



OCT 17 2019

U.S. Department of Housing and Urban Development
Midwest Regional Office, Region V
Ralph H. Metcalfe Federal Building
77 West Jackson Boulevard
Chicago, IL 60604-3507

Housing Authority of the City of Freeport
1052 W. Galena Avenue Suite A
Freeport, IL 61032-3820

SUBJECT: Public Housing Agency Recovery & Sustainability (PHARS) Assessment
Results and Determinations

Dear Commissioners:

This letter is to convey the results and determinations of a PHARS assessment of the Housing Authority of the City of Freeport (HACF) conducted by HUD between August 19 through August 23, 2019, and to advise of the next steps to be taken by HUD. In addition, this assessment also includes Findings which should be addressed as instructed in this letter. The Housing Authority of the City of Freeport received this assessment of its financial condition and governance because of a designation of *Troubled* by HUD's Real Estate Assessment Center ("REAC") for the fiscal year ending September 30, 2018.

HUD's team reviewed financial records, Board minutes, and other key documents of the agency, as well as conducted interviews with key staff and stakeholders. Thank you for the assistance provided by your agency during our assessment.

The results and determinations of the assessment are outlined in the enclosed summary. This will be used to develop a Recovery Agreement and Action Plan, as required by federal statute, stating factual determinations, proposing performance standards and timelines, and specifying remedies to achieve agreed-upon levels of performance.

We appreciate your cooperation and look forward to working with the Housing Authority of the City of Freeport to recover and achieve sustainable performance. If you have any questions, please contact Elillian Lewis at Elillian.Lewis@hud.gov or 312-913-8302. Thank you for your ongoing assistance in this matter.

Sincerely,

William O. Dawson III, Director
Illinois State Office of Public Housing
Region V

1. Governance

- The Board of Commissioners has not sought or received formal training in their roles and responsibilities as commissioners and are not aware of the necessary information that should be included in the monthly Board packets and reviewed to ensure proper operation of the agency.
- The Board does not provide sufficient oversight of the Executive Director, as shown by the method the Board uses to evaluate Executive Director performance and by the Board's lack of awareness of the PHA's performance issues before the PHARS review team sent the PHA the Take-Action letter. The Executive Director's evaluation should include compliance with HUD's deadlines and requirements, such as those for financial reporting and occupancy, in addition to HUD's standards and physical conditions.
- The Board is unaware of the Capital Fund Grant program deadlines for obligation and expenditure of funds. The Board has not been tracking obligation deadlines for both the 2016 and 2017 Capital Fund Grants.
- The Housing Authority has not maintained or modernized its properties, does not have a published schedule of modernization and maintenance projects, and has not procured necessary work.
- The Board does not monitor vacant unit status or receive any information quantifying the loss in revenue based on vacant units.
- The Housing Authority does not have Sexual Harassment or Equal Opportunity Employment training for its staff and employees. This is a risk area and is not in line with industry best practices.
- HUD was informed that the Board meetings have been cancelled and the Housing Authority has been closed, at times, due to heavy workloads. While a regularly scheduled closure each week does not, in itself, violate law or regulation, changes in regular operating hours require prior approval by Board Resolution and must be posted to the public. Unscheduled and/or random closures from week to week based on workload without advance Board approval and notice to the public is unacceptable.
- HUD strongly suggests that Board of Commissioners training be a requirement consummated in the By-Laws for all Board members. The Housing Authority should keep a copy of their certificate of completion on file.

2. Physical

- Physical REAC scores: The Housing Authority maintenance staff has not been trained in the current REAC scoring system. The Housing Authority received a physical condition score of 27/40 in the last scoring cycle. An improvement in the score will require Capital Fund spending and training of staff to be ready for inspections. Future inspections will occur with only two weeks' notice, which is a major policy change and does not allow for focused preparation over a month or more. In addition, HUD is revising the REAC inspection standards to focus more on dwelling units and curb appeal. The Housing Authority should monitor the progress of these new changes and train staff when the changes are rolled out.
- Energy Performance Contracts: The Housing Authority has entered into energy performance contracts for various improvements to their properties. The Housing Authority must prepare and provide a summary of the status of these contracts and the

outstanding obligations and remaining time frames left.

