

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

AUDIT COMMITTEE MEETING

9:00 a.m.  
Thursday,  
July 25, 2010

Capitol Extension Auditorium  
Capitol Extension  
1500 North Congress  
Austin, Texas

MEMBERS PRESENT:

LESLIE BINGHAM ESCAREÑO, Chair  
TOM GANN  
MARK McWATTERS

STAFF PRESENT:

TIM IRVINE, Executive Director  
SANDY DONOHO, Director, Internal Audit

AGENDA

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P R O C E E D I N G S

1  
2 MS. BINGHAM ESCAREÑO: Good morning. Welcome  
3 to the Audit Committee of the Texas Department of Housing  
4 and Community Affairs. We will start with roll call. Mr.  
5 Gann?

6 MR. GANN: Here.

7 MS. BINGHAM ESCAREÑO: Mr. McWatters.

8 MR. McWATTERS: Here.

9 MS. BINGHAM ESCAREÑO: Welcome, Mr. McWatters.  
10 Glad to have you on the Committee.

11 MR. McWATTERS: Thank you.

12 MS. BINGHAM ESCAREÑO: I am here. And we'll go  
13 ahead and get started with the agenda. I think the first  
14 item on the agenda is the presentation and discussion of  
15 the minutes from the January meeting.

16 MS. DONOHO: Good morning, Madam Chair,  
17 Committee members. For the record, I am Sandy Donoho,  
18 Director of Internal Audit. Item 1 is presentation,  
19 discussion and action on the Audit Committee minutes for  
20 January 17, 2013. The minutes are in your Board book.  
21 Are there any questions regarding the minutes?

22 (No response.)

23 MS. BINGHAM ESCAREÑO: Does anybody have any  
24 questions about the minutes?

25 (No response.)

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

3 MR. GANN: I so move.

4 MR. McWATTERS: Second.

5 MS. BINGHAM ESCAREÑO: Okay. Mr. Gann moves,  
6 Mr. McWatters second. All those in favor?

7 (Chorus of ayes.)

8 MS. BINGHAM ESCAREÑO: Opposed?

9 (No response.)

10 MS. BINGHAM ESCAREÑO: The motion carries. All  
11 right. Item 2, presentation, discussion and possible  
12 action on the status of the Internal Audit work plan for  
13 FY 2013.

14 MS. DONOHO: Okay. Looking at the table under  
15 Item 2, in your Audit Committee book, we have six audits  
16 on this year's work plan. Four of these are complete.

17 We are writing a report on the compliance audit  
18 as well, and we hope to brief you on that at the September  
19 Audit Committee meeting. The final project, which is loan  
20 processing just started field work last week.

21 We will talk about two recent Internal Audit  
22 reports under Agenda Item 3. We are also working on our  
23 annual risk assessment, used to develop our 2014 Audit  
24 work plan. We have completed all of the non-audit  
25 projects on this year's plan also, except for one, which

1 we will talk about shortly.

2 In addition, our Internal Audit report will be  
3 submitted in November as required. The one non-audit  
4 project on our 2013 plan we can't complete is the  
5 consolidation of the Enterprise Risk Management process  
6 with the risk assessment process that Internal Audit uses  
7 to develop our annual work plan.

8 This project required us to coordinate and work  
9 with the Information Systems Division, who are the owners  
10 of the Enterprise Risk Management process. Due to several  
11 unexpected resignations and retirements from Information  
12 Systems, Curtis Howell, who is the director, and I decided  
13 that this project is not feasible this year.

14 Curtis simply doesn't have the time. As you  
15 can imagine, interviewing, hiring and training these staff  
16 is taking a lot of his time.

17 So the Fraud, Waste and Abuse complaints we  
18 have received this year have taken longer to resolve than  
19 we anticipated. And at this point, we are about 79 hours  
20 over on Fraud, Waste and Abuse complaints.

21 So instead of doing the Enterprise Risk  
22 Management project, we would like to move those 175 hours  
23 to the tracking, follow up and disposal of fraud  
24 complaints. And that is the staff recommendation. Are  
25 there any questions?

1 MS. BINGHAM ESCAREÑO: Do you have any  
2 questions about the recommendation?

3 (No response.)

4 MS. BINGHAM ESCAREÑO: I am comfortable with  
5 that. Okay. We'll take -- I need a motion on that item.  
6 I will entertain a motion.

