TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

AUDIT COMMITTEE

Auditorium
Capitol Extension
1400 Congress
Austin, Texas

November 14, 2002
8:30 a.m.

COMMITTEE MEMBERS:

Vidal Gonzalez, Chair
Elizabeth Anderson
Shadrick Bogany

STAFF:

Edwina Carrington, Executive Director

<u>I N D E X</u>

1   P R O C E E D I N G S

2   MR. GONZALEZ: We'll call the Audit Committee

3   meeting to order. Start off with the roll call. Beth

4   Anderson?

5   MS. ANDERSON: Here.

6   MR. GONZALEZ: Shad Bogany,

7   MR. BOGANY: Here.

8   MR. GONZALEZ: Vidal Gonzalez. All members are

9   present. We'll go to Item Number I, the presentation,

10   discussion, and possible approval of minutes of the Audit

11   Committee meeting of October 10, 2002.

12   MS. ANDERSON: I move approval of the minutes.

13   MR. BOGANY: Second.

14   MR. GONZALEZ: We have a motion. We have a

15   second. All those in favor?

16   (A chorus of ayes.)

17   MR. GONZALEZ: All opposed?

18   (No response.)

19   MR. GONZALEZ: Motion carries. We'll go on Mr.

20   David Gaines for Item II, presentation and discussion on

21   status report.

22   MR. GAINES: Good morning, Chairman, members of

23   the board --

24   MR. GONZALEZ: Good morning.

1   MR. GAINES: -- Ms. Carrington. And, if I may,

2 did we want to open it for any possible public comment?

3 Is that something you want to --

4   MR. GONZALEZ: Sure.

5   MR. GAINES: -- do?

6   MS. DELORES: We don't have any.

7   MR. GAINES: Okay. I'm sorry. I knew there was

8 something you wanted to emphasize going forward. If you

9 would, please -- if you'll turn to your first agenda item

10 it's the status of the Central Database Project --

11 immediately following the minutes from the October

12 meeting.

13   This meeting that's been provided is very

14 similar to that provided to you in the September meeting.

15   As mentioned at that meeting, our goal is to provide

16 standardized information that facilitates your review and

17 provides you the information you need to assess the status

18 of the project.

19   If you will, the first page of the status

20 report is just a cover page, if you will. And it's the

21 overview, discusses the contents. It's going to include

22 the overview, the summary plans, status, which is

23 supported by a certain detail that we'll discuss, and then

24 the status of funds.

1   Following that page is the overview page. And

2   on the back side of that page is summary of the business

3   goals and benefits with a brief description as to how the

4   major milestones and targets are being established.

5   This is the same information that's been

6   previously provided to you and continues to be as a

7   convenience until that point in time when you all say,

8   We've acknowledged that; don't give it to us anymore.

9   Immediately following that is the overview

10   information, the summary plan status, with the current

11   status of each module, a description of each module, and

12   the associated capital cost to date.

13   And so on the back page of that cover sheet is

14   the first page of the report. And the first two modules

15   that are listed are the Compliance Monitoring and Tracking

16   System, or CMTS module, and the Fund Allocation and

17   Contract module. Detailed plans supporting most phases of

18   these modules follow the summary plan, and I'd like to

19   discuss those momentarily.

20   There's been no significant changes from that

21   previously reported to you on the following modules,

22   beginning with the Application module through the

23   remaining modules on the summary page.

24   An asterisk has been added to these modules

1 that's explained at the bottom of the page. It basically

2 is that the detailed plans identifying the tasks and

3 resources for these modules is pending.

4 And the team's goal is to develop the detailed

5 plans for each of these modules as the design

6 specifications of the system are finalized and approved.

7 So as the design's approved, then the detailed plans for

8 the remaining portions of the project will be developed,

9 which is really the first point in time you have a clear

10 enough picture to do that.

11 So, accordingly, if there are asterisks those

12 beginning start dates are very tentative and most likely

13 will be changing in the future. They are based on what

14 the project team believes may be reasonable goals to

15 strive for.

16 We dropped one of the modules from that

17 previously provided to you in the September meeting. That

18 is the Low Income Housing Tax Credit Contact Log. And

19 this was an application being developed for the logging

20 and recording of communication of the information coming

21 into the Low Income Housing Tax Credit Program. This was

22 a 322 -- Senate Bill 322, or Sunset, requirement.

