



**A G E N D A**  
**HOUSTON-GALVESTON AREA COUNCIL**  
**FINANCE AND BUDGET COMMITTEE MEETING**  
**April 20, 2021 9:15 AM**

[https://zoom.us/webinar/register/WN\\_vxrLmmTkTqeSLuhj81eMQQ](https://zoom.us/webinar/register/WN_vxrLmmTkTqeSLuhj81eMQQ)

1. CALL TO ORDER
2. N/A
3. PUBLIC COMMENTS – Members of the public may participate by sending comments to [BoardPublicComments@h-gac.com](mailto:BoardPublicComments@h-gac.com); by joining online via website; or by dialing US: 1-888-788-099 (Toll Free) or 1-877-853-5247 (Toll Free) (Webinar ID: 955 6406 4994; Participant ID: 464680; Passcode: 275838)
4. DECLARE CONFLICTS OF INTEREST

**ACTION**

5. CONSENT AGENDA  
Items listed are of a routine nature and may be acted on in a single motion unless requested otherwise by a member of the Board.
  - a. N/A
  - b. MICROSOFT OFFICE 365 SUBSCRIPTION RENEWAL  
Request approval to renew the Microsoft Office 365 subscription for one year at \$215 per license for a total contract amount of \$65,790. (Staff Contact: Tanya Nguyen)
  - c. HGACBUY – SEWER CLEANING, HYDRO-EXCAVATING, INSPECTION EQUIPMENT, AND MISCELLANEOUS SERVICES  
Request authorization of contracts with respondents for sewer cleaning, hydro-excavating, inspection equipment and miscellaneous services. (Staff Contact: Ronnie Barnes)
  - d. HGACBUY – TRAFFIC CONTROL, ENFORCEMENT AND SIGNAL PREEMPTION EQUIPMENT  
Request authorization to negotiate contracts with the respondents listed in the contract Award Recommendation Table for traffic control, enforcement and signal preemption equipment. (Staff Contact: Ronnie Barnes)
  - e. CLEAN CITIES PROGRAM AGREEMENT  
Request authorization to enter into an agreement with the U. S. Department of Energy for Clean Cities program activities for five years; total amount not to exceed \$465,000. (Staff Contact: Craig Raborn)
  - f. 2021 HURRICANE PREPAREDNESS OUTREACH CAMPAIGN

Request authorization to contract with media vendors to purchase radio, digital, and social media to promote hurricane preparedness within the Gulf Coast region; amount not to exceed \$250,000. (Staff Contact: Craig Raborn)

6. FINANCE AND BUDGET COMMITTEE

Report on activities and Committee recommendations.

a. MONTHLY FINANCIAL REPORT – MARCH 2021

Request approval of monthly financial report ending March 31, 2021. (Staff Contact: Nancy Haussler)

7. AUDIT COMMITTEE

a. INTERNAL AUDIT 2020 ANNUAL REPORT

Request Board acceptance of the Internal Audit Annual Report for Fiscal Year ending 2020. (Staff Contact: Charles Hill)

8. HUMAN SERVICES

a. WORKFORCE ADULT EDUCATION CONTRACTS

Request approval of 2022 adult education services and contracts; amount not to exceed \$19,280,028. (Staff Contact: Mike Temple)

b. WORKFORCE SYSTEM ONLINE LEARNING CONTRACT

Request approval of contracts for online learning with Wired for Education (Metrix), \$30,000; 180 Skills LLC, \$20,000; and Carahsoft/LinkedIn Learning, \$142,000. Total amount not to exceed \$192,000. (Staff Contact: Mike Temple)

c. WORKFORCE SYSTEM PAYROLLING CONTRACT

Request approval of workforce system contract with G&A Partners for recovery temporary jobs and work-based learning temporary jobs; amount not to exceed \$7,000,000. (Staff Contact: Mike Temple)

9. COMMUNITY AND ENVIRONMENTAL PLANNING

a. REGIONAL CONSERVATION FRAMEWORK IMPLEMENTATION

Request approval to enter a contract with the Houston Endowment to begin implementation of Regional Conservation Framework; amount not to exceed \$500,000. (Staff Contact: Jeff Taebel)

10. N/A

11. N/A

12. N/A

13. EXECUTIVE DIRECTOR'S REPORT

14. ADJOURNMENT

## **MICROSOFT OFFICE 365 SUBSCRIPTION RENEWAL**

### **Background**

The Houston-Galveston Area Council currently subscribes to Microsoft Office 365 service on an annual basis to provide its staff with email services, SharePoint Online, OneDrive, Teams, and Office software suite.

### **Current Situation**

H-GAC will need to renew the subscription and increase our license count to 306 licenses to maintain business services provided by Microsoft Office 365.

### **Funding Source**

Local Funds

### **Budgeted**

Yes

### **Action Requested**

Request approval to renew the Microsoft Office 365 subscription for one year at \$215 per license for a total contract amount of \$65,790. (Staff Contact: Tanya Nguyen)

## **HGACBUY – SEWER CLEANING, HYDRO-EXCAVATING, INSPECTION EQUIPMENT, AND MISCELLANEOUS SERVICES**

### **Background**

The H-GAC Cooperative Purchasing Program (HGACBuy) establishes contracts for a variety of products and services through competitive solicitations. Member governments are able to use the contracts to make purchases. HGACBuy received and opened five bids for Sewer Cleaning, Hydro-Excavating, Inspection Equipment, and Miscellaneous Services on February 11, 2021. The following companies submitted bids:

Aries Industries, Inc.*	Waukesha, WI
Envirosight, LLC*	Randolph, NJ
Rausch Electronics USA, LLC	Chambersburg, PA
Ring-O-Matic, Inc.	Pella, IA
The Charles Machine Works, Inc.	Perry, OK

\*Joint Bid

### **Current Situation**

This contract is a supplement of an existing contract in our portfolio, consisting of sewer/pipeline cleaners, jet rodders, hydro-excavators, portable pipeline inspection equipment and other related equipment. All bid responses have been evaluated by H-GAC staff. Five bids (consisting of twenty-six vendors) are being recommended for award.

