



OFFICE OF THE COMPTROLLER
CITY OF ST. LOUIS



FILE COPY

DARLENE GREEN
Comptroller

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DR. KENNETH M. STONE, CPA
Internal Audit Executive

December 17, 2009

Karen Carson, Executive Director
Contractor's Assistant Program
6330 Knox Industrial Dr.
St. Louis, MO 63139

RE: Community Development Block Grant (CDBG) (Project #2009-CDA58)

Dear Ms. Carson:

Enclosed is a report of our fiscal monitoring review of the Contractors Assistance Program, a not-for-profit organization, CDBG Program, for the period January 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 the Agency. Fieldwork was completed on April 27, 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

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

**CONTRACTORS ASSISTANCE PROGRAM (CAP)
CONTRACT #08-90-62
CFDA #14.218**

FISCAL MONITORING REVIEW

JANUARY 1, 2008 THROUGH DECEMBER 31, 2008

PROJECT #2009-CDA58

DATE ISSUED: DECEMBER 17, 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)
CONTRACTORS ASSISTANCE PROGRAM
FISCAL MONITORING REVIEW
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INTRODUCTION

Background

Contract Name: Contractors Assistance Program

Contract Number: 08-90-62

CFDA Number: 14.218

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

Contract Amount: \$68,000

This contract provides Community Development Block Grant (CDBG) funds to the Contractors Assistance Program (Agency) to support the efforts in meeting the business needs of small and growing minority and female owned construction companies and disadvantaged business enterprises.

Purpose

The purpose of this fiscal monitoring review was to determine the Agency's compliance with federal, state, local Community Development Administration (CDA) requirements for the period January 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 April 27, 2009.

Exit Conference

The Agency was offered the opportunity for an exit conference on October 30, 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 November 10, 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 #2008-CDA13, issued December 1, 2008, contained three observations.

1. Program income was not reported and remitted as required by CDA. **(Resolved)**
2. Monthly financial reports were not submitted in a timely manner. **(Repeated, see current observation #1)**
3. Checks were not signed by two duly authorized officers. **(Resolved)**

A-133 Status

According to a letter received from the Agency dated April 7, 2009, it did not expend \$500,000 or more in federal funds in its calendar year ending December 31, 2008, 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 to submit financial reports in a timely manner
2. Opportunity to improve cash management

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

1. Opportunity To Submit Financial Reports In A Timely Manner

The Agency submitted all monthly financial reports from January to November 2008 late on an average of 80 days. In addition, the Agency did not submit the monthly financial report for December 2008.

CDA Operating Agency Manual requires the Agency to submit monthly financial reports by the 10th day of the month following the reporting month.

The Agency's management did not comply with the CDA reporting requirements.

Late submission of the monthly financial reports could cause delays in the processing of reimbursement requests or suspension or termination of the federal awards.

Recommendation

It is recommended that the Agency submit its monthly financial reports that are in arrears and establish a system of internal control to comply with the reporting requirements of the CDA Operating Agency Manual and submit its future monthly financial report by the 10th day following the reporting month.

Management's Responses

"The Agency has also experienced personnel turnover and medical lost time that caused it to fall behind in all areas. We will cross train people to prevent this from reoccurring..."

2. Opportunity To Improve Cash Management

The Agency did not disburse federal funds to two of its sub contractors within three days of receiving the reimbursements from CDA.

A	B	C	D	E
Vendor	Reimbursement Date	Date Vender Paid	Days Elapsed Since Date Reimbursed (C-B)	Amount
ACG of St. Louis	September 18, 2008	September 30, 2008	12	\$33,004.98
SBP Leasing	September 18, 2008	September 30, 2008	12	\$992.64
ACG of St. Louis	February 17, 2009	February 27, 2009	10	\$22,003.32
SBP Leasing	February 17, 2009	February 27, 2009	10	\$661.76
Total Late Payments				\$56,662.70

According to Section 2.10, Cash Management, of the CDA Operating Agency Manual, an operating agency must disburse the grant funds within three working days of receiving them. This policy applies to program grant funds received from the City of St. Louis for unpaid items. Funds should be requested only for the immediate cash needs of an operating agency. If funds cannot be disbursed within the three-day period, then they must be returned immediately to the Comptroller's Office.

The Agency did not have a system of internal control in place to ensure compliance with the CDA cash management compliance requirement.

Non-compliance with the CDA the CDA cash management compliance requirement may result in suspension or termination of the federal award.

Recommendation

It is recommended that the Agency:

- Establish a system of internal control to ensure compliance with the CDA cash management compliance requirements.

Management's Responses

"The Agency was not aware of the three day rule of CDA and prepares these disbursements with other checks in its normal weekly disbursing cycle. The Agency has revised its disbursing procedures so that CDA funds will be disbursed within three days. Also checks are now being signed by two authorized persons".