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OFFICE OF THE COMPTROLLER
CITY OF ST. LOUIS



DARLENE GREEN
Comptroller

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DR. KENNETH M. STONE, CPA
Internal Audit Executive

March 5, 2009

Helen Alford, Executive Director
Union Sarah Senior Center
1408 N. Kingshighway Boulevard
St. Louis, MO 63101

RE: Community Development Block Grant (Project #2009-CDA32)

Dear Ms. Alford:

Enclosed is a report of our fiscal monitoring review of the Union Sarah Senior Center, a not-for-profit organization, Community Development Block Grant (CDBG), for the period January 1, 2008, through August 31, 2008. 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 Union Sarah Senior Center. Our fieldwork was completed on October 8, 2008.

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 City of St. Louis, Community Development Administration (CDA) to provide fiscal monitoring to all federal grant sub-recipients.

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

Sincerely,

A handwritten signature in cursive script that reads "Kenneth M. Stone".

Dr. Kenneth M. Stone, CPA
Internal Audit Executive

Enclosure

cc: Lorna Alexander, Special Assistant for Development, CDA
Jill Claybour, Acting Executive Director, CDA



CITY OF ST. LOUIS

*COMMUNITY DEVELOPMENT ADMINISTRATION (CDA)
COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG)*

*UNION SARAH SENIOR CENTER
CONTRACT #08-12-51
CFDA #14.218*

*FISCAL MONITORING REVIEW
JANUARY 1, 2008 THROUGH AUGUST 31, 2008*

PROJECT #2009-CDA32

DATE ISSUED: MARCH 5, 2009

*Prepared by:
The Internal Audit Section*



OFFICE OF THE COMPTROLLER

Honorable Darlene Green, Comptroller

**CITY OF ST. LOUIS
COMMUNITY DEVELOPMENT ADMINISTRATION (CDA)
COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG)
UNION SARAH SENIOR CENTER
FISCAL MONITORING REVIEW
JANUARY 1, 2008 THROUGH AUGUST 31, 2008**

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INTRODUCTION

Background

Contract Name: Union Sarah Senior Center
Contract Number: 08-12-51
CFDA Number: 14.218
Contract Period: January 1, 2008 through August 31, 2008
Contract Amount: \$20,000

These contracts provided Community Development Block Grant (CDBG) funds to Union Sarah Senior Center (Agency) for assistance to low-income seniors to maintain an adequate quality of life and also, to prevent the premature institutionalization of elderly residents.

Purpose

The purpose was to determine Agency's compliance with federal, state and local CDBG requirements for the period January 1, 2008, through August 31, 2008, and make recommendations for improvements as considered necessary.

Scope and Methodology

Inquiries were made regarding the Agency's internal controls relating to the grants administered by Community Development Administration (CDA), evidence tested supporting the reports the Agency submitted to CDA and other procedures performed as considered necessary. Our fieldwork was completed on October 8, 2008.

Exit Conference

The Agency was offered the opportunity for an exit conference on February 13, 2009, but the Agency declined.

Management's Responses

Management's responses to the observations and recommendations were received on February 25, 2009, and have been incorporated into this report.

SUMMARY OF OBSERVATIONS

Conclusion

The Agency did not fully comply with federal, state and local CDA requirements.

Status of Prior Observations

The Agency's previous fiscal monitoring report dated August 20, 2008 contained two observations:

1. Inadequate board oversight **(Repeated)**
2. The Agency has a going concern issue. **(Resolved)**

A-133 Status

According to a letter received from the Agency dated September 29, 2008, it did not expend \$500,000 or more in federal funds in its fiscal year ended June 30, 2008 and was not required to have an A-133 audit.

Summary of Current Observations

The recommendations are for the following observations, which if implemented, could assist the Agency in fully complying with federal, state and local CDBG requirements.

1. Opportunity for board oversight over Agency's operations (Repeated)
2. Opportunity to approve Daily Sign-In sheets

**DETAILED OBSERVATIONS, RECOMMENDATIONS AND
MANAGEMENT'S RESPONSES**

1. Opportunity for Board Oversight Over Agency's Operations (Repeated)

Adequate board of directors' oversight may ensure proper internal control over the activities of the Agency.

The review of the minutes of the Agency's board meeting on September 12, 2008, did not provide any evidence of the Board's review of the financial reports nor any grant expenditures. The fiscal manager explained that this was the only meeting held in 2008 due to the board chairperson being hospitalized for the rest of the year.

The members of the board may not be in position to provide useful advice to the Agency or be aware of the Agency's financial position.

Recommendation

It is recommended that the board meet at least once a quarter despite which board members are unable to attend. Additionally, the meeting agenda should include a review of the agency's financial statements and activities reports.

Management's Response

I have requested that the board of directors meet monthly, but they insist on meeting quarterly. I have repeatedly requested for more input from the board members and for members to attend meetings to review the budget and other expenditures.

**DETAILED OBSERVATIONS, RECOMMENDATIONS AND
MANAGEMENT'S RESPONSES**

2. Opportunity to Approve Daily Sign-In Sheets

Internal controls are useful management tools to ensure that resources are used for authorized purposes; protected against waste, mismanagement or loss; and reliable information on the source and uses of Agency resources are secured, up-to-date and disclosed in appropriate records and reports."

The Daily Sign-In Sheets of the Agency's program participants were sampled for the months of March and June 2008. None of the Daily Sign-In Sheets sampled were signed by a member of management verifying the accuracy of the daily services provided to the Agency's program participants. There were inadequate internal controls within the Agency to monitor the services provided to the program participants.

Without management's daily oversight and verification of services provided, inaccurate information may be recorded on the Daily Sign-In Sheets, which may lead to the delay or suspension of federal funding.

Recommendation

We recommend the Agency increase its internal controls over attendance by having at least one member of management review and sign the Daily Sign-In Sheets on a daily basis.

Management's Response

In the future, we will make sure that at least one member of management review and sign the Daily Sign-In Sheets on a daily basis.