



FINANCE COMMITTEE MEETING

JAN. 23, 2020



BOARD OF COMMISSIONERS

Jessica Weaver Vice Chair	Charles Clack Commissioner	Dr. Ana "Cha" Guzmán Commissioner	Jo-Anne Kaplan Commissioner	Olga Kauffman Commissioner	Sofia A. Lopez Commissioner	Ruth Rodriguez Commissioner
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PRESIDENT & CEO

David Nisivoccia

**SAN ANTONIO HOUSING AUTHORITY
FINANCE COMMITTEE or
SPECIAL BOARD MEETING

**818 S. Flores St., San Antonio, TX 78204
12:30 p.m., Thursday, January 23, 2020**

The Board of Commissioners will convene for a Committee, or Special Board meeting, at the San Antonio Housing Authority Central Office located at 818 S. Flores St., San Antonio, TX, 78204, for discussion on the following matters:

MEETING CALLED TO ORDER

1. The Board of Commissioners or its Committee may hold a closed meeting pursuant to Texas Government Code § 551.071-076 for consultation concerning attorney-client matters, real estate, litigation, personnel, and security matters. The Board or Committee reserves the right to enter into closed meeting at any time, during the course of the meeting.

PUBLIC COMMENT

2. Public Comment - Citizens are provided three minutes each to speak to any agenda items

MINUTES

3. Minutes
 - Approval of the November 21, 2019, Finance Committee Meeting minutes

OPERATIONS

4. Consideration and appropriate action regarding Resolution 6001, accepting the Independent Auditor's Report for the year ending June 30, 2019 (Ed Hinojosa, Chief Financial Officer; Diana Kollodziej Fiedler, Director of Finance and Accounting)
5. Consideration and appropriate action regarding Resolution 6002, certifying that the San Antonio Housing Authority's Investment Policy and Investment strategies have been reviewed in accordance with the requirements set forth in section 2256.005 (e) of the Texas Public Funds Investment Act (Ed Hinojosa, Chief Financial Officer; Diana Kollodziej Fiedler, Director of Finance and Accounting)
6. Update and discussion regarding the Quarterly Financial Report for the San Antonio Housing Authority (Ed Hinojosa, Chief Financial Officer; Diana Kollodziej Fiedler, Director of Finance and Accounting)
7. Update and discussion regarding Internal Audit Activities (Muriel Rhoder, Chief Administrative Officer; Aiyana Longoria, Director of Internal Audit)
8. Update and discussion regarding TDHCA Income Averaging (Timothy E. Alcott, Real Estate and Legal Services Officer; Lorraine Robles, Director of Development Services and Neighborhood Revitalization)

9. *Closed Session:

Consultation with Attorney

Deliberate and obtain legal advice regarding legal issues pursuant to Texas Government Code Sec. 551.071 (2).

- Consultation with attorney regarding Development Cash Flows, Deal Terms and Financing Tools for Mixed Finance Developments

10. Adjournment

*Note: Whenever the Texas Open Meetings Act (Section 551.001 et seq. of the Texas Government Code) provides for a closed meeting in matters concerning legal advice, real estate, contracts, personnel matters, or security issues, the Board may find a closed meeting to be necessary. For convenience of the citizens interested in an item preceded by an asterisk, notice is given that a closed meeting is contemplated. However, the Board reserves the right to go into a closed meeting on any other item, whether it has an asterisk, when the Board determines there is a need and a closed meeting is permitted.

**Note: If a quorum of the Board of Commissioners attends the Committee Meeting, this meeting becomes a Special Meeting of the Board, but no Board action will be taken other than recommendations to the full Board, unless the full Board is present.

"Pursuant to § 30.06, Penal Code, (trespass by holder license holder with a concealed handgun), a person licensed under Subchapter H, Chapter 411, Government Code (handgun licensing law), may not attend this meeting with a concealed handgun."

"Pursuant to § 30.07, Penal Code, (trespass by holder license holder with an openly carried handgun), a person licensed under Subchapter H, Chapter 411, Government Code (handgun licensing law), may not attend this meeting with a handgun that is carried openly.

**MINUTES
SAN ANTONIO HOUSING AUTHORITY
FINANCE COMMITTEE MEETING
November 21, 2019**

SCHEDULED: 2:00 p.m. at 818 S. Flores St., San Antonio, TX, 78204

COMMISSIONERS PRESENT:

Jo-Ann Kaplan, Committee Chair
Jessica Weaver, Vice Chair

COMMISSIONERS ABSENT:

Charles Clack, Commissioner
Sofia Lopez, Commissioner

COUNSEL: Doug Poneck, Escamilla &
Poneck, LLP

STAFF:

David Nisivoccia, President and CEO
Muriel Rhoder, Chief Administrative Officer
Ed Hinojosa, Chief Financial Officer
Timothy E. Alcott, Real Estate and Legal
Services Officer
Diana Kollodziej Fiedler, Director of Finance
and Accounting

Michael Reyes, Director of Communications and
Public Affairs
Thomas Roth, Director of Asset Management
Brandee Perez, Director of Federal Housing
Programs
Kristi Baird, Director of Beacon Communities
Aiyana Longoria, Director of Internal Audit

Item 1: Meeting called to order

Committee Chair Jo-Anne Kaplan called the meeting to order at 2:02 p.m.

PRESENTATION

Item 2: Independent Auditors Report

The Independent Auditors Report was presented by Mr. Santos Fraga, Mr. Kane Wells and Mr. Marc Sewell of RSM US LLP and by Mr. Robert Williams, CPA. The presentation included the Financial Audit Overview regarding the Governance Letter and status of the FY2019 Audit.

OPERATIONS

Item 3: Update and discussion regarding the Quarterly Financial Report for the San Antonio Housing Authority

Ms. Diana Kollodziej Fiedler, Director of Finance and Accounting, reported and provided the financial highlights of the San Antonio Housing Authority for the Fiscal Year ended June 30, 2019. The results of operations for the FY ended June 30, 2019, reflect a Surplus Before Non-Cash Items of \$23.4 million, which was \$10.5 million above budgeted projections.

Total Operating Revenue was approximately \$16.0 million above budget, due primarily to favorable variances of \$8.5 million in Grants revenue and \$7.1 million in Section 8 Housing Assistance Payment (HAP) Revenue. Grants revenue was above budget by \$8.5 million, due primarily to a favorable variance in Capital Funds revenue of \$3.8 million, which resulted from the

timing of both Capital Fund and Choice grant expenditures. HAP Revenue was \$7.1 million above budget, due to actual MTW lease-up of 101% compared to budgeted lease-up of 93%.

Ms. Fiedler further reported that the Total Operating Expenses ended the FY \$6.6 million above budget, due primarily to unfavorable variances of \$5.6 million in Ordinary Maintenance and Operations and \$5.8 million in Section 8 HAP Expense. The unfavorable variance of \$5.6 million in Ordinary Maintenance and Operations was primarily due to unfavorable variances in Public Housing, including unit make ready costs and new HVAC installations. HAP Expense was \$5.8 million higher than budgeted, due to higher voucher utilization, as well as, the implementation of Small Area Fair Market Rents in October 2018. Partially offsetting the overall unfavorable variance of \$6.6 million in Total Operating Expenses were favorable variances of \$1.9 million in Salaries and Benefits, \$0.5 million in Utilities, and \$2.3 million in Other Expenses.

The Comparative Balance Sheet reflects an overall increase in Total Net Position of \$10.9 million from June 30, 2018, to June 30, 2019. Total Assets increased \$13.6 million, or 3.84%, due primarily to increases of \$10.9 million in Current Assets and \$1.9 million in Other Non-Current Assets. The \$10.9 million increase in Current Assets resulted primarily from the refinance of Burning Tree and Encanta Villa, which contributed \$6.6 million to the overall increase. Other significant increases stemmed from the sale of various Scattered Sites properties and Blueridge Homes, which resulted in proceeds of \$2.2 million and \$4.6 million, respectively.

Ms. Fiedler also answered the Board of Commissioners' various questions regarding the Quarterly Financial Report.

Item 4: Consideration and appropriate action regarding Resolution 5986, adopting the San Antonio Housing Authority Internal Audit Plan for Fiscal Year 2019-2020 and update and discussion regarding Internal Audit Department Activities

Ms. Aiyana Longoria, Director of Internal Audit, presented the 2019-2020 Internal Audit Plan to the Board. Ms. Longoria reported that this is a risk-based plan developed to determine that the priorities of the Internal Audit department are consistent with The Institute of Internal Auditors, Inc. (IIA) Definition of Internal Auditing, Code of Ethics, and International Standards for the Professional Practice of Internal Auditing (Standards), as well as, the San Antonio Housing Authority's (Housing Authority's) strategic goals. The IIA Standard 2020, "Communication and Approval" requires the chief audit executive (CAE), i.e., the Director of Internal Audit, to communicate the internal audit activity's plans and resource requirements to senior management and the Board for review and approval. Final approval of the Internal Audit Plan for 2019-2020, resides with the Board of Commissioners.

Ms. Longoria's presentation included an explanation of the IIA Standard 2010, "Planning," which requires the internal audit plan to be based on a documented risk assessment, undertaken at least annually, with input from senior management and the Board. The Housing Authority's CAE issued risk assessment surveys to the members of the Board of Commissioners, the Board's attorney, and to each member of senior management and multiple operational personnel. The results of these surveys were tabulated to identify the significant risk areas, which were then included as proposed audits for the 2019-2020 Internal Audit Plan.

Additionally, in accordance with the approved Internal Audit Charter: "At least twice a year, the Audit Committee will meet separately with the CAE to provide a status report on operations and to discuss any matters that the Audit Committee or the CAE believes should be discussed privately." The Internal Audit Charter also requires the CAE to communicate any significant

deviation from the approved internal audit plan to the Audit Committee, the CEO, and the Legal and Compliance Officer, or equivalent, through periodic activity reports. The update provided the required communication: Internal Audit Plan Status – provided each quarter of the Fiscal Year 2019-2020 and Summary and Status of Management Corrective Action Plans (open action items only).

Ms. Longoria reported the Risk Assessment Survey Results and the Proposed Internal Audit Plan for FY 2019-2020 and also answered questions concerning various SAHA audit processes and procedures.

Motion: Commissioner Weaver moved to approve Resolution 5986, amended as follows to the Proposed Internal Audit Plan FY 2019-220: to move the Resident and Program Participation Termination Process up from the fourth quarter to the third quarter. Commissioner Kaplan seconded the motion. Approved.

Member	Aye	Nay	Absent At Time of Vote	Abstained
Jo-Anne Kaplan, Committee Chair	X			
Jessica Weaver, Vice Chair	X			

Item 5: Adjournment

With no objections, Committee Chair Kaplan adjourned the meeting at 2:59 p.m.

ATTEST:

Jo-Anne Kaplan
Finance Committee Chair

Date

David Nisivoccia
President and CEO

Date

SAN ANTONIO HOUSING AUTHORITY**January 23, 2020****BOARD OF COMMISSIONERS
Finance Committee****RESOLUTION 6001, ACCEPTING THE INDEPENDENT AUDITOR'S REPORT FOR THE YEAR
ENDING JUNE 30, 2019**

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David Nisivoccia
President and CEO

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Ed Hinojosa
Chief Financial Officer

REQUESTED ACTION:

Consideration and appropriate action regarding Resolution 6001, accepting the Independent Auditor's Report for the year ending June 30, 2019.

FINANCIAL IMPACT:

None.

