



Office of Missouri State Auditor  
**Nicole Galloway, CPA**

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**FOLLOW-UP REPORT ON AUDIT FINDINGS**

City of St. Louis  
**Community and Economic Development Offices**

Report No. 2018-108

October 2018

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# City of St. Louis - Community and Economic Development Offices

## Follow-Up Report on Audit Findings

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## **NICOLE GALLOWAY, CPA** **Missouri State Auditor**

To the Honorable Mayor  
and  
Executive Director of Community Development Administration  
and  
Affordable Housing Commission  
and  
Land Reutilization Authority  
City of St. Louis, Missouri

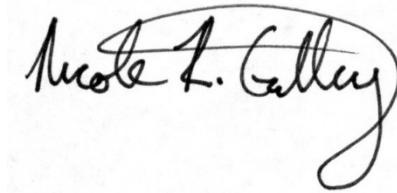
We have compiled the statuses of the audit report findings contained in Report No. 2009-38, *City of St. Louis, Community and Economic Development Offices*, issued in April 2009, and the applicable audit report finding contained in Report No. 2009-60, *City of St. Louis, Lead Safe St. Louis Program*, issued in June 2009, as part of our current audit of the City of St. Louis. The functions of the Lead Safe St. Louis Program are performed by the Community Development Administration, Department of Public Safety - Building Division, and Department of Health; therefore, applicable follow-up statuses for the Lead Safe St. Louis Program have been included in these agency follow-up reports.

These results were determined by city officials and have not been audited. We will evaluate each status and the procedures implemented to address the related audit findings as appropriate in our ongoing audit of the city's administration of economic incentives and special taxing districts, and our upcoming audit of Community and Economic Development offices. The objectives of the follow-up compilation were to:

1. Provide status information from city officials for each recommendation. The status of each recommendation will be one of the following:
  - **Implemented:** Auditee fully implemented the recommendation, either as described in the report or in a manner that resolved the underlying issue.
  - **In Progress:** Auditee has specific plans to begin, or has begun, to implement and intends to fully implement the recommendation.
  - **Partially Implemented:** Auditee implemented the recommendation in part, but is not making efforts to fully implement it.
  - **Not Implemented:** Auditee has not implemented the recommendation and has no specific plans to implement the recommendation.
  - **No Longer Applicable:** The recommendation is no longer applicable.
2. Compile the information reported.

To obtain the status for each recommendation, we sent questionnaires to the Community Development Administration, Affordable Housing Commission, and Land Reutilization Authority that included a brief summary of each finding and recommendation, and requested the status of each finding and a brief description of the steps taken or planned to implement the recommendation or reason(s) why the recommendation has not been implemented or is no longer applicable. This report is a compilation of the information provided, which we received in May 2018.

Audits of various officials and departments of the City of St. Louis are in process, and any findings and recommendations will be included in the subsequent reports.

A handwritten signature in black ink that reads "Nicole R. Galloway". The signature is written in a cursive style with a large, looping flourish at the end of the word "Galloway".

Nicole R. Galloway, CPA  
State Auditor

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# City of St. Louis - Community and Economic Development Offices

## Follow-Up Report on Audit Findings

### Status of Findings

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**Finding Title:** Community Development Administration Awarding Procedures

**Finding Number:** 1.A.

**Finding:** The Community Development Administration (CDA) did not perform a standard analysis or summarize the results of the evaluation process when selecting proposals for subrecipient or ward pool housing project awards. As a result, the reasons for funding the various proposals were not adequately documented. The CDA published annual requests for proposals for new subrecipients, but did not require previously funded subrecipients to apply for funding.

**Recommendation:** The CDA develop a formal selection process for all subrecipient and housing project awards which includes requests for proposals for previously funded subrecipients and for program income awards. The selection process should include performing a standard analysis with stated criteria for each type of award, and preparing and retaining documentation of the reasons for funding the various proposals.

