TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

AUDIT COMMITTEE MEETING

11:00 a.m.
Thursday,
May 15, 2003

Room 437
Waller Creek Office Building
507 Sabine Street
Austin, Texas 78701

PRESENT:

AUDIT COMMITTEE:

Vidal Gonzalez, Chairman
Beth Anderson
Shadrick Bogany (not present)

STAFF:

Edwina Carrington, Executive Director
David Gaines
Ruth Cedillo
Curtis Howe

ON THE RECORD REPORTING
(512) 450-0342
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CHAIRMAN GONZALEZ: We'll call the Audit Committee meeting to order.

(Pause.)

CHAIRMAN GONZALEZ: Roll call. Beth Anderson?

MS. ANDERSON: Here.

CHAIRMAN GONZALEZ: Vidal Gonzalez, here. Shad Bogany, absent.

Okay. We will solicit public comment.

MS. GRONECK: I didn't have any.

CHAIRMAN GONZALEZ: Okay. None. Okay. Then we'll go on to Item Number 1, the Presentation, Discussion and Possible Approval of Minutes of the Audit Committee Meeting of March 13, 2003.

MS. ANDERSON: I move approval of the minutes.

CHAIRMAN GONZALEZ: Okay. Second? Any further discussion? If not, all those in favor, say aye.

MS. ANDERSON: Aye.

CHAIRMAN GONZALEZ: All opposed? The motion carries. Okay. We'll go to Item Number 2, the Presentation and Discussion of Reports. We'll call on Mr. Gaines.

But before we go to that, I did want to announce that this is Internal Audit Week. We have a
resolution from the Office of the Governor. And rather than reading it, I will just present it over the -- for the record.

But we do want to congratulate you, because you are an internal auditor, and from what I gather, what? You're going to be the president of some other organization or something? What's --

MR. GAINES: Well, I currently am, and I'm being nominated for another year.

CHAIRMAN GONZALEZ: For another year. Okay. Congratulations on that also.

MR. GAINES: For the record, David Gaines, Director of Internal Audit. I overheard Delores setting up this table, saying, Since David is getting so old, why don't we let him sit down today? By the time I'm through speaking, you might believe her, because I'm kind of -- had a rough time with my voice lately.

But it's real. Let's turn to the first agenda item, which is the Status of Prior Audit Issues. There are fourteen issues being reported to you today. Five of these issues are being reported as implemented. Two are considered implemented by management, but have been classified as action delayed pending clearance by HUD. And that leaves seven issues that management continues to
work on.

Of the implemented issues, I wanted to direct your attention to the first issue on page 1 of eight. That's issue reference 252. This was an issue reported by Internal Audit in August 2000 relating to the department establishing an agency-wide construction inspection section, evaluating the benefits of contracting with third parties, and evaluating the degree of overlap by the inspectors, such as first-lien inspections.

And this is one of those issues that we've been able to implement, I believe, as a direct result of the reorganization. It's taken a while to get here, but I believe there will be considerable benefits going forward as the details in fully implementing this issue are resolved.

The remaining four issues being reported as implemented are recent audits completed by the External Auditors, including the State Auditor's Office, KPMG, Deloitte and Touche, and these are identified as the implemented ones on seven -- pages 7 and eight.

I wasn't planning on really discussing the details on those. They are fairly minor, and they are now reported as implemented.

If you will, let's turn back to page 2. Issue
187 relates to the department establishing a family self-
sufficiency plan for the Section 8 program. And the issue
has recently come back to life. Since it's been
outstanding for a while now, I'd like to give you a brief
history on this issue.

Mainly, its initial action relating to this
issue that was released in September 2000 was to request a
waiver from HUD due to lack of capacity in service
regions, I believed, perception of lack of capacity.

Throughout calendar year 2001 into 2002, this
issue was classified as action delayed, pending a response
from HUD. So in April 2002, the management reported that
HUD had denied the initial waiver request, and requested
the department review information on client services,
assess what was really out in the field in the local
operator areas, to assess the feasibility of
implementation.