### **Funding Source**

Participating local government purchasers

### **Budgeted**

N/A

### **Action Requested**

Request authorization of contracts with respondents for sewer cleaning, hydro-excavating, inspection equipment and miscellaneous services. (Staff Contact: Ronnie Barnes)

### **ATTACHMENTS:**

- ▢ SC01-21A: Award Recommendation Table
- Cover Memo

**SC01-21A: Award Recommendation Table**

<b>MANUFACTURER</b>	<b>H-GAC PRODUCT CODE</b>	<b>BIDDER</b>
<b>D. Hydro-excavators, Truck &amp; Trailer Mounted</b>		
Ring-O-Matic	SC21AD040-SC21AD075	Ring-O-Matic, Inc.
<b>E. Standard Portable Sewer Inspection Systems</b>		
Envirosight	SC21AE020-SC21AE042	Envirosight, LLC*; Best Equipment Co., Inc.; Environmental Products Group, Inc.; Green Equipment Company; Haaker Equipment Company; Jet Vac Equipment, LLC; J.F. McDermott Corp.; Joe Johnson Equipment, LLC; Key Equipment and Supply, Co.; MacQueen Equipment, LLC; MetroQuip, Inc.; Neverest Equipment Company, LLC; NorMont Equipment, Co.; Pete's Equipment Repair, Inc.; Sansom Equipment Company, Inc.; Standard Equipment Company; True North Equipment, Inc. dba True North Emergency Equipment; U-Rock Utility Equipment, Inc.
Rausch	SC21AE058-SC21AE064A	Rausch Electronics USA, LLC
The Charles Machine Works	SC21AE070-SC21AE072	The Charles Machine Works, Inc.
<b>G. Sewer Inspection Vans</b>		
Aries	SC21AG001-SC21AG005	Aries Industries, Inc.*; Bogie Enterprises, Inc. dba Envirotech Equipment; Coe Equipment, Inc.; Reliability Point, LLC; Griffin Sales, Inc. dba Rodders and Jets Supply Co.
Rausch	SC21AG028-SC21AG036	Rausch Electronics USA, LLC
The Charles Machine Works	SC21AG042-SC21AG050	The Charles Machine Works, Inc.
<b>H. Miscellaneous Sewer Cleaning Services</b>		
Aries Industries	SC21AH001	Aries Industries, Inc.*; Bogie Enterprises, Inc. dba Envirotech Equipment; Coe Equipment, Inc.; Reliability Point, LLC; Griffin Sales, Inc. dba Rodders and Jets Supply Co.
Rausch	SC21AH084-SC21AH091	Rausch Electronics USA, LLC
Ring-O-Matic	SC21AH098-SC21AH101	Ring-O-Matic, Inc.

## HGACBUY - TRAFFIC CONTROL, ENFORCEMENT AND SIGNAL PREEMPTION EQUIPMENT

### Background

The H-GAC Cooperative Purchasing Program (HGACBuy) establishes contracts for a variety of products and services through competitive solicitations. Member governments are able to use the contracts to make purchases. HGACBuy received and opened ten proposals for traffic control, enforcement and signal preemption equipment on December 02, 2020. The following companies submitted a proposal:

Acusensus, Inc.	San Diego, AZ
American Traffic Solutions, Inc. dba Verra Mobility	Mesa, AZ
Applied Information, Inc.	Suwanee, GA
Consolidated Traffic Controls, Inc.	Arlington, TX
Electrotechnics Corporation dba ELTEC	Marshall, TX
K&K Systems, Inc.	Tupelo, MS
Paradigm Traffic Systems, Inc.	Arlington, TX
Texas Highway Products, LTD	Round Rock, TX
Twincrest, Inc. dba Twincrest Technologies	Fort Worth, TX
UR International, Inc.	Stafford, TX

### Current Situation

This contract is a continuation of an existing contract in our portfolio, consisting of various types of traffic control enforcement and signal preemption equipment. All proposals have been evaluated by H-GAC staff. Nine proposals are being recommended for award. Acusensus Inc. was deemed non-compliant for failing to meet proposal requirements. Request authorization to negotiate contracts with each respondent listed in the Award Recommendation Table, and as may be applicable, to extend contract assignments to other authorized entities during the contract period.

### Funding Source

Participating local government purchases

### Budgeted

N/A

### Action Requested

Request authorization to negotiate contracts with the respondents listed in the contract Award Recommendation Table for traffic control, enforcement and signal preemption equipment. (Staff Contact: Ronnie Barnes)

**ATTACHMENTS:**

▫ PE05-21 Award Recommendation Table

Cover Memo

**PE05-21 Award Recommendation Table**

<b>Proposal</b>	<b>Type of Equipment</b>	<b>H-GAC Product Code(s)</b>
American Traffic Solutions, Inc. dba Verra Mobility	Photo Enforcement Systems	CE
Applied Information, Inc.	Optically Controlled or Global Positioning Satellite/Radio Controlled Priority Traffic Signal Preemption System Intelligent Transportation Management Systems Indication and Warning Assembly with or without Activation Systems	DA, DI, DG
Consolidated Traffic Controls, Inc.	Optically Controlled or Global Positioning Satellite/Radio Controlled Priority Traffic Signal Preemption System Portable Vehicle Counters Vehicle Identification/Vehicle Detection Systems Indication and Warning Assembly with or without Activation Systems	HA, KA, LD, PG, RG, UG, UC
Electrotechnics Corporation dba ELTEC	Indication and Warning Assembly with or without Activation Systems	GG
K&K Systems, Inc	Indication and Warning Assembly with or without Activation Systems Portable Traffic Control & Mitigation Devices	HHG, HHF
Paradigm Traffic Systems, Inc.	Optically Controlled or Global Positioning Satellite/Radio Controlled Priority Traffic Signal Preemption System Vehicle Identification/Vehicle Detection Systems Indication and Warning Assembly with or without Activation Systems Wireless Vehicle Detection Systems Intelligent Transportation Management Systems	DA, FC, DG, SH, DI, FI
Texas Highway Products, LTD	Vehicle Identification/Vehicle Detection Systems Portable Traffic Control & Mitigation Devices Indication and Warning Assembly with or without Activation Systems	AAC, BBF, CCG, DDG, EEG, FFF, GGF, KG
Twincrest, Inc. dba Twincrest Technologies	Vehicle Identification/Vehicle Detection Systems	YC, SC
UR International, Inc.	Intelligent Transportation Management Systems	XI



## CLEAN CITIES PROGRAM AGREEMENT

### Background

The Clean Cities Program is a U.S. Department of Energy funded program that provides support for efforts to encourage the use of alternative fuels and advanced vehicle technologies that can reduce harmful transportation-related emissions. The primary goal of the program is to accelerate the use of U.S. domestic alternative fuels, advanced vehicle technologies, and other fuel economy and idle reduction technologies. The regional coalition was established at H-GAC in 1996 and works to support and extend air quality education and outreach efforts directly to stakeholders throughout our region.

H-GAC's Coalition staff work directly with stakeholders to increase the use of alternative fueled vehicles, and activities include quarterly stakeholder meetings, information events on various alternative fueling topics (propane school buses, workplace EV charging, and alt fuel cooperative purchasing for a couple of recent examples), and periodic Clean Cities Technologies Conferences. The Clean Cities Program also helps support the air quality improvement activities of H-GAC's Air Quality Program as well as other H-GAC efforts including policy activities, the Clean Vehicles program, and transportation demand management activities.