**Status of Finding:** Implemented

**Description of steps taken or planned to implement the finding or reason for not implementing or why finding is no longer applicable:**

In 2013, the CDA embarked on a significant change to the way it allocates its Community Development Block Grant (CDBG) and Home Investment Partnerships Program (HOME) grant funds awarded by the U.S. Department of Housing and Urban Development (HUD). In partnership with HUD St. Louis field office staff and the HUD's technical assistance consultants, the CDA developed a process that competitively awards grant funds based on priorities identified in the city's Consolidated Plan.<sup>1</sup> As a part of this process, changes were made to the city's CDBG/HOME request for proposal (RFP) process that were integral to ensuring compliance with federal rules and a robust public participation process. Significant changes to the RFP process include the following:

- The CDA posts and solicits feedback from the community on funding priorities prior to issuance of an RFP.
- The availability of the RFP is advertised in multiple sources including the St. Louis Post-Dispatch, the St. Louis American, and the CDA's website.
- All applicants, including previously funded organizations, are required to apply for funding by the deadline detailed in the RFP.
- All applicants must utilize the same application form.
- An applicant scoring matrix is provided in the RFP and is posted on the CDA's website.
- Applications are submitted through an electronic grants management system.
- Several capacity building workshops are held to assist applicants with proposals and federal compliance.
- Questions on the RFP are answered and posted as Frequently Asked Questions (FAQ) on the CDA's website.

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<sup>1</sup> The City of St. Louis Consolidated Plan is a five-year plan and annual action plan that assesses market conditions, affordable housing, and community development needs in the City of St. Louis and establishes data-driven, place-based priorities for investment in community development. The Consolidated Plan allocates specific federal entitlement grant funding from the HUD.



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- A Proposal Evaluation Committee consisting of outside community development professionals and city staff is used for the review of applications.
- Summaries of evaluation criteria are prepared and maintained by the CDA.
- Applicants are rated and ranked for recommendation to the Board of Aldermen (BOA) and the Mayor's office for approval as a part of the annual CDBG/HOME annual board bill process.

Using the RFP process as a guide, in 2014 the CDA made significant changes to the way it allocates funding to housing development/residential projects. Interested developers are required to apply for funding during the Notice of Funding Availability (NOFA) process, which occurs at least once a year. The CDA's NOFA process also utilizes the same posting, workshop, and FAQ process as the CDBG/HOME grants. Each proposal received is also rated and ranked by city staff, with summaries prepared of evaluation criteria.

**Contact Person:** Alana Green  
**Contact Phone Number:** (314) 657-3835



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**Finding Title:** Community Development Administration Awarding Procedures

**Finding Number:** 1.B.

**Finding:** The city did not advertise for proposals or document the selection process for projects funded under the Major Residential/Commercial Initiatives program.

**Recommendation:** The CDA work with the BOA to establish a formal competitive selection process for projects funded by the Major Residential/Commercial Initiatives program.

**Status of Finding:** No Longer Applicable

**Description of steps taken or planned to implement the finding or reason for not implementing or why finding is no longer applicable:**

The African-American Aldermanic Caucus and BOA are no longer directly involved with selecting residential development projects. The Major Residential/Commercial Initiatives program is no longer available.

**Contact Person:** Alana Green  
**Contact Phone Number:** (314) 657-3835



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<b>Finding Title:</b>	Community Development Administration Monitoring Procedures
<b>Finding Number:</b>	2.A.1.
<b>Finding:</b>	The CDA did not have formal procedures for tracking program review recommendations made by CDA staff. As a result, there was no documentation that CDA staff performed follow-up procedures on the recommendations.
<b>Recommendation:</b>	The CDA ensure follow-up on program monitoring recommendations is performed and documented on a timely basis.
<b>Status of Finding:</b>	Implemented

**Description of steps taken or planned to implement the finding or reason for not implementing or why finding is no longer applicable:**

As reflected in the CDA's initial response to the finding in 2009, the programmatic monitoring tracking sheet was updated to include three new columns: the date the monitoring report was mailed, the date the operating agency response was due (if applicable), and the date the concern was resolved. In 2013, to coincide with the aforementioned technical assistance provided by the HUD, the CDA developed a new Programmatic Monitoring Guidebook which significantly enhanced procedures for federal compliance. The main goal of the guidebook was to formalize, in policy, that programmatic monitoring is not a "one-time event" and should be an ongoing process of planning, implementation, communication, and follow-up. Significant enhancements reflected in the guidebook include the following:

- Using a provided template, programmatic monitors are required to complete annual risk assessments of all funded organizations and agencies.
- Programmatic monitors are required to complete a technical assistance visit during the first quarter of the year for all organizations deemed "high risk." High risk organizations include, but are not limited to, those organizations with previous compliance issues.
- The programmatic monitoring visit process was detailed to include steps for scheduling site visits, completing entrance conferences, acquiring the necessary data and documentation, and determining how and when to complete the exit conference.
- All site visit forms and checklists were significantly enhanced to include all HUD required review materials and guidance.
- A sample monitoring letter and guidance on preparing letters was included.

