



Thursday, December 13, 2018 | 8:00 a.m. to 9:30 a.m.
United Way of Denton County, Inc. (1314 Teasley Lane, Denton, TX 76205)

Agenda

| | | | |
|-------|--|--|---------|
| I. | Welcome & Consideration of October 2018 Minutes | T. Gilmore | 2 min. |
| II. | DCHLT Year in Review | C. Cross | 10 min. |
| III. | Workgroup Updates | | 40 min. |
| | <ul style="list-style-type: none"> • Data Workgroup • Housing Workgroup • Ad Hoc Committee • Shelter Planning Workgroup <ul style="list-style-type: none"> i. Presentation of Recommendations • Ending Veteran Homelessness | K. Gonzales T. Widmer C. Cross C. Cross | |
| IV. | Denton County Homeless Coalition Update | M. Jones | 10 min. |
| | <ul style="list-style-type: none"> • Barriers Fund – Home for the Holidays 2018 • 2019 Point-In-Time Count | | |
| V. | Backbone Support Update | C. Cross | 10 min. |
| | <ul style="list-style-type: none"> • Housing Navigator Update • Independent Bank LOI • Denton Housing Authority – Mainstream Voucher Program | | |
| VI. | ESG Update | D. Shaw | 15 min. |
| VII. | New Business | T. Gilmore | |
| VIII. | Adjourn | T. Gilmore | |

Next Meeting Date:
Thursday, February 14, 2019 | 8:00 a.m. to 9:30 a.m. |
United Way of Denton County, Inc. (1314 Teasley Lane, Denton, TX 76205)





Thursday, October 11, 2018 | 8:00 a.m. to 9:30 a.m.
United Way of Denton County, Inc. (1314 Teasley Lane, Denton, TX 76205)

Meeting Summary

Appointees/Ex-Officios Present: Alice Minkoff, Commissioner Bobbie Mitchell, Councilman TJ Gilmore, Councilwoman Keely Briggs, Courtney Cross, Cynthia Harris, Dani Shaw, Frank Padgett, Gary Henderson, Josh Ashford, Kathy Srokosz, MS, RN, Leroy Schuetts, Mayor Thomas Muir, Mary Jones, PhD, Monica Glenn, Prit Patel, Roy Metzler, Stephen Coffey, Terry Widmer

Appointees Absent: Barton Duffy, Herman Oosterwijk (regrets) Kristi Bledsoe, Isabel Rodriguez (regrets), Mayor Chris Watts, Valerie Foster (regrets)

Guests: Sarah Kuechler (City of Denton), Maryssa Vasquez (United Way of Denton County)

Welcome & Consideration of August 2018 Minutes

Chair Councilperson TJ Gilmore called the meeting to order at 8:02 a.m.

Chair requested a motion to approve August 2018 minutes.

Motion: Josh Ashford

2nd: Commissioner Bobbie Mitchell

Motion was approved.

Emergency Solutions Grant

Dani Shaw announced that Texas Department of Housing and Community Affairs (TDCHA) is changing their contracting system. Until this change, the City of Denton served as lead agency. Shaw said a recent monitoring of TDCHA by the U.S. Department of Housing and Urban Development (HUD) has resulted in the City no longer serving as the lead agency for Denton County's Emergency Solutions Grant (ESG) collaborative. TDHCA cited a lag time in agencies being reimbursed in other collaboratives throughout the state wherein government entities served as the lead agency. The result is TDHCA immediately made the decision to change contract, even though it was a 2-year grant. This grant is the most significant funding agencies have – more than 50% went to Salvation Army and Friends of the Family shelters.

Implications:

- City will no longer serve as lead contractor. Each non-profit will now have their own contract with TDHCA.



- The application process for the next year will likely be different. This could create additional issues with application process, scoring will be different, and each agency could see limits on the amount of funding they are able to request.
- Agencies can no longer request budget reallocations between each other's ESG programs.
- This will not affect the Coordinated Entry process.
- Most dire implication is that more people will be turned away.

In addition, it was mentioned that agencies are coming up short on goals; for example, only 24 percent of goal of 35 percent goal for transitional housing has been completed.

Gary Henderson requested an update at the next DCHLT meeting in December on how agencies plan to collaborate moving forward and any additional information.

Courtney asked how the DCHLT group could provide advocacy for the Emergency Solutions Grant. Dani mentioned voicing feedback in public comment periods when available because feedback is scarce.

DCHLT Strategic Plan & Standards of Excellence Update

Courtney Cross introduced and welcomed Leroy Schuetts from Christian Community Action as the newest DCHLT appointee, as well as Leah Jordan from Denton County United Way.

Previous DCHLT Strategic Goals were not measurable, so committee member Monica Glenn suggested making changes. Courtney ran through updated strategic plan. New metrics adopted were pulled from the Standards of Excellence, a new tool to guide workgroups and agencies in program improvements and performance.

