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April 17, 2009

Mr. David Lurie
City of Austin
Health and Human Services Department
P.O. Box 1088
Austin, Texas 78767

Re: Monitoring Report: Community Services Block Grant (CSBG) Contract #61080000198

Dear Mr. Lurie:

Enclosed is a report of findings, actions required, and recommended improvements relating to the monitoring review of the Community Services Block Grant (CSBG), contract between the City of Austin and the Texas Department of Housing and Community Affairs (the Department).

There are five (5) CSBG findings requiring corrective action.

Please submit a response to the monitoring report to this office within forty five (45) days from the date of this letter. A copy of this monitoring report will be provided to your board chair.

Should you have questions or require assistance, please contact Skip Beaird, Senior Program Officer, at (512) 475-4618.

Sincerely,

A handwritten signature in black ink, appearing to read "Amy M. Oehler", with a stylized flourish at the end.

Amy M. Oehler
Director
Community Affairs Division

Enclosure

cc: Sabino Renteria, Board Chair

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**2008 CSBG/CEAP Monitoring Report
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**MONITORING REVIEW OF
CITY OF AUSTIN**

Date(s) of Review: February 17-February 20, 2009

Focus of Review: **Community Services Block Grant (CSBG)**

Programmatic Year	FY 2008
Contract Number	61080000198
Contract Amount:	\$862,566.65
Contract Period:	1/1/2008-12/31/2008

Purpose of Review: To conduct on-site monitoring and evaluation of the efficiency and effectiveness of the performance of this contract. To review programmatic activities and examine financial expenditures and supporting documentation for the expenditures made under this contract, in accordance with the Uniform Grant Management Standards, Common Rule, S_.42. To ensure that programs are operated throughout the service area to ameliorate the causes of poverty, as specified in 42 U.S.C. §9908 (b) (1), in accordance with the City of Austin's CSBG Performance Statement.

Opening Statement: In accordance with Section 10 of the CSBG contract, a monitoring review was conducted of your Administrative, Financial, and Programmatic operations. Skip Beaird, Senior CSBG Program Officer; participated in an entrance conference with David Lurie, Director of Health and Human Services; Melanie Miller, Child Administrative Officer; Cathleen Rodriguez, Health and Human Services Manager; Lavern Mitchell, Accounting Manager; of the City of Austin's Health and Human Services Department.

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**COMMUNITY SERVICES BLOCK GRANT
SUMMATION OF MONITORING REVIEW**

The sections reviewed in relation to the agency's financial activity consisted of a review of the general ledger, chart of accounts, bank statements, cost allocation plan, bank signature cards, current fidelity bond, bills/invoices/receipts, and support documentation for CSBG expenditures as reported on the Monthly Funding Financial Performance Report (MFFPR).

The Program Officer reviewed expenditures for October and December of 2008. The City of Austin's fiscal year is October–September 30, and the accounting software used is the Austin Integrated Management System (AIM).

Expenditures reported on the above referenced MFFPRS were matched to City Of Austin's expanded general ledger. The chart of accounts, expanded general ledger, program specific balance sheet, statement of revenues and expenditures, and adjusting/correcting entries were reviewed to confirm that amounts reported have been recognized under the correct amounts.

The Program Officer reviewed the October and December 2008, reconciliations (the most recent months reconciled) to confirm that bank statements are reconciled monthly to the general ledger. The review also disclosed that the bank signature cards are current and that the Fidelity Bond expires October 20, 2011. Timely payment of TWC (state unemployment) taxes, State Workers' Compensation, and payroll taxes were verified on site. Additionally, the Program Officer reviewed copies of the most recent quarter paid for the taxes referenced above.

The Program Officer reviewed Procurement Policies and Procedures and support documentation. The CSBG Cumulative Inventory report due at the end of February 2008 had not been submitted to the Department by the contractual due date. Time sheets and Travel reconciliations were reviewed to confirm compliance with federal regulations. City Of Austin adequately documents time records for all employees reviewed.

The financial review disclosed that CSBG funds allocated by City Of Austin have been expended in accordance with the cost principles set forth in the Office of Management & Budget Circulars.

As of the date of this report and based on information from the Department's Portfolio Management and Compliance Division, the subrecipient's last submitted audit was for FY 2007 and is current. As of December 1, 2008 the City of Austin, had expended 78% of its FY 2008 CSBG allocation. At that time, and including a three month extension, 75% of the CSBG program contract year had expired. This expenditure rate is at or above an optimal level.