**Contact Person:** Paul Werner  
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City of St. Louis - Community and Economic Development Offices  
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**Finding Title:** Community Development Administration Monitoring Procedures

**Finding Number:** 2.A.2.

**Finding:** The CDA did not adequately document some monitoring visits for housing projects. Documentation was prepared for monitoring visits that were required by CDA policy; however, CDA staff indicated optional monitoring visits were normally performed several times during each project and monitoring reports were not prepared for these optional visits unless concerns were noted and not immediately corrected during the visit.

**Recommendation:** The CDA prepare documentation of all housing project monitoring visits.

**Status of Finding:** Implemented

**Description of steps taken or planned to implement the finding or reason for not implementing or why finding is no longer applicable:**

The Engineering Technician II and/or the Senior Plan Examiner conduct inspections of all housing projects. While no form is utilized to document property inspections when construction is not being funded with federal funds, the CDA completes a thorough review of each "acquisition only" project prior to releasing any deed restrictions. This includes a final inspection, documentation of improvements, and the completion of associated closeout checklists. The Engineering Technician also prepares a bi-weekly report that summarizes the findings noted during all of the inspections conducted in that period for each project. Finally, an inspection is required before each construction payment request is processed. The above-referenced staff reviews each construction payment request and must sign off that the work was completed before the payment request can be processed.

**Contact Person:** Bill Rataj  
**Contact Phone Number:** (314) 657-3845



City of St. Louis - Community and Economic Development Offices  
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**Finding Title:** Community Development Administration Monitoring Procedures

**Finding Number:** 2.B.

**Finding:** The CDA had not established formal policies and procedures for the repayment or write-off of rental housing loans to contractors that built or rehabilitated rental housing benefiting low-income city residents.

**Recommendation:** The CDA establish formal written policies and procedures for repayment and write-off of rental housing project loans.

**Status of Finding:** Implemented

**Description of steps taken or planned to implement the finding or reason for not implementing or why finding is no longer applicable:**

The Asset Management Committee (AMC) has developed a policy in which partial or full forgiveness of rental housing project loans will be considered. This policy was last revised in July 2014. The policy outlines the circumstances in which forgiveness of the loan, either in whole or in part, will be considered. All requests must be reviewed by the AMC and the developer/property owner is required to provide documents for review to the AMC. In some cases, if requested by the AMC, the developer/owner may be required to make an in-person presentation before the committee in addition to providing the requested documents. Any loan modifications approved must be signed by the CDA Executive Director.

**Contact Person:** Bill Rataj  
**Contact Phone Number:** (314) 657-3845



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**Finding Title:** Community Development Administration Healthy Home Repair Program

**Finding Number:** 3.A.

**Finding:** The CDA had not periodically solicited proposals for Healthy Home Repair Program (HHRP) administration services.

**Recommendation:** The CDA periodically solicit proposals for administrative services related to the HHRP.

**Status of Finding:** Implemented

**Description of steps taken or planned to implement the finding or reason for not implementing or why finding is no longer applicable:**

On January 1, 2014, the HHRP was centralized and is now administered directly by the CDA. Under the new system, the CDA performs client intake and participant eligibility determinations, but solicits proposals for assistance with the following construction management services: developing a scope of work, competitively selecting contractors, and monitoring construction work. As with all other subrecipients funded by the CDA, organizations that wish to apply for funding to provide HHRP construction management services must apply through our standard, competitive application process on an annual basis.

**Contact Person:** Bill Rataj  
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**Finding Title:** Community Development Administration Healthy Home Repair Program

**Finding Number:** 3.B.

**Finding:** It did not appear the city adequately allocated the monies to wards based on the areas of greatest need. The annual city appropriation amount was usually divided equally between the wards regardless of the previous years' unspent balances and waiting lists for the program.

