



## COMMISSIONERS COURT COMMUNICATION

AGENDA DATE: May 21, 2012

CONSENT OR REGULAR: Consent

CONTRACT REFERENCE NO  
(IF APPLICABLE): N/A

**SUBJECT:** Approve and authorize a disbursement to the Texas Department of Housing and Community Affairs (TDHCA) of \$48,018.39 in disallowed costs identified in a Monitoring Review of HPRP Contract #12090000697 for \$1,159,351 for Homelessness Prevention Services paid from GASSISTANCE 6761 Contracted Services.

### **BACKGROUND/DISCUSSION OF TOPIC:**

The County's contract with TDHCA for Homelessness Prevention and Rapid Re-Housing Program (HPRP) expired on December 31, 2011. Mr. Gideon Abgoala of TDHCA conducted a monitoring of HPRP Contract #1200000697 beginning on January 23, 2012. On March 2, 2012, the County Judge received a written report on the monitoring. There were three findings in the Report. Finding #2 was a Failure to Perform a Procurement for Services from TVP Non Profit. The value of the services was \$48,018.39, which TDHCA disallowed. On April 4, 2012, County Judge Veronica Escobar provided a detailed response to all the findings. On May 4, 2012, TDHCA resolved Finding #1 and Findings #3A and 3B. TDHCA requested additional information Finding #3C and rejected the County's response on Finding #2. Telephone conferences with Mr. Abgoala on May 11 and with Mr. Abgoala and his supervisors on May 14, 2012 failed to find any way to resolve Finding #2. Despite its best efforts, staff was unable to satisfy TDHCA regarding this issue. Approval of this item allows the County to reimburse this sum and continue to apply for TDHCA funding.

### **FISCAL IMPACT:**

Auditors will transfer funds from GASSISTANCE 6807 TO 6761 to cover this disbursement.

### **PRIOR COMMISSIONERS COURT ACTION (IF ANY):**

Commissioners Court authorized the Department of Family and Community Services to apply for HPRP funds. Upon award, the Court authorized a contract with TDHCA from September 1, 2009 to August 31, 2011. The Court subsequently authorized an amendment to extend the term to December 31, 2011 with an increase of \$204,000 to the original grant amount of \$955,351.

**RECOMMENDATION:** Department recommends approval of this item.

### **COUNTY ATTORNEY APPROVAL**

The attached document has been given legal review by the El Paso County Attorney's Office on behalf of the County of El Paso, its officers, and employees. Said legal review should not be relied upon by any person or entity other than the County of El Paso, its officers, and employees.

COUNTY ATTORNEY: N/A

LEGAL REVIEW:

LEGAL REVIEW NOTES:

DATE:

SUBMITTED BY:

Rosemarv V. Neill, Director

(915) 834-8201



**VERONICA ESCOBAR**

El Paso County Judge

April 4, 2012

**Michael DeYoung**  
Director  
Community Affairs Division  
Texas Department of Housing and Community Affairs  
P. O. Box 13941  
Austin, Texas 78711

Re: Contract Number: 12090000697

Dear Mr. DeYoung:

This letter responds to your communication of March 2, 2012. It contained a report on the monitoring of our Homelessness Prevention and Rapid Re-Housing Program (HPRP). Our contract for \$1,159,351 was from September 1, 2009 to December 31, 2011. Mr. Gideon Abgoala conducted the monitoring beginning January 23, 2012.

I am proud that the County expended 99.27% of the grant amount by December 2011. We were pleased to participate in this homelessness prevention effort. We believe that the expenditure of these funds in our community kept many individuals and families housed during difficult economic times.

The report contained three findings. These findings require corrective action and a written response. Our response follows on subsequent pages. We are eager to resolve these issues in a thoughtful manner. The County enjoys a productive relationship with the Texas Department of Housing and Community Affairs and looks forward to a continuation of that association.

Sincerely,

A handwritten signature in black ink, appearing to read "Veronica", is written over the word "Sincerely,".

