

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

AUDIT COMMITTEE MEETING

Ric Williamson Hearing Room
Dewitt C. Greer Building
125 East 11th Street
Austin, Texas

Thursday,
April 16, 2015
8:30 a.m.

MEMBERS PRESENT:

LESLIE BINGHAM ESCAREÑO, Chair
TOM GANN
TOLBERT CHISUM

STAFF PRESENT:

TIM IRVINE, Executive Director
PATRICIA MURPHY

AGENDA

ITEM	PAGE
CALL TO ORDER, ROLL CALL, CERTIFICATION OF QUORUM	3
ITEM 1: Presentation, Discussion, and Possible Action to Approve the Audit Committee Minutes Summary for January 15, 2015	3
REPORT ITEMS	4
EXECUTIVE SESSION	
ADJOURN	

P R O C E E D I N G S

1
2 MS. BINGHAM ESCAREÑO: Good morning. Welcome
3 to the Texas Department of Housing and Community Affairs
4 Audit Committee meeting, today April 16, 2015. We will
5 start with roll call. Mr. Tolbert Chisum.

6 MR. CHISUM: Present.

7 MS. BINGHAM ESCAREÑO: And Mr. Tom Gann?

8 MR. GANN: Present.

9 MS. BINGHAM ESCAREÑO: Glad to have you guys.
10 I am getting a little bit of feedback there. All right.
11 Okay. Let's go ahead and get started on Agenda Item 1,
12 which is the presentation, discussion and approval of the
13 Committee minutes from January 2015. Good morning, Mark.

14 MR. LYTTLE: Thank you. Yes, this is the April
15 meeting of the Audit Committee which meets approximately
16 every three months. At the January 2015 Audit Committee
17 meeting, the Committee was updated with the two new
18 projects that have been added to the Internal Audit work
19 schedule, which include consulting related to subrecipient
20 monitoring and also the addition of one internal audit of
21 sources and uses of funds. And so I would ask for
22 approval of the minutes.

23 MS. BINGHAM ESCAREÑO: Any questions on the
24 minutes to the previous Audit Committee?

25 (No response.)

1 MS. BINGHAM ESCAREÑO: Okay. I will entertain
2 a motion.

3 MR. GANN: I so move.

4 MS. BINGHAM ESCAREÑO: Mr. Gann moves.

5 MR. CHISUM: I second.

6 MS. BINGHAM ESCAREÑO: Mr. Chisum seconds. All
7 those in favor, aye.

8 (A chorus of ayes.)

9 MS. BINGHAM ESCAREÑO: Opposed?

10 (No response.)

11 MS. BINGHAM ESCAREÑO: The motion carries.
12 Great. Mark, let's go on to report items. The first one
13 will be the presentation and discussion of the recent
14 Internal Audit activity. Do you want to take the payroll
15 audit first?

16 MR. SCOTT: Yes, ma'am. The Internal Audit
17 reports are in a new format that provides a background
18 information about the programs and functions that are
19 audited. And the audits describe the various, the
20 different functions within the Agency.

21 The first audit for presentation this month is
22 payroll processes, Audit 15-004. And on this audit, there
23 is a one page summary report at the front. And it is
24 followed by detailed report with background and sections A
25 through H, which described the various aspects of the

1 payroll processes. And this is basically the format we
2 are going to follow for audit reports. And our audit
3 results, we found that the processes are well managed as
4 described in audit report. And everybody is on the
5 payroll receiving checks does work at the Agency. And we
6 did a test, a standard test for ghost employees, and we
7 found none.

8 We had minor findings related to the automation
9 of the processes. At some point, management might want to
10 consider electronic routing of personal action forms, and
11 also the spreadsheet used for payroll distribution among
12 the funding sources needed to be put on the T drive, which
13 was done. And that is appropriately protected also.

14 And we also conducted a survey of staff as to
15 the customer service provided by the payroll program. And
16 the responses were extremely favorable. So I will pause
17 for a moment to see if there is any questions on the first
18 audit, the payroll audit.

