



OFFICE OF THE COMPTROLLER
CITY OF ST. LOUIS



FILE COPY

DARLENE GREEN
Comptroller

Internal Audit Section

Carnahan Courthouse Building
1114 Market St., Room 642
St. Louis, Missouri 63101
(314) 622-4723
Fax: (314) 613-3004

DR. KENNETH M. STONE, CPA
Internal Audit Executive

August 15, 2009

Flint Fowler, Executive Director
Herbert Hoover Boys and Girls Club
2901 N. Grand Avenue
St. Louis, MO 63107

RE: Community Development Block Grant (CDBG)
(Project#2009-CDA54)

Dear Mr. Fowler:

Enclosed is a report of our fiscal monitoring review of the Herbert Hoover Boys and Girls Club, a not-for-profit organization, CDBG Program, for the period September 1, 2008, through December 31, 2008. 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 Herbert Hoover Boys and Girls Club. Fieldwork was completed on March 20, 2009.

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 CITY OF ST. LOUIS

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

**HERBERT HOOVER BOYS AND GIRLS CLUB
CONTRACT #08-11-31
CFDA #14.218**

FISCAL MONITORING REVIEW

SEPTEMBER 1, 2008 THROUGH DECEMBER 31, 2008

PROJECT #2009-CDA54

DATE ISSUED: AUGUST 15, 2009

**Prepared by:
The Internal Audit Section**



OFFICE OF THE COMPTROLLER OFFICE OF THE COMPTROLLER

HONORABLE DARLENE GREEN, COMPTROLLER

**CITY OF ST. LOUIS
COMMUNITY DEVELOPMENT ADMINISTRATION (CDA)
COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG)
HERBERT HOOVER BOYS AND GIRLS CLUB
FISCAL MONITORING REVIEW
SEPTEMBER 1, 2008 THROUGH DECEMBER 31, 2008**

TABLE OF CONTENTS

<u>Description</u>	<u>Page(s)</u>
INTRODUCTION	
Background	1
Purpose	1
Scope and Methodology	1
Exit Conference	1
Management Responses	1
SUMMARY OF OBSERVATIONS	
Conclusion	2
Status of Prior Observations	2
A-133 Status	2
Summary of Current Observations	2
DETAILED OBSERVATIONS, RECOMMENDATIONS AND MANAGEMENT'S RESPONSES	3-4

INTRODUCTION

Background

Contract Name: Junior Staff Development Program

CFDA Number: 14.218

Contract Number: 08-11-31

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

Contract Amount: \$65,000

This contract provided Community Development Block Grant (CDBG) funds from the Community Development Administration (CDA) to Herbert Hoover Boys and Girls Club (Agency) for a comprehensive, year-round job readiness and career development program for approximately 68 youths at its Adams Park Unit.

Purpose

The purpose of the review was to determine the Agency's compliance with federal, state and local CDA requirements for the period September 1, 2008 through December 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 grant administered by CDA. Evidence was tested supporting the reports the Agency submitted to CDA and other procedures were performed as considered necessary. Fieldwork was completed on March 20, 2009.

Exit Conference

An exit conference was offered on July 24, 2009; however, as of the date of the report the Agency had not responded.

Management's Responses

The management's responses to the observations and recommendations identified in the draft report were received from the Agency on August 19, 2009. These responses 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

This was the Agency's first fiscal monitoring review; therefore, there was no prior report audit report.

A-133 Status

According to a letter received from the Agency, dated February 17, 2009, the Agency is not required to have an A-133 audit because it did not expend \$500,000 or more in federal funds in its year ended December 31, 2007.

Summary of Current Observations

Recommendations were made for the following observations, which if implemented, could assist the Agency in fully complying with federal, state and local CDA requirements:

1. Opportunity to submit monthly financial reports
2. Opportunity for two duly authorized signatures on checks

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

1. Opportunity to Submit Monthly Financial Reports

The Agency did not submit CDA the monthly financial reports for the period of the review.

The grant agreement's fiscal and programmatic procedures with CDA require the Agency to submit monthly financial reports no later than the by the 10th day following the reporting month.

The Agency did not have internal control in place to ensure compliance with the reporting requirements of the grant agreement.

Non-compliance with the requirements of the grant agreement, including the reporting requirements, may cause a delay or suspension in the processing of reimbursement requests or termination of the grant agreement with CDA.

Recommendation

It is recommended that the Agency establish and implement internal controls to ensure that monthly financial reports are submitted to CDA by the 10th day following the reporting month in compliance with the requirements of the grant agreement with CDA.

Management's Response

HHBGC will work to ensure monthly financial reports are submitted by the 10th of each month by reviewing its internal controls to ensure the CDA reporting process is followed.

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

2. Opportunity for Two Duly Authorized Signatures on Checks

CDA grant funded disbursement checks, were signed by only the chief financial officer of the Agency.

According to CDA Fiscal Procedures Manual's Section 5.2 "Record Keeping Requirements," the method of disbursement for expenditures shall be pre-numbered checks signed by chief executive officer and financial officer or any two duly authorized officers.

The Agency has a policy where checks in an amount under \$1000 need only one signature. The Agency did not comply with the check-signing requirement of the CDA Fiscal Procedures Manual.

Non-compliance with the CDA requirements pertaining to dual signatures on checks increase the risk of the misappropriation of the Agency's grant funds. In addition, it may result in a possible delay or suspension of expenditure reimbursements process by CDA.

Recommendation

It is recommended the Agency comply with CDA requirements and have all its CDA grant funded disbursement checks signed by the Agency's two duly authorized officers.

Management's Response

The HHBGC check signing policy states that two signatures are required for checks disbursed that are over \$1,000 and that all other check disbursement require one authorized signature.

To ensure the CDA check signing requirement are met HHBGC will ensure compliance with CDA check signing requirements. All CDA grant funded disbursements checks will be signed by two Agency officers authorized to sign checks.