



MAR 07 2013

The Honorable Ramon Garcia
Judge, Hidalgo County
100 East Cano, 2nd Floor
Edinburg, TX 78539

U.S. Department of Housing and Urban Development
San Antonio Field Office, Region VI
Office of Community Planning and Development
H.F Garcia Federal Bldg/U.S Courthouse
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San Antonio, Texas 78205-3601
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Dear Judge Garcia:

SUBJECT: Response to Hidalgo County's CDBG Program Monitoring Report for Field Monitoring Visit April 16-20, 2012

We would like to thank the County for their latest response letter dated February 22, 2013, regarding our monitoring finding as a result of our April 16-20, 2012 monitoring visit. We have been working with the Urban County Program (UCP) staff for the past months to resolve the finding below. Based on our communications with the UCP staff and their response letter to this office dated February 22, 2012, the following is provided:

Finding: IDIS Activity #6883 – Precinct #3: Water/Sewer Improvements "Septic Tanks" was misclassified under the Low Mod Area (LMA) benefit National Objective.

Condition: The County used \$39,112.00 of CDBG funds to pay for the installation of 4 Septic tanks and six water connections on private property in the Vallejo Subdivision which is located in the City of Penitas, Texas. As stated in our original monitoring report dated June 14, 2012, the UCP misclassified this activity as a Low Mod Area (LMA) benefit activity instead of a Low Mod Housing (LMH) activity. As a result when an activity is classified as LMH it requires that all households being assisted undergo an income eligibility screening to determine whether they meet HUD's low income eligibility requirements prior to receiving the assistance. As a result of misclassifying this activity as LMA, which does not require an income eligibility determination, the County did not conduct an income eligibility screening which resulted in this monitoring finding.

Corrective Action: The corrective action as stated in our monitoring report required the County to contact the individuals that were originally assisted and conduct an income eligibility screening to determine whether their household met HUD's income eligibility requirements. The UCP conducted the screening and provided us a copy of all the supporting documentation used to determine the eligibility results. Our review of the documentation provided by the UCP determined that only two of the four families assisted were eligible for assistance. As a result, as shown in the table below, we determined that \$22,608.00 were ineligible costs and subject to repayment.

Received

2013

Urban County Program

By: 

Recipient of CDBG Funds	Amount of CDBG Assistance provided	Activity Type	Eligible for Assistances	Ineligible Costs
Mr. Lino Vallejo Jr.	\$2,630.00	Septic Tank Installation	Yes	N/A
Mr. Lino Vallejo Jr.	\$4,337.00	Water Connection	Yes	N/A
Mr. Jose Calderon	\$5,200.00	Septic Tank Installation	Yes	N/A
Mr. Jose Calderon	\$4,337.00	Water Connection	Yes	N/A
Ms. Selena Vallejo	\$2,630.00	Septic Tank Installation	Not Eligible (See Item #1)	\$2,630.00
Mr. Juan Tijerina	\$2,630.00	Septic Tank Installation	Not Eligible (See Item #1)	\$2,630.00
Ms. Selena Vallejo	\$4,337.00	Water Connection	Not Eligible (See Item #2)	\$4337.00
Mr. Juan Tijerina	\$4,337.00	Water Connection	Not Eligible (See Item #2)	\$4337.00
Lot #5	\$4,337.00	Water Connection	Not Eligible (See Item #3)	\$4337.00
Lot #6	\$4,337.00	Water Connection	Not Eligible (See Item #3)	\$4337.00
Total Amount Funded:	\$39,112.00		Total Ineligible Costs	\$22,608.00

Item #1: Our review determined that Ms. Selena Vallejo exceeded the income limits and Mr. Tijerina was never located in order to verify his eligibility and as a result we determined that both individuals were ineligible for CDBG funding. **Action Item:** The County must reimburse, from non-federal funds, its CDBG Treasury account in the amount of \$5,260.00 for the septic tank installations. Please provide supporting documentation showing that this action has been completed.

