

Board of Directors



April Board Meeting

Schedule Tuesday, April 21, 2026 10:00 AM — 11:00 AM CDT
Venue Houston-Galveston Area Council 3555 Timmons Ln. Houston, TX 77027
Organizer Rick Guerrero

Agenda

1. CALL TO ORDER

2. INVOCATION

3. PLEDGE OF ALLEGIANCE

4. ROLL CALL

5. DECLARE CONFLICTS OF INTEREST

6. PUBLIC COMMENT

7. CHAIR'S REMARKS

8. CONSENT AGENDA

8a. MARCH MEETING MINUTES

Request approval of the March 2026 Minutes. (Staff Contact: Rick Guerrero)

8b. EMPLOYEE HANDBOOK REVISION

Request approval of revisions to the H-GAC Employee Handbook as presented.
(Staff Contact: Laura Tomlinson and Maria-Theresa Servillon Sigua)

Board of Directors



8c. COMMUTE SOLUTIONS WORLD CUP SHUTTLE PILOT

Request approval of Interlocal Agreement for up to three months with the Woodlands Township for an amount not to exceed \$214,000. (Staff Contact: Robyn Egbert)

8d. HAZARD MITIGATION PLANNING

Request authorization to apply for a Texas General Land Office grant, for an amount not to exceed \$100,000, to update the Matagorda Local Hazard Mitigation Plans. (Staff Contact: Amanda Ashcroft)

8e. H-GAC NON-DISCRIMINATION GRIEVANCE POLICY

Request approval of H-GAC's Comprehensive Nondiscrimination Grievance Policy. (Staff Contact: Maria-Theresa Servillion Sigua)

8f. 2026 HURRICANE PREPAREDNESS CAMPAIGN

Request authorization to contract with media vendors to purchase radio, digital, and social media to promote hurricane evacuation preparedness within the Gulf Coast region; total contract amount of \$150,000. (Staff Contact: Francis Rodriguez)

8g. TOW AND GO PROGRAM – 2026 PUBLIC OUTREACH AND EDUCATION CAMPAIGN

Request authorization to buy digital advertising, social media advertising, radio advertising, and billboards to conduct a Tow and Go Public Outreach and Education Campaign; total amount not to exceed \$250,000. (Staff Contact: Francis Rodriguez)

8h. REGIONAL TRANSPORTATION PLAN – FINAL PHASE OUTREACH

Request authorization of media buy and marketing funds supporting the Regional Transportation Plan Final Phase Outreach; total amount not to exceed \$500,000. (Staff Contact: Brandon Mosley)

8i. MICROSOFT 365 SUBSCRIPTION RENEWAL AND TRANSITION

Request approval to purchase Microsoft 365 licenses through approved government purchasing contracts, for a total amount of \$290,000. (Staff Contact: John Tran)

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8j. QUARTERLY INVESTMENT REPORT – FIRST QUARTER 2026

Request approval of the Quarterly Investment Report for First Quarter FY2026 ending March 31, 2026. (Staff Contact: Arathi Nayak)

8k. ACCOUNTING & FINANCE POLICIES & PROCEDURES MANUAL

Request approval to implement the revised Accounting & Finance Policies & Procedures Manual. (Staff Contact: Gilda Mendoza)

8l. CONROE OFFICE LEASE RENEWAL

Request approval to renew the Conroe office lease for two more years at a total cost of \$54,000. (Staff Contact: Scott Young)

8m. TRAVEL POLICY ADDENDUM

Request approval of updates to the H-GAC Travel Policy. (Staff Contact: Matt Handy)

8n. TRANSPORTATION ECONOMIC LAND USE SYSTEM TECHNICAL SUPPORT CONTRACT

Request approval of contract amendment with the New Jersey Institute of Technology to provide maintenance and technical support; amount not to exceed \$50,000. (Staff Contact: Vishu Lingala)

9. FINANCE AND BUDGET COMMITTEE

9a. FEBRUARY 2026 MONTHLY FINANCIAL REPORT

Request approval of the monthly financial report ending February 28, 2026. (Staff Contact: Christina Ordonez-Campos)

10. COMMUNITY AND ENVIRONMENTAL PLANNING

10a. FAIR HOUSING AWARENESS MONTH

Request adoption of resolution recognizing April as Fair Housing Awareness Month for the H-GAC region. (Staff Contact: Andrea Tantillo)

Board of Directors



10b. FY 2026 STATE HOMELAND SECURITY PROGRAM GRANT FUNDING

Request adoption of the FY 2026 State Homeland Security Program project recommendations as prioritized by the Regional Homeland Security Coordinating Council. (Staff Contact: Justin Riley)

10c. CRIMINAL JUSTICE GRANT PROGRAM RECOMMENDATIONS FOR FISCAL YEAR 2027

Request approval of resolution and adoption of the H-GAC Criminal Justice Advisory Committee priority rankings for FY 2027. (Staff Contact: Madeline McGallion)

11. WORKFORCE SOLUTIONS

11a. WORKFORCE: BAKERRIPLEY – FINANCIAL AID PAYMENT OFFICE CONTRACT AMENDMENT

Request authorization to amend the Fiscal Year 2026 BakerRipley – Financial Aid Payment Office contract to add \$150,000 in operational funding and \$12,000,000 to the financial aid maximum; in an amount not to exceed \$393,250,000. (Staff Contact: Thomas Brown)

12. AUDIT COMMITTEE

12a. INTERNAL AUDIT ANNUAL REPORT 2025

Request acceptance of the Internal Audit Annual Report for Fiscal Year 2025, as recommended by the Audit Committee. (Staff Contact: Charles Hill)

12b. INTERNAL AUDIT PLAN FOR 2026

Request approval of Internal Audit Plan for Fiscal Year 2026. (Staff Contact: Charles Hill)

13. H-GAC ADVISORY COMMITTEES AND AFFILIATE GROUPS

13a. APRIL 2026 NOMINATIONS

Request approval of the advisory committee and affiliate group nominations. (Staff Contact: William Matthews)

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13b. ELECTION COMMITTEE UPDATE

For information only. No action requested. (Contact: Judge Jay Knight)

13c. H-GAC 2026 BOARD COMMITTEE APPOINTMENTS

Request approval of the Chair's committee appointments. (Contact: Chair Joe Garcia)

14. REPORTS

14a. LIFT-OFF TO A BETTER COMMUTE | COMMUTE SOLUTIONS SPOTLIGHT

No action requested. For information only. (Staff Contact: Robyn Egbert)

14b. EXECUTIVE DIRECTOR'S REPORT

Report on current and upcoming H-GAC activities. (Staff Contact: Chuck Wemple)

14c. AGENCY PROCESS REVIEW UPDATE

Report on H-GAC Process Efficiency Project conducted by Weaver. (Staff Contact: Chuck Wemple)

15. EXECUTIVE SESSION

Pursuant to Texas Government Code section 551.071, the board will recess to consult with its attorney regarding contemplated litigation. (Staff contact: Chuck Wemple)

16. ADJOURNMENT

Kelley Misetich

MEETING MINUTES

H-GAC BOARD OF DIRECTORS

March 17, 2026

ATTENDANCE ROSTER

The following members of the Board of Directors of the Houston-Galveston Area Council (H-GAC) attended all or a portion of the March 17, 2026 Board meeting:

- Austin County – Judge Tim Lapham
- Brazoria County – Commissioner Stacy Adams
- Colorado County – Judge Ty Prause
- Fort Bend County–Commissioner Andy Meyers
- Galveston County– Commissioner Hank Dugie
- Harris County – Commissioner Lesley Briones
- Liberty County – Judge Jay Knight
- Matagorda County– Judge Bobby Seiferman
- Montgomery County– Judge Mark Keough
- Walker County - Commissioner Brandon Decker
- Waller County - Judge Trey Duhon
- Wharton County– Judge Phillip Spenrath
- City of Alvin– Councilmember Martin Vela
- City of Baytown – Mayor Pro Tem Laura Alvarado
- City of Deer Park - Council Member Tommy Ginn
- City of Friendswood – Council Member Sally Branson
- City of Galveston– Mayor Pro Tem Marie Robb
- City of Houston - Council Member Fred Flickinger

- City of Huntsville - Mayor Russell Humphrey
- City of La Porte – Mayor Pro Tem Chuck Engelken
- City of Missouri City – Councilmember Floyd Emery (Alternate)
- City of Pearland - Mayor Kevin Cole
- City of Sugar Land – Councilman Stewart Jacobson
- City of Waller–Council Member Nancy Arnold (General Law Cities)
- City of Pattison – Council Member Joe Garcia (Chair) (General Law Cities)
- City of Bellaire – Council Member Ross Gordon (Home Rule cities)
- City of Manvel – Mayor Dan Davis (Home Rule Cities)
- Huntsville ISD – Trustee Rissie Owens

Not Present

- Chambers County - Commissioner Tommy Hammond
- Harris County - Commissioner Adrian Garcia
- City of Conroe - Councilman Harry Hardman
- City of League City - Mayor Nick Long
- City of Rosenberg - Mayor William Benton
- City of Houston - Councilmember Joaquin Martinez
- City of Lake Jackson - Mayor Gerald Roznovsky
- City of Texas City - Commissioner Jami Clark
- City of Pasadena - Mayor Thomas Schoenbein
- Houston ISD - Trustee Michelle Cruz Arnold

A quorum was confirmed and announced by Kelley Missetich.

1. CALL TO ORDER

Chair: Mr. Joe Garcia

Date: March 17, 2026

Time: Approximately 10:05 a.m.

Location: 3555 Timmons Lane, Houston, Texas 77027

The Chair called the meeting to order. The meeting room was declared open and accessible to the public.

2. INVOCATION

Mayor Dan Davis led the invocation.

3. PLEDGE OF ALLEGIANCE

Chair Joe Garcia led the Pledge of Allegiance and the Pledge to the Texas Flag.

4. ROLL CALL

Roll call conducted by Kelley Misetich.

INTRODUCTION OF SPECIAL GUESTS

Rick Guerrero introduced special guests in attendance:

- Laura Parker (Office of Commissioner Briones – Mgr. Of Govt. Affairs)
 - Freddy Guerra (Office of Commissioner Briones)
 - Councilmember Townsend from Dickinson
 - Councilmember Ashley Davis (Alternate to Martin Vela-Alvin)
 - Councilmember Susan Schwartz– Bunker Hill Village
 - Kelly Waterman (Office of Senator Ted Cruz)
 - Sarah Jones (Office of Senator John Cornyn)
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5. DECLARE CONFLICTS OF INTEREST

The Chair asked if any Board member had a conflict of interest to declare. None were reported.

6. PUBLIC COMMENT

No public comments were received.

- Councilmember Nancy Arnold thanked Rick Guerrero for coming to Waller the week before to present the Salt Grass Chapter of the City Secretaries Association.
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7. CHAIR'S REMARKS

- Chair Joe Garcia in his first meeting as chair, drew attention to the fire exits and safety wardens and, the importance of respectful engagement among board members.
 - He also highlighted the need for transportation coordination, specifically for seniors and veterans moving between Waller and Harris Counties for medical services.
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8. CONSENT AGENDA

Chair Garcia called for the Consent Agenda and asked for questions or items for discussion.

Motion to approve the consent agenda was made by: Mark Keough

Second: Marie Robb

- *The motion carried with unanimous approval.*

The following consent items were approved:

- FEBRUARY MINUTES- Request approval of the February 2026 Minutes.
- SOLID WASTE MANAGEMENT COMMITTEE BYLAWS AMENDMENTS- Request approval of changes to the Solid Waste Management Committee bylaws.
- FREIGHT SAFETY CAMPAIGN – 2026 REGIONAL SAFETY CAMPAIGN- Request authorization to contract with media vendors to conduct a Freight Safety Campaign; total amount not to exceed \$80,000.

- HGACBUY AO05-26 AIRPORT OPERATIONS EQUIPMENT SERVICES AND MATERIALS- Request authorization to contract with respondents listed for Airport Operations Equipment, Services, and Materials.
- HGACBUY AI05-26 ARTIFICIAL INTELLIGENCE CONSULTING SERVICES- Request authorization to contract with respondents listed for Artificial Intelligence Consulting Services.
- HGACBUY SE05-26 VIDEO SURVEILLANCE ACCESS CONTROL AND SECURITY FENCING SYSTEMS- Request authorization to contract with respondents listed for Video Surveillance, Access Control, and Security Fencing Systems.
- RENEWAL OF BUSINESS AND RESIDENTIAL DATA- Request approval to purchase Data Axle's business and residential databases in amount not to exceed \$46,320.
- CLEAN CITIES AND COMMUNITIES PROGRAM COOPERATIVE AGREEMENT Request authorization to enter into an agreement with the U.S. Department of Energy for Clean Cities and Communities program activities; total contract amount not to exceed \$1,075,000.
- FORT BEND COUNTY COMMUTER PILOT PROGRAM-YEAR THREE- Request authorization to enter into an Interlocal Agreement with Fort Bend County to continue operation of the Commuter Park & Ride Service for up to 12 months; amount not to exceed \$780,000.
- WORKFORCE SOLUTIONS OFFICE SUBLEASE- Request approval of additional \$56,539 for sublease with Schlumberger Technology Corporation; total contract not to exceed \$656,539.

9. FINANCE AND BUDGET COMMITTEE

a. Monthly Financial Report (January 2026)

- Presented by: Christina Ordonez-Campos, CPA, CFO
- Provided a detailed financial update, noting that cooperative purchasing fees decreased by \$133,000 compared to the previous year.
- Federal revenue is performing well compared to last year, currently reaching 6% of the budget.
- In personnel expenditures, currently at 5% of budget and 8.33% of the year has elapsed.
- "4x6 campaign," which aims to receive \$4 million in the first six months of the fiscal year.
- There was an increase in personnel costs due to moving 66 employees from temporary to permanent status in the Texas Rising Stars program.

Motion to approve was made by: Stewart Jacobson

Second: Andy Meyers

- *The motion carried with unanimous approval.*

b. SPEND DOWN UPDATE-WORKFORCE

- Presented by: Treebie Vasquez-Vilchez
 - As of January 2026, Baker Ripley has a contract amount of \$22.3 million and it has an expense of 6.5 million.
 - The spending for major workforce contracts (including BakerRipley and EDSI) is between 27% and 31%, slightly below the 33% target but within a reasonable range.
 - This item was for information only. No action was taken.
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10. COMMUNITY AND ENVIRONMENTAL PLANNING

a. Regional Homeland Security Planning-Initiative-Fiscal Year 2026

- Presented by: Justin Bower
- Requested authorization to apply for a \$311,606 Homeland Security grant and for the board to approve a resolution. Mr. Bower stated the team would return to the board with their Homeland Security priority recommendations at a later date.

Motion to approve was made by: Mark Keough

Second: Sally Branson

- *The motion carried with unanimous approval.*

b. Fort Bend County Public Safety Radio System Tower Site

- Presented by: Justin Bower
- Mr. Bower, H-GAC's Director of Community and Environmental Planning requested approval of a resolution and authorization to apply for a \$4.6 million grant application for a Fort Bend County public safety radio tower, noting that H-GAC must now temporarily own the infrastructure due to changed state rules.
- The intent of this funding is to expand the ability to communicate effectively during emergency situations

Motion to approve was made by: Sally Branson

Second: Lesley Briones

- *The motion carried with unanimous approval.*
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11. H-GAC ADVISORY COMMITTEE AND AFFILIATE GROUPS

a. MARCH 2026 NOMINATIONS

- Presented by: William Matthews, Policy & Governance Coordinator
- Mr. Matthews requested approval of the following nominees to H-GAC Advisory Committees:
- Criminal Justice Advisory Committee- Cathy Prieto-Smith (alternate) At-Large Committee Nomination.
- Aging and Disability Advisory Committee- Curtis Cooper Special Interest Committee Nomination.
- Regional Homeland Security Coordinating Council- Josh Mizrany Walker County Nominated by Judge Colt Christian and Jesse Ryholt Galveston County Nominated by Judge Mark Henry

Motion to approve was made by: Hank Dugie

Second: Sally Branson

- *The motion carried with unanimous approval.*

b. ELECTION COMMITTEE UPDATE

- Presented by: Chuck Wemple, Executive Director
- Provided an update on the search for the next executive director. They have identified over 100 potential candidates.
- The idea would be to start narrowing the list, looking at interviews, initial interviews in April/early May and then final interviews in the first part of June to move forward this summer with the next selection.
- This item was for information only. No action was taken.

12. REPORTS

a. Spotlight: 13 County Coordinated Transportation Plan

Presented by: Bennie Chambers

- The Regional Public Transportation Coordination Plan is a federal and state-mandated plan updated every five years to guide human service coordination and improve mobility for unmet needs. It is essential for maintaining eligibility for specific funding programs, such as the Federal Transit Administration Section 5310.
- While focusing on seniors and veterans, the plan also specifically targets low-income residents and individuals with limited English proficiency to ensure equitable access to transportation.
- The current outreach is expected through June 2026. Mr. Chambers requested that board members assist by distributing two types of surveys:
 - **Provider Survey:** For public, private, and nonprofit transportation providers to identify service gaps and funding needs.
 - **Public Survey:** To gather feedback from residents on travel barriers and where current transportation is failing.
- **Targeted Applications:** Planned projects include precision workforce mapping for career paths, predicting meal service needs for older adults in rural counties, and grant management assistance to automate proposal drafting and deadline tracking.

This item was for information only. No action was taken.

b. Outreach and Government Affairs Report

Presented by: Rick Guerrero

- Mr. Guerrero reported that his team was actively monitoring the partial federal government shutdown, which has impacts on federal agencies including TSA and FEMA, and has lasted over a month.
- He reminded the board members of the Department of Justice's new guidelines regarding accessibility of government websites for those with physical limitations. The requirements impact all digital content, including public-facing PDF's, meeting minutes, public notices, and permit applications.
- Mr. Guerrero also acknowledged the release of The Local Government 250 awards, one of which was presented to Chuck Wemple. This award is a national honor from a coalition of local governments that recognizes public servants for innovation and storytelling. Mr. Guerrero then yielded the floor to Fort Bend County Commissioner Andy Meyers for a brief informational update on a piece of legislation of interest to local governments.
- Commissioner Meyers shed light on House Bill 19, which he indicated, if approved, could limit to the ability of cities and counties to fund infrastructure. He stated the bill would cap

debt service at 20% of property tax averages, which would have forced Fort Bend County to cancel significant mobility and facility projects.

This item was for information only. No action was taken.

c. Executive Director's Report

Presented by: Chuck Wemple

- Mid-Year Budget Revision and the Outreach Gap- the budget revision will specifically address the "outreach and government affairs gap" caused by a reduction in indirect rates.
- Chuck initiated a voluntary assessment by the contractor Weaver to review H-GAC's internal processes and its role as a fiscal agent for affiliates like the Transportation Policy Council and the Workforce Board.
- Chuck is launching "transfer meetings" with chief officers, directors, and managers to ensure that his institutional knowledge and experience are shared with the team before the new executive director is selected.

This item was for information only. No action was taken.

13. ADJOURNMENT

With no further business, Chair Garcia adjourned the March 17, 2026, H-GAC Board of Directors meeting at 11:06 a.m.

EMPLOYEE HANDBOOK REVISION

Background

The H-GAC Employee Handbook serves as a comprehensive guide for agency policies, procedures, and employee benefits. The handbook provides essential information to staff regarding workplace expectations, employment practices, and organizational standards. The Employee Handbook was last updated and approved by the Board in 2022. Periodic updates to the handbook are necessary to ensure compliance with current employment laws, reflect best practices in human resources management, and address evolving organizational needs.

Current Situation

H-GAC Human Resources has conducted a comprehensive review of the Employee Handbook to ensure all policies remain current, legally compliant, and aligned with the agency's operational practices. In addition to these updates, the revised handbook incorporates new policies. These include the introduction of a part-time employment option to provide greater flexibility in staffing, as well as the replacement of the previous grievance process with a new investigations process designed to ensure timely, thorough, and consistent review of employee concerns. The proposed revisions also include updates to reflect changes in federal and state employment regulations since 2022, clarifications to existing policies based on staff feedback and questions, and refinements to language for improved clarity and consistency. These updates are routine in nature and maintain the integrity of H-GAC's commitment to fair and transparent employment practices. The proposed revisions have been reviewed and approved by members of the executive team and legal counsel.

Funding Source

N/A

Budgeted

N/A

Action Requested

Request approval of revisions to the H-GAC Employee Handbook as presented. (Staff Contact: Laura Tomlinson and Maria-Theresa Servillon Sigua)

2026 H-GAC Employee Handbook Policy Changes Summary

Part-time Employment Option Added

Part-time Employees

Part-time employees are defined as employees who are regularly scheduled to work less than 80 hours in a bi-weekly period. Part-time employees may be classified as non-exempt or exempt, based on their job duties and salary basis. Part-time employees are eligible for some, but not all benefits, and the proportion of benefits available will be maintained in the employee's personnel file and/or reflected in his or her offer letter. Part-time employees are eligible for some, but not all, benefits, which are provided on a prorated basis according to their regularly scheduled hours.

Part-Time Schedules – Schedule H

Part-time schedule is defined as a regular work arrangement in which an employee works fewer hours per week than a full-time employee, typically less than 30 hours. Part-time employees may have set or variable schedules based on the needs of their department and the organization. While part-time employees contribute significantly to the workplace, they may be eligible for a more limited range of benefits compared to full-time employees, in accordance with organizational policy and applicable laws. The hours worked per day is in accordance with the written arrangement between the employee and H-GAC and maintained in the employee's personnel file.

Employee Benefits

Part-time employees must consult with Human Resources to view their individual schedule of benefits. Employees who have been provided any special benefits should also consult with Human Resources to view their individual schedule of benefits.

Grievance Policy Changed to Formal Complaint Policy

New Formal Complaint Policy

It is H-GAC's intent to promote a positive, equitable, safe, healthy, and welcoming environment for its employees to support employees' abilities to flourish, professionally and personally. In effort to maintain this environment, H-GAC has developed formal and informal channels for employees to voice concerns and suggestions and seek resolutions to problems.

A. Employee Options for Submitting Complaints or Concerns to H-GAC

Employees have several options for having their concerns and complaints addressed by the Agency.

i. Speaking to Supervisor

If an employee has a problem, concern, or suggestion, typically the easiest and often effective way to resolve the situation is to have an honest discussion with employee's direct Supervisor. Employees should generally strive to follow the chain of command whenever reporting anything work-related, including airing problems, concerns, or suggestions, starting with the employee's direct supervisor.

ii. Speak Up Tool

H-GAC has developed a Speak Up Tool. The Speak Up Tool offers an informal, confidential channel for employees to report workplace bias, discrimination, or harassment. You can read more about the Speak Up Tool [here](#).

iii. **Whistleblower Hotline**

H-GAC also has a Whistleblower hotline. The Whistleblower Hotline provides a secure way for stakeholders and the public to report suspected fraud, waste, or abuse anonymously and confidentially. You can read more about the H-GAC Whistleblower hotline [here](#).

iv. **Mediated Discussion**

Mediated discussions are available for employees who are in disagreements with colleagues that are not illegal, nor a H-GAC policy violation, and do not rise to the level of egregious behavior or do not present an unsafe or hostile work environment. Human Resources may also decide that a Request for Investigation submitted to Human Resources is better suited for a mediated discussion.

v. **Human Resources Investigation**

In the alternative to employee options (i) through (iv) above, the employee may escalate the issue immediately to an internal investigation conducted by Human Resources; and requesting an internal investigation is strongly encouraged where the issue involves potentially illegal conduct, discrimination or retaliation prohibited by law or H-GAC policy, or that rises to the level of egregious behavior or otherwise presents an unsafe or hostile work environment.

In deciding which channel the employee should elect, the employee should consider several factors, including:

- The severity of the issue
- Whether the issue is eligible for a Request to Investigate
- Whether the issue is time sensitive

B. Request for HR Investigation

In the event that an employee believes he or she has experienced a negative situation in the workplace that rises to the level employee thinks should be addressed by H-GAC, the employee may submit a Request for Investigation to Human Resources.

Requests for Investigation may be filed for but are not limited to:

1. Policies and procedures that are or have been improperly applied to an employee.
 2. Policies and procedures that another employee has violated resulting in a wrongdoing against an employee.
 3. Illegal discrimination of an employee as a member of a legally protected class, such as: race; color; religion; sex (including pregnancy, gender identity, and sexual orientation); national origin; age (over 17); disability; genetic information (including family history); and any other characteristic protected by federal, state, or local law.
 4. Any type of harassment or abuse, including verbal, psychological, emotional, physical, and sexual.
 5. Wrongful termination.
 6. Unsafe or improper working conditions.
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Former Grievance Policy – October 18, 2022 Employee Handbook (replaced by Formal Complaint Policy above)

10. WORKPLACE GRIEVANCES AND CONSTRUCTIVE FEEDBACK FOR H-GAC

It is H-GAC's intent to promote a positive, equitable, safe, healthy, and welcoming environment for its employees to support employees' abilities to flourish, professionally and personally. In effort to maintain this environment, H-GAC has developed formal and informal channels for employees to voice concerns and suggestions and seek resolutions to problems.

If an employee has a problem, concern, or suggestion, typically the easiest and most effective way to resolve the situation is to have an honest discussion with employee's direct Supervisor. Employees should generally strive to follow the chain of command whenever reporting anything work-related, including airing problems, concerns, or suggestions, starting with the employee's direct Supervisor and then involving the subsequent management levels after that if necessary.

If the nature of the matter is such that the employee understandably is in fear of reprisal at voicing the issue, the employee may escalate the issue through the grievance procedure. The employee also has the option to submit the issue as constructive feedback to H-GAC.

a. Grievance Policy

In the event that an employee believes employee has experienced a negative situation in the workplace that rises to the level employee thinks must be addressed by H-GAC, employee may follow the following procedures.

i. Occurrences a Grievance May Be Filed For

- Policies and procedures that are or have been improperly applied to an employee.
- Policies and procedures that another employee has violated resulting in a wrongdoing against an employee.
- Illegal discrimination of an employee as a member of a legally protected class, such as: race; color; religion; sex (including pregnancy, gender identity, and sexual orientation); national origin; age (over 17); disability; genetic information (including family history); and any other characteristic protected by federal, state, or local law.
- Any type of harassment or abuse, including verbal, psychological, emotional, physical, and sexual.
- Wrongful termination.
- Unsafe or improper working conditions.

An employee may only file a grievance on employee's own behalf for acts committed against the employee, with exception to offensive or illegal behavior an employee witnesses against other employees who may be too passive, or afraid, to complain on their own.

Further, employees should not attempt to file a grievance based on:

- H-GAC policies and procedures that are legal and within the scope of H-GAC's discretion,
- false allegations and fabricated or false evidence and complaints; or,
- minor disagreements with colleagues that are not illegal, nor a H-GAC policy violation, and do not rise to the level of egregious behavior or do not present an unsafe or hostile work environment.

ii. **Grievance Procedure**

There are three levels of reporting a grievance and they are sequential, meaning generally each level must be attempted before reaching the next level of reporting a grievance. These levels should be followed in order, Level 1 through Level 3, unless the reporting employee is in danger, does not understandably feel safe, or the grievance involves an illegal act. In any of those events, employee should skip the Informal Grievance – Level 1 and move forward with a Formal Grievance - Level 2 immediately.

With exception to discrimination, anti-retaliatory, and harassment laws that provide a timeline employers must allow for submitting a grievance, all other grievances must be submitted within 15 calendar days following the event(s) pertaining to grievance.

In the event, any involved employee or H-GAC is concerned for an employee's safety, H-GAC will work with employees to establish an interim solution in effort to keep all employees involved safe until the investigation has been completed and a permanent resolution has been determined.

iii. Informal Grievance – Level 1

An informal grievance does not require submitting forms or documents. If an employee feels comfortable doing so, employee should reach out to employee's direct Supervisor, via email to record the date, and request a meeting to report an informal grievance. Employee may or may not include supporting material at this time. If the employee is not comfortable reporting informal grievance to employee's direct Supervisor, the employee may reach out to HR instead and HR will act in Supervisor's stead in accordance with this section.

The Supervisor must initially meet with employee within 15 calendar days of when employee has sent request for informal grievance meeting. The process with which the Supervisor chooses to employ in conducting the informal grievance investigation is left to the Supervisor's discretion. However, the Supervisor must conduct the investigation fairly, discreetly, and with diligence. The Supervisor must complete the investigation, determine a resolution, and initiate the resolution within 15 calendar days of the initial meeting with employee.

Should the parties directly involved with the informal grievance disagree with the Supervisor's investigation and proposed resolution, the employee may move forward with filing a Formal Grievance.

iv. Formal Grievance – Level 2

In the event parties directly involved with the informal grievance disagree with the Supervisor's investigation and proposed resolution, either party may move forward with filing a Formal Grievance – Level 2 within five calendar days of Supervisor addressing employee's Informal Grievance – Level 1.

If an employee is in danger, does not understandably feel safe, or the grievance involves an illegal act the employee should skip the Informal Grievance – Level 1 and move forward with a Formal Grievance - Level 2 immediately.

Employee may access the [Formal Grievance Form– Level 2](#) form on H-GAC's SharePoint under the HR tab. Employee must complete the form and submit to HR via email to record the date submitted. Employee must include supporting material, if any, with the submission.

HR must initially meet with employee within 20 calendar days of when employee has submitted a formal grievance report. HR may or may not begin investigation before initial meeting with employee. HR must

conduct the investigation fairly, discreetly, and with diligence. HR's investigation may include, but is not limited to:

- Interviewing parties directly involved with the grievance.
- Reviewing submitted Formal Grievance form and supplement documents provided by employee.
Reviewing informal grievance investigation conducted by employee's Supervisor.
- Interviewing employees that may have pertinent information related to grievance.
- Requesting and reviewing additional documents and information from involved parties.
- Reviewing involved parties' personnel files.
- Consulting internal Legal Team and H-GAC Executives.
- Consulting external attorneys.

