

**PUBLIC NOTICE OF A MEETING  
TAKE NOTICE OF A BOARD OF COMMISSIONERS  
Audit and Budget Committee Meeting  
OF THE HOUSING AUTHORITY OF THE CITY OF AUSTIN**

**Thursday, October 15, 2020  
10:30 AM**

**TO BE HELD  
Via Video Conference Call  
1 (408) 650-3123 ; Access Code: 872-473-861**

A RECORDING OF THE MEETING WILL BE POSTED ON HACA'S WEBSITE  
WWW.HACANET.ORG/BOARD WITHIN TWO BUSINESS DAYS AFTER THE  
MEETING DATE

**The Audit and Budget Committee will meet from 10:30 am - 12:00 pm**

The Committee's objective is to provide the Board with an opportunity to review finance budgets, operations and policies to ensure that HACA's strategic and program goals are being met. The Audit and Budget Committee consists of all members of HACA's Board of Commissioners. No votes on any matter shall be taken during the Audit and Budget Committee Meeting.

**CALL TO ORDER, ROLL CALL**

**CERTIFICATION OF QUORUM**

**CONSENT ITEM:**

- 1. Presentation, Discussion, and Possible Action regarding the Approval of the Board Minutes Summary for the Committee Meeting held on July 16, 2020**

**ITEMS TO BE DISCUSSED:**

- 2. Presentation and Discussion on the Housing Authority of the City of Austin's proposed Budget Revision for fiscal year April 2020 to March 2021**
- 3. Presentation and Overview of financial and budget matters for:**
  - a. Low-Income Housing Operations**
  - b. Assisted Housing**
  - c. Austin Affordable Housing Corporation**
  - d. Southwest Housing Compliance Corporation**
  - e. Other subsidiaries as appropriate**

**ADJOURNMENT**

"Pursuant to 30.06, Penal Code, (trespass by holder of license 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 of license 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."

"En virtud del 30.06, Código Penal, (traspaso titular de licencia con una pistola), una persona bajo el subcapítulo H, capítulo 411, código de gobierno (Ley de licencia de arma o pistola), no se permiten en esta reunión con una arma o pistola.

"En virtud de 30.07, Código Penal (prevaricación por titular de la licencia con un arma o pistola abiertamente llevado), una persona bajo el subcapítulo H, capítulo 411, código de gobierno (Ley de licencia de arma o pistola), no se permiten en esta reunión con un arma o pistola que lleva abiertamente.

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\*The Housing Authority of the City of Austin (HACA) Board of Commissioners reserves the right to discuss and consider items out of order on the agenda on an as needed basis.

The Housing Authority of the City of Austin is committed to compliance with the Americans with Disability Act. Reasonable modifications and equal access to the communications will be provided upon request. Meeting locations are planned with wheelchair access. If requiring Sign Language Interpreters or alternative formats, please give notice at least 2 days (48 hours) before the meeting date. Please call Nidia Hiroms at HACA at 512.477.4488, for additional information; TTY users route through Relay Texas at 711. For more information on HACA, please contact Nidia Hiroms at 512.477.4488 x 2104.

**AUDIT AND BUDGET COMMITTEE**  
**BOARD ACTION REQUEST**  
**AUDIT AND BUDGET COMMITTEE**  
**ITEM NO. 1.**

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**MEETING DATE:** October 15, 2020

**STAFF CONTACT:** Michael Gerber, President & CEO

**ITEM TITLE:** Presentation, Discussion, and Possible Action regarding the Approval of the Board Minutes Summary for the Committee Meeting held on July 16, 2020

**BUDGETED ITEM:** N/A

**TOTAL COST:** N/A

**ACTION**

The Committee is being asked to review and approve the Board Minutes Summary for the Committee Meeting held on July 16, 2020.

**ATTACHMENTS:**

- ▣ **20200716 Audit & Budget Meeting Summary**

# AUDIT AND BUDGET COMMITTEE MEETING OF THE HOUSING AUTHORITY OF THE CITY OF AUSTIN

July 16, 2020

## SUMMARY OF MINUTES

**THE HOUSING AUTHORITY OF THE CITY OF AUSTIN (HACA) AUDIT AND BUDGET COMMITTEE MEETING NOTICE WAS POSTED FOR 10:30 A.M. ON THURSDAY, JULY 16, 2020, AND WAS HELD VIA CONFERENCE CALL FROM THE HACA CENTRAL OFFICE, 1124 S. IH 35, AUSTIN, TX**

**Audit and Budget Committee** - HACA's Audit and Budget Committee will met from 10:30 am - 12 Noon. The Committee's objective is to provide the Board with an opportunity to review finance budgets, operations and policies to ensure that HACA's strategic and program goals are being met. The Audit and Budget Committee consists of all members of HACA's Board of Commissioners. No votes on any matter shall be taken during the Audit and Budget Committee Meeting.

### CALL TO ORDER, ROLL CALL, CERTIFICATION OF QUORUM

**Edwina Carrington**, HACA Audit and Budget Committee Vice-Chairperson called the Audit and Budget Committee Meeting of the Housing Authority of the City of Austin, of July 16, 2020, to order at 10:36 a.m. The meeting was held via Conference Call from the HACA Central Office, 1124 S. IH 35, Austin, TX

Roll call certified a quorum was present on the call.