At this time, the issue was reclassified to In
Progress of Being Implemented, and management began to
make that assessment. They conducted a survey of local
operators to determine if sufficient services were there
to implement this family self-sufficiency program.

By October 2002, management had determined
there were not sufficient services in the HUD San Antonio
and Fort Worth service regions, while in the Houston area, it looked like there were sufficient capacity to deliver this program.

That was October 2002. In December, the department made another request to HUD, requesting a waiver for the program in the San Antonio -- excuse me, in Fort Worth areas, and submitted an action plan to HUD for the Houston area. And management was also hoping they could use the same plan in the other two areas should HUD deny the waiver request in those two areas.

At this point, in December '02, it was again classified as delayed pending a response from HUD. About -- well, April 2003, in communications with HUD, HUD informed the department that they had overlooked that this issue was in their court and on their table, and they indicated they would consider it soon.

And so at that time, management decided to start considering whether the community action service agent -- excuse me, community action agencies throughout the state may be providing services that could be used in connection with the self-sufficiency program in these areas.

Now, in bringing it -- in classifying it as in progress, it's because of this new consideration of the
possibility of the CAAs providing some of these services.

A target date wasn't established for completion because of management's expectations or uncertainties relating to the anticipated time delays in hearing back from the CAAs, considering information from CAAs. They felt like it was too ambiguous for charting data at this point.

But at this point -- that's where we're at. The bottom line, we're waiting for a response from HUD and considering the possibility of CAAs doing this for us.

MS. ANDERSON: May I -- Mr. Chairman, may I ask a question of Ms. Carrington?

CHAIRMAN GONZALEZ: Yes.

MS. ANDERSON: Now, when these family self-sufficiency programs are put in place for these Section 8 tenants, does HUD pay for the family self-sufficiency programs so that the local non-profit or community action agency, or whatever, that is awarded a -- are they, like, awarded a contract to provide those services, and then HUD pays for that?

MS. CARRINGTON: May I ask Ruth Cedillo? Ruth, do you know the answer to that question? Our mikes aren't working.

MS. CEDILLO: They aren't working. I think I can talk loud enough. I'm Ruth Cedillo. And the reason
we started looking at the community action agencies is
because they do get funds from the department.

    MS. ANDERSON: Right. Right.

    MS. CEDILLO: They get the community services
block grant.

    MS. ANDERSON: Right.

    MS. CEDILLO: And they're using those funds to
transition people out of poverty. So that's why we're
looking at them. And some of those individuals, maybe
those that have Section 8 vouchers even through our
programs. So I asked staff to start looking at that and
see if maybe we can work with the community --

    MS. ANDERSON: Is there a match?

    MS. CEDILLO: Yes, and see if we can match
them.

    MS. ANDERSON: Okay. I mean, some of those
agencies do very good jobs in their communities, and some
are, you know, less effective, as I'm sure you know.

    MS. CEDILLO: Sure. Yes.

    MS. CARRINGTON: I think this is actually
probably a fairly innovative approach. Most of the family
self-sufficiency programs are developed by housing
authorities that administer vouchers and certificates.
It's a part of what they've been doing for the last
several years.

    And my thought is that they probably don't get any additional money from HUD to do a family self-sufficiency program, that they're expected to do it out of the administrative fee that they receive for administering the vouchers.

    And of course, housing authorities have had for the years the -- you know, the transition from public housing and other kinds of housing. So I think we've just said we're tired of -- we don't want to ask HUD for any more waivers. It does not make sense for us, the department, to go out and try to set up family self-sufficiency programs for these small number of vouchers in these areas.

    And so what made sense to us was this network of community action agencies that we have out there.

    MS. ANDERSON: And so then we would fund it out of our Section 8 administrative fees? I mean, we would write a contract with the --

    MS. CARRINGTON: Well, I think we're probably evaluating, you know, if the community action agency will take it on.

    MS. CEDILLO: And they may be doing exactly what we need them to do --
MS. CARRINGTON: What we would have been doing.

MS. CEDILLO: And they may be able to do it out of the funding that we already provide.

MS. CARRINGTON: Okay. Yes.

MS. ANDERSON: Okay. Okay.

MS. CARRINGTON: I mean, that would certainly be our hope.

