



OFFICE OF THE COMPTROLLER  
CITY OF ST. LOUIS



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DR. KENNETH M. STONE, CPA  
Internal Audit Executive

November 29, 2012

**FILE COPY**

George Robnett, Executive Director  
Vashon – Jeff Vander Lou  
3030 Locust  
St. Louis, MO 63106

RE: Community Development Block Grant (CDBG) (Project #2012-CDA36)

Dear Mr. Robnett:

Enclosed is a report of the fiscal monitoring review of the Vashon – Jeff Vander Lou, a not-for-profit organization, CDBG Program, for the period January 1, 2011, through December 31, 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 Vashon – Jeff Vander Lou. Fieldwork was completed on August 28, 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, CGMA  
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)  
HOME INVESTMENT PARTNERSHIP (HOME)**

**VASHON-JEFF VANDER LOU  
CONTRACTS #11-11-89, #11-36-11, #11-36-15 AND #11-36-66  
CFDA #14.218 AND #14.239**

**FISCAL MONITORING REVIEW**

**JANUARY 1, 2011 THROUGH DECEMBER 31, 2011**

**PROJECT #2012-CDA36**

**DATE ISSUED: NOVEMBER 29, 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)**  
**VASHON – JEFF VANDER LOU**  
**FISCAL MONITORING REVIEW**  
**JANUARY 1, 2011 THROUGH DECEMBER 31, 2011**

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## INTRODUCTION

### Background

**Contract Name:** Vashon-Jeff Vander Lou

**Contract Numbers:** 11-11-89, 11-36-11, 11-36-15, 11-36-66

**Contract Periods:** January 1, 2011 through December 31, 2011

**CFDA Number:** 14.218

**Contract Amounts:** \$ 51,300 (11-11-89)  
\$192,375 (11-36-11)  
\$108,982 (11-36-15)  
\$799,017 (11-36-66)

These contracts provided Community Development Block Grant (CDBG) funds to Vashon-Jeff Vander Lou (Agency) to accomplish the following goals and objectives:

#### Contract #11-36-15 (TMA Program)

- To combat physical deterioration and help stabilize largely absentee-owned rental properties in the central/northern wards of the City.
- To continue to implement a Targeted Management Assistance Program for approximately 60 properties per ward, within the 6<sup>th</sup>, 18<sup>th</sup> and 19<sup>th</sup> wards of the City of St. Louis.

#### Contract #11-36-66 (CBDO)

- To facilitate the physical development of the 6<sup>th</sup> and 19<sup>th</sup> Wards and part of the 18<sup>th</sup> through creation of in-fill housing.
- Facilitate and complete the construction of new single-family homes for sale to moderate income persons and assist in capital improvement projects, facilitate façade improvement projects.
- Participate in several development activities throughout the 19<sup>th</sup> Ward. Work with community organizations to provide resources, such as daycare information, job skill training information and health screening during the Summer Empowerment Festival and also administer the Minority Contractor Initiative.

#### Contract #11-36-11 and 11-11-89 (Home Repair)

- To develop a minimum of 20 scopes of work based upon inspections completed by the Building Division's Healthy Home Repair Inspectors.
- To provide loan closing services for low and moderate income homeowners participating in the JVL Home Repair Program.

## **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 December 31, 2011, 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 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 August 28, 2012.

## **Exit Conference**

An exit conference was offered to the Agency on November 6, 2012, but the agency declined.

## **Management's Response**

The management's responses to the observations and recommendations identified in the draft report were received from the Agency on November 19, 2012. The responses have been incorporated into this report.

## 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-CDA24 issued December 7, 2011, noted the following observations.

1. Opportunity to comply with the CDA cash retention policy (**Repeated**)
2. Opportunity to submit financial and programmatic reports timely (**Resolved**)

### A-133 Status

The Agency expended \$500,000 or more in federal funds for its calendar year ended December 31, 2010; therefore, it was required to have a single audit in accordance with OMB Circular A-133.

The report was dated on October 3, 2012 and rendered unqualified opinions on the general purpose financial statements as well as on compliance for major programs. There were no material weaknesses or noncompliance material to the financial statements or federal awards. There were significant deficiencies in internal controls over major programs and the financial statements.

There was one audit finding disclosed that is required to be reported under Section 510(a) of OMB Circular A-133. This finding did not apply to the grant funds passed through the City of St. Louis.

The Agency did not qualify as a low-risk auditee.

### 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.

1. Opportunity to comply with CDA Cash Retention Policy
2. Opportunity to file an A-133 in a timely manner

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

**1. Opportunity To Comply With The CDA Cash Retention Policy**

The Agency held the CDA grant reimbursement for more than three working days before disbursing the funds as follows:

**Contract #11-11-89**

A	B	C	D	E	F
Vendor	Invoice Date	Reimbursement Date	Check Date	Amount	Days funds held (D-C)
Galmiche & Sons	1/14/11	3/16/11	6/3/11	\$5,345.00	54

Section 2.10 of the CDA Operating Agency Fiscal Procedures Manual requires the Agency to disburse CDBG funds within three working days upon receipts, or return the funds immediately to the Comptroller's Office. Funds should be requested only for the immediate cash needs of an operating Agency.

The agency only processes payments for the grant. A second party handles most of the responsibilities for the grant, which delays the process for sending out payments to a vendor and makes it difficult to comply with the cash retention policy.

Non-compliance with Section 2.10, the cash retention requirements, of the CDA Operating Agency Fiscal Procedures Manual may result in suspension or termination of the grant contract agreement.

**Recommendation**

It is recommended that the Agency establish and implement a system of internal control to comply with CDA Operating Agency Fiscal Procedures Manual's cash retention requirements.

***Management's Response***

*VJVL makes every effort to ensure that disbursement of CDA funds are within 3 days upon receipt of funds and will continue to make every effort in the future to comply with the cash retention policy. The subject disbursement was held more than 3 days of the date of invoice. This occurs on occasions with the Home Repair Program due to the fact that many times the contractor will submit invoices for payment prior to Home Services performing the final inspection of work performed and authorizing payment to be disbursed by the Comptroller's office and received by our offices to make payment to the contractor.*

## **2. Opportunity To File An A-133 In A Timely Manner**

The Agency did not provide an A-133 audit report for calendar year 2011. The report was due on September 30, 2012, and as of the completion of fieldwork, the report has not been completed.

Non-federal entities that expend \$500,000 or more in Federal awards shall have a single or program-specific audit conducted for that year in accordance with the provisions of OMB Circular A-133.

The Accounting Firm is in the process of completing the A-133 and expects to have the report completed by November 2012.

Non-compliance with Section 7.1, general audit requirements of the CDA Operating Agency Fiscal Procedures Manual may result in suspension or termination of the grant contract agreement.

### **Recommendation**

It is recommended that the Agency establish and implement a system of internal controls to ensure compliance with the general audit requirements for A-133 audits.

### ***Management's Response***

*VJVL is in the process now of having an A-133 audit completed for 2011 and will forward to your offices when completed. VJVL has implemented process and procedures to have future audits completed in a timely manner.*