



OFFICE OF THE COMPTROLLER  
CITY OF ST. LOUIS



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DR. KENNETH M. STONE, CPA  
Internal Audit Executive

**FILE COPY**

December 28, 2012

Martin Rafanan, Executive Director  
Gateway Homeless Services  
1000 N. 19<sup>th</sup> Street  
St. Louis, MO 63106

RE: Emergency Shelter Grant (ESG) (Project #2013-HOM01)

Dear Mr. Rafanan:

Enclosed is the report of the fiscal monitoring review of Gateway Homeless Services, a not-for-profit organization, ESG program, for the period January 1, 2012 through September 30, 2012. 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 Gateway Homeless Services. Fieldwork was completed on December 3, 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 Department of Human Services (DHS) to provide fiscal monitoring to all federal grant sub-recipients.

If you have any questions, please contact the Internal Audit Section at 314-657-3490.

Sincerely,

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

Enclosure

cc: Antoinette Triplett, Manager II - DHS  
Parimal Mehta, Fiscal Manager - DHS



# CITY OF ST. LOUIS

**DEPARTMENT OF HUMAN SERVICES (DHS)  
EMERGENCY SHELTER GRANT (ESG)**

**GATEWAY HOMELESS SERVICES  
CONTRACT #64488  
CFDA #14.231**

**FISCAL MONITORING REVIEW**

**JANUARY 1, 2012 THROUGH SEPTEMBER 30, 2012**

**PROJECT #2013-HOM01**

**DATE ISSUED: DECEMBER 28, 2012**

**Prepared by:  
The Internal Audit Section**



## OFFICE OF THE COMPTROLLER

**HONORABLE DARLENE GREEN, COMPTROLLER**

**CITY OF ST. LOUIS**  
**DEPARTMENT OF HUMAN SERVICES (DHS)**  
**EMERGENCY SHELTER GRANT (ESG)**  
**GATEWAY HOMELESS SERVICES**  
**FISCAL MONITORING REVIEW**  
**JANUARY 1, 2012 THROUGH SEPTEMBER 30, 2012**

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## INTRODUCTION

### Background

**Contract Name:** Gateway Homeless Services  
**Contract Number:** 64488  
**CFDA Number:** 14.231  
**Contract Period:** January 1, 2012 through September 30, 2012  
**Contract Amount:** \$53,800

The contract provided Emergency Shelter Grant (ESG) funds to Gateway Homeless Services (Agency) to provide a comprehensive continuum of care services for eligible homeless persons or persons who are at risk of becoming homeless in the City of St. Louis. Services are also extended to individuals in a location which is more than 100 miles from the City of St. Louis or whose last known permanent address was more than 100 miles from the City of St. Louis.

### Purpose

The purpose of the review was to determine the Agency's compliance with federal, state, and local Department of Human Services (DHS) requirements for the period January 1, 2012 through September 30, 2012, 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 DHS. Evidence was tested supporting the reports the Agency submitted to DHS and other procedures were performed as considered necessary. Fieldwork was completed on December 3, 2012.

### Exit Conference

The Agency has declined an exit conference.

### Management's Response

Management's response to the observation and recommendation noted in the report was received on December 20, 2012 and has been incorporated into the report.

## SUMMARY OF OBSERVATIONS

### Conclusion

The Agency did not fully comply with federal, state, and local DHS requirements.

### Status of Prior Observations

The Agency's previous fiscal monitoring report, Project #2011-HOM12, issued November 1, 2011 contained three observations.

- Opportunity to improve internal controls over time reporting. **(Resolved)**
- Opportunity to match reimbursed program costs. Questioned Costs \$63,300. **(Resolved)**
- The Agency over-billed payroll expenses. Questioned Costs \$5,460.25. **(Resolved)**

### A-133 Status

According to a letter received from the Agency ,dated November 15, 2012, it did not expend \$500,000 or more in federal funds in its calendar year ended December 31, 2011, and was not required to have an A-133 single audit report.

### 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 DHS requirements.

- Opportunity to provide documentation of a procurement policy

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

- **Opportunity To Provide Documentation Of A Procurement Policy**

The Agency does not have a written procurement policy. A memo from Department of Human Services (DHS) management to the Agency, dated March 31, 2011, stated "A detailed written procurement policy should be re-inserted into the current version of the Fiscal policy and Operations Manual."

DHS Procedures Manual Section Two states "In conformance with 24 CFR 85, all procurement transactions must be conducted in a manner providing full and open competition. Each Agency, therefore, must develop written procurement procedures which will ensure, at a minimum, that all solicitations meet the following standard:

- Incorporate a clear and accurate description of the technical requirements for the material, product, or service to be procured. The description shall not contain features which unduly restrict competition."

The Agency did not have adequate internal controls to ensure that a procurement policy was created and implemented into the Agency's Operations Manual.

Without effective policies and procedures over the procurement process equipment purchased with federal funds are not safeguarded against loss, damage, or theft. In addition, the Agency might overpay on the purchase price of equipment or services.

### **Recommendation**

It is recommended that the Agency:

- Develop and implement a Procurement Policy and re-insert this policy in the Agency's Operation's Manual.
- Notify DHS of the Procurement Policy.

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

*We received your financial monitoring draft report on December 19, 2012 that addresses Gateway 180's HESG contract of \$53,800 for the period of January 1, 2012 through September 30, 2012. We were pleased to see that the issues sited in the November 1, 2011 review of our 2010 contract were all resolved.*

*We agree that Gateway 180 needs to document the Agency's procurement policy and commit to completing this task during the first quarter of 2013.*