



Susan Montee, JD, CPA  
Missouri State Auditor

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# City of St. Louis Lead Safe St. Louis Program

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June 2009  
Report No. 2009-60



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Office of the  
Missouri State Auditor  
Susan Montee, JD, CPA

June 2009

The following findings were included in our audit report on the City of St. Louis, Lead Safe St. Louis Program.

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The overall effectiveness of the Lead Safe St. Louis Program (LSSL) could be improved by better communication and sharing of information between the three city agencies responsible for administration of the program: the Department of Public Safety, Building Division (BD), the Department of Health (DOH), and the Community Development Administration (CDA). From January to October 2008, the BD did not share access to a database system to track home inspections and lead remediation work. Without adequate communication between agencies involved in the LSSL, the city may not be reaching its full potential to provide services to at-risk children.

Lead remediation projects are not always completed on a timely basis, and the BD did not always refer applicable cases to court. City ordinance establishes timelines for property owners to complete lead remediation and allows the city to refer cases to court if not completed in a timely manner. In addition, the BD did not re-inspect some residences within the timeframe set by policy, and the BD and CDA did not maintain proper documentation for some remediation projects.

The DOH and BD did not adequately monitor the LSSL temporary relocation process, resulting in expenditures in excess of the maximum allowance for lodging and meals. The DOH approves the expenditure of temporary relocation funds; however, the process of determining eligibility and placing families in temporary lodging is performed by BD employees who typically work more closely with the families. Prior to June 2008, the DOH approved relocation reimbursements without monitoring the eligibility of the families and reasonableness of the expenditures.

The DOH and BD overspent applicable grant funding during the year ended June 30, 2008, and the errors were not corrected in a timely manner. The DOH overspent the Lead Hazard Outreach grant by \$96,000 for payroll expenditures. The BD overspent the Lead Hazard Reduction grant by \$24,000 for payroll, communications, and transportation expenditures.

Other audit findings included in the report relate to Special Fund receipts.

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YELLOW SHEET

CITY OF ST. LOUIS  
LEAD SAFE ST. LOUIS PROGRAM

TABLE OF CONTENTS

	<u>Page</u>
STATE AUDITOR'S REPORT .....	1-3
MANAGEMENT ADVISORY REPORT - STATE AUDITOR'S FINDINGS .....	4-11
<u>Number</u>	<u>Description</u>
1.	Communication Between Program Agencies .....5
2.	Lead Remediation .....6
3.	Temporary Relocation Expenditures .....8
4.	Special Fund Receipts.....9
5.	Grant Compliance .....10
HISTORY AND ORGANIZATION .....	12-14

STATE AUDITOR'S REPORT



**SUSAN MONTEE, JD, CPA**  
**Missouri State Auditor**

To the Honorable Mayor  
and  
Interim Director of the Department of Health  
and  
Building Commissioner  
and  
Acting Executive Director of the Community Development Administration  
City of St. Louis, Missouri

The State Auditor was petitioned under Section 29.230, RSMo, to audit the City of St. Louis. The city engaged KPMG LLP, Certified Public Accountants (CPAs), to audit the city's financial statements for the year ended June 30, 2008. To minimize duplication of effort, we reviewed the CPA firm's audit report. We have conducted an audit of the City of St. Louis Lead Safe St. Louis Program. The scope of our audit included, but was not necessarily limited to, the year ended June 30, 2008. The objectives of our audit were to:

1. Obtain an understanding of the petitioners' concerns and perform various procedures to determine their validity and significance.
2. Determine if the program has adequate internal controls over significant management and financial functions.
3. Determine if the program has complied with certain legal and grant provisions.

Our methodology included reviewing written policies and procedures, financial records, and other pertinent documents; interviewing various personnel of the program, as well as certain external parties; and testing selected transactions.

We obtained an understanding of internal controls that are significant within the context of the audit objectives and assessed whether such controls have been properly designed and placed in operation. However, providing an opinion on the effectiveness of internal controls was not an objective of our audit and accordingly, we do not express such an opinion.