SUMMARY:

The audit for the Housing Authority of the City of San Antonio and its component units for the year ended June 30, 2019, has been completed. In planning the audit, RSM US LLP met with staff to coordinate audit engagement details, establish auditor and client responsibilities, and determine any significant changes in SAHA's structure and personnel, as well as, determine any new companies and new agreements that may impact the audit approach. RSM US LLP also verified any new accounting or audit requirements published by the U.S. Department of Housing and Urban Development, the Government Accounting Standards Board, or the American Institute of Certified Public Accountants, which would affect the audits.

RSM US LLP reports include:

- Financial Audit Results Opinion – Unmodified (clean audit)
- Compliance Audit Results Opinion – Unmodified (clean audit)
- Report on Conduct of Audit and Management Letter Comments

RSM US LLP performed the following tasks during interim fieldwork:

- Tested certain internal controls for the following significant SAHA transaction cycles: cash receipts, procurement, disbursements and payroll
- Reviewed reports prepared by the Internal Audit Department to identify and assess any accounting issues
- Tested major federal financial assistance program(s) for compliance with federal requirements
- Reviewed organizational structure and selected a sample of employees who were interviewed about risks to SAHA including fraud

RSM US LLP performed the following year-end tasks:

- Conducted and evaluated preliminary analytical reviews to determine the nature and extent of procedures to be performed
- Established the audit approach, including preparation of a tailored audit work program
- Computed audit materiality to obtain reasonable assurance of detecting misstatements that could be material to the financial statements taken as a whole

SAN ANTONIO HOUSING AUTHORITY

January 23, 2020

- Reviewed and mailed SAHA-prepared confirmations to customers, creditors, legal counsel and banks
- Performed substantive procedures for the various financial statement account balances as of year-end, as deemed necessary in the following areas: cash, investments, notes receivable, grant and rent revenue, capital assets, payroll and related liabilities, escrow accounts and long-term debt
- Reviewed the SAHA-prepared financial statements and utilized a disclosure checklist to ensure all significant disclosures are made
- Finalized analytical review procedures to assess the conclusions reached and evaluate the overall financial statement presentation
- Followed up on prior year comments and recommendations included in the Report on Conduct of Audit
- Prepared the Report on Conduct of Audit for the current year

RSM US LLP will also issue audit reports, as required by HUD or other contractual agreements, for the following component units, all of which contained unmodified (clean audit) opinions:

- San Antonio Housing Facility Corporation
- Sendero I Public Facility Corporation
- Springhill/Courtland Heights Public Facility Corporation
- Woodhill Public Facility Corporation
- Converse Ranch, LLC

STRATEGIC GOAL:

Transform core operations to be a high performing and financially strong organization.

ATTACHMENT:

Resolution 6001

CERTIFICATE FOR RESOLUTION 6001

The undersigned officer of the Housing Authority of the City of San Antonio, Texas, a Texas housing authority created pursuant to the laws of the State of Texas (SAHA), hereby certifies as follows:

1. In accordance with Chapter 551, Texas Government Code, as amended (Open Meetings Act), and the bylaws of SAHA, the Board of Commissioners of SAHA (Board) held a meeting on February 6, 2020 (Meeting) of the duly constituted officers and members of the Board, at which a duly constituted quorum was present. Whereupon among other business transacted at the Meeting, a written

RESOLUTION 6001, ACCEPTING THE INDEPENDENT AUDITOR'S REPORT FOR THE YEAR ENDING JUNE 30, 2019.

(Resolution) was duly introduced for the consideration of the Board and discussed. It was then duly moved and seconded that the Resolution be adopted; and, after due discussion, said motion, carrying with it the adoption of the Resolution, prevailed and carried by a majority vote of the Board.

2. A true, full, and correct copy of the Resolution adopted at the Meeting is attached to and follows this Certificate; the Resolution has been duly recorded in the Board's minutes of the Meeting; each of the officers and members of the Board was duly and sufficiently notified officially and personally, in advance, of the time, place, and purpose of the Meeting; and the Meeting was held and conducted in accordance with the Open Meetings Act and the Bylaws of SAHA.

SIGNED February 6, 2020.



David Nisivoccia
President and CEO

**San Antonio Housing Authority
Resolution 6001**

**RESOLUTION 6001, ACCEPTING THE INDEPENDENT AUDITOR'S REPORT FOR THE YEAR
ENDING JUNE 30, 2019**

WHEREAS, the agency planning requirements of the Quality Housing and Work Responsibility Act of 1998 (QHWRA) and the U.S. Department of Housing and Urban Development's (HUD) February 18, 1999, Interim Rule contains implementing instructions for agency planning requirements; and

WHEREAS, the Office of Management and Budget under 2 Code of Federal Regulations (CFR) Part 200, Subpart F and the HUD regulations require that all Public Housing Authorities conduct a financial and compliance audit and submit it to the HUD local field office annually; and

WHEREAS, SAHA has contracted with independent auditors that have conducted a financial and compliance audit of SAHA and its related entities and have presented said report to the SAHA Board of Commissioners on February 6, 2020; and

WHEREAS, the Independent Auditor's Report indicates an unmodified (clean audit) opinion on the Financial Audit Results; and

WHEREAS, staff requests that the Board of Commissioners review and accept the annual Independent Auditor's Report for the year ending June 30, 2019.

NOW, THEREFORE, BE IT RESOLVED that the Board of Commissioners of SAHA hereby:

Approves Resolution 6001, accepting the Independent Auditor's Report for the year ending June 30, 2019.

Passed and approved the 6th day of February 2020.

Jessica Weaver
Vice Chair, Board of Commissioners

Attested and approved as to form:

David Nisivoccia
President and CEO

SAN ANTONIO HOUSING AUTHORITY

January 23, 2020

**BOARD OF COMMISSIONERS
Finance Committee**

**RESOLUTION 6002, CERTIFYING THAT THE SAN ANTONIO HOUSING AUTHORITY'S
INVESTMENT POLICY AND INVESTMENT STRATEGIES HAVE BEEN REVIEWED IN
ACCORDANCE WITH THE REQUIREMENTS SET FORTH IN SECTION 2256.005 (e) OF THE
TEXAS PUBLIC FUNDS INVESTMENT ACT**

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David Nisivoccia
President and CEO

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Ed Hinojosa
Chief Financial Officer

REQUESTED ACTION:

Consideration and appropriate action regarding Resolution 6002, certifying that the San Antonio Housing Authority's Investment Policy and Investment strategies have been reviewed in accordance with the requirements set forth in section 2256.005 (e) of the Texas Public Funds Investment Act.

PURPOSE:

The purpose of the review is to ensure SAHA remains in compliance with requirements set forth in Section 2256.005 (e) of the Texas Public Funds Investment Act (PFIA).

FINANCIAL IMPACT:

None.

SUMMARY:

Section 2256.005 (e) of the Texas Public Funds Investment Act requires that the governing body of each covered entity review its Investment Policy and Investment Strategies not less than annually and adopt a written instrument by rule, order, ordinance, or resolution stating such.

The Investment Policy denotes the allowed investment activities, which must conform to all federal, state, and local statutes governing the investment of public and non-public funds. The policy contains relevant information to guide responsible personnel regarding authorized investment activities.

There are no proposed changes to the Investment Policy at this time.

ATTACHMENTS:

Resolution 6002
2020 Investment Policy

CERTIFICATE FOR RESOLUTION 6002

The undersigned officer of the Housing Authority of the City of San Antonio, Texas, a Texas housing authority created pursuant to the laws of the State of Texas (SAHA), hereby certifies as follows:

1. In accordance with Chapter 551, Texas Government Code, as amended (Open Meetings Act), and the bylaws of SAHA, the Board of Commissioners of SAHA (Board) held a meeting on February 6, 2020, (Meeting) of the duly constituted officers and members of the Board, at which a duly constituted quorum was present. Whereupon among other business transacted at the Meeting, a written

RESOLUTION 6002, CERTIFYING THAT THE SAN ANTONIO HOUSING AUTHORITY'S INVESTMENT POLICY AND INVESTMENT STRATEGIES HAVE BEEN REVIEWED IN ACCORDANCE WITH THE REQUIREMENTS SET FORTH IN SECTION 2256.005 (e) OF THE TEXAS PUBLIC FUNDS INVESTMENT ACT.

(Resolution) was duly introduced for the consideration of the Board and discussed. It was then duly moved and seconded that the Resolution be adopted; and, after due discussion, said motion, carrying with it the adoption of the Resolution, prevailed and carried by a majority vote of the Board.

2. A true, full, and correct copy of the Resolution adopted at the Meeting is attached to and follows this Certificate; the Resolution has been duly recorded in the Board's minutes of the Meeting; each of the officers and members of the Board was duly and sufficiently notified officially and personally, in advance, of the time, place, and purpose of the Meeting; and the Meeting was held and conducted in accordance with the Open Meetings Act and the Bylaws of SAHA.

SIGNED February 6, 2020.



David Nisivoccia
President and CEO

**San Antonio Housing Authority
Resolution 6002**

RESOLUTION 6002, CERTIFYING THAT THE SAN ANTONIO HOUSING AUTHORITY'S INVESTMENT POLICY AND INVESTMENT STRATEGIES HAVE BEEN REVIEWED IN ACCORDANCE WITH THE REQUIREMENTS SET FORTH IN SECTION 2256.005 (e) OF THE TEXAS PUBLIC FUNDS INVESTMENT ACT.

WHEREAS, the State of Texas has passed legislation requiring written Investment Policies for all public agencies; and

WHEREAS, the State requires the governing body of an investing entity review its Investment Policy and Investment Strategies not less than annually and adopt a resolution stating such; and

WHEREAS, staff of the Authority has previously prepared the Investment Policy to meet the requirements of the State of Texas Law; and

WHEREAS, there are no proposed changes to this policy at this time.

NOW, THEREFORE, BE IT RESOLVED that the Board of Commissioners of SAHA hereby:

Approves Resolution 6002, certifying that the San Antonio Housing Authority's Investment Policy and Investment strategies have been reviewed in accordance with the requirements set forth in section 2256.005 (e) of the Texas Public Funds Investment Act.

Passed and approved the 6th day of February 2020.

Jessica Weaver
Vice Chair, Board of Commissioners

Attested and approved as to form:

David Nisivoccia
President and CEO

INVESTMENT POLICY

February 6, 2020

1.0 POLICY:

It is the policy of the Housing Authority of the City of San Antonio, Texas to invest all funds in a manner that will provide the highest investment return with the maximum security while assuring sufficient liquidity to meet the daily cash flow demands of the Housing Authority. Investment activities must conform to all federal, state and local statutes governing the investment of public and non-public funds.

2.0 SCOPE:

This investment policy applies to all financial assets of the Housing Authority and related entities. These funds are accounted for in the Housing Authority Annual Audit Reports and include:

- 2.1 Operating Funds and Reserves for Public Housing, Section 8, and all programs
- 2.2 Development Reserves, Bond Proceeds, and Escrow Accounts
- 2.3 Any newly acquired or special funds
- 2.4 Non-Profit and Partnership Funds

3.0 OBJECTIVE:

As required by the Act, the investment of funds shall be governed by the following investment objectives, in order of preference:

- 3.1 Preservation and safety of principal: Investment decisions of the Authority shall be undertaken in a manner that seeks to ensure the preservation and safety of capital in the overall portfolio. To obtain this goal, adequate diversification is required to assure that potential losses on individual investments do not exceed the income generated from the remainder of the portfolio. There shall be a requirement for settlement of all transactions, except investment pool funds and mutual funds, on a delivery versus payment basis.
- 3.2 Liquidity: The investment portfolio will remain sufficiently liquid to enable the Authority to meet all operating requirements that might be reasonably anticipated. Investment in securities with an active secondary market are preferred investments.