**Recommendation:** The CDA work with the BOA to review the allocation of HHRP monies and maintain documentation to support how the monies are allocated. Consideration should be given to allocating the monies to the areas of the city with the greatest need.

**Status of Finding:** Implemented

**Description of steps taken or planned to implement the finding or reason for not implementing or why finding is no longer applicable:**

As of January 1, 2014, the HHRP is no longer funded on a ward basis, and the waiting list is now administered on a first-come, first-served basis. All funding is issued on a citywide basis, and there are no more ward pools.

**Contact Person:** Bill Rataj  
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**Finding Title:** Community Development Administration Receipt Procedures

**Finding Number:** 4.A.

**Finding:** Numerous employees in the CDA collected or received checks and money orders. In accordance with CDA receipt-handling policies and procedures, receipts were transmitted to other employees for additional processing prior to being recorded by the CDA Fiscal Management Section and transmitted to the Comptroller's office.

**Recommendation:** The CDA limit the number of employees who receive or process monies prior to recording and transmitting monies.

**Status of Finding:** In Progress

**Description of steps taken or planned to implement the finding or reason for not implementing or why finding is no longer applicable:**

The CDA implemented written cash receipt procedures that require section personnel to immediately transmit all checks and money orders received to the designated person responsible for maintaining the section's cash receipt log. After the receipt is recorded in the log, it is transmitted to the CDA Fiscal Section for recording in the Cash Receipt Log and is then transmitted to the Treasurer's office for deposit.

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City of St. Louis - Community and Economic Development Offices  
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**Finding Title:** Community Development Administration Receipt Procedures

**Finding Number:** 4.B.

**Finding:** Checks and money orders received by the Residential Development Section were not always recorded immediately upon receipt on either official prenumbered receipt slips or a receipt log. Monies for open housing projects were initially received by the Housing Analyst but were not recorded until transmittal to the Asset Manager. In addition, receipt records were not reconciled to amounts transmitted to the Fiscal Management Section. As a result, receipts for the Residential Development Section were not always transmitted to the Comptroller's office in a timely manner. Also, checks and money orders were not restrictively endorsed upon receipt.

**Recommendation:** The CDA ensure all receipts are immediately recorded on official prenumbered receipt slips or receipts logs, and the original receipt records are reconciled to transmittals to the Fiscal Management Section by someone independent of the receipting or collection functions. In addition, all monies should be transmitted to the Comptroller's office on a timely basis, and checks and money orders should be restrictively endorsed immediately upon receipt.

**Status of Finding:** Implemented

**Description of steps taken or planned to implement the finding or reason for not implementing or why finding is no longer applicable:**

The CDA implemented written cash receipt procedures that mandate the Asset Manager maintain an electronic copy of the Residential Development Check Receipt Log. All checks received in the mail or hand delivered to the Asset Manager are recorded immediately upon receipt and transmitted to the Fiscal Section. Checks received by other Residential Development staff members are forwarded immediately to the Asset Manager for recording and transmittal to the Fiscal Section. The Fiscal Section has a designated staff person that records receipts received from all sections in the Fiscal Cash Receipt Log and stamps all checks and money orders with a restrictive endorsement. The cash receipts are then transmitted to the Treasurer's office on a weekly basis for deposit. A designated staff person in the Fiscal Section, not involved with the recording or transmittal of cash receipts, reconciles all CDA section cash receipt logs with the CDA Fiscal Cash Receipt Log and the city's general ledger on a monthly basis.

**Contact Person:** Brian Yochum

**Contact Phone Number:** (314) 657-3843



City of St. Louis - Community and Economic Development Offices  
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**Finding Title:** Affordable Housing Commission Controls and Procedures

**Finding Number:** 5.A.

**Finding:** The Affordable Housing Commission (AHC) did not summarize the results of the evaluation process when selecting applications for funding awards. As a result, reasons for funding the various proposals were not adequately documented. The application forms included criteria which AHC personnel indicated were considered when evaluating the applications. The AHC normally documented and summarized some information for each application; however, this information did not always agree with the stated criteria.

**Recommendation:** The AHC develop a standard analysis for evaluating funding applications and ensure the reasons for funding the various proposals are adequately documented.