### Current Situation

This proposed Clean Cities Program Agreement will start in April 2021 with annual grants from the U.S. Department of Energy that will not exceed a total of \$465,000 over a five-year period. Staff anticipates a first-year grant amount of \$72,500. The previous five-year agreement expired at the end of February.

The Clean Cities grant will support three types of staff activities:

1. Outreach about alternative fuels, including the Coalition's "Fuel for Thought" podcast, webinars, and "ride and drive" events to demonstrate alternative fuel technologies.
2. Support for stakeholders' efforts to identify and secure grant funds to transition fleets to alternative fuels.
3. Technical assistance and fleet coaching to stakeholder fleets to enhance understanding of opportunities, benefits, costs, and barriers related to alternative fuel transitions.

### Funding Source

U.S. Department of Energy

### Budgeted

Yes

### Action Requested

Request authorization to enter into an agreement with the U.S. Department of Energy for Clean Cities program activities for five years; total amount not to exceed \$465,000. (Staff Contact: Craig Raborn)



## 2021 HURRICANE PREPAREDNESS OUTREACH CAMPAIGN

### Background

In collaboration with our state and local jurisdictions, the Houston-Galveston Area Council seeks to continue its annual Hurricane Preparedness Outreach Campaign. The goal of the outreach campaign is to increase awareness about hurricane evacuation planning, especially for those residents living in zip code zones that are subject to storm surge.

### Current Situation

The outreach campaign will include advertisements with various media outlets to reach residents living within the zip code zones and the surrounding areas. The campaign will advertise in English and Spanish to direct people to the Houston-Galveston Area Council's hurricane evacuation planning website.

The 2021 zip zone map campaign media buys will be conducted by the H-GAC Communications Department. Based on demographic research on residents in the zip code zones, a list of potential vendors and estimated budget for each is listed below:

Type	Amount	Potential Vendors
Digital	\$80,000	Houston Chronicle, KPRC Click 2 Houston, KHOU, ABC13, Texas A&M, University of Houston
Social Media	\$10,000	Facebook, Twitter, Instagram, LinkedIn
Radio	\$130,000	Cox Media – KKBQ, KTHT, iHeart – KOVE, KAMA, KBXX, KMJQ, KODA, KQBT, KTBZ, KRBE Texas Southern University Texas A&M University of Houston
Cinema	\$30,000	National CineMedia

The proposed timeline for the campaign is from May through November 2021. This effort is included in the H-GAC Unified Planning Work Program.

### Funding Source

Federal Metropolitan Planning Funds

### Budgeted

Yes

### Action Requested

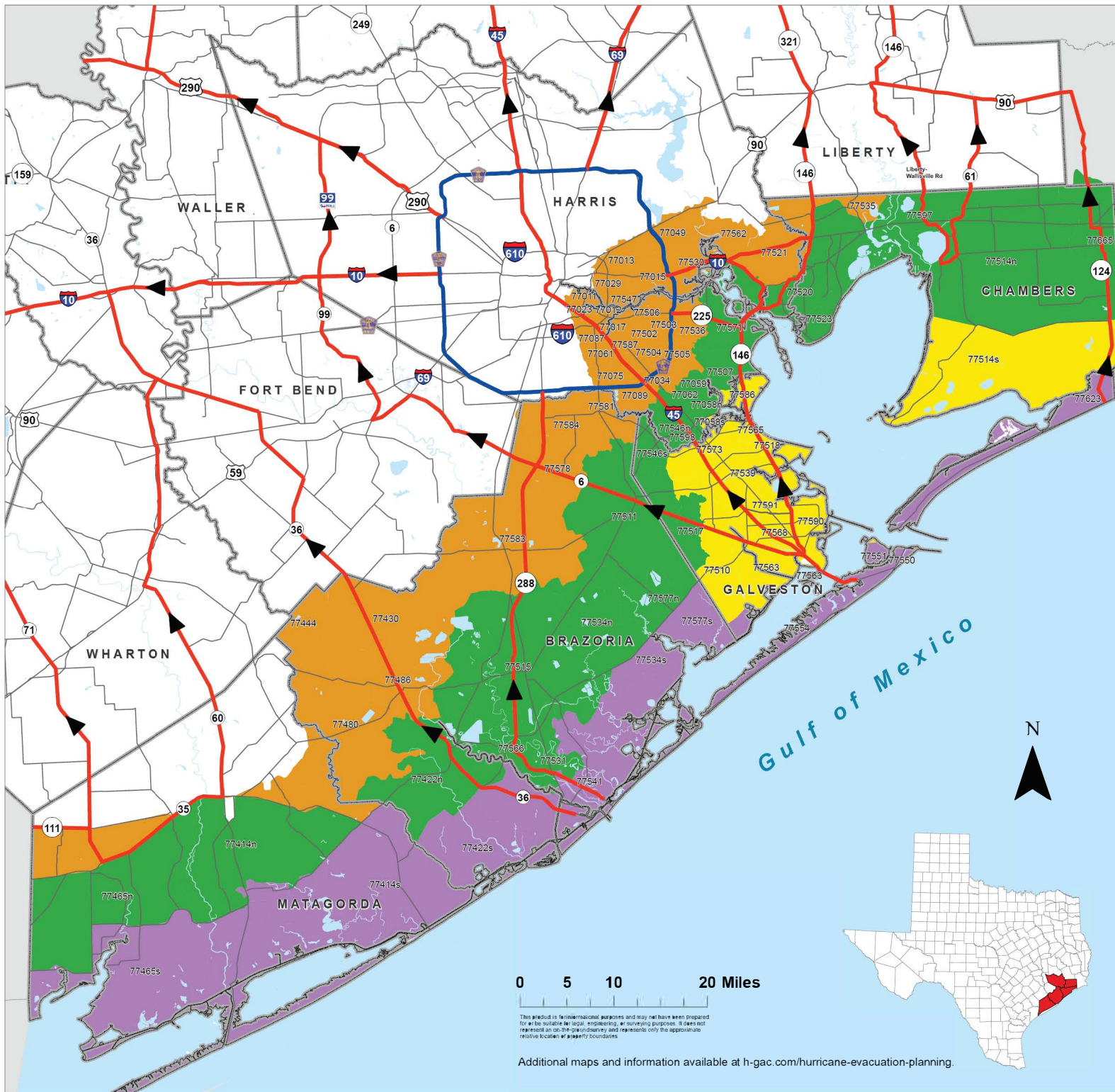
Request authorization to contract with media vendors to purchase radio, digital, and social media to promote hurricane preparedness within the Gulf Coast region; amount not to exceed \$250,000. (Staff Contact: Craig Raborn)