Item #2: As stated in Item #1, Ms. Vallejo and Mr. Tijerina were determined to be ineligible for CDBG funding. The UCP has stated that the amounts listed as ineligible for these two individuals were paid directly to a water company who was responsible to install the water line connections. The UCP has informed this office that the water company was not able to complete the water connections due to other priorities and has recently agreed to return the entire amount of \$8674.00 to the UCP. If the UCP is successful in retrieving these funds from the Water Company, we will allow these funds to be receipted back into IDIS and reprogrammed for use into another eligible activity. If funds cannot be retrieved, the UCP will be required to reimburse, from non-federal funds, its CDBG Treasury account in the amount of \$8,674.00. **Action Item:** The County must provide supporting documentation to show that the Water Company has reimbursed the UCP the entire amount of \$8,674.00 and was receipted back into IDIS. If the UCP is not able to provide this then the UCP must provide documentation that it has reimbursed from non-federal funds its CDBG Treasury account in the amount of \$8,674.00. These actions must be completed within 30 days from the date of this letter.

Item #3: The UCP originally funded these two empty lots (#5 and #6) by applying the LMA eligibility criteria which does not require any type of income eligibility determination. The correct classification for these lots should have been LMH and thus would have required a resident to live in the home to determine income eligibility prior to funding. As a result of the misclassification, the use of CDBG funds for these two lots based on the LMA criteria was an ineligible cost. As in the situation with Item #2 above, the UCP has stated that the amounts listed as ineligible for these two lots were paid directly to a water company who was responsible to install the water line connections. The water company was not able to complete the water connections for these two lots and was willing to return the entire amount of \$8674.00 to the UCP. If the UCP is successful in retrieving these funds from the Water Company, we will allow these funds to be receipted back into IDIS and reprogrammed for use into another eligible activity. If funds cannot be retrieved, the UCP will be required to reimburse, from non-federal funds, its CDBG Treasury account in the amount of \$8,674.00. **Action Item:** The County must provide supporting documentation to show that the Water Company has reimbursed the

UCP the entire amount of \$8,674.00 and was receipted back into IDIS. If the UCP is not able to provide this then the UCP must provide documentation that it has reimbursed from non-federal funds its CDBG Treasury account in the amount of \$8,674.00. These actions must be completed within 30 days from the date of this letter.

IDIS Requirements: The UCP must take the necessary steps to ensure that this activity is updated to include revising vouchers as required, updating all accomplishment narratives and ensuring that the correct IDIS Matrix Code is reflected. Please contact this office should you require assistance on accomplishing these IDIS requirements.

We would like to thank you and your staff for their due diligence in addressing and bringing this finding to closure. We have enclosed instructions that the County must follow to repay any of the funds listed above. If you have any questions or comments with respect to this letter, please contact David Rios, Community Planning and Development Representative at (210) 475-6800, ext. 2314.

Sincerely,



Elva F. Garcia
Director, Community Planning
and Development

Enclosure

cc: Diana Serna, Director, UCP

Instruction for Transfers: Wire and by Check

1. The grantee should send future wires to:

Treasury Dept Code: ABA Number 021030004
 TREAS NYC HUD FTW, TX
 Agency Location Code: 86011101

Include all other necessary data on the disposition and amount of funds in the wire, to include grant number and line item the funds are to be deposited into. Any amount over \$2,000 should be sent as a wire transfer. See below for required wire transfer information:

U.S. Department of Housing and Urban Development	
Wire-Transfer Information	
Bank Name:	U.S. Treasury FRB New York
Account Holder Address:	U.S. Dept of Housing and Urban Development CFO Accounting Center P.O. Box 901013 Fort Worth Texas 76101-2013
ABA Routing Number:	021030004
Account Number:	86011101
Account Holder:	U.S. Department of HUD (Ft Worth, TX)
Memorandum or Third Party Information	
Please indicate the project, grant, or loan number that the funds should be applied to including the Budget Line Item (BLI), if applicable. Also, if the funds are to be returned to the U.S. Treasury as Interest or HOPE III Resale Proceeds, please annotate as such.	

2. If the grantee should write a check: It should be made payable to DHUD with attached explanation on what the check is for. The project (grant) number should be annotated on the check and mailed to the address below. If the remitter does not have access to wire transfer capabilities or prefers to write a check, then we will accept the check for any amount.

U.S. Department of Housing and Urban Development
 Project No. _____
 P. O. Box 277303
 Atlanta, GA 30384-7303