- 3.3 Yield and Return on Investment: The San Antonio Housing Authority investment portfolio shall be designed with the objective of attaining a rate of return throughout budgetary and economic cycles, commensurate with the Authority's investment risk constraints and cash flow characteristics of the portfolio.
- 3.4 Legal Limitations: Direct specific investment parameters for the investment of public funds in Texas are found in the Public Funds Investment Act, Chapter 2256, Texas Government Code and the U. S. Department of Housing and Urban Development Public and Indian Housing Notice 95-27 issued May 11, 1995.
- 3.5 Administrative Cost: In choosing an investment, the San Antonio Housing Authority shall consider the administrative work involved, particularly with regards to investments of short duration.

4.0 PRUDENCE:

The standard of prudence to be used in the investment function shall be the "prudent person" standard and shall be applied in the context of managing the overall portfolio. Prudence shall be measured by considering the investment of all funds or funds under the entity's control over which the officer had responsibility rather than a consideration as to the prudence of a single investment.

This standard states: "Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the expected income to be derived." The investment officer and those delegated with investment authority under this policy, when acting in accordance with the written procedures and this policy in accord with the Prudent Person Rule, shall be relieved of personal responsibility and liability in the management of the portfolio, provided that deviations from expectations for a specific security's credit risk or market price change or portfolio shifts are reported in a timely manner and that appropriate action is taken to control adverse market effects.

5.0 DELEGATION OF AUTHORITY:

The Board of Commissioners of the Housing Authority of the City of San Antonio retains the ultimate responsibility as fiduciaries over the assets of the organization. The Board hereby delegates to the CEO and the CEO's designated staff the day-to-day responsibility of managing the Housing Authority's investment activities. The CEO will report the investment activities to the Board of Commissioners on at least a quarterly basis as required by the Public Funds Investment Act.

The CEO, with assistance from the CEO's designated staff, will establish the system of procedures and controls to regulate the investment activities. No officer or designee may engage in an investment transaction except as provided under the terms of this policy and

the procedures established and approved by the President and CEO. The CEO designates the Chief Financial Officer as responsible for considering the quality and capability of staff, investment advisors, and consultants involved in investment management and procedures. The Chief Financial Officer will also oversee all investment activities and assure that appropriate internal controls are in place and being followed.

The CEO also designates the Director of Finance and Accounting as the Investment Officer of the Housing Authority to be responsible for the day to day operating decisions related to investment decisions and activities. In addition, the Investment Officer shall be responsible for all transactions undertaken and together with the Chief Financial Officer, shall establish a system of procedures and controls to regulate the activities of subordinate officials and staff. The CEO, Chief Financial Officer and Director of Finance and Accounting shall be authorized to make investment decisions and place investment orders. All participants in the investment process shall act responsibly as custodians of the public trust.

6.0 ETHICS AND CONFLICTS OF INTEREST:

Officers, employees, board members, and investment officials involved in the investment process shall refrain from personal business activity that could conflict, or could reasonably be perceived as a conflict, with the proper execution of the investment program, or which could impair their ability to make impartial investment decisions. Officers, employees, board members, and investment officials shall disclose to the President and CEO, in writing, any material financial interests in financial institutions that conduct business with this Authority. Officers, employees, board members, and investment officials shall further disclose any large personal financial investment positions that could be related to the investment activities of the Housing Authority, particularly with regard to the time of purchases and sale of investments. All Federal, State of Texas, and Housing Authority Ethics Policies shall be strictly followed.

7.0 AUTHORIZED FINANCIAL DEALERS AND INSTITUTIONS:

The Investment Officer shall maintain a list of all financial institutions authorized to provide investment services for the Housing Authority.

7.1 All financial institutions and broker/dealers who desire to become qualified bidders for investment transactions must supply the Investment Officer with annual financial statements and certification in writing that the financial institution or the broker/dealer has read and will follow all Federal and State of Texas laws and regulations regarding investments made by the San Antonio Housing Authority.

7.2 An annual review of the financial statements will be completed by the Investment Officer.

- 7.3 A current audited financial statement is required to be on file for each financial institution and broker/dealer with which the Housing Authority transacts business.
- 7.4 The board or designated investment committee of the San Antonio Housing Authority shall, at least annually, review, revise, and adopt a list of qualified brokers that are authorized to engage in investment transactions with the San Antonio Housing Authority.

8.0 AUTHORIZED AND SUITABLE INVESTMENTS:

- 8.1 HUD Funds: The San Antonio Housing Authority is required to invest HUD sourced funds in investments approved by the U.S. Department of Housing and Urban Development. These investments must be fully collateralized. ATTACHMENT A is applicable to HUD funds and contains a listing and description of approved investments.
- 8.2 Non-HUD Funds: Funds in excess of HUD funds, unrestricted funds, reserves, partnership funds, bond proceeds, foundation funds, and other funds are not subject to ATTACHMENT A; however, these funds shall be invested in accordance with the Public Funds Investment Act.

9.0 COLLATERALIZATION:

Full collateralization is required for all Housing Authority investments. In order to protect the Housing Authority assets collateralization of one-hundred percent (100%) is required at all times. All collateral shall conform to those investment instruments listed in ATTACHMENT A of the Public Funds Investment Act.

Collateral will always be held by an independent third party with whom the financial institution or broker/dealer has a current custodial agreement. A clearly marked evidence of ownership or safekeeping receipt must be available to the Housing Authority.

Collateral substitution may be allowed when the substituted collateral is on the approved list of investments listed in ATTACHMENT A or the Public Funds Investment Act.

10.0 DIVERSIFICATION:

The San Antonio Housing Authority will diversify its investments by security type and institution. With the exception of U.S. Treasury securities and authorized investment pools, no more than 50% of the San Antonio Housing Authority total investment portfolio will be invested in a single security type or in securities issued by a single financial institution or broker/dealer.

11.0 MAXIMUM MATURITIES:

11.1 Operating Funds: To the extent possible the San Antonio Housing Authority will attempt to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow, the Authority will not directly invest in securities maturing more than three years (3) from the date of purchase. This maximum maturity policy applies to all operating funds.

11.2 Non-operating or excess funds: Funds in excess of operating needs, unrestricted funds, foundation funds, bond proceeds, reserves, escrow funds, and other funds not required for operations may be held in securities without regard to the three year (3) limitation referenced in Section 11.1. The Investment Officer shall assure that sufficient liquidity exists at all times to meeting operating commitments.

12.0 INTERNAL CONTROL:

The Investment Officer shall establish an annual process of independent review as part of the annual audit. This review will provide internal control by assuring compliance with policies and procedures.

13.0 PERFORMANCE STANDARDS AND REPORTING:

As required by Section 2256 of the Public Funds Act, at least quarterly, the Investment Officer or designee will prepare an investment report for the Housing Authority Board of Commissioners. The report shall contain the name of the financial institution or broker/dealer holding the investment, the investment position, the cost of the investment, the fair market value, the purchase date, maturity date, and any interest accrued. Investment performance will be measured by standards set by the U.S. Department of Housing and Urban Development.

14.0 INVESTMENT POLICY ADOPTION:

The San Antonio Housing Authority investment policy shall be adopted by resolution of the Board of Commissioners. The policy shall be reviewed on a periodic basis and revised by the Investment Officer as necessary. It is the intent of the Housing Authority that if any changes of federal or State of Texas laws affect this policy, the new law or change becomes effective as stated and this policy is automatically conformed to existing law.

15.0 EXEMPTION:

Any investment currently held that does not meet the guidelines of this policy shall be exempted from the requirements contained herein. At maturity or liquidation, such funds shall be reinvested only as provided by this policy.

ATTACHMENT A

INVESTMENT INSTRUMENTS APPROVED BY HUD

1. DIRECT OBLIGATION OF THE FEDERAL GOVERNMENT BACKED BY THE FULL FAITH AND CREDIT OF THE UNITED STATES
 - a. U.S. Treasury Bills
 - b. U. S. Treasury Notes and Bonds
 - (1) U.S. Treasury Notes
 - (2) U.S. Treasury Bonds
2. OBLIGATIONS OF FEDERAL GOVERNMENT AGENCIES
 - a. Federal Financing Bank (FFB)
 - b. Government National Mortgage Association (GNMA). Mortgage-Backed Securities (GNMA I and GNMA II)
 - c. GNMA Participation Certifies
 - d. Maritime Administration Merchant Marine Bonds, Notes, and Obligations
 - e. Small Business Administration (SBA). Small Business Investment Corporation (SBIC) Debentures
 - f. Tennessee Valley Authority (TVA) Power Bonds and Notes

3. SECURITIES OF GOVERNMENT-SPONSORED AGENCIES

- a. Farm Credit Consolidated System-Wide Discount Notes
- b. Federal Farm Credit Banks Consolidated System-Wide Bonds
- c. Federal Home Loan Banks Consolidated Obligations

These securities are the secured joint and several obligations of the Federal Home Loan Banks comprised of:

- (1) Bonds
 - (2) Notes
 - (3) Discount Notes
- d. FHLMC Mortgage Participation Certificates (PC) (Guaranteed)
 - e. FHLMC Collateralized Mortgage Obligations (CMOs)
 - f. Federal National Mortgage Association (FNMA) Debentures
 - g. FNMA Notes
 - h. FNMA Short-Term Discount Notes
 - i. FNMA Capital Debentures
 - j. Student Loan Marketing Associations (SLMA) Obligations

SLMA issues obligations comprises of guaranteed student loans as follows:

- (1) Floating Rate and Master Notes

(2) The Series E and F Floating Rate Notes

(3) Zero Coupon Notes

4. DEMAND AND SAVINGS DEPOSITS

5. MONEY-MARKET DEPOSIT ACCOUNT

6. MUNICIPAL DEPOSITORY FUND

7. SUPER NOW ACCOUNTS

8. CERTIFICATES OF DEPOSIT

- a. Certificates of Deposit are permitted at depository institutions that are insured by an agency of the Federal Government. Caution must be exercised for certificates exceeding the \$250,000 insurance limit or when the term is longer than 30-90 days. The new FDIC limit of \$250,000 is in effect through December 2013. Although the certificates' rate of return may be attractive for larger amounts and longer terms, U. S. treasury Securities offer superior safety and liquidity for the same amounts and terms. Certificates shall be in the HA's name. In addition a General Depository Agreement must be executed by each financial institution that issues a Certificate of Deposit.
- b. Certificate amounts above \$250,000 are permitted provided that the excess is 100 percent collateralized by clearly identified (not pooled) U.S. Government securities. Possession of the collateral securities and a continuous perfected security interest may be the only sure protection against loss in case of bank failure.
- c. Brokered deposits should be avoided because it is impossible to get \$100,000 federal insurance on a number of deposits placed by brokers.

