TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
AUDIT COMMITTEE

State Capital Extension
Room E1.012
1400 North Congress Avenue
Austin, Texas
9:03 a.m.
Friday,
August 11, 2000

COMMITTEE MEMBERS:

C. KENT CONINE, Chairman
JAMES DAROSS
MARSHA L. WILLIAMS

ALSO PRESENT:

DAVID GAINES, Director of Internal Audit
RUTH CEDILLO, Deputy Director
DELORES GRONECK, Administrative Assistant
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MR. CONINE: Good morning. Welcome to the Audit Committee meeting of the Texas Department for Housing and Community Affairs on -- it's 9:03 on August 11, year 2000. The first thing I do is call the roll, but, since I don't have it, I bet I can call it anyway. Kent Conine. I'm present. Jim Daross?

MR. DAROSS: Here.

MR. CONINE: Marsha Williams?

MS. WILLIAMS: Here.

MR. CONINE: We're all present and accounted for. We've got a quorum. Is there any public comment to come before the Audit Committee this morning?

(No response.)

MR. CONINE: Any public comment?

(No response.)

MR. CONINE: Okay. I'll close the public comment session.

Tab 1, approval and discussion of the minutes of our Audit Committee meeting on July 27 of 2000.

MR. DAROSS: Move they be approved as submitted.

MR. CONINE: There's a motion for approval. Is there a second?

MS. WILLIAMS: Well, can I have -- discuss it?
MR. CONINE: Sure.

MS. WILLIAMS: Okay.

MR. CONINE: Would you second the motion first before we discuss it?

MS. WILLIAMS: Okay.

MR. CONINE: Okay.

MS. WILLIAMS: I'll second it.

MR. CONINE: We've got a second. Now we can discuss it.

MS. WILLIAMS: I'd just like to ask David or -- I don't know if Bill Dally -- what in here is related to the administrative costs where we're having the inquiry from the Washington office of HUD versus the state -- the Fort Worth office of HUD?

MR. CONINE: Who are we asking? Are we asking Delores or David?

MS. WILLIAMS: I asked David --

MR. CONINE: Okay.

MS. WILLIAMS: -- because I didn't see --

MR. GAINES: David Gaines, Director of Internal Audit, for the record. And your question was, which of these issues relates to the HOME administrative costs questioned by OIG?

MS. WILLIAMS: Yes.

MR. GAINES: That would be on your --
MS. WILLIAMS: Aren't those the ones that go back to 1992? That issue is the one I'm specifically addressing.

MR. GAINES: Yes. That's within the status of prior HOME audit issues on the second page -- the first paragraph. It doesn't go to that level of detail, but that's what that paragraph's referring to.

MS. WILLIAMS: I would really like for it to be more detailed to relate to the fact that -- you know, the Fort Worth office of HUD has had no comments with regard to this. And -- but, you know, we've received no comments with regard to this over the past years, and now we are from the Washington D.C. office.

So, if I understand, that's the way it is. Is that correct?

MR. GAINES: I think that would be a question management would have to respond to, because I wasn't privy --

MS. WILLIAMS: Okay.

MR. GAINES: -- to prior discussions or meetings from those auditors -- monitors.

MR. CONINE: Ruth?

MS. CEDILLO: What I can do is get you additional information and add it to this with regard to the prior monitoring visits, because I have been involved
with the current situation and we've been doing some things, as I mentioned at the last meeting, to try to address that.

And we have continued to have meetings within the Department. A lot of information has been submitted to HUD, and much of it has not been accepted. And they have given us until November to continue to try to resolve some of those questioned costs when it comes to the subrecipient administrative costs.

MS. WILLIAMS: Okay. But I just think it needs to be more detailed in these minutes.

MR. DAROSS: Yes, I would accept an amendment to -- yes, an amendment to my motion to approve that the minutes should reflect that there was more discussion about this, and, specifically, what it was that OIG was asking about.

MS. GRONECK: I'll get with Mr. Gaines and we'll pull the transcript.

MR. CONINE: Yes.

MS. GRONECK: And then we'll fax it to you all, if that's okay. Okay?

MR. DAROSS: That would be fine.

MR. CONINE: All right. Why don't we go ahead and approve the minutes subject to an amendment that Delores will fax back to us. And then maybe we can even,
at our next meeting, look at it one more time to make sure we're all comfortable with it.

But we'll approve these, subject to that particular change. Is that all right?

MS. WILLIAMS: That sounds fine.

MR. CONINE: Okay.

MR. DAROSS: Yes.

MR. CONINE: All those in favor of the minutes as they stand at this time say aye.

(A chorus of ayes.)

MR. CONINE: All opposed?

(No response.)

MR. CONINE: Okay. Next on our agenda is any report items.

Mr. Gaines, do you have any report items for the Audit Committee at this time?

MR. GAINES: No, sir, not --

MR. CONINE: Okay. Next on our agenda is we go into executive session for the internal auditor's performance evaluation. So I would ask that the Audit Committee be recessed and go into executive session for a while.

If we could, I'd like for Delores or somebody kind of to monitor the door so we don't have interruptions as we go through this process. But we'll go into

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executive session now.

(Whereupon, a short recess was taken.)

MR. CONINE: Okay. The Audit Committee comes back into session after the executive session, which ended right at ten o'clock according to my watch. There were no items -- there were no action items in the executive session that need to be taken at this time.

Is there any other business before the Audit Committee?

(No response.)

MR. CONINE: Do I hear a motion for adjourn?

MR. DAROSS: So moved.

MS. WILLIAMS: Second.

MR. CONINE: All in favor say aye.

(A chorus of ayes.)

MR. CONINE: Thank you very much.

(Whereupon, at 10:00 a.m., the meeting was concluded.)
CERTIFICATE

MEETING OF:   TDHCA Audit Committee

LOCATION:    Austin, Texas

DATE:        August 11, 2000

I do hereby certify that the foregoing pages, numbers 1 through 9, 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.

08/17/2000
(Transcriber)         (Date)

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