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OFFICE OF THE COMPTROLLER
CITY OF ST. LOUIS



DARLENE GREEN
Comptroller

Internal Audit Section

Carnahan Courthouse Building
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St. Louis, Missouri 63101
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March 23, 2007

Jill Claybour, Acting Executive Director
Community Development Administration (CDA)
1015 Locust Street, Suite 1200
St. Louis, MO 63101-1323

RE: Fiscal Monitoring Review of Vashon Jeff Vander Lou Initiative
(Project #2007-CDA15)

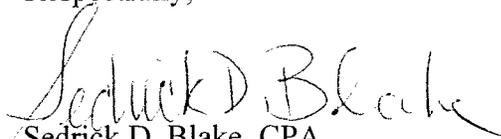
Dear Ms. Claybour:

For the period reviewed, Vashon Jeff Vander Lou Initiative (Agency) did not comply with the requirements of the contract that all requests for payment of salaries must be in accordance with approved work program personnel schedule. The Agency's non-compliance has resulted in an overpayment to the Agency of \$1,328.94 (see Observation #1 of the enclosed fiscal monitoring report).

We are recommending the Agency repay the overpayment of \$1,328.94 to CDA by April 23, 2007. We are also recommending that if the Agency does not repay the overpayment by April 23, 2007, this amount be taken from the Agency's next request for reimbursement.

If you have any questions, please call Charles Schroeder at (314) 589-6089.

Respectfully,


Sedrick D. Blake, CPA
Audit/Fiscal Executive

Enclosure

cc: Lorna Alexander, Accounting Coordinator, CDA
Judith Holstein, Federal Grants Section
John Zakibe, Deputy Comptroller



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March 23, 2007

Sam Coleman, Executive Director
Vashon Jeff Vander Lou Initiative
3026 Locust Ave.
St. Louis, MO 63106

RE: Fiscal Monitoring Report of Vashon Jeff Vander Lou (Project #2007-CDA15)

Dear Mr. Coleman:

Enclosed is a report of our fiscal monitoring review of Vashon Jeff Vander Lou (Contracts #06-36-31 & #06-36-66) for the period January 1, 2006 through October 31, 2006. 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 Vashon Jeff Vander Lou. Our fieldwork was completed on December 13, 2006.

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 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 Charles Schroeder (314) 589-6089.

Sincerely,


Sedrick D. Blake, CPA
Audit/Fiscal Executive

Enclosure

cc: Jill Claybour, Acting Executive Director, Community Development Administration
Lorna Alexander, Fiscal Coordinator, Community Development Administration



CITY OF ST. LOUIS

**COMMUNITY DEVELOPMENT ADMINISTRATION (CDA)
COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG)
VASHON JEFF VANDER LOU INIATIVE
CONTRACTS #06-36-15 & #06-36-66**

FISCAL MONITORING REVIEW

JANUARY 1, 2006 THROUGH OCTOBER 31, 2006

PROJECT #2007-CDA15

DATE ISSUED: MARCH 23, 2007

**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 INITIATIVE
CONTRACTS: #06-36-15 & #06-36-66
FISCAL MONITORING REVIEW
JANUARY 1, 2006 THROUGH OCTOBER 31, 2006**

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**CITY OF ST. LOUIS
COMMUNITY DEVELOPMENT ADMINISTRATION (CDA)
COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG)
VASHON JEFF VANDER LOU INITIATIVE
CONTRACTS: #06-36-15 & #06-36-66
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INTRDUCTION

Background

Contract Name: Vashon Jeff Vander Lou

Contract Numbers: 06-36-15
06-36-66

Contract Periods: January 1, 2006 through October 31, 2006
January 1, 2006 through October 31, 2006

Contract Amount: \$127,362 (06-36-15)
\$77,557 (06-36-66)

Contracts #06-36-15 & #06-36-66 (Documents 52764 & 52765) provided Community Development Block Grant (CDBG) funds to Vashon Jeff Vander Lou's to bring sustained improvement to the lives of the individuals and families who live, work and worship in the Jeff Vander Lou area. The programs help to revitalize the Vashon Jeff Vander Lou area.

Purpose

The purpose of our review was to determine Vashon Jeff Vander Lou's compliance with federal, state and local CDBG requirements for the periods January 1, 2006 through October 31, 2006 and make recommendations for improvements.

Scope and Methodology

We made inquiries regarding Vashon Jeff Vander Lou internal controls relating to the grant administered by the Community Development Administration (CDA), tested evidence supporting the reports the Agency submitted to CDA and performed other procedures considered necessary. Our fieldwork was completed on December 13, 2006.

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CONCLUSION AND SUMMARY OF CURRENT OBSERVATIONS

Conclusion

Vashon Jeff Vander Lou did not fully comply with federal, state and local CDBG requirements.

