



A Tradition of Stewardship
A Commitment to Service

County of Napa
County Executive Office

1195 Third Street
Suite 310
Napa, CA 94559-3035
www.countyofnapa.org

Main: (707) 253-4421
Fax: (707) 253-4176

Minh C. Tran
County Executive Officer

November 17, 2021

Minh Tran
Napa County
County Executive Officer
1195 Third Street
Napa, CA 94558

*OK to release!
Thank you.
Minh*

Dear Minh,

This letter is to inform you of the discovery of an outstanding invoice from a prior fiscal year (2019) which needs payment this fiscal year from Fund 2080, the Affordable Housing Trust Fund.

The discovery of this invoice is very unfortunate, and the letter today is to provide you with background information on how this came to happen, and importantly, what corrective actions have been taken to ensure it does not happen in the future.

The Housing and Homeless Services Division was established July 1, 2019. This new Division merged services and staff from Homeless Program and Services in the Health and Human Services Division with County Affordable Housing and Napa County Housing Authority in the CEO's office. It further required the hiring of several new staff and transfer of fiscal responsibilities for Homeless Programs and Services from HHSA fiscal to staff in the new Division.

The process of transferring fiscal responsibilities was more complicated than initially envisioned, given the high volume of invoices already processed for the Housing Authority and related Farmworker Center operations and the complexity of Housing & Homeless Programs contracts and invoices. To balance workloads and ensure grant and contract compliance, several months after the initial merger, the previous fiscal analyst from Health & Human Services was re-assigned to support the new Division while a better long-term plan for managing the fiscal side of the Division was developed.

In the process of the initial transition/transfer of assignments, the invoice from an affordable housing developer, Napa Pacific Associates, was overlooked and/or not routed to the proper team member for processing.

The following is a quick summary of the development agreement, timing and processing of invoices for the project:

On January 31, 2006, the BOS approved a resolution (2016-81) to reserve \$1.3M from the AHTF for the development of affordable units at what is now known as Napa Courtyards. The related Loan Agreement (A-180271B) with Napa Pacific Associates was signed on March 26, 2018.

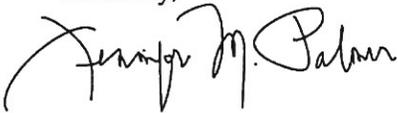
- The first drawdown request for \$715,253 was received on 1-14-2019 (and processed for payment on 1/22/2019).
- The second drawdown request for \$454,747 was received on 1-14-2019 (and processed for payment on 2/26/2019).
- The final request for drawdown for \$130,000 was sent on 11-18-2019, and – unfortunately – was never processed for payment.

A corrective action plan to implement the controls/checks and balances necessary to ensure this is a non-recurring event include:

1. Addition of .5FTE fiscal analyst to the HHS Division to ensure adequate fiscal capacity;
2. The confirmation of proper accruals against all existing loan agreements for fund 2080 prior to year-end;
3. Proactive communication with developers to ensure delays in invoice submissions do not result in missed payments during the proper fiscal year; and
4. Clear delineation of roles within the team with identification of responsibility between distinct team members for payment/invoice processing versus monthly review for errors and gaps in budget versus actual activity.

I am confident the corrective action steps that have been taken will prevent it from occurring again.

Sincerely,



Jennifer Palmer
Director of Housing & Homeless Services