23 It was decided that this particular module is

24 not really a component of the central database. It had

1 previously been included because it was an Oracle-based

2 application. However, as we really started rolling up our

3 sleeves and looking at it closer, the application's a

4 standalone and it's not really appropriately classified as

5 part of the Central Database Project.

6   If there's no questions so far I'll backtrack

7 to the first two modules, the Compliance Monitoring

8 Tracking System and Fund Allocation module and go into a

9 little bit further detail on those. These modules are

10 where the project team's currently spending their time.

11 I'd like to discuss just -- and focus on significant

12 changes from prior reports and the status updates.

13   So, since our last report, September 2002, on

14 the Compliance Monitoring Tracking System module there's

15 been changes in the planned finish dates. The end date

16 for the development has extended from October 31, 2002,

17 until November 19, 2002. And this is due to having a

18 clear accounting of the remaining have-to enhancements and

19 bug fixes to the Compliance System that were identified

20 during acceptance testing and summarized -- and

21 specifically identified since the September meeting. The

22 work involved in addressing these enhancements and bug

23 fixes were not previously considered in the September

24 report.

1   The functional planning and development dates

2   have extended from December 31, '02, to October 31, '03 --

3   2003 -- which is an additional ten months. Now, this

4   significant change was the result of a couple of things.

5   We've reclassified the gathering and entry of program

6   data -- that's not -- that has not been previously

7   automated from the industry rollout phase, the next phase

8   of the project to this phase. So we took it out of the

9   next phase, put it in this phase, and that pushed back

10 that phase ten months.

11   This entry -- gathering and entry of data

12 includes gathering data for the HOME Program, the Housing

13 Trust Fund, the Multifamily Bond, and the Low Income

14 Housing Tax Credit Program.

15   Gathering and entering the data for the Housing

16 Trust Fund, HOME, and Multifamily Bond Programs is

17 expected to be completed by March 2003 -- the end of March

18 2003. It's gathering the data for the Tax Credit Program

19 and getting that data entered that pushes this back

20 another six months.

21   And this time estimate is based on 1,200

22 properties. We're taking one-half day per property to get

23 this data entered, with six employees working 70 percent

24 of the time. Now, while the staff is fairly confident

1 with these estimates and the time required, the resources

2 or specific individuals necessary to perform this work

3 have not been specifically identified or committed, of

4 course.

5   Now, Ms. Carrington and I have generally

6 discussed this issue, and it's hoped that the FTEs will be

7 identified as the Department works through the

8 reorganization. To stay on this current time line we

9 would need to have those resources identified and ready to

10 go by the first of April.

11   The industry rollout phase of this project, the

12 third line on line 4 of your summary report, has changed

13 from August 31, 2005, to November 3, 2003, which is

14 approximately 22 months sooner than we had previously

15 reported to you in the September meeting.

16   And this change has resulted because of

17 reclassifying that data entry -- gathering and entry of

18 data that I just spoke of and how the Department -- how

19 the project team is defining completion of the industry

20 rollout.

21   The August 31, 2005, date anticipated having

22 all the multifamily business partners on the system and

23 actually entering their tenant and unit information as

24 required. The November 3, 2003, date relates to having a

1 proven tested system available for the business partners,

2 instructions and tools available -- and that's sitting

3 there waiting for them to get their data online.

4 Now, as they do that, most presumably during

5 their regular reporting cycles they'll take efforts of the

6 Department to make sure they're set up properly. This

7 could easily extend into 2005 because of their reporting

8 cycles and will be available -- the system will be

9 available -- currently planned, November '03 to do that.

10 The detailed plans and tasks, resources

11 necessary, the target dates at the detailed tasks level to

12 accomplish this follows the summary report in your board

13 materials.

14 Are there any questions relating to the

15 Compliance module? (No response.)

16 Okay. In that case let's move on to the Fund

17 Allocation Contract module. The development date's been

18 extended a couple of months -- completion of the

19 development has been extended a couple of months to

20 January 15 -- from January 15, 2003, to March 28, 2003.

21 And the functional planning and deployment date has

22 extended two weeks until April 14, '03.

23 And these extensions relate primarily to the

24 identification of additional have-to enhancements and bug

1   fixes for the compliance system that I just spoke of. To

2   address those it kind of had the cascading effect and took

3   the resources of the team pushing these areas back as

4   well.

