



A Special Investigations Unit Report -
The Department of Housing and Community Affairs
HOME Program

John Keel, CPA
State Auditor

March 16, 2012

Members of the Legislative Audit Committee:

The State Auditor's Office's Special Investigations Unit (SIU) investigated allegations from the Department of Housing and Community Affairs (Department) involving ARCIL, Inc. (formerly the Austin Resource Center for Independent Living, Inc.), a non-profit organization in Austin, Texas.

The results of the SIU's investigation led to the Public Integrity Unit of the Travis County District Attorney's Office obtaining a two-count indictment for Mary Ann Hernandez, the former chief financial officer of ARCIL, on March 1, 2012. The first count of the indictment charges Ms. Hernandez with misapplication of fiduciary property with a value of \$100,000 or more but less than \$200,000, which is a second-degree felony. The second count of the indictment charges Ms. Hernandez with theft of \$20,000 or more but less than \$100,000, which is a third-degree felony.

The HOME Program provides financial assistance to help local governments, non-profit and for-profit entities, and public housing agencies provide affordable housing to low-income families. The Department contracted with ARCIL from 2005 to 2009 to provide rental assistance to persons with disabilities.

If you have any questions, please contact Blythe Valenzuela, Senior Investigator, or me at (512) 936-9500.

Sincerely,

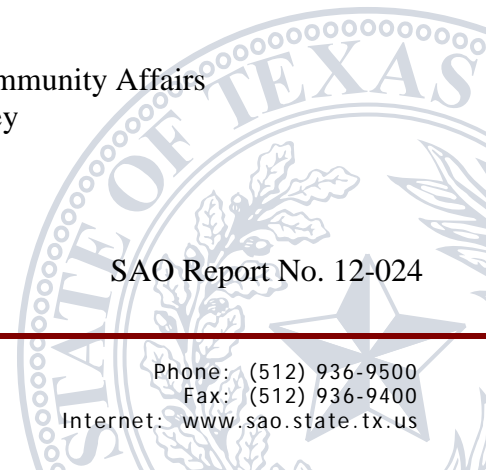
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cc: The Honorable Rick Perry, Governor of Texas
Mr. Tim Irvine, Executive Director, Department of Housing and Community Affairs
The Honorable Rosemary Lehmberg, Travis County District Attorney
Mr. Gregg Cox, Director, Special Prosecution Division,
Travis County District Attorney's Office

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