- The Housing Authority shall establish buyout costs for the energy performance contracts for the 71 dwelling units in AMP 1 in the Floodway and any other properties which may reach the threshold for justification of demolition through obsolescence.
- Section 504: The Housing Authority does not have Section 504 fully compliant dwelling structures with access routes and common area accessible spaces in playgrounds. The Housing Authority should conduct a Section 504 survey and compliance plan with a budget and schedule to make 5% of their dwelling units fully compliant.
- The Housing Authority has abandoned television antennas at a number of their sites which should be removed. These abandoned structures are obsolete and are no longer being used or maintained.
- There are a number of dead trees on site which should be removed as well as overhanging limbs over some dwelling units. In addition, there are some very large trees adjacent to buildings. The HUD Field Office suggests that the Housing Authority hire a certified arborist to survey trees on site for removal based on safety considerations and the condition of the trees.
- The Housing Authority has asbestos-containing building materials in a number of its units. There is no asbestos survey for the AMPs. There is no plan to mitigate the asbestos unless it becomes friable. There was no evidence of friable asbestos building materials observed. The Housing Authority should have a master plan to mitigate this material through removal or encapsulation.
- The Housing Authority has 71 dwelling units located in a Mapped Floodway and has taken no action to decommission this property even though the property is in a high-risk area. The Housing Authority based on technical assistance from the Field Office and for the purpose of preserving 2017 Capital Funds has requested an extension in the obligation deadline of the 2017 grant for the purpose of relocating residents and demolishing the dwelling units.
- The Housing Authority has long term vacant dwelling units due to floor slab subsidence in AMP 2. The Housing Authority has not addressed this situation either through repair or a Section 18 justification that the buildings are obsolete. The Housing Authority must address this issue. The first step in determining what to do is to have an architectural engineer determine if the buildings are structurally sound. If not, the costs to repair the buildings containing the units as well as any necessary repairs to the structures should be calculated. This will determine if the costs to repair the structures equate to 57.14% or greater than the Total Development Cost for 2018 for the Rockford, IL area. The cost of repairs should include any work to address the root cause of the subsidence, for example, water flow under the floor slabs caused by improper stormwater drainage around the building. This analysis should be a subset of the Capital needs assessment analysis of the entire PHA portfolio.

3. Financial

- The Board does not provide enough oversight of the PHA's finances and use of funds, as indicated by the misuse of government funds identified in the Forensic Audit. The Auditor identified areas of fraud, waste, and abuse in travel expenses, credit card transactions, and other financial transactions for the time period of January 1, 2014, through September 30, 2017.
- The Board does not effectively oversee the Housing Authority's financial condition. HACF has been financially substandard at multiple fiscal year ends (FYE's) - 03/31/2018 and 03/31/2019 - earning failing FASS scores of 0 each year. The failing scores are due to significant decreases in cash, increases in current loan liabilities and other expenses resulting in large bank overdrafts in the AMPs for the timeframe of 04/01/2017 through 03/31/2019.
- The Board and the Executive Director do not have sufficient knowledge of the HUD rules and regulations that govern Operating Subsidy and CFP program funds. Based upon this lack of knowledge, the PHA did not take advantage of the HUD rule that allows 20% of CFP funds to be used for operating expenses which might have avoided the failing FASS scores of 0 for FYE 2018 and 2019. The PHA could have transferred 2017 and 2018 CFP funds totaling \$285,028 to operations to help with the cash deficiencies and operating losses in the AMPs. Additionally, the PHA contributed to the loss of operating reserves by using operating funds to pay for eligible CFP expenses.
- The PHA does not have effective financial internal controls because of the Executive Director's and other personnel's lack of knowledge of the PHA's finances. The Independent Public Auditor (IPA) noted in the FYE 3/31/2018 Audit inadequacies and deficiencies in the financial records, statements and supporting documentation. Additionally, the multi-year failing financial score of 0 is another indicator pointing to a lack of PHA financial knowledge. The HUD team found multiple additional instances that collectively evidence a general lack of sound financial management, for example, the inability to identify which costs were expensed against which bank accounts.
- The Board and the Executive Director did not create and approve an Operating Budget before the start of the Authority's fiscal year for multiple years.
- HACF financial statements have not been completed since month end 5/31/2019.
- The HACF provided some new financial policies that lacks the required Board approval and some old financial policies that need updating.
- The Authority has a bank account named Northern Illinois Community Connections containing \$103,000 that is not listed and accounted for on HACF accounting books. The source of these funds is questionable. HUD staff cannot determine if these are federal or non-federal funds and HACF could not produce bank reconciliations to even begin determining the purpose of the account or the types of bills being paid from it.
- The PHA could not provide proof of collateralization for the federal funds held at Midwest Bank over the FDIC insured amount of \$250,000.
- The bank signature cards with Midwest Bank must be updated to remove a former Board member and employee from the signature authority.