The newest goal is to end Veteran homelessness in Denton County by 2020. Mayor Watt signed onto this challenge. Denton County has already made strides towards this goal including the development and maintenance of a by-name list of households experiencing homelessness. Denton County has a great collaboration with VA, Catholic Charities, and other agencies that are assisting in these efforts. Every day in Denton County, there are 40-50 veterans experiencing homelessness.

The group discussed barriers many Veteran and non-Veteran households face to getting housed such as forms of identification. Increased financial assistance and permanent housing solutions will need to be explored.

Chair requested a motion to adopt the goal to end Veteran homelessness in Denton County by 2020.

Motion: Stephen Coffey
 2nd: Dr. Mary Jones
 Motion was approved.

Chair requested a motion approve the 2018-2021 DCHLT Strategic plan.

Motion: Commissioner Bobbie Mitchell
 2nd: Dr. Mary Jones
 Motion was approved.



Workgroup Updates

Data Workgroup

Courtney discussed continuous improvement of data management. Upcoming goals include cross-sector cost analysis with criminal justice and behavioral health systems. Courtney informed the group the Data Dashboard will be live by next week.

Housing Workgroup

Coordinated Entry (CE) is in maintenance mode, and agencies are now meeting regularly to prioritize households from the Housing Priority List for available housing. Backbone support seeks to expand CE to create system for at-risk populations within the next year.

Ad Hoc Committee

The Ad Hoc Committee will meet in November.

Shelter Planning Workgroup

The workgroup has met twice. They continue to assess the current environment of emergency shelter services for Denton County's homeless population. The workgroup has developed a survey they will administer later in October to gain feedback on experiences or concerns in accessing shelter. The next meeting is scheduled for November.

Denton County Homeless Coalition Update

Barriers Fund – Barriers Fund impact data will be regularly updated on United Way's website: <https://www.unitedwaydenton.org/barriers-fund>.

2019 Point-In-Time Count – The Coalition is planning for the count, currently recruiting volunteers and collective incentives.

Backbone Support Update

Housing Navigator Update – UWDC is in the process of hiring Housing Navigator and plans to have position filled by November 1st. In the same way that the HMIS system helped streamline data amongst agencies, Housing Navigator will continue making all housing efforts even more efficient.

The 2018 Denton County Homeless Veteran Stand Down will take place at the Denton Civic Center October 25th. CE intakes will be done at the Stand Down by Giving Hope.

New Business

The Veteran Community Navigator program that was piloted and incubated at the United Way of Denton County has been transitioned to the Denton County Veteran Service Office. Gary thanked Commissioner Mitchell for her leadership in championing the transition.



Next Steps:

Chair requested a motion to adjourn the meeting at 9:28 a.m.

Motion: Commissioner Bobbie Mitchell

2nd: Dr. Mary Jones

Motion was approved.

Next Meeting:

Thursday, December 13, 2018 | 8:00 a.m. to 9:30 a.m. | United Way of Denton County, Inc. (1314 Teasley Lane, Denton, TX 76205)

Secretary

Date



United Way
of Denton County, Inc.
UnitedWayDenton.org

DCHLT Workgroup Reports

DCHLT HOUSING WORKGROUP | CHAIR: TERRY WIDMER

October – November 2018

The workgroup meets biweekly for case conferencing to prioritize the top households on the Housing Priority List. The group reviews households categorized by priority population (chronic, Veteran and domestic violence survivors), and assigns action steps.

UWDC's Homelessness Coordinator conducts weekly phone check-ins with providers to touch base on outflows and reassessments.

Backbone support works with providers to identify gaps in supportive service capacity of case managers and works to incorporate additional partners into regular case conferencing meetings. The workgroup has been connected with behavioral health providers, and backbone support is working to identify income/workforce supports.

The UWDC Housing Navigator, Alyssa Mostaffa, started November 8th. She is currently meeting with providers and landlords and finalizing program details and tools. A Housing Navigator program orientation will take place with area case managers December 18th, and the program will go live January 7th.

The Texas Homeless Network (THN) will be in Denton December 11th with OrgCode to administer a Diversion training. Denton is one of two communities in the Texas Balance of State (Bos) Continuum of Care (CoC) to incorporate an in-depth diversion tool at Coordinated Entry (CE) Front Doors.

Short-term action items

Implement Standards of Excellence

Continued improvement of case conferencing format

Accomplishments

Attendance and collaboration of providers

Connection to local behavioral health providers

Concerns

No access to no-cost detox/substance use treatment in the county

Access to wrap-around services for households with severe service needs

Next Meeting Dates

December 17th

DCHLT Workgroup Reports

DCHLT AD HOC COMMITTEE | HOUSING SOLUTIONS

November 2018

The committee met with Charlie Price (Development Corporation of Tarrant County) and Marty Mascari (North Central Texas Council of Governments) to discuss affordable housing development and accessibility regionally.