Upon completing investigation, HR must complete a Formal Grievance Report detailing findings, relevant opinions, and a recommended resolution. HR's Formal Grievance Report requires H-GAC Executive Director approval before finalizing. Upon finalizing, HR must distribute report to involved parties and their direct Supervisors, the Legal Team, and affected H-GAC Management. A copy of report will be kept in involved parties' personnel files. The HR investigation and final report must be completed within 15 calendar days that employee submit Formal Grievance form to HR. If the HR investigation will take longer than 15 calendar days, the employee will be notified immediately and provided an updated expected completion date.

Immediately following distribution of Formal Grievance Report, HR will schedule follow up meetings with directly involved parties, as individuals and as a group, to discuss Formal Grievance Report and initiate recommended resolution. Some resolutions may carry an immediate effect, others may take more time and have a more gradual effect.

HR's Formal Grievance Report as approved by the H-GAC Executive Director is considered final. Involved parties may not negotiate the terms of the recommended resolution. If any of the involved parties are dissatisfied with the final report and resolution, said party may file an appeal with the H-GAC Executive Director.

v. Appeal of Formal Grievance Report – Level 3, Final Level of Escalation

The [Grievance Report Appeal form](#) can be found on H-GAC's SharePoint under the HR tab. The appeal form must be completed and

submitted by the employee within 15 calendar days of receiving the Formal Grievance Report, to the H-GAC Executive Director via email to record date submitted. HR and the Legal Team should be CC'ed in this email.

Upon receiving appeal, H-GAC Executive Director may choose to form a Grievance Committee, which may include a Legal Team member and HR. In the event a Grievance Committee is formed, the Committee shall begin its own collective investigation of the grievance and a review of the Formal Grievance Report and the Informal Grievance.

The Grievance Committee investigation will rely heavily on the Formal Grievance Report for its fact findings and will focus primarily on the recommended resolution employee is disputing. If the Committee chooses to collect additional information not included or investigated during HR's Formal Grievance investigation, it may do so. The Committee may also revisit questionable sections of a Grievance Report as necessary.

The Committee must complete its investigation and submit an Addendum to the Formal Grievance Report stating additional pertinent findings and state determination whether in with all, part, or none of the initial report's recommended resolution. In the event the Committee does not agree with any part of the original report's recommended resolution, it will present its own recommended resolution, which may or may not include portions of the initial recommended resolution. This Addendum is subject to H-GAC Executive Director's approval.

Upon receiving H-GAC Executive Director approval the Committee shall distribute the Addendum to involved parties and their direct Supervisors, and affected H-GAC Management. A copy of Addendum will be kept in involved parties' personnel files.

The Committee investigation and Addendum must be completed and distributed within 15 calendar days of date employee submits Appeal to the H-GAC Executive Director unless employee has been notified of a different timeline.

Immediately following distribution of Addendum, the Committee will schedule a follow up meeting with directly involved parties as a group to discuss Addendum and initiate recommended resolution. Some resolutions may carry an immediate effect, others may take more time and have a more gradual effect.

The Committee's Addendum as approved by the H-GAC Executive Director is considered final. Involved parties may not negotiate the terms of the recommended resolution. If any of the involved parties are dissatisfied with the Addendum and resolution, said party may consider seeking outside counsel. The Appeals process is the final escalation opportunity for any grievance.

vi. Wrongful Termination Grievance Procedure

This appeals process is the final escalation opportunity for a terminated employee to submit a wrongful termination grievance. Terminated employees are encouraged to utilize this grievance procedure if the individual believes the termination was wrongful. The [Wrongful Termination Grievance Appeal form](#) can be found on H-GAC's SharePoint under the HR tab and or may be requested from HR. The appeal form must be completed and submitted by the employee within 15 calendar days of termination to the H-GAC Executive Director via email to record date submitted. HR and the Legal Team should be CC'ed in this email.

Upon receiving appeal, H-GAC Executive Director may elect to meet with terminated employee and employee's representative to hear employee's wrongful termination grievance and appeal within 15 calendar days of receiving appeal. Under this option, H-GAC Executive Director may determine and propose a resolution following the meeting.

Otherwise, and or in addition to, the H-GAC Executive Director may elect to form a Grievance Committee, which may include a Legal Team member and HR. In the event a Grievance Committee is formed, the Committee shall begin its own collective investigation of the grievance and a review of the Wrongful Termination Grievance Appeal submitted by terminated employee.

The Grievance Committee investigation will conduct its own fact findings process and may meet with terminated employee and employee's representative if it chooses to do so. If the Committee chooses to collect additional information not included in the Wrongful Termination Grievance Appeal, it may do so.

The grievance procedure is not an adversarial trial but a fact-finding inquiry by the Executive Director and/or Grievance Committee. There is no right of confrontation in a grievance proceeding

The Committee must submit a written report containing its pertinent findings with supporting documentation and state committee's determination whether it is in agreement with all, part, or none of terminated employee's Wrongful Termination Grievance Appeal to the H-GAC Executive Director.

In the event the Committee determines employee may have been wrongfully terminated, it will present its own recommended resolution in its report. The H-GAC Executive Director will consider this committee recommended resolution.

The Committee investigation, meeting with terminated employee, and report must be completed and submitted within 15 calendar days of date H-GAC Executive Director has appointed Grievance Committee, unless employee has been notified of a different timeline.

Upon reviewing the Grievance Committee report and committee recommended resolution, the H-GAC Executive Director will determine and present the final resolution to the terminated employee and employee's representative. This resolution is considered final. Involved parties may not negotiate the terms of the final resolution. If any of the involved parties are dissatisfied with the final resolution, said party is free to consider seeking outside counsel at terminated employee's expense.

b. Constructive Feedback

H-GAC welcomes constructive feedback that help make H-GAC a great place to work, including suggestions to improve internal policies and procedures; working relationships between H-GAC and vendors or customers or partners; and employee morale. H-GAC would also like to hear about what types of trainings and resources H-GAC can provide employees and departments with that might help make processes, projects, and employees more efficient in the workplace. If an employee has constructive feedback it would like to share with H-GAC employee may do so using the online Constructive Feedback form. This online form can be found on H-GAC's SharePoint under the HR tab and it may be submitted with anonymity at the employee's discretion.

i. Appropriate Feedback That May be Submitted Through the Constructive Feedback Online Form

- Concerns about and suggestions to improve H-GAC policies and procedures, both formal and informal
- Concerns about and suggestions for boosting employee morale

- Suggested employee training or team building opportunities
- Suggested resources for employees and
- Relevant concerns that do not rise to the level of any level of grievance

ii. Inappropriate Feedback to Submit Through the Constructive Feedback Online Form

Inappropriate feedback to submit through the Constructive Feedback online form includes:

- Unprofessional feedback or feedback containing obscenities
- Anything irrelevant to H-GAC or employment with H-GAC
- Complaints without providing reasonable and feasible suggested solutions
- Anything that falls under a level of grievance that should be reported as such
- Anything that is not within H-GAC's control to address or improve
- Anything that is better suited to be discussed in active dialogue with employee's Supervisor or HR to allow H-GAC consider and examine more closely
- Anything time sensitive or requires immediate attention
- Irrelevant or unconstructive complaints about colleagues, Supervisors, or H-GAC
- Confidential information
- Unsubstantiated rumors

iii. Review of Constructive Feedback

The constructive feedback will be checked by HR on a monthly basis only. HR will read all allowable online feedback and determine if the constructive feedback is (still) valid, relevant, and within H-GAC's capacity to further consider and address in some manner. Feedback that HR determines to be valid, relevant, and within H-GAC's capacity to address will be forwarded to the Policies and Procedures Committee for consideration at its following bi-annual meeting. The remaining feedback will not be reviewed further.

Subject to the approval of H-GAC Executive Director, the Committee will determine if any concerns, suggestions, or feedback should be acted on and how. After careful Committee consideration and for a variety of reasons, the Committee may determine that the feedback will not be reviewed further or acted on beyond Committee consideration.

However, when deemed valid, appropriate, reasonable, and feasible, the Committee may decide to act on employee provided feedback. Any feedback submitted will not be treated as time sensitive or as an emergency, hence, even if Committee takes action, it may not do so right away. Any actions the Committee takes may have immediate effects, while others may be more gradual over time. Some actions may prove unsuccessful and be discontinued.

H-GAC does not have the capacity, nor would it be appropriate or reasonable, to take action on all the feedback submitted to it, even if H-GAC would like to. However, the Committee makes record of and does consider all of the feedback it reviews and may even reconsider at a later date.

COMMUTE SOLUTIONS WORLD CUP SHUTTLE PILOT

Background

The Commute Solutions program is H-GAC's long-standing regional Travel Demand Management initiative, providing targeted marketing, education, and outreach to promote transportation options that reduce congestion and improve air quality. Administered through partnerships with TxDOT, regional transit providers, major employers, and local governments, the program plays a critical role as Houston, ranked 5th nationally for rush hour congestion, prepares to welcome more than 500,000 visitors during the month-long 2026 FIFA World Cup events.

To assist with managing travel demand during the 2026 FIFA World Cup, the Commute Solutions team has launched a marketing, education and outreach campaign called "What's Your Game Plan" to work with the region's employers and transportation agencies to reduce congestion during the World Cup, which occurs during our Peak Ozone season.

The Woodlands Township has also worked with the Commute Solutions team to develop a service expansion pilot to coincide with the campaign. Based on their successful Ozone Action partnership with Commute Solutions last year, The Woodlands Township is proposing to expand transit service between The Woodlands and World Cup venues on FIFA game days. The partnership with Commute Solutions would provide funds to support routes to FIFA World Cup on game days. This would demonstrate Commute Solutions' commitment to reducing traffic congestion by offering an alternative transportation option during periods of heavy infrastructure strain, thereby helping to lower ground-level ozone emissions.

If successful, this could eliminate approximately 3,465 single-occupancy vehicle round-trips and more than 242,000 vehicle miles not traveled during a time when congestion is expected to be at its worst. This partnership aligns with Commute Solutions' mission to promote alternative transportation during periods of heightened travel demand.

Current Situation

H-GAC staff is requesting Board of Directors approval to enter into an Interlocal Agreement with The Woodlands Township for up to \$214,000 to fund operations costs, including those to secure nine buses and additional drivers for World Cup game days (June 14, June 17, June 20, June 23, June 26, June 29, and July 4, 2026), as well as cover the cost of fares for riders. All anticipated activities and efforts are in accordance with 2 CFR 200 - more specifically, § 200.413 and § 200.421.

Funding Source

Federal: Federal Highway Administration

Budgeted

Yes

Action Requested:

Request approval of Interlocal Agreement for up to three months with the Woodlands Township for an amount not to exceed \$214,000. (Staff Contact: Robyn Egbert)

HAZARD MITIGATION PLANNING

Background

Disasters are inevitable, and the Houston-Galveston region is susceptible to a full range of natural and man-made hazards. One of the most effective tools a jurisdiction can use to reduce hazard vulnerability is the development and adoption of a hazard mitigation plan. In 2023, H-GAC worked with Austin, Liberty, and Walker counties to update their Multijurisdictional Hazard Mitigation Plans. Additionally, H-GAC also worked with the City of Angleton and the Dickinson Water Control & Improvement District to develop new Local Hazard Mitigation Plans.

Current Situation

Matagorda County seeks to work with H-GAC to update its Local Hazard Mitigation Plans based on long-term relationships and past successes. H-GAC has the resources to dedicate full-time staff to assist in the update and adoption of this Local Hazard Mitigation Plan with the term going through Apr. 6, 2026 – Apr. 5, 2029.

Funding Source

Texas General Land Office

Budgeted

Yes.

Action Requested

Request authorization to apply for a Texas General Land Office grant, for an amount not to exceed \$100,000, to update the Matagorda Local Hazard Mitigation Plans. (Staff Contact: Amanda Ashcroft)

H-GAC NON-DISCRIMINATION GRIEVANCE POLICY

Background

The Houston-Galveston Area Council along with local Clean Rivers Program Partners conducts extensive water quality monitoring throughout the H-GAC region. Fecal bacteria continue to be the leading water pollutant, impairing more than 42% of streams miles in area watersheds, and endangering public health and local economies. In an effort to zero in on human sources of fecal bacteria, which have a relatively high potential to impact human health, H-GAC is looking to adopt the most cost effective and efficient method of bacteria source tracking. This data will help local stakeholders and H-GAC make more informed decisions and guide future investments as part of the implementation of voluntary watershed-based plans.

H-GAC's Board of Directors approved an award of \$750,000 from the U.S. EPA's Gulf of America Program to H-GAC on August 19, 2025. The Houston-Galveston Area Council is serving as the lead organization under the agreement titled, "Tracking Sources of Fecal Contamination to Galveston Bay." The project is applying new microbial source tracking method tools in tributaries to Galveston Bay that are coupled to watersheds where wastewater infrastructure and on-site sewage facilities are common, and the watersheds are impaired for bacteria.

Current Situation

As part of the grant proposal, the U.S. EPA requested documentation on compliance with 40 C.F.R. Parts 5 and 7, addressing grievance resolution for educational activities funded by the U.S. EPA. To satisfy this and other federal and state discrimination laws, H-GAC staff prepared a comprehensive nondiscrimination grievance policy to cover the agency's external business, including groups and individuals seeking or receiving services or resources. The policy is available via the agency's website and describes the policy, identifies the Nondiscrimination Coordinator, and how to submit a grievance. The policy supports compliance for current and future grant opportunities.

Website link: [H-GAC Comprehensive Nondiscrimination Grievance Policy | Houston-Galveston Area Council \(H-GAC\)](#)

Funding Source

N/A

Budgeted

N/A

Action Requested

Request approval of H-GAC's Comprehensive Nondiscrimination Grievance Policy. (Staff Contact: Maria-Theresa Servillion Sigua)

Houston-Galveston Area Council (H-GAC) Nondiscrimination Grievance Policy

H-GAC Nondiscrimination Grievance Policy *Policy for Federal and State Civil Rights Compliance*

PURPOSE

H-GAC is committed to providing programs, services, and activities without discrimination. This policy establishes the procedures for filing and resolving complaints of discrimination under federal and state laws, including but not limited to:

- **Title VI of the Civil Rights Act of 1964** (race, color, national origin)
- **Title IX of the Education Amendments of 1972** (sex in education programs)
- **Section 504 of the Rehabilitation Act of 1973 & Americans with Disabilities Act (ADA)** (disability)
- **Age Discrimination Act of 1975** (age)
- **40 C.F.R. Part 5** (discrimination on the basis of sex in any education program or activity receiving Federal financial assistance)
- **40 C.F.R. Part 7** (EPA-funded programs: race, color, national origin, sex, disability, age)
- **Texas Labor Code, Chapter 21** (employment discrimination: race, color, disability, religion, sex, national origin, age)

Pursuant to state and federal law, this policy is published in print and online, including H-GAC's website and in H-GAC's program materials.

CONTACT INFORMATION

Nondiscrimination Coordinator

- **Name:** Charles Hill
- **Title:** Director of Internal Audit
- **Address:** 3555 Timmons Lane, Suite 110, Houston, Texas 77027
- **Phone:**
- **Email:** nondiscriminationcoordinator@h-gac.com

Role of the Coordinator:

- Receives and acknowledges all complaints of discrimination.
- Oversees investigation and resolution of complaints.
- Ensures timely communication and adherence to grievance procedures.
- Maintains complaint records.
- Coordinates with federal and state agencies as needed.

ABOUT THE GRIEVANCE PROCEDURE

Who May File a Complaint

Any individual, group, business, subrecipient, or program participant who believes they have experienced discrimination under any H-GAC program or activity may file a complaint. Complaints may be filed on behalf of oneself or another person.

Protected Bases Include:

- Race, color, national origin
- Sex
- Disability
- Age
- Religion
- Retaliation or intimidation related to filing a grievance

Applicable Statutes, Regulations, and Laws

- **Title VI of the Civil Rights Act of 1964** complaints for race, color, and national origin.
- **Title IX of the Education Amendments of 1972 / 40 C.F.R. Part 5** complaints for discrimination in education programs or activities.
- **Section 504 of the Rehabilitation Act of 1973 & Americans with Disabilities Act (ADA)** complaints for disability discrimination in programs, services, or activities.
- **Age Discrimination Act of 1975** age)
- **40 C.F.R. Part 7** complaints for race, color, national origin, sex, disability, age)
- **Texas Labor Code, Chapter 21** complaints for employment discrimination for race, color, disability, religion, sex, national origin, and age.

Complainants may choose which process to pursue or may submit a single complaint that covers multiple authorities. The Nondiscrimination Coordinator can assist in determining the appropriate process.

HOW TO SUBMIT A GRIEVANCE

Complaint Submission

- Please use [H-GAC's online/PDF form](#).
- Complaints must be **submitted within 180 calendar days** of the alleged discrimination.
- Complaints may be submitted by **mail, email, or online form**. Assistance is available for individuals with disabilities or limited English proficiency.
- Complaints should include:
 - ✓ Complainant name and contact information
 - ✓ Date(s) of incident(s)
 - ✓ Program or service involved
 - ✓ Description of discriminatory act
 - ✓ Basis of discrimination
 - ✓ Remedy complainant is seeking

Investigation Process and Timelines

- ❖ **Acknowledgment:** The Coordinator will confirm receipt within **3 business days**.
- ❖ **Review:** The Coordinator reviews the complaint for completeness and jurisdiction; if additional information is needed, the complainant is notified and may provide information within **15 business days**.
- ❖ **Investigation:**
 - Conducted promptly and fairly.
 - The preponderance of the evidence standard is applied.
 - Interviews, document review, and other fact-finding occur.
- ❖ **Resolution:**
 - Written findings and conclusions are provided to the complainant within **60 calendar days** of complaint acceptance, unless extended for good cause.
- ❖ **Appeal:**
 - Complainants may appeal to the Executive Director or designee within **30 calendar days** of the written decision.
 - A final determination is issued within **30 calendar days** of the appeal submission.

Retaliation and Intimidation

- Retaliation, intimidation, threats, or coercion against anyone who files or participates in a grievance is strictly prohibited.
- Any retaliation claims are handled promptly and fairly under the same grievance procedures.

Notice of Outcome

Complainants will receive prompt written notice of:

- Whether discrimination was found
- The investigation process undertaken

- Any corrective or remedial actions implemented

Annual Review

H-GAC will review and update this grievance procedure annually, both in print and online, to ensure accessibility, fairness, and compliance with federal and state law.

Whistleblower Hotline

H-GAC also provides a [Whistleblower Hotline](#) for reports of legal non-compliance regarding fraud, waste, and abuse.

DRAFT

PROGRAM SPECIFIC NON-DISCRIMINATION PROCEDURES

TRANSPORTATION DEPARTMENT AND PROGRAMS

The Transportation Department, in its capacity as Metropolitan Planning Organization (MPO), maintains a robust [Title VI - Nondiscrimination Program](#) that includes a grievance procedure tailored to meet the regulatory requirements of the US Department of Transportation (US DOT), the Federal Highway Administration (FHWA), the Federal Transit Administration (FTA), and the Texas Department of Transportation (TXDOT).

WORKFORCE SOLUTIONS GULF COAST

Workforce Solutions Gulf Coast also has a non-discrimination program titled 'Equal Opportunity is the Law' that is tailored to meet compliance with its Workforce Opportunity Investment Act (WOIA) program and provides a discrimination complaint procedure directly against Workforce Solutions Gulf Coast.

Complainants that have a grievance specific to either of these programs may submit their complaints directly to those programs.

RESOURCES

- Title VI / Title IX / ADA / Section 504 / Age Discrimination Act
- U.S. Department of Justice Civil Rights
- EPA 40 C.F.R. Part 5
- EPA 40 C.F.R. Part 7
- Texas Labor Code, Chapter 21
- Texas Workforce Commission
- U.S. Department of Labor

DRAFT

2026 HURRICANE PREPAREDNESS CAMPAIGN

Background

In collaboration with our state and local authorities, the Houston-Galveston Area Council seeks to continue its annual Hurricane Preparedness Campaign. The goal of the outreach campaign is to enhance awareness about hurricane evacuation planning, especially for those residents living in Hurricane Evacuation Zip-Zones that are subject to Hurricane storm surge and mandatory evacuations.

Current Situation

This preparedness campaign will allow H-GAC the opportunity to work with multiple media outlets to reach residents across the region and particularly those in the hurricane evacuation zip-zones to help them plan for hurricane season. The campaign will consist of radio, digital ads, and social media, in English and other languages. Advertisements will direct individuals to H-GAC's hurricane evacuation information on the planning website, where users can find evacuation maps and guides for seniors and special populations.

H-GAC's Outreach and Government Affairs Department will manage the 2026 Hurricane Preparedness Campaign by conducting all advertisement purchases and developing all creative assets. If board members have local media outlets in their respective communities, please contact Miguel Segura to add those to our database.

The proposed timeline for the campaign is from June 2026 through September 2026.

MEDIA PLATFORM	COST
Digital	\$80,000
Radio	\$60,000
Print	\$3,000
Social	\$7,000
TOTAL	\$150,000

Funding Source

Federal: Federal Highway Administration

Budgeted

Yes

Action Requested

Request authorization to contract with media vendors to purchase radio, digital, and social media to promote hurricane evacuation preparedness within the Gulf Coast region; total

contract amount of \$150,000. (Staff Contact: Francis Rodriguez)



2026 Hurricane Preparedness Media Buys

Overview

The Gulf Coast region of Texas is one of the hardest hit areas of major hurricanes. On average, 14 tropical storms and/or hurricanes develop each year. Depending on the severity of a storm, it may become necessary to evacuate portions of the Houston-Galveston region. Planning ahead is critical to making sure residents can evacuate quickly and safely. In collaboration with state and local jurisdictions, the Houston-Galveston Area Council develops an annual hurricane evacuation zip code zone map. To educate communities living in the evacuation zip codes, the Houston-Galveston Area Council will conduct a media buy campaign to draw awareness about hurricane evacuation planning.

The goal of the campaign is to ensure all residents in the region know how to prepare for an evacuation by becoming familiar with their evacuation zone and the evacuation routes in their community.

With the maximum of \$150,000 approved by the Houston-Galveston Area Council Board of Directors for media buys, the H-GAC communications department plans to spend a portion of this on radio and digital ads based on demographic research of the region and how residents consume information. Each vendor can work within our purchasing requirements and deliver in-depth reporting in real time on ad performance.

Radio

By advertising with the selected radio stations, we will cover all major radio stations with a Nielson audio rating of 4.5 or higher in the Houston area for the previous quarter of the year. Each station has guaranteed our availability for ad placements during rush hour commute hours and/or during traffic/weather updates. This also includes Spanish radio stations.

Digital & Print

All vendors selected for digital advertising, which includes television, online streaming, website banner ads, online editorial content, social media, etc., are community or traffic focused with viewers within the 8-county region and are go-to sources for information during hurricane season.

TOW AND GO PROGRAM – 2026 PUBLIC OUTREACH AND EDUCATION CAMPAIGN

Background

The Tow and Go Program is the regional incident management program that removes stalled vehicles experiencing a mechanical failure from designated freeways within Harris County. The program has been ongoing since May 2018 and has performed over 155,000 “no cost” tows. This program keeps citizens safe as well as keeps traffic moving on the area freeways. To continue to educate the public on the Tow and Go Program, the Houston-Galveston Area Council will conduct an advertising media campaign to increase awareness about the program. This program is included in the Unified Planning Work Program approved by the Transportation Policy Council.

Current Situation

The campaign will include advertisements with various media outlets to reach drivers traveling on freeways in the Tow and Go Service areas. The campaign will include advertisements in the form of videos, radio announcements, billboards, digital banners, social media posts, and more in English and other languages. The H-GAC Outreach and Government Affairs Department will conduct the purchase of the advertisement and develop all creative assets.

The proposed timeline for the campaign is from June 2026 through May 2027.

MEDIA PLATFORM	COST
Digital	\$85,000
Radio	\$40,000
Billboards	\$80,000
Social	\$45,000
TOTAL	\$250,000

Funding Source

Federal: Federal Highway Administration

Budgeted

Yes

Action Requested

Request authorization to buy digital advertising, social media advertising, radio advertising, and billboards to conduct a Tow and Go Public Outreach and Education Campaign; total amount for media buys is \$250,000. (Staff Contact: Francis Rodriguez)



2026 Tow and Go Media Buys

Overview

The Tow and Go program is a regional incident management program that removes stalled vehicles from area freeways where the program is active. The program has been ongoing since May 2018 and has performed over 160,000 “no cost” tows. This program keeps citizens safe as well as keeps traffic moving on area freeways. To continue to educate the traveling public on the Tow and Go program, the Houston-Galveston Area Council will conduct a media campaign to increase awareness about the program.

The campaign will include advertisements with various media outlets to reach drivers traveling on freeways in the Tow and Go service areas. The campaign will include 15-seconds and 30-seconds videos, radio announcements, billboards, digital banners and social media advertising in English and Spanish.

Of the funds approved by the Houston-Galveston Area Council Board of Directors for media buys, the H-GAC communications department plans to allocate \$250,000 to media buys and advertising in both print and digital formats with local vendors such as KPRC, ABC 13, KHOU, Houston Chronicle, Clear Channel Outdoor, and more. Each vendor can deliver the service and meet H-GAC procurement and finance requirements.

Radio

By advertising with the selected radio stations, we will cover all major radio stations with a Nielson audio rating of 4.5 or higher in the Houston area for the previous quarter of the year. Each station has guaranteed our availability for ad placements during rush hour commute hours and/or during traffic/weather updates. This also includes Spanish radio stations.

Digital & Print

All vendors selected for digital advertising, which includes television, online streaming, website banner ads, online editorial content, social media, billboards, etc., are community or traffic focused with viewers within the 8-county region.

REGIONAL TRANSPORTATION PLAN – FINAL PHASE OUTREACH

Background

H-GAC is required by federal regulation (49 U.S.C. 5304(f) and 23 CFR 450(b)) to develop a Regional Transportation Plan. The 2050 Regional Transportation Plan is a comprehensive plan that identifies how the region wants the future transportation system to function and is required to be updated every four years. The Regional Transportation Plan includes both a policy level document and a financial analysis of specific projects proposed over the long-range horizon. The current plan is set to expire on November 1, 2027.

Federal regulation (23 CFR 450.316) requires the development and use of a documented public involvement process that provides opportunities for meaningful active public feedback and participation during the Regional Transportation Plan process.

Current Situation

H-GAC has completed Phase I of public outreach for the 2050 Regional Transportation Plan, which focused on gathering feedback regarding how the regional population wants the future of transportation to function and what their priorities are regarding the plan's vision, priorities, and existing conditions. The final phase will build on this effort by reporting back on Phase I input received, soliciting public input on potential projects and priorities to meet future conditions. Funding will cover both marketing and media buy from May 2026 until the 2050 Regional Transportation Plan is completed in October 2026. Public outreach will be done in collaboration with H-GAC Outreach and Government Affairs team and the selected consultant for the 2050 Regional Transportation Plan. Outreach efforts will consist of a comprehensive mix of advertising, social media campaigns, video content, press releases, and related communications disseminated in multiple languages. These efforts will employ innovative print and digital marketing and media strategies designed to effectively reach and engage a broad cross-section of the regional population.

Funding Source:

Transportation Planning Funds

Budgeted:

Yes

Action Requested:

Request authorization of media buy and marketing funds supporting the Regional Transportation Plan Final Phase Outreach; total amount not to exceed \$500,000. (Staff Contact: Brandon Mosley)

MICROSOFT 365 SUBSCRIPTION RENEWAL AND TRANSITION

Background

The Houston-Galveston Area Council (H-GAC) currently subscribes to Microsoft Office 365 to provide staff with essential productivity tools, including email services, SharePoint Online, OneDrive, Teams, and Office software suite. As part of our ongoing efforts to enhance security, collaboration, and operational efficiency, H-GAC is transitioning from Office 365 to Microsoft 365, which offers a more comprehensive suite of tools, including advanced security features and endpoint management. Last year's renewal was approved by the Board of Directors on March 19th, 2024.

Current Situation

H-GAC's current Office 365 subscription is reaching the end of its annual agreement and requires renewal to ensure uninterrupted service. As part of this renewal, the organization will transition to Microsoft 365, which includes additional security and compliance features, enhanced device management, and improved collaboration tools tailored to our operational needs.

Staff recommend renewing and transitioning to Microsoft 365 for a total of 550 users for one year with licenses procured through approved government purchasing contracts. This migration aligns with industry best practices for modernizing IT environments and enhancing cybersecurity.

Funding Source

Indirect

Budgeted

Yes

Action Requested

Request approval to purchase Microsoft 365 licenses through approved government purchasing contracts, for a total amount of \$290,000. (Staff Member: John Tran)

QUARTERLY INVESTMENT REPORT – FIRST QUARTER 2026

Background

N/A

Current Situation

N/A

Funding Source

N/A

Budgeted

Not Applicable

Action Requested

Request approval of the Quarterly Investment Report for First Quarter FY2026 ending March 31, 2026. (Staff Contact: Arathi Nayak)

**Houston Galveston Area Council
Investment Report
For Quarter Ending March 31st, 2026**

	Opening Balance FY 26	Interest Earned FY 26	Deposits/ Withdrawal	Current Balance / Market Value	Percent of Portfolio
TexPool Prime Account Yield 3.80% Book Value \$8,500,000	\$ 9,717,660	\$ 92,025	\$ -	\$ 9,809,685	100.00%
Balance as of March 31, 2026	\$ 9,717,660	\$ 92,025	\$ -	\$ 9,809,685	100.00%

The above securities are in compliance with Texas Government Code Chapter 2256, Public Funds Investment Act (PFIA), and with the investment objectives of the H-GAC investment policy.

