



OFFICE OF THE COMPTROLLER
CITY OF ST. LOUIS



DARLENE GREEN
Comptroller

September 25, 2014

Internal Audit Section
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FILE COPY

Chris Krehmeyer, President/CEO
Beyond Housing, Inc.
4156 Manchester Avenue
St. Louis, MO 63110

RE: Beyond Housing, Inc. (Project #2014-AHC08)

Dear Mr. Krehmeyer:

Enclosed is a report of our fiscal monitoring review of Beyond Housing, Inc., for the period of March 16, 2013 through March 15, 2014. 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 Beyond Housing, Inc. Fieldwork was completed on July 28, 2014.

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 Affordable Housing Commission (AHC) to provide fiscal monitoring to all grant sub-recipients.

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

Respectfully,

Dr. Ishmael Ikpeama
Internal Audit Supervisor

Ron Steinkamp, CPA, CIA, CRMA, CGMA
Internal Audit Advisor

Enclosure

cc: April Ford Griffin, Executive Director, Affordable Housing Commission
Linda Ingram, Manager Foreclosure Intervention Services, Beyond Housing



CITY OF ST. LOUIS

AFFORDABLE HOUSING COMMISSION (AHC)

**BEYOND HOUSING, INC.
CONTRACT #59-13G**

**FISCAL MONITORING REVIEW
MARCH 16, 2013 THROUGH MARCH 15, 2014**

PROJECT #2014-AHC08

DATE ISSUED: SEPTEMBER 25, 2014

**Prepared by:
The Internal Audit Section**



OFFICE OF THE COMPTROLLER

HONORABLE DARLENE GREEN, COMPTROLLER

**CITY OF ST. LOUIS
AFFORDABLE HOUSING COMMISSION (AHC)
BEYOND HOUSING, INC.
FISCAL MONITORING REVIEW
MARCH 16, 2013 THROUGH MARCH 15, 2014**

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**CITY OF ST. LOUIS
AFFORDABLE HOUSING COMMISSION (AHC)
BEYOND HOUSING, INC.
FISCAL MONITORING REVIEW
MARCH 16, 2013 THROUGH MARCH 15, 2014**

INTRODUCTION

Background

Contract Name: Beyond Housing, Inc.

Contract Number: 59-13G

Contract Period: March 16, 2013 through March 15, 2014

Contract Amount: \$176,000 (Total Contract)
\$40,000 (Beyond Housing portion)

The contract provides funds from Affordable Housing Commission (AHC) to five Agencies, which make up the St. Louis Alliance for Homeownership Preservation, which include Beyond Housing, Inc. (Agency). The Alliance assists clients, at 80% or below the St. Louis median income, with foreclosure prevention. The services provided include initial homeowner screening, budget preparation, financial literacy courses, and intervention/negotiations with lenders to restructure/refinance existing mortgages.

Purpose

The purpose of the review was to determine the Agency's compliance with federal, state, and local AHC requirements for the period March 16, 2013 through March 15, 2014, 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 AHC. Evidence supporting the reports the Agency submitted was tested and other procedures were performed, as considered necessary.

Exit Conference

The Agency was offered the opportunity for an exit conference on September 9, 2014, but the Agency declined.

Management's Responses

Management's responses to the observations and recommendations identified in the draft report were received from the Agency on September 19, 2014. These responses have been incorporated into the report.

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SUMMARY OF OBSERVATIONS

Conclusion

The Agency did not fully comply with local AHC requirements.

Status of Prior Observations

The Agency did not have any previous AHC fiscal monitoring reviews.

Summary of Current Observations

Recommendations are made for the following observations, which if implemented, could assist the Agency in fully complying with local AHC requirements.

1. A need to ensure compliance with all mortgage assistance criteria.
2. A need to submit timely and accurate statistical information.
3. Opportunity to improve adequacy of time sheet reporting.