The Development Corporation of Tarrant County is a nonprofit community development corporation and is a designated Community Housing Development Organization (CHoDO). It is a \$25 million company that develops single-family and multi-family affordable housing in Tarrant County. Charlie also engages heavily in advocacy at the Texas Legislature. He shared that many of their Low-Income Housing Tax Credit (LIHTC) developments stay on school district tax rolls, and they use fee income from various projects to purchase more land and properties for affordable housing development.

Charlie shared his insight into how communities can create an affordable-housing friendly environment:

- City Councils must be open to multi-family housing
- Let developers know you're open
- Invest in purchasing land (housing finance corporations and local housing authorities can play a role in this)

Marty shared information about Tenant Based Rental Assistance (TBRA) and the Amy Young Barrier (AYB) Removal Program. Both are available pots of money in our region through TDHCA, and potential low-hanging fruit to increase funding for housing. Neither program comes with administrative funding, so they can be difficult to administer and manage. TBRA acts similar to a Housing Choice Voucher through a local housing authority, and can provide up to 24 months of assistance. The AYB program can provide funding for home modifications up to \$20,000 per household (households must be income-qualified).

The group agreed to inform the DCHLT of these funding sources at the December meeting, and discuss support of local agencies to apply for funding.

Backbone support discussed the possibility of this group exploring ways that local government can incentivize affordable housing and supporting municipalities in implementing various strategies.

Short-term action items

Backbone support collect data of anticipated workforce housing need in Denton County in coming years

Accomplishments

Consulted with successful affordable housing development stakeholder

Concerns

Ability to mobilize resources and influence new affordable housing developments

Next Meeting Dates

TBD

DCHLT Workgroup Reports

DCHLT SHELTER PLANNING WORKGROUP | CHAIR: ROY METZLER

October-December 2018

The DCHLT Shelter Planning Workgroup was tasked with the following purpose:

Assess current environment and determine direction for the future of Emergency Shelter services for people experiencing homelessness in Denton County. Consider local needs and capacity to implement sustainable and safe housing solutions for sheltered and unsheltered populations in Denton County.

The group has had four meetings between September and December. They collected current shelter inventory data, developed and administered a feedback survey from Denton County's sheltered and unsheltered population, and heard from organizations about future shelter and plans to expand temporary/permanent housing.

Backbone support worked with the city to develop a summary report. During their December meeting, the group reviewed the report and agreed on conclusions and recommendations to bring to the DCHLT and Denton City Council.

The report is attached and will be presented at the December DCHLT meeting, and to Denton City Council December 18th.

Short-term action items

Present workgroup findings and recommendations to DCHLT & Denton City Council

Determine action items from respective governing bodies

Accomplishments

Developed Denton County shelter inventory

Drafted and administered shelter feedback survey

Developed summary report of findings

Concerns

Availability of local resources to implement recommendations

Next Meeting Dates

TBD



TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

www.tdhca.state.tx.us

Greg Abbott
GOVERNOR

BOARD MEMBERS

J.B. Goodwin, *Chair*
Leslie Bingham-Escareño, *Vice Chair*
Paul A. Braden, Member
Asusena Reséndiz, Member
Sharon Thomason, Member
Leo Vasquez, Member

November 27, 2018

(512) 475-4608

earnest.hunt@tdhca.state.tx.us

Ms. Barbara Ross
Comm. Dev. Administrator
City of Denton
Denton, TX
Email: barbara.ross@cityofdenton.com

RE: Monitoring Report of On-Site Review Conducted July 31-August 3, 2018
ESG Contract No. 42170002813

Dear Ms. Ross:

The Texas Department of Housing and Community Affairs (the Department) conducted a monitoring review of the above mentioned contract. The goal of the review was to provide reasonable but not absolute assurance regarding compliance with federal and state requirements and program objectives.

To achieve this goal, a sample of files and expenditures were selected and tested. The attached report details the findings and concerns identified during the review and requires corrective action. Please provide all requested documentation no later than **December 27, 2018**.

If the City of Denton applies for funding from the Department a Previous Participation review will be conducted. The findings noted in this report, as well as the timeliness and effectiveness of the corrective action provided will be taken into consideration and reported to the Department's Executive Award Review Advisory Committee (EARAC). Therefore, if you do not agree with the findings in this letter or require additional time to correct the matter, please contact me, prior to the corrective action deadline.

The Department wishes to express our appreciation for the cooperation of your staff in facilitating this review. If you have any questions or concerns regarding this review, please feel free to contact me or Dave Spillar at 512-475-0265 or via email at dave.spillar@tdhca.state.tx.us.

Sincerely,

A handwritten signature in black ink that reads "EARNEST L. HUNT".

