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OFFICE OF THE COMPTROLLER
CITY OF ST. LOUIS



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Comptroller

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DR. KENNETH M. STONE, CPA
Internal Audit Executive

November 25, 2008

David Sykora, Director
St. Louis Area Agency on Aging
634 North Grand Blvd.
St. Louis, MO 63103

RE: Fiscal Monitoring Review of St. Louis Area Agency on Aging, Community Development Block Grants (CDBG), Contracts #06-12-40 and #07-12-40, CFDA #14.218 (Project #2008-CDA18)

Dear Mr. Sykora:

Enclosed is a report of our fiscal monitoring review of St. Louis Area Agency on Aging, a not-for-profit organization, CDBG, for the period January 1, 2006 through November 30, 2007. The scope of a fiscal monitoring review is substantially less than an audit, and as such, we do not express an opinion on the financial operations of St. Louis Area Agency on Aging. Our fieldwork was completed on December 14, 2007.

This review was made under authorization contained in Section 2, Article XV of the Charter, City of St. Louis, as revised, and has been conducted in accordance with the *International Standards for the Professional Practice of Internal Auditing* and through an agreement with the Community Development Administration (CDA) to provide fiscal monitoring to all grant sub-recipients.

If you have any questions, please contact Internal Audit Section at (314) 622-4723.

Sincerely,

A handwritten signature in black ink that reads "Kenneth M. Stone".

Dr. Kenneth M. Stone, CPA
Internal Audit Executive

Enclosure

cc: Jill Claybour, Acting Executive Director, CDA
Lorna Alexander, Special Assistant for Development, CDA
Patrick Brennan, Fiscal Manager, Department of Human Services



CITY OF ST. LOUIS

COMMUNITY DEVELOPMENT ADMINISTRATION (CDA)

**ST. LOUIS AREA AGENCY ON AGING
COMMUNITY BLOCK DEVELOPMENT GRANT (CDBG)**

**CONTRACTS #06-12-40 and #07-12-40
CFDA #14.218**

**FISCAL MONITORING REVIEW
JANUARY 1, 2006 THROUGH NOVEMBER 30, 2007**

PROJECT #2008-CDA18

DATE ISSUED: NOVEMBER 25, 2008

**Prepared by:
The Internal Audit Section**



OFFICE OF THE COMPTROLLER

HONORABLE DARLENE GREEN, COMPTROLLER

**CITY OF ST. LOUIS
COMMUNITY DEVELOPMENT ADMINISTRATION (CDA)
ST. LOUIS AREA ON AGING
COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG)
FISCAL MONITORING REVIEW
JANUARY 1, 2006 THROUGH NOVEMBER 30, 2007**

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COMMUNITY DEVELOPMENT ADMINISTRATION (CDA)
ST. LOUIS AREA ON AGING
COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG)
FISCAL MONITORING REVIEW
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INTRODUCTION

Background

Contract Name: Elderly Services

Contract Program: CFDA #14.218

Contract Numbers: 06-12-40
07-12-40

Contract Periods: January 1, 2006 through December 31, 2006
January 1, 2007 through December 31, 2007

Contract Amounts: \$295,000 (06-12-40)
\$295,000 (07-12-40)

These contracts provided Community Development Block Grant (CDBG) funds to the St. Louis Area Agency on Aging (SLAAA, "the Agency") to:

- Receive from caterers and deliver hot nutritious meals for homebound elderly and eligible persons with disabilities and
- Assess and implement future programs related to elderly and persons with disabilities located in the City of St. Louis.

Purpose

The purpose of our review was to determine Agency's compliance with federal (including OMB Circular A-133), state and local CDBG requirements for the period January 1, 2006 through November 30, 2007. We will make recommendations for improvements if necessary.

Scope and Methodology

Inquiries were made regarding Agency's internal controls relating to the grant administered by the Community Development Administration (CDA), and evidence tested supporting the reports the Agency submitted to CDA and performed other procedures considered necessary. Our fieldwork was completed on December 14, 2007.