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

1. A Need To Ensure Compliance With All Mortgage Assistance Criteria

A review of all four (4) clients who received mortgage assistance was performed to ensure they met the mortgage requirements for assistance. Upon review of the client files, it was revealed that the clients did not enroll in a financial literacy class.

Per Section I (B) of the contract, the Agency is required to ensure that the client attends a financial literacy class for a minimum of three (3) hours.

It was noted that the Agency had difficulty bringing clients back for the financial literacy classes, after the client was assisted with the onetime mortgage payment.

If the Agency does not ensure compliance with all criteria, the objectives of the contract may not be met. In addition, the client may not obtain all the necessary assistance to ensure they are able to continue making mortgage payments after the one time assistance.

Recommendations

It is recommended that the Agency implement controls to ensure that financial literacy classes are taken, such as providing payment assistance after the client has taken the class.

Management's Responses

We realize that providing financial education is vital to the success of the homeowner. However, given the immediacy of securing funds prior to a further delinquency or an actual foreclosure, providing the 3 hours of education prior to the assistance is not feasible. We spend at least an hour and a half with the homeowner in a counseling session prior to assistance. We analyze sustainability and create a budget and spending plan.

For all of our future clients, we will give them free access to our online education along with the scheduled dates for in person classes offered internally or through our partners. We will follow-up and monitor their compliance.

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2. A Need to Submit Timely and Accurate Statistical Information

A review was performed of the Agency's statistical information that is required to be submitted to AHC monthly. The review revealed the following information missing from the statistical reports:

- The steps that were taken in the counseling session.
- The amount of income for each homeowner assisted.
- The amount of funding provided to each homeowner assisted.
- The dates of the financial literacy classes offered.

In addition, the review revealed that only five (5) monthly statistical reports were submitted to AHC for a contract period of twelve (12) months.

Section III of the contract, requires the Agency to submit statistical information by the 10th of each month. The report shall also include the steps that were taken in the counseling session, the homeowner's income, amount of funding provided for each homeowner assisted, and dates of the financial literacy classes offered by the Agency.

The Agency appeared to be unfamiliar with all the required statistical information required to be submitted to AHC.

Without the accurate completion and submission of these reports to AHC the Agency is not following the reporting requirements of the contract. In addition, AHC may not be aware of the Agency's efforts to ensure success of the program being funded.

Recommendations

It is recommended that the Agency implement procedures, such as a report schedule or supervisory review, to ensure that all the statistical reports are submitted timely to the AHC by the 10th of the month. The reports should also include the steps that were taken in the counseling session, the income of homeowners assisted, amount funded to the homeowner, and the dates of Financial Literacy classes offered.

Management's Responses

We understand the importance of contractual obligations of the report submissions. Going forward, we have implemented controls to ensure the submission of all statistical reports submitted to AHC will be completed by the specified time lines indicated in the contract.

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3. Opportunity to Improve Adequacy of Time Sheet Reporting

A review of the Agency's payroll records was performed to ensure that amounts reimbursed were reflective of the actual time spent by the individual employees on the program. A review of the Agency's time sheets revealed that the hours were not adequately allocated to reflect the time spent on the program.

Section IV of the contract, requires the Agency to maintain adequate accounting records. In addition, when employee's salaries are allocated for reimbursement, the time sheets should reflect the time spent on the program to adequately verify the reimbursement request.

The Agency did not appear to have adequate controls in place to ensure the proper reporting of time for employees reimbursed with AHC funds.

Without the allocation of project hours recorded on the time sheets it may make it difficult to determine the adequacy of the reimbursement request for the payroll expenditures.

Recommendations

It is recommended that the Agency implement control procedures to ensure the adequacy of the reimbursed payroll expenditures, such as the allocation of project hours on the time sheets for each program worked during the week.

Management's Responses

We are working closely with the accounting department to reflect time spent on the program. All future reports and grant records will include a detailed time sheet for the specific reimbursement requests.