7 MR. GANN: I will move staff recommendation as  
8 presented.

9 MR. McWATTERS: Second.

10 MS. BINGHAM ESCAREÑO: Motion by Mr. Gann,  
11 second by Dr. McWatters. Any further discussion?

12 (No response.)

13 MS. BINGHAM ESCAREÑO: All those in favor, aye?

14 (Chorus of ayes.)

15 MS. BINGHAM ESCAREÑO: Opposed?

16 (No response.)

17 MS. BINGHAM ESCAREÑO: The motion carries.

18 Thank you. Sandy, Item 3. Presentation, discussion of  
19 our recent Internal Audit reports.

20 MS. DONOHO: Okay. We have two Internal Audit  
21 reports that I want to talk about today. The first one is  
22 an Internal Audit of the Bond Finance Division's transfers  
23 to the Housing Trust Fund.

24 Chapter 2306, Sections 204 to 205 of the Texas  
25 Government Code requires the Department to transfer a

1 portion of any excess funds from the Bond program to help  
2 fund the Housing Trust Fund. The statute includes a  
3 formula to calculate the amount of the transfer.

4 However, since at least fiscal year 2000, this  
5 calculation has not been performed according to the  
6 statute. Specifically, the statute requires the highest  
7 rated bonds be excluded from the calculation, and all  
8 other bonds be included.

9 Instead, the Division calculated the amount of  
10 any potential transfers. And they did this based on  
11 guidance that they received from Moody's Investor Service  
12 in 2001. This resulted in all of the bonds being included  
13 in the calculation, regardless of their rating.

14 We calculated the transfer amounts, using the  
15 methodology outlined in the statute and determined that as  
16 much as an additional \$5.5 million could have transferred  
17 from the Housing Trust Fund between 2000 and 2002.  
18 However, there may never be additional funds available to  
19 transfer to the Housing Trust Fund because the large  
20 amount of the Department's multifamily bonds adversely  
21 affects this calculation.

22 Also, the majority of the unencumbered funds  
23 are subject to the terms of the bond indentures, which  
24 required the Department to meet certain conditions before  
25 the funds can be transferred to other programs. It is

1 important to note that during this time period, that the  
2 Bond Division reported that they transferred 12.9 million  
3 from the Bond program to other housing programs, outside  
4 of the transfers required by this statute.

5 Management indicated that they believed the  
6 annual calculation of the unencumbered fund balance upon  
7 which the transfer amount is based should exclude the  
8 amounts tied to the bond indentures. However, the statute  
9 doesn't define unencumbered fund, nor does it provide  
10 guidance on how to calculate the unencumbered fund  
11 balance.

12 The unencumbered fund balance is audited  
13 annually by our external auditors, according to the  
14 methodology determined by the Department. As a result, we  
15 didn't recalculate the unencumbered fund balances using  
16 the new interpretation.

17 In addition to recommending the Division revise  
18 their methodology so that future calculations follow the  
19 requirements of the statute, they should develop a written  
20 policy regarding how the calculation should be performed.

21 I think management was generally in agreement with the  
22 findings, and they indicated that they intend to implement  
23 the recommendations that we made. Are there any questions  
24 regarding this report?

25 MR. GANN: Did you get a time line on when you

1 might get that information?

2 MS. DONOHO: I believe that they were planning  
3 on implementing it by August, I think. Mr. Irvine?

4 MR. IRVINE: Tim Irvine, Executive Director.  
5 We are in the process of finalizing an updated standard  
6 operating procedure. We will have it in place here within  
7 the next few days, hopefully.

8 We have been in discussions with the SAO folks  
9 that are performing our annual audit. The new methodology  
10 will be employed in that audit. I would just like to  
11 clarify that it is staff's position that the funds,  
12 including cash that reside within and subject to an  
13 indenture are by definition encumbered.

14 MS. DONOHO: And that will be reflected in the  
15 policy.

16 MR. IRVINE: That is correct. Yes. We view  
17 this really as a requirement that you identify all of your  
18 cash funds.

19 You look at those that are encumbered, such as  
20 those that are indentured or those that are already  
21 programmed or set-aside by the Board action as reserves,  
22 or you know, already put into the trust fund or whatever.

23 Then if you have residual available cash, that be moved  
24 to the Trust Fund.

25 MS. BINGHAM ESCAREÑO: Any questions for Mr.

1 Irvine?

2 (No response.)

3 MS. BINGHAM ESCAREÑO: Any other questions in  
4 general on the item?

5 (No response.)

