



OFFICE OF THE COMPTROLLER
CITY OF ST. LOUIS



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Comptroller

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October 28, 2014

Malik Ahmed, Chief Executive Officer
Better Family Life, Inc.
5415 Page Blvd.
St. Louis, MO 63112

RE: Better Family Life, Inc. (Project #2014-AHC09)

Dear Mr. Ahmed:

Enclosed is a report of our fiscal monitoring review of Better Family Life, Inc., for the period of March 16, 2013 through March 31, 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 Better Family Life, Inc. Fieldwork was completed on September 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,

Dr. Ishmael Ikpeama
Internal Audit Supervisor

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

Enclosure

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



CITY OF ST. LOUIS

AFFORDABLE HOUSING COMMISSION (AHC)

**BETTER FAMILY LIFE, INC.
CONTRACTS #59-13G & 04-13G**

**FISCAL MONITORING REVIEW
MARCH 16, 2013 THROUGH MARCH 31, 2014**

PROJECT #2014-AHC09

DATE ISSUED: OCTOBER 28, 2014

**Prepared by:
The Internal Audit Section**



OFFICE OF THE COMPTROLLER

HONORABLE DARLENE GREEN, COMPTROLLER

**CITY OF ST. LOUIS
AFFORDABLE HOUSING COMMISSION (AHC)
BETTER FAMILY LIFE, INC.
FISCAL MONITORING REVIEW
MARCH 16, 2013 THROUGH MARCH 31, 2014**

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**CITY OF ST. LOUIS
AFFORDABLE HOUSING COMMISSION (AHC)
BETTER FAMILY LIFE, INC.
FISCAL MONITORING REVIEW
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SUMMARY

Background

Contract Name: Better Family Life, Inc.

Contract Number: 59-13G
04-13G

Contract Period: March 16, 2013 through March 15, 2014
April 1, 2013 through March 31, 2014

Contract Amount: \$176,000 (Total Contract 59-13)
\$30,000 (Better Family Life portion of 59-13G)
\$55,000 (04-13G)

The contracts provide funds from Affordable Housing Commission (AHC) to Better Family Life, Inc., (Agency) for services through the St. Louis Alliance for Homeownership Preservation Program, and Homebuyer Education and Financial Literacy Program.

The contract for St. Louis Alliance for Homeownership Preservation Program (Alliance) consists of five (5) Agencies, including Better Family Life, Inc. 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.

The contract for the Homebuyer Education and Financial Literacy Program provides home buyers education, individualized budget and credit counseling, and financial literacy education for clients at 80% or below the St. Louis median income.

Purpose

The purpose of this review was to determine the Agency's compliance with federal, state, and local AHC requirements for the period March 16, 2013 through March 31, 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.

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SUMMARY

Exit Conference

The Agency was offered the opportunity for an exit conference on October 6, 2014, but the Agency declined.

Management's Responses

On October 6, 2014, the Agency was provided with our observations and recommendations and a response was requested by October 14, 2014; however, as of the date of the report, the Agency has not responded.

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SUMMARY OF OBSERVATIONS

Conclusion

The Agency did not fully comply with local AHC requirements.

Status of Prior Observations

The Agency's previous fiscal monitoring report, Project #2011-AHC02, was issued March 28, 2011 and noted no observations.

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. Ensure accurate reporting of time sheets
2. Submit timely and accurate statistical information
3. Submit timely programmatic reports

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DETAILED OBSERVATIONS, RECOMMENDATIONS AND MANAGEMENT'S RESPONSES

1. Ensure Accurate Reporting of Time Sheets

A review of the Agency's supporting documentation for payroll reimbursements for both Contact #59-13G and #04-13G, was performed for the months of June 2013, February 2014, and March 2014. The review of the Housing Director's time sheets for the pay periods ending 3/23/14 revealed an inconsistent allocation of hours for contract #04-13G. The supporting time sheets associated with contract #04-13G for the pay period noted the time allocated was at 25% (20 hrs.). For contract #59-13G the supporting time sheet for the same pay period noted time allocated at 17.50% (14 hrs.).

