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OFFICE OF THE COMPTROLLER
CITY OF ST. LOUIS



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Comptroller

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DR. KENNETH M. STONE, CPA
Internal Audit Executive

May 29, 2009

Harold Crumpton, Executive Director
Greater Ville Neighborhood Preservation
2410 N. Newstead Ave.
St. Louis, MO 63108

RE: Community Development Block Grant (CDBG) (Project #2009-CDA33)

Dear Mr. Crumpton:

Enclosed is a report of our fiscal monitoring review of the Greater Ville Neighborhood Preservation Commission, a not-for-profit organization, CDBG, for the period January 1, 2008 through October 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. The fieldwork was completed on November 3, 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 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: 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)**

**GREATER VILLE NEIGHBORHOOD PRESERVATION
COMMISSION
CONTRACT #08-31-73
CFDA #14.218**

FISCAL MONITORING REVIEW

JULY 1, 2008 THROUGH OCTOBER 31, 2008

PROJECT #2009-CDA33

DATE ISSUED: MAY 29, 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)
GREATER VILLE NEIGHBORHOOD PRESERVATION COMMISSION
COMMUNITY BASED DEVELOPMENT ORGANIZATION (CBDO)
FISCAL MONITORING REVIEW
JULY 1, 2008 THROUGH OCTOBER 31, 2008**

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INTRODUCTION

Background

Contract Name: Greater Ville Community Based Development Organization (CBDO) and Management Assistance Program (MAP)

Contract Number: 08-31-73

CFDA Number: 14.218

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

Contract Amount: \$52,000

This contract provided Community Development Block Grant (CDBG) funds to Greater Ville Neighborhood Preservation Commission (Agency) to revitalize the ville area and redevelop the entire 4th ward. Also maintain the character of city living by rehabilitating existing structure that holds unique architectural design.

Purpose

The purpose of the review was to determine the Agency's compliance with federal, state and local Community Development Administration (CDA) requirements for the period July 1, 2008, through October 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. The fieldwork was completed on November 3, 2008.

Exit Conference

An exit conference was conducted at the Agency on May 21, 2009. The Agency was represented at the exit conference by Harold Crumpton, President; and Dee Williams, Administration Assistant. The Internal Audit Section was represented by Marlon Pepper, Auditor I, and Jeremy Holtzman, Auditor II.

Management's Responses

Management's responses to the observations and recommendations identified in the draft were received from the Agency on May 26, 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 is the Agency's first fiscal monitoring review; therefore, there were no prior observations.

A-133 Status

According to a letter received from the Agency dated October 16, 2008, 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, 2008.

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 file monthly financial and programmatic reports in a timely manner
2. Opportunity for CDBG checks signed by two duly authorized officers
3. Opportunity to complete program objectives

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

1. Opportunity to File Monthly Financial and Programmatic Reports in a Timely Manner

The Agency did not submit any monthly financial or programmatic reports for contract #08-31-73.

The contract requires the monthly financial and programmatic reports be submitted by the 10th of every month, following the reporting period.

The Agency did not comply with the requirements of the CDBG fund contract agreement with CDA.

Non-compliance with the CDBG contract agreement by the Agency may result in the delay in the processing of reimbursement requests, suspension of the grant or termination of the future funding.

Recommendation

It is recommended that the Agency submit its reports by the required date.

Management's Response

Management agrees with the finding and recommendations with the following observations:

Monthly Financial Report- Sub recipient agency was told that it did not have to file this report. Because the sub-recipient agency was never told the starting budget amount awarded to the sub-recipient, it was impossible to fill out the report. The Agency has obtained the starting budgeted amount and will provide the report in a timely manner going forward.

Monthly programmatic report- sub-recipient agency prepared internal weekly activities reports. The Agency was not properly trained on the development of the goals and the criteria reflected in the contract that the agency inherited from its predecessor, sub-recipient agency; therefore, the activities performed by the agency were not accurately reflected in the criteria recorded in the contract.

The Agency has received additional training from CDA. The current goals and criteria better reflect the accomplishments and activities of the agency; however, some further adjustments may be required.

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

2. Opportunity for CDBG Checks Signed by Two Duly Authorized Officers

Only one officer of the Agency signed the CDBG disbursement checks.

Section 2.2 of CDA's Operating Agency Fiscal Procedures Manual, (Internal Control) states that two dually authorized individuals must sign all grant disbursement checks.

The Agency did not comply with the requirements of the CDA's Operating Agency Fiscal Procedures Manual.

Non-compliance with the requirements of CDA's Operating Agency Fiscal Procedures Manual increases the risk of unauthorized use and/or misappropriation of the CDBG funds. In addition, it could lead to suspension or termination of the CDBG funding.

Recommendation

It is recommended that the Agency have two duly authorized signatures on all checks.

Management's Response

Management agrees with the findings and recommendations with the following observations:

CDBG Checks- *Sub-recipient agency has retained the employee and hired an accounts payable and accounts receivable associate.*

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

3. Opportunity to Complete Program Objectives

The Agency's programmatic reports did not show any evidence that the Agency completed the objectives of its CDBG contract agreement with CDA as follows: After the review of September's programmatic report, there was no evidence or documentation that the following objectives have been completed by the end of the contract period.

1. To begin development of new houses and rehabbing existing structures in the Dick Gregory Place Neighborhood.
2. To aid completing the development of 14 new houses in the Phase I of the Ville Phillips Estates.
3. To initiate the development of new houses in the phase II of the Ville Phillips Estates.
4. To complete the development of 40 new units in the Kennerly Temple Senior Citizens home.
5. To aid in the development of new units in the Annie Malone and Cote Brilliante church housing programs.

Section B of the grant agreement requires the Agency to complete a minimum of objectives listed in a manner acceptable to CDA, in accordance with the schedule, budget and condition.

The Agency did not fulfill the requirements of its CDBG contract agreement with CDA.

Failure to comply with all of the term and conditions of the work program of the CDBG contract agreement may result in the:

- Withholding of contract awards
- Suspension of contract
- Withholding of reimbursement or payments
- Refusal to accept a proposal
- Disqualification from eligibility to receive future CDBG funds.

Recommendation

It is recommended that the Agency communicate with CDA to revise the terms and conditions of its CDBG contract agreement with CDA.

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

3. Continued ...

Management's Response

Management agrees with the findings and recommendations with the following observations:

After less than six months in the contract with CDA, the recipient agency had put together a group of partners and consultants that received funding for more than \$13 million in federal, state and City of St. Louis funding for 40 new units of new and rehabbed housing. This was the result of many hours of negotiations, letter writing campaigns, community meetings, etc. This indicates that we were working and achieving results.

As was stated in items #1 above, "sub-recipient agency prepared internal weekly activities reports. The Agency was not properly trained on the development of the goals and the criteria reflected in the contract that the agency inherited from its predecessor, sub-recipient agency; therefore, the activities performed by the agency were not accurately reflected in the criteria recorded in the contract.

The Agency has received additional training from CDA. The current goals and criteria better reflect the accomplishments and activities of the agency; however, some further adjustments may be required."