**Status of Finding:** Implemented

**Description of steps taken or planned to implement the finding or reason for not implementing or why finding is no longer applicable:**

In response to the previous audit recommendations, the AHC returned to a six-point coding system to explain and/or document the reasons for staff recommendations for the grant proposals received in fall 2008. Since 2010, grant evaluations have been updated to include the reason on the evaluation form instead of only writing the code on the form. The staff recommendation sheets, including the written reasons, are provided to AHC members before projects are selected for funding.

In addition, staff prepare evaluations that are provided to the AHC for both grants and loans. These documents denote whether a project meets explicitly stated funding priorities that are clearly stated in news releases, advertisements for proposals, and the NOFA. The NOFA is mailed to applicants that respond to the news releases and advertisements.

For projects that involve the new construction or rehabilitation of housing, AHC staff prepare the following analysis for each construction proposal. The following documents are distributed to AHC members in advance of funding decisions:

- Proposal Analysis - This multi-page document details all project costs allowing for comprehensive scrutiny of each project's financial outlay. The analysis is an objective comparison of each project's financial data. It allows comparative project strengths and weaknesses to be observed.
- Proposal Summary - The proposal summary provides a narrative description of each proposal. It organizes and describes the proposal's subjective qualities, and it incorporates and explains the financial data derived from the analysis. In response to feedback received throughout the State Auditor's previous audit, the AHC included a section in the 2008 development proposal summaries that documented concerns in which proposal weaknesses and unresolved issues were detailed.



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- Proposal Evaluation - This one-page summary recaps significant elements from both the analysis and the summary in order to provide commissioners with a succinct project synopsis. Additionally, it reiterates the AHC's concerns about the project, and includes the AHC's funding recommendations and funding terms/stipulations, and serves as the AHC's funding determination document of record.

All AHC development projects approved for funding by the AHC are additionally reviewed by the CDA. This added layer of review produces an additional evaluation form prepared by CDA housing analysts. The CDA evaluation summarizes the proposal, and indicates in a check-box table how the proposal meets various development criteria, using a scale of good, fair, or poor. During the AHC's exit conference with the State Auditor's office, audit staff referenced the CDA evaluation tool, and suggested that AHC staff consider using this form as well. The AHC now uses a rating sheet with a scale of good, fair, or poor for each development.

**Contact Person:** April Ford Griffin  
**Contact Phone Number:** (314) 657-3880





City of St. Louis - Community and Economic Development Offices  
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<b>Finding Title:</b>	Affordable Housing Commission Controls and Procedures
<b>Finding Number:</b>	5.B.1.
<b>Finding:</b>	The AHC did not have a formal plan for the selection of recipients chosen for fiscal monitoring.
<b>Recommendation:</b>	The AHC work with the Internal Audit Section to develop a formal plan for fiscal monitoring to ensure recipient awards are reviewed on a timely basis.
<b>Status of Finding:</b>	Implemented

**Description of steps taken or planned to implement the finding or reason for not implementing or why finding is no longer applicable:**

The AHC worked with the Comptroller's Internal Audit Section to develop a fiscal monitoring plan, and contracted with that office to perform some audits of the grantees. We have since created a position (Community Development Specialist II) that has the responsibility of monitoring, auditing, and contract compliance and works with the Comptroller's internal auditors.

Social Service Agencies:

Social service recipients identified as Contracting Grant Agencies (CGAs) are monitored on an annual basis. This monitoring list is comprised of agencies that were not monitored/audited during the previous year and is also based upon the current compliance status of any existing contracts.

The previous monitoring list is reviewed by the Secretary II, Accounting Clerk, and Community Development Specialist II before a new monitoring list is created. During reviews, staff check for outstanding findings and any additional concerns related to current contracts (i.e., program management, reimbursement issues, etc.).

If there are no outstanding findings listed and all concerns were resolved, no further action is necessary. If current findings have not been addressed, those CGAs are then placed on the monitoring/auditing list for the current year in addition to the remaining CGAs that were not previously monitored/audited.

See finding 5.B.2. for the process of how CGAs are notified and monitoring visits are executed.

Development/Housing Projects:

All housing development projects are monitored/audited upon completion. When development projects are finalized, files are then placed in the "Servicing" phase to be monitored annually. These compliance efforts take place throughout the duration of time listed on each housing project loan agreement.