9. REPURCHASE AGREEMENTS

Repurchase (repos) agreements for a term not to exceed 30 days may be entered into with Federally insured depository institution to purchase and sale of securities identified under subparagraphs b, c and d. A repurchase agreement is an agreement negotiated with a bank

usually for a short period (1 to 7 days) where in securities approved for investment are purchased from that bank at a stated price with the bank agreeing to repurchase them on a specified date for a specified amount. The minimum may vary, although it is usually \$100,000. There are three main types: (1) fixed term, where both parties are bound to the negotiated time period; (2) demand, where the agreement stays in effect until terminated by either party, and; (3) day-to-day, where daily renewal is by mutual consent and 24-hour notice is required for termination. The HA should review existing and future repos for compliance with the following certifications. Prior approval by HUD is not necessary, however, the repos seller depository or its agency must provide a written certification to HUD, Assistant Secretary for Public and Indian Housing (Office of Finance and Budget), the Area Office, and to the HA.

- a. that the depository's repo program complies with applicable Federal and State statutes and regulations and that the program does not involve sales or loans of Federal securities by securities dealer that are not regulated or that report to the Federal Reserve Board;
- b. that the depository owns the underlying Federal securities (approved for repurchase under HUD guidelines) when the repo interest is sold and that the value of the securities is equal to or greater than the amount the HA pays for the repo;
- c. that the HA has possession of the securities (or the HA will take possession of the securities on behalf of the HA) as a bailee (evidenced by a safe keeping receipt and a written bailment for hire contract), from the time the repo interest is sold to the HA and will be (or is expected to be) maintained for the full term of the repo;
- d. that the repo agreement and any related documents identify specific Federal securities related to the specific repo purchased by the HA;
- e. that the repo interest does not represent any interest in a pool or fund of Federal securities for which registration under the Investment Company Act of 1940 may be required;
- f. that the HA will have a continuous perfected security interest in the underlying Federal securities under State or Federal law for the full term of the repo (disclosing the method by which perfection has or will be accomplished, i.e., by possession, filing, registration of book-entry securities) and/or Federal preemption of State law by Federal regulation;
- g. that the depository or a reporting dealer selling the repo has not received any adverse financial report from a credit reporting agency, State or Federal regulatory agency; and

- h. that the depository will not substitute other securities as collateral, except to increase the value of the repo security to match the repo's purchase price.

10. SWEEP ACCOUNTS

11. SEPARATE TRADING OF REGISTERED INTEREST AND PRINCIPAL OF SECURITIES (STRIPS)

12. MUTUAL FUNDS

A Mutual Fund (Fund) is an investment company that makes investments on behalf of individuals and institutions. The Fund pools the money of the investors and buys various securities that are consistent with the Fund's objective.

- a. Mutual Fund Criteria: The Fund shall be organized as a no-load, open-end, diversified management company and its shares shall be registered under the Securities Act of 1933. The Fund shall be under the control of the Securities Exchange Act of 1934, Investment Adviser Act of 1940 and the Investment Company Act of 1940. The investment objective of the Fund shall be to obtain as much income as possible consistent with the preservation, conservation and stability of capital. The mutual fund objective cannot be changed without the prior approval of fund shareholders.
- b. The securities purchased by the Fund shall be on the HUD-approved list of investment securities. The fund will not engage in options or financial futures. The HA shall limit the amount of funds invested in the Fund to no more than 20 percent of the HA's available investment funds. The Fund shall disclose clearly the basis of earnings and how they are distributed. The HA shall obtain a statement of potential default and risk. The HA's invested funds shall be accessible to the HA daily. It shall be demonstrated that any limitations on withdrawals will not impair the HA's day-to-day cash management needs.
- c. The management fee shall be fixed at a reasonable amount. The Fund shall disclose the relationships of the investment advisor, manager, trustee, custodian and transfer agent. The Fund shall clearly state all services (such as wire transfers and check writing privileges) and charges.
- d. Investment in the Fund shall be authorized by a Board Resolution. A certified copy of the resolution shall accompany the initial application for the Fund.

13. EFFECT OF LOSS OF REQUIRED RATING

An investment that requires a minimum rating under this section does not qualify as an authorized investment during the period the investment does not have the minimum rating. Management has the authority to waive the minimum portfolio credit quality if the quality decline is due to a downgrade or default of U.S. Government securities. The San Antonio Housing Authority shall take all prudent measures that are consistent with its investment policy to liquidate an investment that does not have the minimum rating.

SAN ANTONIO HOUSING AUTHORITY**January 23, 2020****MEMORANDUM**

To: Finance Committee

From: David Nisivoccia, President and CEO

Presented by: Ed Hinojosa, Chief Financial Officer
Diana Kollodziej Fiedler, Director of Finance and Accounting

RE: Update and discussion regarding the Quarterly Financial Report for the San Antonio Housing Authority

**SUMMARY:*****Financial Performance Highlights***

The Quarterly Financial Report for the San Antonio Housing Authority for the three months ended September 30, 2019, is attached. The results of operations for the three months ended September 30, 2019, reflect a Surplus Before Non-Cash Items of \$6.5 million, which was \$4.0 million above budgeted projections.

Total Operating Revenue was approximately \$2.8 million above budget, due to a favorable variance of \$3.1 million in Grants revenue, which resulted primarily from the timing of Choice grant expenditures. Additionally, there was a favorable variance of \$564,000.00 in Public Housing operating subsidy, due to actual proration of 97.6% compared to budgeted proration of 89.5%.

Total Operating Expenses ended the period \$1.4 million below budget, due primarily to favorable variances of \$1.0 million in Salaries and Benefits and \$1.0 million in Other Expenses, partially offset by an unfavorable variance of \$873,000.00 in Ordinary Maintenance and Operations. The Beacon and Central Office segments were the main contributors to the \$1.0 million favorable variance in Salaries and Benefits. Other Expenses were \$1.0 million favorable attributable to lower than anticipated consulting fees, telephone and internet expenses, technology and licensing fees, and other administrative expenses. The unfavorable variance of \$873,000.00 in Ordinary Maintenance and Operations was primarily due to Public Housing, which reported unfavorable variances in HVAC repair and replacement, unit make ready costs, and other contract costs.

The Comparative Balance Sheet reflects an overall increase in Total Net Position of \$19.6 million from September 30, 2018, to September 30, 2019. Total Assets increased by \$20.3 million, due to the addition of \$13.0 million in Current Assets, \$2.1 million in Fixed Assets, and \$5.2 million in Other Non-Current Assets. The \$13.0 million improvement in Current Assets resulted chiefly from an increase in cash due to the refinancing of the Burning Tree and Encanta Villa properties, which yielded net proceeds of \$6.6 million, and the sale of various Scattered Site and Blueridge

SAN ANTONIO HOUSING AUTHORITY**January 23, 2020**

Homes, which resulted in proceeds of \$5.7 million and \$4.7 million, respectively. The \$2.1 million increase in Fixed Assets was largely due to a \$1.5 million increase in land, which was related to a land swap transaction with the City of San Antonio for 0.95 acres, which will be utilized for the 100 Labor Street development. The increase of \$5.2 million in Other Non-Current Assets was mainly due to a \$4.5 Choice loan from the San Antonio Housing Facility Corporation to Wheatley Family II, LP. Total Liabilities increased by \$2.1 million, due primarily to the refinancing of Burning Tree and Encanta Villa, which resulted in new debt of \$6.8 million. The increase was partially offset by scheduled debt payments of \$3.6 million and a prepayment of \$1.0 million toward the Energy Performance Contract loan.

Supplemental Information—Funding Environment

In December 2019, Congress enacted H.R. 1865, the final 2020 spending package for HUD and other federal agencies. The bill provides more than \$12 billion above the President's request for HUD programs. The FY 2020 Appropriations Act includes \$21.5 billion for HAP renewals, which is \$1.189 billion more than the FY 2019 enacted budget. At this time, it is estimated that this represents 99.2% proration for voucher renewals, though this may change, as additional information becomes available. Public Housing operating funds have been decreased by \$104.0 million and capital funds have been increased by \$94.0 million in comparison to FY 2019. Presently, the Authority has not received actual funding amounts for any program for 2020, as those processes are initiated by HUD well into the funding year.

PROPOSED ACTION:

None at this time.

FINANCIAL IMPACT:

None.

ATTACHMENTS:

Financial Performance Report
Cash and Investment Summary
Grants Report

**San Antonio Housing Authority
Financial Performance Report
As of September 30, 2019
(UNAUDITED)**

**Condensed Statement of Revenue and Expenses
(For the Three Months Ended 9/30/2019)**

	ACTUAL 9/30/2019	BUDGET 9/30/2019	Variance	%	Highlights Section
Operating Revenue					
Tenant Revenue	\$ 8,276,557	\$ 8,128,742	\$ 147,815	1.82%	I(a)(1)
Grants	14,529,435	11,380,259	3,149,176	27.67%	I(a)(2)
HAP Revenue	25,243,388	25,223,929	19,459	0.08%	
Miscellaneous Revenue	726,460	1,286,888	(560,428)	-43.55%	I(a)(3)
Total Operating Revenue	\$ 48,775,840	\$ 46,019,818	\$ 2,756,022	5.99%	
Operating Expenses					
Salaries and Benefits	\$ 7,962,979	\$ 8,976,364	\$ (1,013,385)	-11.29%	I(b)(1)
Ordinary Maintenance and Operations	4,150,828	3,277,508	873,321	26.65%	I(b)(2)
Utilities	1,758,077	1,968,694	(210,617)	-10.70%	I(b)(3)
Other Expenses	2,303,116	3,318,714	(1,015,599)	-30.60%	I(b)(4)
HAP Expense	25,131,849	25,181,429	(49,580)	-0.20%	
Total Operating Expenses	\$ 41,306,848	\$ 42,722,708	\$ (1,415,860)	-3.31%	
Net Operating Income	\$ 7,468,992	\$ 3,297,109	\$ 4,171,883	126.53%	
Non-Operating Income (Expenses)					
Interest Expense	\$ (708,385)	\$ (780,911)	\$ 72,526	-9.29%	
Interest Income	1,012,393	583,882	428,511	73.39%	
Other Income (Expenses)	(1,251,325)	(592,382)	(658,943)	111.24%	I(c)(1)
Total Non-Operating Income (Expenses)	\$ (947,317)	\$ (789,411)	\$ (157,906)	20.00%	
Surplus (Deficit) Before Non-Cash Items	\$ 6,521,675	\$ 2,507,698	\$ 4,013,977	160.07%	
Non-Cash Items					
Depreciation and Amortization	\$ (3,591,935)	\$ (3,143,404)	\$ (448,531)	14.27%	
Non-Operating Income (Expense)	3,302,208	1,756	3,300,452	187915.39%	
Total Non-Cash Items	\$ (289,727)	\$ (3,141,647)	\$ 2,851,920	-90.78%	
Change in Net Position	\$ 6,231,948	\$ (633,949)	\$ 6,865,897	-1083.04%	I(c)(1)

