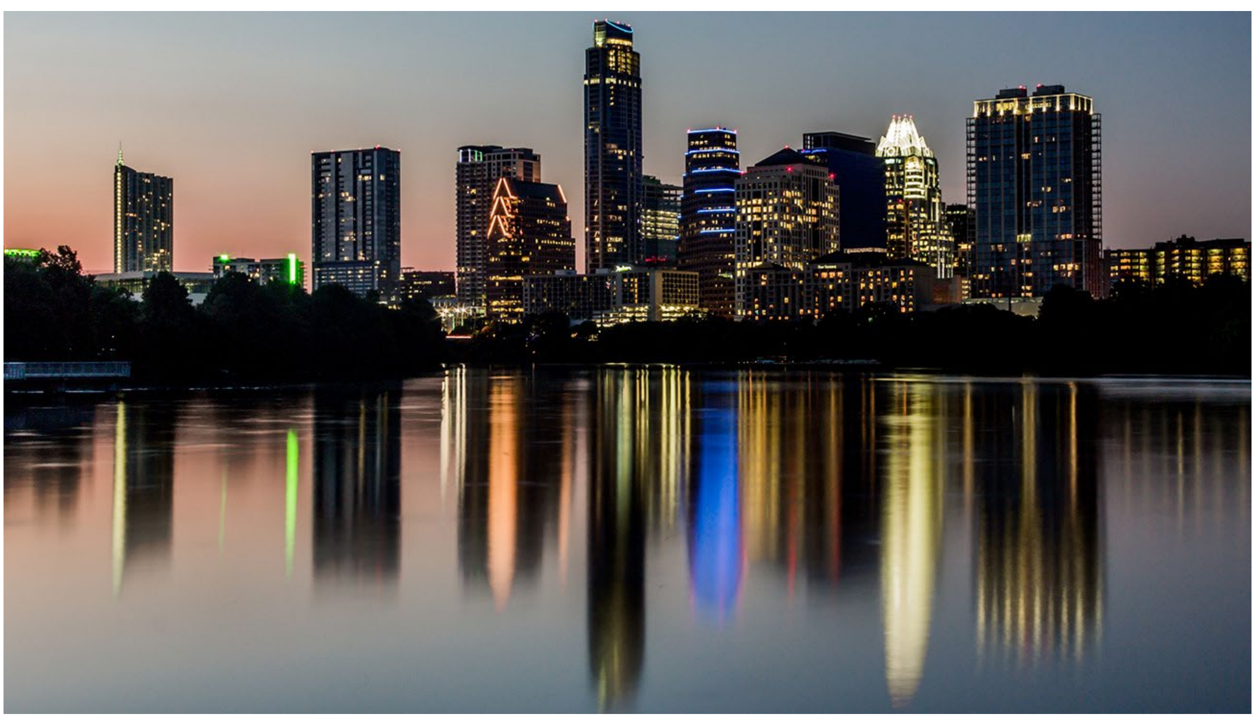
Subrecipient Monitoring Report – Integral Care

April 18, 2026



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Pilar Sanchez
County Executive, Health and Human Services

From: Patti Smith, CPA
Travis County Auditor

Date: April 18, 2026

Subject: Integral Care Seabrook, LLC Subrecipient Monitoring Report

In compliance with the Code of Federal Regulations Title 2 Part 200 Subpart D §200.332 requirements for pass-through entities and the Subaward for Affordable Housing for the Homeless between Travis County and Integral Care Seabrook, LLC (Integral Care), the Travis County Auditor's Office has completed a monitoring review of subrecipient Integral Care. We conducted our monitoring in accordance with the Code of Federal Regulations and applicable statutes governing the County Auditor's Office and those relating to state financial and accounting protocols. As a result of our monitoring, we are providing this report detailing our findings and recommendations.

BACKGROUND

Travis County is in receipt of funds from the United States Department of the Treasury under the American Rescue Plan Act ("ARPA"), signed into law on March 11, 2021. Section 9901 of the ARPA establishes the Coronavirus State and Local Fiscal Recovery Fund ("SLFRF"). The SLFRF is intended to provide support to local governments, such as the County, in responding to the continuing impact of COVID-19 on Travis County communities, residents, and businesses.

Travis County Commissioners Court approved a resolution with a finding that Travis County residents face a crisis of homelessness occurring during the COVID-19 pandemic and earmarking $110,000,000 from the SLFRF to create the Travis County Homelessness Resolution and Supportive Housing Initiative Pipeline ("TCSHIP"), as part of a response to address the

Commissioners Court (the “Resolution”). As a result of this initiative, the County partnered with local non-profit organizations to increase the supply of affordable housing and ensure equitable access to shelter, housing, and services for very low-income, extremely low-income, at-risk and unhoused households.