MS. ANDERSON: Okay. All right.

MR. GAINES: The next six issues, beginning with 253 on page 3 of eight, are the HOME issues relating to the HUD HOME monitoring visit of November 2001. The department and HUD have come to general agreement on -- are you with me, Beth? It's on page --

MS. ANDERSON: What --

MR. GAINES: -- three.

MS. ANDERSON: Okay. I'm with you.

MR. GAINES: And beginning with issue 253, the next six issues. And the department and HUD have come to a general agreement on how the department needs to proceed in resolving these issues. The biggest point of contention is HUD was requiring that the department reinspect all properties since 1998.

It's been agreed that the department would send homeowners a simplified housing standards checklist. That
was prepared and -- by the department, and approved by
HUD. The checklists have been sent out and they were due
back this last Monday.

Management is in the process of evaluating the
results of these surveys. The homeowners -- the
department will conduct inspections that are -- of these
surveys, they need to do inspections conducted. That's
anticipated to be completed by the end of May.

Required corrective actions to bring the houses
into compliance with standards will be developed,
evaluated what's necessary once the inspections come in.
So once the results of those inspections come in,
management will establish an action plan and target dates
for completion for those.

In addition to the inspections resulting from
the surveys, the department's also agreed to conduct
inspections on 27 properties funded through HOME Inc., a
third-party lender of TSHAC, and another eleven properties
relating from Contract for Deed Program that was
administered through TSHAC.

These properties relate to the issues
References 254 on page 4, and 256 on page 5. Again, once
these inspections are completed, which is anticipated by
the end of May, management will develop action plans,
doing the corrections, and establish a target date of
completion at that time.

There is a couple of other issues that the
department considers resolved. They are currently being
classified as Action Delayed Pending Clearance by HUD.
These are issues 255 on page 4, and 258 on page 5.

And they relate to the HUD information system,
correcting the information in the HUD information system,
IDIS, and the correction of land use restriction
agreements whereby TSHAC allowed a prohibitive clause that
waived occupancy requirements.

The department believes these are substantially
resolved, and waiting on clearance by HUD. So in the
meantime, they're classified as Action Delayed.

The final issue I want to just specifically
mention is Issue 260 on page 6 of eight. And this relates
to the department taking action on the all new multi-
family projects funded through TSHAC to determine
compliance with the Model Energy Code.

Management is, excuse me, currently documenting
compliance on 154 out of 269 projects, approaching 60
percent, and has informed HUD that it believes that this
demonstrates substantial compliance. The department has
also informed HUD of its procedures to ensure compliance
going forward. The department hopes these actions will be sufficient to satisfy HUD, and that HUD will be in agreement with that.

This issue would also be classified as action delayed pending a response from HUD, except for the second portion of the finding. The second portion is what's classified as In Progress. This portion of the finding relates to a multi-family project funded through TSAHC, that's not in compliance with the Section 504 Accessibility Requirements.

TSAHC was to have provided its action plan by last Monday, May 12. The plan was to include preliminary write-up work with construction to commence no later than June 1. From what I understand, we have not received that correspondence at this point, or it hadn't landed on someone's desk yet. Checks may be in the mail.

I didn't have any other planned comments for Prior Audit Issues, but I'll be glad to entertain any questions that are expressed. I would like to point out the second report, which are the ten prior audit issues reported as implemented last month that will not be reported in the future.

MS. ANDERSON: I do have one question on -- and it's on Item 256, which is this contract for deed thing.
Last month's report on this item referenced a HUD letter acknowledging that the department had repaid the costs on three of the 14 properties.

MR. GAINES: Yes, ma'am.

MS. ANDERSON: Now, did we get reimbursed by TSAHC for whatever we had to pay HUD back?

MR. GAINES: I'd say we certainly had that recourse. I'm not sure if that's happened or not.

MS. ANDERSON: See -- or TSAHC pays directly --

MS. CARRINGTON: I think TSAHC directly paid.

MS. ANDERSON: Okay. They actually pay the department.

MS. MAURO: They pay the department.

MS. CARRINGTON: And then the department paid HUD. Yes.

