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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

April 2, 2009

Vernice Glover-Washington, Executive Director  
Vaughn Tenant Association- Elmer Hammond Day Care  
1920 Cass Avenue  
St. Louis, MO 63106

RE: Community Development Block Grant (CDBG)  
(Project #2009-CDA48)

Dear Ms. Glover-Washington:

Enclosed is a report of our fiscal monitoring review of the Vaughn Tenant Association, a not-for-profit organization, CDBG Program, for the period January 1, 2008, through November 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 Vaughn Tenant Association. The fieldwork was completed on January 9, 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 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 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 CITY OF ST. LOUIS

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

**VAUGHN TENANT ASSOCIATION  
CONTRACT #08-11-36  
CFDA #14.218**

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

**PROJECT #2009-CDA48**

**DATE ISSUED: APRIL 2, 2009**

**Prepared by:  
The Internal Audit Section**



# OFFICE OF THE COMPTROLLER OFFICE OF THE COMPTROLLER

**HONORABLE DARELENE GREEN, COMPTROLLER**

**CITY OF ST. LOUIS  
COMMUNITY DEVELOPMENT ADMINISTRATION (CDA)  
COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG)  
VAUGHN TENANT ASSOCIATION  
FISCAL MONITORING REVIEW  
JANUARY 1, 2008 THROUGH NOVEMBER 30, 2008**

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## **INTRODUCTION**

### **Background**

**Contract Name:** Elmer Hammond Day Care  
**Contract Number:** 08-11-36  
**CFDA Number:** 14.218  
**Contract Period:** January 1, 2008 through November 30, 2008  
**Contract Amount:** \$20,000

This contract provided Community Development Block Grant (CDBG) funds to Vaughn Tenant Association (Agency) to assist low to moderate income families in the mental, physical, and educational growth and development of their children with an emphasis on the total child care and at the same time freeing the parent to attain, retrain, or train for employment.

### **Purpose**

The purpose was to determine the Agency's compliance with federal, state and local CDBG requirements for the period January 1, 2008, through November 30, 2008, and make recommendations for improvements as considered necessary.

### **Scope and Methodology**

Inquiries were made regarding the Agency's internal controls relating to the grants administered by Community development Organization (CDA), evidence tested supporting the reports the Agency submitted to CDA and other procedures performed as considered necessary. The fieldwork was completed on January 9, 2009.

### **Exit Conference**

The Agency was offered the opportunity for an exit conference on March 25, 2009, but the Agency declined.

### **Management's Responses**

Management's responses to the observations and recommendations noted in the report were received on April 1, 2009, and have been incorporated into the 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 dated November 3, 2009, contained two observations:

1. Lack of adequate oversight by Agency's board of directors (**Repeated - see Current Observation**)
2. Units of service not accurately reported (**Resolved**)

### **A-133 Status**

According to a letter received from the Agency dated December 30, 2008, it did not expend \$500,000 or more in federal funds in its fiscal year ended March 31, 2008, and was not required to have an A-133 audit report.

### **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 CDBG requirements.

- Opportunity for board oversight over Agency's financial activities (**Repeated**)

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

**Opportunity for Board Oversight over Agency's Financial Activities (Repeated)**

The board minutes for all four quarterly meetings in 2008 were reviewed. None of the minutes reviewed indicated any review of the Agency's financial status or the financial activities related to the Community Development Block Grant (CDBG) activities.

The board of directors should provide the oversight required to facilitate sound business management decisions and an acceptable level of internal control over compliance with the federal grant and its conditions.

The members of the board may not be in position to provide useful advice to the Agency or be aware of the Agency's financial position without the proper oversight.

**Recommendation**

We recommend that the Agency's board of directors establish procedures to review CDBG activities and the related financial statements at each board meeting.

**Management's Response**

*The Director of Elmer Hammond Day Care presented the Board of Directors with the draft letter and below are the following recommendations:*

- 1. Executive Director informs the Board of Directors on a monthly basis as to the amount of CDA funds received and how much we have left as well as when we have utilized the entire amount of funds with a zero balance.*
- 2. The Board of Directors will continue to have its quarterly meetings as normal to discuss financial status/ financial activities.*
- 3. The Board of Directors will have a meeting on April 14, 2009 at 5:00 p.m. at the Elmer Hammond Day Care.*
- 4. After the Board of Directors reviews the information related to the CDBG activities, the Board will be abreast on the financial status as we are now and it will be documented.*
- 5. These procedures to review CDBG activities and related financial statements will be done at each board meeting.*