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OFFICE OF THE COMPTROLLER
CITY OF ST. LOUIS



DARLENE GREEN
Comptroller

Internal Audit Section

DR. KENNETH M. STONE, CPA
Internal Audit Executive

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

June 16, 2009

Antoinette Cousins, Executive Director
Riverview-West Florissant Housing Corporation
6000 West Florissant
St. Louis, MO 63136

RE: Community Development Block Grant (CDBG) (Project #2009-CDA23)

Dear Ms. Cousins:

Enclosed is the report of the fiscal monitoring review of the Riverview-West Florissant Housing Corporation, CDBG program, for the period January 1, 2008, through July 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 the Riverview-West Florissant Housing Corporation. Fieldwork was completed on September 26, 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 City of St. Louis, Community Development Administration (CDA) to provide fiscal monitoring to all federal grant sub-recipients.

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 A. 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)**

**RIVERVIEW-WEST FLORISSANT HOUSING CORPORATION
CONTRACT #08-31-55 AND #08-36-13
CFDA #14.218**

FISCAL MONITORING REVIEW

JANUARY 1, 2008 THROUGH JULY 31, 2008

PROJECT #2009-CDA23

DATE ISSUED: JUNE 16, 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)
RIVERVIEW-WEST FLORISSANT HOUSING CORPORATION
FISCAL MONITORING REVIEW
JANUARY 1, 2008 THROUGH JULY 31, 2008**

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INTRODUCTION

Background

Contract Name: Riverview-West Florissant Targeted Management Assisted Program

Contract Numbers: 08-31-55
08-36-13

CFDA Number: 14.218

Contract Periods: January 1, 2008 through December 31, 2008 (08-31-55)
January 1, 2008 through December 31, 2008 (08-36-13)

Contract Amounts: \$345,000 (08-31-55)
\$150,000 (08-36-13)

The two contracts provided funds from the Community Development Administration (CDA) Community Development Block Grant Program (CDBG) to Riverview-West Florissant (Agency) to identify nuisance properties within the 1st, 2nd, 3rd, 21st, and 27th ward neighborhoods, and work with the property owners to eliminate nuisance conditions or behaviors (#08-36-13); and to undertake neighborhood improvements; housing, commercial and economic development activities needed to revitalize the Walnut Park and North Pointe communities (#08-31-55).

Purpose

The purpose of this review was to determine the Agency's compliance with federal, state and local CDA requirements for the period January 1, 2008, through July 31, 2008, and make recommendations for improvements as considered necessary.

Scope and Methodology

Inquiries were made regarding the Agency's internal controls related to the grants administered by CDA, evidence tested supporting reports the Agency submitted to CDA and other procedures performed as considered necessary. Fieldwork was completed on September 26, 2008.

INTRODUCTION

Exit Conference

The agency was offered the opportunity for an exit conference on April 24th and May 19th, 2009, but the Agency declined.

Management's Responses

The management's responses to the observations and recommendations identified in the draft report were received from the Agency on May 28, 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

The Agency's previous fiscal monitoring report, Project # 2007-CDA36, issued October 24, 2007, contained two observations:

1. Mileage reports were not adequately reviewed and approved. **(Resolved)**
2. No standard written policies or procedures for the accounting system.
(Repeated-See Current Observation #1)

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, 2007 and was not required to have an A-133 audit.

Summary of Current Observations

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

1. Opportunity for written policies or procedures for accounting system (Repeated)
2. Opportunity to submit monthly financial reports.
3. Opportunity to improve asset management – questioned cost \$1,186.85

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

**1. Opportunity for Written Policies or Procedures for Accounting System
(Repeated)**

The Agency stated on the Fiscal Administration Questionnaire there were no standard written accounting policy and procedures in place.

Written accounting policies and procedures ensure duties are consistently performed in accordance with management's objectives and goals; and provide cross training for current and new employees.

Without written accounting policies and procedures, there is increased risk of ineffective internal controls and that employees may not be properly trained to perform job duties.

Management stated it is still in the process of implementing written accounting procedures.

This observation was noted in the prior report, Project #2007-CDA36, issued October 24, 2007 and remains unresolved as of the current fieldwork completion date.

Recommendation

It is recommended that the Agency develop written accounting policies and procedures immediately. The accounting policies and procedures should be approved by management and effectively communicated to the appropriate staff.

Management's Response

As of July 2009, the organization has created a Policies and Procedures system that has been approved by the organization Board of Directors.

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

2. Opportunity to Submit Monthly Financial Reports

The Agency submitted 3 out of 4 monthly financial reports late by an average of 37 days.

CDA Operating Agency Fiscal Procedures, Section 2.11, requires the Agency to submit monthly financial reports prior to the 10th day of the month following the report period end to the Comptroller's Office Federal Grants Section.

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

When monthly reports are not submitted timely, CDA may delay or suspend processing of reimbursement requests.

Recommendation

It is recommended that the Agency comply with CDA procedures and make all efforts to submit financial reports timely.

Management's Response

Financial Reports were late due to the organization being understaffed for over four months. As of January 2009, organization has hired a Financial Manager and this matter will no longer be an issue.

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

3. Opportunity to Improve Asset Management

A. Equipment Inventory – Questioned Cost \$1,087.85

Agency did not maintain adequate inventory records of equipment. The following items purchased with CDA funds could not be located:

Five 18-Volt Cordless Trimmer Combo	\$ 359.94
Three Leaf Blowers	209.91
Two Lawn Mowers	<u>518.00</u>
Total	<u>\$1,087.85</u>

Section 4.1 of the CDA manual states "an agency should maintain adequate records for equipment and real property purchased with federal funds. Such records should include contract number, description of the item, 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".

Agency does not have adequate internal controls in place to appropriately track equipment and update its inventory listing in compliance with the CDA manual.

Failure to maintain adequate records for equipment purchased with federal funds may result in theft or misuse of equipment and the loss of the CDA funding.

B. Disposition of Equipment – Questioned Cost \$99.00

The agency scrapped a shredder purchased with CDA funds without notifying CDA.

Section 4.2 states, "when equipment is determined to be obsolete, beyond repair or unusable, the Operating Agency must submit a written request to the CDA Chief Financial Officer to adequately dispose of the items."

Agency does not have internal control in place for obtaining and documenting CDA approval before selling or scrapping equipment in compliance with the CDA manual.

Failure to obtain CDA approval before disposition of equipment could result in misuse of equipment or unauthorized disposition that may go undetected resulting in misuse of the grant funds. In addition, the salvage value of the discarded equipment may not be accounted for.

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

3. Continued...

Recommendation

It is recommended that the Agency:

1. Maintain adequate records for equipment and purchased with federal funds.
2. Obtain CDA approval before disposing of any equipment
3. Account for the un-located and disposed equipment or return \$ \$1,186.85 (\$1,087.85+\$99.00) to CDA.

Management's Response

Organization has created an inventory sheet and better tracking system to adequately tract [track] equipment. Organization will inform and request permission to dispose of any equipment. Agency did not respond to #3 for un-located equipment under this recommendation.

Agency did not respond to 3A. 3B-Shredder is located in the Finance Manager's office.

In closing, Riverview West Florissant Development Corporation is working diligently at insuring that no future accounting findings or other findings will affect this organization in any negative way.