



OFFICE OF THE COMPTROLLER  
CITY OF ST. LOUIS



**FILE COPY**

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Comptroller

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**DR. KENNETH M. STONE, CPA**  
Internal Audit Executive

June 30, 2011

Shavette Wayne, Executive Director  
Hamilton Heights Neighborhood Organization  
5500 Natural Bridge  
St. Louis, MO 63120

RE: Community Development Block Grant (CDBG) (Project #2011-CDA16)

Dear Ms. Wayne:

Enclosed is a report of the fiscal monitoring review of the Hamilton Heights Neighborhood Organization, a not-for-profit organization, CDBG Program, for the period January 1, 2010, through December 31, 2010. 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 Hamilton Heights Neighborhood Organization. Fieldwork was completed on May 5, 2011.

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 sub-recipients.

If you have any questions, please contact the Internal Audit Section at (314) 622-4723.

Respectfully,

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 CITY OF ST. LOUIS

**COMMUNITY DEVELOPMENT ADMINISTRATION (CDA)  
COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG)**

**HAMILTON HEIGHTS NEIGHBORHOOD ORGANIZATION  
CONTRACT #10-31-48 AND #10-36-16  
CFDA #14.218**

**FISCAL MONITORING REVIEW**

**JANUARY 1, 2010 THROUGH DECEMBER 31, 2010**

**PROJECT #2011-CDA16**

**DATE ISSUED: JUNE 30, 2011**

**Prepared by:  
The Internal Audit Section**



# OFFICE OF THE COMPTROLLER OFFICE OF THE COMPTROLLER

**HONORABLE DARLENE GREEN, COMPTROLLER**

**CITY OF ST. LOUIS  
COMMUNITY DEVELOPMENT ADMINISTRATION (CDA)  
COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG)  
HAMILTON HEIGHTS NEIGHBORHOOD ORGANIZATION  
FISCAL MONITORING REVIEW  
JANUARY 1, 2010 THROUGH DECEMBER 31, 2010**

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## INTRODUCTION

### Background

**Contract Name:** Hamilton Heights Neighborhood Organization.

**Contract Numbers:** 10-31-48 and 10-36-16

**Contract Period:** January 1, 2010 through December 31, 2010

**CFDA Number:** 14.218

**Contract Amounts:** \$136,722 and \$52,825

These contracts provided Community Development Block Grant (CDBG) funds to Hamilton Heights Neighborhood Organization (Agency) to reclaim vacant housing, initiate new construction, and combat physical deterioration of existing housing.

### Purpose

The purpose of the review was to determine the Agency's compliance with federal, state and local Community Development Administration (CDA) requirements for the period January 1, 2010, through December 31, 2010, 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 the CDA. Evidence was tested supporting the reports the Agency submitted to CDA and other procedures were performed as considered necessary. Fieldwork was completed on May 5, 2011.

### Exit Conference

The Agency was offered the opportunity for an exit conference on June 22, 2011, but the Agency declined.

### Management's Responses

The management's response to the observation and recommendation identified in the draft report was received from the Agency on June 30, 2011 and has 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 #2010-CDA37 issued October 13, 2010, noted no observations.

### **A-133 Status**

According to a letter received from the Agency dated January 4, 2011, it did not expend \$500,000 or more in federal funds in its fiscal year ended December 31, 2010, and was not required to have an A-133 audit.

### **Summary of Current Observations**

A recommendation was made for the following observation, which if implemented could assist the Agency in fully complying with federal, state, and local CDA requirements.

- Opportunity to maintain adequate accounting records

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

**Opportunity To Maintain Adequate Accounting Records  
(Questionable Costs \$189,547)**

The Agency did not make its accounting records available for the review period. The financial statements submitted were income statements for the month of March and April 2010 and the check register was for the month of March through July 2010 only. As a result, The Internal Audit Section could not review the Agency's financial activities to determine if the Agency complied with federal state and local CDA requirements while conducting the CDBG operations.

Federal regulations and CDA's procedure manual requires the Agency to maintain adequate accounting records and also maintain a separate set of books for each Community Development Block Grant-funded project it has a contract to operate. These records include but not limited to budget control ledger, check register, payroll register, and cash journal.

The accountant who was responsible for all accounting functions to reporting left in August 2010. The Director was unable to retrieve the accounting records.

Failure to maintain proper accounting records is a non-compliance with the terms and conditions of the CDBG contract agreement may result in suspension or termination of the contract.

**Recommendation**

We recommend the Agency maintain proper accounting records and prepare periodic financial statements in order to comply with the terms and conditions of the CDBG contract agreement.

***Management's Response***

*Our financial records have been prepared to properly document revenue and expenses of our agency for Contract period January 1, 2010 through December 31, 2010. Procedures have been implemented to prohibit this being a finding in the future.*

*We will prepare monthly financial statements in addition to the Monthly Financial reports submitted to Federal Grants.*

**Auditor's Comments**

The above mentioned prepared financial records were not available at the time of our review.