



## TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

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April 26, 2016

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Mr. Shannon Jones  
Director  
City of Austin HHS  
P.O. Box 1088  
Austin, Texas 78767  
[maria.allen@austintexas.gov](mailto:maria.allen@austintexas.gov)

RE: MONITORING ANNOUNCEMENT  
CSBG CONTRACT #61150002165, #61140001830

Mr. Jones:

The Texas Department of Housing and Community Affairs (the Department) conducted a monitoring review of the above mentioned contracts. The goal of the review was to provide reasonable but not absolute assurance regarding compliance with federal and state requirements and program objectives.

To achieve this goal, a sample of 12 files/ 14 expenditures were selected and tested. The attached report details the findings identified during the review and required corrective action. Please provide all requested documentation no later than May 26, 2016.

If the City of Austin applies for funding from the Department a Previous Participation review will be conducted. The findings noted in this report, as well as the timeliness and effectiveness of the corrective action provided will be taken into consideration and reported to the Department's Executive Award Review Advisory Committee (EARAC). Therefore, if you do not agree with the findings in this letter or require additional time to correct the matter, please follow the procedures outlined in the Department's Community Affairs Programs Rules at 10 Texas Administrative Code Chapter 5, §5.2101, Compliance and Monitoring, prior to the corrective action deadline.

The Department wishes to express our appreciation for the cooperation of your staff in facilitating this review. If you have any questions or concerns regarding this review, please feel free to contact me or Beatrice Avalos at 512.475.3903 or via email at [beatrice.avalos@tdhca.state.tx.us](mailto:beatrice.avalos@tdhca.state.tx.us).

Sincerely,

Earnest L. Hunt  
Director of Subrecipient Monitoring

cc: Michael De Young, Community Affairs Director  
Maria Allen, Manager – City of Austin Health and Human Services Dept.



### **Deficiency #1: Noncompliance with Open Government Training Requirements**

#### **Programs: CSBG**

COA did not provide completion certificates documenting that the advisory committee members have completed the Texas Open Government required trainings. COA utilizes an internal training curriculum that includes a section titled Texas Open Government training. However the Attorney General Open Training Information section clarifies the requirements for the curriculum and how compliance with the training requirements must be demonstrated. In order to comply with the training requirements those government entities desiring to provide their own training may do so by using the Attorney Generals free video training course or obtaining the Attorney Generals approval of the entity's own course materials to ensure accuracy. Furthermore, the Attorney General clarifies that in order to demonstrate compliance with open government training, the entity providing the training is required to provide the participant with a certificate of course completion. The TAC requires that all board members of public organizations that are eligible to receive CSBG funds receive training in Texas Open Government laws and maintain documentation of completion of all appropriate trainings. **Reference: Texas Government Code, Title 5, §551.005; 10 TAC §5.217, The Attorney General of Texas – Open Government Training Information.**

#### **Action Required for Deficiency #1:**

COA must obtain and maintain training certificates for all CSBG advisory committee members. If COA believes their training process complies with the requirements of the Texas Open Government Laws, COA must submit the course approval from the Attorney General's office. As part of the response to this report, COA must provide copies of the required training certificates for the respective Board members and the course approval from the Office of the Attorney General.

### **Deficiency #2: Tri-Partite Board Structure**

#### **Program: CSBG**

A review of the COA's Community Development Commission membership and structure indicates noncompliance with the tripartite requirements of the CSBG Act and the TAC. The Community Development Commission is made up of sixteen members, five (5) public officials, three (3) Private Representatives, and eight (8) Representatives of the Low Income Sector. The CSBG Statute requires not fewer than 1/3 of the membership to consist of representatives of the low-income sector and 1/3 of the membership shall consist of public officials. Therefore, with a membership of 16 Board members, the Board structure is not divisible by three. **Reference: CSBG Act, 10 TAC §5.213**

#### **Action Required for Deficiency #2:**

COA must ensure that the Board of Directors' and by-laws are in compliance with the CSBG Act and the TAC. COA must prepare a plan of action that details how they are going to comply with the minimum requirement of the board structure. The plan of action must include a timeline of how COA will create a Board structure where not more than 1/3 of the membership consists of public officials and at least 1/3 of the members as representatives of the low income sector. As part of the response to this report, COA must submit a copy of the plan of action.

