

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

AUDIT COMMITTEE MEETING

John H. Reagan Building
Room 140
105 West 15th Street
Austin, Texas

January 23, 2014
8:30 a.m.

COMMITTEE MEMBERS:

LESLIE BINGHAM ESCAREÑO, Chair
TOM GANN, Member
J. MARK McWATTERS, Member

SANDY DONOHO, Secretary of the Committee

Item 8	Presentation and Discussion of the Status of the Fraud, Waste, and Abuse Hotline and Other Fraud Complaints	23
	EXECUTIVE SESSION	none
	Public Comment on matters other than items for which there were posted agenda items. Public comment may include requests that the committee place specific matters on future agendas for consideration.	none
	ADJOURN	26

P R O C E E D I N G S

1
2 MS. BINGHAM ESCAREÑO: Good increasingly chilly
3 morning. I'm very glad to see you guys bright and early.

4 Welcome to the Audit Committee meeting of the Texas
5 Department of Housing and Community Affairs. I'm Leslie
6 Bingham, the committee chair, and we'll start with roll
7 call. Other committee members, Mr. Gann?

8 MR. GANN: Here.

9 MS. BINGHAM ESCAREÑO: Mr. McWatters?

10 MR. McWATTERS: Here.

11 MS. BINGHAM ESCAREÑO: Okay. I think we can do
12 business then.

13 Sandy, I'll turn to you as we go through the
14 agenda. The first agenda item is the approval of the
15 September minutes. If the committee members have had a
16 chance to look at those and if there are no recommended
17 revisions, then I'll entertain a motion to approve.

18 MR. GANN: I so move.

19 MS. BINGHAM ESCAREÑO: Mr. Gann moves.

20 MR. McWATTERS: Second.

21 MS. BINGHAM ESCAREÑO: Mr. McWatters seconds.

22 All those in favor, aye.

23 (A chorus of ayes.)

24 MS. BINGHAM ESCAREÑO: Opposed?

25 (No response.)

1 MS. BINGHAM ESCAREÑO: Motion carries. Great.
2 Let's move to item 2 which is: Presentation,
3 discussion and possible action on the acceptance of the
4 2013 audit results from the State Auditor's Office.
5 Sandy.

6 MS. DONOHO: For the record, I'm Sandy Donoho,
7 director of Internal Audit.

8 As you know, the Department's governing
9 statutes require an annual audit of the Department's books
10 and accounts and an annual audit of the Housing Trust Fund
11 and an audit of the financial statements of the Housing
12 Finance Division and the supplemental bond schedules.
13 These are required by the Department's bond indentures.
14 This year, as the last couple of years, the State
15 Auditor's Office performed these audits under contract
16 with the Department. Verma Elliott, audit manager, and
17 Amadou N'gáide, managing senior auditor, are here from the
18 State Auditor's Office to discuss the results of this
19 work.

20 MS. BINGHAM ESCAREÑO: Good morning.

21 MS. ELLIOTT: Good morning. For the record, my
22 name is Verma Elliott. It's nice to be here again.

23 The SAO is required by auditing standards to
24 communicate with those charged with governance, which
25 would be the Board, about various things. This is that

1 communication. In addition to this, we also emailed the
2 entire Board, on December 30, a written communication
3 detailing specific things about the audit, and so without
4 further ado, Amadou is going to go and talk about the
5 deliverables we did during the audit.

6 MS. BINGHAM ESCAREÑO: Thank you. Good
7 morning.

8 MR. N'GÁIDE: Good morning, Chairman, members.
9 For the record, my name is Amadou N'gáide, and I was the
10 project manager of the State Auditor's Office team that
11 audited the financial statements for fiscal year 2013.

12 In our audit report, dated December 20, 2013,
13 we concluded that the Department's basic financial
14 statements and the Revenue Bond Program Enterprise Fund
15 financial statements for fiscal year 2013 were materially
16 correct and presented in accordance with accounting
17 principles generally accepted in the United States. We
18 also concluded that the Department's computation of the
19 unencumbered fund balance of its Housing Finance Division
20 complies with the Texas Government Code, specifically
21 Sections 2306.204 and 2306.205.

22 Professional standards require us to accumulate
23 all known and likely misstatements identified during the
24 audit, other than those we believe are trivial, and
25 communicate them to management, and management has

1 corrected all such mistakes.

