

FILE COPY

DARLENE GREEN
Comptroller

DR. KENNETH M. STONE, CPA
Internal Audit Executive



OFFICE OF THE COMPTROLLER
CITY OF ST. LOUIS

Internal Audit Section



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January 13, 2009

Sal Martinez, Executive Director
Community Renewal and Development, Inc.
2745 Bacon Avenue
St. Louis, MO 63106

RE: Fiscal Monitoring Review of Community Renewal and Development, Inc.,
(Project #2009-CDA11)

Dear Mr. Martinez:

Enclosed is a report of our fiscal monitoring review of Community Renewal and Development, Inc., Community Development Block Grant (DBG), for the period January 1, 2008 through June 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 Community Renewal and Development, Inc. Our fieldwork was completed on July 29, 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 Community Development Administration to provide fiscal monitoring to all grant subrecipients.

If you have any questions, please contact the 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 Executive Director, CDA



CITY OF ST. LOUIS

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

**COMMUNITY RENEWAL AND DEVELOPMENT, INC.
COMMUNITY BASED DEVELOPMENT ORGANIZATION (CBDO)**

**CONTRACT # 08-31-71
CFDA #14.218**

**FISCAL MONITORING REVIEW
JANUARY 1, 2008 THROUGH JUNE 30, 2008**

PROJECT #2009-CDA11

DATE ISSUED: JANUARY 13, 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)
COMMUNITY RENEWAL AND DEVELOPMENT, INC.
FISCAL MONITORING REVIEW
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COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG)
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FISCAL MONITORING REVIEW
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INTRODUCTION

Background

Contract Name: Community Renewal and Development, Inc.
Community Based Development Organization (CBDO)

CFDA Number: 14.218

Contract Number: 08-31-71

Contract Period: January 1, 2008 through December 31, 2008

Contract Amount: \$65,000

This contract provided Community Development Block Grant (CDBG) funds to Community Renewal and Development, Inc. (Agency) to facilitate a comprehensive community renewal program that promotes and encourages housing development, employment training, and youth and elder services within the six 5th Ward neighborhoods.

Purpose

The purpose of this fiscal monitoring review was to determine the Agency's compliance with federal (including OMB Circular A-133), state and local CDBG requirements for the period January 1, 2008 through June 30, 2008, and make recommendations for improvements as necessary.

Scope and Methodology

Inquiries were made regarding the Agency's internal controls relating to the grant administered by the Community Development Administration (CDA), evidence tested supporting the reports the Agency submitted to CDA and other procedures performed as considered necessary. Fieldwork was completed on July 29, 2008.

Exit Conference

The Agency was offered an opportunity for an exit conference on January 5, 2009. The Agency declined.

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INTRODUCTION

Management's Responses

Management's response to the observation noted in the report was received on January 5, 2009, and has been incorporated into the report.

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SUMMARY OF OBSERVATIONS

Conclusion

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

Status of Prior Observations

The Agency's most recently fiscal monitoring report dated September 17, 2007, contained no observations.

A-133 Status

According to a letter received from the Agency on February 12, 2008, the executive director stated that the Agency was not required to have an A-133 audit because it did not expend \$500,000 or more in federal funds in its fiscal year ended December 31, 2007.

Summary of Current Observations

The recommendation is made for the following observation, which if implemented, could assist the Agency in complying with federal, state and local CDBG requirements:

- Opportunity for Board of Directors to oversee Agency's financial operations

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

Opportunity for Board of Directors to Oversee Agency's Financial Operations

The Board of Directors (Board) should provide an oversight to the operations of the Agency to facilitate sound business management decisions and an acceptable level of internal control over compliance with federal, state and local CDBG compliance requirements.

The Board's minutes for December 2007 and March and June 2008 meetings did not show any evidence that the Board reviewed Agency's financial reports and/or federal grant received and expended.

The lack of Board's oversight of the Agency's financial operations may increase the risk of the misappropriation of CDBG funds and/or non-compliance with the CDBG federal, state and local CDBG compliance requirements.

Recommendation

We recommend that the Agency establish procedures to ensure Board's oversight over its financial operations.

Management's Response

In order to integrate your recommendations, I will ensure that evidence is presented that our Board of Director's reviews financial reports and/or federal grants received as we continue our operations effective immediately.