On an annual basis, the AHC sends correspondence requesting each housing project's audited financial statements from the previous year, Tenant Income Certification sheets (TICs), HOME Compliance Reports, and the most recent copy of the certificate of insurance for each property.

See finding 5.B.3. for detail on this process.

**Contact Person:** April Ford Griffin  
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City of St. Louis - Community and Economic Development Offices  
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**Finding Title:** Affordable Housing Commission Controls and Procedures

**Finding Number:** 5.B.2.

**Finding:** The AHC did not have formal procedures for tracking recommendations made as a result of the Internal Audit Section's fiscal monitoring reviews. As a result, there was no documentation that AHC staff performed follow-up procedures on these recommendations.

**Recommendation:** The AHC ensure follow-up on fiscal monitoring recommendations is performed and documented on a timely basis.

**Status of Finding:** Implemented

**Description of steps taken or planned to implement the finding or reason for not implementing or why finding is no longer applicable:**

Plan of Action:

The AHC has developed an outline for fiscal monitoring follow up. The procedures relating to CGAs are as follows:

Step One: The CGA is notified by mail of upcoming auditing/monitoring visits with specific dates for each agency to choose. The CGA is then asked to respond via email or phone with their desired date and time of choice.

Step Two: Desired dates are noted and monitoring visits are conducted.

Step Three: During monitoring visits, any findings, concerns, and/or recommendations are documented on the AHC "Programmatic Monitoring Checklist" for hardcopy files.

Step Four: The AHC then sends the contracting agency a "Monitoring Review Letter" that lists recommendations and/or findings with a deadline date included. If the CGA does not respond by the deadline given, a "Noncompliance Letter" is mailed for follow-up purposes with another deadline.

Step Five: Once the CGA has addressed all recommendations and/or findings and specified tasks are complete, AHC staff review the documentation for accuracy and AHC compliance standards. Staff then communicate with agencies via email regarding additional requests until all concerns listed have been resolved.

Step Six: The AHC then sends the CGA a "Monitoring Conclusion Letter" stating the monitoring review has now concluded and no further action is necessary.

**Contact Person:** April Ford Griffin

**Contact Phone Number:** (314) 657-3880



City of St. Louis - Community and Economic Development Offices  
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**Finding Title:** Affordable Housing Commission Controls and Procedures

**Finding Number:** 5.B.3.

**Finding:** The AHC had not established adequate policies or procedures for on-site monitoring of recipients. Site visits were not conducted for social service recipients. For housing projects which were also subsidized by federal, state, or other city monies, the AHC relied on the federal, state, or other city agency or office to monitor these projects. However, the AHC did not obtain monitoring reports from these other offices. The AHC did not ensure some housing projects were monitored and complied with the contract requirements.

**Recommendation:** The AHC establish formal policies and procedures to ensure on-site monitoring is performed for award recipients to ensure recipients are complying with contractual requirements.

**Status of Finding:** Implemented

**Description of steps taken or planned to implement the finding or reason for not implementing or why finding is no longer applicable:**

The AHC established an on-site monitoring system for all grants. In 2011, the AHC hired a full-time Community Development Specialist II who performs these duties. A standardized form has been developed for monitoring purposes. This form documents performance, issues, and goals established for resolution of issues noted during the visit. Please see finding 5.B.2. for the step-by-step monitoring process for all CGAs.

Each agency is also reviewed by the AHC Account Clerk II whenever a reimbursement request is made. Expenditures identified on the request are checked against the contract line item budget, and any expenditure that does not match a line item is disallowed. The agency is notified by email of the adjustment to its request and the reason an item is disallowed. Concurrently, the project's goal achievement is assessed by comparing goals stated in the contract with accomplishment data submitted by the agency. An agency is denied payment if it has not filed its quarterly programmatic report, which is mandated by contract.

Development/Housing Projects Monitoring Process:

Step One: During the last month of the first quarter of every calendar year all AHC housing/development project points of contact are mailed "Annual Submission" letters. Points of contact are asked to submit copies of the previous year audited financial statements, TICs, the HOME Compliance Report related to the units listed on the AHC loan agreement, and the most recent copy of the property certificate of insurance.