2 We also issued a report on interim controls
3 over financial reporting and on compliance and other
4 matters, as required by auditing standards. In that
5 report we identified that the Department has an
6 application on a server that uses an operating system that
7 the vendor no longer supports. As a result, the
8 Department can no longer update the operating system with
9 software patches necessary to fix known vulnerabilities.
10 Servers using unsupported operating systems do not receive
11 any update patches from the vendor and vulnerabilities
12 from the lack of patches may leave the Department's
13 servers susceptible to internal or external attacks which
14 could lead to unauthorized access and compromise the
15 Department's sensitive data.

16 We communicated this issue on the security of
17 the Department's server to management in fiscal year 2011
18 and 2012, and in the past few days, management has
19 contacted me to let me know that the operating system has
20 been upgraded and the patches have been applied, but that
21 occurred after the audit so we have not performed any
22 auditing procedures to verify that.

23 Additionally, we concluded that the
24 Department's financial data schedule prepared by the
25 Department was fairly stated in all material respects in

1 relation to the financial statements of the fiscal year
2 2012 as a whole. We also issued a report on the
3 Department's compliance with the Public Funds Investment
4 Act and we determined that the Department complied with
5 the Act.

6 We also performed agreed upon procedures to
7 assist the Department in determining whether the
8 electronic submission of certain information to the U.S.
9 Department of Housing and Urban Development Real Estate
10 Assessment Center agreed with the related hard copy
11 documents. Our procedures determined that the Department
12 electronically submitted information to the U.S.
13 Department of Housing and Urban Development Real Estate
14 Assessment Center agreed with the related hard copy
15 documents.

16 The Department management was very cooperative
17 during the course of the audit and we did not encounter
18 any disagreements, and we appreciated working with them.

19 This concludes my presentation, and I'll be
20 happy to answer any questions that you have.

21 MS. BINGHAM ESCAREÑO: Thank you, Amadou.

22 Any comments, Sandy?

23 MS. DONOHO: No. I did want to mention,
24 though, that Curtis Howe, our IT director is here if you
25 have any questions about the IT finding.

1 MS. BINGHAM ESCAREÑO: Very good. Pretty self-
2 explanatory. Committee members, any specific questions?
3 Any other comments from management?

4 (No response.)

5 MS. BINGHAM ESCAREÑO: Thank you very much for
6 the time you spent with our team. It sounds like overall
7 it was a really favorable audit, and we appreciate the
8 energy that you put into it.

9 MR. N'GÁIDE: Thank you for having us.

10 MS. BINGHAM ESCAREÑO: Thank you very much,
11 Amador.

12 We need a motion to accept.

13 MR. GANN: I make the motion that we accept the
14 State Auditor's report as presented here today.

15 MS. BINGHAM ESCAREÑO: Thank you. Mr. Gann
16 moves.

17 MR. McWATTERS: Second.

18 MS. BINGHAM ESCAREÑO: Second by Mr. McWatters.
19 Any other discussion?

20 (No response.)

21 MS. BINGHAM ESCAREÑO: All those in favor, aye.

22 (A chorus of ayes.)

23 MS. BINGHAM ESCAREÑO: Opposed?

24 (No response.)

25 MS. BINGHAM ESCAREÑO: Motion carries. Thank

1 you very much.

2 Item number 3: Presentation, discussion and
3 possible action on the 2014 Internal Audit Charter and
4 Board Resolution No. 14-012.

5 MS. DONOHO: The audit standards require we
6 have an annual discussion regarding the definition of
7 internal auditing, our auditing standards, our code of
8 ethics and auditor independence. The issues are addressed
9 in the charter and the Board resolutions which are up for
10 your approval today.

11 Let's first talk about the definition of
12 internal audit. Internal audit is an independent
13 objective assurance and consulting activity. It's
14 designed to add value and improve the organization's
15 operations. It helps the agency accomplish its objectives
16 by bringing a systematic disciplined approach to evaluate
17 and improve the effectiveness of risk management control
18 and governing processes. That's the definition from the
19 Institute of Internal Auditors.

20 The Internal Audit Division follows the
21 Institute of Internal Auditors international standards for
22 the professional practice of internal auditing and the
23 U.S. Government Accountability Office's Government
24 Auditing Standards on every audit we do. The standards are
25 required by the charter and by the Internal Auditing Act,

1 which is the state law that governs internal audit, to
2 ensure that the division's work is independent, thorough,
3 accurate, reliable and objective.