Section IV of Contract 59-13G, requires the Agency to maintain adequate accounting records, and Section 9 of Contract #04-13G requires the Agency to establish an adequate accounting system.

It appears the Agency did not have controls in place to ensure that documentation was accurate and consistent with the terms of the contracts for all expenditures requested for reimbursement.

Providing inaccurate information or calculating reimbursements inconsistent with the contract terms can lead to errors or misappropriation of funds. This could lead to the Agency having to repay funds.

Recommendations

It is recommended that the Agency implement controls, such as a supervisory review, to ensure that all time sheets are adequate for reporting the allocation of time.

Management's Responses

On October 6, 2014, the Agency was provided with our observations and recommendations and a response was requested by October 14, 2014; however, as of the date of the report, the Agency has not responded.

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DETAILED OBSERVATIONS, RECOMMENDATIONS AND MANAGEMENT'S RESPONSES

2. Submit Timely and Accurate Statistical Information

A review was performed of the Agency's statistical information that is required to be submitted to AHC for contract #59-13G. A counseling report was obtained from the Agency; however it was missing required information. In addition, a discussion with AHC revealed that no statistical reports were received by AHC.

Section III of the contract, requires the Agency to submit statistical information by the 10th of each month. The report should also include the following information:

- Number of households counseled.
- Steps that were taken in the counseling session and outcome achieved.
- Number of households that received mortgage assistance with AHC funds.
- The name, address, last four digits of the client's social security number, and income.
- Amount of funding provided for each homeowner assistance recipient.
- Information regarding the number of families counseled that did not receive mortgage assistance.
- The dates of Financial Literacy classes offered by the Agency.

It was mentioned that the individual responsible for submitting the statistical information no longer worked at the Agency. In addition, it was mentioned that another Agency would provide the necessary statistical reports with required information to AHC. However, that did not appear to have happened.

Without the accurate completion and timely 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 implement procedures such as a report schedule or supervisory review, to ensure that the statistical reports are submitted timely to the AHC by the 10th of the month. In addition, the Agency should train another employee to perform the responsibilities in case someone unexpectedly leaves. The reports should also include all required information mentioned in the contract.

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DETAILED OBSERVATIONS, RECOMMENDATIONS AND MANAGEMENT'S RESPONSES

2. Continued.....

Management's Responses

On October 6, 2014, the Agency was provided with our observations and recommendations and a response was requested by October 14, 2014; however, as of the date of the report, the Agency has not responded.

3. Submit Timely Programmatic Reports

A review of the programmatic reports was performed to determine whether the reports were submitted timely as required by contract #04-13G. Based on the information received from AHC personnel it was revealed that three (3) of the four (4) programmatic reports were submitted late. The reports submitted late were:

| | <u>Received Date</u> | <u>Due Date</u> | <u>Days Late</u> |
|------------------------------------|----------------------|-----------------|------------------|
| • 2 nd Quarterly Report | 10/31/2013 | 10/20/2013 | 11 days |
| • 3 rd Quarterly Report | 2/20/2014 | 1/20/2014 | 1 month |
| • 4 th Quarterly Report | 7/20/2014 | 4/20/2014 | 3 months |

Section 7 of the contract requires the Agency to submit programmatic and financial reports no later than the 20th calendar day of the next quarter. In addition, Section 24 states if the programmatic reports were more than thirteen days late or the financial reports are not submitted by the 20th of the month due, reimbursements may be held up until delinquent reports are received.

It appears the Agency did not have adequate procedures in place to ensure all reports were submitted timely to AHC.

Without the accurate completion and timely submission of the reports to AHC the Agency is not following the reporting requirements of the contract. In addition, AHC was not 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 programmatic quarterly reports are submitted timely in accordance with the contract.

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DETAILED OBSERVATIONS, RECOMMENDATIONS AND MANAGEMENT'S RESPONSES

3. Continued.....

Management's Responses

On October 6, 2014, the Agency was provided with our observations and recommendations and a response was requested by October 14, 2014; however, as of the date of the report, the Agency has not responded.