We obtained an understanding of legal provisions that are significant within the context of the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting instances of noncompliance significant to those provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. Abuse, which refers to behavior that is deficient or improper when compared with behavior that a prudent person would consider reasonable and necessary given the facts and circumstances, does not necessarily involve noncompliance with legal provisions. Because the determination of abuse is subjective, our audit is not required to provide reasonable assurance of detecting abuse.

We conducted our audit in accordance with the standards applicable to performance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform our audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides such a basis.

The accompanying History and Organization is presented for informational purposes. This information was obtained from the program's management and was not subjected to the procedures applied in our audit of the program.

The accompanying Management Advisory Report presents our findings arising from our audit of the City of St. Louis Lead Safe St. Louis Program.

Additional audits of various officials and departments of the City of St. Louis fulfilling our obligations under Section 29.230, RSMo, are still in process, and any additional findings and recommendations will be included in subsequent reports.



Susan Montee, JD, CPA  
State Auditor

The following auditors participated in the preparation of this report:

Director of Audits:	Alice M. Fast, CPA, CIA, CGFM
Audit Manager:	Mark Ruether, CPA
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MANAGEMENT ADVISORY REPORT -  
STATE AUDITOR'S FINDINGS

CITY OF ST. LOUIS  
LEAD SAFE ST. LOUIS PROGRAM  
MANAGEMENT ADVISORY REPORT -  
STATE AUDITOR'S FINDINGS

**1. Communication Between Program Agencies**

The overall effectiveness of the Lead Safe St. Louis Program (LSSL) could be improved by better communication and sharing of information between the three city agencies responsible for administration of the program. The Department of Public Safety, Building Division (BD), is responsible for home inspections and lead remediation on contaminated properties. The Department of Health (DOH) provides education and outreach services, including lead testing of children and case management services. The Community Development Administration (CDA) oversees the applicable federal grant funding provided for the program.

When the DOH determines a child has elevated blood lead levels, the DOH notifies the BD to perform the applicable home inspections; however, the BD receives requests from various other sources for home inspections but does not normally share this information with the DOH. Our review noted 11 inspection requests to the BD made by sources other than the DOH where children were present in the homes, and there was no documentation that this information was forwarded to the DOH. As a result, it appears the DOH was not aware of the potential need for testing and providing services to the children residing in these homes.

In addition, our review noted 11 instances where the BD documented numerous attempts to reach residents and inspect applicable properties but were unsuccessful due to lack of cooperation from the residents. LSSL policy states the BD should notify the DOH of uncooperative residents to allow the DOH to continue efforts to reach the families. The BD and DOH have not adopted formal procedures to ensure this policy is followed, and there was no documentation in these 11 BD files to indicate the DOH had been notified.

In January 2008, the BD established a database system to track home inspections and lead remediation work but did not initially share access of this system with the DOH or CDA. The database includes the number of residences inspected, which is information the DOH and CDA need to complete grant paperwork and other reports. The BD began providing the DOH and CDA access to the database in October 2008.

Without adequate communication between agencies involved in the LSSL, the city may not be reaching its full potential to provide services to at-risk children.

**WE RECOMMEND** the Building Division, Department of Health, and Community Development Administration work together to improve communication and ensure all pertinent information is shared between the agencies. The Building Division should



adopt a procedure to notify the Department of Health of outside requests for home inspections to allow for potential lead testing of children who reside in these homes.

**AUDITEE'S RESPONSE**

*The Mayor's office coordinated the process of obtaining responses from the various agencies and submitted the following written response:*

*The City agrees that communication between agencies involved in the Lead Program could be improved. As such, towards the end of 2004, the City secured an EDI Grant through a Congressional earmark appropriated by Senator Bond for the purposes of training and technology. The City procured the services of a data management company who designed a web-based database, which became operable in January of 2008. On April 14, 2008, the Building Division provided a demonstration on the database to Matt Ammon, the Deputy Director of HUD's Office of Healthy Homes and Lead Hazard Control. Mr. Ammon declared that it was the most advanced database in the country. This database, which became available to CDA and the Department of Health in October of 2008, will greatly improve communication and allow for the implementation of the recommendations suggested by the auditors. In addition, the City is also very concerned about improving communication between the citizens and the lead inspectors and is looking at relocating the Citizen Advocates staff to the same location as the inspectors to improve communication.*

