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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

April 17, 2009

John Windom, Executive Director  
St. Louis Board of Education  
801 N. 11<sup>th</sup> Street  
St. Louis, MO 63101

RE: Community Development Block Grant (Project #2008-CDA24)

Dear Mr. Windom:

Enclosed is a report of the fiscal monitoring review of the St. Louis Board of Education, a not-for-profit organization, CDBG Program, for the period January 1, 2007 through August 31, 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 St. Louis Board of Education. The fieldwork was completed on October 8, 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,

  
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)**

**ST. LOUIS BOARD OF EDUCATION  
CONTRACT #08-10-60  
CFDA #14.218**

**FISCAL MONITORING REVIEW  
JANUARY 1, 2008 THROUGH AUGUST 31, 2008**

**PROJECT #2009-CDA24**

**DATE ISSUED: APRIL 17, 2009**

**Prepared by:  
The Internal Audit Section**



OFFICE OF THE COMPTROLLER  
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**HONORABLE DARLENE GREEN, COMPTROLLER**

**CITY OF ST. LOUIS  
COMMUNITY DEVELOPMENT ADMINISTRATION (CDA)  
COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG)  
ST. LOUIS BOARD OF EDUCATION  
FISCAL MONITORING REVIEW  
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## **INTRODUCTION**

### **Background**

**Contract Name:** Board of Education – Community Education Centers

**Contract Numbers:** 07-10-60 and 08-10-60

**CFDA Number:** 14.218

**Contract Periods:** January 1, 2007 through December 31, 2007 (07-10-08)  
January 1, 2008 through December 31, 2008 (08-10-60)

**Contract Amounts:** \$875,000 (07-10-60)  
\$800,000 (08-10-60)

These contracts provided Community Development Block Grant (CDBG) funds to St. Louis Board of Education (Agency) to enhance the positive interaction between the school district and the broader community by providing a wide range of experiences for all persons.

### **Purpose**

The purpose was to determine Agency's compliance with federal, state and local CDBG requirements for the period January 1, 2007, through August 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 grants administered by Community Development Administration (CDA), evidence tested supporting the reports the Agency submitted to CDA and other procedures performed as considered necessary. Fieldwork was completed on October 8, 2008.

### **Exit Conference**

The Agency was offered the opportunity for an exit conference on April 1, 2009, but it was declined.

### **Management's Responses**

Management responses to the observations and recommendations were received on April 16, 2009, and 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 dated September 28, 2007, contained one observation:

- Failure to have all disbursement checks signed by two duly authorized signatures  
**(Resolved)**

### **A-133 Status**

The A-133 Audit dated December 24, 2007, for the above agency was received by the Internal Audit Section on September 18, 2008. Unqualified opinions were rendered on both the general purpose financial statements as well as the report issued on compliance for major programs. There were material weaknesses disclosed regarding internal control over financial reporting. The Organization did not qualify as a low-risk auditee.

### **Summary of Current Observations**

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

1. Opportunity to ensure timesheets are approved and reconciled to request for reimbursements
2. Opportunity to submit monthly financial reports in a timely manner

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

**1. Opportunity to Ensure Timesheets are Approved and Reconciled to Request for Reimbursements**

The Agency's timesheets reviewed for the pay periods ending February 2, August 3, 2007; and February 15, and July 18, 2008 either did not have employees' and/or supervisors' signatures or had inaccurate time reporting information.

Of the 126 timesheets reviewed, 42 (or 33%) were missing the employee's or the supervisor's signature. Three timesheets (or 2.4%) were missing both the employee's and the supervisor's signature. The total salaries paid with CDA funds for timesheets missing both signatures was \$873.50.

In addition, 31 timesheets (or 25%) of the total reviewed, contained inaccurate information of hours reported worked versus hours paid. A total of \$1,406.25 was overpaid in salaries to the Agency for the hours not reported correctly on timesheets.