Step Two: Requested documentation will be reviewed by an AHC staff member who verifies income eligibility, household size, and the affordability provision for funded projects for monitoring purposes.

Step Three: Any concerns related to requested documentation are addressed via email strictly for follow-up purposes until requests have been completed.

Step Four: Repayable Loans - If the loan agreement states the loan is repayable and financial statements submitted were reviewed and demonstrate an agency's ability to submit payment due to surplus cash listed, the AHC sends



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correspondence to remind the agency of the upcoming payment due before year-end. This ensures repayable loans remain in compliance and adhere to the loan term listed in the file.

Step Five: Once payment is received, checks are cleared with the department's Accounting Clerk and tracked on the "Loan Portfolio Balance Sheet" for internal tracking purposes. A copy of the check is then placed in the Community Development Specialist II box for hardcopy files and no further action is necessary.

AHC Now Requires Inspection Reports

After the State Auditor recommended that the AHC improve its monitoring of development projects while they are under construction, the AHC, which does not have its own construction inspector, has begun requiring receipt of inspection reports throughout construction. When the project is receiving Missouri Housing Development Commission (MHDC) funding, the AHC requires and receives MHDC site observation reports prior to disbursing any funds. When the project is receiving city Community Development funding, the AHC requires and receives CDA inspection reports prior to disbursing any funds. When the project is not receiving funds from other agencies, the AHC requires either 1) the title company provide an inspection report (prior to the AHC disbursing funds) or, 2) the developer pay for a minimum of three inspections by a qualified architect throughout construction.

In addition, the AHC also visits/requests presentations from selected service grantees, and makes site visits to development projects that are of interest or concern.

**Contact Person:** April Ford Griffin  
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**Finding Title:** Affordable Housing Commission Controls and Procedures

**Finding Number:** 5.C.

**Finding:** The AHC did not have adequate procedures to ensure loans to housing developers were repaid in compliance with loan agreements.

**Recommendation:** The AHC establish procedures to adequately follow up on developer loans to ensure loans are repaid in a timely manner.

**Status of Finding:** Implemented

**Description of steps taken or planned to implement the finding or reason for not implementing or why finding is no longer applicable:**

Since 2011, a full-time Community Development Specialist monitors and oversees rental housing compliance requirements, and created tools to track loan payments and the submission of financial statements, tenant income, and insurance policies.

The AHC has also focused on improving its rental housing loan compliance, repayment, and tracking system. As the construction of each rental housing complex closes out and shifts to servicing, the AHC creates a repayment or forgiveness schedule for each project and advises the owner/developer/property manager of the loan terms and the annual submission requirements.

The repayment or forgiveness schedules amortize the loans, identify annual payments due if cash flow allows (or annual payments forgiven for forgivable projects), and link each project's balance to the AHC Loan Portfolio Balance Sheet.

**Contact Person:** April Ford Griffin  
**Contact Phone Number:** (314) 657-3880



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**Finding Title:** Land Reutilization Authority Controls and Procedures

**Finding Number:** 6.A.

**Finding:** When the Land Reutilization Authority (LRA) sold properties, the sales records were not reconciled to inventory disposition records. Some properties were recorded more than once in the inventory records. The LRA did not periodically review the availability status of properties, as recorded on the inventory records.

**Recommendation:** The LRA establish procedures to ensure inventory records are complete and accurate. In addition, the LRA should routinely review the status of tracts of land to ensure the availability status of each tract is up-to-date.

**Status of Finding:** Implemented

**Description of steps taken or planned to implement the finding or reason for not implementing or why finding is no longer applicable:**

The LRA conducts bi-weekly reconciliations between the Real Estate Closer database (used by individuals that close all real estate transactions and record the deeds) and the Administrative Assistant's database. The statuses checked are available, offer, accepted offer, option, and closed.

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**Finding Title:** Land Reutilization Authority Controls and Procedures

**Finding Number:** 6.B.

**Finding:** The LRA did not have contracts related to costs incurred for property maintenance and upkeep. In addition, there was no documentation to support why amounts paid to the Forestry Division were less than the incurred charges for LRA properties.

**Recommendation:** The LRA enter into contracts for property maintenance and upkeep and ensure contracts contain adequate details and protections for the LRA.