**2.**

**Lead Remediation**

Lead remediation projects are not always completed on a timely basis, and the BD did not always refer cases to court in accordance with city ordinance. The BD did not re-inspect residences within the timeframe set by policy, and the BD and CDA did not maintain proper documentation for some projects. Our review of 75 lead remediation referrals and projects noted the following:

- A. Remediation projects tested from fiscal years 2007 and 2008 took an average of 179 days, or almost six months, from initial inspection to completion. While it appears many projects were completed on a timely basis, 4 remediation projects took approximately 400 days or more from inspection to completion, including one project that required 595 days to complete. BD policy and City of St. Louis Ordinance 64690 requires property owners to show significant progress towards completed remediation 14 days after the initial inspection. At that time, a 30-day extension may be granted to complete the project. If no progress is shown after the extension, the BD is allowed to refer property owners to court, or additional extensions may be granted if the owners are showing progress towards completion. For many of the projects reviewed, there was no documentation to support reasons for extensions granted to owners or why these individuals were not referred to court.

- B. Our review of remediation projects noted 19 of 43 (44 percent) applicable residences were not re-inspected within the required timeframe after the violation notice was sent. BD policy requires properties to be re-inspected within 14 days of the violation notice to monitor progress towards remediation.
- C. Our review of remediation project files noted 26 of 75 (35 percent) were missing at least one required piece of documentation. BD and CDA policy requires documentation for proof of ownership, tax compliance, signed agreements, and proof of insurance be maintained in the project files.

Timely completion of remediation projects and re-inspections is necessary to ensure exposure to lead hazards is mitigated. In addition, lengthy remediation projects may lead to additional relocation costs for the city. Documentation should be maintained in files to ensure projects were completed according to policy and grant monies were provided only to eligible property owners.

**WE RECOMMEND** the Building Division:

- A. Implement procedures to ensure remediation projects are completed in a timely manner, including referring property owners to court when progress is not made, and documenting reasons for granting extensions.
- B. Re-inspect properties 14 days after the violation notice is sent, in accordance with division policy.
- C. And the Community Development Administration ensure required documentation is obtained and maintained in remediation project files.

**AUDITEE'S RESPONSE**

*The Mayor's office coordinated the process of obtaining responses from the various agencies and submitted the following written response:*

*During fiscal year 2007-2008, a total of 975 housing units were remediated. The four projects cited in the report only represent 0.0041% of the total. It is important to point out that in the four units in question, there were not any children with elevated blood lead levels living in the units. The timeframe in which to complete a remediation project varies depending on several factors that are not in the control of the Building Division or the Community Development Administration. First, the most significant delay is the amount of time that it takes an applicant to submit an application for financial assistance. Often, this takes several weeks. In addition, it can take another two weeks to obtain the Section 106 Review which is required for all projects that count toward the HUD grant deliverables. Furthermore, it can take up to 10-12 weeks for the manufacturer to produce the historic replacement windows that are often required. As such, a contractor often cannot start a project until up to 3 months after the contract is awarded. Nevertheless, the City agrees that the four projects in question did take longer than they should*

*have, and we have implemented procedures to ensure that we adhere to the policies prescribed in the ordinance, and that any requests for extension are properly documented.*

*In some cases it may not be necessary to re-inspect a property in 14-day intervals. Examples include: if the owner has applied for financial assistance and the application is pending; or if a contractor has been assigned to do the work but has not yet started. In any event, for all cases with elevated blood lead level (EBL) children, the Building Division assigns the case to their in-house detox crews in order to expedite remediation of the lead hazards on the interior so that it is safe for the child to stay in the property. On projects completed by contractors, the BD inspects each project at more than the required 14-day intervals to ensure that the contractor is adhering to the terms of the contract and making the repairs in a lead-safe manner. Nevertheless, the Building Division agrees with the auditor's recommendation and will establish procedures to make sure that we adhere to them.*