**San Antonio Housing Authority
Financial Performance Report
As of September 30, 2019
(UNAUDITED)**

Comparative Balance Sheet

	9/30/2019	9/30/2018	Increase (Decrease)	%	Highlights Section
Assets					
Current Assets	\$ 92,928,443	\$ 79,952,916	\$ 12,975,527	16.23%	
Fixed Assets	198,010,405	195,898,929	2,111,476	1.08%	
Other Non-Current Assets	77,953,431	72,783,100	5,170,331	7.10%	
Total Assets	\$ 368,892,279	\$ 348,634,945	\$ 20,257,334	5.81%	II(a)
Deferred Outflows of Resources					
Deferred Charges on Refunding	\$ 583,027	\$ 697,236	\$ (114,209)	-16.38%	
Deferred Swap Outflows	1,296,697	-	1,296,697	100.00%	
Total Deferred Outflows of Resources	\$ 1,879,724	\$ 697,236	\$ 1,182,488	169.60%	
Total Assets and Deferred Outflows of Resources	\$ 370,772,003	\$ 349,332,181	\$ 21,439,822	6.14%	
Liabilities					
Current Liabilities	\$ 14,067,545	\$ 14,376,782	\$ (309,237)	-2.15%	
Non-Current Liabilities	75,815,761	73,436,012	2,379,749	3.24%	
Total Liabilities	\$ 89,883,306	\$ 87,812,794	\$ 2,070,512	2.36%	II(b)
Deferred Inflows of Resources					
Deferred Swap Inflows	\$ -	\$ 235,388	\$ (235,388)	-100.00%	
Total Liabilities and Deferred Inflows of Resources	\$ 89,883,306	\$ 88,048,182	\$ 1,835,124	2.08%	
Net Position					
Net Investment in Capital Assets	\$ 129,737,508	\$ 129,863,555	\$ (126,047)	-0.10%	
Restricted Net Position	39,676,781	28,659,166	11,017,615	38.44%	
Unrestricted Net Position	111,474,408	102,761,278	8,713,130	8.48%	
Total Net Position	\$ 280,888,697	\$ 261,283,999	\$ 19,604,698	7.50%	II(c)
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 370,772,003	\$ 349,332,181	\$ 21,439,822	6.14%	

**San Antonio Housing Authority
Financial Performance Report
As of September 30, 2019
(UNAUDITED)**

HIGHLIGHTS

The results of operations for the three months ended September 30, 2019, reflect a surplus before non-cash items of \$6.5 million, which was \$4.0 million above budget. Total Operating Revenue was above budget by \$2.8 million, or 5.99%, and Total Operating Expenses were below budget by \$1.4 million, or 3.31%.

Total Assets and Deferred Outflows of Resources increased by \$21.4 million, or 6.14%. Total Liabilities and Deferred Inflows of Resources increased by \$1.8 million, or 2.08%. Presented below are explanations which summarize the results of operations and changes in financial condition.

I. Income Statement

Total Operating Revenue was above budget by \$2.8 million and Total Operating Expenses were below budget by \$1.4 million.

(a) Operating Revenue

- (1) Tenant Revenue was \$148,000, or 1.82%, favorable for the period primarily due to higher than anticipated recoveries of rental unit damages from tenants.
- (2) Grants revenue was above budget by \$3.1 million, or 27.67%, due primarily to a favorable variance of \$2.7 million in the Capital Funds sector, which was affected by the timing of Choice grant expenditures. Additionally, there was a favorable variance of approximately \$564,000 in Public Housing operating subsidy. The actual proration for the period was 97.6% compared to the budgeted proration of 89.5%.
- (3) Miscellaneous Revenue was below budget by \$560,000, or 43.55%, due primarily to an unfavorable variance of \$425,000 in development fee revenue. Several new projects were in the pre-development stage and thus have not recognized any development fee revenue.

(b) Operating Expenses

- (1) The Salaries and Benefits expense line item ended the period \$1.0 million below budget with the majority of segments reporting favorably. The Beacon and Central Office segments were the primary contributors to the favorable variance.
- (2) The Ordinary Maintenance and Operations expense line item ended the period \$873,000 over budget primarily due to unfavorable variances in Public Housing. Significant unfavorable variances included \$137,000 in HVAC repairs, \$266,000 in unit make ready costs, \$175,000 in other contract costs, and \$125,000 in HVAC replacement.
- (3) Utilities expense ended the period \$211,000 below budget. Public Housing was the primary contributor to the favorable variance having reported \$167,000 below budget. Across all segments, electricity was \$155,000 favorable.

**San Antonio Housing Authority
Financial Performance Report
As of September 30, 2019
(UNAUDITED)**

- (4) The Other Expenses line item was below budget by \$1.0 million. The Central Office, Real Estate, and Public Housing segments were the most significant contributors to the favorable variance in Other Expenses. Significant favorable variances for the Other Expenses category included \$332,000 in consulting fees, \$136,000 in telephone and internet expenses, \$133,000 in technology and licensing fees, and \$100,000 in other administrative expenses.

(c) Summary of Changes in Net Position

- (1) Change in Net Position ended the period with a \$6.9 million favorable variance. Net Operating Income was above budget by \$4.2 million. Additionally, there was a favorable variance of \$3.3 million in Non-Operating Income (Expense) which represents a gain from the sale of various Scattered Sites.

II. Balance Sheet

Total Assets and Deferred Outflows of Resources increased by \$21.4 million, Total Liabilities and Deferred Inflows of Resources increased by \$1.8 million, and Total Net Position increased by \$19.6 million.

- (a) Total Assets increased by \$20.3 million, or 5.81%, due to increases of \$13.0 million in Current Assets, \$2.1 million in Fixed Assets, and \$5.2 million in Other Non-Current Assets. The \$13.0 million increase in Current Assets resulted primarily from an increase in cash due primarily to the refinance of Burning Tree and Encanta Villa, which yielded net proceeds of \$6.6 million. Additionally, the sale of various Scattered Sites properties and Blueridge Homes resulted in proceeds of \$5.7 million and \$4.7 million, respectively. The \$2.1 million increase in Fixed Assets was primarily due to a \$1.5 million increase in land which was related to a land swap transaction with the City of San Antonio for 0.95 acres which will be utilized for the 100 Labor Street development. The increase of \$5.2 million in Other Non-Current Assets was primarily due to a \$4.5 Choice loan from San Antonio Housing Facility Corporation to Wheatley Family II, LP.
- (b) Total Liabilities increased by \$2.1 million or 2.36%, due primarily to the refinance of Burning Tree and Encanta Villa, which resulted in new debt of \$6.8 million. The increase was partially offset by scheduled debt payments of \$3.6 million and a prepayment of \$1.0 million towards the Energy Performance Contract loan.
- (c) Total Net Position increased by \$19.6 million, or 7.50%, as a result of the changes described above.

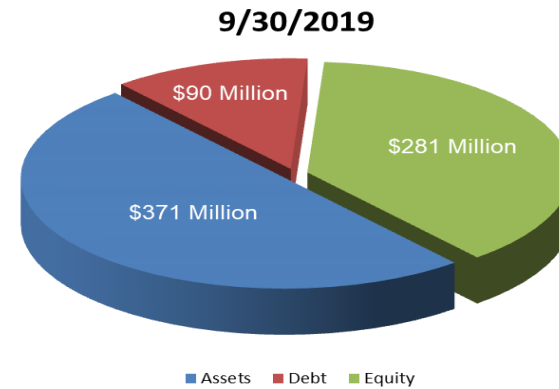
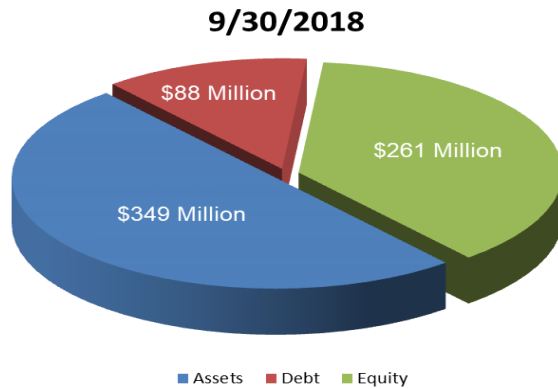
**San Antonio Housing Authority
Financial Performance Report
As of September 30, 2019
(UNAUDITED)**

III. MTW Expenditures

Projects	Cumulative Expenditure Balance as of 9/30/19
Section 8	\$ 19,546
Community Development Initiatives	380,302
Capital Planning	60,908
Development Activities:	
East Meadows Development - Public Improvements	(274,618)
Development of Alazan Lofts	24,394
Total	\$ 210,532

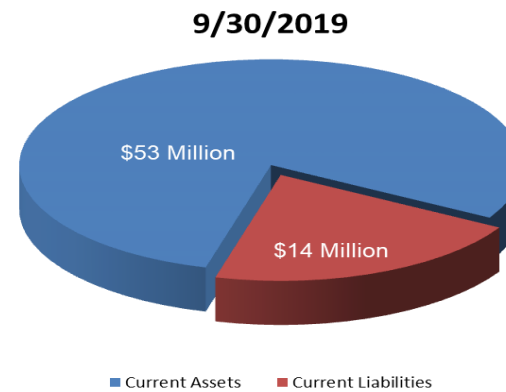
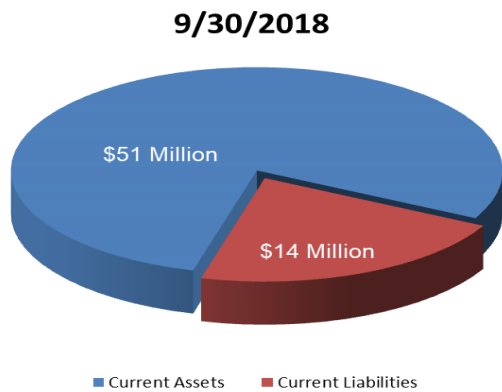
SAHA experienced increases in solvency and liquidity and remains financially strong

Financial Strength



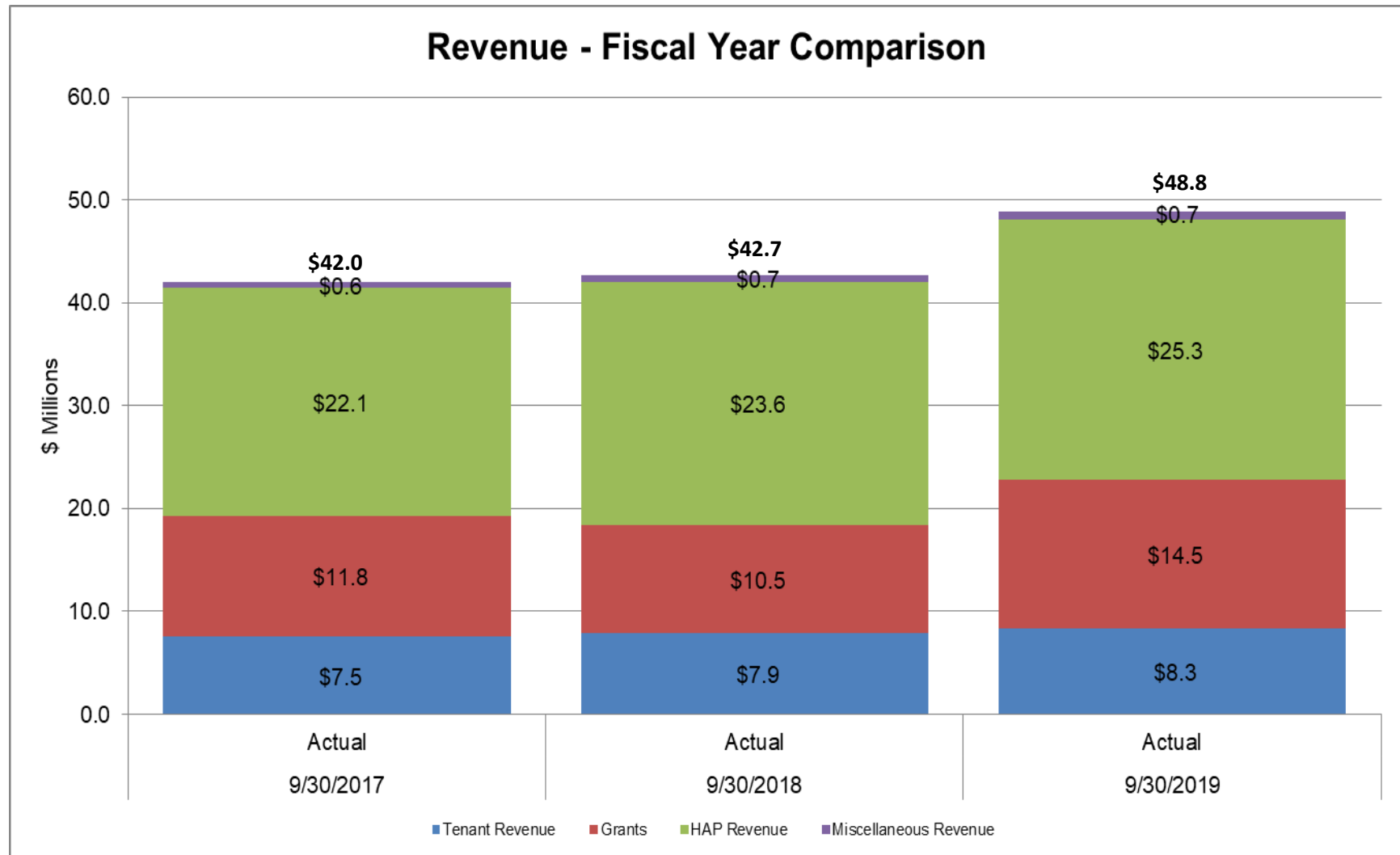
The debt-to-equity ratio decreased from 0.34 to 0.32 and signifies improvement in an already strong solvency position.