**ATTACHMENTS:**

▫ 2021 Zip Zone Map

Backup Material

# Brazoria, Chambers, Galveston, Harris, and Matagorda Hurricane Evacuation Zip-Zones Coastal, A, B, C



ZIP ZONE COASTAL				
77414s	77422s	77465s	77534s	77541
77550	77551	77554	77563	77577s
77623				
ZIP ZONE A				
77058s	77510	77514s	77518	77539
77563	77565	77568	77573	77586
77590	77591			
ZIP ZONE B				
77058n	77059	77062	77414n	77422n
77465n	77507	77511	77514n	77515
77517	77520	77523	77531	77534n
77546n	77546s	77560	77566	77571
77577n	77597	77598	77665	
ZIP ZONE C				
77011	77012	77013	77015	77017
77023	77029	77034	77049	77061
77075	77087	77089	77430	77444
77480	77486	77502	77503	77504
77505	77506	77521	77530	77535
77536	77547	77562	77578	77581
77583	77584	77587		

Some zip codes are split into north (n) and south (s) for evacuation purposes.

## Route Designation

- Evacuation Corridors
- Evacuation Connections
- Other Roads
- County Boundary



0 5 10 20 Miles

This product is for informational purposes only and may not have been prepared for or the suitable for legal, engineering, or surveying purposes. It does not represent an on-the-ground survey and represents only the approximate relative location of property boundaries.

Additional maps and information available at [h-gac.com/hurricane-evacuation-planning](http://h-gac.com/hurricane-evacuation-planning).



Revision Date: March 19, 2021  
 Expiration Date: December 31, 2021  
 Map Created by:  
 Houston-Galveston Area Council

**MONTHLY FINANCIAL REPORT - MARCH 2021**

**ATTACHMENTS:**

▫ March 2021 Financial Report

Cover Memo

**HOUSTON-GALVESTON AREA COUNCIL  
FINANCIAL STATUS REPORT  
For the One Month Ended March 2021**

	Budget Year to date	Actual Year to date	Variance Dollar	%
<b>Combined Revenues and Expenditures</b>				
Revenues	\$ 97,147,917	\$ 73,289,501	\$ (23,858,416)	-25%
Expenditures	(96,712,400)	(72,492,150)	24,220,249	-25%
<b>Change in Combined Fund Balance</b>	<b>\$ 435,517</b>	<b>\$ 797,350</b>	<b>\$ 361,834</b>	

<b>Change in Fund Balance by Fund Type</b>				
Change in fund balance - General Fund	\$ 60,364	\$ 113,337	\$ 52,973	
Change in fund balance - Gulf Coast Regional 911	671,632	545,803	(125,829)	
Change in fund balance - Enterprise Fund	183,933	138,210	(45,723)	
<b>Total Change in Fund Balances</b>	<b>\$ 915,929</b>	<b>\$ 797,350</b>	<b>\$ (118,579)</b>	

**Variance Analysis**

The presentation of the change in fund balance by fund type is intended to highlight the effects of revenue and expenditure transactions by fund. The General Fund (GF) consists of those funds not associated with grant programs or enterprise activities. The Special Revenue Fund (SRF) consists of those funds that are restricted for a specific purpose. HGAC's grant programs are in this fund. The Enterprise Fund is used to track activities of the Cooperative Purchasing program and the Energy Purchasing Corporation. The variances of specific revenues and expenditures are explained on the second page of this report.

\*\*\* The Cooperative Purchasing program has contributed \$144,846 an increase toward the Enterprise fund balance YTD, and the Energy Purchasing Corporation is reflecting a (\$6,636) decrease to the Enterprise fund balance.

**HOUSTON-GALVESTON AREA COUNCIL  
FINANCIAL STATUS REPORT  
For the One Month Ended March 2021**

	Annual Budget	Budget Year to Date	Actual Year to Date	Variance Dollar	%
<b>Revenues</b>					
<b>General and Enterprise Fund</b>					
Membership dues (a)	\$ 395,538	\$ 395,538	\$ 113,652	\$ (281,886)	-71%
HGAC Energy Purchasing Corporation	130,000	22,500	18,167	(4,333)	-19%
Cooperative Purchasing fees	5,500,000	1,375,000	1,075,848	(299,152)	-22%
Gulf Coast Regional 911 fees	4,036,797	1,009,199	1,112,246	103,047	10%
Interest Income	35,000	8,750	200	(8,550)	-98%
Other	3,981,468	995,367	1,693,306	697,939	70%
<b>Total General and Enterprise Fund revenues</b>	<b>\$ 14,078,803</b>	<b>\$ 3,806,354</b>	<b>\$ 4,013,419</b>	<b>\$ 207,065</b>	<b>5%</b>
<b>Special Revenue Fund</b>					
Federal Grant	\$ 3,556,065	\$ 889,016	\$ 62,388	\$ (826,628)	-93%
State Grants	369,810,185	92,452,546	69,213,692	(23,238,854)	-25%
<b>Total Special Revenue Fund revenues</b>	<b>\$ 373,366,250</b>	<b>\$ 93,341,563</b>	<b>\$ 69,276,080</b>	<b>\$ (24,065,482)</b>	<b>-26%</b>
<b>Total Revenues</b>	<b>\$ 387,445,053</b>	<b>\$ 97,147,917</b>	<b>\$ 73,289,499</b>	<b>\$ (23,858,418)</b>	<b>-25%</b>
<b>Expenditures</b>					
Personnel	\$ 27,608,829	\$ 6,902,207	\$ 5,926,242	\$ (975,965)	-14%
Pass-through funds - grant	341,090,281	85,272,570	64,125,874	(21,146,696)	-25%
Consultant and contract services	11,480,098	2,870,025	1,210,126	(1,659,899)	-58%
Lease of office space	1,791,142	447,786	444,341	(3,445)	-1%
Equipment	1,677,448	419,362	88,126	(331,236)	-79%
Travel	327,205	81,801	7,237	(74,564)	-91%
Other expense	2,874,595	718,649	690,203	(28,446)	-4%
<b>Total Expenditures</b>	<b>\$ 386,849,598</b>	<b>\$ 96,712,400</b>	<b>\$ 72,492,149</b>	<b>\$ (24,220,250)</b>	<b>-25%</b>
<b>Excess of Revenues over(under) Expenditures</b>	<b>\$ 595,455</b>	<b>\$ 435,517</b>	<b>\$ 797,350</b>	<b>\$ 361,833</b>	

**Variiances:**

- (a) Membership remittance is down for this time of year.
- (b) Other revenue includes the EDA loan program that has seen increased activity due to COVID related funds being made available to small businesses
- (c) Pass-through revenue for state and federal grants is increasing each month and our current projection shows that it will meet our budget for the year.
- (d) The travel budget was anticipating that Covid restrictions would end in 2021. We are starting to see some easing of restrictions and requests for in-person events that include in-region and out-of-region travel, so we expect that our expenses will increase later in the year.