- Tenant accounts receivable (TARS) balance is high due to the PHA inability to consistently collect monthly tenant rents and collect past due rents in accordance with its repayment agreements.
- The PHA paid for some unallowable costs such as a retirement party and funeral flowers out of the AMPs funds.
- The cash disbursement supporting documentation is not sufficient because it fails to identify the G/L accounts in which the transactions are charged. It's difficult for HUD analysts to determine which accounts were debited/credited for the transactions.

4. Management

- Environmental Review: The Housing Authority did not complete a Part 58 Environmental Review for its five-year plan. The Housing Authority will need to complete a Part 58 environmental review (Responsible Entity is the City of Freeport) based on the specific work activities identified in the plan to utilize its funds. The five-year plan will likely need to be revised based on the Capital Needs survey. The Field Office will complete a part 50 Environmental review as required by Federal Regulations for the demolition action in the Floodway.
- Vacant Unit Turn: The Housing Authority does not have a system to manage vacant unit turnover that prioritizes the needs of individuals and families on the waiting list, and which tracks the steps necessary to turn and lease the unit. The Housing Authority has an occupancy rate of only 83.9% for August 2019 and in the last year had a maximum occupancy rate of 92.5% (in December of 2018.) The full occupancy rate needed to receive all occupancy points in the PHARS system is 98% which would need to be achieved at the Housing Authority's fiscal year end on March 30, 2020. The organizational chart for the agency does not appear to be effective for managing leasing and vacant unit turnover. The Operations Director and the Maintenance Director are not coordinating effectively to occupy units. Inadequate planning seems to result in unoccupied units. Housing Authority best practices indicate that a Management employee be assigned with responsibility and full accountability for leasing, unit turnover and maintenance activities. This person's performance should be based on the occupancy rate and physical inspection scores. All employees should be trained to understand the PHAS scoring system and how occupancy rates impact the score.
- The Housing Authority's Procurement policy has not been updated to conform to, and reflect changes in, procurement regulations. The Procurement policy does not reflect the new regulatory citations for procurement at 20 CFR Part 200.
- 2 CFR Part 200 Procurement: There is insufficient procurement information available to issue a finding; however the Housing Authority does not appear to maintain records of procurement activity including a summary for each contract or procurement starting with an independent cost estimate, method of procurement used, solicitation of services, materials and HUD standard contract terms and conditions.
- Davis-Bacon Act: The Housing Authority is not complying with Davis-Bacon records and was not able to provide any records of Davis-Bacon Wage Rate date for a contractor performing unit turnover work.
- Maintenance Policy: The Housing Authority has a maintenance policy but is not following it in the areas of long-range planning and site maintenance.

- a. The Housing Authority has no current capital needs assessment on its properties from which to prepare a plan for each site as to necessary repairs and modernization as well as determine annual cash flows.
 - b. The Housing Authority does not have a current capital needs assessment that would enable the housing authority to prioritize maintenance or modernization work, and estimate the amount of work activity necessary and develop a cash flow analysis using available Capital Funds. This analysis would also allow the Housing Authority to evaluate options for repositioning Amp 2 properties such as Section 18 demolition, RAD conversion, small PHA conversion of existing properties to Project based Voucher properties.
 - c. The Housing Authority has no plan for asbestos monitoring and mitigation. The Housing Authority should have an asbestos survey and records for all properties with asbestos containing building materials. There was no friable asbestos observed during random on-site inspections. EPA regulations require training for work with asbestos containing building materials.
 - d. The Housing Authority does have lead-based paint (LBP) testing; however, there is no mitigation or monitoring plan for LBP containing building materials. There was no friable lead paint observed during random inspections of the property. EPA regulations require a certified lead-based paint contractor to work with lead-based paint containing building materials. Given the age and characteristics of the portfolio, it is recommended, but not required, that the HACF train one or more of its employees as a certified contractor to comply with the regulations. The Housing Authority should have an abatement plan to remove and replace any building materials with lead-based paint that cannot be sustainably encapsulated. Examples may include wood trim.
 - e. Maintenance staff reported that maintenance work was not undertaken because of HACF intentions to pursue RAD conversions on various properties. As a result, the properties deteriorated. Immediate needs for maintenance include tree removal and trimming, concrete repairs due to cracking and differential settlement, removal of vegetation in concrete joints and cracks, gutter cleaning and placement of topsoil fill along walkways to protect persons from falling based on settlement/erosion. Individual roofs may need replacement. There is damage to, and overgrowth of, perimeter fencing. HACF staff was not aware of this issue or the ownership of some of the perimeter fencing. Playgrounds are not being maintained. There is weed growth and inadequate mulch for safety. Some repairs to playground equipment were not made with manufacturer approved replacement parts, and this may be a liability issue. Exposed spikes were observed at a playground where there was a missing landscape timber.
- The Housing Authority was using a maintenance technician to complete mowing of its property. Consequently, site maintenance was neglected, and service tickets and vacant unit turns were not completed promptly. Mowing is an activity which can be performed by Section 3 laborers or unskilled seasonal workers. The choice to use PHA staff when workers are temporarily on leave due to medical issues does not appear to be the most cost-effective option. In most cases, it would make economic sense to contract for the