Financial Liquidity

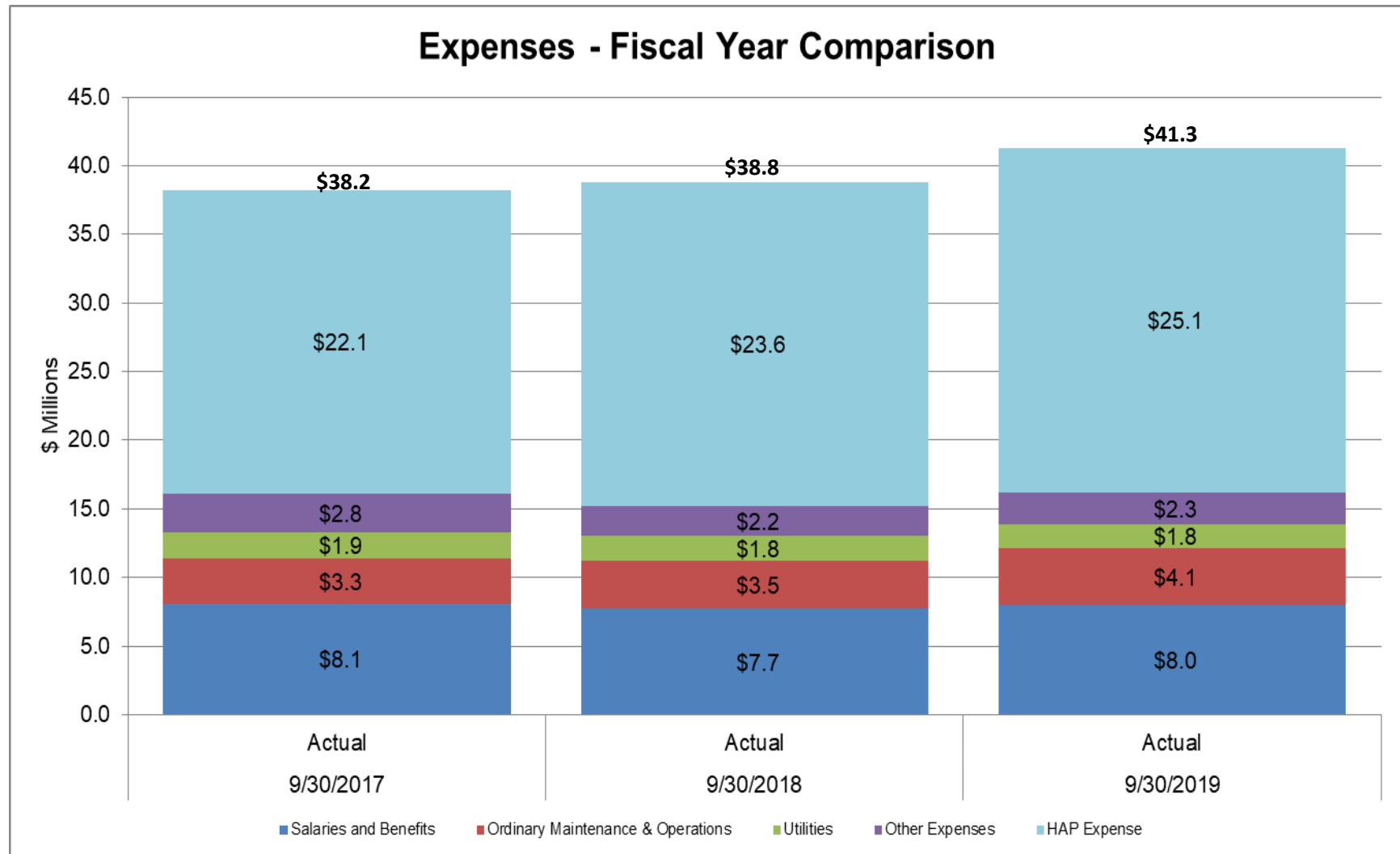


The current ratio increased from 3.64 to 3.79, indicating stronger capacity to pay short-term debt.

Total Revenue was approximately 14% higher compared to the previous year due primarily to increases in Section 8 HAP Revenue and Grants



Total Expenses were 6% higher compared to the previous year due primarily to Section 8 HAP Expense and Ordinary Maintenance and Operations



Summary of Major Changes in Cash and Investment Balance

For the Quarterly Period Ending September 30, 2019

The overall cash and investment balance increased by \$5.8 million over the previous quarter largely due to the receipt of \$3.9 million in proceeds from the sale of various Scattered Sites and Westside Redevelopment project homes. In addition to this, the agency also received \$1.3 million from a Capital Fund Program grant, \$693 thousand in Choice Endowment funds, and a \$500 thousand grant from the City of San Antonio for replacement of HVAC units at various Public Housing properties. The increase in cash was partially offset by disbursements to vendors for annual insurance renewals and ongoing capital project work.

Cash

Unrestricted Cash

- **Central Office Cost Center-** There was a net cash increase of approximately \$900 thousand over the previous quarter primarily due to the receipt of \$643 thousand in administrative fees from the 2019 Capital Fund Program grant.
- **Public Housing-** There was a net cash increase of approximately \$1.4 million over the previous quarter largely due to the receipt of \$643 thousand in Capital Grant funds and a \$500 thousand grant from the City of San Antonio for replacement of HVAC units at various Public Housing properties.
- **Properties under SAHFC-** There is a cash decrease of approximately \$4.9 million over the previous quarter largely due to the reclassification of \$4.8 million to restricted modernization and development funds from two Beacon communities as mentioned below in **Restricted Cash- Properties under SAHFC**.
- **Other Unrestricted Cash-** There is a cash decrease of approximately \$1.8 million over the previous quarter primarily due to cash disbursements made to vendors in connection with annual property insurance premiums and ongoing capital projects.

Restricted Cash

- **Public Housing-** There is a net cash increase of approximately \$3.9 million due to the receipt of proceeds from the sale of various Scattered Sites and Westside Redevelopment project homes.
- **Properties under SAHFC-** There is a net cash increase of approximately \$4.4 million mainly due to the reclassification of \$4.8 million from unrestricted resources as mentioned above in **Cash-Unrestricted Cash- Properties under SAHFC**. The increase was partially offset by \$522 thousand in payments to vendors in connection with an ongoing capital project at a Beacon Community.
- **Endowment Trust-** There is a net cash increase of approximately \$691 thousand due to the receipt of \$693 thousand in Choice grant funds for the East Meadows Endowment.

Investments

Restricted Investments at Various Banks

Other Restricted Investments at Various Banks- There is a net cash increase of approximately \$532 thousand due to the transfer of unrestricted cash to restricted investments held by trustees.

**San Antonio Housing Authority
Cash and Investment Summary
September 30, 2019**

	Balance 7/1/2019	Deposits	Withdrawals	Balance 9/30/2019
Cash				
Unrestricted Cash:				
Central Office Cost Center	7,363,320	3,323,043	2,421,896	8,264,467
Public Housing	8,002,461	12,760,761	11,349,591	9,413,631
Section 8	1,804,995	32,275,308	32,225,340	1,854,963
Community Development Initiatives	42,415	1,308,336	1,056,758	293,993
Central Office- Health Insurance	2,342,522	1,539,361	1,244,408	2,637,475
Homeownership	155	9,079	7,381	1,853
Properties Unrestricted Cash	2,738,587	2,214,836	2,211,452	2,741,971
Properties under SAHFC	10,526,812	2,943,950	7,863,245	5,607,517
Foundation Corporation	1,219	115,808	76,297	40,730
Capital Fund Program	-	7,629,336	7,629,336	-
Development Activities under SAHFC	209,283	274,009	23,950	459,342
Other Unrestricted Cash	10,171,595	46,710,673	48,493,697	8,388,571
Restricted Cash:				
Public Housing	12,356,265	4,250,949	383,161	16,224,053
Section 8- FSS Escrow	1,360,587	5,460	96,927	1,269,120
Project Based Properties	884,522	3,276	-	887,798
Properties under SAHFC	11,019,075	4,903,435	521,761	15,400,749
Education Investment Foundation		38,816		38,816
Capital Fund Program	1,228,642	5,753	-	1,234,395
Development Activities under SAHFC	1,269,786	884	5	1,270,665
Non-Profit-Other Restricted	599,282	18,954	14	618,222
Other Restricted Cash	309,628	84,433	210,457	183,604
Endowment Trust	1,884	692,551	1,905	692,530
Sub-Total:	72,233,035	121,109,011	115,817,581	77,524,465
Investments				
Restricted Investments at Various Banks:				
Public Housing	-	-	-	-
Other Restricted Investments	1,324,530	1,880,954	1,348,657	1,856,827
Sub-Total:	1,324,530	1,880,954	1,348,657	1,856,827
Total Cash & Investments:	\$ 73,557,565	\$ 122,989,965	\$ 117,166,238	\$ 79,381,292

**San Antonio Housing Authority
Cash Held for Properties Managed by SAHA
September 30, 2019**

	7/1/2019	Deposits	Withdrawals	9/30/2019
Cash Held for Properties Managed by SAHA:				
Cash from Tax-Credit Partnerships	4,871,979	1,108,084	1,050,837	4,929,226
Total Cash Held for Properties Managed by SAHA:	\$ 4,871,979	\$ 1,108,084	\$ 1,050,837	\$ 4,929,226

**San Antonio Housing Authority
Collateralization
September 30, 2019**

	Total Deposits	Deposits Covered by FDIC	Deposits Covered by Collateral	Pledged Collateral
Frost National Bank	\$ 76,098,646	\$ 500,000	\$ 76,098,646	\$ 161,207,590
Bank of New York - Woodhill	\$ 1,111,344	\$ -	\$ -	\$ -
Bank of New York - Sendero	\$ 414,947	\$ -	\$ -	\$ -
Bank of New York - Converse Ranch II	\$ 330,536	\$ -	\$ -	\$ -
Walker & Dunlop - Converse Ranch I	\$ 436,033	\$ 250,000	\$ -	\$ -
Walker & Dunlop - Bella Claire	\$ 38,018	\$ 38,018	\$ -	\$ -
Walker & Dunlop - SAHFC	\$ 259,473	\$ 250,000	\$ -	\$ -
	\$ 78,688,996	\$ 1,038,018	\$ 76,098,646	\$ 161,207,590

FDIC has made permanent the standard coverage - all funds in noninterest-bearing accounts are fully insured up to \$250,000

The accompanying Cash and Investment Summary Report has been prepared in accordance with the compliance requirements of the Texas Public Funds Investment Act, Chapter 2256. As the Investment Officer for the San Antonio Housing Authority I certify that all investments in our portfolio comply with the investment strategy expressed in SAHA's Investment Policy dated April 14, 2016 and with the relevant provisions of the State of Texas, Government Code, Chapter 2256, Public Funds Investment.