**Status of Finding:** Implemented

**Description of steps taken or planned to implement the finding or reason for not implementing or why finding is no longer applicable:**

The LRA issued an RFP for property maintenance in 2015. The LRA has contracted with the Forestry Division since 2016.

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**Finding Title:** Land Reutilization Authority Controls and Procedures

**Finding Number:** 6.C.

**Finding:** Expenses incurred for maintenance and upkeep were not allocated to the individual properties.

**Recommendation:** The LRA maintain records accounting for the operation, management, or other expenses related to each parcel of real estate as required by state law.

**Status of Finding:** No Longer Applicable

**Description of steps taken or planned to implement the finding or reason for not implementing or why finding is no longer applicable:**

The LRA maintains individual records for all properties for status, maintenance calls, and all aspects associated with title and LRA board activities. The LRA incurs both property intake and maintenance costs that far exceed any revenue generated. Section 92.910, RSMo, authorizes that "individual tracts may be consolidated and grouped or regrouped for economy or convenience" which includes accounting. Accordingly, although the LRA does not expend its limited resources tracking costs and income by individual parcel for each of its 12,000 parcels we believe the LRA accounting and record keeping is in compliance with state law. The state legislation intended the LRA to have the latitude to maintain its accounting in order not to bankrupt the land bank and allow it to provide the public benefits enumerated in Section 92.875.2, RSMo. Accordingly, the LRA will continue to keep its records in the format it has used since 1971.

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**Finding Title:** Land Reutilization Authority Controls and Procedures

**Finding Number:** 6.D.

**Finding:** LRA policies for land sale pricing were outdated or not adequately documented. The LRA's standard sales prices for properties were based on an analysis of land sales prior to 2002 and had not been updated since 2002. The LRA did not maintain documentation of how the prices were calculated. The LRA did not maintain supporting documentation for exceptions to the standard sales prices. Although LRA staff indicated appraisals were obtained for all commercial property prior to sale, the standard pricing policy indicated an appraisal was only required for commercial property located east of Broadway.

**Recommendation:** The LRA periodically update standard land sales prices to ensure the prices reflect the fair value of the property. Any exceptions to the standard pricing should be documented in writing or supported by a property appraisal.

**Status of Finding:** Implemented

**Description of steps taken or planned to implement the finding or reason for not implementing or why finding is no longer applicable:**

The LRA continues to periodically update its pricing policy based on the land values established by the City Assessor on an ongoing basis. The LRA pricing policy is intended to be used as a guide and the policy itself states "prices may vary according to location and condition of property." Exceptions to standard prices are documented by resolution, in the individual property record, and in meeting minutes.

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City of St. Louis - Community and Economic Development Offices  
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**Finding Title:** Lead Remediation

**Finding Number:** 2.C.

**Finding:** Our review of lead remediation project files noted 26 of 75 (35 percent) were missing at least one required piece of documentation. Department of Public Safety, Building Division (BD) and CDA policy required documentation for proof of ownership, tax compliance, signed agreements, and proof of insurance be maintained in the project files.

**Recommendation:** The BD and the CDA ensure required documentation is obtained and maintained in remediation project files.

**Status of Finding:** Implemented

**Description of steps taken or planned to implement the finding or reason for not implementing or why finding is no longer applicable:**

The BD has tailored its web-based database to make sure that all elements of a lead inspection/risk assessment (LIRA) are incorporated into the report so that the report produced is fully compliant with HUD and Environmental Protection Agency guidelines. In addition, management staff at the BD review each HUD project file to make sure all requirements of the grant are met. They have developed an Inspection Checklist so that each file can be reviewed to insure all components are included in the LIRA. They also utilize a Project Designer Close Out Checklist for each file so that they can confirm that all compliance requirements have been met.

The CDA developed a checklist after the last audit for the intake staff to use to make sure each project meets the program requirements. The checklist includes all items that a client needs to qualify for the program. The two intake staff members conduct peer reviews of each file so that there are two reviews of each file before it is determined to be eligible. CDA management periodically review these peer reviewed files as well.

The program was monitored by the HUD Office of Healthy Homes and Lead Hazard Control within the past year. There were no findings or concerns noted during the monitoring visit and the HUD stated that "the city's grant operation is exemplary and may be of benefit to other grantees."

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