5   And the system design -- going into the

6   details, taking approximately a month longer than last

7   reported due to additional requirements that have been

8   identified relating to compliance monitoring and single

9   audit requirements that are part of this module.

10   Up until -- up through the last report the work

11   had been at the individual program levels. And upon

12   confirming those requirements and confirming that design

13   work we started bringing in cross-cutting areas. And as

14   that happened from the compliance division these

15   additional considerations were brought to the table.

16   Additionally, there was some additional design

17   work relating to the Community Affairs Programs that was

18   not factored into the last time line. That has since been

19   identified.

20   Generally, as I was speaking of earlier, a

21   reasonable estimate of time is not possible until the

22   design work's complete. And also all of the design work

23   for this particular module is currently not complete. The

24   technical team believes that it's substantially complete

1 enough to have fairly good confidence in the

2 reasonableness of these estimates for the development

3 phase of the project.

4   And the detailed plans and specific tasks and

5 resources -- target dates for the development portion of

6 this phase of the project -- this module -- follow in your

7 board book as well.

8   The second phase of this module, the function

9 and planning -- the functional planning and deployment

10 module probably should have been asterisked, meaning that

11 the detailed plans identified and the necessary task and

12 resources are still pending.

13   While the detailed plans for data scrubbing

14 have been developed -- and the project team are working on

15 data scrubbing as we speak -- and the detailed plans for

16 the data scrubbing follow this summary report, the

17 detailed plans for the other major functional milestones

18 have not been developed, again, in large part because a

19 dependency that's been defined for development of the

20 detailed plans is completion of the design work.

21   And, again, while the design work is not fully

22 completed at this point, the functional team, working with

23 the technical team, feel like the design's far enough

24 along to where they're currently underway in developing

1 those detailed plans for the remaining portions of the

2 functional plan and anticipate they're going to be able to

3 complete that by the end of November.

4   Having said that, I believe that the functional

5 user team also needs to revisit their detailed plans for

6 the data scrubbing that they're currently working on. The

7 estimates provided for these detailed plans were based on

8 the information provided by the program areas and assume

9 they'll be gathering and entering data for various dates,

10 depending on the program, and various conditions, such as

11 year 2000 and unexpired contracts for the HOME Program,

12 since 1998 for Energy Assistance Program, since 2000 plus

13 all current contracts for the Community Services Programs.

14   Now, while these dates may be adequate for the

15 particular programs, there's cross-cutting areas within

16 the Department that does not believe it's adequate.

17 Those -- these plans were based on those dates. As the

18 cross-cutting areas have had more of an opportunity to

19 review these dates they're saying, Now, wait a minute. We

20 need to go back, in many instances it's believed, since

21 inception of the program.

22   Well, so we're talking about possibly a

23 significant cost doing that work. And so we're currently

24 in the process of trying to assess what is the cost of

1 going back since inception of the programs, and what kind

2 of benefit is -- are these cross-cutting areas going to

3 actually derive from this. Why is this entirely

4 necessary? That decision is still pending. And, to the

5 extent we start pushing back on the historical data, that

6 will affect that time line also for data scrubbing.

7   MS. ANDERSON: May I ask a question?

8   MR. GONZALEZ: Yes.

9   MR. GAINES: Yes, ma'am.

10   MS. ANDERSON: And I don't know if this is David

11 or Edwina to answer this question. But, in sort of a

12 commercial practice when you do a big system conversion

13 frequently you do not convert all the history. And so I

14 guess my question would be what are the uses of the

15 historical data, and as part of this evaluation project

16 are we considering how we might, you know, spit off a CD

17 off the Legacy System or something so that you could -- I

18 mean, how often do we need that historical data either for

19 the Legislature or whatever.

20   MR. GAINES: And since I've kind of been working

21 on that a little bit I might be the best person to

22 respond. That is what we're working on. How often is

23 this information requested? That's one of the common

24 reasons we need it. Well, because Legislatures ask for

1 it. Well, how often do they ask for it? What's involved

2 to do it manually?

3   MS. ANDERSON: Right.

4   MR. GAINES: Is -- which Legislature maybe is a

5 relevant question.