19 MS. BINGHAM ESCAREÑO: Does the Committee have
20 any questions? How did you find the new format for the
21 report? Easy to go through?

22 MR. CHISUM: It was for me my first time
23 through. Very readable and understandable.

24 MS. BINGHAM ESCAREÑO: Okay. Good. Thank you.
25 So and Mark, there were two minor recommendations. The

1 report shows that management had already established
2 resolutions to both of those?

3 MR. SCOTT: Right. As soon as we brought it to
4 their attention during the audit, they took care of it.

5 MS. BINGHAM ESCAREÑO: Great.

6 MR. SCOTT: So by the time we were finished, it
7 was already completed.

8 MS. BINGHAM ESCAREÑO: Good.

9 MR. SCOTT: And both staff from payroll and
10 also staff -- the records management staff are here, I
11 see.

12 MS. BINGHAM ESCAREÑO: Great.

13 MR. SCOTT: Let's see. The next one is on the
14 records retention process. It is Audit 15-005.

15 And records retention is actually a very
16 important function. People that read the newspapers will
17 know that there is always something in the news related to
18 records retention issues both at the state and the federal
19 level actually.

20 In TDHCA housing community affairs has a very
21 systematic way of retaining records as described further
22 in the audit report. And the records retention
23 coordinator recently conducted training sessions to ensure
24 that all of the records retention liaisons had the most
25 updated information.

1 And on that audit, we tested it fairly
2 thoroughly as we do all of our audits. We didn't have any
3 findings. Everything was running well. So the audit
4 report doesn't include the sections for information.

5 MS. BINGHAM ESCAREÑO: Great.

6 MR. SCOTT: So if there is any questions on the
7 records retention?

8 MS. BINGHAM ESCAREÑO: Do the Committee members
9 have any questions on the audit of records retention?

10 (No response.)

11 MS. BINGHAM ESCAREÑO: No?

12 MR. CHISUM: No, ma'am.

13 MS. BINGHAM ESCAREÑO: No. Very good. And
14 Mark, you don=t need action on either one of those?

15 MR. SCOTT: No, ma'am.

16 MS. BINGHAM ESCAREÑO: Very good. All right.
17 Then do you want to move on then to talking about the
18 consultation on subrecipient monitoring processes?

19 MR. SCOTT: Yes. At the January meeting, I
20 introduced this consultation project on subrecipient
21 monitoring. This agency of course, gets a lot of federal
22 funding and passes it through to subrecipients.

23 It is like one of the -- it is either one of,
24 or the biggest thing we do. And this is a continuation of
25 working with the programs to assist with the processes.

1 And we are focusing at this point on review of the A-133
2 audit reports.

3 And the project, the consulting project also
4 includes follow up on issues noted in A-133 audits and
5 monitoring reports. As part of this project, I requested
6 and received from the State Auditors Office the delegation
7 of authority for audit work on Cameron Willacy County
8 Community projects. That is what was discussed a couple
9 of meetings ago.

10 Also related to that, we are going to establish
11 a process for referring substandard audits to the State
12 Board of Public Accountancy. In the processes for
13 monitoring subrecipients, the A-133 audits are supposed to
14 be a major control point.

15 And from reading some of the reports and
16 comparing them to monitoring reports prepared by the
17 internal compliance staff, it looks like some audit firms
18 are conducting the financial statement portion of the
19 audits. They are not doing proper sufficient work on the
20 federal compliance part of the audit.

21 In particular, the allowability and
22 allocability of expenses is a concern. And that is, they
23 are -- whether the subrecipients are charging things to
24 the right period, and not double charging expenses.

25 And I know that the A-133 is -- it is a very

1 esoteric topic, because we have -- it is a particular type
2 of audit. And I am mentioning in the same subject, I am
3 talking about our monitors. I am talking about the
4 auditors that the subrecipients hire on our behalf.

