



**Office of the Houston City Controller
Harvey Recovery Oversight Committee (HROC) Meeting
June 6, 2019**

Meeting held at: Controller’s Office 8th Floor Conference Room

Committee Members Present:	Members Not in Attendance:
City Controller Chris Brown; Chair	Representative from Department of Homeland Security, Office of Inspector General
Courtney Smith, City Auditor	Gary Horn
Shannan Nobles, Chief Deputy Controller	
Alexander Obregon, Deputy Controller	
Michael Porier	
Christine Lally	
John Sorrells	

I. Meeting Called to Order at 10:34 AM **by Controller Brown**

II. Introductions

- **Controller Brown** welcomed committee members and thanked them for their continued commitment to the committee and the City of Houston.

III. Committee Review

- **Deputy Controller Obregon** presented to the Letter of Agreement (LOA) executed between the **Office of the City Controller** and the **Housing and Community Development Department (HCDD)** in April 2019, and advised the letter was to secure administrative funding should the **Office of the City Controller** require additional staffing capacity in providing oversight of recovery options as they relate to housing recovery programs.
 - **Deputy Controller Obregon** acknowledged the fact that, on recommendation by members of HROC, the **Office of the City Controller** declined **HCDD’s** prior requests to concede certain oversight functions. As such, the LOA is a byproduct of the HROC recommendation.
 - As part of the administrative funding included in the CDBG-DR award from the **U.S. Department of Housing and Urban Development (HUD)**, the **Office of the City Controller** is due to receive approximately \$337,500 for the hiring of three (3) accountant level full-time employees with salaries at approximately \$50,000 per year, as well as one administrative support full-time employee. In addition, the **Office of the City Controller** will plan to use

an additional \$50,000 to supplement the recovery roles of existing full-time staff.

- **Controller Brown** asked the committee if they concurred with paying accountant level positions with majorly transactional responsibilities \$50,000 per year as an industry standard.
 - **Committee Member #1** advised that for an accountant position with largely accounts payable responsibilities, the aforementioned salary range would be acceptable.
- **Deputy Controller Obregon** highlighted the fact that four (4) payments were remitted as part of the Homeowner Assistance Program (HoAP), though acknowledged other housing recovery programs are underway by **HCDD**.
- **Committee Member #2** acknowledged the slow pace of the receipt of recovery funding and asked when the **Office of the Controller** could expect to exhibit the *need* for increased staffing capacity.
 - **Deputy Controller Obregon** advised the first payment related to HoAP was due to be remitted in December 2018, though was officially remitted in April 2019, and indicated the **Office of the City Controller** will hire one accountant level full-time position and one administrative support full-time position, with approximately six weeks additional estimated for onboarding, before finally hiring two additional accountant level full-time positions.
- **City Auditor Smith** indicated **HCDD** requested that HoAP be added to the City's audit plan and mentioned a desire for increased staffing capacity.
- **Deputy Controller Obregon** introduced a chart outlining the cash inflows and outflows for CDBG-funded recovery efforts, as well as inflows and outflows for **FEMA**-funded recovery projects.
 - **Deputy Controller Obregon** also acknowledged the nominal amount of payments remitted and funds received.
- **Controller Brown** asked the committee if the delayed receipt and expenditure of disaster funds of nearly 20 months is common.
 - **Committee Member #2** advised they do not have data benchmarks to compare the delays experienced by the City of Houston to.
 - **Committee Member #3** asked if an analysis has been conducted comparing the obligation, award and receipt of funds by the City of Houston to other disaster-stricken localities.
 - **Controller Brown** highlighted the fact that members of the **Office of the City Controller** reviewed best practices related to disaster recovery efforts with the New York City Comptroller's Office following Hurricane Harvey.
- **Deputy Controller Obregon** acknowledged that all housing recovery-related funds have been spent on a reimbursable basis, and that no CDBG-DR funds for Hurricane Harvey have been received per the monthly financial report.
- **Committee Member #2** recommended itemizing projects by thresholds requiring additional layers of review, if applicable, for funding from both **HUD** and **FEMA**.
- **Deputy Controller Obregon** asked for the committee's thoughts on the accounts payable process.
 - **Committee Member #1** asked if there were in fact 3,100 applicants to-date.
 - **Deputy Controller Obregon** advised there are 3,100 potential applicants to-date.