DocuSigned by:

Diana Fiedler

Diana K. Fiedler, CPA, CGMA

Investment Officer, Director of Finance and Accounting

DocuSigned by:

Ed Hingosa

Ed Hingosa Jr.

CFO

Footnotes:

- * Includes Mirasol Settlement Funds (Original Settlement Amount is \$12.7 million)

GRANTS REPORT AS OF September 30, 2019

CAPITAL GRANTS											
CAPITAL GRANTS											
n Unmet expenditure deadline approaching within 6 Months (1) Unmet obligation deadline approaching within 12 Months Grant expenditure is not progressing as planned											
Grant Number	Obligation End Date	Expenditure End Date	Amount to be Obligated by End Date	LOCCS Authorized	Cumulative PHA Obligated	Unobligated Amount	Obligation Percentage	Cumulative GL PHA Expended	Expended Percentage	LOCCS Disbursement	
Capital Fund Program (CFP)											
Capital Projects at various PH Properties											
TX59P006501-10	07/14/12	07/14/14	\$ 8,770,114.80	\$ 9,744,572.00	\$ 9,744,572.00	\$ -	100%	\$ 9,744,572.00	100%	\$ 9,744,572.00	(1)
*Major Project: Marie McGuire											
TX59P006501-11	08/02/13	08/02/15	\$ 7,336,199.70	\$ 8,151,333.00	\$ 8,151,333.00	\$ -	100%	\$ 8,151,333.00	100%	\$ 8,151,333.00	(1)
*Major Projects: Blanco, Marie McGuire, Westway											
TX59P006501-12	03/11/14	03/11/16	\$ 6,669,297.00	\$ 7,410,330.00	\$ 7,410,330.00	\$ -	100%	\$ 7,410,330.00	100%	\$ 7,410,330.00	(1)
*Major Projects: Fair Avenue, South San, Sun Park											
TX59P006501-13	09/08/15	09/08/17	\$ 6,472,918.80	\$ 7,192,132.00	\$ 7,192,132.00	\$ -	100%	\$ 7,192,132.00	100%	\$ 7,192,132.00	(1)
*Major Projects: Lewis Chatham, Jewett Circle, Westway											
TX59P006501-14	05/12/16	05/12/18	\$ 6,564,698.10	\$ 7,294,109.00	\$ 7,294,109.00	\$ -	100%	\$ 7,294,109.00	100%	\$ 7,294,109.00	(1)
*Major Projects: Westway, Charles Andrews, Cassiano Homes											
TX59P006501-15	04/12/17	04/12/19	\$ 6,785,826.30	\$ 7,539,807.00	\$ 7,539,807.00	\$ -	100%	\$ 7,539,807.00	100%	\$ 7,539,807.00	(1)
*Major Projects: Charles Andrews, HB Gonzalez											
TX59P006501-16	04/12/18	04/12/20	\$ 7,024,842.00	\$ 7,805,380.00	\$ 7,805,380.00	\$ -	100%	\$ 7,805,380.00	100%	\$ 7,805,380.00	(1)(2)
*Major Projects: Westway, WC White											
TX59P006501-17	08/15/19	08/15/21	\$ 7,176,040.20	\$ 7,973,378.00	\$ 7,973,378.00	\$ -	100%	\$ 7,973,378.00	100%	\$ 7,973,378.00	(1)(3)
*Major Projects: Victoria Plaza, Villa Tranchese											
TX59P006501-18	05/28/20	05/28/22	\$ 11,098,890.00	\$ 12,332,100.00	\$ 12,332,100.00	\$ -	100%	\$ 6,979,654.71	57%	\$ 5,755,990.50	(4)
*Major Projects: Victoria Plaza, Blanco											
TX59P006501-19	04/15/21	04/15/23	\$ 11,636,649.90	\$ 12,929,611.00	\$ 6,067,340.53	\$ 6,862,270.47	47%	\$ 1,360,275.62	11%	\$ 1,338,455.96	(5)(6)
*Major Projects: Villa Tranchese, Parkview											
Urban Revitalization Program (Hope 6) (URP)											
Choice Neighborhood Grant											
TX6J006CNG112	09/30/19	09/30/19		\$ 29,652,649.09	\$ 29,652,649.09	\$ -	100%	\$ 29,652,649.09	100%	\$ 29,652,649.09	(7)
*Implementation grant for Wheatley Neighborhood											

- (1) These grants are expended and disbursed at 100% however, HUD still requests monthly updates in eLOCCS.
 (2) A portion of the 2016 CFP grant contains DDTF funding of \$832,561. Total DDTF funding has been expended.
 (3) A portion of the 2017 CFP grant contains DDTF funding of \$854,061. Total DDTF funding has been expended.
 (4) A portion of the 2018 CFP grant contains DDTF funding of \$1,204,763. Total DDTF funding has been expended.
 (5) A portion of the 2019 CFP grant contains DDTF funding of \$1,269,432. No DDTF funding has been expended.
 (6) LOCCS Authorized amount increased by \$70,877, about 0.05% of the original authorized amount.
 (7) This grant ended 09/30/2019. The LOCCS Authorized amount and obligations decreased by the unexpended amount of \$97,350.91 .

GRANTS REPORT AS OF September 30, 2019

HUD - PROGRAM GRANTS								
<div>PROGRAM GRANTS</div> <div>Grant expenditure is not progressing as planned.</div>								
Grant Number	Effective Date	Expenditure End Date	LOCCS Authorized	Cumulative Expended	Expended Percentage	Remaining to Expend	LOCCS Disbursement	
Continuum of Care (CoC)								
Funding for housing and supportive services on a long-term basis for homeless persons with disabilities								
TX0233L6J001709	07/01/18	06/30/19	\$ 842,022.00	\$ 867,005.40	103%	\$ (24,983.40)	\$ 842,022.00	(8)
Resident Opportunities & Self Sufficiency (ROSS)								
Funding for Family Self Sufficiency (FSS) Coordinators								
TX006RPS072A015	05/10/16	09/30/19	\$ 637,068.00	\$ 543,585.72	85%	\$ 93,482.28	\$ 540,548.49	(9)
*2015 ROSS Service Coordinators								
TX006RPS072A018	05/13/19	05/12/22	\$ 508,761.00	\$ -	0%	\$ 508,761.00	\$ -	
*2018 ROSS Service Coordinators								
TX006FSS18TX2673	02/19/19	02/18/20	\$ 822,783.00	\$ 580,301.00	71%	\$ 242,482.00	\$ 517,256.23	
*PH & HCV Combined FSS 2018								
Jobs Plus								
Funding for PHAs to develop locally-based approaches to increase earnings and advance employment outcomes for Public Housing residents								
TX006FJP000815	06/06/16	09/30/22	\$ 2,700,000.00	\$ 2,157,094.01	80%	\$ 542,905.99	\$ 2,126,593.57	
*Jobs Plus - Cassiano								

NON-HUD - PROGRAM GRANTS							
Grant Number	Performance Date	Award Amount	Cumulative Expended	Expended Percentage	Remaining to Expend	Reimbursement Received	
Annie E. Casey Foundation							
Wheatley Courts Family Support Services Caseworker (Eastside Jobs Plus)							
SAHA 2019 Jobs Plus East	01/01/19 - 12/31/19	\$ 170,000.00	\$ 98,736.64	58%	\$ 71,263.36	\$ 79,429.62	
Alamo Colleges							
Health Professions Opportunity Grant (HPOG)							
HPOG Grant 2018	09/30/18 - 09/29/19	\$ 75,620.00	\$ 74,108.07	98%	\$ 1,511.93	\$ 49,400.22	(10)

(8) This grant is currently over expended in Admin in the amount of \$456.40 and HAP in the amount of \$24,527. MTW funds of \$20,000 has been approved to cover the over expended amounts. The \$4,983.40 in excess of the previously approved MTW amount will need an additional MTW authorization to cover the excess.

(9) This grant ended on 09/30/2019. As of the grant ended date, \$93,482.28 is unexpended.

(10) This grant ended on 09/29/2019. As of the grant ended date, \$1,511.93 is unexpended.

GRANTS REPORT AS OF September 30, 2019

LIST OF GRANT APPLICATIONS						
Grant Name	Award Amount	Date Submitted	Match Amount	Term of the Grant	Application Status	Description
Mainstream Voucher	\$2,170,800	06/15/18	N/A	N/A	Pending	HUD Mainstream Voucher Grant
Family Unification Program	\$726,000	07/25/18	N/A	N/A	Not Awarded	HUD Family Unification Program Grant
FSS Grant	\$927,123	11/28/18	N/A	N/A	Pending	HUD Family Self Sufficiency Grant
HUD Safety & Security Grant	\$250,000	06/03/19	N/A	N/A	Not Awarded	HUD Safety & Security Grant
Wells Fargo Grant	\$100,000	06/28/19	N/A	N/A	Pending	San Antonio Homeownership Opportunities Corp
Silver & Black Give Back Operation	\$100,000	07/16/19	N/A	N/A	Pending	Spurs Entertainment - Youth Learn & Play
BOOST Grant	\$450,000	07/26/19	N/A	N/A	Pending	Kresge Foundation

SAN ANTONIO HOUSING AUTHORITY

January 23, 2020

MEMORANDUM

To: Finance Committee

From: David Nisivoccia, President and CEO

Presented by: Aiyana Longoria, Director of Internal Audit

RE: Update and Discussion regarding Internal Audit Activities

A blue ink signature of David Nisivoccia, consisting of the letters 'DN' in a stylized, cursive font, enclosed within a blue rectangular border.**SUMMARY:**

Internal Audit provides independent and objective assurance, auditing, and consulting services to add value, improve internal controls, and strengthen the Agency's operations. The function helps the Housing Authority accomplish its objectives by using a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes. In addition to its oversight activities, internal audit serves as a resource for identifying opportunities for best practices and efficiencies. The mission of the San Antonio Housing Authority Internal Audit Department is to:

- Ensure the Housing Authority remains a good steward of the public trust by working with all levels of management and staff, as well as the Board of Commissioners, to identify significant risk areas and the internal controls in place to mitigate those risks;
- Provide continuous quality improvement through the review of processes and procedures to identify operational efficiencies and best practices; and,
- Perform all assurance and consulting activities with the highest level of integrity and objectivity.

In accordance with the approved Internal Audit Charter, the Director of Internal Audit (i.e., the Chief Audit Executive), is required to communicate any significant deviation from the approved internal audit plan to the Audit Committee, the President and CEO, and the Legal and Compliance Officer, or equivalent, through periodic activity reports.