6 MS. DONOHO: The second audit is an internal  
7 audit of asset management. Asset management is a newly  
8 created division. They oversee the development  
9 performance for all multifamily properties, and they  
10 perform collections on single family accounts.

11 Asset management provides oversight of  
12 development performance in order to minimize the  
13 Department's risk. Their oversight includes performing a  
14 variety of activities, such as processing cost  
15 certifications, analyzing financial information, working  
16 with troubled properties and delinquent borrowers to  
17 return them to good standing with the Department.

18 Asset management monitors and processes all  
19 post carryover activities for developments involving  
20 housing tax credits, HOME funds, Housing Trust Funds, and  
21 Neighborhood Stabilization Program funds. We evaluated  
22 the performance of selected asset management activities,  
23 and we found that asset management effectively performs  
24 their assigned duties, but there are, I think small  
25 opportunities to improve consistency.

1           Asset management performs the financial  
2 analysis when processing ownership transfer requests. The  
3 analysis is a high level overview of a borrowers financial  
4 statements.

5           These analyses are generally performed and  
6 communicated to management as required, but they are not  
7 always performed in a consistent manner. And I think that  
8 is because the criteria that they use to perform them are  
9 not specific enough. In addition, they had procedures for  
10 this process that were in draft form and were not  
11 finalized, when we did the audit.

12           We attempted to determine the timeliness of the  
13 cost certifications that are completed prior to the  
14 issuance of IRS Form 8609 to developers for the tax credit  
15 program. Although the cost certifications are processed  
16 accurately and completely in our opinion, the data is not  
17 readily available to determine timeliness, because asset  
18 management does not consistently document the request or  
19 the receipt of additional information needed for  
20 processing cost certifications.

21           Sometimes, the information that comes in isn't  
22 complete, and they ask for additional information, which  
23 sort of stops the clock. But they don't always know why  
24 this clock is stopped, or when it starts back up. And so,  
25 we weren't able to look at timeliness.

1           Rather than developing their own policies and  
2 procedures, they are using guidance developed for  
3 divisions previously charged with these tasks. They have  
4 developed some policies and procedures of their own, but  
5 they haven't finalized them. Enhancing their policies,  
6 procedures and processes, I think, will help increase  
7 their consistency and enable them to better track their  
8 performance.

9           Management agrees with our recommendations.  
10 They have indicated they were working to implement the  
11 recommendations in the report. And I believe that they  
12 have reported to us that they have implemented them all.  
13 Are there any questions regarding this report?

14           (No response.)

15           MS. BINGHAM ESCAREÑO: Are there any comments  
16 on this report?

17           (No response.)

18           MS. BINGHAM ESCAREÑO: Mr. Irvine, do you have  
19 anything to add?

20           (No response.)

21           MS. BINGHAM ESCAREÑO: We will move on to Item  
22 4, then. I don't think that one requires action. Item 4,  
23 presentation and discussion of the status of our external  
24 audits.

25           MS. DONOHO: We have had ten external audits or

1 monitoring visits scheduled or completed during the  
2 current fiscal year. That is about average for this point  
3 in the year.

4 One of these reports we discussed at the  
5 January Audit Committee meeting. We received reports on  
6 six more of these visits since then, and we are awaiting  
7 final reports on three more visits that were recently  
8 completed.

9 In addition, we received two other reports for  
10 monitoring reviews completed in fiscal years 2011 and  
11 2012. The details of these eight reports, we will talk  
12 about under Agenda Item 5.

13 We have two other old reports from 2011 and  
14 2012 that I hope to be able to discuss with you at the  
15 next Audit Committee meeting. Are there any questions on  
16 the status of external audits?

17 MS. BINGHAM ESCAREÑO: Do we have any questions  
18 on the status of external audits?

19 (No response.)

20 MS. BINGHAM ESCAREÑO: Any comments? Mr.  
21 Irvine?

22 MR. IRVINE: No.

23 MS. BINGHAM ESCAREÑO: Okay. Great. Okay.

24 Thank you, Sandy. We will move on then to Item 5.

25 Presentation and discussion of our recent external audit

1 reports.

2 MS. DONOHO: As I have just mentioned there  
3 were eight external audit or monitoring reports that we  
4 have received since we last met. Six of these are from  
5 this fiscal year, and two are carry-overs from previous  
6 years. So, I will go through these pretty quickly. None  
7 of them are very lengthy.

8 The first one is the Statewide Single Audit,  
9 which is an audit that is performed every years. It is  
10 the SAOs audit that KPMG performs it as a contractor.  
11 They had no findings for the Department. So that is good  
12 news.