5 And now, I am talking about a process whereby
6 we are going to make a determination to the extent we can,
7 if this control we are relying on, this A-133 audit, if
8 they are not doing what they are supposed to be doing and
9 we are relying on it, then that is a problem with our
10 overall process. So if there is any questions on that, if
11 that is not clear in any way, I will be happy to answer
12 any questions.

13 MS. BINGHAM ESCAREÑO: You guys, so I think
14 this has come up a couple of times. And the A-133s are
15 typically submitted by the subrecipients as they should
16 be.

17 But I think sometimes the kind of the
18 historical view of the A-133s is that they are fulfilling
19 a requirement, but that they may not be substantive. And
20 of course, Mark seems concerns is that they may not be
21 accurate.

22 And that every period, you know, you have the
23 required A-133s coming in without a whole lot of an
24 excuse. I am just going to use lay vernacular. But
25 without a whole lot of scrubbing of those. So they are

1 submitting them, and kind of checking the box, okay. We
2 submitted our A-133.

3 So I like what Mark and his team are doing to
4 put a process in place where one, we are kind of scrubbing
5 those, and looking at those a little bit. And if they
6 aren't -- if they are insufficient, or inaccurate, then
7 Mark is establishing a referral process where we can refer
8 them to the state --

9 MR. SCOTT: The State Board of Public
10 Accountancy.

11 MS. BINGHAM ESCAREÑO: State Board of Public
12 Accountancy, right. Which gives us -- because ultimately,
13 as an Agency, we are ultimately accountable for that.

14 And so if there is a history of A-133s from any
15 subrecipient that historically haven't been sufficient or
16 accurate, then the onus of responsibility really comes
17 back to us as an organization. So he is putting a process
18 in place where we will be able to -- their Department will
19 be able to get that information and then seek additional
20 attention from the State Board if they need to.

21 MR. SCOTT: Yes. And the dispersal of that
22 information will hopefully encourage the CPAs to do better
23 jobs.

24 MS. BINGHAM ESCAREÑO: One would hope so.

25 MR. SCOTT: Yes.

1 MR. GANN: It puts them on notice too, that we
2 are doing it.

3 MR. SCOTT: Yes. Okay. And then the next
4 topic is the status of the Audit Plan. As you know,
5 every year, an Audit Plan is approved for the year, an
6 annual plan. And we schedule out the projects. And this
7 is -- we are basically -- we are pretty much on schedule.

8
9 Let's see. We are getting ready to start -- we
10 have started the single family home program audit, which
11 was a carryover from last year. We just finished payroll
12 and records retention. We are going to start with program
13 income, and then the sources and uses. So that is really
14 the rest of the audit. So we should be able to finish
15 those fairly on time. And we have the ongoing
16 consultation activities which, in this case, are very
17 important.

18 Then as far as external audits, there are no
19 external audits being done of the agency. And again, now
20 I am talking about another type of audit. So we have --
21 this agency is subject to audits by the State Auditor, by
22 the federal government and so forth.

23 So I would like to update the Committee always
24 on what external audit activity is going on. Now, there
25 is always, in addition to that, there is always some kind

1 of reviews, programmatic reviews and things like that.
2 But at this point, there was a HUD review that we answered
3 a while back. But there is no State Auditor audits going
4 on, and the KPMG does the federal compliance part of the
5 statewide audit. They are always working on something.
6 So they are always kind of auditing us. But they haven't
7 selected a program at this point for the next years=
8 audit.

9 MS. BINGHAM ESCAREÑO: Very good. So we would
10 hear from you when KPMG is actively doing anything, or
11 actively closing anything, then that would make it up to
12 Audit Committee?

13 MR. SCOTT: Yes, ma'am.

14 MS. BINGHAM ESCAREÑO: Very good. Are there
15 any questions before you go on? So the Audit Plan right
16 now, what we are hearing is that everything is in line the
17 way it should be.

18 There is no recommendations to add anything or
19 to change the order or the priority. Do the Committee
20 members have any feedback about that, or are we
21 comfortable with the Audit Plan continuing?