mowing, allowing the maintenance technician to perform unit turns.

- The Housing Authority has social service providers using their facilities. The Boys and Girls clubs provide after school care and activities. The Housing Authority should have formal contracts in place with these providers which have standard conditions such as standards for youth protection and insurance against abuse cases.
- The Housing Authority did not properly procure work for unit turn based on unit turn work. There were no Independent cost estimates, no identification of the procurement method, no cost justification, and no HUD standard contract terms including a warrantee for the work.
- The PHA should ensure that employee evaluations are based on identifiable targets and that evaluations are fair. They should be performed at least annually as stated in the PHA's personnel policy. Evaluations that are not scrupulously conducted becomes a disincentive for employees.
- The PHA should ensure that all Public Housing tenant's lease are updated to reflect any changes made in its revised ACOP.
- The Freeport Housing Authority's board minutes provide insight into how the Board conducts business. There is a lack of detail in the Board minutes that demonstrates there is not sufficient oversight.

5. Capital Fund

- 2016 Capital Fund: The Housing Authority did not monitor the status of its Capital Fund Grants. The Obligation Deadline for the 2016 Capital Fund Grant IL01P029501-16 in the amount of \$688,478.00 was 4/12/2018, and on that date 90% of the Grant \$619,630.20 should have been obligated. The Housing Authority improperly reported that the grant was 100% obligated, however this was not the case because the RAD CHAP had expired, and the budget had not been adjusted to move the RAD funds to other categories. The penalty for non-compliance is a reduction of the new Capital Fund Grant by 1/12 for every month or portion of the month that the PHA was in noncompliance with the OED requirements of the previous grant. To determine the 1/12 penalty HUD divides the authorized amount of the next year's Capital Fund grant award by 12 and then multiplies the resulting amount by the number of months of noncompliance (4/12/2018-4/12/2019). Consequently, the Housing Authority will lose \$ 688,478.00 from a future CFP grant, which will be reduced by this amount or an amount determined by the HUD Office of Public Housing Investments. This situation may also reduce the PHAS score due to the failure to obligate.
- 2017 Capital Fund: The Housing Authority also did not monitor the Obligation Deadline for the 2017 Capital Fund grant IL01P029501-17 in the amount of \$722,465.00. The HACF had obligated 0% of the grant within one month of the Obligation Deadline of August 15, 2019. The Housing Authority did, however, respond to notice provided by the Field Office about this situation and modified its budget to utilize \$144,492.00 for Operations and \$72,246.00 for Administrative costs, leaving \$505,727.00. The Housing Authority did make a formal request to the HUD Office of Public Housing Investment to utilize the \$505,727.00 toward consultant fees, relocation of tenants and demolition of the dwelling units in the floodway based on a major flood event in March 2019 and ongoing risk. This extension request complied with the required statutory requirements and is expected to be approved.

Findings

A Finding is a violation of Federal Regulations, Annual Contributions Contract requirements and/or HUD directives. Therefore, the Housing Authority must enact the specific corrective actions noted in this report. The Field Office onsite assessment had (7) Findings. The Forensic Audit had (5) Recommendations that we are requiring the Authority to provide responses. **You must respond to the Findings and Forensic Audit Recommendations in this report within forty-five (45) days of the date of this letter and indicate what steps you intend to take to resolve them.**

Field Office On-site Assessment Findings/Corrective Actions:

Accounts Receivable/Cash Receipts – (Finding #1)

AMP 1 tenant accounts receivable (TARS) balance as of FYE 8/31/2019 was high at \$54,888.51 and AMP 2 TARS balance was high at \$110,538.30. These amounts include both current and vacated tenants. This is a repeat finding from the Field Office onsite review during May 2018.