6   MS. ANDERSON: Right.

7   MR. GAINES: So --

8   MR. CARRINGTON: How far do you go?

9   MR. GAINES: But probably not. But that's a

10 common response to why we need to go back. Another reason

11 being for any open properties that are currently in the

12 affordability period that maybe extend since the inception

13 of the program for a number of years, as you know. Any of

14 the properties that are under affordability period

15 compliance division feels like they need to go back and

16 get that data entered as far as the property owners, the

17 types of properties, the set aside requirements -- that

18 kind of information for their compliance testing going

19 forward.

20   In those instances maybe we can zero in on

21 particular fields to go all the way back for. We've

22 discussed -- as you were suggesting, Hey, this is what

23 we're entering, kind of where we're at today -- open

24 contracts -- going forward with that. And then as we need

1 this additional information on a particular project that

2 we're doing a compliance review on -- as we need this

3 information go back and pick it up.

4   Another circumstance is HOME is planning on

5 addressing unexpired contracts. That doesn't necessarily

6 mean closed contracts. So there's some closed contracts

7 back in history. Well, maybe an answer and alternative is

8 to, as we close a contract, enter that relevant data for

9 that contract. So we're looking at all that.

10   MS. ANDERSON: As you look at cost benefit I

11 think you have to consider not only the cost benefit --

12 you know, providing information to the Legislature or

13 whoever needs it -- but also the costs associated with the

14 distraction of putting all that historical data in and

15 what impact does that have on other priorities at the

16 agency, whether it's, you know, the future modules that we

17 haven't started defining functional requirements for.

18   And I know you're faced with a dilemma, but I

19 would -- and I trust your judgment and that of your

20 colleagues to be -- to do what we need to do, but to be

21 very practical in how we do it. Because if we devote a

22 lot of resources to doing a lot of historical information

23 that's only rarely used, for example, it's going to divert

24 you from things that -- from completion of the rest of

1 this effort that's so important to our future.

2   MR. GAINES: Where I'm at right now is having

3 the cross-cutting areas that want to go all the way back

4 convince me, number one, it's necessary. And, number two,

5 I'm not going to trust my judgment, because if they

6 convince me then I'm going to bring it to the executive

7 director and possibly go in and say, This is what it's

8 going to take; here's the cost going all the way back --

9 and make sure we're all on the same page in that respect.

10   MR. GONZALEZ: Good point.

11   MR. GAINES: Okay. Any questions on the Fund

12 Allocation Contract module? (No response.) The only

13 other thing I wanted to point out was the Status of Funds

14 Report. The only significant changes there are additional

15 expenditures. Since the September report about $32,000

16 relating to the business analysts and contract

17 programmers -- we've extended their contracts. That's

18 reflected in that status report.

19   I'm on the verge of rushing through this

20 because I recognize where I'm at. So please at this

21 point -- that was a very rushed overview of the status

22 report, and I'll continue to try to be brief. So please

23 slow me down if you'd like to get into greater details as

24 we go forward on this.

1   The next agenda item is the construction

2 inspection fees after you get past all this detail I've

3 referred to. And on the construction inspection fees

4 project where we're currently at right now is I'd like to

5 bring your attention to that $100,000 figure -- 100,126.

6   This is the net inspection fees paid by the

7 Department in excess of amounts reimbursed to the

8 Department, so a potential receivable of that amount. And

9 the reason I say potential will become more obvious just

10 as I go into the recap that's at the bottom of the page.

11   The $203,000 figure reflects inspection fees

12 paid to -- by the Department in excess of the amounts

13 reimbursed for 109 projects. We've gone through and

14 identified that detail -- identified 109 projects where it

15 looks like we paid inspection fees but we haven't been

16 reimbursed.

17   The other side of that coin is the 103,000

18 figure, which is reimbursements to the Department in

19 excess of inspection fees paid. And we have that again by

20 project. We'll be real surprised if people have given us

21 $103,000.

22   So what needs to happen is, for each of these

23 projects, Department staff needs to go back and

24 investigate the details supporting each of those. And I

1 suspect many of these overpayments that it currently

2 appears to be are merely instances where we misapplied the

3 funds and we need to apply it to those projects that look

4 like they've underpaid. Having said that, there may be a

5 net receivable balance that either is outstanding billings

6 or amounts still to be billed of right at $100,000.

7 In summary, the footnotes at the bottom of the

8 page is where I believe the Department staff needs to be

9 spending their time.