22 MR. GANN: I have no concerns about it. I am
23 comfortable with it.

24 MS. BINGHAM ESCAREÑO: Very good.

25 MR. CHISUM: I am comfortable with it, too.

1 MS. BINGHAM ESCAREÑO: Very good. Great.

2 MR. SCOTT: Thank you.

3 MR. CHISUM: I have one question though, Ms.
4 Chairman. Did I understand you to say that we were not --
5 we do not do any external audits?

6 MR. SCOTT: I was talking about right now,
7 there is no external audits by external parties of this
8 agency.

9 MR. CHISUM: Okay.

10 MR. SCOTT: Taking place at this point.

11 MS. BINGHAM ESCAREÑO: We definitely receive
12 external audits. We are refreshingly not reporting any
13 today.

14 MR. CHISUM: Yes. Right. I understand. But
15 I --

16 MS. BINGHAM ESCAREÑO: Very good. Good for
17 clarification.

18 MR. CHISUM: Yes. I did want clarification.

19 MR. SCOTT: Okay. And then the last thing I
20 think is, the fraud, waste and abuse numbers. We keep
21 track of that.

22 As you know, we have a hotline where we receive
23 complaints about potential fraud, waste and abuse. And we
24 have updated the format of that report also. Hopefully,
25 it is an easier to read chart.

1 Also related to that, we had a conference call
2 with the vendor that does our fraud hotline, with the
3 objective of getting better information on the calls and
4 also, the ones -- because we get charged for those, if
5 they go over the number of calls. So I was concerned
6 about that.

7 And so we are going to work with them to better
8 filter those out. So if they don't pertain to TDHCA's
9 programs, they can funnel them to the appropriate agency,
10 so we won't have to deal with them, for one.

11 And also, so we won't get charged for them.
12 And we are also going to consider updating our website to
13 clarify you know, what is some kind of potential fraud
14 that we would be concerned with, versus what is something
15 that is like, for local law enforcement or something like
16 that.

17 MR. CHISUM: Could I ask you a question,
18 please?

19 MR. SCOTT: Yes, sir.

20 MR. CHISUM: Chairman?

21 MS. BINGHAM ESCAREÑO: Yes.

22 MR. CHISUM: Would you explain to me how we are
23 charged for calls?

24 MR. SCOTT: Well, we have a contract with a
25 vendor that does the intake for the calls. And we have

1 a -- it is up to a certain number, I don't know it off the
2 top of my head, but up to a certain number, we pay a fixed
3 rate. And when we go over that, then they start charging
4 us overage fees.

5 So we got a bill for four -- I don't remember
6 what it was. But we got a bill for the overages a couple
7 of months ago. So I wanted to make -- and I know from
8 looking at the reports that come in of the fraud calls,
9 that a lot of them are not really related to something
10 that we would have anything, any control over.

11 MS. BINGHAM ESCAREÑO: So Mr. Chisum, so we
12 outsource the hotline to a third party.

13 MR. CHISUM: Right.

14 MS. BINGHAM ESCAREÑO: And Mr. Gann and I,
15 having been on the Committee for a while are very familiar
16 with -- what you will notice is the vast majority of calls
17 that come in through that hotline are not relevant at all
18 to any of the Departments. They are typically
19 subrecipients that are reporting each other or other
20 parties that are reporting each other.

21 And we may want to look at the relationship
22 that we have with the outsource company to see if there is
23 a different way to negotiate it. But I think the step
24 that they are trying to take is maybe work with the
25 vendor.

1 And then use our own website to see if we can
2 guide people that are using the hotline or other means of
3 reporting to determine what is in scope for appropriate
4 fraud, waste and abuse for TDHCA and what items might be
5 better channeled to another area. So it may be, like what
6 we are envisioning is, giving examples, and saying, if you
7 need to report this, this and this, then this is the
8 appropriate authority to report those to.

9 If you need to report this, then the agencies.

10 And see if we can't get some of those calls. Otherwise,
11 we will continue to see like what we have seen, where 118
12 complaints come in and only eight are relevant to the
13 Department.