This update provides the required communication, as follows:

- Internal Audit Department Update
- Internal Audit Plan Status - FY 2019-2020 Quarter 2
- Summary and Status of Management Corrective Action Plans (related to Internal Audit reporting)

Management Corrective Action Plans resulting from internal audits are entered into a spreadsheet to allow for easier tracking of the status of open items. A copy of the spreadsheet is attached. Each of the action items are color-coded to indicate their status as follows: green indicates the action has a due date 30 days or more in the future; red indicates that the action is behind schedule; and yellow indicates the action has a due date less than 30 days in the future.

SAN ANTONIO HOUSING AUTHORITY

January 23, 2020

PROPOSED ACTION:

None at this time.

FINANCIAL IMPACT:

None.

STRATEGIC OBJECTIVE:

Transform core operations to be a high performing and financially strong organization.

ATTACHMENTS:

Slide presentation: Internal Audit Update – January 23, 2020

Summary and Status of Management Corrective Action Plans, as of January 6, 2020



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Opportunity Lives Here

Internal Audit Update

Presentation to Finance Committee
January 23, 2020

Internal Audit Q2 Activities in Support of SAHA Strategic Goals

2

- ❑ **Strategic Goal 1: *Empower and equip families to improve their quality of life and achieve economic stability***
 - Provided budgeting and bank reconciliation training to the Resident Councils

- ❑ **Strategic Goal 5: *Transform core operations to be a high performing and financially strong organization***
 - Rent Calculation and Collection Processes at Beacon Communities Audit
 - Contract Management for Capital Improvement
 - Rent Calculation and Collection for Public Housing
 - Disaster Preparedness
 - Ongoing Compliance Audits

Status of 2019-2020 Internal Audit Plan

3

Internal Audits

- **Audit of Rent Calculation and Collection Processes at Beacon Communities (carried over from 18-19 Audit Plan)**
 - Final Report sent to the Finance Committee on October 11, 2019
 - No Material Weaknesses, three Significant Deficiencies, and one Other Internal Control Deficiency
 - Corrective Action Plan provided by management, addresses the findings and mitigates the risk of similar findings in the future

- **Audit of Contract Management for Capital Improvement**
 - Currently in progress
 - First exceptions meeting was held, and in final stages of field work
 - Audit will be completed in the 3rd Quarter

Status of 2019-2020 Audit Plan, cont'd.

4

Internal Audits, cont'd.

- **Audit of Rent Calculation and Collection Process for Public Housing**
 - Currently in progress
 - Preliminary fieldwork to be completed in Third Quarter

- **Audit of Disaster Preparedness**
 - Announcement letter sent on December 13, 2019
 - Project in development phase, and will start at the end of January

- **Audit of Resident and Program Participation Termination Process**
 - Audit will begin in Third Quarter

Status of 2019-2020 Internal Audit Plan

5

Compliance Audits

- **Assisted Housing Program** (*Ongoing*)
 - 195 resident files audited in Q1
 - 195 resident files audited in Q2

- **Public Housing** (*Ongoing*)
 - 162 resident files (12 properties) audited in Q1
 - 120 resident files (5 properties) audited in Q2

Action Items

6

Status of Corrective Action Items resulting from Internal Audits

- Currently, there are ten open action items
- Nine of the action items are expected to be completed this fiscal year, and one action item will be completed next fiscal year

Status of Third Party Audits

7

There are no Third Party Audits to report

QUESTIONS?

STATUS OF MANAGEMENT CORRECTIVE ACTION ITEMS as of 1/6/20

Audit Plan Year	Final Report Date	Audit Title	Finding Type	Finding Number and Title	Finding / Condition Description and Recommendation	Management's Corrective Action Plan	Original Estimated Completion Date	Revised Estimated Completion Date	Status	Resp. Officer's Initials	Comments
<u>Fiscal Year 2013-2014</u>											
FY 13-14	10/5/2015	Audit of Records Retention	Internal Control Deficiency	Finding 1	Agency email communications are currently being retained indefinitely, and could be subject to e-discovery requirements.	<i>Emails have been retained since an incident arose where Commissioners lost emails that had been sent to their agency email accounts. At this point, we will work with the Interim President and CEO to ensure that the email record retention policy will hereinafter be followed.</i>	12/31/2015	12/30/2020	<i>In Progress</i>	EH	Google Unlimited has been procured; a Google Vault is included with this system that allows for automated email deletions based on recommended parameters. Pending executive approval to implement email retention policies.
<u>Fiscal Year 2016-2017</u>											
FY 16-17	8/20/18	Audit of CDI Grant Funds	Internal Control Deficiency	Finding 3 - <i>BCJI - Delay in the Initial Execution of the Grant</i>	<p>The BCJI grant was awarded on September 25, 2012, to be effective October 1, 2012. Selection of the research partner, Trinity University, was not presented to the Board of Commissioners until June 21, 2013, almost nine months later.</p> <p>Recommendation To ensure compliance with grant provisions, CDI should develop a standard operating procedure for each grant. The procedure should address all grant provisions including, but not limited to, documentation, drawdown, and reporting requirements.</p>	<i>[CDI] staff will review notes from Grants Committee meetings and complete a grants SOP for the Department.</i>	12/31/2018	2/28/2020	<i>In Progress</i>	DN	SOP for Grant Procedures, Monitoring and Oversight has been drafted. It is pending review and approval from grant committee.
FY 16-17	8/20/18	Audit of CDI Grant Funds	Internal Control Deficiency	Finding 5 - <i>BCJI - Missed Financial Reporting Deadlines</i>	<p>Of the 19 Federal Financial Reports reviewed for the BCJI grant, five were filed over one day after the due date as indicated on the electronic confirmation receipt.</p> <p>Recommendation A method for monitoring/confirming the report submission should be established to ensure timely reporting.</p>	<i>a. [CDI] Staff will review notes from Grants Committee meetings and complete a grants SOP for the Department. The SOPs will create a system to ensure that important dates and deadlines are met, including grant performance and financial reports.</i>	12/31/2018	2/28/2020	<i>In Progress</i>	DN	SOP for Grant Procedures, Monitoring and Oversight has been drafted. It is pending review and approval from grant committee.
						<i>b. The Director of CDI will review and analyze adding an analyst position to the CDI Department. CDI will work with Finance and Accounting to determine the scope of work for the proposed analyst position and determine, during next fiscal year's budget process, if adding the position is financially feasible.</i>	7/1/2019	2/28/2020	<i>In Progress</i>	DN	

STATUS OF MANAGEMENT CORRECTIVE ACTION ITEMS as of 1/6/20

Audit Plan Year	Final Report Date	Audit Title	Finding Type	Finding Number and Title	Finding / Condition Description and Recommendation	Management's Corrective Action Plan	Original Estimated Completion Date	Revised Estimated Completion Date	Status	Resp. Officer's Initials	Comments
FY 16-17	8/20/18	Audit of CDI Grant Funds	Internal Control Deficiency	Finding 6 - BCJI - Late Submission of Expenses	<p>The Federal Financial Report, submission 12 with a reporting period end date of September 30, 2015, included \$2,363.86 in expenses incurred during the previous quarter. These expenses were reported on line 10-e of the Federal Share of Expenditures report, in the column labeled This Period.</p> <p>Recommendation Ensure that all expenses and related reporting are completed in the required time frame, as listed in the BCJI Grant documentation.</p>	<p><i>[CDI] staff will review notes from Grants Committee meetings and complete a grants SOP for the Department. The SOPs will create a system to ensure that important dates and deadlines are met, including grant performance and financial reports.</i></p> <p><i>The Director of CDI will review and analyze adding an analyst position to the CDI Department. CDI will work with Finance and Accounting to determine the scope of work for the proposed analyst position and determine, during next fiscal year's budget process, if the adding the position is financially feasible.</i></p>	7/1/2019	2/28/2020	In Progress	DN	SOP for Grant Procedures, Monitoring and Oversight has been drafted. It is pending review and approval from grant committee.
FY 16-17	4/16/19	Audit of Tenant Participation Funds at Parkview Apartments	Significant Deficiency	Finding 3 - Check Disbursements	<p>Recommendation Internal Audit recommends that the Property Manager or Case Management Specialist assist the Resident Council (RC) with establishing a bank account that will conform to the requirements set forth in the Resident Council (RC) Manual. including the requirement for dual signatures, with the Treasurer being one of the signatories on each disbursement. Additionally, either the Property Manager or the Case Management Specialist should be on the bank account.</p>	<p><i>Community Development Initiatives Management will meet with Public Housing Management to determine best course of action for supporting RC with establishing bank accounts. An SOP will be developed to provide guidance for SAHA staff who have expressed concerns with adding their names to the RC bank account.</i></p>	5/8/2019	2/28/2020	In Progress	DN	
Fiscal Year 2017-2018											
FY 17-18	4/22/19	Audit of Procurement Processes and Reporting	Significant Deficiency	Finding 1 - Personally Identifiable Information retained in file	<p>Recommendations a. Procurement management should take steps to ensure PII is not retained unnecessarily in the department's files; or, if necessary to be retained, then such PII is adequately safeguarded.</p> <p>b. In addition, written procedures should be established for withdrawal of bids. The procedures should address verification of the identity of the person or persons withdrawing a bid; as well as, how the verification is to be documented without retaining PII, such as that shown on a government-issued identification card or other document.</p>	<p><i>a. Procurement Director will provide all examples where the department requests PII information and our attorney will review to determine how this should be handled within its necessity for business uses.</i></p>	5/15/2019	2/29/20	In Progress	MR	
						<p><i>b. Procurement will develop a protocol on what should be done to verify identity for bid withdrawal requests among other situations (Section 3 certification, etc.).</i></p>	5/15/19	2/29/20	In Progress	MR	
FY 17-18	4/22/19	Audit of Procurement Processes and Reporting	Significant Deficiency	Finding 3 - Incomplete documents	<p>Recommendation Ensure all documents are completed in their entirety, and that all required authorization dates and approving signatures are included.</p>	<p><i>The checklist was not completed in all cases. Staff will be responsible for ensuring the completeness of the checklist and the new Contract Specialist will be responsible for double checking compliance. The checklist is currently being reviewed by staff and a final version will be adopted by end of January 2020.</i></p>	5/30/19	2/29/20	In Progress	MR	

STATUS OF MANAGEMENT CORRECTIVE ACTION ITEMS as of 1/6/20

Audit Plan Year	Final Report Date	Audit Title	Finding Type	Finding Number and Title	Finding / Condition Description and Recommendation	Management's Corrective Action Plan	Original Estimated Completion Date	Revised Estimated Completion Date	Status	Resp. Officer's Initials	Comments
FY 17-18	4/22/19	Audit of Procurement Processes and Reporting	Significant Deficiency	Finding 4 - <i>Supplier/vendor due diligence checks prior to award could not be confirmed</i>	Recommendation Establish written procedures to ensure that all due diligence checks are performed on every vendor prior to contracting with and/or providing services to the Agency. The procedures should include a system of review by another staff member as confirmation.	<i>A Standard Operating Procedure (SOP) will be developed outlining scenarios within procurement processes to ensure that responsible due diligence is conducted by staff prior to award of contracts. The Director's draft version will be submitted for approval to the Contracting Officer by February, 2020.</i>	5/15/19	2/29/20	<i>In Progress</i>	MR	
	<u>Fiscal Year 2018-2019</u>										
None.											