Status of Prior Observations

The Agency's previous Fiscal Monitoring Report dated July 12, 2005 noted four observations.

1. Failure to follow CDA procurement policy requirements (**Resolved**)
2. Failure to have disbursement checks signed by two authorized signers (**Resolved**)
3. Failure to follow CDA cash retention policy (**Resolved**)
4. Failure to maintain adequate documentation (**Resolved**)

A-133 Status

The Agency did not expend over \$500,000 for CY 2005; therefore, it was not required to have a single audit as in accordance with OMB Circular A-133.

Summary of Current Observations

We made recommendations for the following observations, which if implemented, could assist the Vashon Jeff Vander Lou in fully complying with federal, state and local CDBG requirements.

1. Employee's compensation in excess of budget (\$1,328.94)
2. Failure to properly maintain inventory records (\$498.67)

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

1. Employee's compensation in excess of budget (\$1328.94)

All requests for payment of salaries must be in accordance with approved work program personnel schedules. If salaries do not conform to an approved schedule, then a request for approval of a revised personnel schedule must be submitted to CDA as part of a contract revision request.

The reimbursements to the Agency for the Executive Assistant's salary for the period February 17, 2006 through September 15, 2006 exceeded the budget by \$1,328.94 as follows:

Budgeted salary

Twelve (12) pay periods @ \$731.00 each	\$ 8,772.00
FICA & MEDICARE taxes- 7.65% of \$8,772.00	<u>671.06</u>
Total Budgeted Salary	\$ 9,443.06

Reimbursements

Four (4) pay periods @ \$856.88 each	\$ 3,427.52	
Nine (9) pay periods @ \$731.00 each	<u>6,579.00</u>	
Total Salary	\$10,006.52	
FICA & MEDCARE taxes-7.65% of \$1,006.52	<u>765.49</u>	<u>\$10,772.01</u>
Excess reimbursements		<u>\$ 1,328.94</u>

Recommendation

We recommend the Agency:

1. Maintain adequate records regarding payroll.
2. Reimburse CDA by April 23, 2007 for overpayments of payroll by remitting a check for \$1,328.94. Submit the check to the Comptroller's Office /Federal Grants Section 1114 Market St. #648, St. Louis, MO 63101. Include your account and center number on the check. Furnish a copy of the check to the Internal Audit Section to the attention of Charles Schroeder, at the same address. If the Comptroller's Office does not receive the reimbursement by

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

1. Continued...

April 3, 2007, we recommend this amount taken from the Agency's next request for reimbursement.

Management's response

The Initiative has reviewed its records and finds that \$1,328.94 is owed back to CDA. A check will be forwarded to the Comptroller's Office one week from this response.

2. Failure to maintain inventory records properly (\$498.67)

CDA policies require an Agency to maintain adequate records for equipment and real property purchased with federal funds amounting to \$500 or more. Such records should include contract #, description, acquisition cost, acquisition date, model/serial numbers, location and condition. If disposals are made, permission must first be obtained from CDA and any receipts from sales should be reported to CDA.

Internal Audit could not locate a HP Office Jet Printer 7130 with the serial number MY3ASF1/MK, listed on the Agency's Inventory List as of October 17, 2006 with a cost of \$498.67. The Agency stated the printer was damaged therefore it was disposed off. The Agency, however, did not obtain permission from CDA before its disposal as required by the grant agreement.

Recommendation

We recommend the Agency:

1. Maintain adequate records for equipment and real property purchased with federal funds.
2. Obtain written permission from CDA before eliminating stolen or obsolete property from its records.
3. Reimburse CDA by April 23, 2007 for the cost of the HP Office Jet Printer 7130 by remitting a check for \$498.67 plus any proceeds from the sale of the printer. Submit the check to the Comptroller's Office /Federal Grants Section,

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

2. Continued...

1114 Market Street, room #648, St. Louis, MO 63101. Include your account and center number on the check. Furnish a copy of the check to the Internal Audit Section to the attention of Charles Schroeder, at the same address. If the Comptroller's Office does not receive the reimbursement by April 23, 2007, we recommend this amount taken from the Agency's next request for reimbursement.

Management's Response

Proper inventory has been maintained by this agency, written permission was sought from CDA to dispose of broken items. To date we are still waiting on a response from CDA. The printer in question was in storage warehouse. Attached you will find a picture of the printer with the serial number showing. This should be sufficient to show that the printer is still in Vashon/JeffVanderLou Initiative possession but it is broken an unusable. Therefore we will not reimburse the Comptroller's Office \$489.67 as recommended.

Auditor's Response

Based on the support submitted, this finding is now considered resolved. In the future, however, the Agency should always obtain prior written permission from CDA before removing CDA's property from its premises.