14 MR. CHISUM: Well -- and, Ms. Chairman, that is
15 why I raised the question. Now that you said we are over,
16 our usage is over.

17 So that being the case, some calls, I would
18 suspect would be very short, and some might be lengthy,
19 depending on the circumstances. So is it based on a time
20 used, or is it simply number of calls.

21 MR. SCOTT: I think it is just based on the
22 number of calls.

23 MS. BINGHAM ESCAREÑO: Now, and correct me if I
24 am wrong, Mark, or if the Director or anybody in
25 Compliance has any feedback, I don't think they do

1 anything with the call except just take it. The hotline,
2 hi Tim.

3 MR. IRVINE: Yes. Tim Irvine, TDHCA. First of
4 all, we think that it is very important that you have your
5 information flows set up in a manner that assures that
6 things are addressed.

7 And by having Internal Audit oversee the intake
8 of these calls, we take off the table the possibility that
9 you know, somebody complained about Tim Irvine, and Tim
10 Irvine took the call. So [inaudible] left here. So that
11 is good.

12 Also, I think that Mark serves in a critical
13 role when fraud, waste and abuse is reported or suspected,
14 we have an internal process to convene a number of folks,
15 including the Director of Internal Audit, me, our Chief of
16 External Affairs, so that he is aware of it, and the
17 appropriate [inaudible] for oversight committees and
18 offices. The deputy responsible for the activity area
19 that is affected. Our General Counsel, and our Ethics
20 advisor.

21 So every time there is a report of suspected
22 fraud, waste and abuse that is the group that convenes and
23 whittles over it, and says, okay, let's come up with a
24 strategy that will address it. And Mark sits in on those
25 meetings, and is a very constructive and positive

1 participant.

2 I certainly do not envy working at screening
3 out the calls that we get where somebody calls and says
4 well, my next door neighborhood in my apartment complex is
5 not income eligible. Or whatever.

6 And you know, it is just somebody complaining
7 about something that they have no basis to do anything
8 about. Although, if it were a complaint about income
9 eligibility, we would probably look into it a bit.

10 But you also, you have people who have complain
11 about other things that really aren't even suspected
12 fraud, waste or abuse. They are just people complaining
13 about the way the world is. We refer that to the
14 appropriate things, if they need to. [inaudible] aware.

15 MS. BINGHAM ESCAREÑO: So Tim, so the Committee
16 that you just mentioned all of the different team that
17 gets together, they are really the ones that vet out those
18 complaints. The outsource company only just receives the
19 raw calls and pushes you guys that raw information. They
20 are not responsible for researching it or categorizing it,
21 okay.

22 MR. IRVINE: And also, I would say that, I have
23 noticed a really significant increase over the last few
24 years in internally identified instances of suspected
25 fraud, waste and abuse. When our compliance monitoring

1 folks are out in the field, they find a questionable
2 documents and so forth, they will come back and convene
3 that same group. And we bring Mark into that process. It
4 is a great thing.

5 MS. BINGHAM ESCAREÑO: Great. Good. Mr.
6 Chisum, any other questions?

7 MR. CHISUM: One more. Yes.

8 MS. BINGHAM ESCAREÑO: You bet.

9 MR. CHISUM: Mark, so the vendor that we are
10 using, is that the same vendor that other agencies are
11 also using, or are we stand-alone?

12 MR. SCOTT: Well, when we had the conference
13 call, he was very keen to point out that they are the
14 industry leader so far. But yes, they are a well known
15 vendor to do this type of thing. And as far as --

16 MR. CHISUM: I wanted to know if other state
17 agencies are using him. Probably so if they are --

18 MR. SCOTT: Probably so. I mean, there is --
19 every agency has some type of intake mechanism for fraud
20 complaints.