10 Okay. The next agenda item is the summary of

11 prior audit issues. The last three pages of this

12 represents five prior audit issues that were reported to

13 the board at the last meeting as being implemented. And I

14 just want to start bringing those to the attention of the

15 board. They kind of get lost in the monthly

16 presentations, so each month I'll kind of refer to those

17 that we resolved the previous month.

18 And then the first ten pages of the report

19 relates to the current outstanding issues. There's 20

20 issues being presented here. Four of these are being

21 reported as implemented; 16 are in the process of being

22 implemented.

23 Of the 16 issues being reported as in progress,

24 six of the issues relate to HUD/HOME monitoring visit --

1 the HUD/HOME monitoring visit in November '01. This

2 begins with Issue 253 on page 3 of 10 and goes through the

3 first issue of page 7 of 10, Issue 216.

4   Since the last board meeting management's

5 provided HUD with a comprehensive response on the status

6 of these issues. They've spent a significant effort in

7 addressing those HUD issues, as well as the KPMG soft cost

8 issue, which is Issue 268 on page 10 of 10, and a program

9 income issue that HUD has brought to our attention that's

10 not reflected in this report. It wasn't so much an audit,

11 so I don't have it presented here.

12   But for each of these issues the Department

13 reiterated and summarized all the formal communications to

14 date between Department and HUD, has made reference to the

15 documentation previously provided and considerations

16 previously provided to HUD, provided the current status of

17 each of these issues, and provided HUD the planned

18 strategies that the Department has on resolving the

19 remaining issues.

20   As you can see considerable documentation was

21 provided supporting actions taken to date. The status

22 update communicated that the Department was in general

23 agreement with the findings and is proceeding with the

24 proposed corrective actions except in one instance. And

1 that relates to issue reference 253 on page 3 of 10.

2   You will note that -- on your summary there

3 that HUD commented with -- providing adequate monitoring

4 and oversight of the processing and construction

5 activities in accordance with the applicable HOME

6 requirements and that the properties assisted by several

7 of the HOME activities -- that those properties have

8 insufficient or no documentation that they're in

9 compliance with that standards and code requirements.

10   HUD's corrective action included reinspecting

11 all units assisted since 1998 through present from the

12 HOME funds with this subrecipient. The Department

13 disagreed with this assessment and contends that HUD's

14 monitoring and sampling techniques were faulty and not

15 representative of the type and quality of the projects

16 developed by the sub-recipient and that HUD did not review

17 the complete files.

18   Based on the Department staff they went on site

19 to this sub-recipient and conducted followup reviews of

20 the same 23 files HUD looked at plus an additional 120

21 files. An inspection form -- the form that seems to be

22 lacking was available for each file.

23   This documentation was provided by HUD by the

24 Department -- provided to HUD by the Department in the

 1 July 2002 letter. And we still have not had a response

 2 from HUD. This was reiterated again in the most current

 3 communique. We need to hear back from HUD on the

 4 acceptability of this.

 5   But based on these results and conclusions the

 6 Department doesn't believe that the best use of the

 7 Department's resources is to reinspect all property since

 8 1998. This represents approximately 1,400 units --

 9 1,426 -- and estimates the staff time and cost would be

10 $386,000.

11   Additionally, given the lapse in time since a

12 lot of these projects were worked on, if you will,

13 depending on the activity, the Department contends that

14 it's unrealistic to be able to even expect to be able to

15 get into these units. And, of course, there's

16 deterioration that may have occurred since the original

17 inspections as well.

18   So, instead, the Department is proposing that

19 it reinspect an additional 7.5 percent of the sample

20 properties, where that would be another 108 properties, to

21 provide additional assurance that the property standards

22 have been met. And the Department expects that these

23 reinspections will extend into June 2003. We'll see how

24 HUD responds to that.

1   The balance of the issues the Department was in

2 general agreement with. I'd intended on just commenting

3 to that effect and touching on a couple of highlights,

4 which I can still touch on if you'd like, or we can

5 proceed. I'm not sure what we have going this morning,

6 but -- let me -- I'll go ahead and proceed because this is

7 just a moment.

8   Issue 256 on page 5 of 10 -- you'll notice that

9 $45,000 has been returned in questioned costs relating to

10 this issue. The project files reviewed by the Department

11 staff on the remaining applicants were all determined to

12 be eligible. The balance of the contract has been

13 terminated in this case because of low activity relating

14 to the -- to this HOME activity.

