



OFFICE OF THE COMPTROLLER  
CITY OF ST. LOUIS



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Internal Audit Executive

November 5, 2012

FILE COPY

Donald Roe, Deputy Director  
Planning and Urban Design Agency  
1520 Market Street, Suite 2000  
St. Louis, MO 63103

RE: Planning and Urban Design Agency (Project #2013-P02)

Dear Mr. Roe:

Enclosed is the Internal Audit Section's report for the contract review of the Planning and Urban Design Agency for the period April 1, 2011 through March 31, 2011. A description of the scope of the work is included in the report.

Fieldwork was completed on October 17, 2012. Management's responses to the observation and recommendation noted in this report were received on November 2, 2012, and have been incorporated in the report.

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*.

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: Betsy Bradley, Deputy Director, Cultural Resources Office  
Jill Claybour, Acting Executive Director, Community Development Administration



# CITY OF ST. LOUIS

**PLANNING AND URBAN DESIGN AGENCY (PDA)  
CONTRACTS #11-90-02 AND #12-90-02**

**CONTRACT COMPLIANCE REVIEW  
APRIL 1, 2011 THROUGH MARCH 31, 2012**

**PROJECT #2013-P02**

**DATE ISSUED: NOVEMBER 5, 2012**

**Prepared by:  
The Internal Audit Section**



## OFFICE OF THE COMPTROLLER

**HONORABLE DARLENE GREEN, COMPTROLLER**

## EXECUTIVE SUMMARY

### Purpose

The Planning and Urban Design Agency (PDA) was selected for review based on the IAS' annual risk assessment. The purpose was to determine if PDA's internal controls effectively and efficiently manage risks in achieving goals and objectives relating to:

- Compliance with laws, regulations, contracts, and policies and procedures applicable to goals and objectives.
- Safeguarding of assets.
- Reliability and integrity of financial and operational information.
- Economic and efficient use of resources.

### Scope and Methodology

The review was limited to the Agency's compliance with the terms of the contracts from the period April 1, 2011 through March 31, 2012 and confined to evaluating internal controls over the financial and operational activities relating to the objectives noted above. The review procedures included:

- Inquiries of management and staff.
- Observations of relevant processes.
- Reviews for compliance with policies and procedures, as well as applicable laws and regulations applicable to goals and objectives.
- Limited tests of controls.
- Follow-ups on prior observations.
- Other procedures considered necessary.

### Background

PDA was established under the provisions of the Ct. Louis City Revised Code Section 3.48. PDA performs future planning for the city and provides staff support for the Planning Commission and the Preservation Board.

Its activities are funded through Community Development Administration (CDA) grant funds and some direct city appropriations. During the calendar year 2011, PDA received \$1,417,350 under the CDA contract #11-90-02. PDA also received \$671,200 under the contract #12-90-02 during the first six months of 2012.

PDA has four divisions: Planning and Urban Design, the Cultural Resources Office, Research, and Graphics/Computer Mapping. The Planning and Urban Design Division is responsible for writing planning documents and policies, and reviewing land use applications for approval. The Cultural Resources Office is responsible for activities related to the City's historic districts, including review of applications and ensuring compliance within the districts. The Research Division provides research support for planning activities. The Graphic/Computer Mapping Division is responsible for operating the City's Geographic Information system (GIS) and providing GIS services to the public for a fee.

## Exit Conference

An exit conference was conducted at the Planning and Urban Design Agency (PDA) on October 26, 2012. The Deputy Director of PDA represented the Agency and the Auditor-in-Charge represented the Internal Audit Section.

## Conclusion

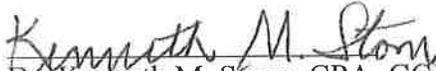
Several control procedures were noted in PDA's financial and operational activities. These included, but were not limited to, the following:

- PDA received annual monitoring visits to evaluate progress of the program objectives, criteria and budget.
- Based on the program objectives and criteria, detailed programmatic reports on the progress and implementation of services provided to the City were generated.
- Adequate work rules and policies and procedures exist.
- Planning Commission and Preservation Board rules and procedures exist.
- Invoices were approved for payment by the Deputy Director.
- Annual inventory listings describing type, location, condition, and dispositions were prepared and reported.
- Program costs were reviewed and reconciled to the general ledger before reimbursements were made.
- A-87 certification forms were properly maintained and approved.
- Reimbursements (draw-downs) were performed bi-weekly, and were electronically processed.

PDA adequately addressed internal controls and risks relating to the goals and objectives noted above, except for the following observation:

Opportunity to submit timely financial and programmatic reports (**Repeated**)

This observation is discussed in more detail in the *Detailed Observations, Recommendations and Management's Responses* section of this report.