*Concerning the items missing from CDA files, it is important to point out that the missing items did not affect any applicant's eligibility to participate in the program. As such, all applicants assisted met the grant requirements. The Community Development Administration has developed a new checklist for all files and staff will be required to review work done by peers to verify that all of the eligibility items have been included within the file, and that the client is eligible. Staff will be required to sign off on cases handled by peers, and a case will not be allowed to proceed without appropriate staff review and sign off.*

**3.**

**Temporary Relocation Expenditures**

The DOH and BD did not adequately monitor the LSSL temporary relocation process, resulting in expenditures in excess of the maximum allowance for lodging and meals. LSSL policy allows a maximum of one week of expenditures to be reimbursed to eligible families for lodging and meals during lead remediation of their homes. The policy includes maximum daily meal allowances and guidelines for eligibility of certain purchases (such as prohibiting reimbursement for alcoholic beverages). Our review noted 4 of 10 (40 percent) relocation files indicated the families were reimbursed for lodging and meals for more than one week, with one stay exceeding 20 days. There was no documentation in the four files to indicate the reasons for payment of expenditures in excess of one week.

The DOH approves the expenditure of temporary relocation funds; however, the process of determining eligibility and placing families in temporary lodging is performed by BD employees who typically work more closely with the families. Prior to June 2008, the DOH approved relocation reimbursements without monitoring the eligibility of the families and reasonableness of the expenditures. In June 2008, the DOH implemented procedures to better monitor lodging and meal reimbursements by pre-approving the lodging arrangements and requiring itemized lists of food and beverage purchases.

Without adequate monitoring, the city may be paying for unnecessary or unallowed relocation expenses. In addition, excessive costs may lead to the early depletion of the funding provided for relocation.

**WE RECOMMEND** the Department of Health and Building Division continue to monitor the eligibility and expenditures of temporarily relocated families to ensure compliance with LSSL policies.

**AUDITEE'S RESPONSE**

*The Mayor's office coordinated the process of obtaining responses from the various agencies and submitted the following written response:*

*We agree with the finding and immediately reviewed best practices nationwide; revised and implemented the temporary relocation housing policy to adhere to time periods and cost controls; and transferred the responsibility for temporary relocation to the Building Division to assure the coordination of eligibility decisions and fiscal accountability.*

<b>4. Special Fund Receipts</b>
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The DOH does not reconcile Medicaid or court fine deposits to applicable billing and receipt records. St. Louis City Ordinance 64701 allows income derived from Medicaid reimbursements, court fines, and grants and gifts to be deposited into the Lead Remediation Special Fund (Special Fund). During the year ended June 30, 2008, the DOH received approximately \$44,000 in Medicaid reimbursements and \$6,500 in court fines.

The BD is responsible for billing Medicaid for applicable home inspections, and these funds are direct-deposited into the Special Fund bank account. Court fines are received by the municipal court and sent to the DOH, and the DOH transmits these receipts to the Comptroller's Office for deposit in the Special Fund. While the DOH receives monthly reports of deposits from the Comptroller's Office, the DOH does not reconcile deposits to BD Medicaid billing records or to fines received from the municipal court.

Sound business practices dictate controls should exist to ensure that amounts billed are reconciled to amounts received and deposited. Without reconciliation of deposits, the DOH has limited assurance that all funds billed are received and deposited to the Special Fund.

**WE RECOMMEND** the Department of Health implement procedures to reconcile deposits into the Special Fund to applicable billing and receipt records.

## **AUDITEE'S RESPONSE**

*The Mayor's office coordinated the process of obtaining responses from the various agencies and submitted the following written response:*

*Health Department Management Response:*

*The Department of Health agrees with the finding and immediately responded by implementing a procedure to reconcile receipts deposited into the Special Fund for Medicaid billing prepared by the Building Division that relates to applicable home inspections. The Department of Health currently is coordinating efforts to ensure that the Special Funds receipts are reconciled.*

**5.**

### **Grant Compliance**

The DOH and BD overspent applicable grant funding during the year ended June 30, 2008, and the errors were not corrected in a timely manner. The DOH overspent the Lead Hazard Outreach grant by \$96,000 for payroll expenditures. The BD overspent the Lead Hazard Reduction grant by \$24,000 for payroll, communications, and transportation expenditures.