Earnest L. Hunt

Director of Subrecipient Monitoring

DMS

cc: Abigail Versyp, Director, HOME & Homeless Programs
Naomi Cantu, HOME & Homeless Program Coordinator



Finding 1: Failure to Ensure Income Eligibility

For Homelessness Prevention (HP) client **Torres** (assisted by DCFOF), errors were noted in file documentation. As a result of the following errors, household eligibility could not be confirmed:

- Application and ESGIC not signed by other adult (Gladys) listed on the application
- ESGIC does not list household composition or verified Social Security (SS) income
- Application indicates SS and SSI but only one source is verified
- No income verification for the other adult

Code of Federal Regulations 24 CFR §576.401 Evaluation of program participant eligibility and needs states the following:

(a) Evaluations. The recipient or its subrecipient must conduct an initial evaluation to determine the eligibility of each individual or family's eligibility for ESG assistance and the amount and types of assistance the individual or family needs to regain stability in permanent housing.....

(c) Annual income. When determining the annual income of an individual or family, the recipient or subrecipient must use the standard for calculating annual income under 24 CFR 5.609.

AND

Code of Federal Regulations 24 CFR §5.609 Annual Income states the following:

(a) Annual income means all amounts, monetary or not, which:

(1) Go to, or on behalf of, the family head or spouse (even if temporarily absent) or to any other family member.....

Failure to ensure correct verification and calculation of household income may result in the Subrecipient providing assistance to an ineligible family.

Required Corrective Action:

The City of Denton support documentation sufficient enough to support income eligibility for the household. Based on the corrective action items provided, additional action may be required.

Finding 2: Failure to Confirm Gross Rent Unit Eligibility

During the review it was noted that Small Area Fair Market Rents (FMRs) were used for gross rent comparisons to determine unit eligibility. However, the ESG program does not allow for the use of Small Area FMRs, which, following the FY2016 ESG grant, are restricted to the Section 8 Housing Choice Voucher Program and certain Section 8 Project-Based Vouchers. Therefore, standard FMRs must be used for the ESG program. The following units appear to be ineligible for assistance due to gross rent (lease rent plus applicable utility allowance) exceeding FMR limits:

- **422228**, Buck (HP, Giving Hope)- gross rent of \$1482 exceeds the Fair Market Rent (FMR) of \$1447
- **425561**, Smith (HP, CCA)- gross rent of \$957 exceeds the FMR of \$878
- **424198**, Ortega (HP, CCA)- gross rent of \$928 exceeds the FMR of \$878
- **430570**, Pilkington (RRH, Giving Hope)- Rent comparison and utility allowance schedule indicate a 3BR unit however, the Unit Approval Request indicates a 2BR unit. Further market research also indicates a 2BR unit. Therefore, the gross rent of \$1195 exceeds the FMR of \$1077

Additionally, for **418382**, Fuqua (RRH, Giving Hope)- Unit rent per the lease is \$850, resulting in a gross rent of \$990. However, during FMR comparison a \$30 discount from the barriers buy-down fund was applied to incorrectly achieve a gross rent of \$960. The gross rent FMR comparison must use the full rent outlined in the lease, before buy-downs and discounts from other programs. However, the unit is still eligible once the full gross rent is applied. Furthermore, the Unit Approval Request does not confirm which party pays water and sewer utilities

Code of Federal Regulations 24 CFR §576.106 Short-term and medium-term rental assistance states the following:

(d) Rent restrictions. (1) Rental assistance cannot be provided unless the rent does not exceed the Fair Market Rent established by HUD, as provided under 24 CFR part 888, and complies with HUD's standard of rent reasonableness, as established under 24 CFR 982.507.

(2) For purposes of calculating rent under this section, the rent shall equal the sum of the total monthly rent for the unit, any fees required for occupancy under the lease (other than late fees and pet fees) and, if the tenant pays separately for utilities, the monthly allowance for utilities (excluding telephone) established by the public housing authority for the area in which the housing is located.

AND

24 CFR §888.113 Fair market rents for existing housing: Methodology (c)(5) states the following:

Small Area FMRs only apply to tenant-based assistance under the HCV program. However, a PHA may elect to apply Small Area FMRs to project-based voucher (PBV) units at 24 CFR part 983 as provided in paragraph (b) of this section.

Failure to ensure unit rent eligibility in relation to FMR limits may result in the Subrecipient providing assistance for an ineligible unit.

Required Corrective Action:

The following RRH assistance costs are questioned:

- **422228**, Buck (Giving Hope); **425561**, Smith (CCA); **424198**, Ortega (CCA); **430570**, Pilkington (Giving Hope) - **all assistance costs, and documentation logging all assistance for these clients must be provided**

The City of Denton must submit documentation confirming the eligibility of the questioned costs. For any costs that cannot be supported, the funds must be returned to the Department.