Veronica Escobar  
County Judge

## **2011 HPRP Monitoring Report El Paso County Response**

### **Homelessness Prevention and Rapid Re-Housing Program Corrective Actions Required and Recommended Improvements**

#### **Section III. Performance Review**

**Finding #1 Late Monitoring Reports-The County submitted two MER reports after the contractual due date.**

**Action Required-Written assurance that should it receive additional Federal funds, the County will submit any MER or QPR by the contractual requirements.**

The County affirms its intention to submit any Monthly Expenditure Report (MER) or Quarterly Performance Report (QPR) by the contractual requirements. The County's first MER was due December 15, 2009 but the County submitted it on December 23, 2009. This was the County's first report. The QPR was timely but there was miscommunication regarding authorization to submit the MER electronically.

TDHCA sent the password necessary to access the system for an electronic submission to the County Judge. The Judge was not aware that staff was awaiting this information to submit the report. Staff communicated with Mr. KC Ramu December 16, 2009 regarding our unsuccessful efforts to submit the report electronically.

When TDHCA staff notified County staff regarding the need for an Access Request Form, we requested the County Judge's signature authorizing appropriate personnel from our County Auditor's staff to submit this and future reports on a timely basis. Upon submission of the Access Request form, staff was able to submit the information but it was not timely.

For the second event, the County submitted its MER due May 15, 2011 on May 16, 2011. May 15, 2011 was a Sunday. County personnel submitted the report on the following business day, May 16, 2011.

**Finding #2 Failure to Perform a Procurement for Services-The County purchased "Case Management/Housing Search & Placement" services from TVP Non Profit Corporation without a competitive procurement procedure method for a maximum expenditure for small purchase above \$25,000.**

**Action Required-Reimbursement to the Department of \$48,018.39 for failure to complete a competitive procurement process.**

On September 7-8, 2010, Ms. Sunny Sadler, representing TDHCA, held meetings in El Paso to discuss two HPRP projects. One of the projects was the County's project, the subject of this report, and the other was a pilot project with the El Paso Coalition for the Homeless, the International Aids Empowerment, and El Paso MHMR. The meetings over these two days covered a wide array of issues related to both programs.

Because the pilot program was struggling to meet its targets, the Coalition for the Homeless was looking for assistance to increase the program's outcomes. The County agreed to assist by processing financial assistance payment for International Aids Empowerment clients.

Ms. Sadler made recommendations to streamline the County's processing of financial assistance requests. Ms. Sadler was concerned that the County's internal control processes were cumbersome and required too much documentation. After some negotiations, the County agreed to modify some steps in the processing of financial assistance claims to speed up payments.

As part of these negotiations, Ms. Sadler looked at staffing patterns. She authorized El Paso MHMR to fill a vacancy under the pilot program and perform case management for the state's HPRP targeted clients. In addition, she authorized funds in the data collection and evaluation budget line item to hire a new Homeless Management Information System (HMIS) staff member.

Finally, she recommended that the County add an additional case manager to focus on clients who were not part of the target population that needed case management and financial assistance for either homeless assistance or homeless prevention.

Ms. Sadler acknowledged that the County was managing a HPRP grant for the City. She looked at the resources allocated to both grants and suggested intersections where the County could leverage resources. Staff advised Ms. Sadler that the County was working with TVP Non-Profit to enhance its homelessness prevention efforts. The County inquired about contracting with TVP to perform the same kind of duties for its state HPRP.

Ms. Sadler did not present any barriers to such an arrangement. To the County's detriment, it relied on Ms. Sadler's guidance regarding this plan. Ms. Sadler created a hand-drawn schematic that codified the synergy between the County's project, the El Paso Coalition for the Homeless pilot program and the City's HPRP project.

The City selected TVP Non Profit for its Rapid Re-Housing project utilizing all the appropriate steps for this engagement. The City authorized the County to utilize TVP for its homelessness prevention effort. HUD monitored the City's project and there were no findings on the County's performance.

Because there was an urgency to put funds to work, the County believed TVP's expanded role would ensure effective use of both the City and the state's funds to assist

eligible participants. The County shared the scope of this relationship and its proposed benefits with Ms. Sadler during the course and scope of her activities in El Paso.

Ms. Sadler shared information regarding her impending departure from TDHCA. Despite this information, none of the representatives from the various organizations attending the meetings questioned Ms. Sadler's authorization to make these recommendations.