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INTRODUCTION

Exit Conference

The Agency was offered an exit conference on September 22, 2008, along with the draft report. The Agency declined.

Management Responses

The management's response to the observation and recommendation noted in the report were received from the Agency on September 23, 2008. This response has been incorporated into this report

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SUMMARY OF OBSERVATIONS

Conclusion

The Agency did not fully comply with federal (OMB Circular A-133), state and local CDBG requirements.

Status of Prior Observations

The Agency's previous fiscal monitoring Report dated March 22, 2006 contained no observations.

A-133 Status

The Agency expended over \$500,000 in federal funds for fiscal year 2006. The Agency is, therefore required to have a single audit in accordance with OMB Circular A-133.

The Agency's A-133 audit report dated February 15, 2007 rendered unqualified opinions on the Agency's general purpose financial statements and the report on compliance for major programs. The audit reflected no identified material weaknesses or reportable conditions. We reviewed the audit and recommended that it be accepted.

Summary of Current Observations

A recommendation was made for the following observation, if implemented, could assist the Agency in fully complying with federal (OMB Circular A-133), state and local CDBG requirements.

- Opportunity to improve internal controls over meal deliveries

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DETAILED OBSERVATIONS, RECOMMENDATIONS
AND MANAGEMENT'S RESPONSES

Opportunity to Improve Internal Controls over Meal Deliveries

As specified in Government Auditing standards and OMB Circular A-133, Internal Control-“Control Activities are the policies and procedures that help ensure that management’s directives are carried out and adequate segregation of duties provided between performance, review, and recordkeeping of a task. Information and exchange of information in a form and time frame that enable people to carry out their responsibilities and accurate information is accessible to those who need it.”

Internal Audit noted the Agency’s reports submitted to CDA lack a verification signature from the delivery sites. None were verified as to the accuracy of deliveries made. These functions should be performed by (and the approval by) persons with authority at the delivery site.

Recommendation

It is recommended that the Agency’s designee sign delivery documents to ensure delivery and the accuracy of distributions of its caterers.

Management’s Response

1. *We do not concur with the findings.*
 2. *No corrective actions will be taken.*
 3. *The St. Louis Area Agency on Aging contracts with eleven (11) centers for daily delivery of home delivered meals. The Wesley House is the only contract SLAAA has that utilizes CDA funding. Wesley House delivers approximately 15% of the total SLAAA home delivered meals in a year and 68% of these contracted meals are provided with funding from CDA. The monitoring report indicates that accuracy of meal delivery is not verified. This is inaccurate.*
- A. *Wesley House personnel verify, on a daily basis, the number of meals and the temperature of the food delivered before the caterer’s delivery daily route sheet is signed and driver departs. This step not only verifies that the correct number of meals is delivered; it also allows time for the center to have the caterer makeup for any shortages in milk, condiments, deserts, etc. before delivery to clients begins.*

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**DETAILED OBSERVATIONS, RECOMMENDATIONS
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Opportunity to Improve internal Controls over Meal Deliveries

Management's Response (continued)

- B. At the end of the month, the caterer delivers the monthly invoice to Wesley House. That invoice is checked by Wesley House against its daily signed delivery sheets. If there is a discrepancy, the caterer is notified and a revised invoice is submitted to Wesley House.*
- C. SLAAA then receives the revised caterer's invoice for Wesley House. SLAAA checks this invoice against the signed monthly SCAR Sheet submitted by Wesley House for reimbursement.*
- D. Periodic monitoring of the documented home delivery meal route sheets are compared with the submitted SCAR Sheets. This process ensures accuracy. This process is in place in all of our sites and has never been questioned by previous state or federal monitors, nor has it ever been mentioned in any of the last 12 A-133 audits that we have had since my arrival at the agency.*

We believe that our internal control procedures are sufficient. We have not had any problems with this system in the past and do not anticipate problems in the future.

Auditor's comment

The Agency did not provide us with documentation signed by an authority at the site regarding deliveries made.

We stand by our observation.