MS. ANDERSON: Okay. That's exactly what I want to know. Okay. You know, I think you're doing an awesome job, and the whole agency is to be commended for, you know, slowly but surely clearing the decks.

And the very encouraging thing from my perspective is the good job that's being done responding on a timely basis to our more recent audits, as you alluded to the KPMG and the Deloitte Touche audits.

Items -- you know, items like number 295, you
know, with the finding from November that's already been cleared about data collection calculation and ABEST, meaning that's -- you know, very, very good work being done. Now, if we can just clear up these older items, most of whom relate to the same subrecipient, we'll be in great shape. So thank you for -- and thank everyone on that staff for all the work that it takes to get these cleaned up.

MR. GAINES: The next agenda item, and final agenda item is the Status of Central Database. The last reporting to you was in February, and that was the status as of the end of January. Today's report is as of -- excuse me, April 30, three months later. And it's very similar in format and content, with a few exceptions that I'd like to point out.

First off, please let me know should you decide in the future you'd like additional detail. This is highly summarized; however, for the modules under development the plans go into great detail, and I'd be glad to provide and discuss this information with you at any time during formal board meetings or otherwise. So I'm --

The work in progress is focused on the first two modules listed. These are the Compliance Monitoring
and Tracking System, or CMTS, reported on line 1, and the Fund Allocation Contract Module reported on line 7 of your status report.

Overall, the target dates reported to you in February for these modules remain intact, except for the development piece of the Fund Allocation Module reported on line 8; this has slipped six days since the last report.

The slippage is not specifically associated with any significant circumstance or event. It's more an accumulation of many minor circumstances. And we can talk about the Fund Allocation Contract Module momentarily. At first I'd like to talk a little bit about CMTS.

You may recall the development portion of CMTS module on line 2 of the report was reported as fully developed to you in January, or in February, as of the end of January.

The functional planning and deployment portion, or line 3, except for the tax credit's historical data gathering input is now being reported as complete. That's a new line. The tax credit data gathering and input has been broken out as a line of its own, if you will, to represent completion of the remaining piece of the module and the functionality that we're now appreciating out of
that.

In summary, the tax credit data gathering has broken out the plan functionality for the remaining areas of the -- excuse me. What this does, it reports 100 percent complete for the functionality relating to the Multifamily Affordable Housing Disposition Program, the HOME Housing Trust Fund and Tax-exempt Programs during the affordability period.

And with completion of -- for those programs, there should be improved functionality through the graphical user interface that users are now using, access to -- improved access to data, automated compliance functions, and automated compliance testing.

Similar functionality will be available to the Tax Credit program once the historical data is loaded. With the new CMTS -- or with the CMTS now in operation, except for the tax credit piece of that, continued bugs and enhancements are continued being identified. The bugs and enhancements are continuing to be identified.

These additional work requirements are being closely screened by the users and technical team to determine whether they should be fixed or developed. Any significant fixes or enhancements that would require more than ten percent of the technical team's time need to come
before the steering committee before work is started on those.

There has been no such circumstances or fixes since the last report to you in February. Based on weekly status reports from the technical team, the work devoted to these bugs and enhancements has been ranging from 4 to 6 percent. One week I believe it was actually 10 percent. There has been weeks at zero percent. So we are keeping that to a minimum effort, primarily maintenance and a few enhancements, I believe.

Regarding the tax credit gathering portion that's now reported separately, I wanted to bring your attention to note 4 on page 3. The original estimate for completing and gathering this data and getting it inputted into the system was October 1, '03. And this was based on 1,200 properties, one half day per property, and six employees working 70 percent of the time.

As it turns out, 28 individuals from throughout the department have volunteered with this data entry project, each of them determining the number of hours that they can contribute per week. And with this department-wide effort, we expect completion of data entry by July 10, rather than the October 1 date.

This contribution by many separate and distinct
areas throughout the department -- I feel like it's pretty much unprecedented, except for maybe the reorganization. That project -- it speaks highly of staff and management for willing to give that extra effort for the common goals and goods of the department as a whole, and they all need to be commended on that.