## **INTERNAL AUDIT 2020 ANNUAL REPORT**

### **Background**

The Internal Audit Charter requires the Internal Audit department to prepare an annual report of its activities that compares the plan with actual results. The H-GAC Internal Audit department consists of five auditing professionals.

### **Current Situation**

The Director of Internal Audit has prepared the Internal Audit Annual Report for Fiscal Year ending December 2020. The Executive Director has reviewed the annual report. This report was submitted to the H-GAC Audit Committee for review and discussion.

The Internal Audit Annual Report is a summary of internal audit activities for Fiscal Year 2020. The report contains a narrative of staff hours charged to various projects as well as categories of subrecipient/contractor monitoring, regular internal audits, program reviews, follow-up audits, and special projects. In the appendixes of the report are specific projects completed, audit recommendations, a listing of desk reviews completed, site visits and related recommendations, and a list of pre-award reviews completed by staff. Attached is the complete document reviewed and accepted by the H-GAC Audit Committee.

### **Funding Source**

Indirect cost funding

### **Budgeted**

Yes

### **Action Requested**

Request Board acceptance of the Internal Audit Annual Report for Fiscal Year ending 2020. (Staff Contact: Charles Hill)

### **ATTACHMENTS:**

▫ Internal Audit Annual Report 2020

Backup Material



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**Houston-Galveston Area Council**

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April 7, 2021

Chuck Wemple  
***Executive Director***  
Houston-Galveston Area Council  
3555 Timmons Lane  
Houston, Texas 77027

**RE: INTERNAL AUDIT ANNUAL REPORT FOR 2020**

Dear Mr. Wemple:

Attached is the Internal Audit Annual Report for fiscal year 2020. This report contains the results of activities for the internal audit function at H-GAC. A comparison of the planned projects and allocated hours versus actual hours charged to specific project categories is included in this report.

The internal audit staff adds value to H-GAC operations by fulfilling their responsibilities as an independent review of operational controls, testing compliance with appropriate policies and procedures as well as state and federal regulations and advisory services to managers and directors. The Executive Director should submit this report to the H-GAC Audit Committee and Board of Directors for review and comments. If there are any questions about this report, contact me at (713) 993-4517.

Sincerely,

A handwritten signature in blue ink that reads "Charles D. Hill".

Charles Hill, CIA, CPA, CGMA  
***Director, Internal Audit***

cc: Audit Committee Members  
Nancy Haussler, H-GAC Chief Financial Officer





*Houston-Galveston Area Council*

**INTERNAL AUDIT  
ANNUAL REPORT  
For Fiscal Year Ending 2020**

*April 2021*

**HOUSTON-GALVESTON AREA COUNCIL  
INTERNAL AUDIT ANNUAL REPORT  
For Fiscal Year Ending 2020**

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B. Summary of Audit Report Recommendations for 2020	
C. Summary of Desk Reviews for 2020	
D. Summary of Site Visit Report Recommendations for 2020	
E. Pre-Award Contract Reviews for 2020	

## EXECUTIVE SUMMARY

### INTERNAL AUDIT ANNUAL REPORT For Fiscal Year Ending 2020

The Director of Internal Audit prepared this report covering the scope of activities and projects for fiscal year 2020. The Internal Audit department is responsible for reviewing and evaluating the controls at H-GAC and monitoring contractors/subrecipients. The following is a breakdown of the actual staff hours versus budget hours for various categories of projects for the year.

<i>Category</i>	<i>Planned Hours</i>	<i>Actual Hours</i>	<i>Difference</i>
Regular Audits	1,750	147	-1,603
Program Reviews	1,400	466	-669
Follow-up Audits	300	128	-172
Contractor Monitoring	2,600	3,724	+1,124
Special Projects	1,750	761	-989
Administrative Time	1,600	3,665	+2,065
Leave Time	1,000	928	-72
<b>Totals</b>	<b>10,400</b>	<b>9,819</b>	

The following is a breakdown of the types of projects, the number of reports, as well as a summary of work products for the past three years.

<i>Item</i>	<i>2020</i>	<i>2019</i>	<i>2018</i>
Regular Audits/Reviews	7	7	4
Regular Audit Reports	3	4	1
Follow-up Audits/Reports	2	0	3
Special Projects	8	7	5
Special Project Reports	2	2	3
Site Visits	26	15	24
Site Visit Reports	25	12	24
Desk Review Letters	33	37	45
Pre-Award Review Memos	5	2	7

Additional comments and clarifications include the following.

- The staff started or completed seven audits/reviews and issued three reports.
- Work was performed on two follow-up audits; but no reports were issued.
- More administrative time and contractor monitoring hours were used due to the COVID-19 pandemic and changes in internal procedures and management.
- Pre-Award reviews covered one department (i.e. Transportation) for this year; in the current and succeeding years reviews will be agency-wide and initiated by Internal Audit.
- Fewer subrecipients/contractors desk review letters were issued this year.

## **INTERNAL AUDIT ANNUAL REPORT For Fiscal Year Ending 2020**

### **PURPOSE**

This report was prepared by the Director of Internal Audit at the Houston-Galveston Area Council (H-GAC) to summarize the activities and work completed for the department. The reporting period is from January to December 2020. The completion of this report and its submission to the H-GAC Board of Directors (the Board) is consistent with the H-GAC internal audit charter. The Institute of Internal Auditors Code of Ethics defines internal auditing as an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

### **BACKGROUND**

The Internal Audit Department at H-GAC has the responsibility to review and evaluate the controls at the agency. In addition, the internal audit staff has responsibility for contractor/subrecipient monitoring. Our staff performs desk reviews of contractors audited annual financial reports, site visits, and on a sample basis CPA firm working papers reviews. All other assignments completed by the department are considered special projects.

The H-GAC Board approved a revised internal audit charter in 2015 to update and reflect current guidelines for the professional practice of internal auditing. The Internal Audit function at H-GAC consists of a director and four audit professionals. The operations of the department conform to standards for the International Practice of Internal Auditing as required by the Institute of Internal Auditors. An external quality assurance review was completed in 2018 and confirmed our compliance with professional standards.

### **RESULTS OF AUDIT ACTIVITY**

The internal audit director completed an internal audit plan for fiscal year 2020, which was approved by the H-GAC Audit Committee as well as the Board. The plan served as a guide to allocate audit resources in an efficient and effective manner to cover key areas of the agency. The following is a summary of department activity and/or work products for the past three years.