13 The second one is the Section 8 program's use  
14 of criminal history records information. The Section 8  
15 program performs criminal background checks on program  
16 participants as the required.

17 So this was an audit by the Department of  
18 Public Safety, who maintains the criminal history systems  
19 used to perform these background checks. They also had no  
20 findings from their review.

21 DOE onsite monitoring of the Weatherization  
22 Assistance Program. DOE conducted an onsite monitoring of  
23 the Department in February, and they visited combined  
24 community action agency in Giddings. They had no findings  
25 or concerns.

1           We also recently received a draft on another  
2 DOE report that we will talk about next time. It also had  
3 no findings or concerns. So I think that program seems to  
4 be doing well, these days.

5           National Foreclosure Mitigation Counseling  
6 Program, Rounds 4 and 5. Mayor Hoffman and McCann PC,  
7 under contract with Neighborworks conducted a quality  
8 control and compliance review of two of the Department's  
9 subrecipients under Round 4 and 5 of the National  
10 Foreclosure Mitigation Counseling Program. That is a  
11 mouthful.

12           These reviews were performed in 2012, and one  
13 of them, which was North Texas Housing Coalition, we  
14 talked about in September, at our Audit Committee meeting.

15           The second review, which was Austin Habitat for Humanity  
16 was recently closed down.

17           This review found that due to a conflict of  
18 interest at the subrecipient level, there were 20 clients  
19 that were ineligible. The associated funds totaled  
20 \$8,191.50. They were deobligated. And \$2,825 in costs  
21 for removal of the ineligible records were repaid to  
22 Neighborworks.

23           Austin Habitat for Humanity reimbursed the  
24 Department for these amounts. And consequently, the  
25 auditors stated that the findings for this review were

1 cured and closed.

2 DOE, OIG monitoring of the Weatherization  
3 program. Lanny Elco and Company, CPA, under contract with  
4 the Department of Energy, Office of Inspector General  
5 reviewed the ARRA Weatherization Assistance Program at  
6 Travis County Health and Human Services and Veterans  
7 Services program for April 2009 through June 2011.

8 They completed this field work in August of  
9 2011. The final report was received by the Department in  
10 April of 2013. This makes all of the rest of us auditors  
11 feel good about the timeliness of our reports.

12 This audit identified two findings. Travis  
13 County didn't have procedures in place to ensure  
14 compliance with federal requirements that prohibit use of  
15 federal funds to weatherize dwellings designated for  
16 acquisition or clearance by a federal, state or local  
17 program within twelve months from the date of the  
18 weatherization. As a result of this finding, Travis  
19 County developed a disclosure form and implemented it in  
20 February of 2013.

21 There were also signatures that denote  
22 authorization and/or approval of weatherization services  
23 that were missing. And two additional client files were  
24 missing key documentation, such as invoices or final  
25 inspection reports.

1           The missing documents were stored elsewhere,  
2 and were later provided to the auditors. But they  
3 mentioned that they didn't find them the first time they  
4 looked.

5           They also conducted an audit of the Alamo Area  
6 Council of Government during this same time period; August  
7 2011. We recently received a draft report on that, and  
8 hope to talk to you about it at the next Audit Committee  
9 meeting.

10           MS. BINGHAM ESCAREÑO: Wow.

11           MS. DONOHO: HUD Section 8 Management  
12 Assessment Program, C-MAP review. HUD conducts an annual  
13 review of the Section 8 program. And they calculate an  
14 overall score, based on various factors that they measure  
15 and evaluate.

16           This year, the Department scored a 100, and was  
17 designated as a high performer. So good news for the  
18 Section 8 program.

19           The State Auditor's Office did a statement of  
20 auditing standards 119, review of the HUD re-aq, which is  
21 a real estate assessment center data. The State Auditor's  
22 Office compared and reconciled data from the Department's  
23 financial data schedules to the accounting records used to  
24 prepare our financial statements, and to the financial  
25 statements themselves.

1           These stated that the financial data schedule  
2 was fairly stated, in all material respects, in relation  
3 to the financial statements as a whole. This work is  
4 performed as part of the Department's required submission  
5 of data to HUD for the Section 8 program that occurs in  
6 August. This was some agreed upon procedures that they  
7 did under contract with the Department.

8           The final one is the National Foreclosure  
9 Mitigation Counseling Program Round 6. They had no  
10 findings and no further action was required from the  
11 department on that one. So most of these reports, I  
12 think, or probably all of them are good news. Are there  
13 any questions regarding any of these reports?