4 The Internal Audit Division has adopted and
5 complies with the institute of Internal Auditors Code of
6 Ethics. This is also required by our charter. The code
7 of ethics requires all of the auditors to uphold the
8 principles of integrity, objectivity, confidentiality and
9 competency, as well as twelve rules of conduct related to
10 those principles. Organizational independence requires
11 Internal Audit to report to a level of the Department that
12 allows us to fulfill our responsibilities without
13 interference from management and to be free of operational
14 and management responsibilities that would impair our
15 ability to independently review the Department.

16 Our charter assures our organizational
17 independence by requiring that I report to the chair of
18 the audit Committee, as well as to the entire Board.
19 Individual independence requires that each member of the
20 audit staff have an impartial unbiased attitude and avoid
21 any conflicts of interest. The Internal Audit Division
22 meets the independence requirements. The Internal
23 Auditing Standards require an annual approval of the
24 charter and the Board resolutions, so that's why we're
25 doing that this year. We have been doing that every

1 January for the last couple of years since the standards
2 started requiring that.

3 The content of the charter and the resolutions
4 has not changed since their last approval in January 2013.

5 I think we finally got it right. So unless the standards
6 change, we don't change the charter, for the most part.
7 There are copies of both the charter and the Board
8 resolutions in your book. They're also on the consent
9 agenda for the full Board meeting. Are there any
10 questions about the charter or the Board resolution,
11 internal auditing, code of ethics, independence?

12 MS. BINGHAM ESCAREÑO: Does the committee have
13 any questions?

14 (No response.)

15 MS. BINGHAM ESCAREÑO: So this is an annual
16 approval item up for action. I'll entertain a motion to
17 approve the charter and the resolutions and the
18 definitions, everything together? Motion?

19 MR. GANN: I'll make the motion.

20 MS. BINGHAM ESCAREÑO: Mr. Gann moves. Second?

21 MR. McWATTERS: Second.

22 MS. BINGHAM ESCAREÑO: Mr. McWatters seconds.

23 Any other discussion on this item?

24 (No response.)

25 MS. BINGHAM ESCAREÑO: All those in favor, aye.

1 (A chorus of ayes.)

2 MS. BINGHAM ESCAREÑO: Opposed?

3 (No response.)

4 MS. BINGHAM ESCAREÑO: The motion carries.

5 Thank you very much, Sandy.

6 We'll move on to item number 4: Presentation
7 and discussion of the status of the FY 2014 Internal Audit
8 Work Plan.

9 MS. DONOHO: There are six audits on the plan
10 this year. There's a copy of the plan in your book with
11 our current status on them. There's also one contingency
12 audit. We've completed one of the six audits which is the
13 audit of the ethics program, as well as our carryover
14 audit from last year's audit plan which is the loan
15 processing audit. We'll talk about both of those under
16 agenda item number 5.

17 We're wrapping up field work on the audit of
18 the Low Income Housing Energy Assistance Program, also
19 called LIHEAP, and we're in the planning phase of the
20 audit of the Manufactured Housing Division's titling
21 process. You won't hear about that because they have a
22 separate board, but we do want to keep you advised of our
23 status in terms of where we're at on that work.

24 Since we're almost five months into this fiscal
25 year, we're a little behind schedule. We have one staff

1 who was out for about three months and we have another
2 staff who will be out for about three months this summer.
3 Although we're excited about the pending arrival of the
4 baby auditor, with only three auditors on staff, having
5 anybody out for any length of time is a challenge and
6 losing six months of audit work is like losing half of one
7 of my staff members this year.

8 I really don't want to modify the plan yet, I
9 want to see how much progress we can make, and maybe in
10 May we'll talk about whether we need to drop something off
11 or maybe shorten the scope on an audit or something like
12 that. As usual, I'm doing some of the audit work myself,
13 as time allows. For example, I'm the only IT auditor in
14 Internal Audit, so I'm going to be performing most of the
15 IT work on the Manufactured Housing audit.

16 In addition to the audits on our plan, we've
17 completed a couple of our non-audit requirements that
18 are also in our plan, including our quality assurance
19 self-assessment review, which we'll also talk about under
20 item number 5, and our annual revision of the charter and
21 Board resolutions that we just discussed.

22 Are there any questions on the status of the
23 2014 Audit Plan and the work we've performed so far?

24 MS. BINGHAM ESCAREÑO: We had one carryover
25 also, or no? Were we wrapping up one from the prior year

1 too?