- **Regulatory citation:** 24 CFR 902.43 and 24 CFR 966.4
- **Corrective action:** HACF must improve its rent collection at both AMPs. It appears that rent collection policies were developed, but they are not being followed. HACF must perform rent collection activities in accordance with its own policies and procedures. Additionally, the PHA must collect past due rents in accordance with its repayment agreements.

Banking – (Finding #2)

HACF maintains 7 bank accounts at Midwest Bank for the AMPS, COCC, CFP and other activities. The HACF could not provide proof of collateralization for the low rent public housing funds held at Midwest Bank over the FDIC insured amount of \$250,000. In addition, the HACF has a bank account named Northern Illinois Community Connections containing \$103,000. It does not know if this account includes federal funds, and the account is not included on the Authority's accounting books. The bank signature cards with Midwest Bank include a former Board member and employee. This is a repeat finding from the Field Office onsite review during May 2018.

- **Regulatory citation:** 2 CFR 200.305 and PIH Notice 96-33
- **Corrective action:** HACF must immediately secure proper collateralization for all HUD funds over the FDIC insured amount. HACF should not use funds in the Northern Illinois Community Connections account until it can be determined if the funds are federal or non-federal. Additionally, this account should be added to the Authority accounting books. The bank signature cards with Midwest Bank must be updated to remove a former Board member and employee from the signature authority.

Financials – (Finding #3)

HACF financial statements have not been completed since month end 5/31/2019 due to transitioning to a new fee accountant. This is a repeat finding from the Field Office onsite review during May 2018.

- **Regulatory citation:** 2CFR 200.405
- **Corrective Action:** HACF must work with new fee accountant to complete the June – August 2019 financials immediately. Once financials are completed, forward copies to the Field Office.

Financial Policies and Procedures – (Finding #4)

The HACF provided some new financial policies that lacks required Board approval and some old financial policies that need updating. This is a repeat finding from the Field Office onsite review during May 2018.

- **Regulatory citation:** 24CFR 990.310
- **Corrective action:** HACF should review all financial policies to ensure they reflect the PHA current operations and cover all financial functions. Once completed, obtain the Board approval and forward copies to our office.

Unallowable Costs – (Finding #5)

The PHA paid for some unallowable costs such as a retirement party and funeral flowers out of the AMPs' funds.

- **Regulatory citation:** 24 CFR 200.410
- **Corrective action:** The HACF must reimburse the AMPs with non-federal funds for any amount spent on unallowable costs and provide proof of the transaction(s) to the HUD Field Office.

Tenant File #3262 – (Finding #6)

Income was miscalculated and this household is over housed.

- **Regulatory citation:** 24 CFR 5.611, 24 CFR 5.508 and HACF ACOP
Corrective Action: The HACF should perform quality control on tenant files to determine whether income is being calculated properly. If errors are found, the HACF should complete an Interim Exam to correct the error and issue a refund check, if applicable. HACF must obtain required verification and determine income and provide refunds, if necessary. Tenant files were extremely unorganized and hard to audit. Although documentation was found in four out of five files, reviewed, these files were cluttered and contained other files; there seems to be no systematic order to the files. The Housing Authority needs to create a system for which all tenant files are organized. Each file should contain no more than three to four years of documentation within a file. As a suggestion, the HACF may wish to

employ a two-hole punched large envelope to hold pertinent documents and attach it inside the working file; old files can then be put in storage.

The HACF also needs to obtain the needed verification to complete the verification for this household. This household is also over-housed and is not in accordance with the Housing Authority's occupancy policy.

The HACF shall provide all documentation evidencing completion of this finding to our field office.

Environmental Review – (Finding #7)

The Housing Authority did not have an Environmental Review completed by its responsible entity for the five-year Capital Fund Plan.

- **Regulatory Citation:** 24 CFR Part 58.10 and Part 58.22
- **Corrective Action:** The HACF must have an Environmental Review completed for the five-years of Grant Funds 2016, 2017, 2018, 2019 and 2020. The HACF shall provide all documentation evidencing completion of this finding.