14           MS. BINGHAM ESCAREÑO: Committee members, do  
15 you have any questions regarding these?

16           (No response.)

17           MS. BINGHAM ESCAREÑO: Any comments?

18           (No response.)

19           MS. BINGHAM ESCAREÑO: Well, you make it sound  
20 so easy. And those are some pretty significant audits.  
21 And the fact that there were little to no significant  
22 findings is really, I think, a testimony to the good work  
23 of the staff, and all of the divisions. So  
24 congratulations to the Department, and all of the  
25 divisions.

1 I know it is time consuming. I am sure you are  
2 just anxiously awaiting that A-COG report back from 2011,  
3 that we finally got in draft form. So, great. Any other  
4 questions on that item?

5 (No response.)

6 MS. BINGHAM ESCAREÑO: If not, we will move on  
7 to Item 6. Presentation and discussion of the status of  
8 prior audit issues.

9 MS. DONOHO: We are currently tracking 35 prior  
10 audit issues. And this is the time when I always remind  
11 everybody that when I started at the Department, I had 457  
12 of these.

13 Thirty issues were recently reported by  
14 management as implemented, and are reflected on the list  
15 that is in your Board book. These issues are all from the  
16 last year, or so.

17 We are going to verify and close these issues,  
18 once we have reviewed the supporting documentation. We  
19 generally try to do that at the end of the fiscal year.  
20 And we have already started working on these.

21 So hopefully, the 30 that have been reported as  
22 implemented will be cleared out, and go away in time for  
23 the start of the fiscal year. As a reminder, at a prior  
24 Audit Committee meeting, we determined that the NSP  
25 issues, the Neighborhood Stabilization Program could be

1 closed when the program reaches its expenditure deadline,  
2 which was extended to August 18, 2013.

3 Of the 30 implemented issues, 15 were for the  
4 Neighborhood Stabilization Program. Five are for the HOME  
5 multifamily program. Four for financial administration.  
6 Four for homeless housing and services, and two for  
7 community affairs.

8 There are five issues that are still pending,  
9 and they are reflected on the attached list. We will  
10 verify and close these issues once they are reported to us  
11 as implemented.

12 Of these, three are for multifamily finance.  
13 They are from a HUD monitoring in August 2012, related to  
14 the Uniform Relocation Act requirements. One is for the  
15 Neighborhood Stabilization Program from a HUD OIG report.

16 And it is related to meeting program requirements as  
17 well. And one is for the Compliance Division. It is  
18 from an August 2012 HUD monitoring. The same one that the  
19 multifamily ones are from. It is related to Sterling  
20 multifamily projects currently in asset management. Are  
21 there any questions regarding our prior audit issues?

22 (No response.)

23 MS. BINGHAM ESCAREÑO: Do the Committee members  
24 have any questions on prior audit issues?

25 (No response.)

1 MS. BINGHAM ESCAREÑO: Any comments?

2 (No response.)

3 MS. BINGHAM ESCAREÑO: Okay. Thank you. All  
4 right. Final item, Item 7 is presentation and discussion  
5 of the status of the Fraud, Waste and Abuse Hotline and  
6 any other fraud complaints.

7 MS. DONOHO: In fiscal year 2013, up to July  
8 15th of this year, Internal Audit received 75 fraud  
9 complaints. That is probably about average.

10 But some of them took a little more time this  
11 year than in previous years. Of these, 56 were received  
12 on our hotline. Nineteen were received from other  
13 sources.

14 Of our hotline calls, eleven were related to  
15 the Department's programs and staff, and 45 were not  
16 related to the Department's programs or staff. But we  
17 referred these callers to the appropriate agency for  
18 assistance.

19 It takes some time to figure out if a complaint  
20 is one of our developments, one of our Section 8 clients,  
21 something like that. And then, to figure out where we  
22 need to refer these folks if they are not somebody that is  
23 a client of ours, or who lives in a development that we  
24 oversee.

25 Of the 19 complaints that were received from

1 other sources, 16 were related to the Department's  
2 programs and three were not. The sources for the 19  
3 complaints that we got from other sources were nine from  
4 the public, six from Agency staff, two from the State  
5 Auditor's Office. They refer complaints back to us if  
6 they get complaints that are related to our programs.

7 One from a sub-recipient and one that was a  
8 media call, I believe. Forty eight of the 75 complaints  
9 we received were not under the Department's jurisdiction.

