



# City of San Antonio

## Agenda Memorandum

**File Number:**  
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**Agenda Item Number:** 14

**Agenda Date:** December 6, 2022

**In Control:** Audit and Accountability Committee Meeting

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**DEPARTMENT:** Office of the City Auditor

**DEPARTMENT HEAD:** Kevin Barthold

**COUNCIL DISTRICTS IMPACTED:** Citywide

**SUBJECT:**

Acceptance of the Office of the City Auditor Report AU22-032 Audit of NHSD Minor Repair Program

**SUMMARY:**

Determine if the Minor Repair Program is managed effectively and efficiently and in compliance with established guidelines to include vendor management.

**BACKGROUND INFORMATION:**

Background

During June 2021, the Minor Repair Agreement was signed with Merced Housing Texas (Merced) totaling \$500,000. The program allowed for 16 owner-occupied housing units from Council Districts 1 – 5 to be selected. Each housing unit was allowed up to \$25,000 (or \$400,000 total) in minor repairs to address health and safety items. The remaining \$100,000 was allocated to offset

lead-based paint testing and remediation, administration expenses and other associated fees.

As of May 2022, 10 owner-occupied housing units were reported as completed (taking an average of 2.5 months to complete) with \$396,760 requested for reimbursement. Furthermore, invoicing had only been completed for 6 of the 10 finished units. Per the agreement, 16 projects were to be completed by December 31, 2021. However, two extensions were granted decreasing required projects to 14 and the completion deadline was extended to August 31, 2022.

### Scope & Methodology

The audit scope included a compliance review for the most recent contract year, 2021. We reviewed for the implementation of policies and procedures relevant to program management. We also reviewed project files for completeness and verified the accuracy of fiscal monitoring. Furthermore, we reviewed the adequacy of citizen application management, as well as citizen updates and feedback. Lastly, we verified the adequacy of vendor (Merced) oversight.

### Conclusions

The Minor Repair Program has processes in place that assist in monitoring compliance with established guidelines. Neighborhood & Housing Services (NHSD) has an internal compliance team that assesses contractor compliance with HUD regulations. Furthermore, we verified NHSD completes fiscal monitoring by performing reconciliations, collecting appropriate expense support, and requiring managerial approval prior to payment.

However, there are opportunities to strengthen controls associated with the oversight of project milestones, operational assurance, and application management. We made recommendations to improve these opportunities. Management agreed with the recommendations and developed positive corrective action plans.

### **ISSUE:**

This item is presented for acceptance by the Audit and Accountability Committee.

### **FISCAL IMPACT:**

None

### **ALTERNATIVES:**

N/A

### **RECOMMENDATION:**

Staff recommends acceptance of this audit report.