2 MS. DONOHO: Yes, and that's the loan
3 processing one that I talked about.

4 MS. BINGHAM ESCAREÑO: Okay. Very good. Does
5 the committee have any other questions about the plan?
6 It's still aggressive. Thank you guys for your work. You
7 work really well together as a team.

8 This isn't an action item so if no other
9 questions, we'll move on to item number 5 which is:
10 Presentation and discussion of recent Internal Audit
11 reports.

12 MS. DONOHO: As we just talked about, we have
13 completed two audits and we have two special projects that
14 we've also completed since the last Audit Committee
15 meeting. The first one was an internal audit of loan
16 processing, and this was the carryover audit. We felt
17 like the Department should ensure that it receives
18 trailing documents required as evidence that a loan is
19 valid and properly secured. The title companies don't
20 always send the trailing documents back to the Department
21 and the Department doesn't consistently run the reports
22 needed to identify the missing documents.

23 We looked at 90 loan files and found that ten,
24 or 11.1 percent, didn't contain evidence that the
25 Department received a recorded deed of trust, five or 5.6

1 percent, were missing evidence of a title policy, and two,
2 or 2.2 percent, were missing evidence of a final HUD-1
3 settlement statement. I do want to qualify that this
4 doesn't mean those documents don't exist, it just means
5 that the Department doesn't have a copy of them, and if
6 something were to happen and we needed a copy of them and
7 the title company closed down, we couldn't find a copy, it
8 could present a problem. So we wanted to point out that
9 our policies say that we should have those documents on
10 file, that we should make sure we have them.

11 In addition, the Department should ensure it
12 has a current title commitment before closing a loan.
13 HOME Program rules in the Texas Administrative Code
14 require a current title commitment prior to the execution
15 of loan closing documents. Of the 90 files we looked at,
16 13, or 14.4 percent, were closed after the title
17 commitment had expired.

18 Other documents for which evidence was missing
19 was the truth in lending disclosure required by the Truth
20 in Lending Act and the loan servicing disclosure required
21 by the Real Estate Settlement Procedures Act, or RESPA.
22 Six or 6.7 percent of the 90 files we looked at were
23 missing at least one of these disclosures. The Department
24 should maintain copies of the disclosures to verify they
25 were provided to the borrower as required by federal

1 rules, so these documents are provided to the borrower to
2 tell them about their rights under various federal laws.

3 Management has indicated they agree with the
4 recommendations in this report and they're working to
5 implement them. Are there any questions?

6 MS. BINGHAM ESCAREÑO: Any questions?

7 MR. GANN: Do they have a checklist or anything
8 that they go by when the office receives them in?

9 MS. DONOHO: Yes, they do.

10 MR. GANN: If they have a checklist, it seems
11 like that would show up.

12 MS. DONOHO: I think that they do, but the
13 length of time that it takes for some of the trailing
14 documents to come in, you know, they move on to other
15 stuff and they can run a report that tells them what's
16 missing but they don't do that often enough, and then it
17 sort of gets lost in the shuffle. But they do have
18 checklists for everything.

19 MR. GANN: Good.

20 MS. BINGHAM ESCAREÑO: Any other questions?

21 (No response.)

22 MS. DONOHO: The next audit is an internal
23 audit of the ethics program. Although the Department has
24 an ethics policy and they provide staff with periodic
25 reminders regarding the policy, we felt like there were

1 opportunities to enhance the ethics program. Some of the
2 opportunities we identified include considering conducting
3 an ethics risk assessment, which I believe has already
4 been completed, requiring periodic ethics training,
5 requiring written acknowledgment that employees have
6 received ethics training, increasing communication of the
7 ethics policy, posting examples of ethical dilemmas and
8 appropriate responses on the Department's intranet site,
9 maintaining a complete log of gifts received and their
10 disposal, and keeping a consistent record of any ethics
11 opinions issued by the ethics officer, who is Jeff Pender.

12 Management has indicated they agree with the
13 recommendations in this report and they're working to
14 implement them. Are there any questions on the ethics
15 audit?

16 MS. BINGHAM ESCAREÑO: Any questions on the
17 ethics audit?

18 (No response.)

19 MS. BINGHAM ESCAREÑO: Any comments from
20 management?

21 MR. IRVINE: No.

22 MS. BINGHAM ESCAREÑO: Thank you.

23 MS. DONOHO: The next thing I want to talk
24 about is one of our non-audit projects which is the
25 quality assurance and improvement program. We call it the

1 QAIP because in state government we always have to have an
2 acronym.

3 (General laughter.)