#### MEMBERS PRESENT:

Charles Bailey, Chairperson  
Edwina Carrington, Vice-Chairperson  
Carl S. Richie, Jr., Commissioner  
Mary Apostolou, Commissioner  
Dr. Tyra Duncan-Hall, Commissioner

#### MEMBER(S) ABSENT:

#### ALSO ON THE CALL:

Wilson Stoker, Cokinos, Bosien & Young

#### STAFF PRESENT ON THE CALL:

Andrea Galloway, Ann Gass, Jimi Teasdale, Gloria Morgan, Lisa Garcia, Martha Ross, Michael Cummings, Michael Gerber, Nidia Hiroms, Pilar Sanchez, Ron Kowal, Suzanne Schwertner, and Sylvia Blanco

#### CITIZENS COMMUNICATION

NONE.

#### CONSENT AGENDA

#### APPROVAL OF THE FOLLOWING ITEMS PRESENTED IN THE BOARD MATERIALS:

**ITEM 1: Presentation, Discussion, and Possible Action regarding approval of the Board Minutes Summary for the Audit and Budget Committee meeting of May 21, 2020**

**Vice-Chairperson Carrington** moved the Approval of the Board Minutes Summary for the Audit and Budget Committee meeting of May 21, 2020. **Commissioner Apostolou** seconded the motion. The motion Passed (5-Ayes and 0-Nays).

#### ITEMS DISCUSSED

#### ITEM 2: Report on updated Capitalization Policy

**Martha Ross, HACA Chief Financial Officer**, reported that proposed updates to the Capitalization Policy, which was adopted November 14, 2001, would be presented to the full Board for consideration. To clarify the policy the following three amendments will be proposed to ratify historical practice with respect to capitalization.

The proposed amendments:

1. This policy applies to HACA and all Subsidiaries (Blended Component Units), unless super-ceded by third party agreements (e.g., properties co-owned with investors and managed by others).
2. The policy would now show asset lives.

The asset lives define the estimated useful life of the asset. For example, if an asset costs \$10,000, we typically pay cash in full when purchased (\$10,000), but for GAAP financial accounting, we are required to show an asset with a life of 10 years with a "depreciation expense" of \$1,000 per year for 10 years (\$10,000 asset cost divide by 10 years equals \$1,000 expense per year). Of note, depreciation is a "non-cash" expense and is disregarded in our budget, department reports and debt service calculations, but is required to be shown in our annual audit report. Also of note, financial

July 16, 2020

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accounting asset lives are different than asset lives allowed per the IRS for taxable depreciation. Each organization gets to determine their own asset lives and asset classes within reason.

3. HACA to perform a physical inventory of assets at least biennially (every other year).

**ITEM 3: Report on updated Travel Policy**

HACA Finance developed a software-enabled tool and process in-house in fiscal year 2019. In collaboration with the HACA Travel Coordinator and a cross-functional pilot group of users, the new workflow was tested in fiscal year 2020. This new process improved efficiency (less resources, faster review, centralized data, standardized review and added internal controls).

A key component of the new travel advance and reimbursement process was to go paperless. Our external independent auditors recommend we update our Travel Policy to accept paperless (scanned, electronic) receipts to pair with the process improvement. Previously, original paper-based receipts were required.

The proposed change to allow electronic receipts (scanned receipts, or cell phone copies of receipts) would be ratified and made effective fiscal year 2020. The traveler either takes a smartphone picture of the receipt in a legible clear manner, or scans paper receipts when they arrive home using a copier/scanner. All travel related forms are attached to the event (that one trip) in a project software tool, which is used for electronic workflow and routing of approvals. After the 2019/2020 pilot period for the new process, HACA will have a transition period where Travelers will continue to send the original paper receipt to Finance for a period of two years, to allow for internal and external audit to compare original receipts to the electronic receipts. During this same time frame, we will ask all stakeholders, grantors, partners to amend contract renewals to allow for electronic receipts for expense support and periodic audit.

Additional Travel Policy updates are planned for later in fiscal year 2021; this electronic receipt amendment was the only update requested and proposed at this time.

**ITEM 4: Report on open items from last meeting**

No additional reporting.

The meeting adjourned at 11:50 a.m.

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**Michael G. Gerber, Secretary**

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**Charles Bailey, Chairperson**

**AUDIT AND BUDGET COMMITTEE**  
**BOARD ACTION REQUEST**  
**AUDIT AND BUDGET COMMITTEE**  
**ITEM NO. 2.**

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**MEETING DATE:** October 15, 2020

**STAFF CONTACT:** Ann Gass, Interim Chief Financial Officer

**ITEM TITLE:** Presentation and Discussion on the Housing Authority of the City of Austin's proposed Budget Revision for fiscal year April 2020 to March 2021

**BUDGETED ITEM:** N/A

**TOTAL COST:** N/A

**AUDIT AND BUDGET COMMITTEE**  
**BOARD ACTION REQUEST**  
**AUDIT AND BUDGET COMMITTEE**  
**ITEM NO. 3.**

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**MEETING DATE:** October 15, 2020

**STAFF CONTACT:** Michael Gerber, President & CEO

**ITEM TITLE:** Presentation and Overview of financial and budget matters for:

- a. Low-Income Housing Operations
- b. Assisted Housing
- c. Austin Affordable Housing Corporation
- d. Southwest Housing Compliance Corporation
- e. Other subsidiaries as appropriate

**BUDGETED ITEM:** N/A

**TOTAL COST:** N/A