**INTERNAL AUDIT ANNUAL REPORT  
For Fiscal Year Ending 2020**

<i>Item</i>	<i>2020</i>	<i>2019</i>	<i>2018</i>
Regular Audits/Reviews	7	7	4
Regular Audit Reports	32	4	1
Follow-up Audits/Reports	2	0	3
Special Projects	8	7	5
Special Project Reports	2	2	3
Site Visits	26	15	24
Site Visit Reports	25	12	24
Desk Review Letters	33	37	45
Pre-Award Review Memos	5	2	7

The Internal Audit Department allocated hours in the 2020 plan based on FIVE staff members at 2,080 hours each for the year (i.e. 10,400 hours). The hours were divided into seven categories – regular audits, program reviews, follow-up audits, contractor monitoring, special projects, administrative time, and leave time. The timing of hiring an additional staff member caused overall hours to be less than planned hours for projects. The following table compares planned hours for these categories with actual hours used in 2020 to complete various projects.

<i>Category</i>	<i>Planned Hours</i>	<i>Actual Hours</i>	<i>Difference</i>
Regular Audits	1,750	147	-1603
Program Reviews	1,400	466	-669
Follow-up Audits	300	128	-172
Contractor Monitoring	2,600	3,724	+1,124
Special Projects	1,750	761	-989
Administrative Time	1,600	3,665	+2,065
Leave Time	1,000	928	-72
<b><i>Totals</i></b>	<b><i>10,400</i></b>	<b><i>9,819</i></b>	

**PROJECTS COMPLETED**

The internal audit department completed many and various projects during the year. In Appendix A, it compares planned projects from the 2020 audit plan with actual projects completed for the period. Appendix B contains the audit recommendations for regular audits, reviews, and follow-up reports issued during the year.

The contractor and subrecipient monitoring projects consisted of desk reviews, site visits, and pre-award reviews. The desk reviews are detailed technical reviews of contractors' most recent annual financial reporting packages to determine compliance with state and federal reporting requirements. Internal Audit issues the management acceptance letters for these contractor/subrecipient reports. There were 33 desk reviews completed (see Appendix C) for 2020.

**INTERNAL AUDIT ANNUAL REPORT  
For Fiscal Year Ending 2020**

Contractor monitoring reports are usually issued after site visits are made to contractors by internal audit staff. There were 26 virtual site visits made in 2020. The main purpose of these site visits was to review the adequacy of controls as well as contract compliance. The site visit/contractor monitoring reports will usually have recommendations (see Appendix D) made by the auditor. The program staff has the responsibility of ensuring contractors take appropriate corrective actions on recommendations made by Internal Audit. Most findings in the site visit reports did not represent material weaknesses or problems that could not be corrected in a timely manner.

Pre-award reviews were completed for pending contracts in the H-GAC Transportation Department. These reviews consisted of basically reviewing cost data and background information for proposed contracts to ensure compliance with state and federal guidelines, as well as consistency with other H-GAC contracts. In some cases, a site visit would also be part of a pre-award review. There were five (5) pre-award reviews performed in 2020 (see Appendix E). The category of special projects represents the remainder of projects completed by the Internal Audit staff.



Charles Hill, CIA, CPA, CGMA  
***Director, Internal Audit***

Report Date: 4/6/21

Report Issue Date: 4/7/21



## APPENDIX A

### Planned Projects versus Actual Projects for 2020

<i>Project Titles</i>	<i>Budget Hours</i>	<i>Actual Hours</i>	<i>Comments</i>
<b><i>Regular Audits:</i></b>			
Workforce Contract Audit	250	135	Will Complete in 2021
Environmental Planning Audit	400	12	In Process
Transportation Consultants Audit	350	0	Will Reschedule
Aging Services Audit	400	0	In Process
Consultant Contracts Audit	350	0	Will Reschedule
<b><i>Program Reviews:</i></b>			
Cybersecurity Review	250	65	Will complete in 2021
Risk Management Review	250	50	Will complete in 2021
Public Services Travel Review	150	141	Report Issued
Air Quality Review	250	0	Will Reschedule
9-1-1 Services Review	250	0	Will Reschedule
Audit Literacy Review	250	0	Will Reschedule
Law Enforcement Training Review	0	110	Report Issued
Equity Documents Review	0	100	Special Report Issued
<b><i>Follow-up Audits:</i></b>			
	300	128	Two areas reviewed
<b><i>Subrecipient/Contractor Monitoring:</i></b>			
Pre-Award Reviews	350	245	
Desk Reviews	1,000	1,315	
Contractor/Consultant Site Visits	1,200	1,860	
Contractor Database	200	304	
<b><i>Special Projects:</i></b>			
Internal Audit Reporting	350	142	
Staff Advisory	350	243	
Other Projects	900	376	
<b><i>Administrative Time</i></b>			
Administrative Support Staff	600	1,431	
CPE Course/Staff Development	250	299	
Audit/Technical Research	300	224	
Supervision of Staff/HGAC Functions	450	1,711	
<b><i>Leave Time</i></b>			
	1,000	928	
<b><i>Total Audit Hours</i></b>	<b><i>10,400</i></b>	<b><i>9,819</i></b>	

**APPENDIX B**

**Summary of Audit Report Recommendations for 2020**

<i>Report Title</i>	<i>Report Date</i>	<i>Recommendations</i>	<i>Status</i>
BakerRipley	10/09/19	<ol style="list-style-type: none"> <li>1. Ensure that future contracts with BakerRipley, specifically list the state assurances that are applicable to the contractor including regulations and/or laws on nepotism and conflicts of interest situations.</li> <li>2. Ensure that each member of the Board of Directors and Executive Team completes and submits a conflict of interest disclosure form to comply with H-GAC contractual requirements.</li> <li>3. Communicate in writing the required disclosure, to comply with contractual requirements, for the H-GAC contractor President and CEO and new Board Member of Baker Ripley; and the actions (that will be) taken to prevent any conflict of interest.</li> <li>4. Revise policy to include Board of Directors' approval for large procurement instruments.</li> <li>5. Use the required TWC Form (7100) for construction and other capital expenditures (leasehold improvements/build-outs); and request written guidance, as necessary, from H-GAC related to construction for leasehold improvements (build-outs) to comply with contractual requirements.</li> </ol>	<p align="center"><i>Implemented</i></p> <p align="center"><i>Implemented</i></p> <p align="center"><i>Implemented</i></p> <p align="center"><i>Implemented</i></p> <p align="center"><i>Implemented</i></p>

