



CITY OF ST. LOUIS

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

**GRAND OAK HILL COMMUNITY CORPORATION
CONTRACT #12-31-33
CFDA #14.218**

FISCAL MONITORING REVIEW

JANUARY 1, 2012 THROUGH DECEMBER 31, 2012

PROJECT #2013-CDA29

DATE ISSUED: MAY 17, 2013

**Prepared by:
The Internal Audit Section**



OFFICE OF THE COMPTROLLER

HONORABLE DARLENE GREEN, COMPTROLLER



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CITY OF ST. LOUIS



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DR. KENNETH M. STONE, CPA
Internal Audit Executive

May 17, 2013

FILE COPY

Maggie Lampe, Executive Director
Grand Oak Hill Community Corporation
4168 Juniata
St. Louis, MO 63116

RE: Community Development Block Grant (CDBG) (Project #2013-CDA29)

Dear Ms. Lampe:

Enclosed is a report of the fiscal monitoring review of the Grand Oak Hill Community Corporation, a not-for-profit organization, CDBG Programs, for the period January 1, 2012, through December 31, 2012. 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 Grand Oak Hill Community Corporation. Fieldwork was completed on April 18, 2013.

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, CGMA
Internal Audit Executive

Enclosure

cc: Jill Claybour, Acting Executive Director, CDA
Lorna Alexander, Special Assistant for Development, CDA
Ceresse Pennington, Program Monitor, CDA

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INTRODUCTION

Background

Contract Name: Grand Oak Hill Community Corporation.

Contract Number: 12-31-33

Contract Period: January 1, 2012 through December 31, 2012

CFDA Number: 14.218

Contract Amount: \$234,029

The contract provided Community Development Block Grant (CDBG) fund to Grand Oak Hill Community Corporation (Agency) that promotes neighborhood growth and stabilization through a variety of programs including senior nutrition, nuisance abatement, and housing development. To continue implementation of the Management Assistance Program (MAP) to provide nuisance prevention and abatement tools for owners of rental properties located in wards 6, 8, 9, 10, 13, 14, 15, 20 and 25 by providing tenant screening services to approximately 850 units.

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, 2012, through December 31, 2012, 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 Community Development Administration (CDA). Evidence was tested supporting the reports the Agency submitted to CDA and other procedures were performed as considered necessary. Fieldwork was completed on April 18, 2013.

Exit Conference

The Agency was offered the opportunity for an exit conference on May 9, 2013, but the Agency has not responded.

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 #2012-CDA24 issued May 17, 2012, noted one observation.

- Opportunity to improve internal controls over cash retention (**Repeated**)

A-133 Status

According to a letter received from the Agency dated March 27, 2013, it did not expend \$500,000 or more in federal funds in its fiscal year ended December 31, 2012, and was not required to have an A-133 audit.

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.

- Opportunity to improve internal controls over cash retention

DETAILED OBSERVATIONS, RECOMMENDATIONS AND MANAGEMENT'S RESPONSES

Opportunity To Improve Internal Controls Over Cash Retention

A review of the Agency's grant disbursement revealed the Agency did not disburse federal funds to vendors within the required three days of receiving the fund.

The month of August was tested for requests reimbursements. The Agency deposited the check from CDA on August 27, but did not disburse the check for the vendor until September 7, 2012. The Agency did not pay the vendor eleven days after the grant fund was deposited from City of St. Louis.

Section 2.10 of the CDA Operating Agency Fiscal Procedures Manual requires an operating Agency to disburse the federal funds within three working days of receiving the funds. If the funds can not be disbursed within the three working day period, the funds must be returned immediately to the Comptroller's Office.

The Agency did not have a system of internal control to ensure its compliance with federal funds disbursement and retention requirements of CDA.

Failure to return the unused grand funds within three days may result in questioned costs, suspension, or termination of federal award.

Recommendation

It is recommended that the Agency establish a system of internal controls to ensure its compliance with CDA federal funds retention requirements.

Management's Response

The Agency was given seven business days to respond to the observation and recommendations noted in the report. As of the date of this report, the Agency had not responded.