



OFFICE OF THE COMPTROLLER
CITY OF ST. LOUIS



FILE COPY

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DR. KENNETH M. STONE, CPA
Internal Audit Executive

December 7, 2011

George Robnett, Executive Director
Vashon-Jeff Vander Lou
3026 Locust Avenue
St. Louis, MO 63106

RE: Community Development Block Grant (CDBG) and Home Investment Partnership
(HOME) (Project #2011-CDA24)

Dear Mr. Robnett:

Enclosed is a report of the fiscal monitoring review of the Vashon-JVL, a not-for-profit organization, CBDG and HOME Programs, 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 Vashon-JVL. Fieldwork was completed on September 7, 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) 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)
HOME INVESTMENT PARTNERSHIP (HOME)**

**VASHON-JEFF VANDER LOU
CONTRACTS #10-36-15; #10-36-66 [CFDA #14.218]
AND
#10-36-11/10-36-HM-11 [CFDA #14.239]**

FISCAL MONITORING REVIEW

JANUARY 1, 2010 THROUGH DECEMBER 31, 2010

PROJECT #2011-CDA24

DATE ISSUED: DECEMBER 7, 2011

**Prepared By:
The Internal Audit Section**



OFFICE OF THE COMPTROLLER

**CITY OF ST. LOUIS
COMMUNITY DEVELOPMENT ADMINISTRATION (CDA)
COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG)
HOME INVESTMENT PARTNERSHIP (HOME)
VASHON-JEFF VANDER LOU
FISCAL MONITORING REVIEW
JANUARY 1, 2010 THROUGH DECEMBER 31, 2010**

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INTRODUCTION

Background

Contract Name: Vashon-Jeff Vander Lou

Contract Numbers: 10-36-15; 10-36-66 and 10-36-11/10-36-HM-11

CFDA Numbers: 14.218 (#10-36-15 and #10-36-66)
14.239 (#10-36-11/#10-36-HM-11)

Contract Periods: January 1, 2010 through December 31, 2010 (10-36-15)
January 1, 2010 through December 31, 2010 (10-36-66)
January 1, 2010 through December 31, 2010 (10-36-11/#10-36-HM-11)

Contract Amounts: \$75,000 (\$108,300 revised) (10-36-15)
\$50,000 (\$559,927 revised) (10-36-66)
\$297,255 (10-36-11 /10-36-HM-11)

These contracts provided Community Development Block Grant (CDBG) fund to Vashon-Jeff Vander Lou (Agency) to accomplish the following goals and objectives:

Contract #10-36-15 (TMA Program)

- To combat physical deterioration and help stabilize largely absentee-owned rental properties in the central/northern wards of the City
- To continue to implement a Targeted Management Assistance Program for approximately 60 properties per ward, within the 6th, 18th and 19th wards of the City of St Louis

Contract #10-36-66 (CBDO)

- To facilitate the physical development of the 6th and 19th Wards and part of the 18th through creation of in-fill housing
- Facilitate and complete the construction of new single-family homes for sale to moderate income persons and assist in capital improvement projects, facilitate façade improvement projects
- Participate in several development activities throughout the 19th Ward and work with community organizations to provide resources, such as daycare information, job skill training information and health screening during the Summer Empowerment Festival and also administer the Minority Contractor Initiative

INTRODUCTION

Contract #10-36-11/#10-36-HM-11 (Home Repair Program)

- To develop a minimum of 20 scopes of work based upon inspections completed by the Building Division's Healthy Home Repair Inspectors
- To provide loan closing services for low and moderate income homeowners participating in the JVL Home Repair Program

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 CDA. Evidence was tested supporting the reports the Agency submitted to CDA and other procedures were performed as considered necessary. Fieldwork was completed on September 7, 2011.

Exit Conference

Agency declined exit conference but provided management responses to observations and recommendations noted in the report.

Management's Responses

Management's responses to the observations and recommendations noted in the report were received from the Agency on November 23, 2011. These responses have 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-CDA34 issued December 15, 2010, noted the following observation.

- Opportunity to submit monthly financial reports in a timely manner (Repeated)

A-133 Status

According to a letter received from the Agency dated July 12, 2011, it did expend \$500,000 or more in federal funds in its fiscal year ended December 31, 2010, and in the process of completing the A-133 audit report. The A-133 audit report has not been issued as of the last day of the fieldwork.

Summary of Current Observations

Recommendations were made for the following observations, which if implemented, could assist the Agency in fully complying with federal, state and local CDA requirements.

