



OFFICE OF THE COMPTROLLER
CITY OF ST. LOUIS



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DR. KENNETH M. STONE, CPA
Internal Audit Executive

FILE COPY

April 9, 2012

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

RE: Community Development Block Grant (CDBG) (Project #2012-CDA22)

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, 2011 through November 30, 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 Hamilton Heights Neighborhood Organization. Fieldwork was completed on January 26, 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)**

**HAMILTON HEIGHTS NEIGHBORHOOD ORGANIZATION
CONTRACT #11-31-48 AND #11-36-16
CFDA #14.218**

FISCAL MONITORING REVIEW

JANUARY 1, 2011 THROUGH NOVEMBER 30, 2011

PROJECT #2012-CDA22

DATE ISSUED: APRIL 9, 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)
HAMILTON HEIGHTS NEIGHBORHOOD ORGANIZATION
FISCAL MONITORING REVIEW
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INTRODUCTION

Background

Contract Name: Hamilton Heights Neighborhood Organization.

Contract Numbers: 11-31-48 and 11-36-16

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

CFDA Number: 14.218

Contract Amounts: \$116,897 and \$42,750

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, 2011 through November 30, 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 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 January 26, 2012.

Exit Conference

The Agency was offered the opportunity for an exit conference on March 7, 2012; however, it did not respond.

Management's Response

On March 7, 2012, the Agency was provided with the observation and recommendation and a response was requested by March 15, 2012; however, as of the date of the report, the Agency had 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 #2011-CDA16 issued June 30, 2011, noted one observation.

- Agency did not maintain adequate accounting records, questioned costs \$189,547 (Unresolved, see Summary of Current Observations)

A-133 Status

According to a letter received from the Agency dated December 21, 2011, 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

- Agency did not maintain adequate accounting records, questioned Costs \$189,547 (Repeated)

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

**Agency Did Not Maintain Adequate Accounting Records, Questioned Costs
\$189,547 (Repeated)**

The Agency did not make available to the Internal Audit Section all CDBG program accounting records for the prior fiscal monitoring review period January 1, 2010 through December 31, 2010. The financial statements submitted consisted of income statements for the month of March and April 2010 only, and the check register was for the month of March through July 2010. As a result, the Internal Audit Section could not determine if the Agency complied with federal, state and local CDA requirements while conducting the CDBG operations.

CDA Operating Agency Procedures Manual requires the Agency to maintain adequate accounting records with a separate set of books for each CDBG program. These records include but not limited to budget control ledger, check register, payroll register, and cash journal.

According to the Agency, after the resignation of the accountant, who was responsible for the accounting records, in August 2010, the Agency's director was unable to retrieve the accounting records.

Failure to maintain proper accounting records is a non-compliance with the CDA requirements and may result in suspension or termination of the contract.

Recommendation

We recommend the Agency make available to CDA all of its accounting records for the calendar year 2010 or return to the City \$189,547, the grant funds received for this period.

Management's Response

On March 7, 2012, the Agency was provided with our observation and recommendation and a response was requested by March 15, 2012; however, as of the date of the report, the Agency had not responded.