Integral Care has proposed a capital expenditure project involving the construction of long-term dwelling units to increase the supply of decent, safe, sanitary, and affordable living units for low-income, very low-income, extremely low-income, and homeless individuals and households. This project is open to parties with incomes equal to or less than 65% of AMI with an affordability period of at least 20 years; this project is presumed to be an eligible use of the SLFRF in the Affordable Housing How-To Guide published by the US Treasury. As a result, Travis County entered into a subaward agreement with Integral Care to provide 60 permanent supportive housing units to serve adults who live with a mental illness, a substance use disorder, or who are at the risk of experiencing homelessness.

EXAMINATION METHODOLOGY

Our monitoring methodology was based on a review of office records and on verbal and written representations from Integral Care. This review encompassed an evaluation of all supporting documentation submitted with reimbursement requests and verification of compliance with the requirements outlined in the subrecipient agreement and 2 CFR 200. Regarding the written and verbal representations made by Integral Care, unless otherwise noted in this report, office management maintains that the assertions we relied upon in the examination were correct to the best of their knowledge

SCOPE OF EXAMINATION

The scope of the monitoring visit included an assessment of Integral Care’s overall compliance for the period of July 1, 2024, through March 31, 2025. This assessment included a review of the adequacy and effectiveness of the overall system of controls in place as required by the Code of Federal Regulations (2 CFR 200) and the Affordable Housing for the Homeless subaward contract (#4400007681).

SUMMARY OF FINDINGS & RECOMMENDATIONS

During our review of Integral Care, we noted areas of concern with payment supporting documentation and insurance requirements. See Attachment A for details of our findings, including the significance of the areas of concern, recommendations to office management, and responses by office management.

EXAMINATION TEAM

Angel Candelario, Senior Auditor
Ely Allen, Lead Auditor
Bailey Alvarez, Staff Auditor

CLOSING

This report is intended solely for the information and use of your office and the Commissioners' Court. We greatly appreciate the cooperation and assistance we received from the management and staff of Integral Care during this examination. Please contact us if you have any questions or concerns regarding this report.

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Chief Assistant County Auditor II – REC Division

Signed by:
Patti Smith
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Patti Smith, CPA
Travis County Auditor

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Risk Assessment File

ATTACHMENT A- FINDINGS AND RECOMMENDATIONS

1. Payment Supporting Documentation

During our review of reimbursement payments, we examined pay applications numbers eight and nine submitted with their payment reimbursement packets. We requested detailed invoices, timesheets, equipment logs, and additional documents to support the line items listed on the General Contractor's (GC) AIA G703 Continuation Sheet. We determined that Integral Care does not require the GC to submit detailed supporting documentation.

Significance:
Affordable Housing for the Homeless Subaward Contract #4600007681, 14.1 Monthly Request states the following:

> "*Each month during the Subaward Term, Subrecipient will file, within the time limits set forth in this Section 14, and pursuant to applicable requirements of this Subaward, the complete and correct (as determined by Department) Payment Request forms using form G702 Application and Certification for Payment; and form G703 Continuation Sheet Schedule of values, both attached as Exhibit N. Subrecipient's architect must certify on each monthly payment application that to the best of the architect's knowledge and belief, the work has progressed as indicated, and the quality of the work is in accordance with requirements of the construction documents. The subrecipient agrees it will provide additional documentation supporting subaward expenses, which will be reviewed by the County. This documentation will include, but not necessarily limited to, the following: rationale for the method of procurement, selection of contract type, contractor selection or rejection, the basis for the contract price, copies of public notices of procurements, signed timesheets, invoices, receipts, purchase orders or other information.*"

In the absence of itemized invoices and other relevant supporting documentation, the County lacks sufficient information to properly assess the expenses charged to the project.

Recommendations:
To ensure compliance with the subaward agreement, we recommend that Integral Care periodically require that the General Contractor provide detailed supporting documentation with their reimbursement requests. This will enable both Integral Care and the County to properly assess the expenses charged to the project.

Plan of Action Response:
Integral Care acknowledges the concern identified regarding the lack of detailed supporting documentation accompanying the General Contractor's reimbursement requests. Integral Care would like to clarify that when submitting our monthly reimbursement requests to the County, we do include supporting documentation, such as invoices and other relevant backup, with the monthly invoice package. As such, Integral Care has been providing supporting documentation to the County as part of our reimbursement submissions.

However, we recognize that historically Integral Care has not required the General Contractor to submit detailed supporting documentation (such as itemized invoices, subcontractor invoices, timesheets, and equipment logs) along with their payment applications submitted to Integral Care. While the AIA G702 Application and Certification for Payment and the G703 Continuation Sheet, along with the architect's certification, have been used to verify work completed and payment amounts, we acknowledge the importance of maintaining additional supporting documentation at the project level to further support the expenses included in reimbursement requests.

