



OFFICE OF THE COMPTROLLER  
CITY OF ST. LOUIS



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DARLENE GREEN  
Comptroller

DR. KENNETH M. STONE, CPA  
Internal Audit Executive

*Internal Audit Section*

June 25, 2009

Sam Coleman, President/CEO  
Vashon- Jeff Vander Lou  
3026 Locust Avenue  
St. Louis, MO 63106

RE: Community Development Block Grant (CDBG) (Project #2009-CDA46)

Dear Mr. Coleman:

Enclosed is a report of our fiscal monitoring review of Vashon- Jeff Vander Lou, Community Based Development Organization (CBDO), 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 Vashon- Jeff Vander Lou. Fieldwork was completed on February 10, 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 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)**

**VASHON-JEFF VANDER LOU  
COMMUNITY BASED DEVELOPMENT ORGANIZATION (CDBO)  
CONTRACTS: #08-36-66 AND #08-36-15  
CFDA #14.218**

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

**PROJECT #2009-CDA46**

**DATE ISSUED: JUNE 25, 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)  
VASHON - JEFF VANDER LOU  
COMMUNITY BASED DEVELOPMENT ORGANIZATION (CBDO)  
FISCAL MONITORING REVIEW  
JANUARY 1, 2008 THROUGH NOVEMBER 30, 2008**

**TABLE OF CONTENTS**

<b><u>Description</u></b>	<b><u>Page(s)</u></b>
<b>INTRODUCTION</b>	
Background	1
Purpose	1
Scope and Methodology	1
Exit Conference	1
Management Response	1
<b>SUMMARY OF OBSERVATIONS</b>	
Conclusion	2
Status of Prior Observations	2
A-133 Status	2
Summary of Current Observations	2
<b>DETAILED OBSERVATIONS, RECOMMENDATIONS, AND MANAGEMENT RESPONSES</b>	3-4

## **INTRODUCTION**

### **Background**

**Contract Name:** Vashon-Jeff Vander Lou, CBDO

**CFDA Number:** 14.218

**Contract Numbers:** 08-36-15  
08-36-66

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

**Contract Amounts:** \$50,000 (\$231,146.00 as revised) (08-36-15)  
\$75,000 (\$83,345.00 as revised) (08-36-66)

The grant agreements provided funds for Vashon-Jeff Vander Lou (Agency) to facilitate construction of new single-family homes for sale to low and moderate income persons; assist with capital improvements projects; maintain oversight of construction for a new community center park; and host rallies to assist residents with a variety of community services.

### **Purpose**

The purpose of the fiscal monitoring review was to determine the Agency's compliance with federal, state and 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 February 10, 2009.

### **Exit Conference**

The Agency was offered the opportunity for an exit conference, but the Agency declined.

### **Management Responses**

Management's responses to the observations identified in the draft report were received from the Agency on June 24, 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-CDA36, issued November 21, 2008, contained four observations:

- 1) Opportunity to improve internal control over budgeting process. **(Repeat, see current observation #1))**.
- 2) Opportunity to review and approve expenses requested for reimbursement. **(Resolved)**
- 3) Opportunity to segregate duties. **(Resolved)**.
- 4) Employee compensation in excess of budget **(Resolved)**.

### 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, 2008, and was not required to have an A-133 audit.

### 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 CDA requirements.

1. Opportunity to improve internal controls over budgeting process
2. Opportunity to submit monthly financial reports in a timely manner.

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

**1. Opportunity to Improve Internal Controls over Budgeting Process**

The Agency requested budget revisions resulting in excess funds that were not fully utilized during the grant period.

The Agency requested and received budget revisions, as follows:

- For contract 08-36-15, the Agency received three budget revisions totaling \$8,345, increasing the contract grant award from \$75,000 to \$83,345, an 11.13 % increase over the original budget. However, the Agency did not expend the entire original and the additional funds granted by the end of the contract period, and \$21,571.14 remained unexpended.
- For contract 08-36-66, the Agency requested and received four budget revisions, totaling \$181,146, increasing the contract grant award from \$50,000 to \$231,146, an increase of 362.3% over the original budget. However, the Agency did not expend the entire additional funds granted by the end of the contract period, and \$121,069.21 remained unexpended.

Sound budgeting and cash management principles require the Agency to develop a system that ensures the grant funds are administered effectively and efficiently.

The Agency did not have an effective budgeting system in place to anticipate, identify, and react appropriately to routine events affecting cash needs.

When an effective budget and cash management system is not in place, the needs for the funds may not be accurately determined and may result in the grant funds, as happened in this instance, are prevented from being used on other important community improvement projects.

**Recommendation**

It is recommended that the Agency implement appropriate budgetary controls to effectively identify its cash needs before requesting the grant funds to maximize their benefit to the communities in need of these funds.

**Management's Response**

*Since our Audit, we have developed a consolidated budget that accurately reflects the funds needed to accomplish our goals and objectives for 2009. We have actively tried to reach out to the Aldermen who support our 4 wards to encourage them to provide financial funding in advance versus transferring the funds on an as needed basis.*

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

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

The Agency did not comply with the reporting requirements of the grant agreement's monthly financial and programmatic reports.

The contract agreement with CDA requires the Agency to submit monthly financial and programmatic reports no later than the 10th day of the month following the reporting period.

The Agency submitted all its monthly financial reports late on an average of 108 days.

Non-compliance with the CDA regulations or OMB Circular A-133 reporting compliance requirements may cause a delay in the processing of reimbursement requests resulting or suspension of the grant agreement resulting in an interruption in the services provided to the community under the agreement.

**Recommendation**

It is recommended that the Agency comply with CDA policies and procedures and submit its monthly financial reports by the 10<sup>th</sup> day following the reporting month.

**Management Response**

*During the beginning of 2008, there were various staff changes at Vashon JeffVanderLou Initiative. Our current Office Manager was hired during March 2008. Before the Executive Assistant who produced the monthly financials and managed other administrative duties, could pass on her knowledge she resigned on 5-23-08. As of April 2008, our financial and other administrative functions have been on track with CDA's policies and procedures.*