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OFFICE OF THE COMPTROLLER  
CITY OF ST. LOUIS



**DARLENE GREEN**  
Comptroller

*Internal Audit Section*

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**DR. KENNETH M. STONE, CPA**  
Internal Audit Executive

October 6, 2008

Earl Wilson Jr., Executive Director  
St. Louis Gateway Classic Sports  
2012 Dr. Martin Luther King Drive  
St. Louis, MO 63106

RE: Fiscal Monitoring Report of St. Louis Gateway Classic Sports, Community development Block Grant (CDBG), Contract #06-26-77, CFDA #14.218 (Project #2008-CDA44)

Dear Mr. Wilson:

Enclosed is a report of our fiscal monitoring review of St. Louis Gateway Classic Sports, CDBG, for the period October 1, 2006 through April 30, 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 St. Louis Gateway Classic Sports. Our fieldwork was completed on May 13, 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 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 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: Lorna Alexander, Special Assistant for Development, CDA  
Jill Claybour, Acting Director, CDA



# CITY OF ST. LOUIS

*COMMUNITY DEVELOPMENT ADMINISTRATION (CDA)*

*ST. LOUIS GATEWAY CLASSIC SPORTS (EXPANSION PROJECT)  
COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG)*

*CONTRACT #06-26-77*

*CFDA #14.218*

*FISCAL MONITORING REVIEW  
OCTOBER 1, 2006 THROUGH APRIL 30, 2008*

*PROJECT #2008-CDA44*

*DATE ISSUED: OCTOBER 6, 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 GATEWAY CLASSIC SPORTS  
COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG)  
FISCAL MONITORING REVIEW  
OCTOBER 1, 2006 THROUGH APRIL 30, 2008**

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**CITY OF ST. LOUIS  
COMMUNITY DEVELOPMENT ADMINISTRATION (CDA)  
ST. LOUIS GATEWAY CLASSIC SPORTS  
COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG)  
FISCAL MONITORING REVIEW  
OCTOBER 1, 2006 THROUGH APRIL 30, 2008**

**INTRODUCTION**

**Background**

**Contract Name:** Gateway Classic Expansion Project

**Contract Number:** 06-26-77

**CFDA Number:** 14.218

**Contract Period:** October 1, 2006 through December 31, 2007

**Contract Amount:** \$75,000 increased to \$123,500 (approved budget revisions)

This contract provided Community Development Block Grant (CDBG) funds to St. Louis Gateway Classic Sports (Expansion Project) was used to construct a new parking lot to accommodate scholarship recipients, sponsors, and community center users.

**Purpose**

The purpose of our review was to determine St. Louis Gateway Classic Sports (Agency), compliance with federal, OMB Circular A-133, state and local CDBG requirements for the period October 1, 2006 through December 31, 2007 and make recommendations for improvements if necessary.

**Scope and Methodology**

We made inquiries regarding the Agency internal controls relating to the grant administered by the CDA, tested evidence supporting the reports the Agency submitted to CDA and performed other procedures considered necessary. Our fieldwork was completed on May 13, 2008.

**Exit Conference**

We conducted an exit conference at the Agency on September 22, 2008. Earl Wilson, Executive Director, represented the Agency. Victoria Reed, Auditor I, and Olaide Hassan, Auditor II, represented the Internal Audit Section (IAS).

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ST. LOUIS GATEWAY CLASSIC SPORTS  
COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG)  
FISCAL MONITORING REVIEW  
OCTOBER 1, 2006 THROUGH APRIL 30, 2008**

**INTRODUCTION**

**Management's Responses**

We fax the Agency a copy of this report on September 8, 2008 and asked for its response to the observation and recommendation noted in the report by September 16, 2008. The Agency did not respond. We spoke with the Agency on September 17, 2008 by phone and reminded about the past due response, the Agency requested an exit conference instead.

At the exit conference, we gave the Agency until September 30, 2008 to submit the management's response to the finding noted in the report. As of the date of this report, the Agency has not responded.

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**SUMMARY OF CURRENT OBSERVATIONS**

**Conclusion**

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

**Status of Prior Observations**

This is a new Agency's and does not have a previous fiscal monitoring report.

**A-133 Status**

The Agency did not expended \$500,000 or more in federal funds for calendar year ended December 31, 2007. The Agency was therefore not required to have an OMB Circular A-133 audit.

**Summary of Current Observations**

We made recommendations for the following observations, which if implemented, could assist the Agency in fully complying with federal (OMB Circular A-133), state and local CDA requirements.

- The Agency Has an Appearance of a Conflict of Interest

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

**The Agency Has an Appearance of a Conflict of Interest**

CDA regulations prohibit any person who is an employee, agency, consultant, officer or elected official or appointed official of the recipient (City of St. Louis), or of any designated public agencies, or sub-recipients, from being a member of or acting in the capacity of the Board of Directors of the grantee agency.

We noted that an appointee of the City of St. Louis, the Communications Divisions Commissioner, is on the Agency's 2008 Board of Directors listing.

We believe the inclusion of appointed City of St. Louis officials on the Agency's Board of Directors may present the appearance of a conflict of interest.

**Recommendation**

We recommend the Agency remove the Communications Division Commissioner from the Board of Directors or obtain a legal opinion on this matter.

**Management's Responses**

*The Agency did not respond.*