



OFFICE OF THE COMPTROLLER
CITY OF ST. LOUIS



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June 28, 2011

Carleen Reck, Executive Director
Society of St. Vincent De Paul
100 N. Jefferson
St. Louis, MO 63108

RE: Supportive Housing Program (SHP) and Homelessness Prevention and Rapid Re-Housing Program (HPRP) (Project #2011-HOM16)

Dear Ms. Reck:

Enclosed is a report of the fiscal monitoring review of the Society of St. Vincent De Paul, a not-for-profit organization, SHP and HPRP programs, for the period May 1, 2010 through October 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 Society of St. Vincent De Paul. Fieldwork was completed on January 20, 2011.

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, Department of Human Services (DHS) 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: Ron Hicks, Fiscal Manager, DHS
Antoinette Triplett, Manager II - Homeless Services, DHS



CITY OF ST. LOUIS CITY OF ST. LOUIS

**DEPARTMENT OF HUMAN SERVICES (DHS)
HOMELESSNESS PREVENTION AND
RAPID RE-HOUSING PROGRAM (HPRP)
SUPPORTIVE HOUSING PROGRAM (SHP)**

**SOCIETY OF ST. VINCENT DE PAUL
CONTRACTS #60444, #60651 AND #61772
CFDA #14.235 AND #14.257**

FISCAL MONITORING REVIEW

MAY 1, 2010 THROUGH OCTOBER 31, 2010

PROJECT #2011-HOM16

DATE ISSUED: JUNE 28, 2011

**Prepared By:
The Internal Audit Section**



OFFICE OF THE COMPTROLLER OFFICE OF THE COMPTROLLER

HONORABLE DARLENE GREEN, COMPTROLLER

**CITY OF ST. LOUIS
DEPARTMENT OF HUMAN SERVICES (DHS)
SUPPORTIVE HOUSING PROGRAM (SHP)
HOMELESSNESS PREVENTION AND RAPID RE-HOUSING PROGRAM
(HPRP)
SOCIETY OF ST. VINCENT DE PAUL
FISCAL MONITORING REVIEW
MAY 1, 2010 THROUGH OCTOBER 31, 2010**

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INTRODUCTION

Background

Contract Name: Society of St. Vincent De Paul

Contract Numbers: 60444 (HPRP)
60651 & 61772 (SHP)

CFDA Numbers: 14.235 (SHP)
14.257 (HPRP)

Contract Periods: 5/1/10 – 4/30/11 (SHP)
12/1/09-11/30/12 (SHP)
10/1/09-7/31/12 (HPRP)

Contract Amounts: \$1,200,000 (60444 HPRP)
\$1,192,482 (60651 SHP)
\$ 281,711 (61772 SHP)

These contracts provided Supportive Housing Program (SHP) and Homelessness Prevention Rapid Re-Housing Program (HPRP) funds from the Department of Human Services (DHS) to Society of St. Vincent De Paul (Agency) to promote the delivery of supportive housing and supportive services. The purpose of these funds is to assist homeless persons in the City of St. Louis in the transition from homelessness to independency and permanent housing. Funds also provided financial assistance and services to either prevent individuals and families from becoming homeless or help those who are experiencing homelessness to be quickly re-housed and stabilized.

Purpose

The purpose of the review was to determine the Agency's compliance with federal, state and local DHS requirements for the period May 1, 2010, through October 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 grant administered by DHS. Evidence was tested supporting the reports the Agency submitted to DHS and other procedures were performed as considered necessary.

Exit Conference

An exit conference was offered to the Agency on May 20, 2011, but the Agency declined.

Management's Responses

The management's responses to the observations and recommendations identified in the draft report were received from the Agency on May 27, 2011. These responses have been incorporated into this 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 #2010-HOM02, issued December 16, 2009 contained no observations.

A-133 Status

The Agency expended \$500,000 or more in federal funds for its calendar year ended December 31, 2009; therefore, it was required to have a single audit in accordance with OMB Circular A-133.

The report was dated June 30, 2010 and rendered unqualified opinions on the financial statements and compliance for major federal award programs. However, four significant deficiencies were disclosed during the audit of the financial statements. Three of these deficiencies were reported as material weaknesses.

There were no instances on noncompliance material to the financial statements which would be required to be reported in accordance with Government Auditing Standards; or material weaknesses relating to the major federal award programs.

In addition, IAS noted that no corrective action plan was submitted by the auditee, and the SEFA contained a technical deficiency by not listing the pass-through agencies for the grants contained in the report. Therefore, IAS recommends that this audit not be accepted until a corrective action plan is submitted and corrections are made to the SEFA.