In the event that funds are returned, please make checks payable to the **Texas Department of Housing and Community Affairs**. Please include: ***TDHCA Contract No. 42170002813 - Compliance Subrecipient Monitoring*** on the MEMO line of the check and mail your payment to:

Texas Department of Housing and Community Affairs
Compliance – Compliance Subrecipient Monitoring Division, Attn: Earnest Hunt
P.O. Box 13941
Austin, TX 78711-3941

Finding 3: Failure to Support Operational Costs Requested for Reimbursement

Program draws include costs that are not fully supported by documentation provided by the City of Denton and/or its collaborative partners. The following documentation was not provided in order to support program operational costs drawn for reimbursement by the Department:

- Timelogs for the pay period 2/19-3/4/2018 for the following Salvation Army employees:
 - a. Damita Harris
 - b. Donisha Odoms
 - c. Roxanne Ibarra
 - d. Rasheda Mohammed
 - e. Eletta Hogg
 - f. Roye Varner
 - g. Ruby Dejesus
- Invoices, from the insurer, associated with Salvation Army staff health insurance costs (Damita Harris) submitted in the February and March 2018 draws
- Timelogs for the pay period 1/22-2/4/2018 for the following Salvation Army employees:
 - a. Damita Harris
 - b. Donisha Odoms
 - c. Roxanne Ibarra
 - d. Louann Robbins

- e. Rasheda Mohammed
- f. Eletta Hogg
- g. Roye Varner
- h. Ruby Dejesus
- Feb 2018 salary costs for CCA employee Daphne Adams- daily breakdown of Hours spent on ESG activity

2 CFR §200.403 Factors affecting allowability of costs states the following:

Except where otherwise authorized by statute, costs must meet the following general criteria in order to be allowable under Federal awards:

- (a) Be necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles.*
- (b) Conform to any limitations or exclusions set forth in these principles or in the Federal award as to types or amount of cost items.*
- (c) Be consistent with policies and procedures that apply uniformly to both federally-financed and other activities of the non-Federal entity.*
- (d) Be accorded consistent treatment. A cost may not be assigned to a Federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to the Federal award as an indirect cost.*
- (e) Be determined in accordance with generally accepted accounting principles (GAAP), except, for state and local governments and Indian tribes only, as otherwise provided for in this part.*
- (f) Not be included as a cost or used to meet cost sharing or matching requirements of any other federally-financed program in either the current or a prior period. See also §200.306 Cost sharing or matching paragraph (b).*
- (g) Be adequately documented. See also §§200.300 Statutory and national policy requirements through 200.309 Period of performance of this part.*

AND

Code of Federal Regulations 24 CFR § 576.500 Recordkeeping and reporting requirements states the following:

- (u) Financial records. (1) The recipient must retain supporting documentation for all costs charged to the ESG grant.*
- (2) The recipient and its subrecipients must keep documentation showing that ESG grant funds were spent on allowable costs in accordance with the requirements for eligible activities under “§§576.101 through 576.109, financial management in 2 CFR 200.302, and the cost principles in 2 CFR part 200, subpart E.*

Failure to adequately support costs with documentation could result in questioned costs.

Required Corrective Action:

The City of Denton must: provide the support noted as missing for the expenditures listed above. For any expenditure that cannot be supported, costs are disallowed and must be reimbursed to the Department no later than the corrective action date specified on page 1.

Finding 4: Failure to Support Direct Assistance Costs Requested for Reimbursement

Program draws include costs that are not fully supported by documentation provided by the City of Denton and/or its collaborative partners. The following documentation was not provided in order to support program direct assistance costs drawn for reimbursement by the Department:

- Copies of leases and Rental Assistance Agreements (RAAs) for the following CCA HP clients:
 - a. C. Gill
 - b. M. Hernandez
 - c. A. Marcos
 - d. M. Garner
 - e. G. Rocha
 - f. A. Fenner
 - g. M. Sanchez

- h. R. Hill
 - i. B. Jaimes
 - j. A. Winston
 - k. F. Dannella
 - l. G. Richa-Ramirez
- RAA for CCA HP client M. Gutierrez specifies arrears of \$1065 “+ any late fees”, the exact amount of which is not supported by documentation provided. The transaction is for \$1175, which is greater than the specified arrears plus \$10 per day up to the date of the RAA)
 - March 2018 cost for CCA HP client L. Williams is not fully supported. Only \$810 of the \$1061.18 cost is supported by the lease provided
 - Documentation from the source (Oak Meadows and Prairie Hollow apartment complexes) to support application fees for Giving Hope RRH clients R. Daly and T. Edwards
 - RAA for P. Fiore indicates \$100 late fee applied on the 4th of the month, plus \$10 for each additional day; which only supports a total of approximately \$1300 of the \$1500 cost for January 2018
 - Feb 2018 cost for CCA HP client L. Ortega is not fully supported. Only \$826 of the \$939.25 cost is supported by the lease provided
 - Feb 2018 cost for CCA HP client A. Thomas is not fully supported. Only \$854 of the \$1079 cost is supported by the lease provided
 - Feb 2018 cost for CCA HP client A. Beeler is not fully supported. Only \$966.77 of the \$1077.95 cost is supported by the lease provided

2 CFR §200.403 Factors affecting allowability of costs states the following:

Except where otherwise authorized by statute, costs must meet the following general criteria in order to be allowable under Federal awards:

- (a) Be necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles.*
- (b) Conform to any limitations or exclusions set forth in these principles or in the Federal award as to types or amount of cost items.*
- (c) Be consistent with policies and procedures that apply uniformly to both federally-financed and other activities of the non-Federal entity.*
- (d) Be accorded consistent treatment. A cost may not be assigned to a Federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to the Federal award as an indirect cost.*
- (e) Be determined in accordance with generally accepted accounting principles (GAAP), except, for state and local governments and Indian tribes only, as otherwise provided for in this part.*
- (f) Not be included as a cost or used to meet cost sharing or matching requirements of any other federally-financed program in either the current or a prior period. See also §200.306 Cost sharing or matching paragraph (b).*
- (g) Be adequately documented. See also §§200.300 Statutory and national policy requirements through 200.309 Period of performance of this part.*

AND

Code of Federal Regulations 24 CFR § 576.500 Recordkeeping and reporting requirements states the following:

- (u) Financial records. (1) The recipient must retain supporting documentation for all costs charged to the ESG grant.*
- (2) The recipient and its subrecipients must keep documentation showing that ESG grant funds were spent on allowable costs in accordance with the requirements for eligible activities under “§§576.101 through 576.109, financial management in 2 CFR 200.302, and the cost principles in 2 CFR part 200, subpart E.*

Failure to adequately support costs with documentation could result in questioned costs.

Required Corrective Action:

The City of Denton must: provide the support noted as missing for the expenditures listed above. For any expenditure that cannot be supported, costs are disallowed and must be reimbursed to the Department no later than the corrective action date specified on page 1.

Finding 5: Failure to Comply with Federal Procurement Requirements

During review of procurement activity related to this ESG contract, the following issues were noted:

- System for Award Management (SAM) screening was not performed prior to paying vendors with program funds. Specifically, SAM screening results are dated after costs were drawn for reimbursement for the following vendors: Sentry Security, Strittmatter, McNeil's, All American Electric and Day's Hardware
- SAM screening results were not provided for the following vendors: Cintas, US Foods, Sysco, Premier Protective, Quill and Pro Duct Cleaning
- Supplies from Quill and Day's Hardware were purchased without any apparent price comparison
- Documentation of any price or proposal comparison activity was not provided for the following vendors: Premier Protective, Pro Duct Cleaning, Sentry Security, Strittmatter, McNeil's and All American Electric

2 CFR §200.318 General procurement standards states the following:

(b) The non-Federal entity must award contracts only to responsible contractors possessing the ability to perform successfully under the terms and conditions of a proposed procurement. Consideration will be given to such matters as contractor integrity, compliance with public policy, record of past performance, and financial and technical resources. See also §200.213 Suspension and debarment.

AND

2 CFR § 200.213 Suspension and debarment states the following:

Non-federal entities are subject to the non-procurement debarment and suspension regulations implementing Executive Orders 12549 and 12689, 2 CFR part 180. These regulations restrict awards, subawards, and contracts with certain parties that are debarred, suspended, or otherwise excluded from or ineligible for participation in Federal assistance programs or activities.

AND

2 CFR § 200.320 Methods of procurement to be followed states the following:

The non-Federal entity must use one of the following methods of procurement.....

(b) Procurement by small purchase procedures. Small purchase procedures are those relatively simple and informal procurement methods for securing services, supplies, or other property that do not cost more than the Simplified Acquisition Threshold. If small purchase procedures are used, price or rate quotations must be obtained from an adequate number of qualified sources.....

(d) Procurement by competitive proposals. The technique of competitive proposals is normally conducted with more than one source submitting an offer, and either a fixed price or cost-reimbursement type contract is awarded. It is generally used when conditions are not appropriate for the use of sealed bids. If this method is used, the following requirements apply:

- (1) Requests for proposals must be publicized and identify all evaluation factors and their relative importance. Any response to publicized requests for proposals must be considered to the maximum extent practical;*
- (2) Proposals must be solicited from an adequate number of qualified sources;*
- (3) The non-Federal entity must have a written method for conducting technical evaluations of the proposals received and for selecting recipients;.....*

Failure to follow procurement requirements may result in questioned costs.

Required Corrective Action:

The City of Denton must: provide the support noted as missing for the procurements listed above. For any vendor that may be determined to be debarred or ineligible, costs may be disallowed.

Finding 6: Failure to Support Matching Contributions

During review of matching program contributions for February and March 2018 related to this ESG contract, the following documentation was not provided to support matching contributions reported to the Department:

- March 2018: Matching contributions of \$40,124.73 were reported. However, the only program expenditures supported are a \$1000 rent payment by Giving Hope. **The remaining \$39,124.73 in matching program expenditures were not identified and supported.**
- February 2018: Matching contributions of \$38,176.41 were reported. However, the only program expenditures supported are a \$4474.55 in rental assistance, application fees and a rental deposit by DCFOF, and a \$1000 rent payment by Giving Hope. **The remaining \$32,701.86 in matching program expenditures were not identified and supported.**

24 CFR § 576.201 Matching requirement states the following:

- (a) *The recipient must make matching contributions to supplement the recipient's ESG program in an amount that equals the recipient's fiscal year grant for ESG. This amount may include contributions to any project under the recipient's ESG program, including any subrecipient's ESG project, if the requirements in this section are met.....*

Failure to support reported matching contributions may result in additional required program contributions.

