



COMMISSIONERS COURT
COMMUNICATION

REFERENCE NUMBER

PAGE 1 OF

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DATE:

4/1/2014

SUBJECT: **RECEIVE AND FILE THE FOLLOW-UP TO THE AUDITOR'S REPORT OF THE HOME REHABILITATION PROGRAM**

***** CONSENT AGENDA *****

COMMISSIONERS COURT ACTION REQUESTED:

It is requested that the Commissioners Court receive and file the follow-up to the Auditor's Report of the Home Rehabilitation Program.

BACKGROUND:

On January 21, 2014, the Auditor's Office presented an audit report related to the Home Rehabilitation Program administered by the Community Development Division (CDD). The Commissioners Court requested that the Auditor's Office work with CDD management to address the observations made in the audit report.

On February 3, 2014, the Auditor's Office met with the County Administrator and the Director of CDD. The attached memorandum summarizes the specific actions to be taken by CDD.

The Auditor's Office will perform a follow-up audit of the Home Rehabilitation Program in the future.

FISCAL IMPACT:

There is no fiscal impact associated with this item.

SUBMITTED BY: Auditor's Office

PREPARED BY: S. Renee Tidwell
APPROVED BY:



TARRANT COUNTY
COMMISSIONERS COURT

ADMINISTRATOR'S OFFICE
COMMUNITY DEVELOPMENT DIVISION
Patricia Ward, Director

February 12, 2014

MEMORANDUM

TO: G. K. Maenius, County Administrator

FR: Patricia Ward, CD/Housing Director

RE: Meeting with Renee Tidwell, County Auditor on February 3, 2014

This correspondence details the discussion during our meeting with Renee Tidwell, County Auditor on February 3, 2014, and follow up email correspondence between you and Renee relating to the internal audit review of the HOME Rehabilitation Program conducted for the 10 months ended July 31, 2013. The purpose of the internal audit was to determine whether controls were adequate to reasonably ensure that the administration of the program complied with selected federal guidelines and CDD policies, the Auditor made the following observations:

- 1. Full and open competition may not exist in the procurement of contracts for the home rehabilitation projects.**

Based on the Auditor's observations, the Community Development Department has made the following adjustments to the program:

- Limit the Initial bid estimate and contract to \$24,000.
- Require the Director to approve any award consisting of only one bid and will direct staff to receive three (3) independent quotes for file documentation.
- Reach out to small contractors within Tarrant County to become qualified contractors for the Tarrant County Housing Rehabilitation Program.
- Make bids available to Chambers of Commerce serving Tarrant County.
- Include procedures and criteria for placing approved contractors on probation in housing rehabilitation policy and procedures.

2. The initial inspection and subsequent oversight of the home rehabilitation projects should be improved.

Based on the Auditor's observations, the Community Development Department has made the following adjustments to the program:

- The County will provide Inspectors with tablet computers to enable inspectors to better document inspections. Inspectors will provide additional file documentation to include; additional onsite photos; additional notes to the files; completion dates of the items detailed on the contracts.
- Inspectors will meet with the homeowner a 2nd time after the initial work write-up is completed to enable the inspector and homeowner to conduct a final review of the work detailed on the work write-up.
- In accordance with the Auditor's recommendation, the Inspector "will true-up final quantities installed to the contract and final pay request". Community Development will use acceptable principles of measurement, which include either materials or labor or both. Typically "true-up" is conducted in large-scale construction contracts, not housing rehabilitation contracts. Large scale construction contracts of \$100,000 or greater typically call for measurable quantities such as "installation of 30 linear feet of sewer line", etc. On housing rehabilitation projects, materials such as paint, carpet, and roofing are estimates and are included in the quote. Currently, the inspector conducts a final walk through with the homeowner and reviews each item on the work write-up, the Director will sign the final "punch list" to provide additional oversight.
- Inspector will contact (via phone call) the homeowner 30 days after the completion of contract to ensure customer satisfaction. File will be documented.

3. Documentation for the "in-kind" match should be improved.

Based on the Auditor's observations, the Community Development Department has made the following adjustments to the program:

- The Community Development Department has instructed partner agencies donating in-kind labor and materials to be more specific in the type of work completed by volunteers. Worksheets will be used to provide additional documentation.

4. Segregation of duties was not adequate

Based on the Auditor's observations, the Community Development Department has made the following adjustments to the program:

- The Community Development Department will submit quarterly reports to Commissioners Court on all owner-occupied housing rehabilitation activities conducted through the department.
- If the Director is not available to sign documents to ensure segregation of duties, the County Administrator will approve any such documents.

Please note that CD has made the adjustments required by the Auditor in response to their review; however it is important to acknowledge that substantial workload increases will result and existing funding is limited to federal grant allocations. Should you have any questions and/or comments regarding this memorandum or the HOME Rehabilitation Program in general, please contact me at 817-850-7946.