

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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1
2 MR. CONINE: Good morning. Welcome to the
3 Audit Committee meeting of the Texas Department for
4 Housing and Community Affairs on -- it's 9:03 on August
5 11, year 2000. The first thing I do is call the roll,
6 but, since I don't have it, I bet I can call it anyway.
7 Kent Conine. I'm present. Jim Daross?

8 MR. DAROSS: Here.

9 MR. CONINE: Marsha Williams?

10 MS. WILLIAMS: Here.

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

14 (No response.)

15 MR. CONINE: Any public comment?

16 (No response.)

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

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

21 MR. DAROSS: Move they be approved as
22 submitted.

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

25 MS. WILLIAMS: Well, can I have -- discuss it?

1 MR. CONINE: Sure.

2 MS. WILLIAMS: Okay.

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

5 MS. WILLIAMS: Okay.

6 MR. CONINE: Okay.

7 MS. WILLIAMS: I'll second it.

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

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

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

17 MS. WILLIAMS: I asked David --

18 MR. CONINE: Okay.

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

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

24 MS. WILLIAMS: Yes.

25 MR. GAINES: That would be on your --

1 MS. WILLIAMS: Aren't those the ones that go
2 back to 1992? That issue is the one I'm specifically
3 addressing.

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

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

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

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

19 MS. WILLIAMS: Okay.

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

22 MR. CONINE: Ruth?

23 MS. CEDILLO: What I can do is get you
24 additional information and add it to this with regard to
25 the prior monitoring visits, because I have been involved

1 with the current situation and we've been doing some
2 things, as I mentioned at the last meeting, to try to
3 address that.

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

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

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

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

19 MR. CONINE: Yes.

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

22 MR. DAROSS: That would be fine.

23 MR. CONINE: All right. Why don't we go ahead
24 and approve the minutes subject to an amendment that
25 Delores will fax back to us. And then maybe we can even,

1 at our next meeting, look at it one more time to make sure
2 we're all comfortable with it.

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

5 MS. WILLIAMS: That sounds fine.

6 MR. CONINE: Okay.

7 MR. DAROSS: Yes.

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

10 (A chorus of ayes.)

11 MR. CONINE: All opposed?

12 (No response.)

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

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

17 MR. GAINES: No, sir, not --

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

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

1 executive session now.

2 (Whereupon, a short recess was taken.)

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

8 Is there any other business before the Audit
9 Committee?

10 (No response.)

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

12 MR. DAROSS: So moved.

13 MS. WILLIAMS: Second.

14 MR. CONINE: All in favor say aye.

15 (A chorus of ayes.)

16 MR. CONINE: Thank you very much.

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

C E R T I F I C A T E

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3 MEETING OF: TDHCA Audit Committee

4 LOCATION: Austin, Texas

5 DATE: August 11, 2000

6 I do hereby certify that the foregoing pages,
7 numbers 1 through 9, inclusive, are the true, accurate,
8 and complete transcript prepared from the verbal recording
9 made by electronic recording by Penny Bynum before the
10 Texas Department of Housing and Community Affairs.

(Transcriber) 08/17/2000
(Date)

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