Required Corrective Action:

The City of Denton must: provide documentation supporting the above-noted reported match for February and March 2018 that has not been supported. The supporting documentation must include lists of expenses comprising the reported match for these 2 months, documentation of payment (i.e. receipts, check copies, etc.), or log of donated volunteer labor or in-kind goods as applicable.

Finding 7: Failure to Confirm Habitability Standards Unit Eligibility

Minimum habitability standards inspections were performed after the assistance date or the lease date for the following units:

- **419305**, Harris (HP, Giving Hope)- 1st assistance check is dated 12-5-17, but the minimum habitability standards inspection was not passed until 12-7-17
- **419985**, Rhodes (RRH, DCFOF)- Although the lease began 2-17-18, the minimum habitability standards inspection was not passed until 2-19-18

Code of Federal Regulations 24 CFR §576.403 Shelter and housing standards states the following:

- (c) *Minimum standards for permanent housing. The recipient or subrecipient cannot use ESG funds to help a program participant remain or move into housing that does not meet the minimum habitability standards provided in this paragraph (c). The recipient may also establish standards that exceed or add to these minimum standards.*

Failure to ensure minimum habitability standards may result in the Subrecipient providing assistance for an ineligible unit.

Required Corrective Action:

The following HP and RRH assistance costs are questioned:

- **419305**, Harris (HP, Giving Hope)- **\$60** (2 days of assistance- \$925/31, *2)
- **419985**, Rhodes (RRH, DCFOF)- **\$32** (2 days of assistance- \$450/28, *2)

For the above questioned costs that cannot be supported, The City of Denton must return funds to the Department.

General Concerns:

During the case file review of ESG Contract No. 42170002813, Department staff noted the following items of concern which do not require corrective action submitted to the Department. Concerns may be subject to subsequent review. Repeat concerns may be elevated to deficiencies. Procedures must be developed to ensure these concerns are corrected in the future:

Concern 1: Failure to Correctly Determine and Sufficiently Verify Household Incomes

Review of 15 client files (10 Homeless Prevention [HP] and 5 Rapid Re-Housing [RRH]) noted the following occurrences of incorrect calculation of household income on the ESGIC, and/or insufficient documentation present in the file to support that all incomes were correctly and thoroughly verified:

- SNAP benefits, which are excluded income, are incorrectly counted in the household annual income on the ESGIC:
 - 419305, Harris (Giving Hope)
 - 424114, Buckner (CCA)
 - 402245, Jones (Giving Hope)
- 422228, Buck (Giving Hope)- no follow-up of deposit on 11-27-2017 into checking account was noted (deposit was not denoted as transfer from the other account)
- 419305, Harris (Giving Hope)- income calculation methodology was not clear and could not be confirmed based on file documentation present. Visiting Angels/Denton Homecare checks begin after the last Whataburger check in file however, no notes or verification were present to indicate whether the client changed jobs. Homecare stubs are dated following the ESGIC so presumably this income was not included or was verified following the ESGIC. Only 3 weekly Whataburger stubs were present; additional stubs are necessary, or verification of recent hire date precluding additional stubs
- 424096, Padilla (CCA)- child support income verification is a bank card deposit statement, rather than 3rd party source verification from the payor or the Office of the Attorney General (OAG)
- 424198, Ortega (CCA)- ESGIC annual income is incorrect, and the reason for the monthly discrepancy could not be determined

Required Action:

The City of Denton must develop and implement procedures to ensure that all household income sources are correctly verified, calculated, and recorded as applicable on the ESGIC. Client files should clearly note income calculations, and verification must first be attempted by source documentation, including for child support and changes in employment, prior to income certification. Additionally, unexplained possible income should be followed up on. Verification of excluded income such as SNAP is useful for reviewing household expenses during eligibility determination, but excluded incomes must not be listed on the ESGIC.

Concern 2: Failure to Include Household Assets on the ESGIC

Review of 15 client files (10 HP and 5 RRH) noted the following omissions of verified household bank accounts from the household asset section of the ESGIC:

- 422228, Buck (Giving Hope)- checking account (#xxxxx4347; other one appears empty)
- 425561, Smith (CCA)- application lists 2 checking accounts, but file only has verification for 1 account; neither is listed on the ESGIC
- 424198, Ortega (CCA)- checking account
- 425000, Rucker (CCA)- checking and savings accounts
- 402245, Jones (Giving Hope)- savings account

Required Action:

The City of Denton must develop and implement procedures to ensure that all household assets are verified, and that the values of all current assets are appropriately recorded on the ESGIC. All assets held by household members, whether disclosed on the application, bank statements, or in eligibility interviews, must be followed up on.