4 MS. DONOHO: And it's a self-assessment. Every
5 three years we do a peer review, as you know, and we had a
6 peer review last year. In the years when we don't have a
7 peer review, we're required by standards, Internal
8 Auditors International Standards for the Professional
9 Practice of Internal Auditing requires us to develop and
10 maintain a quality assurance and improvement program, and
11 part of their requirement is that we evaluate the Internal
12 Audit's activity and our compliance with the definition of
13 internal auditing and the standards and the code of
14 ethics. So when we don't have a peer review, we do an
15 annual self-assessment and we use the same peer review
16 tool that is used during the peer review itself.

17 To perform this self assessment, we review the
18 working papers for all the reports we release during the
19 fiscal year, so this was fiscal year 2013. This review
20 was performed by the staff who didn't work on the audits
21 they reviewed, so say for example, Betsy did an audit,
22 then Derek or Nicole would do the review on that audit. I
23 also review every working paper that's done in the
24 Department.

25 The results from the most recent self-

1 assessment is we believe we're fully compliant with the
2 standards. We didn't find any audit work that was non-
3 compliant. So it feels a little weird to say, well, we
4 did a self-assessment and we think we're in compliance,
5 but a peer review every year is not a reasonable thing, so
6 we do try to diligently do that and we have had self-
7 assessments where we felt like there were areas where we
8 could improve, but this year we really didn't find
9 anything where we felt like we could improve.

10 Are there any questions on our self-assessment?

11 MS. BINGHAM ESCAREÑO: Do the committee members
12 have any questions?

13 MR. GANN: No.

14 MS. BINGHAM ESCAREÑO: You didn't want to put
15 an I and an A in front of it so it would be IAQAIP?

16 (General laughter.)

17 MS. BINGHAM ESCAREÑO: It's a good practice in
18 the off years.

19 If there are no other questions on item 5,
20 we'll move to item 6 which is: Presentation and
21 discussion of the status of external audits.

22 MS. DONOHO: It's been pretty quiet,
23 surprisingly. I mean, usually by this time we've had
24 several visits from our federal partners and other
25 auditors, but surprisingly, it's been pretty quiet. I

1 think with ARRA going away and things like that, there
2 just haven't been a lot of audits going on. That probably
3 makes everybody at the Department, but me, happy.

4 So have two that are on our table for this
5 year: the SAO audit that you just heard about, and KPMG
6 finished work on the Department's portion of the statewide
7 audit of federal funds. This year they looked at LIHEAP
8 as well, which is the same program that we're auditing,
9 but we're looking at different things than what they
10 looked at in the LIHEAP program. That report will be
11 issued in march, so we'll be talking about it in May. And
12 the last I heard, things were looking pretty good. I
13 think they had one finding that had to do with some
14 paperwork or something, but nothing significant.

15 MS. BINGHAM ESCAREÑO: So we don't need any
16 action on this item either today. Right? We'll revisit
17 in May.

18 Any questions from the committee members on the
19 two external audits?

20 (No response.)

21 MS. BINGHAM ESCAREÑO: Then we'll move on to
22 item 7: Presentation and discussion of the status of any
23 prior audit issues.

24 MS. DONOHO: Well, I'm happy to report that at
25 this point we have five, so that's good news. We had 30

1 this past fall. That number changes on a regular basis,
2 so as long as it's not in the 100s, I'm good with that.

3 How this works is that every time we do an
4 audit we report on it to you and then we add them to the
5 list. So for example, the ones that we just talked about
6 the, ethics audit and the loan processing audit, now those
7 findings will be added to the list and that number of five
8 will go up. Of the five that we have, four were recently
9 reported by management as implemented. They're on the
10 attached list. We'll verify and close those once we have
11 received the supporting documentation and have time to sit
12 down and take a look at it. All four were for the
13 Compliance Division.

14 We have one issue that's still pending, and
15 it's on the list. We'll verify and close that once it's
16 reported as implemented and that's also for the Compliance
17 Division from the compliance audit we did last year. So
18 then once they have been verified and closed, they roll
19 off the list.

20 Also, it should be noted that HUD recently
21 closed several audit findings related to a June 2012
22 monitoring of the HOME Program. The letter from HUD
23 closing these findings is also in your Board book, and we
24 took those off of the list as well, because they closed
25 them.

1 MS. BINGHAM ESCAREÑO: And we're kind of at
2 their mercy, so it hangs on our list until they clear it,
3 and then we take it off of ours.