Christina Ordóñez-Campos, CPA

Christina Ordóñez-Campos, CPA
Chief Financial Officer

Shaun Downie

Shaun Downie

Arathi

Arathi Nayak

**Houston Galveston Area Council - Component Unit
Investment Report
For Quarter Ending March 31st, 2026**

	Opening Balance FY 26	Interest Earned FY 26	Balance / Market Value	Percent of Portfolio
Local Development Corporation				
Certificate of Deposit (Maturity 4/1/2026) Yield 2.87% Chase Bank	\$ 349,572	\$ 6,468	\$ 356,040	5.54%
Corporation for Regional Excellence				
Certificate of Deposit (Maturity 4/3/2026) Yield 2.87% Chase Bank	536,479	9,926	546,405	8.50%
Gulf Coast 911 Regional District				
Certificate of Deposit (Maturity 4/8/2026) Yield 2.87% Chase Bank	5,423,821	100,353	5,524,174	85.96%
Balance as of March 31, 2026	\$ 6,309,872	\$ 116,747	\$ 6,426,619	100.00%

The above securities are in compliance with Texas Government Code Chapter 2256, Public Funds Investment Act (PFIA), and with the investment objectives of the H-GAC investment policy.

Christina Ordóñez-Campos, CPA

Christina Ordóñez-Campos, CPA
Chief Financial Officer

Shaun Downie

Shaun Downie
Investment Officer

Arathi

Arathi Nayak
Investment Officer

ACCOUNTING & FINANCE POLICIES & PROCEDURES MANUAL

Background

H-GAC's Accounting & Finance Policies & Procedures Manual was last updated in March 2018.

Current Situation

The Accounting & Finance Policies & Procedures Manual has been updated to reflect current accounting policies and to follow audit compliance standards.

Funding Source

N/A

Budgeted

N/A

Action Requested

Request approval to implement the revised Accounting & Finance Policies & Procedures Manual. (Gilda Mendoza)



Accounting Policies and Procedures Manual

Revised April 2026

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1.0 INTRODUCTION

1.01 PURPOSE

The following manual is intended to provide an overview of the accounting policies and procedures for the Houston-Galveston Area Council, which shall be referred to as “H-GAC” or “the agency” throughout this manual.

Its primary purpose is to formalize accounting policies and selected procedures for the accounting staff, to document internal controls and to reflect compliance with the Super Circular 2 CFR 200, the uniform guidance on federal grant administration.

All H-GAC staff are bound by the policies herein, and any deviation from them is strictly prohibited.

1.02 THE ROLE OF THE BOARD OF DIRECTORS

The Houston-Galveston Area Council is governed by its Board of Directors, which is responsible for the oversight of the agency by:

1. Establishing broad policies, including accounting policies and procedures.
2. Approving grant applications.
3. Reviewing and approving the annual audit.
4. Reviewing financial information.
5. Identifying and proactively addressing emerging issues.
6. Interpreting the agency’s mission to the public.
7. Hiring, evaluating, and collaborating with the Executive Director.
8. Authorizing the establishment of bank accounts and check signatories.

The Executive Director shall be responsible for the day-to-day oversight and management of H-GAC.

1.03 FINANCE AND BUDGET COMMITTEE RESPONSIBILITIES

The Finance and Budget Committee is responsible for direction and oversight of the overall financial management of H-GAC. Functions of the Finance and Budget Committee include:

1. Review and recommend the agency’s annual budget (prepared by the staff) to the full board for final approval.
2. Guide the agency’s long-term financial strategy.
3. Establish the agency’s investment policy and monitor investment performance.
4. Evaluate and approve of facility management decisions (i.e., leasing, purchasing property)
5. Monitor actual financial performance compared to budgets.
6. Review of financial procedures

The review of the agency’s financial statements shall not be limited to the Finance & Budget Committee but involve the entire Board of Directors.

1.04 AUDIT COMMITTEE RESPONSIBILITIES

The Audit Committee recommends the hiring of an independent CPA firm to the Board of Directors. The Audit Committee shall review and approve the final audited Annual Comprehensive Financial Report (ACFR), and any other communications received from the auditor regarding internal controls, illegal acts, or fraud.

1.05 THE ROLES OF THE EXECUTIVE AND STAFF

The Finance and Budget Committee of the Board of Directors hires the Executive Director, who reports directly to the Board. The Executive Director is ultimately responsible for hiring and evaluating the performance of H-GAC staff. The Executive Director hires the executive team composed of the Chief Financial Officer ("CFO"), the Internal Auditor, the Human Resources Director, the Chief Outreach and Government Affairs Officer, the Chief Workforce Officer and the Chief Transportation Officer. The executive team recommends employment of department directors for each of the agency's divisions and departments.

Each department director is responsible for making recommendations on hiring employees to work in their department with approval from the Chief Financial Officer and the Executive Director. All employees within a department shall report directly to that department's director, or to one or more designated managers within the department. Departmental managers evaluate their subordinate staff and make recommendations to the director of their department regarding performance and job assignments.

2.0 ACCOUNTING CONCEPTS AND PRINCIPLES

2.01 BASIC CONCEPTS OF ACCOUNTING

Accounting is the process of recording, classifying, and summarizing, in quantitative terms, the economic events of a business. The result of this process is a compilation of information which reports on the financial position of a business at a certain point in time and the results of its operations during a period. The basic objective of financial statements is to provide dependable and relevant financial information for the evaluation of a business.

The accounting process records the economic events of an organization by making additions to and removals from specific classifications known as accounts. There are five general types of accounts: assets, liabilities, net position (fund balance), revenues, and expenditures.

Assets are economic resources over which an organization has control and ownership. Examples of these include cash, claims to receive cash (accounts receivable), buildings, land, equipment, etc. Liabilities are economic obligations of the agency such as taxes, outstanding bills (accounts payable), leases, and other debts. Net position represents the excess of assets of an organization over its liabilities.

The two remaining categories of accounts, revenues and expenditures, are used to record the inflows and outflows of financial resources of the agency during a specific period of time. Total revenues over expenditures are compared at the end of each accounting period (usually 1 month) and the excess of revenues over expenditures is accumulated throughout the fiscal year. This amount is referred to as the Change in Net Position (fund balance). At the end of the fiscal year, this amount will be combined with the net position (fund balance) for the agency, and the total net position (fund balance) will be carried forward to the next fiscal year. Likewise, if expenditures exceed revenues, then a reduction to the net position (fund balance) is recorded.

Accounting Entity

H-GAC is a voluntary association of local governments that administers planning and action programs from various federal, state, and local agencies for the benefit of the citizens of the region. H-GAC is a legally separate entity, formed under authority of State Law under the Local Government Code, Chapter 391. For the purposes of these financial policies, the accounting entity consists of H-GAC and its blended and discrete component units: the Energy Purchasing Corporation, the Gulf Coast Economic Development District, the Houston-Galveston Area Local Development Corporation, the Regional Excellence Corporation & the Gulf Coast 911 Regional District. H-GAC applies the same financial policies and procedures to all fiscal entities, grants, departments, and programs regardless of funding source.

Fiscal Year

H-GAC has adopted the calendar year which begins on January 1 and ends on December 31 as its fiscal year. Many grants and programs for which H-GAC is fiscally responsible have a different fiscal year. The agency reports on the fiscal periods required by the funding entity in compliance with grants and contracts; however, audited financial statements and organizational budgets will be prepared for H-GAC's fiscal year.

2.02 STANDARDS FOR FINANCIAL MANAGEMENT SYSTEMS

In accordance with 2 CFR 200 (Subparts A-F) *Uniform Requirements, Cost Principles, and Audit requirements for Federal Awards*, sometimes referred to as the OMB Super Circular, H-GAC maintains a financial management system that provides for the following. Specific procedures to conduct these standards are detailed in the appropriate sections of this manual.

1. Accurate, current, and complete disclosure of the financial results of each federal or state sponsored project or program in accordance with the reporting requirements.
2. Records that adequately identify the source and application of funds for federal or state sponsored activities. These records contain information pertaining to federal or state awards, authorizations, and obligations.
3. Effective control over and accountability for all funds, property, and other assets. H-GAC shall adequately safeguard all such assets and ensure they are used solely for authorized purposes.
4. Comparison of outlays with budget amounts for each award. Whenever possible, financial information shall be related to performance and unit cost data.
5. Written procedures to minimize the time elapsing between the transfer of funds to H-GAC from the U.S. Treasury or the State Comptroller and the issuance or redemption of checks, warrants, or payments by other means for program purposes by the recipient.
6. Written procedures for determining the reasonableness, allocability and allowability of costs in accordance with the provisions of the applicable federal cost principles and the terms and conditions of the award.
7. Accounting records include cost accounting records that are supported by source documentation.

2.03 FUND ACCOUNTING AND ACCOUNTING PRINCIPLES

Modified Accrual Basis Accounting

During the process of providing services to the community, H-GAC incurs a wide variety of expenditures. These expenditures are mostly paid mainly from federal or state grants and other contractual agreements. H-GAC earns these revenues as the costs are incurred (reimbursement basis). Additionally, both revenues and expenditures result when H-GAC incurs costs, and because of this, an attempt should be made to recognize revenues as soon as they are both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recognized under the modified accrual basis of accounting when the related fund liability is incurred, if measurable. However, expenditures related to compensated absences are recorded only when payment is due.

Fund Accounting

H-GAC has adopted a fund concept of accounting. There are three categories of funds that H-GAC uses for its activities. These are governmental funds, proprietary funds, and fiduciary funds. The following is a brief description of each fund:

Governmental Funds

This category of funds is for the basic activities of a government. Its focus is on the current financial resource measurement. H-GAC has two types of governmental funds – the General Fund and the Special Revenue Fund.

General Fund – The general operating fund accounts for all financial resources of H-GAC that are not accounted for within other funds.

Special Revenue Fund – The special revenue fund account for proceeds that are legally restricted for purposes specified in various state and federal grant agreements or corporation bylaws, such as bylaws for the Corporation for Regional Excellence.

Proprietary Fund

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Proprietary funds include enterprise funds and internal services funds.

Enterprise Fund - Enterprise funds are used to account for operations that are financed and operated in a manner similar to a business. H-GAC's Cooperative Purchasing and Energy Purchasing programs are recorded as enterprise funds since their objective is to be self-sustaining. H-GAC's component units, the Local Development Corporation and the Gulf Coast Economic Development District are also recorded as enterprise funds.

Fiduciary Fund

Fiduciary funds are used to account for assets held on behalf of outside parties. The Retirement Plan for the employees of H-GAC is accounted for in the various mutual funds in which the funds are invested. H-GAC also holds a custodial fund for the Area Emission Reduction Credit Organization (AERCO).

2.04 OTHER CONSIDERATIONS

Recording of Direct and Indirect Costs

The recording of direct costs is the process of identifying and assigning costs directly to the project cost center generating those costs. The recording of indirect cost is the process of identifying indirect costs for facilities, administration and support services and allocating those costs to the various project cost centers that benefit from the administration and support services.

Further discussion of these costing concepts may be found in chapter 7, Direct, Indirect Cost and Employee Benefits.

Internal Controls

Internal control is comprised of the comprehensive plans, policies and procedures of the agency and all coordinate methods and measures adopted within H-GAC to safeguard the assets, check the accuracy and reliability of its accounting data, promote operational efficiency, and encourage adherence to prescribed managerial directives.

Characteristics of Internal Control

Key characteristics include assigning clear responsibilities, separation of duties, maintaining proper documentation, and using physical and technological safeguards. These are supported by competent staff utilizing cost-efficiency and effective communication to authorize, verify, and monitor transactions and activities of the organization to prevent errors and fraud.

Within the framework, internal control can be divided into two types of control: Accounting and Administrative.

Accounting Control

Accounting controls are primarily designed to safeguard the assets and provide reliable financial records of the agency. This involves the procedures and records which are designed to provide reasonable assurance that financial transactions are executed in accordance with management's authorizations.

Transactions are recorded as necessary to permit preparation of financial statements in conformity with applicable accounting principles and to maintain accountability for assets.

Access to assets is permitted only in accordance with management's authorization.

The recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

This definition of accounting controls envisions reasonable, not absolute, assurance that the objective expressed will be accomplished by the system. The concept of reasonable assurance recognizes that the cost of internal control should not exceed the benefit relationships of different levels of control procedures made by management. From this evaluation process, management will select the procedures which are appropriate in the circumstances.

Administrative Controls

Administrative controls are primarily designed to promote operational efficiency and adherence to managerial policies. Administrative controls include the plan of Organization, the procedures and records concerned with the decision-making process, the operational efficiencies of H-GAC and the quality control considerations of services rendered.

Inherent in effective administration of H-GAC is the communication of the financial and service goals of H-GAC, as functional units, to all supervisory personnel. Strong internal controls require that the agency's structure be formally established with clearly defined areas of responsibility and authority. This formal plan should be in writing and include such items as organizational charts, job descriptions, and internal policy manuals. A formal budgeting system with periodic comparison of actual to forecasted results is also used as an effective administrative tool and internal control.

3.0 GENERAL LEDGER AND CHART OF ACCOUNTS

The general ledger is the collection of all asset, liability, net assets, revenue, and expense accounts. It is used to accumulate all financial transactions and is supported by subsidiary ledgers that provide details for certain accounts. The general ledger is the foundation for the accumulation of data and production of reports.

3.01 CHART OF ACCOUNTS

The chart of accounts is the framework for the general ledger system and the basis for the accounting system. The chart of accounts consists of account titles and account numbers assigned to the titles. General ledger accounts are used to accumulate transactions and the impact of these transactions on each asset, liability, net asset, revenue, expense, and gains and losses account.

H-GAC's chart of accounts is comprised of five types of accounts:

1. Assets
2. Liabilities
3. Net Position
4. Revenues
5. Expenses

3.02 FUNDS

A fund is a separate and independent fiscal and accounting entity and encompasses sums of money or other sources set aside for the purpose of carrying on specific activities or attaining certain objectives.

H-GAC uses four basic funds:

1. General Fund
2. Special Revenue Fund
3. Enterprise Fund
4. Fiduciary Fund
- 5.

3.03 PROJECT CODE

Projects are used to accumulate detail transactions and the impact of these transactions on each grant contract's budget.

The following are typical project segments for H-GAC:

- Funding Source
- Program Year
- Task

3.04 CONTROL OF CHART OF ACCOUNTS

The Accounting Manager monitors and controls the chart of accounts, including all account maintenance, such as additions and deletions. Any additions or deletions of accounts should be approved by the CFO or Controller, who ensure that the chart of accounts is consistent with the organizational structure of H-GAC and meets the needs of each division and department.

3.05 ACCOUNT DEFINITIONS

General Ledger

Account Range

Category

Definition

10001 - 19999

Assets

Assets are probable future economic benefits obtained or controlled by the organization as a result of past transactions or events. Assets are classified as current assets, fixed assets, contra-assets, and other assets.

Current assets are assets that are available or can be made readily available to meet the cost of operations or to pay for current liabilities. Some examples are cash, temporary investments, and receivables that will be collected within one year of the statement of financial position date.

Fixed assets (property and equipment) are tangible assets with a useful life of more than one year that are acquired for use in the operation of the Organization and are not held for resale.

Contra-assets are accounts that reduce asset accounts, such as accumulated depreciation and reserves for uncollectible accounts receivable.

Other assets include long-term assets that are acquired without the intention of disposing them in the near future. Some examples are security deposits, property, and long-term investments.

20001 – 29999

Liabilities

Liabilities are probable future sacrifices of economic benefits arising from present obligations of the organization to transfer assets or provide services to other entities in the future because of past transactions or events. Liabilities are classified as current or long term.

Current liabilities are probable sacrifices of economic benefits that will likely occur within one year of the date of the financial statements or which have a due date of one year or less. Common examples of current liabilities include accounts payable, accrued liabilities, short-term notes payable, and deferred revenue.

Long-Term Liabilities are probable sacrifices of economic benefits that will likely occur more than one year from the date of the financial statements. An example is the non-current portion of a mort- gage loan.

30001 - 39999 **Net Position**

Net Position is the difference between total assets and total liabilities.

40001 - 49999 **Revenues**

Revenues are inflows or other enhancements of assets, or settlements of liabilities, from delivering or producing goods, rendering services, or other activities that constitute an organization's ongoing major or central operations. Revenues include grants received from government agencies, private foundations and corporations, and contributions received from donors.

50001 - 99001 **Expenditures**

Expenditures are outflows or other activities using assets or incurrences of liabilities from delivering or producing goods, rendering services, or carrying out other activities that constitute H-GAC's on-going major or central operations.

3.06 FISCAL YEAR OF ORGANIZATION

H-GAC shall operate on a fiscal year that begins on January 1st and ends on December 31. Any changes to the fiscal year of the organization must be ratified by majority vote of H-GAC's Board of Directors.

3.07 JOURNAL ENTRIES

All general ledger entries that do not originate from a subsidiary ledger shall be supported by journal vouchers or other documentation, including an explanation of each such entry. Examples of such journal entries are:

- Recording of noncash transactions
- Corrections of posting errors
- Nonrecurring accruals of income and expenses

All journal entries not originating from subsidiary ledgers shall be authorized by the Accounting Manager or Controller . The CFO may not post entries, but he/she may approve entries for posting.

4.0 REVENUES AND CASH RECEIPTS

4.01 REVENUE RECOGNITION

H-GAC receives revenue from several types of transactions. Revenue from each of these types of transactions is recognized in the financial statements in the following manner:

1. Grant income - Monthly or quarterly recognized based on billings (for cost-reimbursement awards) or based on other terms of the award (for fixed price, unit-of-service, and other types of awards).

H-GAC performs a one-time accrual based on incurrence of allowable costs at year end. This allows H-GAC to close its financial records and assure that all revenues are attributed to the correct accounting fiscal year.

2. In-Kind Contributions – Recognized as income when received.
3. Program Income – Includes income generated from the grant activities and is recognized when received.
4. Other Income - Includes cash received from non-grant related activities, such as Cooperative Purchasing fee revenue, interest income, and data sales. These revenues are recognized on an accrual basis, when applicable.

Immaterial categories of revenue may be recorded on the cash basis of accounting (i.e., recorded as revenue when received) as deemed appropriate by the Chief Financial Officer.

4.02 CASH RECEIPTS

Cash (including checks payable to the Organization) is the most liquid asset of the Organization. Therefore, it is the objective of H-GAC to establish and follow the strongest possible internal controls in this area.

1) Processing of Checks and Cash Received in the Office

The following procedures will be followed:

- Cash and checks are received in a central location (facilities department) to ensure that it is received and appropriately recorded and deposited on a timely basis.
- Mail is opened and a listing of cash/checks received shall be prepared by the facilities department personnel and entered in the cash log system.
- Checks are endorsed once the proper account is known for the check to be deposited. The facilities department confers with the Accounting Manager or Principal Accountant to determine which account the check should be endorsed.
- The checks are entered into a check log and then scanned into the finance division's check folder on SharePoint.
- For cash received, a receipt is created detailing the nature and purpose of the cash receipt.
- A deposit slip is prepared from the cash/checks received from the facilities department by the Executive Assistant to the CFO or his/her appropriate back-up.

- Checks are deposited by the Executive Assistant to the CFO or his/her appropriate back-up using the remote deposit machine. Cash is taken to H-GAC's bank and deposited.
- If the Executive Assistant to the CFO is unable to make the deposit, it will be made by the Travel Coordinator, as their back-up for this task.
- The check log is submitted to the accounting department, and the cash receipt is recorded by the accountants and posted by the Accounting Manager.
- After the checks have been scanned and deposited, the hard copies will be filed and stored as reference for fiscal year-end plus three years as recommended by the Texas State Library Archives Commission.

All checks received that are payable to H-GAC shall immediately be restrictively endorsed by facilities department personnel with the deposit stamp. The restrictive endorsement shall be a rubber stamp that includes the following information:

- For Deposit Only
- H-GAC
- Bank name
- Bank account number

Bank deposits will be made on a daily basis, unless the total amount received for deposit is less than \$1,500. Cash and checks not deposited immediately are kept in the safe in the facilities department. In no event shall deposits be made less frequently than every two days.

2) Processing of Cash Received in the Lockbox and ACH

The following procedures will be followed:

- Cash receipts from the financial institution's lockbox and via Automated Clearing House (ACH) deposits are printed weekly from the bank software online.
- Cash received through ACH is reviewed by the accountants responsible for posting cash by comparing the deposit with the grant billing invoice and recorded by the accountants.
- Cash received from the lockbox is reviewed and recorded by the accountants in the accounting software, MIP.
- Cash transactions are reviewed and posted by the Accounting Manager.

4.03 BANK RECONCILIATIONS

Bank reconciliation shall be made monthly within 30-60 days from the date of the bank statements.

The accountant, who has no cash handling duties, shall be responsible for reconciling bank accounts to the general ledger.

Bank account statements are received each month and forwarded to the accountant.

A reconciliation between the bank balance and general ledger balance is prepared in a timely manner as follows:

1. Compare each entry in the bank statement with the corresponding check register in the bank reconciliation model.

2. Identify outstanding checks, deposits in transit and other reconciliations.
3. Mark cleared items in the system.
4. Save bank reconciliation analysis to a file on the SharePoint site.
5. Attach bank reconciliation analysis with the bank statement, listing of outstanding checks and deposits in transit documents.
6. Prepare journal entries resulting from the reconciliation and submit them to Accounting Manager for review and approval.
7. Forward the completed reconciliation files to Accounting Manager for review and approval.
8. Save the bank reconciliation and all the supporting documentation into an electronic file for each bank account.
9. For outstanding checks older than 120 days, the accountant shall submit this list to accounts payable for investigation and to the Controller for review.
10. The Controller confers with the accounts payable on the investigation of the outstanding checks older than 120 days. Once a determination is made on each check, the Controller will then authorize the accounts payable staff to either void or reissue the check.

4.04 INVESTMENT

Based on the cash flow requirement and analysis, the CFO determines the funds available to be placed in the investment. The Controller and Accounting Managers, acting as the Investment Officer(s) for the agency, will obtain quotes from the authorized financial institutions for investment options. The investment options will be presented to CFO for investment decisions with recommendations. The investment officers maintain a record of each investment, its cost, description and identifying account number. Funds to be invested do not include those from federal awards. Such funds will be spent on program requirements as budgeted or returned to the awarding agency. All investments and other negotiable assets are properly safeguarded and are in the name of the Houston-Galveston Area Council.

Proprietary funds not used in the daily operations of the component units of H-GAC, are also invested following the same investment policies and procedures as the governmental funds.

H-GAC has a separate/stand-alone investment policy. It can be accessed by the following link:

[INVESTMENT POLICY 2026 - COC FINAL 12182025.pdf](#)

5.0 ACCOUNTS PAYABLE MANAGEMENT

5.01 OBJECTIVE

H-GAC strives to maintain efficient business practices and good cost control. A well-managed accounts payable function can assist in accomplishing this goal from the purchasing decision through payment and check reconciliation. The following are general policies for accounts payable:

- Assets or expenses and the related liability are recorded by a staff member who is also not responsible for the ordering and receiving of the asset.
- The amounts recorded are based on the vendor invoice for the related goods or services.
- The vendor invoice should be supported by an approved purchase order where necessary.
- Invoices and related general ledger account distribution codes are reviewed prior to posting to the subsidiary system.

The primary objectives for accounts payable and cash disbursements are:

1. Timely and efficient processing of accounts payable
2. Accurate recording of the agency's liabilities and related expenses
3. Payment for only goods and services actually received and authorized

5.02 RECORDING OF ACCOUNTS PAYABLE

Invoices shall be emailed directly to the accounts payables section of the accounting department. Payment of invoices shall have the proper approvals and authorizations. All valid accounts payable transactions, properly supported with the required documentation, shall be recorded as accounts payable upon receipt and verification.

Payments are processed and disbursed twice a week through electronic funds transfers (EFT's). Manual checks are only processed for exceptional circumstances. Information is entered into the accounting system, MIP, from approved invoices with the appropriate back-up documentation attached.

Only original invoices will be processed for payment unless duplicated copies have been verified as un-paid by researching the vendor records or reconciliation of the vendor contract. No vendor statements shall be processed for payment.

5.03 ESTABLISHMENT OF CONTROL DEVICES

The Accounting Coordinator establishes control of invoices as soon as they are received. Upon receipt, each invoice shall be tracked electronically and distributed to the appropriate Accounting Coordinator.

5.04 PREPARATION OF INVOICE DOCUMENTATION

Prior to any accounts payable being submitted for payment, all supporting documentation should be received, reviewed, and attached to the invoice to be paid. Proper supporting documentation includes the following items:

1. Vendor invoice

2. Packing slip (where appropriate)
3. Receiving report (or other indication of receipt of merchandise and authorization of acceptance)
4. Purchase order or check request as required by procurement policies.
5. Any other supporting documentation deemed appropriate, such as a service completion report, timesheet, contract, or proposal.

5.05 PROCESSING OF INVOICES

The following procedures shall be applied to each invoice by the Accounting Coordinator ~~Specialists~~:

1. Check the mathematical accuracy of the vendor invoice.
2. Match the vendor invoice with the purchase order or check request and other supporting documents.
3. Create A/P voucher.
4. Create a voucher edit report.
5. Submit the voucher edit report, vendor invoices, and supporting documentation to the Accounting Manager for review and posting.
6. After receiving an approved and posted batch from the Accounting Manager, select vouchers for payment and create the EFT or checks as appropriate.
7. Submit the EFT and check batch with supporting documentation to the Accounting Manager for review and then forward to CFO for approval. The Controller shall provide this approval only when the CFO is unavailable.
8. Obtain approval and signature for the EFT and checks.
9. Once all signatures have been acquired, the Accounting Manager transmits the EFT payment through the bank software. The Executive Director's Executive Assistant releases the EFT payment from the bank software and mails out all checks. Vendors are not permitted to pick up checks. Any employee receiving reimbursement from H-GAC for an authorized expenditure via check, must sign the file copy of the supporting documentation which acknowledges receipt of payment.

5.06 CHECK REQUESTS

Check requests must have proper supporting documentation and appropriate approvals.

Use of check requests shall be limited to payment for items not covered by purchase orders such as service calls, one-time payments, refunds, event deposits, or in emergency situations. These situations are usually one-time purchases limited to amounts less than \$5,000. Check requests are not to be used to circumvent the purchase order process.

Proper segregation of duties shall be maintained in preparing and processing check requests. All costs paid through check requests shall comply with all the requirements established in this manual, i.e., budget availability and costs that are allowable, necessary, reasonable, and beneficial to a contract, grant, or department.

5.07 USE OF PURCHASE ORDERS

Purchase Orders are a formal request or authorization to purchase goods or services. H-GAC utilizes an automated purchase order system, Microix. Departments initiate the purchase order by completing a requisition. The requisition process is designed to automatically forward through the approval process based on type of purchase and amount. Grant program managers will certify that the purchase requisition meets applicable grant requirements and that adequate funds have been authorized and appropriate approvals have been received. Once a requisition has the required approvals, it is submitted to the procurement department for preparation of a purchase order. The procurement department submits orders to the selected vendor. It is a violation of H-GAC policy for staff personnel to purchase goods or services without prior approval and adhering to the purchasing policies, including the requisition process. The procurement staff are authorized representatives of the agency for the purchase of goods and services.

A properly completed purchase order shall contain the following information, at a minimum:

- Specifications or statement of services required,
- Vendor name, address, point of contact and phone number,
- Source of funding (if applicable),
- Special conditions (if applicable),
- Catalog number, page number, etc. (if applicable),
- Net price per unit, less discount if any,
- Total amount of order,
- Date purchase order was prepared,
- Purchase Order number General Ledger account number,
- Project number if applicable

Purchase orders shall be automatically numbered by the accounting system and issued upon approval by the procurement department.

Annually, an aged outstanding purchase order report shall be prepared and reviewed with the Accounting Manager. In addition, each grant accountant will review the outstanding purchase orders before a grant may be closed.

Another type of purchase orders are contract blankets, or CTBLKs. H-GAC utilizes contract blankets to release payments against fully executed vendor or consultant contracts. The use of a contract blanket allows for more efficient processing and payment of invoices against approved contracts that require multiple payments over the contract period. By utilizing a contract blanket, repetitive data entry of checks or purchase requisitions as well as the need for multiple approvals for each payment is eliminated.

Each department has a dedicated contract blanket workflow in Microix that begins with the prefix "CTBLK" and notates their department name (i.e., CTBLK-HS Workforce). Upon receipt of a fully executed contract, signed by all parties including our Executive Director, and approved by H-GAC's Board of Directors, if applicable, the designated department staff will initiate the contract blanket in the system. Appropriate supporting documentation should be attached as backup. This should include a fully executed contract, H-GAC Board of Director's approval, if applicable, and any additional backup documentation to support the entry. Once submitted the contract blanket will go through appropriate department review/approval and end with the final review/approval by accounting staff. At this point, the contract blanket is ready for accounts payable staff to release payments against it as invoices are received.

If an amendment is executed for the existing contract, the contract blanket will have to be sent back to the original department requester to adjust as needed. After adjustments have been added, the contract blanket will need to be re-submitted to go through the approval process again since changes have been made.

At fiscal year-end, accounting staff will review the status of open contract blankets to determine if all applicable contractor/vendor invoices have been received and paid. Contract blankets that may need to be closed out due to a contract term expiration will be managed accordingly.

5.08 RECEIPT AND ACCEPTANCE OF GOODS

All goods are received by the facilities department. The facilities personnel shall inspect all goods received. Upon receipt of any item from a vendor, the following actions shall immediately be taken:

1. Review bill of lading for correct delivery point.
2. Verify the quantity of boxes/containers with the bill of lading.
3. Examine boxes/containers for exterior damage and note on the bill of lading of any discrepancies (missing or damaged boxes/containers, etc.).
4. Sign and date the bill of lading.
5. Remove the packing slip from each box/container.
6. Compare the description and quantity of goods per the purchase order to the packing slip.
7. Enter receiving information into Microix, the workflow companion to the accounting system.
8. Forward goods to the ordering department.
9. The ordering department will inspect goods and report immediately any discrepancies or damage to the procurement department.
10. The procurement department will report all discrepancies to vendor and request replacement or credit. They will also notify accounts payable of the discrepancy for proper credit tracking.