15   The Department's moving forward and amending

16 the LURAs as discussed on 258, page 6 of 10 -- moving

17 forward on amending those LURAs and the inappropriate

18 provision that slipped into them.

19   They're also in the process of reviewing

20 compliance with the Model Energy Code and accessibility

21 requirements discussed in issue 260 on page 7 of 10.

22   And the reason I wanted to rush through this

23 was because the soft cost issue discussed on reference --

24 at reference 268 on page 10 of 10 has been a difficult one

1 that we need to be spending probably more time with on

2 this.

3   There's considerable disagreement about the

4 very levels of documentation necessary to support soft

5 costs. And the Department's trying to arrive at a

6 conclusion regarding what is acceptable.

7   HUD's corrective action requires that we

8 support all program costs incurred for 1999, 2000, 2001.

9 And this could certainly be a significant effort trying to

10 document that and possibly a significant liability to the

11 extent the Department's not able to document it. I had no

12 further comments on the HUD issues.

13   But Beth might though -- Ms. Anderson.

14   MS. ANDERSON: Mr. Chairman, let's talk about

15 this one just a little bit more because of the, you know,

16 large dollar amount and implications of that involved.

17   So we have done -- if I read this status

18 correctly we've done some research and given that to HUD

19 in that rather massive response there. Are we trying to

20 give them a sample of the -- what we call research here,

21 which I think is documentation, to see if they will accept

22 that as sufficient before we try to go and provide similar

23 documentation for all the -- for the rest of the -- are we

24 trying to sort of see what they'll -- you know, what they

1 find acceptable so that we don't spend a lot of time

2 churning up a bunch of research and then they throw it all

3 out? Is that sort of the strategy?

4   MS. CARRINGTON: Yes.

5   MR. GAINES: We've provided documentation to HUD

6 of different types of documentation we receive in support

7 of soft costs.

8   MS. ANDERSON: Okay.

9   MR. GAINES: I believe that we may be a little

10 bit short of saying, This is what we propose to you, HUD,

11 as being an acceptable minimum level; do you agree? And I

12 think we kind of need that so we'll know what level of

13 documentation to pursue in documenting the remaining soft

14 costs.

15   MS. CARRINGTON: We have been in discussions

16 with them. We have not reached resolution.

17   MS. ANDERSON: Okay.

18   MS. CARRINGTON: And I think David is correct in

19 that we have not gotten to the point where we've said,

20 Okay, this is what we're going to give you; is this

21 acceptable?

22   MS. ANDERSON: Okay.

23   MS. CARRINGTON: We do have some meetings coming

24 up with HUD where this will be one of the issues. So we

1 will be continuing to address them.

2   MR. GAINES: On the remaining issues the plans

3 and target dates have remained fairly consistent over the

4 last couple of reporting periods to you with just a couple

5 of exceptions.

6   Issue reference 266 on page 9 of 10 -- related

7 to some need to develop policies and procedures for the

8 periodic review of the delinquent program loans, the

9 related collection efforts, and criterion to be met for

10 writing off loan balances.

11   Apparently this has been a little difficult due

12 to the various need of the programs that loan

13 administration services loans for. I understand they're

14 working with the program areas to identify under what

15 conditions we'll take what actions. And this target date

16 has been extended to February 2003.

17   Issue reference 277 on page 10 of 10 relates to

18 strengthening the USPS access controls. USPS is the

19 statewide payroll system used by the Department. And

20 while access has been restricted to provide greater

21 control, and, although it's not mentioned in your report

22 there, compensating controls are now being documented.

23 Compensating controls help mitigate the risk associated

24 with this.

 1   They are now being documented and I believe are

 2 actually being conducted in a form during our review.

 3 There just wasn't documentation to hang our hat on. Those

 4 are now being documented. The target date for completion

 5 has been extended to the end of the calendar year to

 6 formalize these processes -- these procedures -- or these

 7 actions in formalized policies -- written policies and

 8 procedures.

 9   So I had no other comments planned unless

10 there's any other concerns you'd like to speak to.

11   MS. ANDERSON: I'd just like to make a comment

12 about David's entire report. I just have to tell you

13 I'm -- and I expect speak for the entire board -- that I'm

14 just so pleasantly amazed and gratified by the obvious

15 progress that's being made in all these areas.

