority reconciles the differences between the Authority's maintenance mechanic job qualifications, job description, and the union contract regarding the use of power tools (this recommendation is repeated from our previous report). In particular, the Authority needs to reconcile the differences between the Authority's Maintenance Manual and job description regarding the duties of maintenance mechanics.

7. Voiding Work Orders

Finding 7 in our previous audit report disclosed that the Authority did not always properly void or account for voided work orders. We recommended that the Authority: (a) clarify work order voiding procedures so they are logical and easily understood; (b) ensure its managers consistently follow the work order voiding procedures; (c) verify that Development Managers adequately and consistently document justifications for voiding work orders; and (d) amend its procedures to include a requirement to verify work completion or the existence of a duplicate work order before a work order is voided.

To determine and assess the corrective actions taken by the Authority to properly void work orders, we interviewed various Authority staff including the Housing Management Contract Administrator, the Manager or Assistant Manager from seven developments, and the Maintenance Superintendents at the seven developments. We reviewed the Authority's current policies and procedures for voiding work orders, and the work order logs from seven developments. We attended a training session on the Authority's new integrated computer system and reviewed documentation on the new system's work order procedures.

The Authority's Development Managers were generally following the Authority's work order procedures and documenting justifications for voiding work orders. The Authority's work order voiding procedures require verifying that work has been completed, or verifying the existence of a duplicate work order before a work order can be voided. However, at two of the seven developments we visited, maintenance staffs could void work orders if the resident requesting the work was not at home on three separate dates.

The Authority's Maintenance Manual defined the procedures for voiding work orders. The Authority no longer allows work orders to be voided solely on the basis of time elapsed since the work order was written or if the resident is not at home on three separate dates. The current procedures require maintenance personnel to verify that work has been completed before a work order can be voided. The current procedures also state that a work order can be voided when there is a duplicate work order for the same job.

On April 1, 1996, the Authority implemented its new integrated computer system. Development Managers and Maintenance Superintendents from Authority-managed developments were trained on the new work order system. The work order system was the first software package activated on the new integrated computer system. We attended one of the training sessions to become familiar with its use and to determine what concerns the development staffs had regarding this software package. The development staffs had no concerns with the new system.

The system should eliminate almost all duplicate work orders because all work orders should be entered into the new integrated computer system. Under the new system, when a resident calls in a work order request, the Customer Support Technician at the Customer Service Center will be able to review previously issued work orders for the particular unit to see if a work order for the same item of work was still outstanding. In order for a work order to be voided for reasons

other than duplication, the developments must provide written justification to the Customer Service Center as outlined in the Authority's Maintenance Manual. The written justification includes notating that the work was completed by the resident or showing evidence that the work was completed by the maintenance staff, such as the number of the work order upon which the work was completed.

If properly implemented, the new integrated computer system should properly identify and account for voided work orders. Because of the limited time elapsed between the implementation of the new integrated computer system and the conclusion of our audit field work, we were not able to determine whether work orders were being properly voided under the new system.

Auditee Comments

The new computer work order system, when completely operational, will show which work orders have been requested and, through the development of a unit history, will substantially reduce the need to void work orders. All work orders input into the system must be accounted for through closed out requests. At this time, work order reports are generated weekly in order to monitor the request activity.

Recommendations

We recommend that the Director of Public Housing, Illinois State Office:

- 7A. Close the Recommendations in Finding 7 of OIG Audit Report Number 94-CH-201-1013.
- 7B. Assure that the Authority ensures that its development managers consistently follow the Authority's work order voiding procedures (this recommendation is repeated from our previous report). In particular, the Authority needs to ensure that work orders are not voided because the resident was not at home when maintenance staff attempted to accomplish the requested work.
- 7C. Assure that the Authority properly implements its new integrated computer system for voiding and deleting work orders.

8. Classifying Work Orders and Reporting Work Order Performance Information to HUD

Finding 8 in our previous audit report disclosed that the Authority did not provide HUD with accurate and reliable Public Housing Management Assessment Program information. We recommended that the Authority: (a) include all work orders, except cyclical work orders, to calculate outstanding work orders for the Public Housing Management Assessment Program report; (b) revise the Authority's work order classification for non-routine work orders to agree with HUD's definition and ensures that Development Managers consistently apply the criteria; (c) ensure that Development Managers review for accuracy and reconcile the weekly and monthly work order performance reports; and (d) ensure that Development Managers write work orders for all Housing Quality Standards inspection deficiencies and include them on the monthly work order performance reports.

To determine and assess the corrective actions taken by the Authority for classifying work orders and accurately reporting work order performance information to HUD, we interviewed various Authority staff including the Director of Housing Management; the Housing Management Contract Administrator; the Development Manager or Assistant Manager from seven developments; and the Maintenance Superintendents from the seven developments. We reviewed monthly and weekly work order reports and work order logs from the seven developments, and the Authority's November 1995 Maintenance Performance Report. We also traced monthly work order reports at the seven developments we visited to work orders or daily work order recaps. We reviewed the latest Public Housing Management Assessment Program confirmatory review performed by the Authority's staff, the Authority's new integrated computer system, and its current policies and procedures for classifying and reporting work order performance. We also attended a training session on the new integrated computer system as it applied to work order processing.