Concern 3: Failure to Confirm Comparable Unit Rent Reasonableness

For the following clients, rent reasonableness comparisons with comparable units were not completed prior to providing assistance:

- **419305**, Harris (HP, Giving Hope)- Rent comparison dated 12-11-17; 1st assistance check 12-5-17 (*Rental Assistance Agreement for this client was also not executed until 12-11-17*)
- **Torres** (HP, DCFOF)- Rent comparison not found
- **425561**, Smith (HP, CCA)- Rent comparison dated 3-5-18; 1st assistance check 2-27-18
- **425000**, Rucker (HP, CCA)- Rent comparison dated 3-8-18; 1st assistance check 2-20-18
- **419985**, Rhodes (RRH, DCFOF)- Rent comparison form was not completed with any comparable unit data

Required Action:

The City of Denton must develop and implement procedures to ensure that rents all units for which rental assistance is provided are compared to those of comparable unassisted units to ensure rent reasonableness, and rent comparisons are documented in client files.

General Observations:

During the case file review of ESG Contract No. 42170002813, Department staff noted the following observations which do not require corrective action submitted to the Department:

- **Ensure Monthly Case Management Activity.** Review of 8 files for Giving Hope noted 3 files for which documentation of case management activity on at least a monthly basis was not found, as follows:
 - **419169** (Sayre)- no documented activity for May 2018, and the only recorded June contact is a voicemail left with the client
 - **402245** (Jones)- no documented activity for May-July 2018
 - **430570** (Pilkington)- no documented activity for July 2018

In the future, the Subrecipient must ensure that case management activity is performed and documented on a no less than monthly basis for all HP and RRH clients. Nonresponsive interactions, such as voicemails left or letters sent, do not constitute case management activity.

- **Ensure Correct Utility Allowance Calculations.** During review of 15 client files, the following utility allowance (UA) errors or discrepancies were noted, which do not appear to affect eligibility:
 - **425561**, Smith (CCA)- Unit Approval Request indicates tenant only pays electricity, in which case the UA would only be \$39. Lease indicates no utilities paid though, resulting in an UA of \$82 which was used in the rent comparison. The discrepancy was not resolved
 - **425000**, Rucker (CCA)- Unit Approval Request indicates landlord pays cooking and range but not fridge but lease does not indicate any paid utilities, and the discrepancy was not resolved. UA of \$195 was applied for all utilities but not the fridge and range, and does not include the Other Monthly Electric fee. If tenant pays all utilities, no fridge is provided, after the Other Electric fee the UA is \$192
 - **424114**, Buckner (CCA)- Unit Approval Request indicates gas water heating, therefore the UA should be \$100 (change from \$8 to \$6, then add \$20 Other gas fee)
 - **274321**, Edwards (Giving Hope)- UA is \$96 per rent comparison, but all utilities are included per Unit Approval Request and lease

In the future, the Subrecipient must ensure that utility allowances for assisted units are correctly calculated and applied. Utility allowances and unit utility characteristics indicated by the rent reasonableness comparison, PHA utility allowance ratesheet, Unit Approval Request, and unit leases should all agree, and any discrepancies must be followed up on, with resolution noted in the file.

- **Ensure Eligibility Certification for Assisted Households.** For CCA HP clients **424096** (Padilla), **424198** (Ortega), **425000** (Rucker) and **424114** (Buckner), the ESGIC in the file was executed 2-28-2018, following the dates of the 1st assistance checks. In the future, the Subrecipient should ensure that files reflect that clients are certified eligible prior to receiving ESG assistance.
- **Ensure Use of Correct Income Limits.** For Giving Hope HP client **402245** (Jones), the ESGIC dated 4-10-2018 includes the 2017 AMI limit although the 2018 limit became effective 4-1-2018. In the future, the Subrecipient must ensure that current income limits are used for determining household eligibility.
- **Ensure Rental Assistance Agreements (RAAs) Set Forth the Terms Under Which Assistance will be Provided.** The RAA for Giving Hope HP client **402245** (Jones) did not specify a term length. In the future, the Subrecipient must ensure that RAAs include all required terms, protections and obligations subject to the conditions of the applicable type of assistance.

Monitoring Scope:

The scope of the monitoring review covered contract activity from November 2017 to June 2018 to determine if ESG funds were used to assist eligible households and whether those funds were expended in accordance with applicable federal and state regulations and contractual requirements. Department staff conducted the following steps:

- An in-depth review of the following fifteen (15) activity files:
 - 422228- Buck
 - 419305- Harris
 - 425169- Hart
 - Torres
 - 424096- Padilla
 - 425561- Smith
 - 424198- Ortega
 - 425000- Rucker
 - 424114- Buckner
 - 419169- Sayre
 - 274321- Edwards
 - 419985- Rhodes
 - 402245- Jones
 - 430570- Pilkington
 - 418832- Fuqua
- A review of the financial records.
- A review of match support documentation.
- A review of the procurement bid packets.