This inspection must be performed in a timely manner to facilitate prompt return of goods and/or communication with vendors.

5.09 ACCOUNTS PAYABLE VENDOR MASTER FILE

When new vendors need to be added to H-GAC's accounts payable vendor master file, a Company Information Form is completed and submitted with a W-9 form by the vendor to the accounting Department. The accounts payable staff will send the vendor an Authorization for Direct Deposit form via a secure Adobe Acrobat link. Once accounts payable receives the form back, they will contact the vendor and verbally confirm banking information over the phone. Accounts payable will then email the accounting manager to be notified once the banking information has been confirmed and the vendor is ready to be set up. The Accounting Manager will check for debarment then he/she will enter the new vendor's information into the system and establish a new vendor ID number. The Accounting Manager will then notify the requestor when the new vendor is set up and provide them with the vendor ID number.

Note: The new procurement software system, Gatekeeper, will provide new vendors with direct access to a portal to complete their information including banking information, when fully implemented.

5.10 PAYABLES DISBURSEMENTS

H-GAC's Accounting Coordinators for accounts payable process EFTs for payment disbursement twice a week. EFT disbursements and checks are prepared by people independent of those who initiate or approve expenditures, establish new vendors, reconcile bank accounts, or sign checks.

All payments shall be processed in accordance with the following guidelines:

- Expenditures must be supported in conformity with purchasing and accounts payable policies.
- Timing of disbursements should generally be made to take advantage of all early-payment discounts.
- Generally, all vendors are to be paid within 30 days of submitting a proper invoice after delivery of the requested goods or services.
- Contractors and subrecipients will be paid in accordance with contract terms and the availability of funds from grantor agencies.
- Total cash requirements associated with each disbursement run are monitored in conjunction with available cash balance in the bank prior to the release of any checks.
- All supporting documentation is attached to the corresponding payment prior to forwarding the entire package to an authorized check signer.
- Checks shall never be made payable to "bearer" or "cash."

5.11 CHECK SIGNING

Checks of \$25,000 or less require a single signature of the CFO or the Executive Director. The CFO and the Executive Director are the only authorized signers of all of H-GAC's bank accounts. Checks larger than \$25,000 require two signatures.

Check signers should examine all original supporting documentation to ensure that each item has been properly checked prior to signing a check. Checks should not be signed if supporting documentation appears to be missing or there are any questions about a disbursement.

5.12 APPROVAL OF DOCUMENTS IN THE ACCOUNTING SYSTEM

All document approval workflows within the Microix/MIP accounting system must contain the below levels. These levels are applicable to both purchase order and invoice documents. The processing of these documents happens after any related board approvals.

Role	Threshold
Program Manager	\$0 to \$9,999
Assistant Director *	\$10,000 to \$24,999
Director	\$25,000 to \$49,999
Division Chief Officer	\$50,000 to \$99,999
Chief Financial Officer	\$100,000 to \$249,999
Executive Director	> \$250,000

* *Applies only to those departments with this position.*

5.13 CREDIT CARD LIMITS

Below are the maximum credit card limits that are allowed per role. Departments and staff wishing to obtain a credit card to process business related expenses must submit a request to the Chief Financial Officer with justification and demonstrated need. The issuance of an H-GAC credit card is a privilege, and requests are not automatically approved. All cardholders must sign a credit cardholder acknowledgement prior to receiving their cards and must follow the current credit card policy within the H-GAC procurement manual.

Role	Threshold
Department Assistant/Departmental Card	\$3,000
Manager/Assistant Director	\$8,000
Facilities Manager	\$10,000
Director	\$15,000
Division Chief Officer	\$20,000
Chief Financial Officer	\$25,000
Executive Director	\$30,000

5.14 DISBURSEMENTS USING ELECTRONIC FUNDS TRANSFER

An EFT batch report is prepared which shows the items in the batch and the total batch amount. The EFT transmittal approval form is signed by authorized signers, who are the CFO and the Executive Director or their approved delegates. The EFT transmittal approval form is then transmitted to the bank by the Accounting Manager and released by the Executive Assistant to the Executive Director.

5.15 USE OF POSITIVE PAY SYSTEM

H-GAC utilizes a positive pay procedure with its financial institution for all checks drawn on the operating account. With this procedure, the Accounting Manager electronically communicates to the financial institution a list of check numbers, amounts, and vendors in connection with each check run. The financial institution shall then notify the Accounting Manager if any check is presented for payment that does not match the three characteristics for valid checks. The Accounting Manager will then confirm payment or deny payment to be made.

5.16 WIRE TRANSFER

Wire Transfers are performed only when there is an immediate need for same day disbursement. The Chief Financial Officer and the Executive Director shall be the only H-GAC employees authorized to transact wire transfers from H-GAC bank accounts. To execute a wire transfer, the CFO or Executive Director signs a Wire Transfer Transmittal Approval Form. The wire transfer is then transmitted to the bank by the Accounting Manager and released by the Executive Assistant to the Executive Director. Confirmations of all wire transfers are delivered to the Executive Director and CFO.

5.17 MAILING OF CHECKS

After signature, checks are returned to the Executive Director's Executive Assistant for mailing. Checks shall not be mailed by or returned to individuals who authorize expenditures. Except for checks to employees and checks needed for purchase of postage, no checks can be picked up by a vendor. All checks are delivered by a third-party vendor either by U.S. mail, FedEx, or courier.

5.18 VOIDED CHECKS AND STOP PAYMENTS

Checks may be voided due to processing errors by making proper notations in the check register and defacing the check by clearly marking it as "VOID." All voided checks shall be retained to aid in preparation of bank reconciliations.

In the event of an EFT return item, the bank will send a return email notification to the Accounting Manager and the Controller. They will review the circumstances for the return and forward the notification to the accounts payable staff. If the return involves incorrect banking information the Accounting Coordinators will contact the vendor and ask them to complete a new Authorization for Direct Deposit form to update our vendor file. Once banking information has been confirmed with the vendor, accounts payable will void the returned EFT check and reprocess payment.

Stop payment orders may be made for checks lost in the mail or for other valid reasons. Stop payments are processed by telephone instruction and written authorization to the bank by the accounting manager. A cash disbursement reverse entry is made, and the expense is credited to record the stop payment.

5.19 RECORDKEEPING ASSOCIATED WITH INDEPENDENT CONTRACTORS

H-GAC shall obtain a completed Form W-9 or equivalent substitute documentation from all vendors to whom payments are made. A record shall be maintained of all vendors to whom a Form 1099 is required to be issued at year end. Payments to such vendors shall be accumulated over the course of a calendar year.

6.0 ACCOUNTS RECEIVABLE MANAGEMENT (NON-GRANT)

H-GAC's primary sources of revenue are:

- Reimbursement grants – billed monthly, or as funders required, based on allowed, incurred expenses. (See below “Administration of Federal/State Awards”)
- Fee-for-service income – billed according to contract requirements based on a predetermined fee schedule or fee structure.
- Local revenues – Income such as workshops, data sales and memberships are based on a fee structure.

H-GAC's Accounting Department is responsible for the invoicing and the collection of outstanding receivables.

6.01 ACCOUNTS RECEIVABLE (H-GAC COOPERATIVE PURCHASING PROGRAM)

1. Invoices are generated from the H-GAC accounting system by the Accounting Coordinator based on the Purchase Order folder received from the Cooperative Purchasing Department.
2. The Accounting Coordinator prepares the receivable edit report form in the H-GAC accounting system after the invoices are generated and forwards them to the Accounting Manager for review and posting.
3. The Accounting Coordinator e-mails one copy of the invoice to the customer, mails an original invoice to the customer, and retains a copy for file in numerical sequence.
4. Each month, the Accounting Manager updates and sends out the accounts receivable report and meets with the cooperative's Program Coordinator for the related grant to go over outstanding invoices to determine if any follow-up or collection action is needed.

6.02 ACCOUNTS RECEIVABLE (LOCAL REVENUES)

1. Invoices shall be generated from the H-GAC accounting system by the Accounting Coordinator based on the request for billing received from the various program departments.
2. The Accounting Coordinator prepares the receivable report from the H-GAC accounting system after the invoices are generated and forwards report to the Accounting Manager for review and posting.
3. The Accounting Coordinator mails an original invoice to the customer, one copy of the invoice to the department who requests the billing and retains a copy for file in numerical sequence.
4. The Accounting Coordinator will print out the accounts receivable report and meet with corresponding program staff periodically to determine if any collection action is needed.

6.03 ACCOUNTS RECEIVABLE WRITE-OFF PROCEDURES

All available means of collecting accounts receivable will be exhausted before write-off procedures are initiated. Write-offs are initiated by the department associated with the amount to be written off, in conjunction with the Accounting Department. If an account receivable is deemed uncollectible, the approval of the Chief Financial Officer is required before the write-off is processed.

Once a write-off has been processed, appropriate individuals in the originating department will be advised so that further credit is not granted.

If write-off procedures have been initiated, the following accounting treatment applies:

1. Current year invoices that are written off will either be charged against an appropriate revenue or against the original account credited.
2. Invoices written off that are dated prior to the current year will be written off against the bad debt allowance account for Cooperative Purchasing receivables. The write-off will be charged against current year's revenue for local receivables. In the event that a bad debt exceeds the allowance, the residual amount will be an adjustment to current year's revenue.

7.0 DIRECT, INDIRECT COSTS AND EMPLOYEE BENEFITS

7.01 DIRECT COSTS

Direct costs include those costs that are incurred and can be specifically identified as benefitting a specific program or function. The Houston-Galveston Area Council identifies and charges these costs exclusively to each award or program.

Each expense shall be coded with the appropriate account number reflecting which program received direct benefit from the expenditure.

H-GAC requires all employees to complete timesheets to support the payroll record. All time sheets include project codes to support the work performed or leave time taken by the employees. Employees may be required, under certain conditions, to notate on their timesheet specific tasks that were completed. H-GAC considers the electronic timesheet to be the personal activity report for each employee. Timesheets are submitted on a bi-weekly basis, reflecting employees' work and which programs directly benefited from their effort. Timesheets serve as the basis for charging salaries directly to federal awards and non-federal functions. Refer to the payroll section of this manual for detailed procedures.

Equipment purchased for exclusive use on a federal or state award and reimbursed by a federal or state agency shall be accounted for as a direct cost of that award (i.e., such equipment shall not be capitalized and depreciated).

7.02 INDIRECT AND MIXED CHARGES

Indirect costs are those costs that have been incurred for common or joint objectives and cannot be readily identified with a particular grant or program. Indirect costs shall be allocated to benefiting grants through the use of an indirect cost rate.

Examples of indirect costs are:

- The Executive Director's Office
- The Chief Financial Officer's Office
- The Procurement Department
- The Accounting Department
- The Human Resources Department
- The Internal Audit Department
- Printshop / Facility Operations
- Data Services / Network IT

Mixed charges are applied to those cost centers that have positions that may charge their salary costs to both direct and indirect activities.

Examples of cost centers having mixed charges are:

- The Executive Director's Office
- Outreach and Governmental Affairs

- The Accounting Department
- The Internal Audit Department

Per Federal guidelines, each grant will be charged its fair share of costs. Any costs not directly charged to a particular funding source will be pooled and allocated across all funding streams, federal, state, and local, on an equitable basis established during the budget process and approved by the H-GAC Board of Directors.

7.03 INDIRECT COST RATE

H-GAC maintains an annual indirect cost budget. Each year a new indirect cost budget is prepared in conjunction with the agency-wide annual budget and approved by the H-GAC's Board of Directors; it follows all applicable 2 CFR 200 guidance. The indirect cost allocation policy/plan and related rates are submitted to H-GAC's Cognizant Agency for approval at the beginning of each fiscal year.

Examples of the types of expenditures normally included in the indirect cost pool are:

1. General administration (software, employee development, travel, office supplies, etc.)
2. Salaries and benefits of the executive officers, finance, accounting, facilities, data services, procurement, internal audit, and human resources personnel
3. Depreciation of equipment and buildings

H-GAC reconciles the variance between the rate charged for indirect costs and the actual costs during the Annual Comprehensive Financial Report (ACFR) process. Adjustments over and under the calculated rate are carried forward to the indirect cost pool in the subsequent year, with the carryforward amount determined based on reasonableness in accordance with 2 CFR 200.

7.04 COST POOLS

H-GAC uses a variety of methodologies to allocate costs to the various projects that it operates. Some allocations require that costs be distributed first at a departmental level and then at a project level. Other costs are distributed directly to the projects via an automated allocation program in the accounting system. The following describes each type of allocation, the basis, and whether it was a single or double allocation.

RENT

1st Tier Basis: Direct Labor Hours

The monthly cost of leased space along with any adjustments imposed by the landlord for utility costs are allocated to the projects based on each project's labor hours as a percentage of total labor hours for the agency. When a facility or location is rented exclusively for a specific program, the rent associated with that location is charged directly to that program. When grantors staff (e.g., TWC and TVC staff occupying HGAC locations), or other personnel who are expected to work off-site (e.g., Quality Mentors), occupy HGAC main building, rent is allocated on a per-employee basis. The per-employee rate is calculated by dividing the total monthly rent by the total number of employees occupying the building. This rate is then multiplied by the number of grantor employees, and the resulting amount is directly charged to the grant. The remaining portion of HGAC's rent is assigned to the RENT project and allocated as part of the organization's rent allocation methodology.

WORKFORCE ADMIN AND DATA SERVICES POOL

1st Tier Basis: Departmental Labor Hours

H-GAC has a large workforce program consisting of multiple funding streams and projects. The administrative and data services need of these projects is pooled monthly, and the costs are distributed to the various workforce projects based on the labor hours charged to that project monthly as a percentage of all labor hours for the department.

7.05 EMPLOYEE BENEFITS

H-GAC incurs costs for the following statutory and non-statutory employee benefits:

- FICA,
- Unemployment insurance,
- Worker's compensation,
- Health insurance,
- Contributions to 401(k) plan,
- Accrued vacation,
- Used sick leave,
- Other leave such as holiday, jury duty, etc.

The total cost of all the preceding employee benefits is expensed each month to a benefit pool. At the end of each month all salary costs for the month are totaled. Each project's salary cost is multiplied by the fixed benefit rate approved by the Cognizant Agency. The result is the benefit cost to that project for that month. This allocation is automated through the accounting software.

Like the indirect cost pool, the benefit pool is reconciled annually, and actual allocated adjustments are carried forward to the following budget year.

8.0 PAYROLL AND RELATED POLICIES

8.01 PAYROLL ADMINISTRATION

H-GAC operates on a bi-weekly payroll. The objectives of the following payroll procedures are to ensure:

1. A timely and efficient processing of the staff payroll.
2. An accurate computation and recording of payroll expense, related liabilities, and net pay.
3. Payment for only authorized work actually performed.

8.02 PAYROLL TAXES

The accounting department is responsible for ensuring that all required tax forms are properly completed and submitted, and that all required taxes are withheld and paid. Withholding of federal income taxes shall be based on the most current Form W-4 prepared by each employee.

8.03 PREPARATION OF TIMESHEETS

Each H-GAC employee must prepare an electronic timesheet no later than 12 p.m. on the Friday of the second week of each pay period. Timesheets shall be prepared in accordance with the following guidelines:

1. Each timesheet shall reflect all hours worked during the pay period.
2. Errors are to be corrected electronically by notifying the Payroll Specialist.
3. Compensated absences (vacation, holiday, sick leave, etc.) shall be clearly identified.
4. Timesheets submitted electronically shall be considered signed by employee as accurate once submitted.

After preparation, employees' supervisors or their designees shall approve timesheets. Corrections identified by an employee's supervisor for that timesheet shall be rejected until corrected by the employee.

An H-GAC employee who is on leave, traveling, or is ill on the day that timesheets are due may telephone or email timesheet information (actual time worked and the appropriate classifications) to his or her supervisor (or designated alternate) or to the Payroll Specialist. If the Payroll Specialist has entered the employee's timesheet for that pay period, it must be approved by the employee's supervisor.

8.04 PROCESSING OF TIMESHEETS

After all timesheets have been approved, the Payroll Specialist reviews the timesheets to verify charge codes and work hours and then transfers timesheets to the accounting system.

Once the payroll is processed and calculated, the payroll reports are printed and reviewed/approved by the Accounting Manager. The direct deposit file is created and/or payroll checks are printed after the payroll reports are approved. Employee leave accruals are calculated and posted.

The Payroll Specialist creates the direct deposit file which shall be transmitted to the bank and forwards it to the Accounting Manager. After it is approved by Executive Director and CFO, it is released by the Executive Director's Executive Assistant. The payroll is then posted after the direct deposit file is sent, and payroll taxes are calculated and paid.

8.05 TIMESHEET CORRECTIONS

If an employee needs to make a change or a correction to a timesheet, the employee must contact the Payroll Specialist with detailed information needed to make the change. The Payroll Specialist will make the change/correction to the timesheet. A grant accountant will use the detailed information provided to make the necessary journal entries for the timesheet correction. Each timesheet correction must include a reason as to why the change was needed and must be approved by the Accounting Manager prior to posting.

8.06 DISTRIBUTION OF PAYROLL

All employees are paid by direct deposit through ACH electronic data processing. Check stubs for electronic direct deposits can be accessed via the timesheet software once payroll has been completed. In the event it is necessary for an employee to receive an actual check, the check will be distributed by an individual who does not approve timesheets, is not responsible for hiring and firing, and does not control the preparation of payroll.

8.07 CHANGES IN PAYROLL DATA

All of the following changes in payroll data are to be authorized in writing:

1. New hires
2. Terminations
3. Changes in salaries and pay rates
4. Voluntary payroll deductions
5. Changes in income tax withholding status
6. Court-ordered payroll deductions

New hires, terminations, and changes in salaries or pay rates shall be authorized in writing by the appropriate department director, the Chief Financial Officer and the Executive Director.

Voluntary payroll deductions and changes in income tax withholding status shall be authorized in writing by the individual employee.

Any changes that affect payroll processing will be forwarded to the Payroll Specialist in the accounting department once they have been entered into the automated master file by HR Personnel. The Payroll Specialist will update rates of pay or payroll deductions after receipt of the proper documentation. Documentation supporting any changes to the payroll status of an employee will be permanently maintained in the employee's personnel file.

To ensure that changes are implemented accurately, the Payroll Specialist will distribute a preliminary register to the Accounting Manager for review and approval before posting the payroll. The Accounting

Manager will then submit the totals for the Direct Deposit for approval to the Executive Director and the Chief Financial Officer. Once approved, the Accounting Manager will submit the recommendation for disbursement of the payroll direct deposits to the Executive Director's Executive Assistant for release of payment.

8.08 TAX REPORTING

The Chief Financial Officer shall be responsible for identifying and assuring that H-GAC is in compliance with all filing requirements. The organization will file complete and accurate returns with all authorities and make all efforts to avoid filing misleading, inaccurate, or incomplete returns.

1. **W-2's and 1099's** - Annual report of employee and non-employee compensation, based on calendar-year compensation, is prepared on a cash basis. The Accounting Manager with the assistance of the Payroll Specialist, will gather the information from the accounting software and prepare the W-2 and 1099 forms before the due date. These information returns are due to employees and independent contractors by January 31 and to federal government by February 28.
2. **Form 941** - Quarterly payroll tax return filed with IRS to report wages paid to employees and federal payroll taxes. The Payroll Specialist will print a quarterly information report from payroll and prepare Form 941 before the due date. Form 941 is due by the end of the month following the end of each quarter, or 10 days later if all payroll tax deposits have been made in a timely manner during the quarter.

8.09 RETIREMENT FUND REPORTING

A report listing all 401-K deductions, loans, and agency matching for that particular pay period is run after payroll is completed. This report is then sent to Human Resources for verification. Human Resources will then submit a payment request to fund employee retirement accounts held in trust by third party.

9.0 TRAVEL

H-GAC has a separate policy manual that addresses the rules regarding business travel. The policy is available on the H-GAC intranet. It can be found here: [Travel Policy](#)

The following addresses the basic regulations for Travel.

10.0 FOOD AND BEVERAGES

H-GAC has a public obligation to ensure that all food and beverage purchases are necessary and allowable, comply with the agency's goals and financial constraints, provide ethical standards, and adhere to applicable state and federal grantor requirements.

This policy applies to all H-GAC departments and employees when incurring food and beverage expenses, on behalf of the agency, for internal and external H-GAC related events.

10.01 GENERAL GUIDELINES

Food and beverage purchases should be appropriate and allowable for internal and external H-GAC events and utilize a cost savings approach to prevent the appearance of waste and abuse of resources. All food and beverage expenses must adhere to each department's approved food and beverage budget. This budget should be monitored on a regular basis to prevent overspending.

A. Agency Functions

Food and beverage purchases are to be used for agency functions such as the following:

- Meetings, Trainings, Community Events –
Meals and beverages may be provided during meetings, training sessions, and events when necessary for the success of the meeting or event.
- Employee Events –
Meals and beverages may be provided for internal employee events, such as the H-GAC Annual Picnic or H-GAC sponsored holiday events, as pre-approved by the Executive Director.

B. Event Catering

Catering services may be used for agency events, provided they are within budget, align with the agency's mission and are pre-approved by the director, chief, executive director, or applicable grantor agency.

C. Approvals

All food and beverage purchases must be pre-approved by the department director, a Chief Officer, or

the applicable grantor agency, if charging a grant. Approval must be obtained prior to incurring any costs. Department directors and Chief Officers act as stewards of their funds and must be able to support their purchases. Pre-approvals are required to ensure purchases are allowable and that funds are available.

H-GAC's "Pre-Approval for Food and Beverage Purchases" form, or prior written approval from the grantor agency, needs to be completed and included with the backup documentation for payment. This administrative rule applies whether the expense is paid through department purchasing cards, direct invoice, or employee reimbursement.

D. Expense Coding

Expenses that are pre-approved by a grantor agency are to be directly charged to the applicable grant/project. All other food and beverage expenses should be charged to each department's applicable Local project. All expenses should be coded to account code 55035 – Food and Beverage Expense.

E. Tax-Exempt

H-GAC is tax exempt within the State of Texas. Employee must provide all vendors with H-GAC's tax exemption certificate prior to making a purchase to ensure taxes are excluded when applicable. H-GAC's tax exemption certificate can be found on the H-GAC SharePoint page under "Finance, Helpful Documents."

F. Business Meals Charged to H-GAC's Department Credit Cards

- Definition –

A business meal is defined as two or more employees, board members, key officials, clients, or consultants who dine together at the same establishment conducting official H-GAC business.

- Grant funded business meals –

Pre-approval from a grantor agency is required prior to incurring any costs.

- Non-H-GAC employees –

Business meal expense must be charged to an applicable H-GAC local non-funded project unless prior approval was obtained from grantor agency to charge to a grant.

- Non-grant funded meals –

Must be charged to the applicable H-GAC local non-funded project. Exceptions listed below:

- Enterprise Solutions or the Local Development Corporation meals –

If the business meal is related to Enterprise Solutions or the Local Development Corporation the meal can be charged directly to those projects.

- Business Meals charged to H-GAC's Travel Credit Cards –

Please refer to H-GAC's Travel Policies and Procedures for specific guidelines related to business meals charged to H-GAC travel credit cards.

10.02 DOCUMENTATION REQUIREMENTS

All food and beverage purchases should have sufficient backup documentation attached when submitting a check request or purchase requisition for payment. Below is the required backup documentation that should be attached to support a food and beverage purchase.

- A. Pre-Approval for Food and Beverage Purchases Form
H-GAC's Pre-Approval for Food and Beverage Purchases form must be completed and approved by the Department Director or a Chief Officer prior to the event.
- B. Grantor Pre-Approval (if applicable)
If charging food and beverage purchases to a grant, the grantor should pre-approve all purchases prior to incurring any cost. Please attach the grantor pre-approval letter with backup.
- C. Event Agenda
An event agenda detailing the purpose, date, time, and activities of the event should be provided.
- D. List of Attendees
A listing of names and agency relationships of individuals who will be participating in the event. For events open to the community, where specific names cannot be obtained, an estimate of the number in attendance will suffice.
- E. Itemized Receipt
An itemized receipt showing a line-item breakdown of food and beverage purchased.
- F. Credit Card Receipt
Credit card receipt detailing the date and approved amount of purchase if this information is not already included on the itemized receipt.

10.03 EXCLUSIONS AND LIMITATIONS

- A. Alcohol
Alcohol is not an allowable expense.
- B. Tips and Gratuities
Tips and gratuities are not an allowable expense except for those incurred by the Enterprise Solutions department or the Local Development Corporation (LDC). In those cases, such costs may be charged to their respective projects.
- C. Personal Expenses
Food and beverages may not be purchased for personal or routine, regularly scheduled, staff meetings. Food and beverages for meetings conducted for staff social functions, not related to H-GAC duties or approved organizational events are not allowable expenses.

10.04 EXCEPTIONS

- A. Special Circumstances
Any exceptions to this policy must be pre-approved by the Chief Financial Officer and Executive Director and documented with a valid justification.

10.05 COMPLIANCE AND REVIEW

A. Compliance Review

Accounting will review backup documentation submitted for all food and beverage purchases to ensure compliance with this policy.

11.0 PROPERTY AND EQUIPMENT

11.01 CAPITALIZATION POLICY

Physical assets acquired with unit costs in excess of \$10,000 are capitalized as fixed asset on H-GAC's general ledger. Items with unit costs below this threshold shall be expensed in the year purchased.

Capitalized property and equipment additions are accounted for at their historical cost and all such assets, except land, are subject to depreciation over an estimated useful life of 60 months. The straight-line method of depreciation is used with no residual value at the end of the useful life.

Physical assets with unit costs in excess of \$10,000 will be reported as expensed for grants if they were so budgeted in the grant application. However, for the organization's financial statements, these assets will be capitalized and depreciated according to these policies.

11.02 EQUIPMENT AND FURNITURE PURCHASED WITH FEDERAL FUNDS

H-GAC occasionally purchases equipment and furniture that will be used exclusively on a program funded by a federal or state agency. In addition to those policies on Asset Management described earlier, equipment and furniture charged to federal and state awards will be subject to certain additional policies as described below.

All purchases of "equipment" with Federal funds shall be approved, in advance and in writing, by the federal awarding agency. H-GAC considers the approval to be received if the grantor agency approves the grant budget and the budget included the capital expense in sufficient detail to identify the asset acquired. In addition, the following policies shall apply regarding equipment purchased and charged to federal or state awards:

1. Adequate insurance coverage will be maintained with respect to equipment and furniture charged to federal or state awards.
2. For equipment with a remaining per unit fair market value of less than \$10,000, H-GAC shall retain the equipment without any requirement for notifying the federal or state agency at the conclusion of the award provided the decision is documented.
3. If the remaining per unit fair market value is \$10,000 or more, H-GAC shall gain a written understanding with the federal or state agency regarding disposition of the equipment. This understanding may involve returning the equipment to the federal/state agency, repurposing the equipment to another federal program, keeping the equipment and compensating the federal/state agency, or selling the equipment and remitting the proceeds, less allowable selling costs, to the federal/state agency.
4. A physical inventory of all equipment purchased with federal or state funds shall be performed at least once every two years.

11.03 ESTABLISHMENT AND MAINTENANCE OF A FIXED ASSET LISTING

All capitalized property and equipment shall be recorded in a property log maintained by the accounting department. Assets that are IT in nature are maintained by the IT Data Services department. The property logs are to include the following information with respect to each asset:

1. Date of acquisition
2. Cost
3. Description (including color, model, and serial or other identifying number)
4. Funding source of the equipment (including percentage of federal participation)
5. Location of asset
6. Federal award identification number
7. Use and condition of the equipment
8. Date of disposal/sale price

A physical inventory of all assets capitalized under the preceding policies will be taken at least biennially. Inventory shall be updated monthly to the property log. All adjustments resulting from this reconciliation will be approved by the Controller or Director of Data Services.

11.04 DEPRECIATION AND USEFUL LIVES

All capitalized assets are maintained in the special property and equipment account group and are not included as an operating expense.

In the year of acquisition, depreciation is recorded based on the number of months the asset is in service, counting the month of acquisition as a full month.

For accounting and interim financial reporting purposes, depreciation expense will be recorded on a monthly basis.

11.05 REPAIRS OF PROPERTY AND EQUIPMENT

Expenditures to repair capitalized assets shall be expensed as incurred if the repairs do not materially add to the value of the property or materially prolong the estimated useful life of the property.

Expenditures to repair capitalized assets shall be capitalized if the repairs increase the value of property, prolong its estimated useful life, or adapt it to a new or different use. Such capitalized repair costs shall be depreciated over the remaining estimated useful life of the property. If the repairs significantly extend the estimated useful life of the property, the original cost of the property shall also be depreciated over its new, extended useful life.

11.06 DISPOSITIONS OF PROPERTY AND EQUIPMENT

If equipment is sold, scrapped, donated, or stolen, adjustments need to be made to the fixed asset listing and property log. If money is received for the asset, then the difference between the money received and the "book value" (purchase price less depreciation) of the asset will be recorded as a loss (if the money received is less than the book value) or a gain (if the money received is more than the book value).

11.07 WRITE-OFFS OF PROPERTY AND EQUIPMENT

The Chief Financial Officer shall approve the disposal of all capitalized fixed assets that may be worn-out or obsolete. Property that is discovered to be missing or stolen will be reported immediately to the Chief Financial Officer. If not located, this property will be written off the books with the proper notation specifying the reason.

