



OFFICE OF THE COMPTROLLER
CITY OF ST. LOUIS



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Comptroller

DR. KENNETH M. STONE, CPA
Internal Audit Executive

Internal Audit Section

February 22, 2011

Dave Ervin, Executive Director
Rebuilding Together St. Louis
357 Marshall, Suite 2
St. Louis, MO 63119

RE: Rebuilding Together St. Louis (Project #2011-AHC08)

Dear Mr. Ervin:

Enclosed is a report of our fiscal monitoring review of Rebuilding Together St. Louis for the period March 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 Rebuilding Together St. Louis. Fieldwork was completed on December 27, 2010.

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) 622-4723.

Sincerely,

Dr. Kenneth M. Stone, CPA
Internal Audit Executive

Enclosure

cc: Angela Morton Conley, Executive Director, Affordable Housing Commission



CITY OF ST. LOUIS

AFFORDABLE HOUSING COMMISSION (AHC)

**REBUILDING TOGETHER ST. LOUIS
CONTRACT #13-10G AND 14-10G**

**FISCAL MONITORING REVIEW
MARCH 1, 2010 THROUGH DECEMBER 31, 2010**

PROJECT #2011-AHC08

DATE ISSUED: February 22, 2011

**Prepared by:
The Internal Audit Section**



OFFICE OF THE COMPTROLLER

HONORABLE DARLENE GREEN, COMPTROLLER

**CITY OF ST. LOUIS
AFFORDABLE HOUSING COMMISSION (AHC)
REBUILDING TOGETHER ST. LOUIS
FISCAL MONITORING REVIEW
MARCH 1, 2010 THROUGH DECEMBER 31, 2010**

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INTRODUCTION

Background

Contract Name:	Rebuilding Together St. Louis
Contract Numbers:	13-10G and 14-10G
Contract Periods:	March 1, 2010 through February 28, 2011 May 1, 2010 through April 30, 2011
Contract Amounts:	\$60,000 and \$75,000

The contracts provided funds from the Affordable Housing Commission (AHC) to Rebuilding Together St. Louis (Agency) to assist low-income households in home repairs. Funds from contract 13-10G were used to provide roof repairs and replacements. 30% of funds are for households at or below 20% and 70% were for households at or below 80% of the St. Louis median Income.

Funds from contract 14-10G were used to provide home maintenance repairs and weatherization services. 46% of the funds from this contract were for households at or below 20% of the St. Louis median income and 54% were for households at or below 80% of the St. Louis median income.

Purpose

The purpose of the review was to determine the Agency's compliance with federal, state and local AHC requirements for the period March 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 grants administered by AHC. Evidence supporting the reports the Agency submitted was tested and other procedures were performed, as considered necessary.

Exit Conference

The Agency was offered the opportunity for an exit conference on February 14, 2011, but the Agency declined.

INTRODUCTION

Management's Responses

The management's responses to the observations and recommendations identified in the draft report were received from the Agency on February 18, 2011. These responses have been incorporated into the report.

SUMMARY OF OBSERVATIONS

Conclusion

The Agency did not fully comply with local AHC requirements.

Status of Prior Observations

There were no prior observations in the fiscal monitoring report, project #2007-AHC05 report, issued on February 22, 2007.

Summary of Current Observations

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

1. Opportunity to submit timely quarterly reports
2. Opportunity to submit supporting documentation for reimbursement requests
3. Opportunity to improve controls over reimbursement request (questionable cost \$100)

DETAILED OBSERVATIONS, RECOMMENDATIONS AND MANAGEMENT'S RESPONSES

1. Opportunity To Submit Timely Quarterly Reports

A review was performed to determine whether financial and programmatic reports were submitted timely as required by the contracts. IAS observed that the Agency submitted its financial and programmatic reports to AHC at the same time. IAS also observed that:

- The second quarterly reports for contract 13-10G were submitted timely; however, the first quarterly reports were not submitted timely. These reports were due June 20, 2010, but were submitted 30 days later on July 20, 2010.
- The first quarterly reports for contract 14-10G were submitted timely; however, the second quarterly reports were not submitted timely. The programmatic report was prepared November 22, 2010, two days after the due date, and was not received by AHC until December 7, 2010.

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

As a result, the Agency did not comply with contract requirements. The Agency risks delays in receiving reimbursement requests. It appears the Agency did not have a system of internal control in place to ensure that the quarterly reports are submitted in a timely manner.

Recommendations

IAS recommends that the Agency implement control procedures to ensure that quarterly reports are submitted timely in accordance with the contracts.

Management's Responses

In response to this observation, we have created a timeline listing all grant deadlines which will be reviewed at the weekly staff meeting by the Executive Director, Development Director, and Program Director.

DETAILED OBSERVATIONS, RECOMMENDATIONS AND MANAGEMENT'S RESPONSES

2. Opportunity To Submit Supporting Documentation For Reimbursement Requests

The Agency's reimbursement requests were reviewed to ensure proper documentation was submitted to support the requests. The Agency did not submit AHC signed time sheets and payroll registers with the first and second reimbursement requests, respectively for contracts 14-10G and 13-10G.

Section 7 of the contract requires the Agency to make available to the Commission all data necessary to review and verify the accuracy of the reports. Such data shall include all backup documentation related to quarterly financial reports.

According to the Agency, this was an oversight, while preparing the request. Proper documentation was later submitted to AHC.

Non-compliance with the contractual agreement could cause rejection or delays in processing the reimbursement request. As a result, expenditures incurred through November 5, 2010 were not reimbursed until January 6, 2011.

Recommendations

It is recommended that the Agency improve internal controls to ensure that all required supporting documents are submitted with the reimbursement requests.

Management's Responses

In response to this observation, we have revised our internal process of report review by dividing the responsibilities to three staff members. The Accounts Manager will be responsible for developing the personnel reimbursement requests. The Program Director will continue to develop the programming report. The Executive Director will now review all reports and provide final approval for those reports. It is expected that with this revised internal process, the proper documentation will be provided for each request.

DETAILED OBSERVATIONS, RECOMMENDATIONS AND MANAGEMENT'S RESPONSES

3. Opportunity To Improve Controls Over Reimbursement Requests (Questionable Cost of \$100)

The reimbursement requests were reviewed to determine whether amounts reimbursed were actually incurred or paid. The review of the first quarter's program cost related to contract 13-10G revealed the Agency was reimbursed \$7,948 for client home repair costs. However, the amount actually paid was \$7,848, resulting in questioned cost of \$100.

Section 4 of the contract allows for compensation to be provided on a reimbursable basis. Also, sound accounting practices should include controls such as reviews of the Agency records of costs to funds received.

According to Section 11 of the contract, the Agency may have to repay the questioned costs from funding other than funding provided by AHC. There was no explanation given by the Agency for the difference in total cost. It appears there was a transposition in the numbers and an oversight by the Agency.

Recommendations

It is recommended that the Agency review its controls procedures and implement supervisory reviews to ensure reimbursement requests agree with actual expenditures documented and recorded. It is also recommended that the Agency discuss the questionable cost of \$100 with AHC to determine if the funds should be returned to AHC as required by Section 11 of the contract.

Management's Responses

With revised controls mentioned in #2, we anticipate that this error would be corrected before submission of the final report.