Section 2.1, Internal Controls, of the CDA Fiscal Procedures Manual, requires that two individuals sign all timesheets. Additionally, Section 2.7, Allowable Costs, requires costs be allocated to the CDA program in order for the Agency to be reimbursed.

The Agency did not have an effective system of internal control in place to ensure compliance with the CDA regulations regarding the adequacy and accuracy of employee timesheets.

The timesheets that are not signed by employees or approved by supervisor(s) and timesheets that are not reconciled to the related requests for reimbursements increase the risk of misappropriation and abuse of the grant funds.

**Recommendation**

It is recommended that management establish and implement internal controls to ensure that both the required signatures and accurate information are being recorded on the employee timesheets.

In addition, it is recommended that the Agency repay the questioned costs for salaries totaling \$ 2,279.75 (\$873.50+\$1,406.25) to CDA for the timesheets that were not signed by employees and supervisor(s) or reported hours that were less than those were requested for reimbursements.

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

**1. Continued...**

**Management's Response**

*...a meeting has been held with community education specialists stressing the importance of entering the correct data and being sure to sign off that they have verified all pages of the payroll. Each specialist is directed to review and verify all time sheets before submitting them to the central office. The importance of submitting accurate information of hours reported was stressed and it was agreed that no sign-in sheet will be accepted without the following information:*

- *CEC Name*
- *Location #*
- *Payroll period ending*
- *Personnel #*
- *Employee Name*
- *Signature of Employee*
- *Date with In and Out time frame for each day*
- *Verification by the supervisor*

*Periodic time card for supervisors will include:*

- *Payroll period #*
- *Payroll beginning date and ending date*
- *Employee Name*
- *Location #*
- *Position*
- *List Date, In and Out time frame for each working day*
- *Signature of employee*
- *Executive Director's signature or designee*

*We concur with the recommendation that Community Education repay for questioned costs for salaries totaling \$2,279.95. We are in the process of having a check appropriated in this amount and forwarded.*

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

**2. Opportunity to Submit Monthly Financial Reports in a Timely Manner**

Ten out of eleven monthly financial statements of the Agency were submitted late as follows:

<b>Report Month</b>	<b>Due Date</b>	<b>Date Submitted</b>	<b>Number of Days Late</b>
August, 2007	September 10, 2007	September 18, 2007	8
September, 2007	October 10, 2007	October 22, 2007	12
October, 2007	November 10, 2007	November 29, 2007	19
November, 2007	December 10, 2007	December 13, 2007	3
December, 2007	January 10, 2008	January 17, 2008	7
January, 2008	February 10, 2008	February 14, 2008	4
February, 2008	March 10, 2008	March 12, 2008	2
March, 2008	April 10, 2008	April 15, 2008	5
May, 2008	June 10, 2008	June 18, 2008	2
June, 2008	July 10, 2008	August 1, 2008	22
<b>Total</b>			<b>84</b>
<b>Average</b>			<b>8.4</b>

Page 3 of the contract between the Agency and CDA states, "...the Operating Agency shall be required to submit monthly financial statements as specified in the Operating Agency Fiscal Procedures Manual, no later than the 10th calendar day of each month to the Comptroller's Office- Federal Grants Section...."

The Agency did not have an effective system of internal control in place to ensure compliance with the CDA regulations and the reporting requirement of OMB Circular A-133 compliance requirements.

Non-compliance with the CDA regulations or OMB Circular A-133 reporting compliance requirements may cause a delay or suspension in the processing of reimbursement requests resulting in interruption in the Agency's services to its clients.

**Recommendation**

It is recommend the Agency comply with CDA regulations and submit its monthly financial reports by the 10<sup>th</sup> day of the month following the report period end for all current and future contracts.

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

**1. Continued...**

**Management's Response**

*...the Monthly Financial Reports are being faxed to Federal Grants by the 10<sup>th</sup> day of the month, following the report period end for the current and future contracts. Hard copy with originals signature will be mailed.*