



**COMMUNITY DEVELOPMENT COMMISSION (CDC)  
RECOMMENDATION 20160308-06b**

**Date:** April 12, 2016

**Subject:** Proposed CDC recommendation to City Council that an internal audit be conducted of the Community Services Block Grant (CSBG) accounting and activities.

**Motioned By:** Commissioner Fred McGhee

**Seconded By:** Commissioner Lottie Dailey

**Recommendation:** The Community Development Commission (CDC) recommends that City Council consider requiring an internal audit be conducted of the Community Services Block Grant (CSBG) accounting and activities.

**Date of Approval:** March 8, 2016

**Record of the Vote:** *The motion to approve the above recommendation and forward it to City Council for consideration, passed by a vote of 6 – 3, with Commissioners Dailey, Deshotel, McGhee, Rivera, Singer and Taylor in favor, Commissioners Fadelu, Hinely and Paup opposed, and Commissioners Crawford, Noyola, McHorse, Villalobos and Zamora absent.*


**Attest:** [CDC Liaison, Lisa G. Rodriguez]



## Austin/Travis County Health and Human Services Department



**TO:** Mayor and City Council

**FROM:** Shannon W. Jones III, Director 

**DATE:** July 15<sup>th</sup>, 2016

**SUBJECT:** Community Services Block Grant Administration

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Please use this memo as a response from the Health and Human Services Department (HHSD) to the action taken by the Community Development Commission (CDC) on March 8, 2016, related to the administration of the Community Services Block Grant (CSBG) by HHSD.

The Texas Department of Housing and Community Affairs (TDHCA) provides CSBG funds to Community Action Agencies as subrecipients to support a variety of direct services designed to eliminate poverty and foster self-sufficiency in addition to helping maintain the core administrative elements of these local organizations. The City of Austin, Health and Human Services (HHSD) serves as the Community Action Agency for Travis County and is the subrecipient of CSBG funds.

1. In response to the CDC's recommendation to the City Council that the office of the City Auditor conduct an audit of the CSBG program, please be advised of the following audits and monitoring of CSBG funds which have already been conducted:
  - a. The City of Austin HHSD is monitored by TDHCA as a subrecipient of CSBG funds. TDHCA performed on-site monitoring of this funding in 2005, 2009, 2010, 2012, and 2015. TDHCA on-site monitoring engagements include both financial, performance, and compliance reviews related to HHSD's use of CSBG funding.
  - b. CSBG funding received by the City of Austin/HHSD is also audited for compliance with federal and state grant requirements as part of the City's Annual Single Audit. CSBG funding was selected for audit by the City of Austin's external auditors, Deloitte, for FYs 2008, 2009, 2010, 2012, 2013, 2014, and 2015. The City of Austin Single Audit of CSBG includes both a financial audit and compliance audit of HHSD's use of CSBG funding. The CPA firm of Deloitte is required to undergo external peer reviews to ensure they meet professional audit standards, including AICPA and Generally Accepted Government Audit Standards (GAGAS) related to "independence" in performance of audit engagements.
2. In regards to the CDC's specific recommendations for the performance audit, please be advised of the following staff response:

**CDC recommendation #1** – "Examine the effectiveness of the delivery of services – conduct both a quantitative and qualitative assessment."

- Service delivery is designed to meet National Performance Indicators (NPI) as required by CSBG. Monthly performance reports are provided to TDHCA which reflect compliance with NPIs, as required by the grant. Monthly performance reports are also provided to the CDC. In 2015, the City of Austin HHSD exceeded the TDHCA goal for transitioning persons out of poverty by 20%.

**CDC recommendation #2** – “Do an accounting of where and how CSBG funds are allocated.”

- The CSBG budget, with information on how funds are allocated, is provided on an annual basis to the CDC for review and a public hearing is held. TDHCA reviews and approves the budget submitted by the City of Austin HHSD. Monthly financial reports are also provided to members of CDC indicating percentage of annual budget and year to date expenditures. Expenditure of HHSD’s approved CSBG budget allocation of funds is included in TDHCA’s on-site monitoring reviews, as well as the City of Austin Single Audit.

**CDC recommendation #3** – “Examine the employment services section of the CSBG grant – analyze what sort of jobs clients are getting and keeping.”

- In monthly performance reports, members of the CDC receive reports on the jobs that clients obtain. This data is presented in aggregate to protect the confidentiality of individual clients. Services provided through CSBG funding is subject to state and federal requirements to protect clients’ Personally Identifiable Information (PII) and Protected Health Information (PHI).

**CDC recommendation #4** – “Investigate staff turn-over within CSBG funded positions.”

- In the CSBG Working Group’s “Findings and Recommendations” presented to the CDC, concerns were brought forth about specific positions at the Blackland Neighborhood Center. This document stated: “The Blackland Center was not fully staffed and was underfunded for two years.” It also stated: “The neighborhood centers do not best reflect actual client needs – hours are very limited; the centers are not open on Fridays, federal holidays or weekends and in practice are only consistently open 15-20 days per month.” It should be noted that the Blackland and St. John Community Center shared a Program Supervisor due to funding constraints. In FY16, a new program supervisor position was funded by City Council and was hired to supervise the Blackland Neighborhood Center.
- The social worker at the Blackland Neighborhood Center retired on March 31, 2015. A new social worker was hired effective December 14, 2015. In the interim, social work services were provided through the social worker at St. John Community Center.
- The public health nurse at the Blackland Neighborhood Center retired on April 9, 2015. The position was posted in 2015; however, the initial interview process did

not result in a successful candidate. The position was reposted and the hiring process is underway for this position. Interim services have been provided by the nurse at the St. John Community Center.

- Vacancies in these positions have meant these funds budgeted for these positions were not expended. The 2015 CSBG contract was extended until March 31, 2016, and funds not expended for these salaries are continuing to support the services at all Neighborhood Centers until the positions were hired.
- Neighborhood Centers are open from Monday through Thursday 8 am to 6 pm and Fridays from 8 am to noon. Centers close once a month for staff development training as approved.

3. In response to the recommendations regarding the composition of the CDC:

- In 2015, the Community Development Commission underwent significant changes as a result of the new City Council membership. A new seat was also added to represent low income residents in North Austin. TDHCA recently monitored HHSD and reviewed the structure of the CDC. Based on the monitoring report and TDHCA guidance, HHSD will work with the Law department, the City Clerk, CDC members and the City Council to make any changes warranted to ensure compliance with CSBG regulations.

Thank you in advance for your consideration of this response. Please do not hesitate to let me know if you have questions or need additional information.

cc: Marc A. Ott, City Manager  
Bert Lumbreras, Assistant City Manger  
Gilbert Rivera, Chair, Community Development Commission  
Betsy Spencer, Director, Neighborhood Housing and Community Development