21 MR. CHISUM: Right.

22 MR. SCOTT: But I couldn't tell you off the top
23 of my head which agencies use this particular vendor.

24 MR. CHISUM: Could you give me a ballpark on
25 how much money we spend for this?

1 MR. SCOTT: Betsy, do you know -- the spend is
2 on that?

3 MS. SCHWING: It has been about \$3,200.

4 MR. SCOTT: Per year?

5 MS. SCHWING: Per year.

6 MR. SCOTT: Okay. And then the overage, the
7 overage we just got was like --

8 MS. BINGHAM ESCAREÑO: Hi, Betsy.

9 MS. SCHWING: Hi. I am Betsy Schwing with the
10 Internal Audit Division. When we first set up the
11 hotline, our charges were about \$1,200 per year.

12 From there, they went to \$1,800. In the past
13 year, because our volume has gone up so high, the cost has
14 been about \$3,200 in this past year.

15 So we are at a very critical point as far as
16 determining what we are going to do going forward. And I
17 think it was the conference call that really allowed us to
18 determine how this vendor can help us redirect some of
19 these calls that --

20 MR. SCOTT: That \$3,200 you cited, that was
21 before the overage bill.

22 MS. SCHWING: That was including the overage.

23 MR. SCOTT: That was including the overage.
24 Okay.

25 MS. SCHWING: Just to break it down, the cost

1 of the calls, we have got calls that are more specific.
2 Those are about \$35 per call. The calls that we may get
3 that are just hangups or inquiries, those are \$4.50 a
4 call. So that is kind of how that gets in.

5 MR. SCOTT: So that addresses your question to
6 some extent about the length. Yes.

7 MS. BINGHAM ESCAREÑO: That does. Yes.

8 MS. SCHWING: Okay.

9 MR. SCOTT: Thanks.

10 MS. BINGHAM ESCAREÑO: Thank you.

11 MR. CHISUM: Thank you, Mark. Thank you,
12 Chairman.

13 MS. BINGHAM ESCAREÑO: Well, do you want to do
14 this then? Just maybe, it sounds like maybe the Committee
15 would appreciate you just keep us posted.

16 We may be able to see it, if some of the
17 efforts that we take pan out, then we may see a reduction
18 in the call volume. But maybe periodically, you can just
19 update the Committee on how that relationship with the
20 vendor is going, and if you are recommending any
21 additional steps.

22 MR. SCOTT: Okay. Thank you. Yes. I made it
23 clear to the vendor that we didn't want to not know about
24 stuff.

25 But there is some things that we get that are

1 obviously not related to us. So if they could work it out
2 so that they, on their end, if it is something that is
3 clearly local law enforcement and not fraud, waste and
4 abuse as to our programs, if they could refer them to the
5 appropriate agency, that way, we won't get charged.

6 MS. BINGHAM ESCAREÑO: Great. And charge us
7 \$4,50 instead of \$35.

8 MR. SCOTT: Yes.

9 MS. BINGHAM ESCAREÑO: Very good. Does the
10 Committee have any other questions about the fraud, waste
11 and abuse report? And do you have any feedback for Mark
12 and his team on the format? Mr. Gann, are you comfortable
13 with the --

14 MR. GANN: Yes. I am trying to get it --

15 MS. BINGHAM ESCAREÑO: Yes. Is it pretty --

16 MR. GANN: Trying to get it.

17 MS. BINGHAM ESCAREÑO: Good.

18 MR. GANN: It looks good so far.

19 MS. BINGHAM ESCAREÑO: Very good. Great. I
20 think that concludes the agenda for Audit Committee. Does
21 the Committee have any other items that they would like to
22 address?

23 (No response.)

24 MS. BINGHAM ESCAREÑO: Any other comments from
25 staff? Mr. Irvine?

1 MR. IRVINE: Thank you, Madam Chair. Tim
2 Irvine again. I would actually like to comment on two
3 things. First of all, with regard to the report on the
4 audit of the payroll administration process, I really
5 thank Mark.

6 I think that a big part of the value added
7 component is just communication and awareness. Salary
8 data, hours worked are critical pieces of information for
9 us as we go about our business of running this Agency as
10 efficiently and effectively as possible.

