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CITY OF ST. LOUIS

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FILE COPY

August 4, 2014

Jeff Ordower, Executive Director
Missourians Organizing for Reform and Empowerment (MORE)
438 North Skinker Blvd.
St. Louis, MO 63130

RE: Missourians Organizing for Reform and Empowerment (MORE) (Project #2014-AHC06)

Dear Mr. Ordower:

Enclosed is a report of our fiscal monitoring review of MORE 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 MORE. Fieldwork was completed on May 19, 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,

Kenneth M. Stone

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

Enclosure

cc: April Ford Griffin, Executive Director, Affordable Housing Commission

CITY OF ST. LOUIS

AFFORDABLE HOUSING COMMISSION (AHC)

MISSOURIANS ORGANIZING FOR REFORM AND EMPOWERMENT (MORE)
CONTRACTS #59-13G

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

PROJECT #2014-AHC06

DATE ISSUED: AUGUST 4, 2014

Prepared by:
The Internal Audit Section

OFFICE OF THE COMPTROLLER

HONORABLE DARLENE GREEN, COMPTROLLER

CITY OF ST. LOUIS
AFFORDABLE HOUSING COMMISSION (AHC)
MISSOURIANS ORGANIZING FOR REFORM AND EMPOWERMENT (MORE)
FISCAL MONITORING REVIEW
MARCH 16, 2013 THROUGH MARCH 15, 2014

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INTRODUCTION

Background

Contract Name: Missourians Organizing for Reform and Empowerment (MORE)

Contract Number: 59-13G

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

Contract Amount: $176,000 (Total Contract)
$21,000 (MORE portion)

The contract provides funds from Affordable Housing Commission (AHC) to five Agencies, which make up the St. Louis Alliance for Homeownership Prevention, which include Missourians Organizing for Reform and Empowerment (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 observations were discussed with the Agency on June 6, 2014, and an exit conference was not necessary.

Management's Responses

Management's responses to the observations and recommendations identified in the draft report were received from the Agency on June 20, 2014. These responses have been incorporated into the report.

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

1. Opportunity to improve adequacy of time sheet reporting
2. Opportunity to comply with applicable rules and practices
3. Opportunity to submit statistical information to the commission

DETAILED OBSERVATIONS, RECOMMENDATIONS AND MANAGEMENT'S RESPONSES

1. Opportunity to Improve Adequacy of Time Sheet Reporting

A review of the Agency's payroll records was performed to ensure that amounts reimbursed were adequately 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 indicate that the time spent by employees encompassed many different projects, and it would be difficult to allocate the specific time on this program.

Without the allocation of project hours recorded on the time sheets it can 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 allocation of project hours on the time sheets for each program worked during the week.

Management's Responses

Our outreach to homeowners in trouble has always been integrated into our regular community organizing. If AHTF and the city requests, we would be more than happy to segregate out our housing outreach time and provide more accurate timesheets.

2. Opportunity to Comply with Applicable Rules and Practices

A review of the applicable rules and practices of this contract were performed. A review of the documentation and discussion with the Agency revealed that the Agency was unable to provide the Agency's Affirmative Action Plan and documentation of their compliance efforts with ADA requirements.

Section VIII of the contract, requires the Agency to maintain an Affirmative Action Plan with the City. In addition, Section IX of the contract requires the Agency to comply with ADA requirements and provide necessary documentation of their compliance efforts.

The Agency was unaware of these compliance requirements in the contract.

Without the documentation of the Agency's Affirmative Action Plan and compliance efforts with ADA requirements, the Agency is not adequately complying with the contract requirements.

Recommendations

It is recommended that the Agency provide a copy of its Affirmative Action Plan and ADA requirement compliance efforts to the City.

Management's Responses

We are adopting an Affirmative Action Policy at our next Board meeting.

On ADA compliance, our building is ADA accessible, and most of our outreach is door to door, so we are going to visit clients and doing outreach.

3. Opportunity to Submit Statistical Information to the Commission

A review of reporting requirements revealed that the Agency did not submit required statistical information to AHC. The Agency did not submit required monthly reports with the households counseled and outcome achieved to AHC.

Section III of the contract, requires the Agency to submit statistical information by the 10th of each month. The report shall include the number of households counseled indicate the steps that were taken in the counseling session and ultimately what outcome was achieved. The report shall also include information regarding the number of families counseled that did not receive mortgage assistance, and the dates of Financial Literacy classes offered.

The Agency appeared to not have adequate controls in place to ensure the completion and submission of the reports to the AHC.

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

Recommendations

It is recommended that the Agency prepare and submit statistical reports to the AHC. The reports should include the number of households counseled, indicate the steps that were taken in the counseling session, and provide what outcome was achieved. In addition, the report should include information regarding the number of families counseled that did not receive mortgage assistance, and the dates of Financial Literacy classes offered.

Management's Responses

As we do not do direct service, this is a complicated part for us to report. Every month we submit statistics of families reached out to and referred to counseling. We also help numerous families start petitions, engage in actions, and other higher profile actions to save their homes. It would be helpful to understand what kind of reporting is the most useful for groups engaged in advocacy, rather than services provision. We will be more explicit in our reporting, however and ensure that we are accurately recording our statistics.