The sections reviewed in relation to the administration of the agency during the monitoring visit consisted of the Personnel Policies and Procedures, Bylaws, board roster, board attendance records, and election/selection procedures for each sector of the Board. The Program Officer reviewed board minutes from the previous six (6) meetings, from July 8-December 9, 2008.

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The City of Austin has fifteen (15) members of the Community Development Commission which serves as the CSBG advisory board and meets on a monthly basis.

The sections reviewed in relation to the programmatic activities of the agency were conducted to determine if the numbers from the 2008 Shah software reports and monthly summaries reconciled to the numbers reported on the December 2008 MFFPR. The individual numbers reviewed were the total males served by the City of Austin. The City uses an Access database to gather and organize the information originally reported in the Shah system. Additionally, National Performance Indicator (NPI) activities were reviewed to ensure that the current year Performance Statement was being utilized and documented correctly.

The Programmatic portion of the monitoring visit consisted of a review of twenty eight (28) CSBG client files. The monitoring visit consisted of a review of the October and December, 2008 CSBG performance report submitted by City Of Austin. The Program Officer interviewed a board member, Karen Paup; Case Management Supervisor, Loeta "Mona" C. Allen; and Case Manager, Jesse Hernandez; from the St. John's Neighborhood Community Center. All three interviews showed staff and board were well informed and communicated openly and freely with one another. Observed operations at the two neighborhood centers appeared to be functioning normally. The Program Officer reviewed five (5) CSBG case management files, and reviewed overall operations during an onsite visit to the St. John's and Rosewood Zaragosa Community Centers. The City collaborates with a number of local service providers throughout the City including a formal relationship with the Capitol Area Food Bank who when interviewed, described a strong working relationship shared with City Of Austin.

The City Of Austin administers the CSBG program within the City of Austin, Travis County, Texas and provides services including case management, transportation, utility assistance, food pantries, health clinics, job counseling and other services. During CSBG program year 2008, City Of Austin has assisted 8712 persons (with demographics) through December with the programs referenced above, including all activities that are represented on the 2008 CSBG Performance Statement.

As of the September MFFPR, City of Austin worked with 193 CSBG case management clients and reported seventeen (17) that have transitioned out of poverty. The City of Austin's target number for transitioning individuals out of poverty is eighty nine (89) for PY 2008. Case management clients are provided with the tools necessary to alleviate dependency on others and to promote self-sufficiency. In order to be reported as Transitioned Out of Poverty, clients must increase their household annual income to above 125% of poverty. This percentage is based on Federal Income Guidelines.

Other Federal Programs Compliance Reference

Although the City receives grants directly from several Federal Agencies, no monitoring has been conducted by these agencies since the last Department monitoring.

Therefore no action is required.

**2008 CSBG/CEAP Monitoring Report
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**COMMUNITY SERVICES BLOCK GRANT PROGRAM CORRECTIVE ACTIONS
REQUIRED and RECOMMENDED IMPROVEMENTS**

Section I. Financial Review

Finding #1: Late Performance and Expenditure Reports

The City of Austin submitted several reports beyond the required deadline of the 20th of each month, the deadline for CSBG Expenditure and Performance reports. A total of seven expenditure reports and five performance reports were approved by the City after the 20th, however it should be noted that these reports rarely exceeded one day past due and were, at most, three days overdue.

Action Required: The City of Austin must complete reports with adequate time to route them internally and have them approved before the deadline. The City must provide to the Department an assurance that reports will be submitted in a timely fashion and describe what procedures will be implemented to ensure that this is done in a timely fashion. Please submit the City's assurances no later than 45 days from the date of this report. **Reference: 10TAC§5.211**

Section III. Inventory

Finding #2: Delinquent Inventory Report

City Of Austin did not submit an updated cumulative inventory report to the Department in February of 2008. An annually updated inventory is a requirement of the CSBG contract with the Department. Please ensure that all future inventories are sent in a timely fashion as required by contract.