11.08 PROPERTY DISTRIBUTED TO EMPLOYEES

Laptops, computer monitors, and other miscellaneous computer equipment having a cost less than \$5,000 shall be maintained in an inventory listing kept by the Data Services department. When an employee separates from H-GAC, the computer equipment is to be returned. Facilities shall receive the returned equipment from the employee and then forward it to Data Services where it will be either refurbished or removed from inventory if no longer useful.

12.0 LEASES

12.01 DEFINITION OF LEASES

A lease is defined as a contract allowing the right to use another entity's non-financial asset such as a building, land, or equipment. In conformity with GASB Statement 87, H-GAC classifies all leases in which the organization is a lessee under a single model.

12.02 REASONABLENESS OF LEASES

H-GAC is to assess the value of leases according to the requirements of 2 CFR 200 as follows:

- The rate is reasonable when compared to similar property in the same area,
- The rate of any alternatives, and
- The type, life expectancy, condition, and value of the property leased.

Rental arrangements will be reviewed every 3 to 5 years to determine if circumstances have changed and if other options are available.

12.03 ACCOUNTING FOR LEASES

Upon the inception of a capital asset, H-GAC shall record a lease liability and a lease asset at the beginning of the lease term. The lease liability should be measured at the present value of payments expected to be made during the lease term. The lease asset should be measured at the amount of initial measurement of the lease liability, plus certain direct costs and any payments made to the lessor at or before commencement of the lease term. H-GAC should reduce the lease liability as payments are made and recognize an outflow of resources for interest on the liability. H-GAC should amortize the lease asset over the shorter of the lease term or useful life of the asset. Notes to the financial statements should include a description on leasing arrangements, the amount of lease assets recognized, and schedule of future lease payments made. Credits for abatements that are material to the lease shall be amortized over the lease term.

When H-GAC is the lessor, H-GAC should recognize the lease receivable and deferred inflow of resources at the beginning of the lease term. The lease receivable should be measured at the present value of lease payments expected to be received during the lease term. The deferred inflow should be measured at the value of the lease receivable plus any payments received at or before the beginning if the lease term relates to future periods. H-GAC should recognize interest revenue on the lease receivable and an inflow of resources from deferred inflows of resources over the term of the lease. Notes to financial statements should include the leasing arrangement and total amount of inflows of resources recognized from leases.

13.0 ADMINISTRATION OF FEDERAL/STATE AWARDS

13.01 DEFINITIONS

H-GAC may receive financial assistance from a donor/grantor agency through the following types of agreements:

Grant: A financial assistance award given to the organization to carry out its programmatic purpose.

Contract: A mutually binding legal agreement where the organization agrees to provide supplies or services and the funder agrees to pay for them.

Cooperative Agreement: A legal agreement where the organization implements a program with the direct involvement of the funder.

Throughout this manual, federal or state assistance received in any of these forms will be referred to as a federal or state "award."

13.02 COMPLIANCE WITH LAWS, REGULATIONS AND PROVISIONS OF AWARDS

H-GAC recognizes that as a recipient of federal and state funds, the organization is responsible for compliance with all applicable laws, regulations, and provisions of contracts and grants. To ensure that the organization meets this responsibility, the following policies apply with respect to every grant or contract received directly or indirectly from a federal or state agency:

1. For each federal or state award, an employee within the department responsible for administering the award will be designated as "program manager."
2. Each program manager shall attend all training required and conducted by the grantor on grant management prior to or during the course of administering the grant program.
3. The program manager shall take the following steps to identify all applicable laws, regulations, and provisions of each grant and contract:
 - a. Read each award and understand the key compliance requirements and references to specific laws and regulations including allowable costs and compliance requirements outlined in 2 CFR 200 (Subparts A-F).
 - b. Communicate grant requirements to those who will be responsible for carrying them out or impacted by them.
4. The accounting department shall maintain current copies of applicable laws and regulations for use by the program manager such as the 2 CFR 200, TxGMS (Texas Grant Management Standards) and any other pertinent regulations.
5. The program manager and/or the accounting department shall identify and communicate any special changes in policies and procedures necessitated by federal or state awards as a result of the review of each award.
6. The program manager shall take all reasonable steps necessary to identify applicable changes in laws, regulations, and provisions of contracts and grants. Steps taken in this regard shall include, but not be limited to, reviewing subsequent grant and contract renewals and communications with federal and state awarding agency personnel.
7. The program manager shall inform the independent auditors of applicable laws, regulations, and provisions of contracts and grants.

13.03 GRANT SUBAWARD PROPOSALS

Individual departments will work with the procurement and contracts department to prepare and post the notice to solicit proposals for grant projects that the department intends to pursue. The department will review the proposals, prepare the award recommendation list, and present the list to the H-GAC Board of Directors for approval. Final proposals shall be reviewed and approved in writing by the Executive Director. Proposals that have a strong possibility of being funded are included in the H-GAC budget.

Post-Award Procedures

After an award has been made, the following steps shall be taken:

1. Verify the specifications of the grant or contract. The accounting department shall review the terms, time periods, award amounts and expected expenditure associated with the award. A Catalog of Federal Domestic Assistance (CFDA) number shall be determined for each award.
2. All awards include the scope of the services and the deliverables required. The terms of billing and reimbursement is established in the contract agreements.
3. Each award is assigned to a primary grant accountant in the accounting department. The grant accountant is responsible for the monthly or quarterly review and process of billings from the award contracts.

13.04 CRITERIA FOR ALLOWABILITY

All costs must meet the following criteria in order to be treated as allowable direct or indirect costs under a Federal/State award:

1. The cost must be “reasonable” for the performance of the award, considering the following factors:
 - a. Whether the cost is of the type that is generally considered as being necessary for the operation of the organization or the performance of the award;
 - b. Restraints imposed by such factors as generally accepted sound business practices, arm’s length bargaining, federal and state laws and regulations, and the terms and conditions of the award.
 - c. Whether the individuals concerned acted with prudence under the circumstances;
 - d. Consistency with established policies and procedures of the organization, deviations from which could unjustifiably increase the costs of the award.
2. The cost must be “allocable” to an award by meeting one of the following criteria:
 - a. The cost is incurred specifically for a federal/state award;
 - b. The cost benefits both the federal award and other work, and can be distributed in reasonable proportion to the benefits received; or
 - c. The cost is necessary to the overall operation of the organization, except where a direct relationship to any particular program or group of programs cannot be demonstrated.
3. The cost must conform to any limitations or exclusions of 2 CFR 200 or the federal/state award itself.
4. Treatment of costs must be consistent with policies and procedures that apply to both federally and state financed activities and other activities of the organization.
5. Costs must be consistently treated over time.
6. The cost must be determined in accordance with generally accepted accounting principles.
7. Costs may not be included as a cost of any other federally financed program in the current or prior periods.

8. The cost must be adequately documented.

13.05 COST SHARING AND MATCHING (IN-KIND)

Overview

H-GAC values contributed services and property that are to be used to meet a cost sharing or matching requirement at their fair market values at the time of contribution unless award documents or federal or state agency regulations identify specific values to be used.

H-GAC shall claim contributions as meeting a cost sharing or matching requirement of a federal or state award only if all of the following criteria are met:

1. They are verifiable from H-GAC records.
2. They are not included as contributions for any other federally assisted project or program.
3. They are necessary and reasonable for proper and efficient accomplishment of project or program objectives.
4. They are allowable under 2 CFR 200.
5. They are not paid by the federal government under another award, except where authorized by federal statute to be used for cost sharing or matching.
6. They are provided for in the approved budget when required by the federal or state awarding agency.
7. In the case of donated space, (or donated use of space), the space is subject to an independent appraisal to establish its value.

Valuation and Accounting Treatment

In-kind typically falls into one of the following categories:

- Cash
- Space, buildings, land, and equipment
- Volunteer time and services
- Supplies

The following sections discuss the valuation and accounting treatment for each category.

Cash

- H-GAC shall recognize cash contributions as in-kind income in the period in which they are spent on allowable program costs.
- Any discounts received on goods or services are recognized as in-kind only if such discounts are not available to the general public.

Buildings and Land

If the purpose of the contribution is to assist the organization in the acquisition of equipment, building, or land, the total value of the donated property may be claimed as matching with prior approval of the awarding agency.

If the purpose of the donation is to support activities that require the use of equipment, buildings or land, depreciation or use charges (e.g., rent) may be claimed as matching, unless the awarding agency has approved using the full value as match.

Equipment, buildings, or land are valued at its fair market value as determined by an independent appraiser. Information on the date of donation and records from the appraisal will be maintained in a property file.

Space

- Will be valued at the fair rental value of comparable space as established by an independent appraisal of comparable space and facilities in a privately-owned building in the same locality.
- Information on the date of donation and records from the appraisal will be maintained in a property file.
- If less than an arms-length transaction, it will be valued based on actual allowable costs not to exceed fair market value.

Volunteer Time and Services

Volunteer services furnished by professional and technical personnel, consultants, and other skilled and unskilled labor will be included in kind if the services are an integral and necessary part of the program.

Volunteer services will be valued at rates consistent with those paid for similar work in the organization. For skills not found in the organization, rates will be consistent with those paid for similar work in our labor market. Rates should include gross hourly wages plus fringe benefits calculated based on fringe benefits received by employees in similar positions, or on agency average.

Volunteers must possess qualifications and perform work requiring those skills in order to be valued at greater than an unskilled labor rate.

H-GAC requires volunteers to document and account for their contributed time in a manner similar to the timekeeping system followed by employees or consistent with the practices of their organization. Each program that uses volunteers will provide the volunteers with a sign-in sheet which collects the following information:

- Date service was performed.
- Volunteer name and address.
- Hours donated
- Service provided
- Signature of volunteer

13.06 FEDERAL/STATE AWARDS BILLING AND FINANCIAL REPORTING

H-GAC strives to provide management, staff, and grantors with timely and accurate financial reports applicable to federal awards. These reports include monthly and cumulative expenditures, a project budget, and a balance remaining column.

H-GAC shall prepare and submit financial reports as specified by the financial reporting clause of each grant or contract award document. Preparation of these reports shall be the responsibility of the grant accountant assigned to the program subject to review and approval by Controller or Accounting Manager.

The following policies shall apply to the preparation and submission of billings to federal/state agencies under awards made to H-GAC:

1. The organization will request reimbursement after expenditures have been incurred unless an award specifies another method.
2. H-GAC will strive to minimize the time between receipt and disbursement of grant funds by issuing payments within 3 business days of receipt of such funds.
3. Each award normally specifies a particular billing cycle. Therefore, a schedule is established for each grant and contract to ensure that billing is made on a timely basis along with any other reporting that is required in addition to the financial reports.
4. Requests for reimbursement of award expenditures will use the actual amounts as posted to the general ledger as the source for all invoice amounts.
5. All financial reports required by each federal/state award will be prepared and filed on a timely basis. To the extent H-GAC's year-end audit results in adjustments to amounts previously reported to federal/state agencies, revised reports shall be prepared and filed in accordance with the terms of each federal/state award.

H-GAC shall maintain separate billing records in addition to the official general ledger accounting records. Billing records shall be reconciled to the general ledger on a timely basis.

At the time invoices (requests for reimbursement) are prepared, revenue and accounts receivable shall be recorded on the books of H-GAC by the grant accountant.

If a federal/state award authorizes the payment of cash advances to H-GAC, the Chief Financial Officer may require that a request for such an advance be made. Upon receipt of a cash advance from a federal/state agency, H-GAC shall reflect a liability equal to the advance. The liability shall be reduced, and revenue recognized, in an amount equal to the allowable costs incurred on a scheduled basis.

At the end of each month, the grant accountant shall distribute monthly status reports to each program department for review by the respective program manager.

13.07 CLOSE OUT

Fiscal Procedures for Subrecipient Close-Out

All subrecipients and contractors must submit their final request for payment along with any adjustments to H-GAC in accordance with their contract terms and no later than 45 days after the contract has ended.

The Grant Accountant reviews the final billing for accuracy, performs a reconciliation to the program reports, prepares any necessary journal entries, and forwards billing to accounts payable for payment.

Fiscal Procedure for Federal/State Award Close-Out

H-GAC shall follow the close out procedures described in 2 CFR 200 and in the grant agreements as specified by the granting agency.

The grant accountant compares the general ledger with the closeout documents for each component of the grant and prepares all grantor required forms for submission.

A copy of the closeout documents is forwarded to the program department for final review. Comments

by the program department are required within five days.

The grant accountant adjusts the closeout, if necessary, in accordance with the program department review and comment and prepares the final documents for review and approval by the Controller Accounting Manager. Once approved, the packet is copied, and the original is submitted to the grantor.

H-GAC shall liquidate all obligations incurred under the grant or contract within 60 - 90 days of the end of the grant or contract agreement unless a longer period is permitted by the awarding agency.

14.0 SUBRECIPIENT GRANT ADMINISTRATION

14.01 MAKING OF SUBAWARDS

All subawards in excess of the small purchase threshold shall be subject to the same procurement policies described in the preceding section. In addition, all subrecipients must be approved in writing by the awarding agency and agree to the subrecipient monitoring provisions described in the next section.

With respect to subrecipients with whom H-GAC has not recently had a subaward relationship, the program department shall determine an appropriate level of pre-award inquiry that shall be performed. The purpose of such inquiry, which may involve a site visit to a potential subrecipient, is to gain assurance that a potential subrecipient has adequate policies and procedures in place to provide reasonable assurance that it is capable of complying with all applicable laws, regulations, and award provisions.

14.02 MONITORING OF SUBRECIPIENTS

When H-GAC utilizes federal or state funds to make subawards to subrecipients, H-GAC is subject to a requirement to monitor subrecipients in order to provide reasonable assurance that subrecipients are complying, in all material respects, with laws, regulations, and award provisions applicable to the program.

In fulfillment of its obligation to monitor subrecipients, the following policies apply to subawards of federal or state funds made by H-GAC to subrecipients:

1. Subaward agreements shall include all information necessary to identify the funds as federal or state funding. This information shall include:
 - a. The applicable Catalog of Federal Domestic Assistance (CFDA) title and number if applicable
 - b. Award name
 - c. Name of federal or state agency
 - d. Amount of award
2. Subaward agreements shall identify all applicable audit requirements, including the requirement to obtain an audit in accordance with 2 CFR 200, if the subrecipient meets the criteria for having to undergo such an audit.
3. Subawards shall include a listing of all applicable federal or state requirements that each subrecipient must follow.
4. Subawards shall require that subrecipients submit financial and program reports to H-GAC on a basis no less frequently than quarterly.
5. H-GAC will follow up with all subrecipients to determine whether all required audits have been

completed. H-GAC will cease funding of subrecipients failing to meet the requirement to undergo an audit in accordance with federal or state requirements. For subrecipients that properly obtain an audit in accordance with regulations, H-GAC's shall obtain and review the resulting audit reports for possible findings.

6. H-GAC shall assign one of its employees the responsibility of monitoring subrecipients on an ongoing basis, during the period of performance by the subrecipient. This employee will establish and document, based on her/his understanding of the requirements that have been delegated to the subrecipient, a system for the ongoing monitoring of the subrecipient.
7. Ongoing monitoring of subrecipients will vary from subrecipient to subrecipient, based on the nature of work assigned to each. However, ongoing monitoring activities may involve any or all of the following:
 - a. Regular contacts with subrecipients and appropriate inquiries regarding the program.
 - b. Reviewing programmatic and financial reports prepared and submitted by the subrecipient and following up on areas of concern.
 - c. Monitoring subrecipient budgets.
 - d. Performing site visits to the subrecipient to review financial and programmatic records and assess compliance with applicable laws, regulations, and provisions of the subaward.
 - e. Offering subrecipients technical assistance where needed.
 - f. Maintaining a system to track and follow up on deficiencies noted at the subrecipient in order to assure that appropriate corrective action is taken.
 - g. Establishing and maintaining a tracking system to assure timely submission of all reports required of the subrecipient.
8. Documentation shall be maintained in support of all efforts associated with monitoring of subrecipients.

15.0 MONTH END CLOSING

15.01 OVERVIEW

H-GAC's fiscal year begins January 1 and ends December 31. H-GAC closes its books 5 days following the end of each calendar month.

The policies and procedures for closing the books on a monthly basis are included in this section; however, these procedures will not always apply at the end of the fiscal year. See "Year-end Closing and Annual Audit" for information on the closing of the books at the end of the fiscal year.

15.02 CLOSING PROCESS

The following closing process summarizes the monthly closing activities. Each month will be closed by the end of the first week of the following month.

1. Prepare and enter journal entries.
2. Prepare all cost allocation entries.
3. Recognize revenue – federal and state revenues are earned as expenses are incurred. Local dues and local revenues are earned as they are paid. Interest income is accrued through the various investments.

4. Prepare the monthly financial report.
5. Submit the monthly financial report to Chief Financial Officer for review.
6. Submit the monthly financial report to the Finance and Budget Committee of the H-GAC Board of Directors for review and approval. The report is then reviewed and approved by the entire H-GAC Board of Directors.

Preparing financial statements and communicating key financial information is a necessary and critical accounting function. Financial statements are management tools used in making decisions, in monitoring the achievement of financial objectives, and as a standard method for providing information to interested parties external to the organization. Financial statements may reflect year-to-year historical comparisons or current year budget to actual comparisons.

H-GAC prepares monthly reports that are distributed both internally and to the H-GAC Board of Directors. The monthly report is a financial status report that reflects budget to actual comparisons of revenues and expenditures and changes in fund balances. Included is a footnoted variance analysis that provides explanatory information on material differences between budget and actual.

16.0 H-GAC ANNUAL BUDGET AND SERVICE PLAN

16.01 OVERVIEW

H-GAC has a separate policy addressing the budget and service plan. Please refer to the following link for the most up-to-date version: [OpenBook](#)

17.0 YEAR-END CLOSING AND ANNUAL AUDIT

17.01 YEAR-END CLOSING

H-GAC closes the books on a fiscal year end basis in connection with the annual audit. It is H-GAC's policy to perform all the work necessary to close the books and compute the year-end balances for the annual audit. The goals of the closing process are to:

- Identify material discrepancies.
- Review accuracy of data.
- Verify completeness of data.
- Correct classification of data

During the closing process, the accounting department will notify each department of the deadlines for submitting any outstanding invoices or billings. The reconciliation of balance sheet accounts and year-end financial reports will be prepared after the closing of accounts payable, accounts receivable and payroll. The following is a list of year-end journal entries:

Year-End Journal Entries

Workforce ETA Compliance (WIOA)

Final A/R Recon

G/L Accounts Reconciliation

Audit Adjustments

- Component Unit Entries'(LDC, CRED, EDA, 911)
- Fixed Asset Entry
- GASB 87(leases)Entry
- Vacation Adjustment (GASB 101)
- Capital Leases Entry (if any)
- Record Benefit/Indirect Over and Under Recovery
- Any other needed allocations

Reconciliations

- Accounts Receivables
 - Other Receivables
 - Prepaids
 - Other Payables
 - Sec 125 Benefits
 - Leases
 - Deferred Accounts
- Ensure allocations have been fully completed

17.02 PREPARATION FOR THE ANNUAL AUDIT

H-GAC shall be actively involved in planning for and assisting with the organization's independent accounting firm in order to ensure a smooth and timely audit of its financial statements. In that regard, the accounting department shall provide assistance to the independent auditors in the following areas:

Planning - The Chief Financial Officer is responsible for delegating the assignments and responsibilities to accounting staff in preparation for the audit. Assignments shall be based on the list of requested schedules and information provided by the independent accounting firm.

Involvement - Organizational staff will do as much work as possible in order to assist the auditors thereby reducing the cost of the audit. All financial statements, schedules and footnotes will be prepared by the accounting department. Throughout the audit process, H-GAC will make every effort to provide schedules, documents and information requested by the auditors in a timely manner.

Beginning in 2024, the annual audit is to be conducted in two phases. The first phase, or the interim audit will start in the Fall before the books are closed and will consist of auditing the periods encompassing January to the last complete fiscal month. The second phase will be done in the Spring after the books are closed and will consist of auditing the remainder of the year. The focus for each of the phases will be slightly different based on the external audit firm's planning and risk management activities.

17.03 CONCLUSION OF THE AUDIT

H-GAC and the independent auditor will review the draft of the financial statements, footnotes, and required audit letters consisting of the following procedures:

1. Carefully read the entire report for typographical errors.
2. Trace and agree each number in the financial statements and accompanying footnotes to the accounting records and/or internal financial statements of H-GAC.
3. Review each footnote for accuracy and completeness.

Any questions or errors noted as part of this review shall be communicated to the independent auditor in a timely manner and resolved to the satisfaction of the Chief Financial Officer.

It shall also be the responsibility of the Chief Financial Officer to review and respond in writing to all management letters or other internal control and compliance report findings and recommendations made by the independent auditor.

Audited financial statements, including the auditor's opinion thereon, will be submitted and presented to the Board of Directors by the independent accounting firm upon completion of the audit, after the financial statements have been reviewed and approved by the Audit Committee.

The Board will review and accept the audited Financial Statements no later than June to conclude the audit.

H-GAC will send the Annual Comprehensive Financial Report (ACFR) which includes the audited financial statements to all state grantors 30 days after the completion of the audit and no later than September 30th of each year.

In addition, the Single Audit Clearinghouse form shall be completed and a copy submitted with the audit report by the filing deadline.

17.04 SELECTION OF THE AUDITOR

H-GAC will arrange for an annual audit of the organization's financial statements to be conducted by an independent accounting firm. The independent accounting firm approved by the H-GAC Board of Directors will be required to communicate with the H-GAC's Audit Committee upon the completion of their audit. In addition, members of the H-GAC Board of Directors are authorized to initiate communication directly with the independent accounting firm.

H-GAC shall review the selection of its independent auditor in the following circumstances:

1. Any time there is dissatisfaction with the service of the current firm.
2. When a fresh perspective and new ideas are desired.
3. Every 5 years to ensure competitive pricing and a high quality of service.

Selection Process

The selection of an accounting firm to conduct the annual audit is a task that should be taken very seriously. The following factors shall be considered by H-GAC in selecting an accounting firm:

1. The firm's reputation and familiarity with governmental audits.
2. The depth of the firm's understanding of and experience with Councils of Government and federal reporting requirements under 2 CFR 200 and the State of Texas Single Audit Act.
3. The firm's demonstrated ability to provide the services requested in a timely manner.
4. The ability of firm personnel to communicate with organization personnel in a professional manner.

If H-GAC decides to prepare and issue a written Request for Proposal (RFP) to be sent to prospective audit firms, the following information shall be included:

1. Period of services required
2. Type of contract to be awarded (fixed fee, cost basis, etc.)
3. Complete description of the services requested (audit, management letter, etc.)
4. Identification of meetings requiring their attendance, such as staff or H-GAC Board of Director meetings
5. Organizational chart of H-GAC
6. Overview of H-GAC financial resources and obligations
7. Financial information about the organization
8. Copy of prior year's reports (financial statements, management letters, etc.)
9. Identification of need to perform audit in accordance with federal and state requirements.
10. Other information considered appropriate
11. Description of proposal and format requirements
12. Due dates of proposals
13. Overview of selection process (i.e., whether finalists will be interviewed, when a decision shall be made, etc.)
14. Identification of criteria for selection

The minimum proposal requirements from prospective CPA firms shall include:

1. The firm's background
2. Biographical information (résumés) of key firm members who will serve H-GAC
3. Client references
4. Information about the firm's capabilities
5. The firm's approach to performing an audit.
6. A copy of the firm's most recent quality/peer review report, including any accompanying letter of findings.
7. Other resources available within the firm.
8. Expected timing and completion of the audit.
9. Expected delivery of reports.
10. Expected man-hours for completion of work.
11. Rate-per-hour for each member of the audit team.
12. Other information as appropriate.

An internal review team consisting of the Internal Auditor, the Executive Director, and the Chief Financial Officer will review all proposals and do an initial scoring of the proposals. The top three proposals will be asked to interview and present their plans with the review team and the Audit Committee of the Board of Directors. The final selection will be made after the interview, and the selected firm will be presented to the entire H-GAC Board for approval.

18.0 RISK MANAGEMENT AND INSURANCE

18.01 OVERVIEW

It is fiscally prudent to have an active risk management program that includes a comprehensive insurance package. This will ensure the viability and continued operations of H-GAC.

H-GAC maintains adequate insurance against general liability, as well as coverage for buildings, contents, computers, equipment, machinery, and other items of value.

All insurance policies are managed by the Facilities Management department which has its own procedures for risk determination.

19.0 POLITICAL INTERVENTION AND LOBBYING

19.01 PROHIBITED EXPENDITURES

H-GAC shall not incur any expenditure for political intervention or lobbying. For purposes of this policy, political intervention shall be defined as any activity associated with the direct or indirect support or opposition of a candidate for elective public office at the federal, state, or local level. Examples of prohibited political expenditures include, but are not limited to, the following:

1. Contributions to political action committees
2. Contributions to the campaigns of individual candidates for public office
3. Contributions to political parties
4. Expenditures to produce printed materials (including materials in periodicals) that support or oppose candidates for public office
5. Expenditures for the placement of political advertisements in periodicals

Lobbying is defined as attempts to influence federal or state legislation by preparing, using, or distributing “publicity or propaganda” or by asking the general public or segments of the general public to contribute to, or participate in public events such as demonstrations or rallies or lobby campaign efforts such as letter writing or telephone banks. Lobbying is distinguishable from advocacy activities which involve efforts to advocate certain positions which may have legislative implications, provided a non-partisan analysis of the relevant facts is performed. H-GAC may not participate in lobbying activities, but may, in the course of its usual service, be required to perform advocacy activities that are in the best interest of the H-GAC region. Such advocacy work will require H-GAC Board approval.

19.02 ENDORSEMENTS OF CANDIDATES

H-GAC will not endorse any candidates for public office in any manner, either verbally or in writing. This policy extends to the actions of management and other representatives of H-GAC, when these individuals are acting on behalf of, or are otherwise representing, the organization.

19.03 PROHIBITED USE OF ORGANIZATION ASSETS AND RESOURCES

No assets or human resources of the organization shall be utilized for political activities, as defined above. This prohibition extends to the use of organization assets or human resources in support of political activities that are engaged personally by H-GAC Board members, members of management, employees, or any other representatives of H-GAC. While there is no prohibition against these individuals engaging in political activities personally (on their own time, and without representing the organization), these individuals must always be aware that organization resources cannot at any time be utilized in support of political activities.

20.0 BUSINESS CONDUCT

20.01 PRACTICE OF ETHICAL BEHAVIOR

Unethical actions, or the appearance of unethical actions, are unacceptable under any conditions. The policies and reputation of H-GAC depend to a very large extent on the following considerations.

Each employee must apply her/his own sense of personal ethics, which should extend beyond compliance with applicable laws and regulations in business situations, to govern behavior where no existing regulation provides a guideline. Each employee is responsible for applying common sense in business decisions where specific rules do not provide all the answers.

In determining compliance with this standard in specific situations, employees should ask themselves the following questions:

1. Is my action legal?
2. Is my action ethical?
3. Does my action comply with H-GAC policy?
4. Am I sure my action does not appear inappropriate?
5. Am I sure that I would not be embarrassed or compromised if my action became known within the organization or publicly?
6. Am I sure that my action meets my personal code of ethics and behavior?

Each employee should be able to answer "yes" to all of these questions before taking action.

Each director, manager and supervisor is responsible for the ethical business behavior of her/his subordinates. Directors, managers and supervisors must carefully weigh all courses of action suggested in ethical, as well as economic terms, and base their final decisions on the guidelines provided by this policy, as well as their personal sense of right and wrong.

The formal policy on ethical conduct is contained in the Employee Handbook that each employee receives upon hire. Employees should refer to this document for further guidance on ethical conduct. Any questions on meaning or interpretation should be directed to the Human Resources Director.

20.02 COMPLIANCE WITH LAWS, REGULATIONS AND ORGANIZATION POLICIES

H-GAC does not tolerate:

- The willful violation or circumvention of any federal, state, local, or foreign law by an employee during the course of that person's employment.
- The disregard or circumvention of H-GAC policy or engagement in unscrupulous dealings.

Employees should not attempt to accomplish it by indirect means, through agents or intermediaries, which is directly forbidden.

The performance of all levels of employees will be measured against implementation of the provisions of these standards.

21.0 CONFLICTS OF INTEREST

21.01 INTRODUCTION

Please refer to the HR policy as noted in the Employee Handbook for a discussion on conflicts of interest.

22.0 POLICY ON FRAUD AND DISHONESTY

22.01 INTRODUCTION

H-GAC is a governmental entity administering substantial taxpayer funds. H-GAC will therefore take all necessary measures to promote the wise and accountable use of its funds for their intended purpose. As a part of this effort, H-GAC is committed to early and aggressive deterrence, detection and correction of misconduct and dishonesty. The discovery, reporting and documentation of such acts provides a sound foundation for protection of innocent parties, action against offenders up to and including dismissal where appropriate, referral to law enforcement agencies when warranted, and recovery of assets.

H-GAC's goal is to establish and maintain an environment of fairness, ethics, and honesty within the organization and with any person or organization with whom H-GAC has a business relationship.

22.02 POLICY ON FRAUD

H-GAC will investigate any suspected or reported misuse or fraudulent application of H-GAC resources or property, as well as any reported violations of H-GAC policies, regulations, and laws.

Any individual found to have engaged in fraudulent conduct, as defined in this policy, is subject to disciplinary action by H-GAC, which may include dismissal, referral to appropriate law enforcement authorities for action, and civil recovery actions. Other procedural violations will be handled in accordance with H-GAC's disciplinary policies.

This policy sets out H-GAC's position on alleged fraudulent acts, and their investigation and resolution. It does not limit H-GAC's ability to investigate such acts or recover H-GAC funds.

Reporting obligations extend to acts or omissions of contractors and other third parties in addition to internal H-GAC activities.