The Authority took all necessary actions to correct the deficiencies cited in our previous audit report. However, the Authority recently implemented an integrated computer system to prepare work orders from Housing Quality Standards inspections and to classify and report all work order activity. Because the system was recently implemented, it needs to be monitored to assure that work orders are prepared for all Housing Quality Standards violations and that the system's classification and reporting of work orders still meet HUD requirements.

The Authority had new policies and procedures for classifying and reporting its work orders. It no longer used the classification of non-routine maintenance work orders on its report to HUD. The Authority's criteria for the classification of work orders now agrees with HUD's definition.

During the Authority's last internal confirmatory review of the Public Housing Management Assessment Program indicators, the Authority reviewed 20 developments' work order procedures. During its review, the Authority's monitoring team found no problems with the classification and reporting of work orders. We traced the November 1995 monthly and weekly work order reports

for each of the twenty developments included in the internal confirmatory review to the Authority's Maintenance Performance Report; we found that the Maintenance Performance Report was accurate.

The monthly work order reports at the seven developments we visited were also accurate and properly supported. Moreover, the Development Managers reviewed and reconciled the weekly and monthly work order reports.

Beginning April 1, 1996, the Authority started using its Customer Service Center to generate all new work orders via its computer system. The system will be able to summarize the work order reporting in compliance with HUD requirements. Private and resident-managed developments report monthly work order performance using a computer program provided by the Authority. The developments will send reports of Housing Quality Standards inspections to the Customer Service Center for preparation of work orders. Previously, these work orders were prepared by development staffs.

If properly implemented, the new integrated computer system should properly classify and report work order activity, and prepare work orders for Housing Quality Standards deficiencies. Because of the limited time elapsed since the implementation of the new integrated computer system, we were not able to determine whether work orders were being properly classified and reported under the new system.

Auditee Comments

The new computer system requires that work orders be classified upon entry into the system. Work orders are classified (prioritized) as follows:

- Emergency
- Urgent
- Routine
- Prevention
- Extraordinary Maintenance
- Annual Inspection

Recommendations

We recommend that the Director of Public Housing, Illinois State Office:

- 8A. Close the Recommendations in Finding 8 of OIG Audit Report Number 94-CH-201-1013.
- 8B. Monitor the Authority's integrated computer system once it is fully implemented to assure that its classification of work orders and reporting of work orders are in compliance with HUD requirements.

- 8C. Monitor the Authority's integrated computer system once it is fully implemented to assure that the Customer Service Center prepares work orders for Housing Quality Standards deficiencies.

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9. Plastering and Tiling Deficiencies At Ida B. Wells King Drive Walkups

Subsequent to the conclusion of our field work, we were made aware of unit deficiencies at the Ida B. Wells King Drive Walkups development. This development is managed by The Woodlawn Organization.

We inspected ten units and interviewed the tenants to ascertain whether work orders were acted upon by the maintenance staff in a timely manner. Generally, we found that maintenance work, other than plastering and tiling work, was satisfactorily completed. The tenants were for the most part satisfied with the maintenance staff and felt the work orders were responded to in a timely manner. Many of the physical deficiencies we observed were items which the tenants had not reported to the maintenance staff.

The Woodlawn Organization did not follow the Authority's policy for writing work orders. The Woodlawn Organization personnel said they did not write work orders for non-emergency plastering or tiling work requested by tenants. They also did not write work orders for non-emergency plastering or tiling deficiencies identified during annual Housing Quality Standards inspections. Rather, units requiring plastering or tiling work were placed on a listing of work to be performed.

The Development Manager said work orders for plastering and tiling work were not written because this work was not considered to be of high priority in relation to other maintenance tasks at the development. The Woodlawn Organization personnel said plastering and tiling work was normally contracted out and there was inadequate funding available to immediately complete all required work. By not writing work orders for all required work, required plastering and tiling work does not appear on the development's reports of outstanding work orders. Therefore, the Authority and HUD receive misleading information with regard to the backlog of maintenance work at the development.

Auditee Comments

Tiling - Of the 16 units identified during the review, 11 units have been completed. The remaining five units are scheduled to be completed by July 15, 1996. Plastering - of the ten units originally cited by HUD, all ten have been completed. Additionally, another 13 have been completed for a total of 24 units in which plastering requirements have been satisfied.

Recommendations

We recommend that the Director of Public Housing, Illinois State Office:

- 9A. Assure that the Authority requires development staffs to write work orders for all required work at all of the Authority's developments.

- 9B. Assure that the Authority and The Woodlawn Organization develop a plan for completing required plastering and tiling work at the Ida B. Wells King Drive Walkups development.

Auditee Comments

May 24, 1996

Mr. Alan Samuelson
Assistant District Inspector General for Audit
Department of Housing and Urban Development
Office of Inspector General
77 W. Jackson Blvd., Suite 2646
Chicago, Illinois 60604-3806

RE: IG Maintenance Audit Draft

Dear Mr. Samuelson:

Attached in response to the Maintenance Audit Draft are comments which reflect the Chicago Housing Authority's position on each issue contained in the draft report. The report accurately reflects the Chicago Housing Authority's maintenance operation as found by the auditors during their visit and generally the recommendations are sound.

