



OFFICE OF THE COMPTROLLER  
CITY OF ST. LOUIS



DARLENE GREEN  
Comptroller

*Internal Audit Section*

1520 Market St., Suite 3005  
St. Louis, Missouri 63103-2630  
(314) 657-3490  
Fax: (314) 552-7670

DR. KENNETH M. STONE, CPA  
Internal Audit Executive

June 4, 2012

FILE COPY

Dana Gray, Executive Director  
Southwest Garden Neighborhood Association  
4950 Southwest  
St. Louis, MO 63110

RE: Community Development Block Grant (CDBG) (Project #2012-CDA30)

Dear Ms. Gray:

Enclosed is a report of the fiscal monitoring review of the Southwest Garden Neighborhood Association, a not-for-profit organization, CDBG Program, for the period January 1, 2011, through December 31, 2011. 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 Southwest Garden Neighborhood Association. Fieldwork was completed on February 16, 2012.

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) 657-3490.

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

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

**SOUTHWEST GARDEN NEIGHBORHOOD ASSOCIATION  
CONTRACT #11-31-30  
CFDA #14.218**

**FISCAL MONITORING REVIEW**

**JANUARY 1, 2011 THROUGH DECEMBER 31, 2011**

**PROJECT #2012-CDA30**

**DATE ISSUED: JUNE 4, 2012**

**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)**  
**SOUTHWEST GARDEN NEIGHBORHOOD ASSOCIATION**  
**FISCAL MONITORING REVIEW**  
**JANUARY 1, 2011 THROUGH DECEMBER 31, 2011**

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## INTRODUCTION

### **Background**

**Contract Name:** Southwest Garden Neighborhood Association

**Contract Number:** 11-31-30

**Contract Period:** January 1, 2011 through December 31, 2011

**CFDA Number:** 14.218

**Contract Amount:** \$59,279

The contract provided Community Development Block Grant (CDBG) fund Southwest Garden Neighborhood Association (Agency) to assist area families in locating housing resources; landlords in marketing and improving rental property; beautifying neighborhood and abating nuisances and crime.

### **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, 2011, through December 31, 2011, 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 16, 2012.

### **Exit Conference**

We offered the Agency the opportunity for an exit conference on May 21, 2012; however, it was declined.

### **Management's Responses**

Management responses to the observations and recommendations were received on May 29, 2012, and have been incorporated into this report.

## SUMMARY OF OBSERVATIONS

### **Conclusion**

The Agency did not comply with federal, state and local CDA requirements.

### **Status of Prior Observations**

The Agency's previous fiscal monitoring report, Project #2011-CDA31 issued July 22, 2011, noted no observations.

### **A-133 Status**

According to a letter received from the Agency dated February 8, 2012, it did not expend \$500,000 or more in federal funds in its fiscal year ended December 31, 2011, and was not required to have an A-133 audit.

### **Summary of Current Observations**

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

- Opportunity to improve cash management (Questioned cost, \$11,000)

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

**Opportunity To Improve Cash Management (Questioned Cost, \$11,000)**

The Agency did not disburse federal funds within three days of receipt. The Agency received reimbursement for a non-payroll expenditure totaling \$11,000 on June 30, 2011; however, the Agency paid the vendor (Preservation Research Historic District) in two installments after the three-day deadline as follows:

| Funds Receipt Date | Amount Received | Funds Disbursement Date | Amount Paid     | Paid Days Late |
|--------------------|-----------------|-------------------------|-----------------|----------------|
| June 30, 2011      | \$11,000        | August 15               | \$8,000         | 43             |
|                    |                 | December 27             | \$3,000         | 177            |
| <b>Total</b>       | <b>\$11,000</b> | <b>Total</b>            | <b>\$11,000</b> |                |

Section 2.10 (Cash Management) of CDA Operating Agency Fiscal Procedures Manual states that an Operating Agency must disburse grant funds reimbursed, for expenses incurred by the Agency, within three working days of their receipt. Funds that are not disbursed within the three-day period must be returned immediately to the City.

The Director stated the vendor did not complete the work on time, so the funds were not disbursed until the work was completed.

Noncompliance with CDA regulations may result in unallowable costs, suspension or termination of the federal award.

**Recommendation**

It is recommended that the Agency:

- Repay the City \$11,000 for not disbursing federal funds within three working days after reimbursement.
- Establish a system of internal control to ensure compliance with the CDA funds disbursement requirements.

***Management's Response***

*Concerning the auditor's observation and questioned cost of \$11,000, our Agency did not disburse \$11,000 in federal funds within three days because delivery of the contracted work product was delayed. Once the work product was delivered by the vendor (Preservation Research), our Agency paid the vendor, as agreed. We used the funds for this purpose only.*

*We have contacted Jill Claybour, Executive Director of Community Development Administration, regarding this matter and requested a waiver of the three day disbursement rule.*