**APPENDIX B**

**Summary of Audit Report Recommendations for 2020**

<i><b>Report Title</b></i>	<i><b>Report Date</b></i>	<i><b>Recommendations</b></i>	<i><b>Status</b></i>
Public Services Travel Review	3/27/20	<ol style="list-style-type: none"> <li>1. Ensure that department staff are submitting their reimbursements for travel within a timely manner</li> <li>2. Department staff should consult with one another during planning travel to the same location in order to ensure all opportunities for cost savings are met.</li> </ol>	<i>Implemented</i>
Law Enforcement Training Review	10/14/20	<ol style="list-style-type: none"> <li>1. Strengthen monitoring policies and procedures by conducting training academy close-out visits at the end of contract periods and performing reviews of training academy visits conducted by TCOLE.</li> <li>2. Law Enforcement Training staff should develop their own set of robust monitoring policies and procedures to ensure program standards are met and to make the knowledge transfer process easier when new staff are added to the program.</li> </ol>	<i>Implemented</i>

**APPENDIX C**

**Summary of Desk Reviews for 2020**

<b><i>Contractor:</i></b>	<b><i>Accepted Without Need for Follow-up</i></b>	<b><i>Accepted With Follow-up On Some Items</i></b>
ActionS, Inc. of Brazoria County	X	
Alliance for Multicultural Community Services	X	
Association for the Advancement of Mexican Americans	X	
Baker Ripley ( <i>Neighborhood Centers, Inc.</i> )		X
Boys & Girls Club of Walker County Texas, Inc.	X	
Brazosport College	X	
Catholic Charities of the Archdiocese of the Gulf Coast	X	
Chinese Community Center, Inc.	X	
City of Bay City	X	
City of Conroe	X	
City of Houston	X	
City of Palacios	X	
Collaborative for Children	X	
College of the Mainland	X	
Columbia-Brazoria ISD	X	
Community Family Centers	X	
Education Service Center Region VI	X	
Employment & Training Center	X	
Fort Bend County	X	
Fort Bend Senior Citizens	X	
Harris County	X	
Harris County Department. of Education	X	
Houston Community College	X	
Houston ISD	X	
Interfaith Ministries of Greater Houston	X	
Interfaith of the Woodlands	X	
Lone Star College	X	
Meals on Wheels Montgomery County	X	
Montgomery County Hospital District	X	
San Jacinto Community College	X	
Senior Center of Walker County	X	
SER Jobs for Progress	X	
Wharton County Junior College	X	



**APPENDIX D**

**Summary of Site Visit Report Recommendations for 2020**

<i>Report Title</i>	<i>Report Date</i>	<i>Recommendations</i>	<i>Implemented</i>	<i>In Process of Implementation</i>
Building Products Transport	06/11/20	<i>No findings noted by auditor.</i>		
Jesse Hopkins	06/15/20	1. Contractor should create and add a Conflict of Interest policy to their company policy in order to prevent conflicts of interest in the future and to comply with their agreement with H-GAC.		X
Kevin Ballard	06/16/20	1. Contractor should create and add a Conflict of Interest policy to their company policy in order to prevent conflicts of interest in the future and to comply with their agreement with H-GAC.		X
Houston ISD	06/24/20	1. Contact H-GAC Transportation personnel to obtain a Clean Vehicles Program Accident Documentation form and determine what actions are required.		X
Lodge Lumber Co.	07/21/20	1. Contractor should create and add a Conflict of Interest policy to their company policy in order to prevent conflicts of interest in the future and to comply with their agreement with H-GAC.		X
All American Fleet Services	07/31/20	1. Contact H-GAC Transportation personnel to determine what actions are required.		X
		2. Contact H-GAC Transportation personnel to obtain a Clean Vehicles Program Accident Documentation form.		X

## APPENDIX D

### Summary of Site Visit Report Recommendations for 2020

<i>Report Title</i>	<i>Report Date</i>	<i>Recommendations</i>	<i>Implemented</i>	<i>In Process of Implementation</i>
Huntsville ISD	08/03/20	1. The contractor should ensure quarterly mileage reports filed with H-GAC are accurate and based on in-region/out of region mileage.		X
Levi Lester Barker Transportation	08/10/20	1. Contact H-GAC Transportation personnel to obtain a Clean Vehicles Program Accident Documentation form and determine what actions are required.		X
Liberty ISD	08/25/20	1. Ensure that required quarterly reports submitted to H-GAC contain accurate information. 2. Contact H-GAC Transportation personnel to obtain a Clean Vehicles Program Accident Documentation form and determine what actions are required.		X  X
CNG 4 America Baytown, LLC	08/27/20	1. Develop and distribute written policies and procedures to all employees involved with The CNG facility.		X
R.B.Stewart Petroleum Prod	09/03/20	<i>No findings noted by auditor.</i>		
Texas Serenity Academy	09/09/20	<i>No findings noted by auditor.</i>		
Sun Coast Resources	09/11/20	<i>No findings noted by auditor.</i>		
Crosby ISD	09/18/20	1. Contact H-GAC Transportation personnel to obtain a Clean Vehicles Program Accident Documentation form and determine what actions are required.		X

**APPENDIX D**

**Summary of Site Visit Report Recommendations for 2020**

<i>Report Title</i>	<i>Report Date</i>	<i>Recommendations</i>	<i>Implemented</i>	<i>In Process of Implementation</i>
Cherry Concrete	10/06/20	<i>No findings noted by auditor.</i>		
Klein ISD	10/13/20	<i>No findings noted by auditor.</i>		



**APPENDIX E****Pre-Award Contract Reviews for 2020**

<b><i>Contractor:</i></b>	<b><i>Scope of Contract</i></b>	<b><i>Report Date</i></b>	<b><i>Amount</i></b>
Gunda Corporation	Montgomery County Precinct 2 Mobility Plan Consulting Services	7/6/20	\$500,000.00
HEB	Houston Freight Distribution Electrification Project	5/4/20	\$778,726.00
Kimley-Horn & Associates	Southeast Harris County Sub- Regional Study	8/12/20	\$1,250,000.00
Kimley-Horn & Associates	Liberty County Mobility Study	8/13/20	\$450,000.00
AECOM	Telework Program Analysis, Improvement, and Implementation Services	9/15/20	\$161,425.00

## **WORKFORCE ADULT EDUCATION CONTRACTS**

### **Background**

The Texas Workforce Commission provides funds to the Gulf Coast Workforce Board through H-GAC to deliver adult education instruction in the 13-county region. The Board contracts with 15 providers throughout the region.

### **Current Situation**

On April 6, 2021, the Workforce Board approved renewing contracts with the current 15 providers. The proposed contract period is July 1, 2021 through June 30, 2022. This will be the fourth year of a four-year term for adult education contracts.