  
Dr. Kenneth M. Stone, CPA, CGMA  
Internal Audit Executive

  
Date

**CITY OF ST. LOUIS  
PLANNING AND URBAN DESIGN AGENCY  
CONTRACT COMPLIANCE REVIEW  
APRIL 1, 2011 THROUGH MARCH 31, 2012**

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## OBSERVATIONS

### Status of Prior Observation

The Internal Audit Section (IAS) followed up on an observation included in the Community Development Administration (CDA) report issued December 30, 2011. The status is as follows:

Timeliness of programmatic reports (**Repeated**)

### Summary of Observations

Several control procedures were noted in PDA's financial and operational activities. These included, but were not limited to, the following:

- PDA received annual monitoring visits to evaluate the progress of the program objectives, criteria and budget.
- Based on the program objectives and criteria, detailed programmatic reports on the progress and implementation of services provided to the City were generated.
- Adequate work rules and policies and procedures exist.
- Planning Commission and Preservation Board rules and procedures exist.
- Invoices were approved for payment by the Deputy Director.
- Annual inventory listings describing type, location, condition, and dispositions were prepared and reported.
- Program costs were reviewed and reconciled to the general ledger before reimbursements were made.
- A-87 certification forms were properly maintained and approved.
- Reimbursements (draw-downs) were performed bi-weekly and were electronically processed.

However, the opportunity exists for management to improve internal controls to ensure compliance with the contracts' requirements. The following observation resulted from the review:

Opportunity to submit timely financial and programmatic reports (**Repeated**)

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

**Opportunity To Submit Timely Financial And Programmatic Reports (Repeated)**

The financial and programmatic reports were not submitted timely in accordance with the contracts. IAS learned that the CDA Programmatic Monitor reported that the programmatic reports were late several times in 2010 and twice in 2011. Our follow-up review revealed the following delays in reporting:

**Programmatic Reports**

A	B	C	D	E	Days Prepared	Days In	Days in	Total
Quarterly Report	Date Prepared	Date Approved	Date CDA Received	Date Due	Late E-B	Approval C-B	Route D-C	Days Late
31-Mar-11	10/17/2011	11/1/2011	11/1/2011	4/10/2011	190	15	0	205
30-Jun-11	7/22/2011	7/22/2011	7/25/2011	7/10/2011	12	0	3	15
30-Sep-11	10/17/2011	11/1/2011	11/1/2011	10/10/2011	7	15	0	22
31-Dec-11	1/10/2012	1/11/2012	1/11/2012	1/10/2012	0	1	0	1
31-Mar-12	4/12/2012	7/16/2012	7/16/2012	4/10/2012	2	85	0	87

**Financial Reports**

A	B	C	D	E	F	Total
Monthly Report	Date Prepared	Date Approved	Due Date	(D-B) Days Prepared Late	(C-B) Days In Approval	Days Late
30-Jun-11	9/18/2011	Not dated	7/10/2011	70	n/a	70
30-Sep-11	10/12/2011	10/14/2011	10/10/2011	2	2	4
31-Dec-11	1/27/2012	1/30/2012	1/10/2012	17	3	20
31-Mar-12	4/23/2012	4/25/2012	4/10/2012	13	2	15

## Continued... ..

An improvement was made to submit the 4th quarter programmatic report on time; however, the subsequent report (March 2012) was not timely prepared and approved before submission to CDA. Previous recommendations made in the CDA monitoring report were not implemented.

Section 6 of the CDA contracts requires PDA to submit monthly or quarterly programmatic no later than the tenth calendar day of each month or quarter in order to respond to Housing and Urban Development's regulations. The Agency is also required to submit monthly financial statements no later the tenth day of each month.

It appears that performance measures and control procedures were not established to ensure reports are prepared timely in order for reviews and approvals, and to meet the due dates. In addition, we learned that:

- Management was unaware the financial reports were late because copies were not distributed to management for review.
- The current staffing level requires multiple and new tasks to be performed by PDA personnel.

According to the contract, if quarterly financial reports are not received by the 10th calendar day of the month, or if programmatic reports are more than thirteen days late, CDA may hold up all reimbursements until the delinquent reports are received. In addition, failure to submit programmatic reports over two consecutive quarterly periods may be considered abandonment of program activities, thereby rendering the Agency's contract subject to immediate termination.

## Recommendation

It is recommended that management establish performance measures and control procedures to ensure that timely financial and programmatic reports are submitted in accordance with the contract requirements. To ensure that the financial reports are prepared timely, copies should be distributed to management for review before the due date.

## *Management's Responses (November 2, 2012)*

*I have reviewed your report regarding the Planning and Urban Design Agency and recommendations to management regarding the timely filing of two reports; Programmatic Reports and CDBG Monthly Financial Reports. As a result, the following has been implemented or shall be at the appropriate cycle:*

- *Prompt and Reminder System: Using Google Calendar (first available to us and system wide this past summer) we will set up, now for the current contract period – and when new contracts begin a reminder – notice in the calendar of key staff that begin the process and prepare the Quarterly Report. This reminder will occur prior to the end of the quarter and repeat thru the delivery date 10 days past the end of the quarter.*
  - *Staff that prepare this report do so not as a fundamental part of their duties but as added responsibility. They welcome the reminder system.*

**Continued... ..**

- *Reminder - notice will be redundant. Meaning the notice will go to the primary staff person but also to a second, as a backup if timing overlaps with vacations, absences, etc. to the staff with primary responsibility.*
- *Backup approval: Will notify the Community Development Administration that an alternate manager will also have signature power to approve the report in the absence of the Director to eliminate delays in approval if the Director is not available.*
- *Our review of the findings found that the first week of the month is particularly heavy with preparation for a monthly night meeting. Starting the report earlier and having the calendar prompt continue after the first week will keep the report on track. The calendar prompt will continue until the report is delivered and the prompt stopped.*
- *We will arrange for the distribution of monthly financial reports to management to occur monthly.*

*Thank you and your project manager for a helpful and detailed report.*