To ensure that there was no miscommunication, Ms. Maria Gamboa, Grant Accountant for the County Auditor, sent an electronic communication to TDHCA staff summarizing Ms. Sadler's recommendations. She concluded her summary with a request that existing TDHCA staff sanction these recommendations.

Ms. Gamboa re-transmitted her communication on September 16, 2010 when she did not receive a response to her initial request. Mr. Stuart Campbell responded on September 21, 2010. Mr. Campbell provided a copy of Ms. Sadler's schematic, described by Mr. Campbell as a flow chart, with his communication. He indicated that it was more important that the partners in the collaborative agree than it was for the state to approve these recommendations.

Mr. Campbell focused attention on recommendation #3 related to the County's documentation process. He observed that the County's safeguards were more than adequate to prevent waste and fraud. He agreed that the proposed changes were acceptable for verifying HPRP eligibility.

Mr. Campbell reiterated the need to expend HPRP funds in a way that satisfied federal and state requirements. Mr. Campbell did not raise the issue of procurement or express any concerns regarding the synergy proposed by Ms. Sadler in the management of the various HPRP projects.

Ms. Gamboa's electronic communication assured a record of the recommendations and ensured TDHCA formal approval of the proposed actions. The state authorized the changes that flowed from these recommendations in subsequent amendments to the contract, which redistributed funds, enhanced funding, and extended the contract term.

The County was meticulous in observing project requirements. Because of the time constraints for this project, TDHCA staff monitored the project through the program's reports. TDHCA staff maintained contact with County staff through electronic communication throughout the grant period.

The County attaches copies of the referenced communication for your review. We believe the copies demonstrate that we communicated with all known TDHCA staff regarding Ms. Sadler's wide-ranging recommendations. None of the staff listed on the electronic communication questioned County staff on its process to enact the recommendations. Indeed, one of the amendments and its revised Exhibit A budget page identifies TVP staff in the Housing Relocation & Stabilization Services line item.

One final point, the County extended its contract with TVP and increased the original contract amount from \$41,028 to \$48,328 in October 2011. The County took this action specifically to ensure that it would be able to expend additional funds granted under TDHCA's final contract amendment.

The County respectfully requests that TDHCA consider this information in reviewing the our response to Finding #2 and that required action be reconsidered.

### **Section XI. Client File Review**

#### **Finding #3 Lack of Required Documentation in Client Files**

**#3A Lack of Documentation in three files regarding adult household annual income and HPRP eligibility for 50% of AMI or less**

**Action Required-** The County must obtain the income documentation for each client file in Attachment A and submit documentation for each client for Department review and/or approval.

The County submits the financial information for the three households to confirm eligibility for HPRP assistance.

**#3B Lack of Verifiable Evidence of Meeting the "But For" Criteria**

**Action Required-** The County must provide the "but for" documentation for the client files identified in Attachment A.

The County created an extensive eight page HPRP Intake Form. County staff took care to ensure that all required eligibility information was included in the intake form so that staff screened each applicant in a consistent manner for all required eligibility data. The "but for" screening questions appear on page five. Mr. Abgoala suggested a form used in another project. Staff replicated the form and reproduced the "but for" from its case files on this form. Since the monitoring took place after the contract term, it was not practical to make this system-wide correction but as a sign of good faith, the "but for" information was reproduced on the suggested form. The County will use this form on all future homelessness prevention projects.

**#3C Lack of Individualized Case Management Notes**

**Action Required-** The County must develop and implement policy and procedures for detailed case management notes in client files.

The County has a policy and procedure for case management notes for client files. We believe our information contains sufficient detail to support the documentation provided with each case file. The County will augment its policy and procedure to provide

**examples of case management notes to provide additional guidance to staff on case management notes. It will use this should it receive additional Federal funds in the future. The County attached a sample of this with its response.**



## TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

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May 4, 2012

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Honorable Veronica Escobar  
County Judge  
El Paso County  
500 E. San Antonio, Suite 301  
El Paso, Texas 79901

RE: Response to Monitoring Report  
PY09 HPRP Contract #12090000697

Dear Honorable Escobar:

The Texas Department of Housing and Community Affairs (Department) received El Paso County's (EPC) response to the monitoring of the PY2009 Homelessness Prevention and Rapid Re-Housing Program (HPRP) contract. The monitoring report noted three (3) findings that required actions and responses from EPC. In its first response, EPC did not address a required action(s); therefore, certain findings remain unresolved and the monitoring process remained open. This correspondence addresses the findings which remained unresolved from EPC's previous response. The Department has reviewed the latest response for compliance with applicable federal and state regulations.