In connection with this data entry, while it's going very well, and I informally was speaking to one of the leaders of the project yesterday, and they feel like they're 50 percent complete at this point.

But in doing this, a downside is that it's being discovered by the team that there's a number of missing files and documents within the files. And accordingly, we're leaving that target date of 10/01 as our planned completion date so we can develop strategies to locate these files, identify alternative sources of information, or if necessary, recreate the data.

I also wanted to point out just a couple of obstacles to our realization of the full benefits of the system. These obstacles are described Note 3, page 3. "Converting the attitudes of the department's business partners, and the contractor's accept and use of the system for data entry of the unit and intent of the information is a considerable challenge. Many of these
parties already have their own existing systems.

"And they will be required to either export the
data from the existing systems for electronic input into
CMTS, dual entry into both systems, or a final option
would be provide the department hard copies whereby we
would enter that information.

MS. ANDERSON: What's the current policy
thinking on that?

MR. GAINES: I think the current policy is that
last option would put them in material noncompliance.

MS. ANDERSON: We've made this huge
investment -- huge investment --

MR. GAINES: Yes.

MS. ANDERSON: -- in dollars, in management
time, and in technical skill time and contractor time to
build this system to really be our nerve center.

And you know, normally I don't ask for more
bureaucracy to be imposed on our partners, but we know --
I would strongly oppose --

MR. GAINES: I believe the --

MS. ANDERSON: -- continued submission on
paper, and you know, there has got to be a way to do --
to -- and if we need to help them walk them through how to
export data so that they could get it to us, you know, I'd
hate to think they're really going to have to do dual data entry. But --

MR. GAINES: I believe going forward --

MS. ANDERSON: -- we're going to have a hard time explaining to the Legislature why we spent all this money to build this thing, and we're not achieving one of the key benefits of it, if our partners aren't putting the data -- giving us the data.

MR. GAINES: And I believe going forward that could be addressed by making a threshold requirement, writing it into contracts. It's the existing partners that are a bigger challenge.

On the Affordable Housing Disposition Program, they aren't necessarily coming back for money or future awards. There have been property owners that said, We are not going to do this. And so there are challenges we're working through with that.

And yes, we've discussed the technical assistance avenue, to give them flat files, help them with the initial downloads and how that would work.

MS. ANDERSON: Are we getting that kind of resistance from entities that still want to come to the agency for new money?

MR. GAINES: I believe there is some of that,
but I don't believe we've taken a firm stance yet. And that's occurring during the industry rollout.

MS. ANDERSON: Well, we have time to put it in the 2004 QAP. I mean, I hate to have to handle it that way.

MR. GAINES: Those, again, are things that -- I think we're in general agreement with you. We just haven't finalized the strategies on how to move forward with that.

Another obstacle to the full realization of the benefits relates to the completing the front end modules where the required data is loaded, such as the program module with program-level information being entered, such as the program name, type of program, program requirements, the fund allocation contract, and tax credit modules, where information relating to individuals and organizations which the department contracts with, or allocates tax credits to, establishing relationships between the organizations -- until those modules are completed, we'll have limited benefit.

We can still use the system by entering the data through the back end, which is a more labor-intensive effort. I didn't have any further comments relating to CMTS. If there is no other comments regarding that
module, we'll move on to the Fund Allocation Contract Module.

MS. ANDERSON: I have one question on that.

MR. GAINES: Yes, ma'am.

MS. ANDERSON: It really is probably a question for Curtis or Walt. I'm curious about sort of what patterns of calls you're getting at the help desk about usability of this system. Is there any pattern to the calls that are coming into the help desk?

MS. ANDERSON: Curtis?

MR. HOWE: I'm Curtis Howe, Director of Information Systems. The usability of CMTS is pretty good. We're not getting a real -- we're not getting a lot of real negative comments about that. I think that has to do with the fact that we spent a lot of time in doing a work internally in making sure that our users here were very happy with the system, and that we did a pilot project of rolling out to the sample of users.

MS. ANDERSON: I see. So you're not getting some blip in call volume of people that aren't sure how to use it, or --

MR. HOWE: And I -- our help desk doesn't work -- our technical support help desk doesn't work directly with the external users of the system. So James
Roper may be a little bit more qualified to answer if there -- since they've deployed, if they have seen a real high blip.

