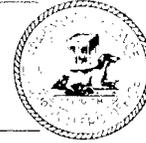




OFFICE OF THE COMPTROLLER
CITY OF ST. LOUIS



Internal Audit Section

DARLENE GREEN
Comptroller

DR. KENNETH M. STONE, CPA
Internal Audit Executive

FILE COPY
Carnahan Courthouse Building
1114 Market St., Room 142
St. Louis, Missouri 63101
(314) 622-4723
Fax: (314) 613-3004

December 15, 2010

George Robnett, Executive Director
Vashon-Jeff Vander Lou
3026 Locust Ave.
St. Louis, MO 63106

RE: Community Development Block Grant (CDBG) (Project #2010-CDA34)

Dear Mr. Robnett:

Enclosed is a report of our fiscal monitoring review of the Vashon-JVL, a not-for-profit organization, CDBG Program, for the period January 1, 2009 through December 31, 2009. The scope of a fiscal monitoring review is less than an audit, and as such, we do not express an opinion on the financial operations of Vashon-JVL. Fieldwork was completed on September 1, 2010.

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 subrecipients.

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

Sincerely,

Dr. Kenneth M. Stone, CPA
Internal Audit Executive

Enclosure

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



CITY OF ST. LOUIS

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

**VASHON-JEFF VANDER LOU
CONTRACT #09-36-66 AND #09-36-15
CFDA #14.218**

FISCAL MONITORING REVIEW

JANUARY 1, 2009 THROUGH DECEMBER 31, 2009

PROJECT #2010-CDA34

DATE ISSUED: DECEMBER 15, 2010

**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)
VASHON-JEFF VANDER LOU
FISCAL MONITORING REVIEW
JANUARY 1, 2009 THROUGH DECEMBER 31, 2009**

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INTRODUCTION

Background

Contract Name: Vashon-Jeff Vander Lou

Contract Numbers: 09-36-66
09-36-15

CFDA Number: 14.218

Contract Periods: January 1, 2009 through December 31, 2009

Contract Amounts: \$50,000 (\$268,576 revised) (09-36-66)
\$100,000 (\$143,594 revised) (09-36-15)

These contracts provided Community Development Block Grant (CDBG) funds to Vashon-Jeff Vander Lou (Agency) to facilitate the following in the central/northern wards of the City of St. Louis:

- Construction of new single-family homes for sale to low and moderate income persons.
- Assistance with other capital projects and variety of community services for the residents of these wards.

Purpose

The purpose of this fiscal monitoring review was to determine the Agency's compliance with federal, state and local Community Development Administration (CDA) requirements for the period January 1, 2009 through December 31, 2009, and make recommendations for improvements as considered necessary.

Scope and Methodology

Inquiries were made regarding the Agency's internal controls relating to the grant administered by the CDA. Evidence was tested supporting the reports the Agency submitted to CDA and other procedures were performed as considered necessary. Fieldwork was completed on September 1, 2010.

Exit Conference

The Agency was offered the opportunity for an exit conference on December 8, 2009, but the Agency declined.

Management's Responses

Management's response to the observation noted in the report was received from the Agency on December 14, 2010. This response has 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, Project #2009-CDA46, issued June 25, 2009, contained two observations:

1. Opportunity to improve internal controls over budgeting process (**Resolved**)
2. Opportunity to submit monthly financial reports in a timely manner (**Repeated**)

A-133 Status

According to a letter received from the Agency, it did not expend \$500,000 or more in federal funds in its fiscal year ended December 31, 2009; therefore, it was not required to have an OMB Circular A-133 audit.

Summary of Current Observations

A recommendation was made for the following observation, which if implemented, could assist the Agency in fully complying with federal, state and local CDA requirements.

- Opportunity to submit monthly financial reports in a timely manner (**Repeated**)

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

Opportunity To File Monthly Financial Reports In A Timely Manner (Repeated)

The Agency submitted four out of twelve financial reports late by an average of 6.2 days.

Page 3 of the grant agreement between the CDA and the Agency states "...the Operating Agency shall be required to submit monthly financial statements as specified in the Operating Agency Fiscal Procedures Manual, by no later than the 10th calendar day following the reporting month."

The Agency does not have a system of internal control to ensure compliance with the reporting requirements of the grant agreement.

Non-compliance with the CDA regulations or OMB Circular A-133 reporting requirements may cause a delay in the processing of reimbursement requests or suspension of the grant agreement resulting in an interruption in the services provided to the community under the agreement.

Recommendation

It is recommended that the Agency establish a system of internal controls to ensure its compliance with the reporting requirements of the grant agreement.

Management's Response

During the beginning of 2009, we experienced a backlog of administrative tasks due to one of our administration positions being vacant and trying to close out our 2008 files. But by the end of April, we were able to submit overdue financials and continued to submit them on time for the remainder of the year. We have made a concerted effort to comply with CDA's policies and procedures.