CITY OF ST. LOUIS

COMMUNITY DEVELOPMENT ADMINISTRATION (CDA)
FEDERAL GRANTS MANAGEMENT

PROCESS REVIEW

JANUARY 1, 2012 THROUGH DECEMBER 31, 2012

PROJECT #2013-P04

DATE ISSUED: AUGUST 1, 2013

Prepared by:
The Internal Audit Section

OFFICE OF THE COMPTROLLER

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FILE COPY

August 1, 2013

Jill Claybour, Acting Director
Community Development Administration
1520 Market Street, Suite 2000
St. Louis, MO 63103

RE: Community Development Administration Federal Grants Management
(Project #2013-P04)

Dear Ms. Claybour:

Enclosed is the Internal Audit Section's report on the process review of the Community Development Administration (CDA) Federal Grants Management for the period January 1, 2012 through December 31, 2012. A description of the scope of the work is included in the report.

Fieldwork was completed on May 10, 2013. There were no current observations noted in the report.

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*.

If you have any questions, please contact the Internal Audit Section at (314) 657-3490.

Respectfully,

Kenneth M. Stone

Dr. Kenneth M. Stone, CPA, CGMA
Internal Audit Executive

Enclosure

cc: Lorna Alexander, Special Assistant for Development-CDA
Brian Yochum, Fiscal Accounting Manager II-CDA
Alana Green, Monitoring Section Supervisor-CDA
Bill Rataj, Housing Director -CDA

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EXECUTIVE SUMMARY

Background

Community Development Administration (CDA) administers federal funds for housing, community and economic development programs that strengthen the City of St. Louis and its neighborhoods. In addition, CDA partners with local government agencies, nonprofit organizations, and private firms to carry out housing development, home repair, business and economic development, public facility improvement, historic preservation and social service programs. CDA also works with the St. Louis Development Corporation (SLDC) and the Planning and Urban Design Agency (PDA) to carry out City, community and economic development programs according to a five year consolidated plan.

CDA is primarily guided by City of St. Louis Ordinance #64688 and Missouri Statutes Chapter XXX., as well as federal HUD regulations. Ordinance #64688 establishes CDA and provides authority to apply for, receive, and administer federal Department of Housing and Urban Development (HUD) funds for City development and program activities eligible to be funded by HUD. The ordinance also authorizes CDA to file reports which may be required by HUD for and on behalf of the City.

Purpose

CDA Federal Grants Management was selected for review based on the Internal Audit Section's annual risk assessment. The purpose was to determine if CDA's internal controls effectively and efficiently manage risks in achieving goals and objectives relating to:

- Compliance with laws, regulations, policies and procedures applicable to goals and objectives.
- Safeguarding of assets.
- Reliability and integrity of financial and operational information.
- Economic and efficient use of resources.

Scope and Methodology

The scope of the period of review included the management of federal grants awarded to subrecipients, programmatic monitoring of subrecipients, processing of subrecipient reimbursement requests, budget revisions, and draw downs from HUD for the period January 1, 2012 through December 31, 2012. The review was confined to evaluating internal controls over the financial and operational activities relating to the objectives noted above. The review procedures included:

- Inquiries of management and staff.
- Observation of relevant processes.

- Reviews for compliance with policies and procedures, as well as applicable laws and regulations relating to goals and objectives.
- Limited tests of controls.
- Follow-up on prior observations.
- Other procedures as considered necessary.

Exit Conference

An exit conference was offered to CDA, however, it was declined.

Conclusion

CDA had internal controls to effectively and efficiently manage risks in achieving goals and objectives relating to federal grants management.

There were no current observations.

Kenneth M. Stone
Dr. Kenneth M. Stone, CPA, CGMA
Internal Audit Executive

Aug. 6, 2013
Date

CITY OF ST. LOUIS
COMMUNITY DEVELOPMENT ADMINISTRATION (CDA)
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OBSERVATIONS

Status of Prior Observations

There were no recent Internal Audit Section (IAS) audits.

There was a Missouri State Auditor's Report issued April 2009, that contained observations for:

- CDA Awarding Procedures.
- CDA Monitoring Procedures.
- CDA Healthy Home Repair Program and.
- CDA Receipt Procedures.

These observations were considered resolved.

Summary of Observations

Several control procedures were noted in CDA's Federal Grants Management financial and operational activities. These included, but were not limited to, the following:

- Operating Agency (subrecipient) Policy and Procedures manual
- CDA procedures for processing contracts, vouchers, invoices and budget revisions.
- Guidelines for home repair and residential development projects.
- HUD manuals for preparing draw downs and IDIS reports.
- Written job descriptions and performance measures for staff.

There were no current observations.