1. Opportunity to comply with the CDA cash retention policy
2. Opportunity to submit financial and programmatic reports timely (Repeated)

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

1. Opportunity To Comply With The CDA Cash Retention Policy

The Agency held the CDA grant reimbursements for more than three working days before disbursing them as follows

A	B	C	D	E	F
Vendor	Invoice Date	Reimbursement Date	Check date	Amount	Days funds held (D-C)
Contract #10-36-11 & 10-36-HM11					
Koziatc Contracting	7/26/2010	12/23/2010	12/29/2010	23,140.00	6
Turner-Bailey, Inc.	10/25/2010	12/22/2010	12/30/2010	\$11,487.00	8
Dizdar Brothers	10/07/2010	11/23/2010	12/28/2010	\$11,558.00	35
Contract #10-36-66					
Katy Ann Foundation	6/18/2010	11/15/2010	12/01/2010	\$2,741.15	16
Total				\$48,926.15	

Section 2.10 of the CDA Operating Agency Fiscal Procedures Manual requires the Agency to disburse CDBG funds within three working days upon receipts, or return the funds immediately to the Comptroller's Office. Funds should be requested only for the immediate cash needs of an operating Agency.

The Agency did not have a system of internal control in place to ensure compliance with the CDA Operating Agency Fiscal Procedures Manual's grant funds cash retention requirements.

Non-compliance with Section 2.10, the cash retention requirements, of the CDA Operating Agency Fiscal Procedures Manual may result in suspension or ultimate termination of the grant contract agreement.

Recommendation

It is recommended that the Agency establish and implement a system of internal control to comply with CDA Operating Agency Fiscal Procedures Manual's cash retention requirements.

Management's Response

It is our policy to reimburse for grant expenses within 3 days or receipt of the funds and the organization has and continues to implement procedures to ensure disbursement are made within 3 days of receipts of funds.

1. Continued...

However, several factors influenced the subject disbursements and they are as follows:

- *Reimbursements received during Christmas / New Year period 2010 (December 22, 23, and 28, 2010) when the offices were closed, all of the reimbursements were processed within 8 days of receipt. (Home Repair)*
- *Date check received was in later than the date the check was issued. In some cases as shown the actual date we received the check. Example; warrant check number 11110421 was dated 11/23/2010 and received by our office on 12/3/10*
- *The amount Katy Ann Foundation's original request for reimbursement was significantly higher than the funds eventually reimbursed. Several meeting were held with CDA and the Office of the Comptroller to determine the correct amount and that delayed the disbursement.*

2. Opportunity To Submit Financial And Programmatic Reports Timely (Repeated)

The Agency submitted the financial and programmatic reports late for the following CDBG programs:

10-36-11/HM-36-11(Home Repair Program)

- Ten of the 12 monthly financial reports were submitted late. The late submissions ranged between 4 to 236 days.
- The programmatic reports reviewed were not dated; therefore, it could not be determined if they were filed by the due dates.

10-36-66 (CBDO)

- Six of the 12 monthly financial reports were submitted late. The late submission ranged from 2 days to 30 days.
- Two of the 12 monthly programmatic reports were submitted late ranging from 8 days to 52 days.

10-36-15 (MAP)

Six of the 12 monthly financial reports were submitted late ranging from 2 days to 6 days.

The contract agreements require the agency to furnish complete and accurate financial reports to the Comptroller's Office-Federal Grants Section no later than the 10th calendar day of each month. Additionally, the Operating Agency shall furnish the CDA accurate complete and accurate programmatic reports. The programmatic

2. Continued...

reports are also due the 10th day of the month following the monthly reporting period.

The Agency did not have a system of internal control to ensure compliance with the reporting requirements of the grant agreement. This was noted in the prior fiscal monitoring report.

Non-compliance with the contract agreements requirements may cause a delay in the processing of the reimbursement requests resulting in an interruption in grant-funded services to its customers.

Recommendation

It is recommended that the Agency establish a system of internal controls to ensure its compliance with the reporting requirements of the grant agreement.

Management's Response

Monthly Financial and Programmatic Reports Submission

- *The organization takes every step to submit monthly financial and programmatic reports on a timely basis.*
- *At the request of the Home Repair Monitor, the programmatic reports for the Home Repair Program were submitted by e-mail. The office was late in submission of two of those reports as it was coordinating the required information with the offices of Home Service and Community Development Agency Home Repair Office during the second half of 2010.*
- *Our contract for the Home Repair Program was executed June 21, 2010 for the period beginning September 1, 2009 through December 31, 2010. Therefore we did not begin to prepare reports reflecting no activity back to the original date of the contract.*