4 MS. DONOHO: Right.

5 MS. BINGHAM ESCAREÑO: Even though we have
6 notes saying that we've done what we needed to do, we're
7 just waiting for validation from HUD.

8 MS. DONOHO: Right. The way HUD does it, it
9 seems like they want to close their own, and so they send
10 a letter saying we've verified this and it's been closed,
11 and so we wait for that. Also, if I worry about
12 timeliness in Internal Audit, it's nothing compared to the
13 timeliness of the federal audits. So we have one audit in
14 the weatherization area from the ARRA days that we're
15 still waiting to see, and I think that dates back to 2010,
16 the final audit report.

17 MS. BINGHAM ESCAREÑO: Very good. This item
18 doesn't require action, but does the committee have any
19 other questions relating to the things pending on the
20 list, or now the thing, really, this snapshot in time?

21 (No response.)

22 MS. BINGHAM ESCAREÑO: Very good. Okay. So if
23 no other comments, we'll move on to agenda item 8 which
24 is: Presentation and discussion of the status of our
25 fraud hotline and fraud waste and abuse complaints.

1 Sandy, do you want to go over the fiscal year?

2 MS. DONOHO: It's been busy so far this fiscal
3 year. Through December 31, 2013 are these numbers. We
4 received 24 fraud complaints. Of these, 21 were received
5 on our hotline, four were related to the Department's
6 programs or staff, two were tax credit, one was
7 multifamily and one was a personnel issue.

8 Seventeen were not related to the Department's
9 programs or staff. These callers were referred to the
10 appropriate agency for assistance. Generally, when we get
11 those types of calls, it's a Section 8 and it's like City
12 of Dallas or something where they have a participating
13 jurisdiction and the funds flow directly from HUD to them,
14 so we give them the local housing authority's number and
15 ask them to call there.

16 There were three complaints that we received
17 from other sources. All were related to the Department's
18 programs. One was CEAP or WAP, weatherization, one was
19 compliance, one was tax credits, two came from TDHCA
20 staff, one came from the public.

21 The seven complaints that we had for TDHCA were
22 resolved as follows: three were referred to the State
23 Auditor's Office; two were investigated and closed, were
24 unfounded; two are pending, and both of the pending
25 complaints we received in December so they're really

1 current.

2 Are there any questions regarding the fraud
3 hotline calls or fraud complaints?

4 MS. BINGHAM ESCAREÑO: Do the committee members
5 have any questions about any of the specific notes on the
6 report?

7 (No response.)

8 MS. DONOHO: Okay. Then that concludes our
9 agenda items. That's all I have.

10 MS. BINGHAM ESCAREÑO: That was quick. Do we
11 have any issues for executive session, anything that you
12 want to bring up? There's no items for executive session,
13 so we'll not have an executive session.

14 I'll open the floor for any public comment,
15 except that it's getting colder outside.

16 (No response.)

17 MS. BINGHAM ESCAREÑO: Very good. Well, then
18 I'll entertain a motion to adjourn, but before I do that,
19 just wanted to thank Nicole and Derek and Betsy again for
20 their hard work and good leadership. Thank you,
21 management, thank you for your cooperation. It looks
22 really collaborative, it looks like there's good
23 communication going on, no major issues or concerns at
24 this point, but the committee appreciates the work of the
25 entire team. With that, I'll entertain a motion for

1 adjournment.

2 MR. McWATTERS: So moved.

3 MR. GANN: Second.

4 MS. BINGHAM ESCAREÑO: Mr. Mr. McWatters moves,
5 Mr. Gann seconds. All those in favor, aye.

6 (A chorus of ayes.)

7 MS. BINGHAM ESCAREÑO: Opposed?

8 (No response.)

9 MS. BINGHAM ESCAREÑO: Thank you very much.
10 Motion carries, we're adjourned. Thank you very much.

11 (Whereupon, at 9:00 a.m., the meeting was
12 concluded.)

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C E R T I F I C A T E

MEETING OF: TDHCA Audit Committee

LOCATION: Austin, Texas

DATE: January 23, 2014

I do hereby certify that the foregoing pages, numbers 1 through 27, inclusive, are the true, accurate, and complete transcript prepared from the verbal recording made by electronic recording by Penny Bynum before the Texas Department of Housing and Community Affairs.

(Transcriber) 01/28/2014
(Date)

On the Record Reporting
3636 Executive Ctr Dr., G-22
Austin, Texas 78731