22.03 DEFINITION OF FRAUD

For purposes of this policy, fraud generally involves a willful or deliberate act, or failure to act, with intention of obtaining unauthorized benefit. Such acts include, but are not limited to:

- Making or altering documents or computer files with intent to defraud.
- Purposely reporting inaccurate financial information.
- Misappropriation or misuse of H-GAC resources, such as funds, equipment, supplies, or other assets, including intangible assets.
- Improper handling or reporting of money transactions.
- Authorizing or receiving compensation for goods not received or services not performed.
- Authorizing or receiving compensation for hours not worked.
- Knowingly submitting false information in order to receive a benefit from the H-GAC.
- Accepting bribes or kickbacks in exchange for H-GAC business or other benefits.
- Creating or allowing inappropriate conflict of interest conditions to exist.

H-GAC specifically prohibits these and any other illegal activities in the actions of its employees, managers, executives, and others responsible for carrying out the Organization's activities.

22.04 REPORTING RESPONSIBILITY

It is the responsibility of every employee to report suspected fraud and dishonesty to the Manager of Internal Audit or the Executive Director, if appropriate. Reprisals against any employee or other individual reporting because that individual reported a violation in good faith, are strictly forbidden.

The Internal Audit Department will investigate allegations of fraud with great care to avoid mistaken accusations or alerting suspected individuals that an investigation is under way. The Executive Director may assign others to perform or assist in investigations when conditions are warranted. Investigative activity will be conducted without regard to length of service, position/title, or relationship to the Organization.

The Executive Director will immediately advise the Officers and the Chair of the Audit Committee of all fraud allegations, and will report regularly on the status of investigations, findings and resolution, and follow-up or corrective action.

22.05 WHISTLEBLOWER HOTLINE

At H-GAC, we uphold the highest standards of ethics and accountability, ensuring compliance, due diligence, and integrity in all our operations to protect public trust and resources. The H-GAC Whistleblower Hotline demonstrates our commitment to open communication providing essential tools and support for fostering a productive and secure community. To initiate an incident report, follow this link: [H-GAC Whistleblower Hotline | Houston-Galveston Area Council \(H-GAC\)](#)

23.0 DATA SECURITY

23.01 ACCOUNTING DEPARTMENT

The accounting department operates in a digital environment minimizing the use of paper files. File cabinets containing accounting records are locked and secured at the end of each workday. Only accounting staff have access to secured cabinets. Any files requested from the accounting department will be furnished as digital copy of the original document unless the original is required under law or audit requirements.

23.02 ELECTRONICALLY STORED ACCOUNTING DATA

H-GAC utilizes Microsoft SharePoint as its primary documentation repository for its project and working files. SharePoint and other Microsoft services are protected through the use of Microsoft EntraID and Active Directory. Password complexity and password change requirements meet the guidelines specified under the NIST 800-53 security framework. Multi-factor authentication has been implemented as part of standard security practices.

The H-GAC accounting system resides in the cloud and is hosted by MIP Cloud. Account logins are protected by password complexity requirements and multi-factor authentication.

H-GAC utilizes passwords to restrict access to accounting software and data. Each password enables a user to gain access to only those software and data files necessary for each employee's required duties.

Accounting personnel are expected to keep their passwords secret and to change their passwords on a regular basis, no less frequently than every 90 days. Administration of passwords shall be performed by the Data Services department of H-GAC.

23.03 DATA BACK-UP AND STORAGE

H-GAC utilizes a 3-2-1 backup strategy on data stored on-premises and in our Microsoft environment, including SharePoint. This strategy ensures data copies, and restoration from these copies, are protected by storing offsite and is immutable.

MIP Cloud provides its own service level agreements on data backup and storage. H-GAC has reviewed MIP Cloud's SLA terms, and they are in-line with H-GAC security requirements defined in its IT Policy.

Access to back-up files shall be limited to individuals authorized by management. The data services department has responsibility for developing and maintaining the policy and procedures for data management in the agency, including financial data.

23.04 GENERAL OFFICE SECURITY

During normal business hours, all visitors are required to check in with the receptionist. Each access door is protected by a proximity card access system. Access cards are issued only to employees or individuals who have reason to be in H-GAC offices for an extended period of time. All issued cards are tracked in a database which is administered by the Facilities Manager or his delegate.

23.05 TECHNOLOGY AND ELECTRONIC COMMUNICATIONS

H-GAC maintains a separate policy manual which addresses technology and electronic communications. This policy manual, entitled the Information Services Policy Manual, is developed and updated by the data services department of H-GAC. Employees can locate this manual on the H-GAC intranet. All employees are required to read and understand and adhere to these policies. Violations of these policies is cause for disciplinary action.

23.06 DISPOSAL OF DATA IN RETIRED COMPUTERS

H-GAC security policy requires all electronic media that contains agency information to be deleted and destroyed in accordance with NIST 800-88 publication for Media Sanitization guidelines. These guidelines provide acceptable means of data sanitization for removable media, hard drives, backup tapes, and any other common forms of media storage by H-GAC. This procedure shall be performed by the H-GAC Data Services department.

APPENDIX A – WORKFORCE

Workforce Contractors Financial Reporting and Cash Draw Procedures

(1) Receiving/Checking Expenditure Reports from Contractors

For an organization reporting once per month, financial reports are due to H-GAC by Close of Business (COB) on the ninth calendar day of a month for the previous month's expenditures. If a contractor submits financial reports twice per month, reports are due to H-GAC by COB on the ninth of the month for expenditures through the end of the previous month, and the twenty-first of the month for expenditures through the fifteenth of the month.

The Senior Financial Analyst with H-GAC's Human Services department and the contract manager are responsible for reviewing expenditure reports from contractors. Contractor expenditure reports are posted on SharePoint. (*finance\workforce \Financial Reports*). The contract manager reviews expenditures against the contract line-item budget. The Senior Planner reviews expenditures against individual funding streams and cost categories. The contract manager and the Senior Financial Analyst both work with a contractor to resolve issues identified in financial reports.

*Note - Invoices for pay for performance contracts, financial monitoring contracts, and consulting service contracts are routed in a different manner. Invoices are submitted to the contract manager for approval and then routed to the Human Services Administrative Assistant to set up a payment request in the accounting system. If the Administrative Assistant needs guidance on which grant/project code to charge an invoice to, she contacts the Senior Financial Analyst for guidance.

(2) Checking or Authorizing Financial Reports to our Grantors

TWC expenditure reports are due on the 20th of the month for the prior month's expenditures. The Senior Planner reviews and approves reports once prepared by the Grant Accountant in Finance. TWC monthly expenditure reports are posted on SharePoint. (*finance\workforce\TWC CDER Monthly Expenditure Reports\Expenditure Reports to be Reviewed*). If the Senior Financial Analyst is unavailable, the department Manager will approve expenditure reports. TWC requires an individual other than the preparer to certify expenditure reports in the CDER system. The Accounting Manager certifies expense reports to TWC.

(3) Cash Draws from our Grantors

Cash draws are routinely conducted once or twice per week. The Accounting Manager is responsible for approving cash draw requests which are prepared by the Grant Accountant. If the Accounting Manager is unavailable, the Controller will approve the cash draws. TWC requires an individual other than the preparer to submit draw requests in the CDER system. The Accounting Manager submits cash draw requests to TWC.

1.Contract Expenditure Reporting

- 1.1. H-GAC Workforce contractors report expenditures once or twice a month to H-GAC Accounting. For contractors that report once a month, expenditure reports are due to H-GAC via extranet submission close of business on the ninth day of the month following the month for which the expenditures are being reported.
- 1.2. For contractors that report twice a month, expenditure reports are due to H-GAC via extranet submission by close of business (a) on the tenth day of a month for the second half of the prior month and (b) on the 21st day of a month for the first half of that month. This email address is the contract manager assigned for management of that contract.
- 1.3. H-GAC Accounting posts all contractor expenditure reports in SharePoint.

2. H-GAC Workforce staff review each expenditure report

- 2.1. First: The assigned Workforce staff Senior Financial Analyst reviews and approves reports for the contracts she or he manages against those contracts' line-item budgets.
- 2.2. Second: The Workforce contract manager reviews and approves reports for all contracts (EXCEPT pay-for-performance youth project contracts, financial monitoring contracts, public information/outreach contracts, and other consultant contracts) against funding streams/cost categories.
- 2.3. The assigned Human Services Financial Specialist creates payment requests for pay-for-performance youth project contracts, financial monitoring contracts, public information/outreach contracts, and other consultant contracts that contract managers have approved.
- 2.4. Workforce Contract managers and the Workforce Senior Financial Analyst work together to resolve any problems or issues about a particular expenditure report before approving the report for payment through the H-GAC Accounting department or the Human Services Finance Specialist.

Grant Expenditure Reporting

1. The H-GAC Accounting department prepares regular and required expenditure reports to all H-GAC Workforce grantors.
2. The H-GAC Accounting department posts the regular and required expenditure reports to grantors on SharePoint.
3. The H-GAC Accounting department submits grantor expenditure reports according to the schedules and in the manner each grantor specifies for its financial reporting.
 - 3.1. An H-GAC finance staff member, other than the staff member who prepared the expenditure report, certifies the report when submitting reports to the grantor.

Cash Draws

1. The H-GAC Accounting department draws cash from grants in accordance with H-GAC's obligations to pay contractors.
 - 1.1. The H-GAC Accounting department draws cash at least once every week and may, if needed, draw twice during the same week.

- 1.2. The H-GAC Accounting department draws cash for cash advances and/or expenditure reimbursements to contractors.
2. The responsible H-GAC Accounting staff member prepares each cash draw.
3. The Grant Accountant reviews and signs off on each cash draw.
 - 3.1. If the Grant Accountant is not available, the Accounting Manager reviews and signs off on cash draw.
 - 3.2. If the Accounting Manager is not available, the Controller will review and approve a cash draw.
4. The H-GAC Accounting department submits grantor cash draw requests according to the schedules and in the manner each grantor specifies.
 - 4.1. An H-GAC accounting staff member, other than the staff member who prepared the expenditure report, certifies the report when submitting reports to the grantor.
5. External invoice due dates with various contractors are negotiated at the time of contracting and may vary depending on size, scope, and nature of the contract and workflow by the contractor and H-GAC.

CONROE OFFICE SPACE - AGING PROGRAMS

Background

The Houston-Galveston Area Council, H-GAC leases office space in Richmond and Conroe to support its Aging programs. H-GAC has leased the Conroe office for many years, and the current three-year lease ends April 30, 2026.

Current Situation

The Conroe office accommodates three staff members. The existing lease is \$2,000 per month. The landlord has offered a two-year renewal at \$2,250 per month, which our broker at Newmark Realty has confirmed is below current market rates. Staff recommends renewing the lease for two years at an annual cost of \$27,000 to continue services in this location.

Funding Source

Area Agency on Aging Funds

Budgeted

Yes

Action Requested

Request approval to renew the Conroe office lease for two more years at a total cost of \$54,000.
(Staff Contact: Scott Young)

TRAVEL POLICY UPDATE

Background

The current H-GAC Travel Policy needs revision to ensure compliance with GSA regulations and clarify rules and allowable expenses.

Current Situation

The H-GAC Travel Policy has been updated to ensure compliance with GSA regulations and provide clarity for allowable/ non-allowable expenses under grant funding. The following items are a summary of changes within the policy:

1. Mileage calculation
2. H-GAC Headquarters as a starting location.
3. Expense Submission deadlines
4. Separated employees' responsibilities for submission of expenses.
5. Enterprise rental car drop-off location fees
6. Vehicle upgrades on rental cars
7. Travel adjustment approvals
8. Employee Travel Card
9. Tipping / gratuities – defines optional vs mandatory

Funding Source

Not Applicable

Budgeted

Not Applicable

Action Requested

Request approval of the Travel Policy revision. (Staff Contact: Matt Handy)

TRANSPORTATION ECONOMIC LAND USE SYSTEM TECHNICAL SUPPORT CONTRACT

Background

The Transportation Economic Land-use System was developed in 2006 and updated in 2024 by the New Jersey Institute of Technology Transportation Research Center. The database is used to track transportation projects in the Transportation Improvement Program and the Regional Transportation Plan. It is also used to generate required reporting for amendments to the Transportation Improvement Program and submissions to the State and Federal transportation agencies.

Current Situation

H-GAC contracted with New Jersey Institute of Technology Transportation Research Center in 2024 to upgrade the Transportation Economic Land-use System application and provide technical support for 12 months at the cost of \$149k.

By the end of the contract term about \$69K remained in the contract. Through the active use of the Transportation Economic Land-use System application, staff identified additional refinements and modifications to further enhance the system that better reflects the Transportation Improvement Program development and management workflow. In order to implement the refinements, Transportation Economic Land-use System maintenance and technical support contract was extended to July 31, 2026, without adding additional funds.

Staff are now seeking H-GAC Board of Directors approval to add funds to the contract not exceeding \$50K.

Funding Source

TxDOT

Budgeted

Yes

Action Requested

Request authorization to add funds to the existing contract with the New Jersey Institute of Technology to provide maintenance and technical support; in an amount not to exceed \$50,000. (Staff Contact: Vishu Lingala)

MONTHLY FINANCIAL REPORT – FEBRUARY 2026

Background

N/A

Current Situation

Presenting the results of the February 2026 financials.

Funding Source

N/A

Budgeted

Not Applicable

Action Requested

Request approval of the monthly financial report ending February 28, 2026.
(Staff Contact: Christina Ordonez-Campos)



HOUSTON GALVESTON AREA COUNCIL (H-GAC)

FY26 Monthly Financial Report

For Month Ending February 28, 2026

Prepared on March 30th, 2026

Esteemed H-GAC Board of Directors and Executive Director Wemple, please find attached the financial report for last month. The information contained within is intended for managerial reporting purposes. All figures are unaudited and subject to change. Should you have any questions, please feel free to let me or a member of my staff know. Respectfully submitted, Christina Ordóñez-Campos, CPA - Chief Financial Officer.

SUMMARY OF KEY CHANGES

REVENUES

- > Membership dues collections are progressing well. Of the payments received so far, 46K relates to 2025 membership dues collected in 2026, and 241K relates to 2026 dues. Outstanding membership fees for 2025 are approximately 1K.
- > During February 2026, cooperative purchasing revenues increased significantly to 406K, compared to 199K in the previous month.
- > Interest income is at 93% of the year-to-date budget and has declined compared to prior periods, primarily due to a decrease in interest rates.

EXPENDITURES

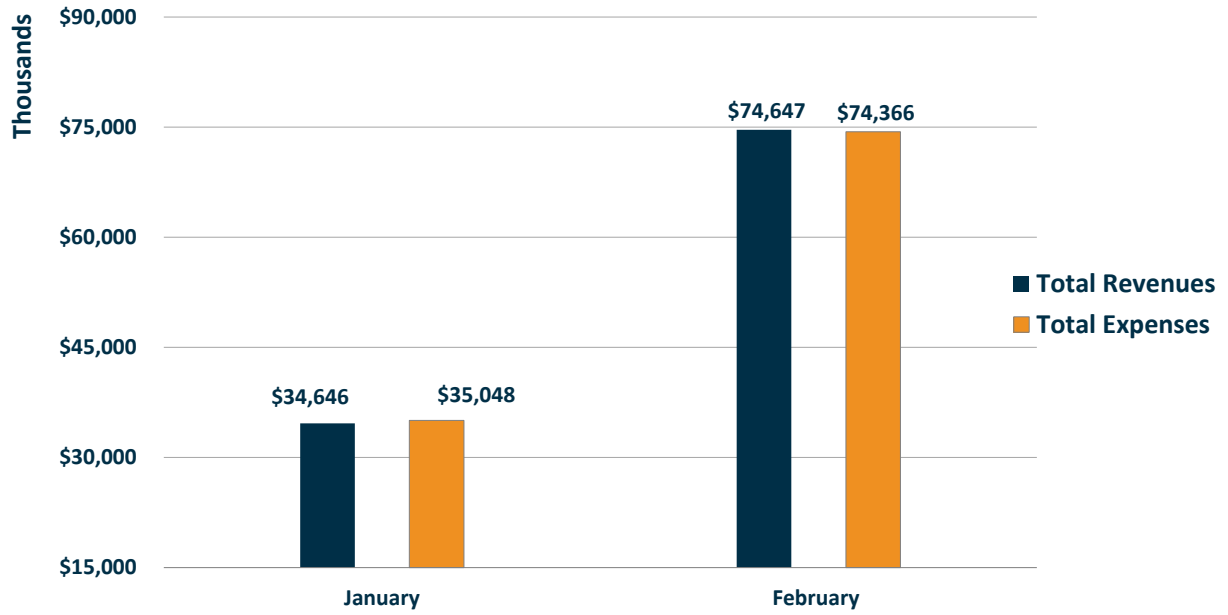
- > Personnel expenditures are at 14% of budget while 16.67% of time has elapsed. We currently have 448 compared to 346 in February 2025.
- > Consultant expenses increased this month, with the larger increases observed in the transportation and workforce programs.
- > Renovation of additional rented floors remains in progress, and as they are completed, we anticipate an increase in equipment-related expenses.

***** Please note: the financial activity outlined above and in the report falls within the past trends observed in H-GAC's operations and is not out of the ordinary. *****

The activity (revenues and expenses) included in this report reflect actual amount recorded to date; some billings have not yet been processed or fully recorded. Reported figures are presented on a cumulative Year-to-Date basis and may be adjusted in subsequent periods to reflect finalized amounts.

Monthly Trends Chart

As of February 28, 2026



HOUSTON GALVESTON AREA COUNCIL (H-GAC)

FY26 Monthly Trends Report

For Month Ending February 28, 2026

	January 2026	February 2026	March 2026	April 2026
Revenues				
General & Enterprise Fund Revenues				
Membership Dues	\$ 38,083	\$ 249,630		
HGAC Energy Corporation	3,735	9,939		
Cooperative Purchasing Fees	199,384	406,185		
Gulf Coast Regional 911 Fees	319,365	37,540		
Interest Income	33,613	105,697		
Other Revenues	68,866	392,365		
General Funds - Local	69,655	129,840		
Total General & Enterprise Fund Revenues	\$ 732,701	\$ 1,331,196	\$ -	\$ -
Special Revenue Fund				
Federal Grants	\$ 512,118	\$ 500,931		
State Grants	33,401,154	38,168,463		
Total Special Revenue Fund Revenues	\$ 33,913,272	\$ 38,669,393	\$ -	\$ -
Total Revenues	\$ 34,645,973	\$ 40,000,590	\$ -	\$ -
Expenditures				
Personnel	\$ 4,233,634	\$ 4,360,096		
Pass-through Funds - Grant	28,908,852	33,193,949		
Consultant and Contract Services	283,688	998,384		
Lease of Office Space	181,274	195,662		
Equipment	39,967	47,911		
Travel	15,066	16,492		
Other Expenses	1,385,364	505,970		
Total Expenditures	\$ 35,047,845	\$ 39,318,465	\$ -	\$ -
Excess of Revenues Over(Under) Expenditures	\$ (401,872)	\$ 682,125	\$ -	\$ -

HOUSTON GALVESTON AREA COUNCIL (H-GAC)

FY26 Budget to Actual Report - All Funds

For Month Ending February 28, 2026

16.67% of Year Elapsed

	FY26 Annual Budget	FY26 Year-to-Date Budget	FY26 Year-to-Date Actuals	FY26 % of Actuals to Annual Budget	FY26 % of Actuals to YTD Budget
Revenues					
General & Enterprise Fund Revenues					
	FY26 Annual Budget	FY26 Year-to-Date Budget	FY26 Year-to-Date Actuals	FY26 % of Actuals to Annual Budget	FY26 % of Actuals to YTD Budget
Membership Dues	\$ 466,414	\$ 188,544	\$ 287,713	62%	153%
HGAC Energy Purchasing Corporation	135,000	23,391	13,674	10%	58%
Cooperative Purchasing Fees	7,413,865	850,006	605,569	8%	71%
Gulf Coast Regional 911 Fees	5,175,896	659,184	356,905	7%	54%
Interest Income	1,200,000	150,162	139,310	12%	93%
Other Revenues	2,033,509	347,194	461,231	23%	133%
General Funds - Local	5,517,184	950,765	199,495	4%	21%
Total General & Enterprise Fund Revenues	\$ 21,941,868	\$ 3,169,246	\$ 2,063,898	9%	65%
Special Revenue Fund					
	FY26 Annual Budget	FY26 Year-to-Date Budget	FY26 Year-to-Date Actuals	FY26 % of Actuals to Annual Budget	FY26 % of Actuals to YTD Budget
Federal Grant	\$ 8,116,344	\$ 446,800	\$ 1,013,048	12%	227%
State Grants	570,138,869	74,753,708	71,569,617	13%	96%
Total Special Revenue Fund Revenues	\$ 578,255,213	\$ 75,200,508	\$ 72,582,665	13%	97%
Total Revenues	\$ 600,197,081	\$ 78,369,754	\$ 74,646,563	12%	95%
Expenditures					
	FY26 Annual Budget	FY26 Year-to-Date Budget	FY26 Year-to-Date Actuals	FY26 % of Actuals to Annual Budget	FY26 % of Actuals to YTD Budget
Personnel	\$ 60,035,230	\$ 9,100,820	\$ 8,593,730	14%	94%
Pass-through Funds - Grant	491,423,054	64,438,883	62,102,800	13%	96%
Consultant and Contract Services	25,221,377	2,149,539	1,282,073	5%	60%
Lease of Office Space	3,599,393	568,829	376,935	10%	66%
Equipment	6,501,726	229,699	87,878	1%	38%
Travel	1,129,779	75,292	31,558	3%	42%
Other Expenses	12,286,522	1,773,004	1,891,334	15%	107%
Total Expenditures	\$ 600,197,081	\$ 78,336,066	\$ 74,366,310	12%	95%
Excess of Revenues Over(Under) Expenditures	\$ -	\$ 33,688	\$ 280,253		
Beginning Fund Balance (all funds) - Feb. 1 (1)	\$ 46,532,496	\$ 46,532,496	\$ 46,532,496		
Ending Fund Balance (all funds) - Feb. 28 (2)	\$ 46,532,496	\$ 46,566,184	\$ 46,812,749		

(1) Jan. 1, 2026 beginning fund balance is preliminary & subject to change. This figure is unaudited.

(2) All ending fund balances are as of February 28 for each year.

The Year-to-Date budget has been calculated using a three-year average spending & earning pattern. Historical monthly expenditure trends were analyzed to determine the proportion of annual spending incurred in each period, and these percentages were applied to the current year's approved budget to derive the YTD budget.

FAIR HOUSING AWARENESS MONTH RESOLUTION

Background

This year marks the 58th anniversary of the National Fair Housing Act of 1968 that prohibits discrimination in housing based on race or color, national origin, religion, sex, familial status or disability.

Current Situation

The adoption of this resolution recognizes April as Fair Housing Awareness Month for the Gulf Coast State Planning Region and reiterates H-GAC's commitment to providing regional leadership in support of fair housing principles and initiatives.

The resolution also serves as part of H-GAC's community development program, which includes technical assistance for the Community Development Block Grant funds. Performing a well-publicized activity to further fair housing opportunities within the region, such as resolutions, workshops, and public service announcements, is part of complying with requirements set for these funds by the Texas Department of Agriculture's Office of Rural Affairs.

Funding Source

Texas Department of Agriculture

Budgeted

Yes

Action Requested

Request adoption of resolution recognizing April as Fair Housing Awareness Month for the H-GAC region. (Staff Contact: Andrea Tantillo)



RESOLUTION

RECOGNIZING APRIL AS FAIR HOUSING MONTH IN THE GULF COAST REGION.

WHEREAS, Title VII of the Civil Rights Act of 1968, as amended, prohibits discrimination in housing and declares it a national policy to provide, within constitutional limits, for fair housing in the United States; and

WHEREAS, the principle of Fair Housing is not only national law and national policy, but a fundamental human concept and right for all Americans; and

WHEREAS, the 58th anniversary of this National Fair Housing Law, during the month of April, provides an opportunity for all Americans to recognize complete success in the goal of equal housing opportunity, which can only be accomplished with the help and cooperation of all Americans;

NOW THEREFORE BE IT RESOLVED by the Board of Directors of the Houston-Galveston Area Council that we hereby recognize April as Fair Housing Month in the Gulf Coast Region and do hereby urge all citizens of this region to become aware of and support the Fair Housing law.

PASSED AND APPROVED, this 21st day of April 2026 by the Board of Directors of the Houston-Galveston Area Council.

APPROVED:

The Honorable Joe
Garcia
Councilmember,
City of Pattison
H-GAC Chair

ATTEST:

The Honorable Ross
Gordon
Councilmember,
City of Bellaire
H-GAC Vice Chair



FY 2026 STATE HOMELAND SECURITY PROGRAM GRANT FUNDING

Background

Our region is expected to receive an allocation for FY 2026 State Homeland Security. However, because the Federal Emergency Management Agency has not yet released the Notice of Funding Opportunity, the total allocation amounts have not been finalized. Prospective projects were prioritized by the Regional Homeland Security Coordinating Council based on alignment with state, national, and regional priorities, project quality, sustainability, and their ability to address multiple jurisdictions or capability gaps. Projects recommended by the Regional Homeland Security Coordinating Council were evaluated for alignment with national priority areas and applicable federal and state grant requirements.

Project applications were submitted under one of the eligible activity categories identified in the FY 2026 State Homeland Security Program Request for Applications:

- Community Preparedness and Resilience
- Emergency Operations Centers and Technology
- Interoperable Emergency Communications
- Planning
- Protection of Soft Targets/Crowded Places
- Support of First Responder Capabilities
- Supporting Homeland Security Task Forces and Fusion Centers

Current

The Regional Homeland Security Coordinating Council reviewed eligible FY 2026 State Homeland Security Program applications and made funding recommendations for projects on April 6, 2026. The committee developed and approved the scoring methodology used to evaluate projects. The red line in the attached table represents last year's regional allocation of approximately \$1.79 million. It is provided for reference only, as FEMA and the Department of Homeland Security have not yet released official funding amounts. The fiscal year is based on the federal fiscal year starting on 10/1.

Situation

Funding Source

Office of the Governor – State Homeland Security Program

Budgeted

Yes

Action

Request adoption of the FY 2026 State Homeland Security Program project recommendations as prioritized by the Regional Homeland Security Coordinating Council. (Staff Contact: Justin Riley)

Requested

Table 1 – FY 2026 State Homeland Security Program Grant Priority List, Prioritized by the Regional Homeland Security Coordinating Council on April 6,2026.

#	Applicant	Project Title	Recommended Funding
1	Austin County	Interoperable Communications	\$96,206.00
2	Colorado County	Colorado County Communications Connectivity and Maintenance Project	\$21,271.32
3	Huntsville, City of	Interoperable Communications Enhancement for Unified Command	\$137,410.77
4	Walker County	Walker County Communications 2026	\$95,415.60
5	Houston, City of	Regional Catastrophic Preparedness Initiative Planning	\$181,352.00
6	H-GAC	FY2026 H-GAC Regional Homeland Security Planning Initiative	\$304,605.88
7	Waller County	Waller County Incident Response Lighting	\$70,359.09
8	Harris County	Air Operations Section Equipment	\$128,150.00
9	Harris County	Special Response Group Equipment	\$84,458.00
10	Huntsville, City of	Soft Target Protection – Deployable Vehicle Mitigation Barrier System	\$73,500.00
11	Waller County	Waller County Interoperable Communications Project	\$99,000.00
12	Houston, City of	Law Enforcement Enhancements of Homeland Security Capabilities	\$73,077.00
13	Houston, City of	Bomb Squad Enhancements	\$78,425.00
14	Harris County	Bomb Unit Equipment	\$75,006.00
15	Harris County	SWAT Unit Equipment and Training	\$156,125.00
16	Harris County	Marine/Industrial Unit Equipment	\$35,276.00
17	Houston, City of	Fire Services for Soft Target/Crowded Places Protection and Response	\$100,327.00
18	Chambers County	Chambers County Special Response Team Enhancement	\$45,600.00
19	Meadows Place, City of	Mobile Radio Purchase	\$91,325.00
20	League City, City of	Armored Trucks	\$450,000.00
21	Stafford, City of	City of Stafford Radio Replacement	\$98,804.24
22	Pasadena, City of	Pasadena SWAT Equipment	\$33,990.00
23	Brazoria County	SWAT Team - Armored Tactical Vehicle	\$350,250.00
24	Walker County	Walker County Deployable Mobile Emergency Operations Center	\$526,622.04
25	League City, City of	Robot Equipment	\$150,000.00
26	Missouri City, City of	Flock Safety Drone as First Responder	\$150,000.00
27	Texas City, City of	SWAT Armored Personnel Carrier	\$442,901.00
28	Kemah, City of	City of Kemah Interoperable Emergency Communications Enhancement Project	\$158,000.00

(over)

29	Missouri City, City of	Mobile Protective Barrier System for Public Events	\$126,785.18
30	La Porte, City of	Portable X-Ray Project	\$60,000.00
31	Kemah, City of	City of Kemah Soft Target and Crowded Place Protection Initiative	\$301,000.00
32	La Porte, City of	Hostile Vehicle Barrier Project	\$200,000.00
33	Fort Bend County	FY 2026 Supporting First Responder Capabilities	\$175,415.00
34	Manvel, City of	Strategic Homeland Security Integrated Enhancement for Law Enforcement Defense	\$401,349.00
35	Manvel, City of	Rapid Operational Coordination & Interoperable Communications Enhancement	\$532,200.00
36	Harris County	Harris County Public Health Community Resilience Program	\$126,000.00
37	Fort Bend County	FY 2026 Protecting Soft Targets in Fort Bend County	\$59,460.00
38	Woodbranch, City of	Water Facilities Hardening	\$0.00
TOTAL REQUESTED			\$6,289,666.12

FY 2027 CRIMINAL JUSTICE GRANT PROGRAM RECOMMENDATIONS

Background

The Office of the Governor's Public Safety Office facilitates an annual Criminal Justice Grant Program that funds local projects to improve public safety, reduce crime, and assist victims. The program areas funded under the Request for Applications include the Criminal Justice Program, the Juvenile Justice and Truancy Prevention program, the General Victim Assistance Grant Program, and the Violence Against Women Justice and Training Program.