Action Required: The City of Austin must submit an inventory report for the 2008 program year no later than forty-five (45) days from the date of this report. **Reference: 10TAC§5.8**

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Section IX. Board Composition

Finding #3: **Board's public sector not in compliance with the CSBG Act**
The City of Austin uses the Community Development Commission as the advisory board for CSBG programs. The Commission consists of fifteen members, of which, seven are appointed by the City Council (one per member) and seven are elected democratically, one from each Community Center. In addition to these fourteen members there is an additional 'at large' member making a total of fifteen. This 7+7+1 structure does not meet the definition of a tri-partite board under the CSBG act which requires one third of the members to be from the public sector, a minimum of one third to be representatives of the poor and the remainder (which can be less than one third) to be from the private sector. In effect, the 'public sector' serving on the Community Development Commission is too large. Sections 676B of the Community Services Block Grant Reauthorization Act of 1998 requires that, as a condition of designation, private nonprofit entities and public organizations administer their CSBG program through tripartite boards that "fully participate in the development, planning, implementation, and evaluation of the program to serve low-income communities."

Action Required: The City of Austin must either change the structure of the board to meet the definition found in Sections 676B of the Community Services Block Grant Reauthorization Act of 1998 or must request approval of its current structure to meet the definition of an alternative mechanism described in Sections 676B (b) 2, reserved for 'public organizations.' **Reference: Sections 676B of the Community Services Block Grant Reauthorization Act of 1998; HHS IM 82; and 10 TAC§5.213**

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Finding #4: **Excessive absences of board members**

The Community Development Commission of the City of Austin serves as the advisory board for the City's CSBG program. A review of the Commission's attendance records show that two of the members exceeded the number of allowed unexcused absences described in the City's Bylaws. Article 3 of the City's by-laws states that, "a board member who is absent for three consecutive regular meetings or one third of all regular meetings in a twelve month period automatically vacates the member's position." During the 2008 program year there were twelve regular meetings and one special called meeting. Three commission members had four or more unexcused absences and one of these had four consecutive absences. None of these members vacated their positions as the by-laws require. Sections 676B of the Community Services Block Grant Reauthorization Act of 1998 requires that, as a condition of designation, private nonprofit entities and public organizations administer their CSBG program through tripartite boards that "fully participate in the development, planning, implementation, and evaluation of the program to serve low-income communities."

Action Required: The City of Austin must assure the Department that actions required by the by-laws will be followed and that board members, "fully participate", as required by Sections 676B of the Community Services Block Grant Reauthorization Act of 1998. While other remedies may be applicable such as modifying the by-laws or ensuring that commission members get excused, minimal participation is a basic requirement of all board members and the City's by-laws requirements appear reasonable. Please provide the Department with the written assurances that the bylaws will be followed, and specifically describe what steps will be taken to ensure full participation by each sector no later than forty-five (45) days from the date of this report.

Reference: Sections 676B of the Community Services Block Grant Reauthorization Act of 1998; HHS IM 82 and 10TAC§5.213

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Section XII. Client File Review

Finding #5: Improper use of Declaration of Income (DIS) Form.

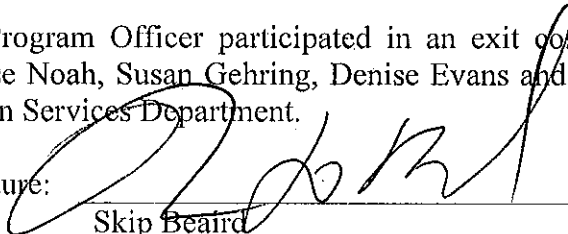
A review of case files revealed that the Declaration of Income forms (DIS) in two case files were missing the final signature. The table below indicates the deficient files:

Client Number	Program	Issue	Deficiency Noted
0600042	CSBG	Income	Need DIS or Income on adult male household member
0602040	CSBG	Income	DIS form missing final signature
0601964	CSBG	Income	DIS form missing final signature
0602186	CSBG	Income	DIS form missing final signature

Action Required: City Of Austin must provide signed copies of the unsigned DIS forms noted in the table above and submit procedures for Department approval that assure that the final signature will be provided on a regular basis. Please provide the Department with the required documentation no later than forty-five (45) days from the date of this report. **Reference: 10TAC§5.20**

The Program Officer participated in an exit conference with David Lurie, Cathleen Rodriguez, Elouise Noah, Susan Gehring, Denise Evans and Philip Brown of the City of Austin's Health and Human Services Department.

Signature: _____


Skip Beard
Texas Department of Housing and Community Affairs

CSBG Sr. Program Officer