To address this concern and strengthen compliance with the subaward agreement, Integral Care will implement the following corrective actions:

1. **Enhanced Documentation Requirements -** Effective immediately, Integral Care will require the General Contractor to submit detailed supporting documentation with all future payment applications. This documentation will include, but not be limited to, itemized invoices, subcontractor invoices, signed timesheets, equipment usage logs, receipts, and other relevant documentation supporting the line items listed on the AIA G703 Continuation Sheet.

2. **Review and Verification Process -** Integral Care's project management and finance staff will review the supporting documentation provided by the General Contractor to ensure expenses are adequately supported and align with the approved Schedule of Values prior to submitting reimbursement requests to the County.

3. **Documentation Standards and Communication -** Integral Care will formally communicate the updated documentation requirements to the General Contractor to ensure consistent compliance moving forward.

4. **Ongoing Compliance Monitoring -** Integral Care will conduct periodic internal reviews of payment documentation to ensure that required supporting documentation is obtained, reviewed, and retained in project records.

These corrective actions will enhance Integral Care's documentation practices and oversight of contractor payment requests while ensuring continued compliance with the documentation requirements outlined in the subaward agreement. Implementation of these procedures will begin immediately and will apply to all future payment applications submitted by the General Contractor.

2. Insurance Requirements

There are several insurance requirements listed in Attachment D of subaward contract #4400007681, including standards for the coverage and insurers, as well as requirements for each policy. We reviewed the insurance policy provided by Integral Care, noting the following:

- Commercial General Liability Insurance – the contract requires all contractors of Integral Care to maintain a minimum of $2M per occurrence; however, Integral Care's General Contractor Camden has a minimum limit of $1M per occurrence. In addition, the COI provided did not include Waiver of Subrogation and 30-day notice of cancelation.

- Business Automobile Liability Insurance – the contract requires all contractors of Integral Care to have a minimum limit of $2M per occurrence. Camden's insurance has a combined single limit of $1M per occurrence. In addition, the COI provided did not include Waiver of Subrogation and 30-day notice of cancelation.

- Pollution/Environmental Insurance – the contract requires all contractors of Integral Care to obtain a minimum limit of $2M per occurrence. The COI did not document their contractor Camden's coverage for this area. Due to the lack of COI for this area, we could not verify if a Waiver of Subrogation or 30-day notice of cancelation were in place, nor could we verify that the subrecipient and Travis County were named as additional insured parties.

<u>Significance:</u>
Per the Affordable Housing for the Homeless subaward contract #4400007681, Attachment D, Subrecipient's Insurance and Subrecipient's General Contractor's Insurance Requirements, states the following:

- *Commercial General Liability Insurance – Minimum limit: $2,000,000 per occurrence. Policy shall also include the following endorsements in favor of Travis County:*
  - *Waiver of Subrogation*
  - *Thirty (30) day Notice to Cancellation*

- *Business Automobile Liability Insurance – Coverage for all owned, non-owned, and hired vehicles shall be maintained with a combined single limit of $2,000,000 per occurrence. Policy shall also include the following endorsements in favor of Travis County:*
  - *Waiver of Subrogation*
  - *Thirty (30) day Notice to Cancellation*

- *Pollution/Environmental Insurance – Minimum limit: $2,000,000 per occurrence. Policy shall also include the following endorsements in favor of Travis County:*
  - *Waiver of Subrogation*
  - *Thirty (30) day Notice to Cancellation*
  - *Subrecipient and Travis County named as additional insured*

The insurance requirements listed in the contract are essential for minimizing risk and protecting both Travis County and Integral Care from potential liabilities.

<u>Recommendations</u>:
We recommend Integral Care review and update the insurance policies as required by Attachment D of the subaward contract and submit the updated insurance policies to Travis County. In addition, we recommend Integral Care implement a process to regularly verify that all insurance renewal policies comply with contractual requirements.

<u>Plan of Action Response:</u>
Please see Camden's updated COI to include the minimums that the county auditors requested in the findings. The Travis County CIP 4 includes the pollution, the second one includes the minimum limits as required.

One note, per our risk team:
We added the below language to satisfy the Automobile limits. The Umbrella limits supplement the Auto limits, so Camden more than meets the $2M limit requirement.

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

RE: NHP Seabrook Square II - 2210 Pershing Drive, Austin, TX 78723, Contract Number: 4400007681. Travis County and Integral Care Seabrook LLC are included as Additional Insured in accordance with the policy provisions of the General Liability policy. A Waiver of Subrogation is granted in favor of Certificate Holder in accordance with the policy provisions of the General Liability and Automobile Liability policies. Umbrella Liability policy limits are excess of the General Liability and Automobile Liability policy limits. Should the General Liability policy be cancelled before the expiration date thereof, the policy provisions of each policy will govern how notice of cancellation may be delivered to certificate holders in accordance with the policy provisions of the policy.

Monitor's Additional Note:
Integral Care provided the General Contractor's revised Certificates of Insurance as part of their action, which addressed and satisfied the contract's insurance compliance requirements.