At the onset of the pandemic, adult education successfully shifted from in-person instruction to remote and hybrid instruction. For 2022, we anticipate instruction being provided both in-person and online for sites throughout the region. Core adult education includes English language instruction, literacy classes, adult basic education, adult secondary education, integrated education, GED preparation, and joint basic education-skills training.

We expect to serve 18,500 students in 2021 and 19,500 students in 2022. We are also continuing the integration of traditional workforce service and adult education. The Workforce Board approved adding up to \$400,000 to career office contracts for case management support, job search, and job placement support to adult education students, spread among the three contractors (BakerRipley, Interfaith of the Woodlands, and Equus). The attachment shows Workforce Board recommendations for 2022 adult education contracts.

### **Funding Source**

Texas Workforce Commission

### **Budgeted**

Yes

### **Action Requested**

Request approval of 2022 adult education services and contracts; amount not to exceed \$19,280,028. (Staff Contact: Mike Temple)

### **ATTACHMENTS:**

▫ WORKFORCE ADULT EDUCATION  
CONTRACTS

Backup Material

## 2022 WORKFORCE ADULT EDUCATION PROPOSED CONTRACTS

Provider	Current	Proposed Range	
Adult Education Center	200,000	200,000	240,000
Alliance	525,000	525,000	585,000
Association for the Advancement of Mex Am.	610,000	610,000	650,000
BakerRipley	535,000	535,000	585,000
Boys & Girls Club Walker Co	200,000	200,000	240,000
Brazosport College	650,000	650,000	700,000
Chinese Community Center	220,000	220,000	260,000
College of the Mainland	1,116,000	1,116,000	1,230,000
Community Family Centers	522,000	522,000	572,000
Harris County Department of Education	4,750,000	4,350,000	4,600,000
Houston Community College	4,000,000	4,000,000	4,300,000
Lone Star College	1,350,000	1,350,000	1,435,000
Region 6 ESC	900,000	900,000	990,000
San Jacinto College	650,000	650,000	710,000
Wharton County Junior College	765,000	765,000	815,000
<b>Subtotal</b>	<b>\$ 16,993,000</b>	<b>\$ 16,593,000</b>	<b>\$ 17,912,000</b>
Board Administration	968,028	968,028	968,028
Workforce Integration		400,000	400,000
<b>Total</b>	<b>\$ 17,961,028</b>	<b>\$ 17,961,028</b>	<b>\$ 19,280,028</b>

## **WORKFORCE SYSTEM ONLINE LEARNING CONTRACT**

### **Background**

There are unprecedented numbers of workers without jobs in the greater Houston-Gulf Coast region. For many unemployed workers, the path to a new job will require professional development, upskilling or reskilling with skill certifications for the jobs in demand. Although Workforce Solutions provides some access through its existing education/training network, we believe we need to expand the availability of online access to reach the approximately 300,000 unemployed workers in our region. Online learning will be an additional tool to provide basic skills development as well as skills in specific career paths, including skills certification.

### **Current Situation**

We issued a request for proposals in October 2020 to secure the services of one or more recognized national online learning platforms. We received a total of seven proposals which staff read and scored based on approach, qualifications, network requirements, relevant expertise, and financial terms. The three highest scoring proposals were: Wired for Education (Metrix), 180 Skills LLC, and Carahsoft (LinkedIn Learning).

At its April 6 meeting, the Workforce Board approved contracts with the three highest scoring proposers and recommends funding for these three: Wired for Education at \$30,000; 180 Skills LLC at \$20,000; and Carahsoft/LinkedIn Learning at \$142,000.

### **Funding Source**

Texas Workforce Commission

### **Budgeted**

Yes

### **Action Requested**

Request approval of contracts for online learning with Wired for Education (Metrix), \$30,000; 180 Skills LLC, \$20,000; and Carahsoft/LinkedIn Learning, \$142,000. Total amount not to exceed \$192,000. (Staff Contact: Mike Temple)

## **WORKFORCE SYSTEM PAYROLLING CONTRACT**

### **Background**

Workforce Solutions, the region's public workforce system, provides subsidized temporary employment and work-based learning for its customers. In the past, this has necessitated career office contractors either paying wages to individuals directly or engaging a staffing agency to provide payrolling services.

In June 2020, Workforce Solutions contracted with G&A Partners to provide payrolling and employer-of-record services for subsidized temporary workers.

### **Current Situation**

The initial one-year contract between G&A Partners and Workforce Solutions expires on May 31, 2021. G&A Partners has the capacity to support the workforce system and continues to meet our expectations for reliability, efficiency, and thoroughness in its support of workforce activities.

We expect G&A Partners to:

- employ eligible individuals designated by Workforce Solutions for summer jobs, recovery temporary jobs, and part-time work experience jobs;
- pay wages and provide fringe benefits and insurance for these individual as appropriate;
- engage with the worksites where these individuals will work; and
- report on individuals' wages, work, and experience.

Serving as the system's single payrolling and employer of record provider, G&A will assist in streamlining services across programs, thus improving efficiency and service to customers.

We recommend a contract extension not to exceed \$7,000,000 to serve 1,500 eligible individuals. Our contract with G&A may be renewed for up to two additional years contingent upon an annual review of performance, availability of funds, and Board approval.

### **Funding Source**

Texas Workforce Commission

### **Budgeted**

Yes

### **Action Requested**

Request approval of workforce system contract with G&A Partners for recovery temporary jobs and work-based learning temporary jobs; amount not to exceed \$7,000,000. (Staff Contact: Mike Temple)

## **REGIONAL CONSERVATION FRAMEWORK IMPLEMENTATION**

### **Background**

At its March 16, 2021 meeting, the H-GAC Board Directors approved a resolution supporting the Regional Conservation Framework. This document, based on extensive input from local governments and other stakeholders, identifies strategies H-GAC can use to support the expansion of voluntary local conservation efforts in the 13-county region.

### **Current Situation**

The Houston Endowment has authorized \$500,000 to fund H-GAC efforts to support regional and local voluntary conservation efforts as outlined in the Regional Conservation Framework. Activities supported by this funding will include:

- Developing and maintaining a Priority Project List of conservation projects for the region and working with local governments and other partners to pursue grant funding for implementation.
- Facilitating intergovernmental and public-private partnerships to advance conservation initiatives.
- Providing technical assistance and information resources to local governments to advance conservation strategies such as tree protection, low impact development and developing a system of connected greenways.
- Developing public awareness materials on the flood mitigation, economic and quality of life benefits of conservation.

The contract term for conducting these activities will be two years.

### **Funding Source**

Houston Endowment

### **Budgeted**

No

### **Action Requested**

Request approval to enter a contract with the Houston Endowment to begin implementation of Regional Conservation Framework; amount not to exceed \$500,000. (Staff Contact: Jeff Taebel)