### **HPRP Finding #1: Resolved**

Finding #1 addressed the issue of late monthly reports. In its response, EPC included an assurance that it will "submit monthly expenditure reports (MERs) or quarterly performance report (QPR) by contractual requirements," should it receive additional Federal funds. The Department has determined the response to be acceptable. **Therefore, Finding #1 is resolved.**

### **HPRP Finding #2: Unresolved**

Finding #2 addressed the issue of failure to perform a procurement process for services. In its response, EPC noted the Department's lack of comment, as its official guidance to utilize TVP Non Profit Corporation (TVP) services. The Department notes that EPC only provided general information that did not raise a specific question requiring a response. In addition, the Department's response to EPC's email (9/21/10) required no mention of procurement, as EPC's e-mail did not specifically address its intent to contract services with TVP. Furthermore, the Department must note that EPC's response clearly identifies that it was aware of the need to follow program requirements. EPC documented Mr. Campbell's reiteration of the need to expend HPRP funds in a way that satisfies federal and state requirements. The requirement to perform a procurement method is specific in federal and state

requirements. According to the "Financial Guidelines for the County of El Paso," EPC's policy is "...to seek the best quality, lowest priced goods and services... with equitable access to servicing the needs of County and its personnel through competitive acquisition of goods and services." The Department has determined EPC's response and the documentation to be unacceptable. **Therefore, Finding #2 is unresolved. EPC must reimburse**



May 4, 2012

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**the Department \$48,018.39 for failure to complete a competitive procurement process. EPC must reimburse the amount from unrestricted or non federal funds. EPC must provide a copy of the general ledger that notes the reimbursement was made from unrestricted and non federal funds. Reference: HPRP Contract Section 14.**

**HPRP Finding #3: Resolved**

Finding #3 addressed the issue of lack of required documentation in client files, as listed in the subsections below:

**Finding #3A: Resolved**

Finding #3A addressed the issue of the lack of income documentation in three (3) client files. In its response, EPC provided income documentation forms for three (3) clients as required. The Department has determined the response and the documentation to be acceptable. **Therefore, Finding #3A is Resolved.**

**Finding #3B: Resolved**

Finding #3B addressed the issue of lack of verifiable evidence of meeting the "but for" criteria in all client files. In its response, EPC provided verifiable evidence of meeting the "but for" criteria for all client files as required. The Department has determined the response and the documentation to be acceptable. **Therefore, Finding #3B is resolved.**

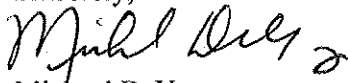
**Finding #3C: Unresolved**

Finding #3C addressed the issue of lack of individualized case management notes in all client files. In its response, EPC confirmed that "The County has a policy and procedure for case management notes for clients" and that "We believe our information contains sufficient detail to support the documentation provided in each case file." While EPC provided electronic documentation of case notes, it failed to submit a copy of the policy or procedures as required. The Department has determined the response to be unacceptable. **Therefore, Finding #3C is unresolved.**

**At this time, HPRP monitoring review is open until EPC addresses the requirements of Findings #2 and #3C. The Department requires EPC to respond with the requirements of Findings #2 and #3C within 15 days from the date of this letter.** In the event that this disallowed cost is not paid as part of your contract closure, please note that, according to The Texas Administrative Code Title 10 Part I Subchapter A Rule §5.17, the Department has several options: withhold payments, suspend contract, elect not to grant future funds, terminate the contract, or further legal action. In addition, actions may include referring this unpaid and overdue account to the Attorney General of the State of Texas. Please consider paying your disallowed cost promptly to prevent such actions.

The Department appreciates your efforts to comply with regulations. Should you have questions, please contact Gideon Agboola, Program Officer, at (512) 475-3809.

Sincerely,



Michael DeYoung  
Director  
Community Affairs Division

GA