A routine monitoring review by the CDA in June 2008 (grantee agency for the LSSL) noted the overspending of these grants, and the CDA recommended journal entries to transfer the overspent amounts from the earlier grants to the newly awarded Lead Hazard Outreach and Reduction grants. DOH and BD officials stated the overspending was due to incurring lead-related payroll and other expenditures before the new grants were finalized, so amounts were charged to the older grants which resulted in overspending of those grants. The new grant awards were finalized in 2007 and transfers could have been made at that time; however, the correcting journal entries were not made until June 2008.

Without proper controls over grant spending and timely correction of excess grant expenditures, there is little assurance grant monies are spent appropriately and in compliance with grant requirements. In addition, timely correction of errors is necessary to ensure the city has accurate and up-to-date information on available grant funding when preparing budgets for the LSSL program.

**WE RECOMMEND** the Department of Health and Building Division implement controls to ensure grant monies are expended within grant budgets, and correcting entries are made timely.

## **AUDITEE'S RESPONSE**

*The Mayor's office coordinated the process of obtaining responses from the various agencies and submitted the following written response:*

*CDA discovered this issue when it conducted its subrecipient monitoring visits of the Building Division and the Health Department. Upon instruction from CDA, both the Building Division*

*and Health Department initiated the paperwork in order to charge the accounts to the correct grants. Since this event occurred, both departments have implemented procedures to monitor on a monthly basis the spending levels and balances of each line item in their various grant accounts to ensure that this does not occur in the future.*

*Health Department Management Response:*

*The Department of Health agrees with the finding and immediately responded by implementing a reconciliation procedure to keep track of grant funds by grant year. This procedure will ensure that grant monies are expended within grant budgets, and that correcting entries are made timely.*

### **AUDITEE'S OVERALL RESPONSE**

*The City of St. Louis has made tremendous strides in combating lead poisoning. Since 2003, at the time that Mayor Slay unveiled his Comprehensive Action Plan to Eradicate Lead Poisoning by 2010, the prevalence rate of lead poisoning was 13.6%. At the end of 2008, the rate was 3.6%, a decline of 74%. In addition, over 4,000 housing units have been made lead-safe since 2003. **We have the data that shows that much of this remediation effort is focused in the areas of greatest need, and it corresponds to where the funds are being spent.** The decrease in the number of lead poisoned children and the increase in remediation of housing units indicates that the City is wisely targeting its resources to effectively address the problem of lead poisoning in the City of St. Louis, **and certainly addresses concerns raised in the petition for the audit.***

## HISTORY AND ORGANIZATION

CITY OF ST. LOUIS  
LEAD SAFE ST. LOUIS PROGRAM  
HISTORY AND ORGANIZATION

The City of St. Louis Lead Safe St. Louis Program (LSSL) was created in November 2003 by Mayor Francis G. Slay. The main goal of the program is the eradication of childhood lead poisoning in the City of St. Louis by 2010. The LSSL is comprised of three different city agencies each playing a different role in the function of the program. The Department of Public Safety, Building Division, is responsible for home inspections and lead remediation on contaminated properties. The Department of Health provides education and outreach services, including lead testing of children and case management services. The Community Development Administration distributes and monitors federal grant monies related to the program. Services of the Building Division and Department of Health include:

**Lead Inspections** are provided to test surfaces in homes to determine the presence of lead. Lead inspection services are available free of charge to owners of city residential properties.

**Remediation Services** are provided to remove or contain the portions of the property contaminated with lead. Owners of homes with lead can apply and receive assistance to pay for remediation. Assistance eligibility depends upon income, presence of children under the age of 6, and owner occupancy. Temporary relocation services are available to eligible families depending on the condition of the residence.

**The Multi-Family Lead Remediation Program** provides financial assistance for lead remediation to eligible developers of multi-family properties which are marketed to low to moderate income families, particularly those with children.

**The Multi-Family Window Replacement Program** provides owners of vacant multi-family buildings reimbursement of up to \$200 per window for the installation of new windows.