16   You know, the report on the Central Database

17 and the supporting documentation -- the detailed project

18 plans that are in this board book really does give this

19 board a level of detail to have -- and I hope gives the

20 staff a level of detail to have confidence in the target

21 dates that are presented.

22   So, you know, that's very, very fine work.

23 Good work on the deployment plan and beginning to get that

24 nailed down. I think your solution on the Low Tax Credit

1 Housing -- or the contract log -- you know, from what I've

2 read about that -- makes sense and it gave you a solution

3 to that, you know, in probably a more timely fashion and

4 in a way that's workable for the people that use that log.

5   So I just want to applaud David. I know you,

6 and the functional user team, and the technical team --

7   MR. GAINES: Of course, a lot of them are here

8 today -- the leadership of the team -- of the team --

9   MS. ANDERSON: That's right.

10   MR. GAINES: -- the project team, our

11 functional team sitting scattered throughout --

12   MS. ANDERSON: Right.

13   MR. GAINES: -- so they've all been --

14   MS. ANDERSON: You all have clearly made a

15 tremendous amount of progress on a, you know, very complex

16 undertaking that we're undertaking.

17   The only question I have in that area is, on

18 the Low Income Tax Credit data input, which is this

19 massive, you know, data input task, have we -- and, you

20 know, have we given any thought to, even before April the

21 first, trying to sort of pilot some entries so that we can

22 validate the basis of estimate?

23   MR. GAINES: Actually, we have people working on

24 it right now.

1   MS. ANDERSON: Okay.

2   MR. GAINES: Isn't that correct? Is that right.

3 We have had -- I don't even know if it's called pilot.

4 Once we find a person available for a day or two --

5   MS. ANDERSON: Right.

6   MR. GAINES: -- they're entering projects.

7   MS. ANDERSON: So that we can get a sense, does

8 it take a half a day per development or --

9   MR. GAINES: And there's been -- depending on

10 the file we were comfortable with half day. Since that

11 someone has said, Gosh, you know, it's taking this person

12 a day each on three files, you know. And then we're

13 back -- you know, we're hoping with experience --

14   MS. ANDERSON: Right.

15   MR. GAINES: -- we'll get that at least within

16 a half a day.

17   MS. ANDERSON: Well, anyway, just I think the

18 redefinition of scope around the -- you know, what's

19 external deployment in the compliance module, what's, you

20 know, external deployment, you know, versus readiness.

21   MR. GAINES: Right.

22   MS. ANDERSON: Yes, I think those are good

23 changes, too. And I just -- moving through, good report

24 on the inspections fees -- obviously hard work by staff.

1 And I think a show of good faith on the part of the

2 development community that our collections have been as

3 successful as they've been.

4   And the audit issues -- of course, we love it

5 when the outstanding list is going down and the resolved

6 implemented items is moving up. So just --

7   MR. GAINES: Yes, ma'am.

8   MS. ANDERSON: -- I know it takes a lot of

9 people to make all that happen. But it's just another

10 indicator that the agency's on the right track.

11   MR. GAINES: And at the next meeting I'll have

12 the pleasure of introducing my newest professional staff

13 member that's coming on Monday.

14   MR. GONZALEZ: Good job.

15   MR. GAINES: Thank you.

16   MR. GONZALEZ: Any other issues? (No response.)

17 If not, I'll entertain a motion to adjourn.

18   MS. ANDERSON: So moved.

19   MR. BOGANY: Second.

20   MR. GONZALEZ: Second. The motion is seconded.

21 All those in favor?

22   (A chorus of ayes.)

23   MR. GONZALEZ: Audit Committee meeting is

24 adjourned.

1   (Whereupon, at 9:15 a.m., the meeting was

2   concluded.)

1   C E R T I F I C A T E

2

3   MEETING OF: Texas Department of Housing and Community

4   Affairs Audit Committee

5   LOCATION: Austin, Texas

6   DATE: November 14, 2002

7   I do hereby certify that the foregoing pages,

8   numbers 1 through 32, inclusive, are the true, accurate,

9   and complete transcript prepared from the verbal recording

10   made by electronic recording by Sunny Peer before the

11   Texas Department of Housing and Community Affairs.
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18   (Transcriber)   (Date)
19
20   On the Record Reporting, Inc.
21   3307 Northland, Suite 315
22   Austin, Texas 78731
23