### **Concerns:**

During the review of CSBG Contracts #61150002165, #61140001830, Department staff noted the following items of concern which do require corrective action submitted to the Department. Concerns may be subject to subsequent review. Repeat concerns may be elevated to deficiencies. Procedures must be developed to ensure these concerns are corrected:

#### **Concern #1: Board Structure – Election/Selection Process**

##### **Program: CSBG**

COA's Community Development Commission currently serves as the Advisory Board meeting the CSBG Tripartite Board requirements in Section 676B of the CSBG Act. The Community Development Commission is made up of sixteen members, five (5) public officials, three (3) Private Representatives, and eight (8) Representatives of the Low Income Sector. The current Mayor of the City of Austin (member holding a board seat) appoints all representatives for the Public Sector and Private Sector. IM 138 Public Standard 5.1, effective January 1, 2016 or with the first day of expended 2016 funds, requires that tripartite board members be selected by the tripartite board in a public process (in accordance with the Texas Open Meetings Act), and not a sole member of the advisory board or by another process specifically approved by State. 10 TAC 5.13 (b) states the State has not approved an alternative to the Tripartite Board

structure. Hence the member selection of the public officials and the Private Representatives is required to be done by the Tripartite Board members not the Public Organization (the City of Austin) which is the responsible fiscal entity for the Travis County service area. **Reference: CSBG Act, CSBG IM#138.**

**Action Required for Concern #1:**

The Community Development Commission's selection procedures should be revised to ensure that selection of the elected public officials (or the selected public official's appointee/representative) and the Private Representatives are made by the tripartite board. Revised selection procedures should be consistent with the Organizational Standards.

**Concern #2: Procurement Process – Client Tracking Software**

**Program: CSBG**

The Department reviewed COA's client tracking software procurement and determined that the procurement method utilized might not be the most appropriate. Specifically, COA utilized the small purchase procurement process for services that in the aggregate will exceed the small purchase threshold of \$25,000.00. COA entered into a contract with Shah for their client tracking software, with the option to renew their contract. Shah requires start up fees as well as monthly fees that at the time of the monitoring had not exceeded the small purchase threshold, however in the aggregate the cost will likely exceed it. The TAC defines "aggregate" as the total potential cost of the contract including option years and amendments and requires that a Competitive Procurement or Sealed Bid process be utilized.

**Reference: 10 TAC §5.10, UGMS III. Subpart C \_36**

**Action Required for Concern #2:**

COA must ensure it does not exceed the small purchase threshold of \$25,000.00 with Shah. If COA anticipates the need to continue with client tracking software, it must re-procure for services, taking into account the total cost of the procurement effort. If COA prefers to not perform a new procurement effort, it must not charge any expense in excess of \$25,000.00 to CSBG grants for the life of the contract and option years, and amendments for Shah. COA is not required to submit a response to this concern.

**Concern #3: Inventory Form Submission**

**Program: CSBG**

The Department's review of the last inventory submitted by the COA was in 2014 for PY2013. During the monitoring review it was determined that in 2014 COA purchased a van and did not update and submit an updated inventory to the Department. COA is reminded that the process for inventory form submission is (1) accurately complete the inventory form located on the Department website; (2) submit the completed form(s) electronically to Department Community Affairs Fiscal Staff within forty-five (45) days of the contract end date. The CSBG contract requires the annual submission no later than forty-five days the cumulative inventory of all equipment acquired in whole or in part, with funds received with the current contract or any previous CSBG contract. **Reference: CSBG Contract Section 10 and 10 TAC §5.8.**

**Action Required for Concern #3:**

COA must ensure it submits an accurate cumulative inventory report for all equipment, tools, and vehicles purchased with CSBG funds in an annual basis, within forty-five days of the end of each contract. COA is not required to respond to this concern.

**Concern #4 Access to Records**

**Program: CSBG**

During the monitoring review, COA only allowed the Department staff to leave with a redacted copy of the CSBG client files. The redacted application blacked out all of the pertinent household and income information needed in order to determine household demographics and program eligibility. The COA is reminded that Section 9 (C) of their CSBG contract requires the Subrecipient to give access to and the right to examine and copy, on or off the premises of the Subrecipient, all records pertaining to the CSBG contract. **Reference: CSBG Contract Section 9.**

**Action Required for Concern #4**

COA must ensure the Department is afforded rights to access records as stipulated in the Contract. COA is not required to respond to this concern.

**General Observations:**

During the review of CSBG Contracts #61150002165, #61140001830, Department staff noted the following observations which do not require corrective action submitted to the Department:

**Observation #1:** During the client file review, it was noted that the COA is not obtaining and maintaining intake forms and income documentation for all clients for each program year. COA is reminded that the TAC requires that CSBG Subrecipients complete and maintain a manual or electronic intake form for all clients for each program year, and that proof of income be from the 30 day prior to the date of application. This process is required even though there may be a case management client that spans various program years. **Reference: 10 TAC §5.207 and 10 TAC §5.19.**

**Observation #2:** During the Board structure review, it was noted that the Board is composed of members nominated by residents from the eight geographic areas of Austin. The Department reminds COA that the TAC requires all Board members reside within the Subrecipient's CSBG service area designated by the CSBG contract. Board members should be selected so as to provide representation for all geographic areas within the designated service area. **Reference: 10 TAC §5.216.**