But based on the -- he's not here, the --

MS. ANDERSON: Based on what -- you haven't heard any -- you'd hear if it was a disaster. You'd know.

MR. HOWE: I haven't heard any negative feedback on it all.


Thanks.

MR. GAINES: I've casually spoken to different users, and I think it's been generally pretty well received. There is some reporting capabilities we'd work on going forward, primarily reporting, pulling information out of the system.

For the Fund Allocation Contract Module, the target date for deployment is June 24. And development and the functional deployment, you'll see, are pretty much appearing simultaneously in the time line. Accordingly, this is going to take, and it has taken a lot of coordination and parallel work between the technical team and the functional user team.

We see the biggest challenge at this point is the development of thorough user acceptance tests, because
the parallel work between the technical team and the user team -- I'm not sure there has been sufficient time built in for failed acceptance tests, and correcting the bugs associated with those tests.

As much confidence as I have in the development team, there will surely be failed acceptance tests, I would suspect. And so I'm not confident that that has been factored in as thoroughly as it needs to be.

The acceptance test reports are real important to ensure that the system is operating as intended before it moves into production, and then the technical team, of course, needs time to fix the bugs and then the users to again test those bugs.

Because of this parallel work, some of that activity is sequential. And this is something I've discussed with primarily the leads of the technical team and the user teams, but we haven't sat down to see what this really looks like and assess how reasonable that is in some time now.

An example, just within the last couple of weeks, the user communities have been conducting some preliminary acceptance tests, reviewing the external users' documentation, and gearing up for the final acceptance testing.
And as a result of these reviews, there are bugs that are being identified that are being fed back to the technical team for fixing.

But additionally, and maybe more significantly, is that requirements not originally contemplated are surfacing. And these new requirements range all the way from field label changes that are minor to program activities not originally specified.

MS. ANDERSON: And what's the change control process for this scope creep?

MR. GAINES: Right.

MS. ANDERSON: What's the change control process? Does it go to the Steering Committee?

MR. GAINES: Right now where we're at is assessing the impact. They're being closely screened at this point by the users and --

MS. ANDERSON: We had signoff on the requirements months ago. Right?

MR. GAINES: Yes, ma'am.

MS. ANDERSON: Then this is why projects fail, because we don't have reasonable change control process. And you know --

MR. GAINES: Now, I believe we do have the change control. They haven't looked beyond those
approvals at this point. I think what we've tried to do is establish a threshold as to when they'll come to the committee, and hadn't been real objectively quantified as part of the subjective if there's any significant time you need to bring it to the committee.

Now, in trying to assess why this is happening, I believe the bottom line is, some of the requirements were overlooked, they were merely overlooked.

In other instances, some requirements are surfacing as a result of the reorganization. Requirements are also surfacing from some program changes that have occurred since the requirements were confirmed.

MS. ANDERSON: Yes, I mean, there are legitimate reasons that you have changing requirements.

MR. GAINES: Yes, ma'am.

MS. ANDERSON: But you know, this agency needs to have the discipline that the steering committee process brings to manage change -- scope change. And the management of this agency, including the esteemed executive director to my right, you know, needs to know the impact of these changes, because what tends to happen is that, you know, Walt just works a little harder and tries to keep his users happy, and that is not the way to run a project.
MR. GAINES: And I believe for the most part, people have not even been pushing on the changes, because they know they're going to have to be coming to the committee.

MS. ANDERSON: Okay.

MR. GAINES: They're really closely scrutinizing these. Absolutely. You have to have to control of that.

MS. ANDERSON: So when do you think we'll know whether the June 24 dates -- when will those changes get through the process and we'll know what's been accepted and what happens the June 24 date?

MR. GAINES: Well, right now the technical team is assessing the impact of those changes, and we again, probably need to make the criteria more objective. And if it's a significant impact, you know, we need to spell that out and define what that means, because of -- it's really essential that this system be in operation by mid-late July at the latest, because of the new cycle --

MS. ANDERSON: Uh-huh.