**The Lead Testing and Case Management Program** provides testing of children for elevated lead levels and is provided free of charge at locations throughout the city. Case management services are provided for children who test positive, are uninsured, and not Medicaid eligible.

**The Education and Outreach Program** includes a hotline to provide immediate public access to resources related to lead poisoning prevention and early detection programs, and programs that allow pregnant woman to have their homes inspected before the baby arrives. Outreach services also include brochures, promotional events, and an advertising campaign to educate the public about the dangers of childhood lead poisoning.

The following is a summary of information compiled by the city which compares the prevalence of elevated blood lead levels (EBL) in children during calendar years (CY) 2007 and 2008 to lead hazard spending during fiscal years (FY) 2007 and 2008 by city aldermanic ward:



## Monies Spent on Lead Hazard Controls by Ward

Ward	Number of Projects	LHC* Expenditures in FY 2007-2008	Average Cost per Project	% of Total Projects	**% of Total Expenditures	CY 2007-2008 Combined EBL Prevalence Rate
21	69	\$445,778	\$6,461	7.08%	<b>5.81%</b>	7.0%
3	57	\$400,704	\$7,030	5.85%	<b>5.22%</b>	7.5%
20	62	\$394,788	\$6,368	6.36%	<b>5.15%</b>	6.0%
26	60	\$357,833	\$5,964	6.15%	<b>4.67%</b>	4.5%
8	70	\$306,446	\$4,378	7.18%	<b>4.00%</b>	2.6%
15	51	\$287,815	\$5,643	5.23%	<b>3.75%</b>	4.2%
25	41	\$243,243	\$5,933	4.21%	<b>3.17%</b>	3.1%
1	35	\$242,788	\$6,937	3.59%	<b>3.17%</b>	6.9%
18	33	\$242,783	\$7,357	3.38%	<b>3.17%</b>	5.9%
4	35	\$220,126	\$6,289	3.59%	<b>2.87%</b>	5.7%
9	39	\$205,748	\$5,276	4.00%	<b>2.68%</b>	4.6%
2	31	\$187,984	\$6,064	3.18%	<b>2.45%</b>	4.3%
27	25	\$180,786	\$7,231	2.56%	<b>2.36%</b>	5.3%
17	31	\$168,996	\$5,451	3.18%	<b>2.20%</b>	4.0%
22	30	\$164,144	\$5,471	3.08%	<b>2.14%</b>	5.8%
13	24	\$148,640	\$6,193	2.46%	<b>1.94%</b>	1.6%
11	27	\$137,360	\$5,087	2.77%	<b>1.79%</b>	2.4%
7	21	\$117,925	\$5,615	2.15%	<b>1.54%</b>	3.3%
14	21	\$108,938	\$5,188	2.15%	<b>1.42%</b>	3.1%
5	24	\$101,848	\$4,244	2.46%	<b>1.33%</b>	2.2%
6	20	\$95,208	\$4,760	2.05%	<b>1.24%</b>	2.1%
10	15	\$94,782	\$6,319	1.54%	<b>1.24%</b>	2.5%
12	11	\$83,897	\$7,627	1.13%	<b>1.09%</b>	0.0%
24	11	\$80,005	\$7,273	1.13%	<b>1.04%</b>	1.4%
28	9	\$78,333	\$8,704	0.92%	<b>1.02%</b>	3.6%
19	11	\$78,197	\$7,109	1.13%	<b>1.02%</b>	3.7%
23	6	\$59,512	\$9,919	0.62%	<b>0.78%</b>	0.0%
16	4	\$37,512	\$9,378	0.41%	<b>0.49%</b>	0.7%
Churchill Apts.***	102	\$2,397,962	\$23,509	10.46%	<b>31.26%</b>	N/A
<b>TOTALS</b>	<b>975</b>	<b>\$7,670,081</b>	<b>\$7,867</b>	<b>100.00%</b>	<b>100.00%</b>	<b>4.1%</b>

\*LHC=Lead Hazard Controls

\*\*Sorted by Percent of Total Expenditures

\*\*\*Churchill Apartments is a 102 unit multi-family project in Ward 26.

The city provided \$110,000 (\$1,080/unit) and the developer provided private funding of \$2,287,962 for this project.