11 And it is a tool. I can't ask for more people
12 if the records only reflect that people are working 40
13 hours a week and getting time for vacation and sick leave
14 and holidays and that sort of thing.

15 So when somebody does more but doesn't report
16 it, they are not only failing to comply with the
17 requirement to report under the Federal Wage Hour laws,
18 they are doing us a disservice by not giving us the
19 information that we need to go and make our case for more
20 resources. So thank you very much for doing that.

21 Also, Chief Murphy would like to come up and
22 join me. You know, I have got to say this, consultation
23 on the A-133 audit process has been very helpful. It is
24 not just a check box thing. I think that we have always
25 looked at A-133 audits to see what the issues are and what

1 is going on.

2 But I think Mark has been exceptionally helpful
3 in helping us to decipher auditee. Which frankly, is
4 just as complex as legalese. And really, figuring out
5 when people submit these audits, what are they really
6 saying.

7 Because what we want to know is, did you look
8 at all of the programs the way that they interrelate. Did
9 you make sure that the funds that are being expended are
10 being expended on allowable activities and our properly
11 documented? You know, the compliance component.

12 And then when you came in and did this year=s
13 audit, did you look at the issues you had identified into
14 the past year=s audit and satisfy yourself that those
15 things were being addressed. So it is very valuable.

16 MS. BINGHAM ESCAREÑO: Thank you.

17 MS. MURPHY: Good morning.

18 MS. BINGHAM ESCAREÑO: Good morning.

19 MS. MURPHY: Patricia Murphy, Chief of
20 Compliance. Yes. I also wanted to thank Mark and his
21 staff.

22 It has really been very, very helpful having
23 them assist in reviewing the single audits and really
24 scrubbing them. And I am asking a lot of questions. And
25 he is very patiently working with me through these issues.

1

2

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

A couple of other things that I wanted to follow up about that is, the Department does have a single audit rule in our Texas Administrative Code. And as we are finding issues that are not addressed in the single audits that we are receiving, Mark and I have begun discussions about amendments to that rule to include other things that we may like our subrecipients when they do a procurement, to say, in addition to these federal requirements, we are asking that you have your auditor check these items as well.

And one last thing I wanted to bring to your attention is, later today, Item 6 on your agenda is the previous participation rule. And part of that is going to take a look at the network as a whole. The subrecipient network, in looking at their single audit findings and our monitoring findings.

And that will really crystallize where, wait a minute, our own monitoring staff had all of these findings, and there were no single audit findings. That will really, we have got a good process in place with the adoption of a new rule to bring that to light.

MS. BINGHAM ESCAREÑO: Great. Fantastic. Good. That sounds like that will bring everything together. Any other questions from the Committee members?

1 (No response.)

2 MS. BINGHAM ESCAREÑO: Any public comment?

3 (No response.)

4 MS. BINGHAM ESCAREÑO: Great. Okay. Then I
5 will first thank Mark, and his team, Robin and Betsy for
6 your good work on these audits. It sounds like you have
7 got your work cut out for you for the rest of the plan
8 year, too. If there is nothing else, I will entertain a
9 motion to adjourn.

10 MR. GANN: So moved.

11 MR. CHISUM: Second.

12 MS. BINGHAM ESCAREÑO: All right. I have a
13 motion and a second, Mr. Gann and Mr. Chisum. All in
14 favor, aye.

15 (A chorus of ayes.)

16 MS. BINGHAM ESCAREÑO: Opposed?

17 (No response.)

18 MS. BINGHAM ESCAREÑO: The motion carries. The
19 meeting is adjourned. Thank you very much.

20 (Whereupon, at 9:00 a.m., the meeting was
21 adjourned.)

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23

C E R T I F I C A T E

MEETING OF: TDHCA Audit Committee

LOCATION: Austin, Texas

DATE: April 16, 2015

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.

04/21/2015

(Transcriber) (Date)

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