- **Chief Deputy Controller Shannan Nobles** advised data on the operations of the Housing Recovery Resource Centers would be made available to members of the committee.
- **Committee Member #3** asked if the cash inflows and outflows described by **Deputy Controller Obregon** were year-to-month or year-to-date.
 - **Deputy Controller Obregon** advised he believed the inflows and outflows were year-to-date but offered to confirm.
- **Committee Member #3** asked if there were delays related to housing recovery funds.
 - **Controller Brown** advised **HCDD** is a small department with minimal capacity.
- **Deputy Controller Obregon** advised **HCDD** is conducting training on the tracking system to be used for housing recovery payments, and advised it is critical this software can be reconciled with the city’s internal enterprise resource planning (ERP) platform.

IV. Discussion

- **Controller Brown** invited Sheldon Holder from the **Office of the City Controller’s** Operations Division to provide an update from the accounts payable perspective.
- **Sheldon Holder** advised only four (4) payments had indeed been remitted which were used to implement internal controls and an overall process.
 - **Sheldon** also advised the Operations Division requires the approval form provided by the **Texas General Land Office (GLO)** to remit payment.
 - Additionally, **Sheldon** advised the Award Calculation Worksheet is also required to remit payment.
- **Controller Brown** asked **Sheldon** how the process will be affected by increased staffing capacity.
 - **Sheldon** advised **HCDD** has controls in place to automatically identify the potential need for increased staffing capacity via a three (3) week advance notice.
- **Controller Brown** reiterated the importance of ensuring new staff members follow the internal control processes and procedures as defined by the Operations Division and in compliance with **HUD & FEMA** guidelines.
- **Committee Member #3** asked if **Sheldon** plans to review all payments, or if the Operations Division established a threshold requiring his final review.
 - **Sheldon** advised he would be reviewing all payments.
 - **Controller Brown** thanked **Sheldon** for his diligence and stressed the importance of compliance to avoid the de-obligation of funds.
- **Deputy Controller Obregon** asked **Sheldon** to share the internal control “checklist” to be used by the Operations Division with the committee for their input.
- **Committee Member #3** asked if new staff joining the **Office of the City Controller** would be required to take training for the **HCDD** internal tracking software.
 - **Sheldon** advised they would not.
- **Committee Member #1** asked if all documents will be digital or hard copy.
 - **Deputy Controller Obregon** advised discussions were underway to determine what arrangements could be made to reduce the use of paper copies.
- **Deputy Controller Obregon** asked **Sheldon** to discuss the training **HCDD** staff were receiving.

- **Sheldon** discussed the training as an outline of the payment remittance process, beginning with the creation of a vendor within the City’s ERP system to the remittance of funds.
- **City Auditor Smith** inquired whether or not the reimbursements related to housing recovery efforts could be tied back to specific contracts.
 - **Deputy Controller Obregon** advised homeowners/residents may elect to begin repairs with the presumption of receiving a reimbursement without keeping copies of receipts.
- **Controller Brown** inquired whether **FEMA** approves reimbursements without receipts, even if acceptable to the **GLO**.
 - **Committee Member #1** recommended either determining a **HUD-** or **FEMA-**established threshold for reimbursements exempt from requiring approving documentation.
- **City Auditor Smith** sought clarification on whether some payments can be tracked using a contract number.
 - **Deputy Controller Obregon** clarified that while some payments can be tracked using a contract number, not all reimbursement payments have respective contract numbers.
 - **Deputy Controller Obregon** acknowledged this can be problematic though advised reimbursements would be tracked in the **HCDD** platform.
- **Committee Member #2** inquired if volunteer groups conducting home repairs at no cost to residents could seek reimbursement, and what controls are in place to prevent related waste, fraud or abuse.
 - **Controller Brown** voiced his appreciation for the recommendation and indicated the **Office of the Controller** would reach a final determination on the question soon.
- **Committee Member #2** recommended developing a list to track actions that would qualify for the de-obligation of funds.
- **City Auditor Smith** advised members of the City’s audit team would be taking **HCDD**’s training.
- **Committee Member #3** recommended the **Office of the Controller** develop a risk control “map” to reconcile with the proposed de-obligation qualification list.
- **Committee Member #1** advised **FEMA** requires a receipt for all payments and stressed the importance of ensuring as little subjectivity as possible is exercised in the oversight process.

V. Future Meeting Dates

VI. Adjournment

Meeting adjourned at 11:26 AM by Controller Brown.