We have made substantial improvements in the overall delivery of service to the residents of Chicago Housing Authority, however, we do recognize that we have only begun to develop the program that should be in place.

I would like to thank your team for exhibiting a professional and friendly approach to this audit. It certainly made our staff feel both comfortable and cooperative throughout the time that your staff was present at the Chicago Housing Authority.

If you have any comments regarding our responses to the recommendations, please contact me at (312)567-1831.

Sincerely,

John Nelson, Jr.
Deputy Executive Director, Operations

Attachment

AUDIT RESPONSES

Recommendation 2:

The Chicago Housing Authority will develop a pamphlet which will provide directions for each "Resident Screening Panel". The pamphlet will provide them with the obligations and authorities as a screening panel. This pamphlet will be developed by August 1, 1996 and will be a companion to the new lease. In addition, we will be scheduling training on the new restrictions on Assistance to Noncitizens. This training will occur at our Occupancy Department during the month of June, 1996. The Chicago Housing Authority has developed a new tenant screening policy which is in effect and being utilized by the Occupancy Department.

Recommendation 3:

Due to the severe condition of the building structures and systems, the Chicago housing Authority's maintenance staff has not concentrated on developing a preventive maintenance program. We will develop new target dates for conducting a preventive maintenance needs assessment and develop an applicable schedule. Providing adequate funds are available, we will utilize job order contracts to repair major system deficiencies. We have initiated a preventive maintenance program for the Heating Systems which will go into effect at the end of the heating season, 1996.

Recommendation 4:

The Chicago Housing Authority is in the process of implementing an inventory survey and this information will be directly loaded in to the new integrated computer system. The new system and survey will be based upon the bar-code system. We are also deleting old inventory and unneeded inventory items. The physical inventory will assist us in further identifying those items.

Recommendation 5:

The Chicago Housing Authority has increased the number of maintenance mechanic positions from 52 to 86 during the 1996 fiscal year.

Recommendation 6:

The Chicago Housing Authority is engaged in collective bargaining with the applicable unions which are restricting the uses of the skills of the maintenance mechanics. We are hopeful that this new venture will be more flexible than the contract which is presently in force. The Appendix A to the present contract severely limits the neutral duties and excludes the use of equipment above one-half horse power. If we can conclude the bargaining, we will reconcile the differences between the Authority's Maintenance Manual and the job description.

Recommendation 7:

The new computer work order system, when completely operational, will show which work orders have been requested and, through the development of a unit history, will substantially reduce the need to void work orders. All work orders input into the system must be accounted for through closed out requests. At this time, work order reports are generated weekly in order to monitor the request activity.

Recommendation 8:

The new computer system requires the work orders are classified upon entry into the system. Work orders are classified (prioritized) as follows:

- Emergency
- Urgent
- Routine
- Prevention
- Extraordinary Maintenance
- Annual Inspection

May 29,1996

Mr. Alan Samuelson
Assistant District Inspector General for Audit
Department of Housing and Urban Development
Office of Inspector General
77 W. Jackson Blvd., Suite 2646
Chicago, Illinois 60604-3806

RE: IG Maintenance Audit Draft

Dear Mr. Samuelson:

Listed below in response to the Maintenance Audit Draft are additional comments which reflect the Chicago housing Authority's position on the plastering and tile replacement at the Wells community. Please accept my apologies for the oversight of this item in the initial response.

Recommendation 9: Tiling - Of the sixteen (16) units identified during the review, eleven (11) units have been completed. The remaining five (5) units are scheduled to be completed by July 15, 1996. Plastering - of the ten (10) units originally cited by HUD, all ten have been completed. Additionally, another thirteen (13) have been completed for a total of twenty-four units in which plastering requirements have been satisfied.

Again, I would like to thank your team for exhibiting a professional and friendly approach to this audit. It certainly made our staff feel both comfortable and cooperative throughout the time that your staff was present at the Chicago Housing Authority.

If you have any comments regarding our response to recommendation 10, please contact me at (312) 567-1831.

Sincerely,

John Nelson, Jr.
Deputy Executive Director, Operations

Distribution

Secretary's Representative, Midwest
Director, Office of Public Housing, HUD Illinois State Office (2)
Assistant General Counsel for the Midwest
Field Controller, Midwest
Director, Accounting Division, Midwest
Public Affairs Officer, Midwest
Assistant to the Secretary for Field Management, SC (Room 7106)
Acquisition Librarian, Library, AS (Room 8141)
Chief Financial Officer, F (Room 10166) (2)
Deputy Chief Financial Officer for Operations, FO (Room 10166) (2)
Public and Indian Housing-Comptroller/Audit Liaison Officer, PF (Room 4122)(3)
Associate General Counsel, Office of Assisted Housing and Community Development, GC
(Room 8162)
Director, General Management Division, PMG (Room 4216)
Assistant Director in Charge, U.S. GAO, 820 1st St NE, Union Plaza Bldg. 2, Suit 150,
Washington, DC, 20002