The Agency was determined to be a high-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 DHS requirements.

1. Opportunity to provide timesheets for grant funded employees (Questionable Costs - \$60,997.23)
2. Opportunity to use two authorized signatures on checks

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

**1. Opportunity To Provide Timesheets For Grant Funded Employees
(Questionable Costs - \$60,997.23)**

A review of the Agency's time sheets for the program employees revealed that the Agency did not maintain time sheets for some employees who charged their salaries to HPRP and SHP programs. As a result, the Internal Audit Section could not determine if the following employees' salaries were properly charged to HPRP and SHP programs for the review period:

Project Administrator	\$16,702.00
Team Leader	\$ 22,966.48
Case Manager	\$ 5,769.24
Case Manager	<u>\$ 15,559.51</u>
Total questionable costs	<u>\$ 60,997.23</u>

Section VII of the DHS Manual states "A timesheet for each employee must be maintained for each pay period. The time report must display actual hours worked and/or time off for each working day. The time report must also be signed by the employee and the supervisor or authorized representative. Minimum information requirements include: period, employee name, employee signature, supervisor or authorized representative signature, individual days in the pay period, actual hours worked or charged to activities funded by the grant during the pay period."

Federal Register/Vol. 70, No.168 Appendix B to Part 230 – Selected Items of Cost Section M states "Reports reflecting the distribution of activity of each employee must be maintained for all staff members (professionals and nonprofessionals) whose compensation is charged, in whole or in part, directly to awards."

The Agency was unaware timesheets were to be maintained for every grant funded employee. Agency management did not have a system of internal controls in place to ensure compliance with the DHS procedures manual concerning time reporting requirements.

If timesheets are not maintained and approved for each pay period for every grant funded employee, the grant may be charged for hours not worked. This may ultimately lead to suspension or termination of the federal award

Recommendation

It is recommended that the Agency comply with the grant terms and conditions by preparing, maintaining and approving timesheets for each pay period for every grant funded employee.

1. Continued...

Management's Response

The Agency's previous policy did not require timesheets for exempt employees, unless an exempt employee's position was funded by more than one funding source. The Agency's policy did not require exempt employees to record time off (sick, vacation, etc.) on separate forms. The employees in question were exempt and funded by a single funding source; therefore, formal timesheets are not available for the time periods requested. These employees had no time off recorded for the periods requested.

The Agency implemented timesheets in April for all employees within the audited programs, after the issue was raised by DHS auditors and dialogue with DHS staff. Since that time, the timesheets have been provided with the Agency's monthly billing detail. Previous DHS audits and monitoring had not generated any timesheet recommendations or requests for this level of documentation.

2. Opportunity To Use Two Authorized Signatures On Checks

IAS reviewed the Agency's disbursement checks for the SHP and HPRP programs for the review period, and it was noted that the Agency did not require two authorized signatures on checks under \$5,000.

Section VI of the DHS manual states "an Agency must have two authorized personnel sign all grant disbursement checks." Although, the Agency's Cash Disbursement Policy states, "all checks in excess of \$5,000 require two signatures," this is not in compliance with DHS procedures.

The Agency did not have a system of internal controls in place to ensure compliance with the check signing requirements of the DHS Fiscal Procedures Manual for the grant related expenditures.

Internal controls over expenditures may be reduced when only one individual signs disbursement checks. Non-compliance with DHS policy guidelines increases the risk of misappropriation or misuse of the grant funds and may result in suspension or termination of the federal grant agreement with DHS.

Recommendation

It is recommended that the Agency comply with DHS policy and revise its cash disbursement policy to require two signatures on all grant disbursement checks.

2. Continued

Management's Response

During the audit, it was brought to the Agency's attention that the DHS waiver related to check signing had expired. The waiver had allowed the Agency to follow its internal control procedure requiring one signature for checks less than \$5,000 and two signatures for checks of \$5,000 or more. The Agency was then made aware of the need to obtain a renewed DHS waiver.

On January 18, 2011, the Agency submitted a DHS waiver request. The Agency has made multiple inquiries regarding the status of the waiver request.

Internal controls in place that decrease the risk of misappropriation or misuse:

- Program staff generates expense payment requests with related documentation*
- Supervisors review requests and approve allowable expenses*
- Compliance ensures accuracy of expense documentation*
- Accounting staff enters expenses and generates checks*
- Checks are signed by approved check signers (assigned by the Agency's board of directors)*