H-GAC's Public Safety team provides workshops and technical support for applicants in our region and facilitating the prioritization process. Once the state compiles all the applications from the region, the multijurisdictional Criminal Justice Advisory Committee established by the H-GAC Board develops priority rankings of eligible projects as a recommendation to the state for funding. The state makes all final funding decisions.

Current Situation

Applications were received and reviewed from our region for FY2027 funding. On April 16, 2026, the Criminal Justice Advisory Committee met to review project scores and develop prioritization rankings for each funding program. The Committee's recommendations will be presented at the board meeting. While the 2027 funding allocation for our region's project is not yet known, red lines were added to represent last year's regional allocation. These lines are provided for reference only and do not represent a confirmed FY 2027 allocation.

Once approved by the H-GAC Board of Directors, these applications compete at the state level for available funds. Awards made by Criminal Justice Division may deviate from the H-GAC recommendations to achieve statewide priorities.

Funding Source

N/A

Budgeted

N/A

Action

Request approval of resolution and adoption of the H-GAC Criminal Justice Advisory Committee priority rankings for FY 2027. (Staff Contact: Madeline McGallion)

Requested

WORKFORCE: BAKERRIPLEY – FINANCIAL AID PAYMENT OFFICE CONTRACT AMENDMENT

Background

The Gulf Coast Workforce Board contracts with BakerRipley to operate the Financial Aid Payment Office which administers financial aid and related payments that support workforce, education, and child care services across the region. These services include the processing and disbursement of education and training scholarships, participant support payments, and child care provider payments, in compliance with state and federal requirements.

This amendment reflects the availability of carryforward funds and additional state funding, enabling expanded investment in direct services for children, families, and workforce participants.

Current Situation

Board staff recommend amending the existing contract to increase the financial aid maximum by \$12,000,000. These funds include carryforward dollars from the prior fiscal year, as well as new funding to support a teacher externship initiative, for which the Financial Aid Payment Office will administer stipend payments to participating teachers.

This investment will expand access to critical services by:

- Increasing the number of children served
- Expanding education and training scholarships for individuals pursuing targeted, high-skill high growth occupations
- Supporting implementation of the state-funded teacher externship program

The majority of funding will be directed toward direct child care services for eligible children and families, with the remainder supporting scholarships and workforce initiatives.

In addition to the financial aid increase, staff request an additional \$150,000 in operational funding to support the administration and compliance of financial aid activities. This investment will support timely payment processing, maintain compliance, and strengthen overall service delivery. In early 2026, Governor Greg Abbott directed Texas state agencies, including the Texas Workforce Commission (TWC), to increase oversight and conduct reviews of the state's Child Care Services program. This request aligns with guidance from the Governor's Office and the Texas Workforce Commission to enhance review and oversight of child care provider activities.

Funding Source

Texas Workforce Commission

Budgeted

Yes

Action Requested

Request authorization to amend the Fiscal Year 2026 BakerRipley – Financial Aid Payment Office contract to add \$150,000 in operational funding and \$12,000,000 to the financial aid maximum; in an amount not to exceed \$393,250,000. (Staff Contact: Thomas Brown)

INTERNAL AUDIT ANNUAL REPORT 2025

Background

The Internal Audit Charter requires the Internal Audit department to prepare an annual report of its activities that lists the actual projects completed for the fiscal year. The H-GAC Internal Audit department consists of eleven auditing positions and for most of the past year, there were two vacant positions.

Current Situation

The Director of Internal Audit has prepared the Internal Audit Annual Report for Fiscal Year ending December 2025. The Executive Director has reviewed the annual report and it was submitted to the H-GAC Audit Committee for review and discussion on April 9, 2026.

The Internal Audit Annual Report is a summary of internal audit activities. The report contains a summary of actual hours charged to the categories of subrecipient / contractor monitoring, and internal audit activities. Subrecipient/contractor monitoring includes; pre-award reviews, desk reviews, and site-visits. Internal Audit activity includes; administrative reviews, program and compliance reviews, information technology audits, investigations, consulting, and special projects.

This report was presented and discussed with the members of the H-GAC Audit Committee on April 9, 2026. The Audit Committee agreed to submit this information to the H-GAC Board of Directors. Attached is the complete document reviewed and accepted by the H-GAC Audit Committee.

Funding Source

N/A

Budgeted

N/A

Action Requested

Request acceptance of the Internal Audit Annual Report for Fiscal Year 2025, as recommended by the Audit Committee. (Staff Contact: Charles Hill)



HOUSTON-GALVESTON AREA COUNCIL
SERVING TODAY ■ PLANNING FOR TOMORROW

February 10, 2026

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

RE: INTERNAL AUDIT ANNUAL REPORT FOR 2025

Dear Mr. Wemple:

Attached is the Internal Audit Annual Report for fiscal year 2025. 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,

Charles D. Hill

Charles Hill, CIA, CPA
Director, Internal Audit

cc: Audit Committee Members

Christina Ordonez-Campos, H-GAC Chief Financial Officer

Rick Guerrero, H-GAC Chief Public Affairs Officer

Ron Papsdorf, H-GAC Chief Transportation Officer

Juliet Stipeche, H-GAC Chief Workforce Services Officer

INTERNAL AUDIT ANNUAL REPORT For Fiscal Year Ending 2025

PURPOSE

This annual 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 2025. 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 Internal Audit function at H-GAC consists of a director and ten audit professionals. The department also has two audit supervisors. We currently have two vacant positions that will be filled in the first quarter of 2026. The operations of the department conform to standards for the International Practice of Internal Auditing as required by the Institute of Internal Auditors.

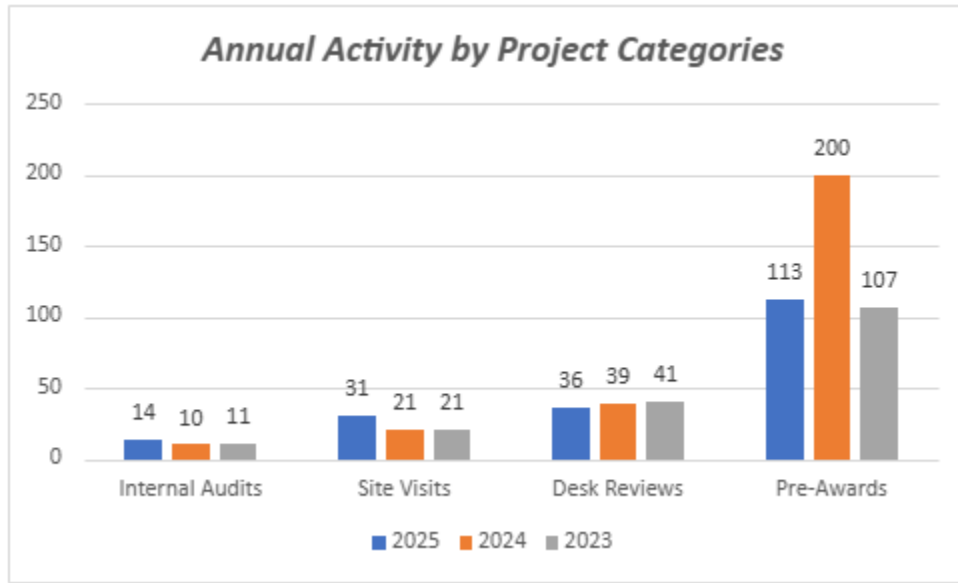
Some of the key accomplishments for the 2025 fiscal year are as follows.

- Completed several critical investigations for the year.
- Ongoing development and enhancement of the Whistleblower Hotline.
- More management advisory meetings with key H-GAC staff.
- Recruitment and training of new staff.
- More staff members sitting for professional examinations (i.e., CIA, CPA)
- More internal staff training and development.

**INTERNAL AUDIT ANNUAL REPORT
For Fiscal Year Ending 2025**

RESULTS OF AUDIT ACTIVITY

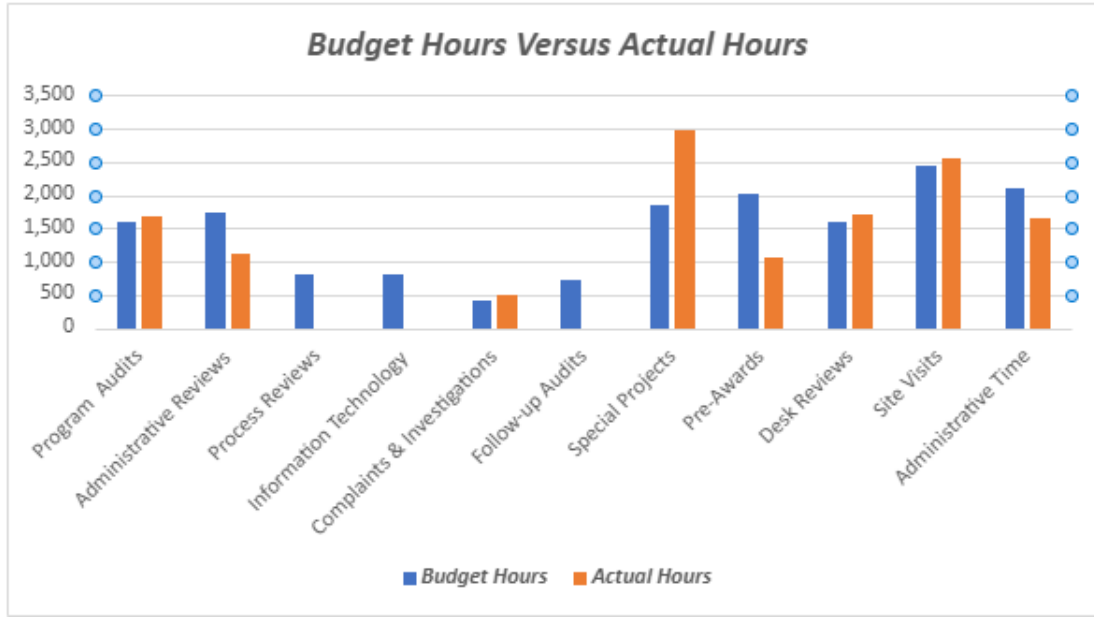
The Internal Audit Director completed an internal audit plan for fiscal year 2024, which was approved by the H-GAC Audit Committee as well as the Board. The following is a chart of audit activity by project categories for the fiscal years 2025, 2024, and 2023.



The Internal Audit Department allocates staff hours in the 2025 plan based on the number of staff members and the priority of audit areas based on a risk assessment planning model. These hours were divided into eleven categories – seven relate to internal auditing projects, three to subrecipient/contractor monitoring, and one to administrative time. The following table and chart compare audit budget hours to actual hours used by staff for these categories.

Audit Projects	Budget Hours	Actual Hours
Program Audits	1,600	1,687
Administrative Reviews	1,750	1,128
Process Reviews	800	0
Information Technology	800	0
Complaints & Investigations	400	495
Follow-up Audits	720	0
Special Projects	1850	2985
Pre-Awards	2018	1060
Desk Reviews	1,600	1,698
Site Visits	2,450	2,558
Administrative Time	2,112	1,665
Totals	16,100	13,276

**INTERNAL AUDIT ANNUAL REPORT
For Fiscal Year Ending 2025**



Pre-award reviews included new contracts, renewals, amendments, and extensions. Internal Audit is in the workflow approval process in the contract system to ensure a pre-award is completed before the execution of a contract. There are four types of external agreements usually submitted to Internal Audit for a pre-award – (1) consultant agreements, (2) goods and services agreements, (3) intergovernmental agreements, and (4) subrecipient agreements. The following table is a summary of the pre- award reviews completed by staff.

Pre-Award Reviews Completed for 2025					
Type of Agreement	New Contracts	Renewals	Amendments	Extensions	Totals
Subrecipients	21	2	5	0	28
Consultants	43	4	3	0	50
Goods & Services	11	4	6	0	21
Intergovernmental	9	1	2	2	14
Totals	84	11	16	2	113

The Internal Audit staff performs desk reviews for the annual financial reporting for subrecipients with large amounts of expenditures of federal awards. These reports must conform to federal guidelines and regulations. H-GAC as a “pass-through” entity must obtain these reports and issue an acceptance letter if the reports are completed correctly. In addition, we must determine if the findings in any of these reports will affect H-GAC financial records. The next three pages of this report have (1) a list of the desk reviews completed for 2025 and (2) a list of site visits for 2025 and a list of internal auditing projects.

**INTERNAL AUDIT ANNUAL REPORT
For Fiscal Year Ending 2025**

List of Desk Reviews for 2025			
	Contractor:	Accepted Without Follow-up	Accepted With Follow-up
1	2024-ActionS, Inc. of Brazoria County	X	
2	2024-Greater Southeast Management District	X	
3	2024-Wharton County Junior College	X	
4	Alliance Of Community Assistance Ministries Inc	X	
5	Association For The Advancement Of Mexican Americans	X	
6	Baker Ripley	X	
7	Brazoria County	X	
8	Brazosport College	X	
9	Catholic Charities Of The Archdiocese Of Galveston Houston	X	
10	Chambers County Public Hospital District	X	
11	Chinese Community Center Inc	X	
12	College Of The Mainland	X	
13	Community Family Centers	X	
14	Danbury ISD	X	
15	Education Service Center Region VI	X	
16	Equus / ResCare	X	
17	Fort Bend County, Texas	X	
18	Fort Bend Seniors Meals On Wheels	X	
19	Harris County	X	
20	Harris County Department Of Education	X	
21	Houston Community College System	X	
22	Houston, City Of	X	
23	Interfaith Ministries For Greater Houston	X	
24	Interfaith Of The Woodlands	X	
25	Lamar Consolidated ISD	X	
26	Lone Star College System	X	
27	Meals On Wheels Montgomery County	X	
28	Pearland, City Of	X	
29	San Jacinto College District	X	
30	Ser Jobs For Progress	X	
31	Serco Inc	X	
32	The Woodlands Township	X	
33	Tomball, City Of	X	
34	Walker County	X	
35	Wharton County	X	
36	Wharton County Junior College	X	

**INTERNAL AUDIT ANNUAL REPORT
For Fiscal Year Ending 2025**

List of Site Visits for 2025		
	Contractor	Contract Amount
1	Aldine ISD*	\$799,080
2	Lamar Consolidated ISD	\$237,000
3	Lone Star College	\$2,523,000
4	Region 6 ESC	\$2,075,000
5	City of Columbus	\$15,364,485
6	Houston Community College	\$4,467,000
7	San Jacinto College	\$1,426,000
8	Brown Sterling Builders, Inc	\$800,000
9	ActionS, INC.	\$529,336
10	ADT LLC	\$35,000
11	Aegis Senior Care Group, LLC dba Aegis Senior Care	\$350,000
12	Fort Bend Habitat for Humanity	\$140,000
13	MiMac Health Services, Inc.	\$205,000
14	Haselden HomeCare LLC dba Synergy HomeCare of Katy	\$170,000
15	Mosher Initiatives, Inc. dba Synergy HomeCare (Conroe)	\$300,000
16	Wharton County Junior College Senior Citizens	\$110,044
17	Cleveland Senior Citizens Organization	\$729,823
18	Senior Center of Walker County	\$160,442
19	Follow-up: ActionS Inc.	\$529,336
20	Interfaith Ministries (IM)	\$529,336
21	Health Solutions Dietetics, LLC	\$50,000
22	Follow-up: Wharton County Junior College Senior Citizens	\$264,302
23	Chambers County Hospital District #1	\$32,568
24	Follow-up: Cleveland Senior Citizens Organization	\$729,823
25	Economic Action Committee	\$130,986
26	Fort Bend/Waller Senior Citizens	\$1,204,560
27	Ibn Sina Foundation	\$250,000
28	Merc Medical	\$140,000
29	Synergy-Houston (SLJ Ventures LLC)	\$60,000
30	VRI	\$35,000
31	EntraMed, Inc. dba Sentido Health	\$75,000

**INTERNAL AUDIT ANNUAL REPORT
For Fiscal Year Ending 2025**

Listing of Internal Auditing Projects for 2025	
Projects	Status and Comments
Air Quality Audit	In Process, will issue in 2026
Procurement Audit	In Process, will issue in 2026
Environmental Planning Review	In Process, will issue in 2026
Local Development Corporation Review	In Process, will issue in 2026
Complaints and Investigations	3 completed, 2 in process
Audit Committee Reporting, Meetings	Ongoing, Plan & Activity reports
CPE Courses, /Staff Development	Ongoing Training for Staff
External Monitoring/Audits	TWC, and Whitley Penn
Management Advisory/Reviews	Meetings and consultations with Program staff
Staff Recruitment	3 replacements – two positions on hold
Updating Audit Procedures	Review and update as needed
In-House Training Sessions	Formal Training by Director/Supervisors
Technical Research and Reviews	Review of Technical Material for presentations
Audit Supervisor Mtgs/Workpaper Reviews	Internal Quality Assurance for Staff

Charles D. Hill

Charles Hill, CIA, CPA
Director, Internal Audit

Report Date: 2/6/2026
Report Issue Date:2/10/2026

INTERNAL AUDIT PLAN FOR 2026

Background

The H-GAC Internal Audit Charter requires the Director of Internal Audit to prepare an annual plan to be approved by the Executive Director, the Audit Committee, and the Board of Directors.

Current Situation

The Director of Internal Audit has prepared the Internal Audit Plan for 2026 based on a risk analysis, areas needing critical review, and available staff hours. The Executive Director has reviewed the plan. This report was presented and discussed with the members of the H-GAC Audit Committee on April 9, 2026. The Audit Committee agreed to submit this information for approval to the H-GAC Board of Directors.

The plan lists the mission, responsibilities, core values, and short-term goals for the department as well as an allocation of staff hours to various anticipated projects. The annual plan includes subrecipient/contractor monitoring, internal audit project activity, and administrative time. Attached is the complete report of the annual plan for Fiscal Year 2026 reviewed by the H-GAC Audit Committee.

Funding Source

Indirect Costs and some Program Areas

Budgeted

Yes

Action Requested

Request approval of Internal Audit Plan for Fiscal Year 2026. (Staff Contact: Charles Hill)



Houston-Galveston
Area Council

HOUSTON-GALVESTON AREA COUNCIL INTERNAL AUDIT PLAN 2026



Prepared by:

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



HOUSTON-GALVESTON AREA COUNCIL
SERVING TODAY ■ PLANNING FOR TOMORROW

February 9, 2026

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

RE: INTERNAL AUDIT PLAN FOR 2026

Dear Mr. Wemple:

Attached is the Internal Audit Planning for fiscal year 2026. Some projects are from the previous plan and will be completed in the upcoming year. The plan is risk based on key areas needing current audit coverage. This report contains our mission and responsibilities, core values, department goals and scope of operations for the upcoming year.

The plan also includes three appendixes covering (1) the Internal Audit Charter, (2) Types of Internal Audit Projects, and (3) Relevant Laws and Guidelines. This information should be presented to the H-GAC Audit Committee for review, comments, and approval. If there are any questions about this report, contact me at (713) 993-4517.

Sincerely,

Charles D. Hill

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

cc: Audit Committee Members

Christina Ordonez-Campos, H-GAC Chief Financial Officer
Rick Guerrero, H-GAC Chief Outreach & Governmental Affairs Officer
Ron Papsdorf, H-GAC Chief Transportation Services Officer
Juliet Stipeche, H-GAC Chief Workforce Services Officer

Attachment

**HOUSTON GALVESTON AREA COUNCIL
INTERNAL AUDIT PLAN – FISCAL YEAR 2026**



February 2026

**HOUSTON GALVESTON AREA COUNCIL
INTERNAL AUDIT PLAN – FISCAL YEAR 2026**

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A. Internal Audit Charter

B. Types of Internal Audit Projects

C. Relevant Laws and Guidelines

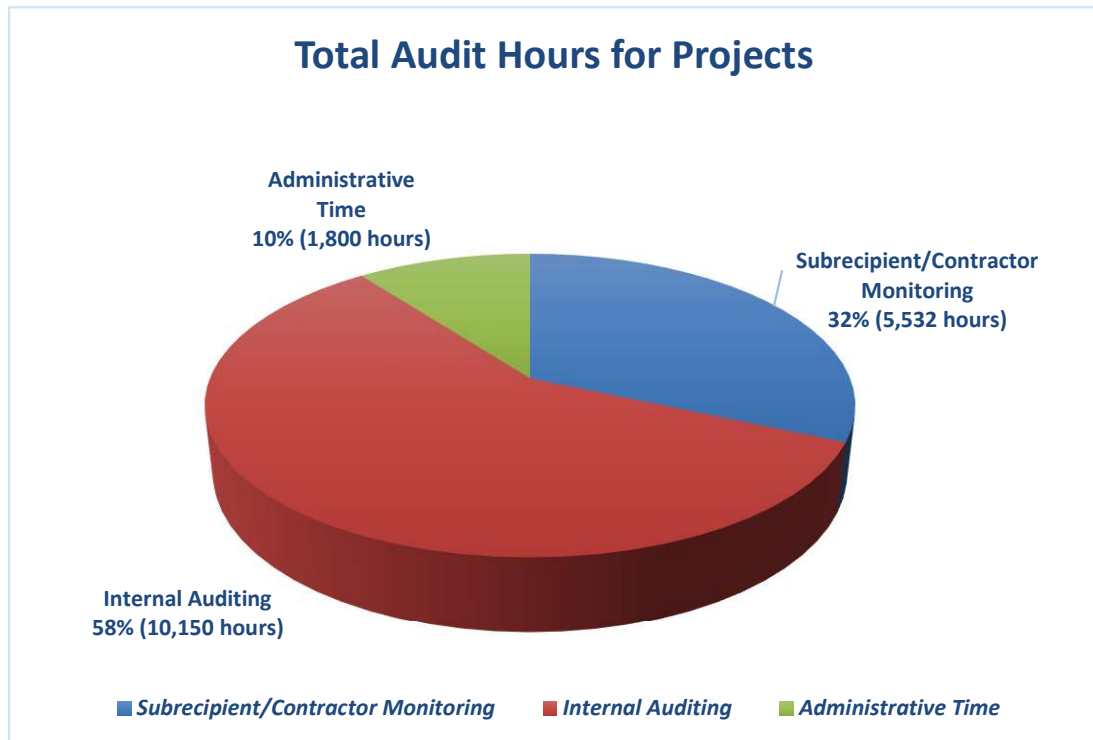
HOUSTON-GALVESTON AREA COUNCIL INTERNAL AUDIT PLAN FOR 2026

Executive Summary

This plan discusses the responsibilities, goals, scheduled projects, and operational plan for the internal audit function at H-GAC for fiscal year 2026. In addition to internal audits, the staff will also complete subrecipient/contractor monitoring activities. The internal audits will include compliance audits, program audits, administrative reviews, process audits, information technology audits, investigations, follow-up audits, and special projects (see Appendix B for descriptions of types of audits). The subrecipient and contractor monitoring activities will include pre-award reviews, desk reviews, and contractor site visits.

The department has currently eleven (11) positions, with two vacant positions at start of the 2026 year. This current audit staffing at H-GAC is appropriate given the increases in the budget amounts, ongoing cybersecurity risks, the impact of information technology on H-GAC operations, hybrid working conditions, a need for more pre-award reviews, more investigations, value-added services, and building staff capacity for more complex internal audits. The department is led by a leadership team consisting of a director and two audit supervisors.

The total project hours available for 2026 are 17,482 hours allocated to internal audits, subrecipient/contractor monitoring, and administrative time. A detailed listing of specific projects is included in this plan. The following chart is a breakdown of audit hours by these main categories.



HOUSTON GALVESTON AREA COUNCIL INTERNAL AUDIT PLAN – FISCAL YEAR 2026

PURPOSE

The purpose of this document is to discuss the responsibilities, goals, scheduled projects, and the operational plans for the internal audit function at H-GAC for fiscal year 2026. The Director of Internal Audit is responsible for implementing an approved comprehensive plan for internal auditing for organizational units; as well as for subrecipient, and contractor monitoring. The Director also provides periodic reporting of internal audit activities to the Executive Director and the H-GAC Board of Directors.

MISSION AND RESPONSIBILITIES

The Internal Audit department will examine and evaluate the activities of the agency to assist directors and managers in the effective discharge of their responsibilities and improve operations. To this end, the Internal Audit department will also furnish management staff with analyses, appraisals, recommendations, counsel, and information concerning the activities reviewed. The department also has responsibility for the monitoring of contractors for compliance with contract and program requirements as well as federal regulations. The H-GAC Board of Directors are informed of Internal Audit activities and subrecipient monitoring through its Audit Committee.

BACKGROUND

The Internal Audit Charter was updated and approved by the Board in October 2014 and updated with minor changes in March 2025 (see Appendix A for a copy of the current Internal Audit Charter). An internal audit planning methodology was approved by the H-GAC Board of Directors in December 2015. The department and its operations adhere to the standards for the International Professional Practice of Internal Auditing as issued by the Institute of Internal Auditors.

The Internal Audit department consists of a director, two Audit Supervisors and eight audit professionals. Two positions were vacant at the start of fiscal year 2026. The Director of Internal Audit uses the COSO Framework for evaluating internal controls at the agency. The adoption of this framework requires that directors and managers to perform risk assessments for their operations. Internal Audit is working to facilitate a risk assessment process for the agency. Currently H-GAC departments with federal pass-through funds to subrecipients complete a risk assessment annually.

The Director will also continue to update and implement new audit procedures, such as greater marketing of our Whistleblower Hotline. The development of staff with expertise and knowledge of specific program areas will enhance our goal having more subject matter experts in our department. We expect to perform more investigations as

HOUSTON-GALVESTON AREA COUNCIL INTERNAL AUDIT PLAN – FISCAL YEAR 2026

well as pre-award reviews, desk reviews, and site visits. We will also conduct reviews of information technology usage and cybersecurity controls at H-GAC and its subrecipients.

The Texas Grant Management Standards manual and the Texas Cybersecurity Framework represent sources for relevant regulations and guidelines that impact H-GAC operations (see also Appendix C for a listing of relevant laws and guidelines affecting our department). Internal Audit will also provide assurance that H-GAC complies with these guidelines as well as federal regulations in the “Uniform Guidance” (i.e. 2 CFR 200). The effective use of resources; updated processes, meeting program objectives, accurate financial records, and reporting; compliance with agency policies and procedures represent key considerations for the Internal Audit function at H-GAC. Improving audit procedures and practices and addressing new challenges at H-GAC are ongoing activities in Internal Audit, with the goal of continuously adding value to operations.

CORE VALUES

The Internal Audit department staff maintain a level of professionalism that conforms with International Standards for the Professional Practice of Internal Auditing. The core values represent the principles and expectations of behavior and conduct practiced by H-GAC Internal Audit staff. The following are our core values and are consistent with the Institute of Internal Auditors (IIA) Code of Ethics for Internal Auditors.

Integrity – internal audit work shall be performed with honesty, diligence, and responsibility; and observe all laws and make disclosures expected by the law and the profession.

Objectivity – internal audit staff shall not participate in any activity or relationship that may impair or be presumed to impair their unbiased assessment; shall not accept anything that may impair or be presumed to impair their professional judgment; and shall disclose all material facts known to them in reporting activities under review.

Confidentiality – internal audit staff shall be prudent in the use and protection of information acquired in the course of their duties; and shall not use information for any personal gain or in any manner that would be contrary to the law or the ethics of H-GAC.

Competency – internal audit staff shall engage only in those services for which they have the necessary knowledge, skills, and experience; and shall continually improve their proficiency and the effectiveness and quality of their services.

**HOUSTON-GALVESTON AREA COUNCIL
INTERNAL AUDIT PLAN – FISCAL YEAR 2026**

GOALS FOR 2026

The Internal Audit department has established goals for the current fiscal year. These goals are designed to build on the activities of the department from the past year. The goals of the Internal Audit department for Fiscal Year 2026 are as follows:

- 1) Update audit procedures and practices as needed.
- 2) Fill all vacant staff positions by the first quarter of the year
- 3) Perform more comprehensive and detailed internal audits.
- 4) Complete investigations based on whistleblower hotline.
- 5) Complete site visits and contract monitoring on selected contractors.
- 6) Facilitate risks assessments procedures affecting H-GAC operations.

SCOPE OF OPERATIONS

The Internal Audit department will be led by a leadership team consisting of a director and two audit supervisors. This team will determine policies, procedures, and practices of the department. In addition, the team will also train, develop, and evaluate staff performance to ensure an effective and efficient department operations. We also expect to add an Information Technology Lead Auditor that will give technical support to current staff as well as conduct information technology and cybersecurity audits.

Two broad areas of responsibilities will guide the workload of the Internal Audit department – (1) Internal Auditing and (2) Subrecipient/Contractor Monitoring. Internal Auditing will include program audits, administrative reviews, compliance audits, process audits, information technology audits, complaints and investigations, special projects, and follow-up audits (see Appendix B for a more detail description of types of audit projects). Subrecipient/Contractor monitoring includes pre-award reviews, desk reviews, and site visits. The report format for internal audits will vary depending on the type of audit and in most cases include a management response.

Pre-award reports are usually issued in a memorandum format. In some cases of a pre-award review, a site visit will be conducted to evaluate the controls and/or cybersecurity capabilities of the potential contractor. Pre-awards cover agreements with subrecipients, contractors for services and/or goods, consultants, and governmental units. Some pre-award agreements are renewals and others are initial contracts. Most large dollar potential contracts with no previous experience with H-GAC will include a site visit to contractor to evaluate their controls as well as cybersecurity and their use of information technology. Administrative time includes Board meetings and H-GAC staff meetings.