Forensic Audit Recommendations:

General Observations

Based on our inquiries, observations, and inspection of documentation, we identified specific process improvements or enhancements to existing controls that will improve the Authority's ability to detect errors immediately as they arise and prevent or detect potentially fraudulent activity. Recommended corrective actions include the following:

Travel Expense – (Recommendation #1)

We recommend that the Authority update its existing travel policy. The travel policy was last updated in 2007. The policy should also comply with Illinois General Assembly Statue 50 ILCS 150 - Local Government Travel Expense Control Act. This statute states:

- All local public agencies shall, by resolution or ordinance, regulate the reimbursement of all travel, meal, and lodging expense of officers and employees.
- Before an expense for travel, meals, or lodging may be approved, the following minimum document must first be submitted in writing, to the governing board or corporate authorities:
 - Receipt for the cost incurred
 - Name of the individual who is requesting the expenses
 - The title of the individual who is requesting the expense
 - The dates of official business.
- The updated policy should specifically address the approval of the executive director's travel expenses.

Related Party Transactions – (Recommendation #2)

Recommendation: We recommend that the Authority have all employees, including the board of commissioners disclose all potential conflicts of interest. This should be addressed in the personnel policy and should be communicated at least annually to all employees and commissioners.

It appears that certain lease up procedures were circumvented entirely as it relates to employees of the RAD construction company. Creating a culture of openness can help ensure that these types of actions are brought to the attention of the board. The most common way fraud is uncovered is through someone reporting a tip. We recommend the Authority implement a fraud hotline that is monitored by the board. The very existence of a fraud hotline would serve as a deterrent to misconduct by creating among employees a perception that fraud would be detected and reported. It would also demonstrate the Authority's serious intent to prevent and detect fraud. In addition, the hotline could also be used to report incidents of harassment, unsafe working conditions, violence, or violations of laws or regulations. This would allow the Authority to address such situations in a timely manner and could help prevent or minimize fines, lawsuits, legal liability, or adverse publicity by demonstrating that the Authority has procedures for receiving and addressing complaints.

Banks Statements – (Recommendation #3)

Recommendation: The North Illinois Community Connections bank account should be reported on the books of the Authority. This account should be reconciled and reviewed like any other bank account.

Credit Card Transactions – (Recommendation #4)

Recommendation: The Authority should have a written credit card policy. The policy should require proper documentation to support all charges on the credit card. The supporting documents should be reviewed by management to determine the charges are appropriate. These receipts should then be attached to the credit card statement before the statement is paid.

Credit cards are an easy area for abuse in any organization. Credit cards should only be use when absolutely necessary and should be closely monitored by the executive director and accounting.

Code of Conduct – (Recommendation #5)

Recommendation: We noted that the Authority does not have a formal code of conduct policy. Elements of a code of conduct are included in the personnel policy, however, a separate code of conduct policy can help communicate the importance of honest and ethical behavior. We believe that it is in management's best interests to establish a formal, written, policy and procedures covering unethical conduct or transactions and relationships that may involve potential conflicts of interests. Among other matters, the policy should provide the following:

- The use of corporate assets for any unlawful or improper purpose is strictly prohibited
- No undisclosed or unrecorded asset is to be established for any purpose.

- No false entries are to be made in the books for any reason, and no employee shall engage in any arrangement that results in such prohibited act.
- No payments are to be approved or made with the intention that any part is to be used for any purpose other than that described in the supporting documents.
- Any employee who knows of any unrecorded assets or any prohibited act must promptly report it to specified supervisory or management personnel.
- Each manager is responsible for enforcing the policy.

The policy should provide for an annual statement from key management and employees in sensitive positions (for example, purchasing) certifying their compliance with the policy. These statements should be reviewed by top-level management and the Board of Commissioners.

We also recommend that the Authority conduct training for new employees during which they can ask questions about provisions of the code. Periodically thereafter, there should be refresher training for existing employees. The training should be specific and relevant to the employees' level and duties so that they will understand how the code applies to them. For example, the frequency and details of training might differ for supervisory versus nonsupervisory personnel, for purchasing agents versus sales representatives, and for accounting versus nonaccounting personnel. Employees could be presented with scenarios they might encounter on the job and could be counseled to ask themselves the following questions in deciding what to do in the face of the ethical dilemma:

- Is the action legal?
- Does it comply with the Authority's values?
- Will doing the action make the employee feel uncomfortable?
- How would the action look if it were reported in the newspaper?

CC: Mayor Jodi Miller
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