10 Twenty seven remaining complaints were resolved as  
11 follows: twelve were closed, eight we determined were  
12 unsubstantiated, six were referred to the State Auditor's  
13 Office or other agencies, other oversight agencies like  
14 DOE-OIG, HUD-OIG.

15 Generally, we will make a referral to both the  
16 State Auditor's Office and the oversight agency. And  
17 there was one pending that we received in April.

18 That is a little different from what is in your  
19 Board book, because we closed two more after the audit  
20 book was posted. Are there any questions regarding the  
21 fraud hotline or fraud complaints?

22 (No response.)

23 MS. BINGHAM ESCAREÑO: Are there any questions  
24 about the fraud hotline from the Committee members?

25

1 (No response.)

2 MS. BINGHAM ESCAREÑO: So there were 75 total  
3 calls that came in, but of those, really only 27 were  
4 relevant to the Department or any of the divisions?

5 MS. DONOHO: Yes, ma'am.

6 MS. BINGHAM ESCAREÑO: And those are all,  
7 either ten of them are closed, the rest of them are in  
8 process somewhere?

9 MS. DONOHO: Right.

10 MS. BINGHAM ESCAREÑO: Any other questions,  
11 comments on that item?

12 Mr. McWatters?

13 MR. McWATTERS: Sandy, of the six that were  
14 referred to the State Auditor's Office, when will we hear  
15 something about those?

16 MS. DONOHO: That is a good question.  
17 Generally, we don't hear anything at all about these  
18 complaints, because they are investigating them, and we  
19 are not privy to that information.

20 So they will issue a letter when they have  
21 either -- generally, when someone, if it is a -- like a  
22 criminal offense, or when a conviction is obtained.  
23 Sometimes, it takes two or three years.

24 We have gotten letters that were long before my  
25 tenure in the Department that they have resolved in the

1 last couple of years. So you know, I got a call yesterday  
2 from HUD-OIG about some disaster recovery complaints that  
3 we made in 2006. So, and those cases are still pending  
4 with the U.S. Attorney's Office. So sometimes, it is  
5 years before we get a resolution on these cases.

6 MR. McWATTERS: Okay. But I assume sometime  
7 along the continuum, we will receive some feedback.

8 MS. DONOHO: Yes.

9 MR. McWATTERS: So we can improve our internal  
10 control procedures?

11 MS. DONOHO: Right. They will send us a letter  
12 saying, here is what happened with this case. If they  
13 close it. Sometimes, those cases sit out there for a long  
14 time. So, and I communicate with them fairly regularly,  
15 and occasionally, they will tell me what is going on with  
16 a particular case.

17 MR. McWATTERS: Thank you.

18 MS. BINGHAM ESCAREÑO: Sandy, so you make notes  
19 on kind of a cumulative log? In other words, those items  
20 that are referred, they stay open until you hear  
21 otherwise?

22 MS. DONOHO: Yes. And we keep a spreadsheet.  
23 And we actually have, in our audit software, we have an  
24 actual audit setup for the fraud complaints. So we have a  
25 spreadsheet for tracking, or actually, two spreadsheets

1 that track either our interim complaints or external  
2 complaints. And we keep track of those.

3 And we have them set up for the last few years,  
4 since I have been here. So you know, even if something  
5 gets resolved from say, 2006, 2007, we can go back and  
6 look it up, and note that. So we do track all of those.

7 MS. BINGHAM ESCAREÑO: We should have known  
8 that your department would audit the fraud log. That is  
9 great.

10 MS. DONOHO: And Betsy Schwing, who works for  
11 me, is the person who handles all of that in addition to  
12 her other duties.

13 MS. BINGHAM ESCAREÑO: Good. Thank you very  
14 much. That concludes all of the posted agenda items.

15 Are there any other questions from the  
16 Committee members?

17 (No response.)

18 MS. BINGHAM ESCAREÑO: Any comments from the  
19 group?

20 (No response.)

21 MS. BINGHAM ESCAREÑO: Then that will conclude  
22 the Audit Committee meeting for today. Thank you very  
23 much.

24 (Whereupon, at 9:25 a.m., the meeting was  
25 concluded.)

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C E R T I F I C A T E

MEETING OF: TDHCA Board Audit Committee

LOCATION: Austin, Texas

DATE: July 25, 2013

I do hereby certify that the foregoing pages, numbers 1 through 26, 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.

\_\_\_\_\_  
(Transcriber) 7/31/2013  
(Date)

On the Record Reporting  
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Austin, Texas 78731