MR. GAINES: -- that we're currently under. There will be a need for the system to be operable, because the Legasys [phonetic] systems in a contemplated strategy have not been updated for the new program
requirements.

Based on what's come to the table so far, the technical team believes this is very doable if there is no other huge new requirement that surfaces during the user's review and acceptance tests. So we're still cautiously optimistic. And so far, I believe there has really been one requirement that we're calling pretty huge.

The committee -- we've talked about informally some changes that have come to the table informally, not the formal change requirement.

But the attitude is, we aren't doing this unless it's an absolute showstopper. And that's why we haven't been seeing them. Now, based on what I've heard recently in casual discussions, not before a formal -- not even a formal status report, there may be one significant change that could be a showstopper that we need to look at. And that relates to the rental -- new construction or rehab on rental developments.

We've -- the requirements were kind of spelled out for the program, Rental Development Multifamily. Well, there's kind of two pieces of that, rehab and new construction. And there is some significant differences in those requirements.

Have we incorporated all of those under one
umbrella, and we just need to split it out between the two umbrellas? Or are there a whole cap of requirements we've missed? And that's one I think that at least for those programs, it's a showstopper.

On the others, I think there might -- more of a minor nature. So that is a contention -- contingency I wanted us all to be aware of. And I appreciate your comments. I'm glad we have some of the leaders of the project here to hear them.

MS. ANDERSON: It might be good just to -- as a -- well, I know we're not going to have an audit committee meeting at the first board meeting in June, but it might be good just to have a report item provided to the board, maybe, particularly on this issue.

MR. GAINES: So --

MS. ANDERSON: Particularly since you have the schedule constraint, you've got a hard stop the end of -- toward the latter part of July. You can just do a report item that goes in the board book. You don't have to -- you know, you're not coming to Dallas.

MR. GAINES: Relating to the impact of any of these requirements.

MS. ANDERSON: Yes. On this particular -- right.
MR. GAINES: Okay.

MS. ANDERSON: That would be great. Thank you. Thank you for that good explanation.

MR. GAINES: Okay. Are there any other comments relating to the Fund Allocation Contract Module? Okay. You'll notice that the remaining modules are asterisks, and this is explained at the bottom of the page.

Basically, the project teams aren't far along in the detailed plans. Are not far enough along in the project to have detailed plans. The project team is to develop detailed plans as the design requirements are completed, and with the design completed and the detailed plans in place, at that point, it will be necessary -- or we'll be able to better assess the reasonableness of start/end dates.

I believe also we need to reassess, or at least look at one more time the priority in which these are currently being planned, and have the users confirm that priority. And that's all I had planned. So I'd be glad to entertain any other comments.

CHAIRMAN GONZALEZ: Anything else, Beth? Any other comments?

MS. ANDERSON: I just -- I want to just put a
bug in your ear, because I don't want to forget this, and I want to be held to it. In July, when we -- maybe when we have the July -- and I know the July board meeting is a big board meeting. But I would like to -- and maybe we can do it before or during a break or something.

But I would personally like to, you know, order a cake or something for the 28 people who are doing this data entry after they're finished, because I want to thank them personally on -- maybe on behalf of the board, but because this is the right kind of behavior, and the leaders of this agency were smart to ask people to step up, and then you're gratified when people do step up. And I really want to recognize those 28 people.

MS. CARRINGTON: We will do that. Thank you. And they will thank you, I'm sure.

MR. GAINES: Okay. Thank you very much.

CHAIRMAN GONZALEZ: If nothing else, then we'll entertain a motion to adjourn.

MS. ANDERSON: I so move.

CHAIRMAN GONZALEZ: Second. All in favor.

(A chorus of ayes.)

CHAIRMAN GONZALEZ: The motion carries. The meeting is adjourned.

(Whereupon, at 11:45 a.m., the meeting was
concluded.)
CERTIFICATE

IN RE:         TDHCA Audit Committee Meeting
LOCATION:     Austin, Texas
DATE:         May 15, 2003

I do hereby certify that the foregoing pages, numbers 1 through 35, 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.

05/22/2003
(Transcriber)         (Date)

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