**HOUSTON-GALVESTON AREA COUNCIL
INTERNAL AUDIT PLAN – FISCAL YEAR 2026**

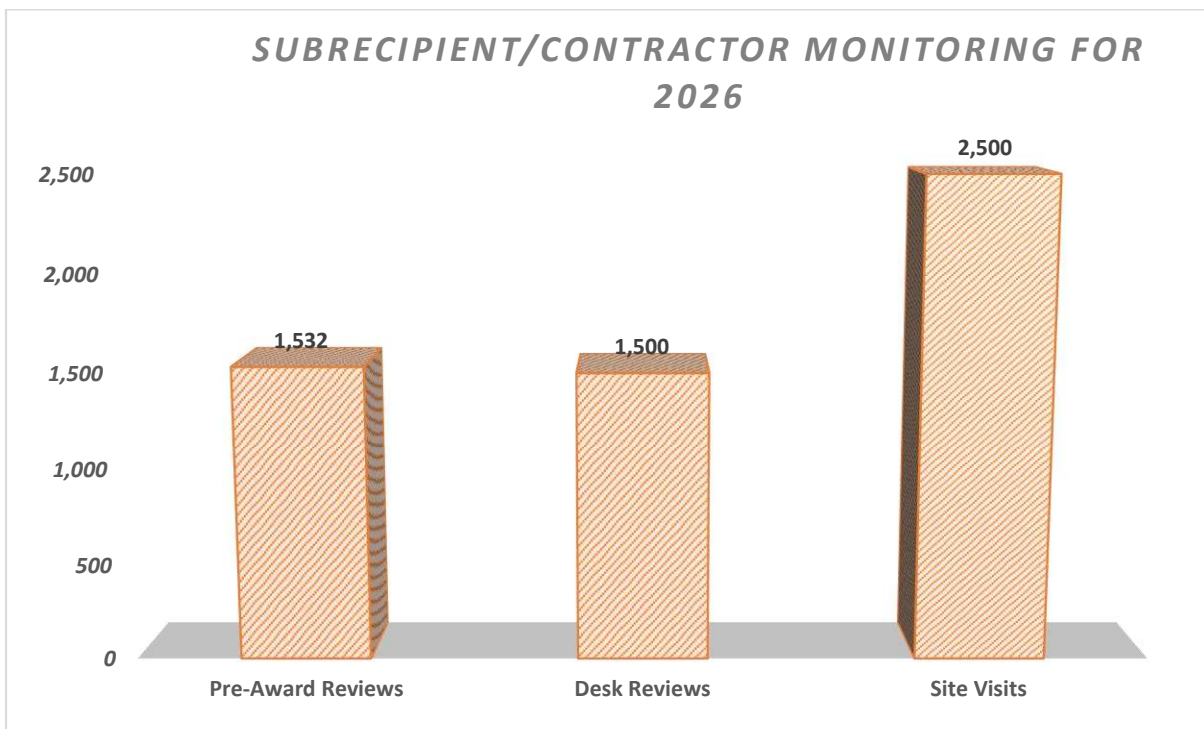
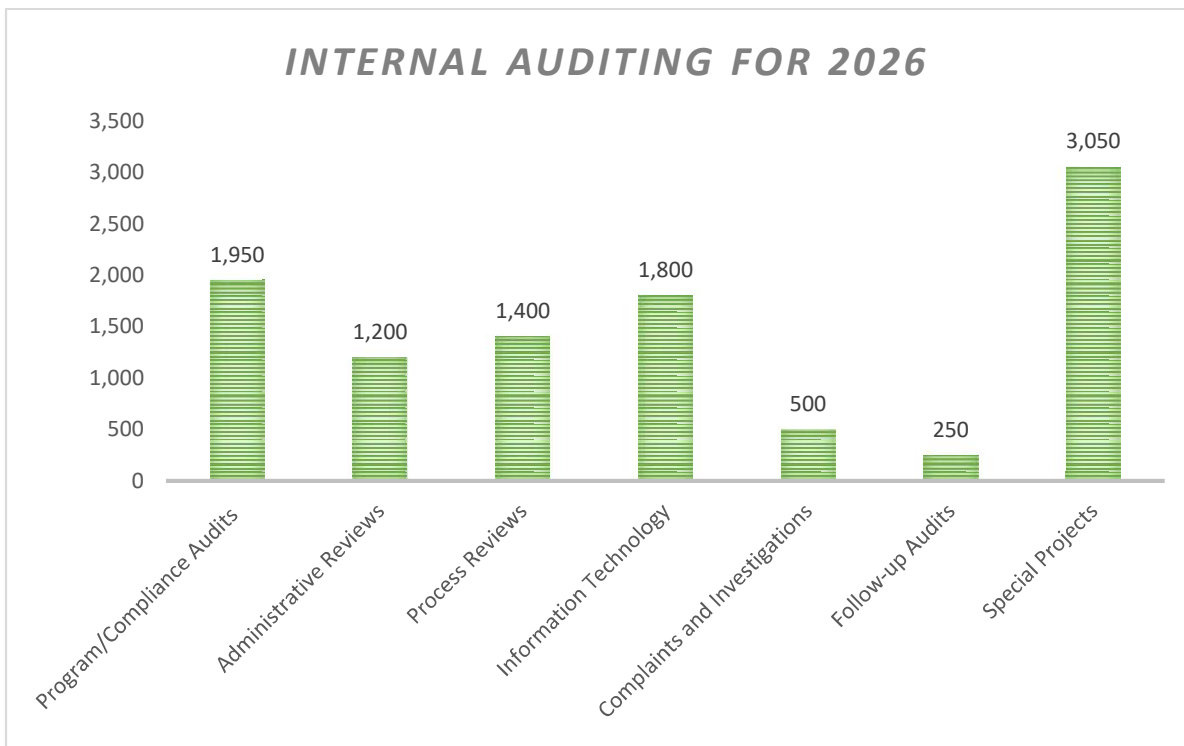
Site visits reports are issued to the Executive Director and appropriate Program Staff. If corrective actions need to be taken by a contractor, the Program Staff will contact the contractor and follow up as needed to ensure compliance with contract and or federal requirements. A site visit can be conducted for contractors as well as subrecipients. A contractor site visit will emphasize compliance with contract and or program requirements. A subrecipient site will involve more compliance testing of federal requirements.

Desk Reviews include the examination, evaluation, and acceptance of the annual financial reporting packages of subrecipients. The examination of this information complies with federal requirements for subrecipient monitoring. In addition, we review compliance with the Single Audit Act Amendments of 1996 and CFR 200 audit requirements as well as evaluate the impact of this information on H-GAC financial records. Our department will also issue an acceptance letter of these reports on behalf of H-GAC.

The following is an allocation of hours by project categories and next three pages gives charts on hours allocated, and a listing of specific projects.

<u>Audit Projects</u>	<u>Fiscal Year 2026:</u>
<i>Internal Auditing:</i>	
<i>Program/Compliance Audits</i>	<i>1,950</i>
<i>Administrative Reviews</i>	<i>1,200</i>
<i>Process Reviews</i>	<i>1,400</i>
<i>Information Technology Audits</i>	<i>1,800</i>
<i>Complaints & Investigations</i>	<i>500</i>
<i>Follow-up Audits</i>	<i>500</i>
<i>Special Projects</i>	<i>3,050</i>
<i>Sub-Total – Internal Audits</i>	<i>10,150</i>
<i>Subrecipient/Contractor Monitoring:</i>	
<i>Pre-Award Reviews</i>	<i>1,532</i>
<i>Desk Reviews</i>	<i>1,500</i>
<i>Site Visits</i>	<i>2,500</i>
<i>Sub-Total – Subrecipients/Contractors</i>	<i>5,532</i>
<i>Administrative Time</i>	<i>1,800</i>
<i>Total Hours</i>	<i>17,482</i>

HOUSTON-GALVESTON AREA COUNCIL INTERNAL AUDIT PLAN – FISCAL YEAR 2026

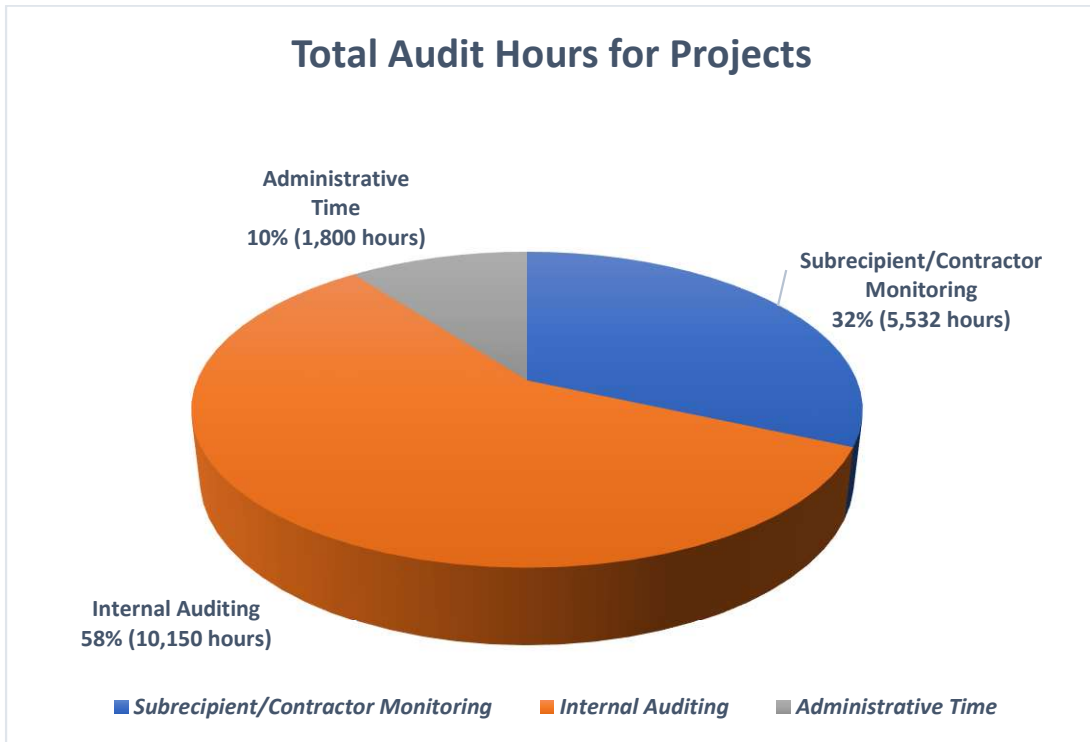
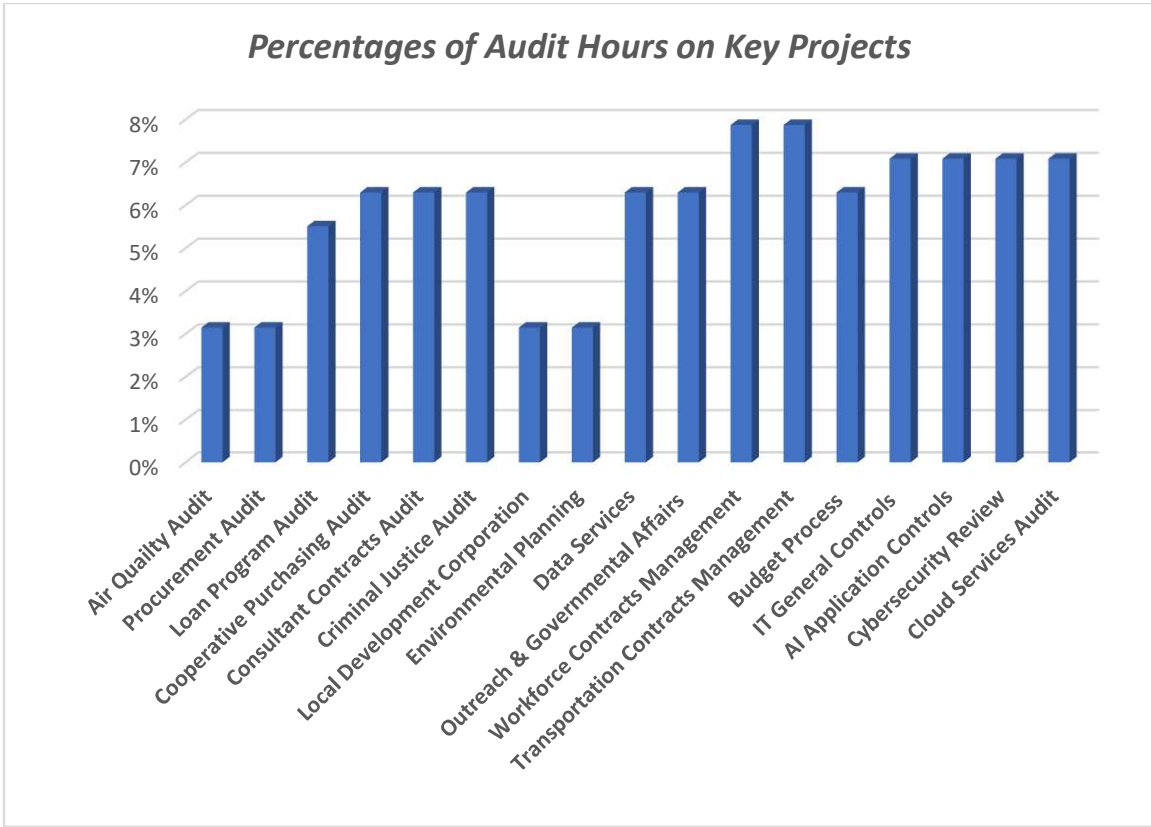


**HOUSTON-GALVESTON AREA COUNCIL
INTERNAL AUDIT PLAN – FISCAL YEAR 2026**

List of Planned Projects for Fiscal Year 2026

<u><i>Title of Project</i></u>	<u><i>Budget Hours</i></u>	<u><i>Deliverables</i></u>
<i>Internal Audits:</i>		
<i>Program/Compliance Audits:</i>		
Procurement Audit	200	Audit Report
Air Quality Programs Audit	200	Audit Report
Cooperative Purchasing Audit	400	Audit Report
Loan Program Audit	350	Audit Report
Consultant Contracts Audit	400	Audit Report
Criminal Justice Audit	400	Audit Report
<i>Administrative Reviews:</i>		
Local Development Corporation	200	Report
Environmental Planning	200	Report
Outreach & Government Affairs	400	Report
Data Services	400	Report
<i>Process Reviews:</i>		
Workforce Contracts Review	500	Report
Transportation Contracts Review	500	Report
Budget Process Review	400	Report
<i>Information Technology Audits:</i>		
Cybersecurity Review	450	Audit Report
IT General Controls	450	Audit Report
AI Application Controls	450	Audit Report
Cloud Services Audit	450	
<i>Complaints and Investigations</i>	400	6 – 8 Reports
<i>Follow-up Audits/Reviews:</i>	720	Audit Reports (12)
<i>Special Projects:</i>		
Audit Committee Reporting	300	Quarterly & Annual Reports
Updating Audit Procedures	300	Written Updates to Manual
Management Advisory	400	Meetings with Key Staff
Recruitment of Staff	300	Hiring of 2 Staff Members
External Monitoring/Audits	350	Records Requests (4 to 5)
CPE Courses/Staff Development	500	40 Hours Per Staff Member
Supervisor Meetings/Workpaper reviews	500	Ongoing projects
Technical Research & Reviews	400	Quality Presentations
<u><i>Subrecipient/Contractor Monitoring:</i></u>		
Pre-Award Reviews	1,532	125 Memo Reports
Desk Reviews	1,500	40 – 50 Acceptance Letters
Site Visits	2,500	30 - 40 Site Visit Reports
<i>Administrative Time:</i>	<u>1,800</u>	Board & Staff meetings
<i>Total Budget Project Hours</i>	<u>17,482</u>	

**HOUSTON-GALVESTON AREA COUNCIL
INTERNAL AUDIT PLAN – FISCAL YEAR 2026**



**HOUSTON-GALVESTON AREA COUNCIL
INTERNAL AUDIT PLAN – FISCAL YEAR 2026**

An Annual Internal Audit report will be prepared after the completion of the 2026 fiscal year that will compare the actual results in terms of hours and projects completed with this plan. This report will be submitted to the H-GAC Executive Director and members of the H-GAC Audit Committee. Additional information is contained in the appendices of this report.

**HOUSTON-GALVESTON AREA COUNCIL
INTERNAL AUDIT PLAN – FISCAL YEAR 2026**

APPENDIXES

A. Internal Audit Charter for H-GAC

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APPENDIX A

HOUSTON-GALVESTON AREA COUNCIL INTERNAL AUDIT CHARTER

PURPOSE

This document defines the scope, authority, and responsibilities of the internal audit function at the Houston-Galveston Area Council (H-GAC). The internal audit function is an independent, objective assurance, and consulting activity designed to add value and improve agency operations. The internal audit function will accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

AUTHORITY AND RESPONSIBILITY

The Board of Directors through the Audit Committee and the Executive Director for the agency grant authority to the Director of Internal Audit to plan and carry out a comprehensive and effective internal audit plan. In addition, the Internal Audit function shall have full, free, and unrestricted access to all the agency's functions, records, property, and personnel in completing reviews. H-GAC personnel will cooperate with internal audit staff and assist with information and/or records requested by internal auditors.

All work performed by the internal audit function will be conducted in a professional manner and within the guidelines of the Institute of Internal Auditors (IIA) Professional Practices Framework which includes the Definition of Internal Auditing, the Code of Ethics, and the *Global Standards for the Professional Practice of Internal Auditing*. Internal Audit work will also be conducted when applicable in accordance with the professional standards relevant to internal auditing contained in the U.S. General Accountability Office's publication *Government Auditing Standards* and the *Texas Grant Management Standards*.

The internal audit staff will not have authority or responsibility over any of the activities or persons that they review, because performing such activities is presumed to impair objectivity. Internal auditors will uphold the principles of integrity, objectivity, confidentiality, and competency. Internal Audit staff will be independent of the activities or operations they review; they will not engage in any activity which would impair their independence.

SCOPE OF ACTIVITIES

The scope of internal auditing shall encompass the examination and evaluation of the agency network of risk management, internal controls, and processes, as designed, and represented by H-GAC management. The Director of Internal Audit, based on professional judgment, shall define the scope of activities on an ongoing basis. Internal Audit activities shall include, but are not limited to:

APPENDIX A

Reviewing the systems established to ensure compliance with those policies, plans, procedures, laws, and regulations that could have a significant impact on operations and reports, and determining the extent of compliance.

Determining the extent to which resources are accounted for and safeguarded against fraud, waste, and abuse, including the review of the economical and efficient use of resources.

Reviewing the reliability and integrity of financial and operating information and the systems used to identify, measure, classify, and report such information.

Reviewing operations and programs to determine whether results are consistent with established objectives and goals, and whether the operations and programs are carried out as planned.

Site Visits, financial monitoring and pre-award reviews of contractors, and reviews of consultant contracts, and subrecipient monitoring to ensure compliance with their H-GAC contracts, policies, and procedures, as well as federal and state guidelines.

Coordinating, facilitating, and interfacing with all external auditors and monitors to ensure efficient and effective reviews of HGAC operations.

Performing consulting services including advisory and related service activities, the nature and scope of which are agreed upon and which are intended to add value and improve H-GAC's governance, risk management, and control processes without assuming management responsibility.

REPORTING

In recognition of the role of internal audit in the management of the H-GAC, the Director of Internal Audit will discuss findings, recommendations, and conclusions with appropriate levels of management before issuing final audit reports. The respective manager will be given an opportunity to respond in writing to internal audit recommendations before the Director of Internal Audit issues a final audit report. The Executive Director of H-GAC will be provided a final written report of each internal audit review. The members of the Audit Committee will be given periodic reports and updates on internal audit activities. All internal audit reports, reviews, and site visit reports shall be made available to the Board of Directors upon request.

In circumstances that the Director of Internal Audit believes to be of a particularly sensitive nature, the report distribution may be varied in an appropriate and prudent manner. An annual audit plan and internal audit annual report will be prepared by the Director of Internal Audit and submitted to the Executive Director, the Audit Committee, and the Board of

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Directors for H-GAC. The annual audit plan will be subject to approval by the Executive Director, the Audit Committee, and the Board of Directors.

Approved by:



Executive Director



Audit Committee Chair

Board of Directors Chair

3/18/2025
Date

APPENDIX B

Types of Internal Audit Projects

The approach taken in various internal audit projects will be described as a type of internal audit. With that in mind, the H-GAC Director of Internal has defined the following items as types of internal audits.

Administrative Reviews – emphasis on administrative structure and appropriate controls in place to promote efficient operations. Procedures include staff interviews and personnel documentation reviews as well as transactions testing of travel and general expenditures.

Process Reviews – emphasis on the key processes in a department or program getting a very detailed understanding of how the processes are working and concerning the possibility of improvements. Procedures include walk-throughs, written narratives, flowcharts, and discussions with owners of the processes on possible changes.

Contract Management Reviews – emphasis on H-GAC interactions with third-party contractors/subrecipients for compliance with written agreements and federal guidelines. Procedures include examining contracts on a sample basis, contract deliverables, contract management documentation, contract payments and reimbursements, and technical assistance given by staff.

Program Reviews – emphasis on organization, staffing, and operations are consistent with the objectives, guidelines, and specific requirements of a program. Procedures include written narratives of operations, evaluation program documentation, and examination of documentation on a sample basis that supports compliance.

Compliance Audit – emphasis on specific contract or program requirements and related documentation that supports compliance. Procedures include examining documentation on a sample basis to verify compliance.

Follow up audits – emphasis on following up with the auditee on correcting findings and observations from Internal Audit's last review or audit. Procedures may include interviewing the auditee, obtaining written documentation, and/or sample testing the corrective actions taken in response to Internal Audit's recommendations. Internal Audit may also sample documents for completed corrective actions.

APPENDIX B – Types of Internal Audit Projects

Investigations – emphasis on the specific issue at hand. This may range from investigating fraud, waste or abuse allegations, management requests to investigate operational program efficiency and effectiveness, human resources, or financial related issues. Procedures are usually very specific to a few concerns as indicated by the source or requestor.

Special Projects – emphasis on the objectives of the special project at hand. Projects are generally longer in duration than investigations and of a broader nature. They may include consulting and advisory projects and can be more collaborative in nature, versus having an ‘auditee-auditor’ nature. Procedures will be determined with the requestor of the project and the Internal Audit leadership team.

APPENDIX C

Relevant Laws and Guidelines

Uniform Guidance for Federal Awards | U.S. Department of Labor

The Uniform Guidance for Federal Awards - 2 CFR Part 200 provides a government-wide framework for grants management.

Texas Grant Management Standards (TxGMS)

The Texas Comptroller of Public Accounts published the TxGMS to better align with the federal Uniform Guidance and to promote the efficient use of public funds in local government and in programs requiring cooperation among local, state, and Federal agencies.

Yellow Book | U.S. GAO

The Yellow Book is *the* book of standards and guidance for government auditing—outlining the requirements that make for effective, quality audits when reviewing government programs and spending. It's used by our federal government auditors here at GAO, as well as federal, state, and local auditors; inspectors general; and auditors of entities that receive government awards.

The Green Book | U.S. GAO

“Internal control helps an entity run its operations efficiently and effectively, report reliable information about its operations, and comply with applicable laws and regulations. *Standards for Internal Control in the Federal Government*, known as the "Green Book," sets the standards for an effective internal control system for federal agencies.”

Internal Control | COSO

The Committee of Sponsoring Organizations of the Treadway Commission (COSO) Internal Control—Integrated Framework was developed as guidance to help improve confidence in all types of data and information. It is recognized as a leading framework for designing, implementing, and conducting internal control and assessing the effectiveness of internal control.

IIA's Global Internal Audit Standards

a. The IPPF: The Framework for Internal Audit Effectiveness

The International Professional Practices Framework® (IPPF®) organizes the authoritative body of knowledge, promulgated by The Institute of Internal Auditors, for the professional practice of internal auditing. The IPPF includes Global Internal Audit Standards™, Topical Requirements and Global Guidance.

Global Internal Audit Standards guide the worldwide professional practice of internal auditing, are principle-based, and serve as a basis for evaluating and elevating the quality of the internal audit function. At the heart of the Standards are 15 guiding principles that enable

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Relevant Laws and Guidelines

effective internal auditing. Each principle is supported by standards that contain requirements, considerations for implementation, and examples of evidence of conformance.

Global Guidance are supplemental guidance that support the Standards by providing nonmandatory information, advice, and best practices for performing internal audit services. The supplemental elements of the IPPF are Global Practice Guides and Global Technology Audit Guides® (GTAG®)

b. Ethics and Professionalism

Domain II of the Global Internal Audit Standards™ comprises the principles and standards of Ethics and Professionalism, which describe the minimum requirements governing the behavior of individuals and functions that perform internal audit services. The principles and standards of Domain II promote an ethical culture in the profession of internal auditing, the essential foundation for trust in internal auditors' provision of objective assurance.

APRIL 2026 ADVISORY COMMITTEE AND AFFILIATE GROUP APPOINTMENTS

Background

H-GAC advisory committees are appointed by H-GAC's Board as a whole, based upon nominations from individual Board members and other groups.

Current Situation

N/A

Funding Source

N/A

Budgeted

N/A

Action Requested

Request approval of appointments to H-GAC advisory committees. (Staff Contact: William Matthews)

2026 ADVISORY COMMITTEE AND AFFILIATE GROUP APPOINTMENTS

AGING AND DISABILITY ADVISORY COMMITTEE

The Houston-Galveston Area Council's (H-GAC's) Aging and Disability Advisory Committee (ADAC) exists to provide information and recommendations to the H-GAC Board of Directors on services for older adults, individuals living with a disability, and family caregivers in the 12-county service area of the Houston-Galveston Area Agency on Aging and Houston-Galveston Aging and Disability Resource Center.

Nominations received for terms expiring in December 2028:

Name	Representing	Nominated by
Breah Knape	Brazoria County	Commissioner Stacy Adams
Dessie Cherry	At-Large	Committee Nomination

REGIONAL FLOOD MANAGEMENT COMMITTEE

The Regional Flood Management Committee addresses flood and floodplain management issues for the thirteen-county region. The committee advises elected officials in their decision-making responsibilities by making recommendations on issues related to all aspects of flood management in the Gulf Coast Planning Region.

Nominations received for terms expiring in May 2028:

Name	Representing	Nominated by
David Johnson (primary) Hank Dugie (alternate)	Galveston County	Commissioner Hank Dugie

ELECTION COMMITTEE REPORT UPDATE

Background

Update on process and timeline for H-GAC executive director search.

Current Situation

N/A

Funding Source

N/A

Budgeted

N/A

Action Requested

For information only. No action requested. (Contact: Judge Jay Knight)

H-GAC 2026 BOARD COMMITTEE APPOINTMENTS

Background

In accordance with Article VI, Section 6 of the H-GAC bylaws, committees may be created, modified, or dissolved upon recommendation of the Chair and confirmation by the Board of Directors.

Current Situation

A committee preference form was distributed in January for board members to review and submit their preferred committee assignments. Board Chair Joe Garcia, who reviewed committee preference requests in consultation with H-GAC staff and board officers, will present the final committee assignments at the April board meeting.

The Vice Chair of the H-GAC board serves as the Chair of the Board's Finance and Budget committee in accordance with H-GAC bylaws.

Funding Source

N/A

Budgeted

N/A

Action Requested

Request approval of the Chair's committee appointments. (Contact: Chair Joe Garcia)

(over)

LIFT-OFF TO A BETTER COMMUTE | COMMUTE SOLUTIONS SPOTLIGHT

Background

Commute Solutions is H-GAC's Travel Demand Management program that provides marketing, education, and outreach materials promoting regional transportation alternatives to reduce congestion and improve air quality. Operated by the Houston-Galveston Area Council in partnership with the Texas Department of Transportation, transit agencies, local governments, employers, and community organizations, the program is particularly critical as Houston, ranked 5th nationally for rush-hour congestion, prepares to host over 500,000 visitors during the 2026 FIFA World Cup.

To address tournament-related transportation challenges, Commute Solutions launched CommuteGamePlan.com, equipping businesses and commuters with tools to navigate the 39-day event period. The site features a TDM planning tool, employer toolkit, high-traffic events calendar, transit and carpool information, and real-time traffic updates via TranStar. Staff promoted the resource through workshops with HR professionals and partner organizations including Downtown Houston +, BayTran, North Houston Association, East Aldine District, and Houston Community College, while a media campaign ensured commuters knew their transportation options during the World Cup.

Current Situation

N/A

Funding Source

N/A

Budgeted

Yes

Action Requested

No action requested. For information only. (Staff Contact: Robyn Egbert)

EXECUTIVE DIRECTOR'S REPORT

Background

N/A

Current Situation

N/A

Funding Source

N/A

Budgeted

N/A

Action Requested

Report on current and upcoming H-GAC activities. (Staff Contact: Chuck Wemple)

AGENCY PROCESS REVIEW UPDATE

Background:

In Fall 2025, H-GAC engaged Weaver to help us identify opportunities to improve effectiveness, streamline processes, and ensure fiscal responsibility while complying with all relevant regulations and best practices. This optimization and resizing of our processes and structure are essential to being good stewards of the funds entrusted to us, fostering productive and valued partnerships with our affiliates, and reducing administrative burdens.

Current Situation:

The Weaver team conducted onsite meetings and interviews with our leadership team as well as some of our external stakeholders. Focus areas included executive leadership processes, current process documentation, friction points, improvement ideas, and benchmarking insights.

Funding Source:

N/A

Budgeted:

N/A

Action Requested:

Report on H-GAC Process Efficiency Project conducted by Weaver. (Staff Contact: Chuck Wemple)

EXECUTIVE SESSION

Background

N/A

Current Situation

The Executive Director and H-GAC legal counsel will convene the board of directors in an executive session.

Funding Source

N/A

Budgeted

N/A

Action Requested

Pursuant to Texas Government Code section 551.071, the board will recess to consult with its attorney regarding contemplated litigation. (Staff Contact: Chuck Wemple)

(over)