OFFICE OF THE COMPTROLLER
CITY OF ST. LOUIS

Internal Audit Section

DARLENE GREEN
Comptroller

DR. KENNETH M. STONE, CPA
Internal Audit Executive

Carnahan Courthouse Building
1114 Market St., Room 812
St. Louis, Missouri 63101
(314) 622-4723
Fax: (314) 613-3004

FILE COPY

March 7, 2011

Linda Clark, Executive Director
St. Patrick Center
800 N. Tucker
St. Louis, MO 63101

RE: Supportive Housing Program (SHP) (Project #2010-HOM14)

Dear Ms. Clark:

Enclosed is a report of the fiscal monitoring review of St. Patrick Center, a not-for-profit organization, SHP, for the period July 1, 2009 through February 28, 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 St. Patrick Center. Fieldwork was completed on July 8, 2010.

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 grant sub-recipients.

If you have any questions, please contact the Internal Audit Section at (314) 622-4723.

Sincerely,

Kenneth M. Stone

Dr. Kenneth M. Stone, CPA
Internal Audit Executive

Enclosure

cc: Walter Danneman, Accounting Coordinator, DHS
Antoinette Triplett, Manager II, Homeless Services - DHS

CITY OF ST. LOUIS

DEPARTMENT OF HUMAN SERVICES (DHS)
SUPPORTIVE HOUSING PROGRAM (SHP)

ST. PATRICK CENTER
CONTRACT: #58358, #58514 AND #59821
CFDA #14.235

FISCAL MONITORING REVIEW

JULY 1, 2009 THROUGH FEBRUARY 28, 2010

PROJECT #2010-HOM14

DATE ISSUED: MARCH 7, 2011

Prepared by:
The Internal Audit Section

OFFICE OF THE COMPTROLLER

HONORABLE DARLENE GREEN, COMPTROLLER

CITY OF ST. LOUIS
DEPARTMENT OF HUMAN SERVICES (DHS)
SUPPORTIVE HOUSING PROGRAM (SHP)
ST. PATRCIK CENTER
FISCAL MONITORING REVIEW
JULY 1, 2009 THROUGH FEBRUARY 28, 2010

TABLE OF CONTENTS

Description	Page(s)
INTRODUCTION	
Background	1
Purpose	1
Scope and Methodology	1
Exit Conference	1
Management's Responses	1
SUMMARY OF OBSERVATIONS	
Conclusion	2
Status of Prior Observations	2
A-133 Status	2
Summary of Current Observations	2
DETAILED OBSERVATIONS, RECOMMENDATIONS AND MANAGEMENT'S RESPONSES	3

INTRODUCTION

Background

Contract Name: St. Patrick Center

Contract Numbers: 58358, 58514 and 59821

CFDA Number: 14.235

Contract Periods: July 1, 2009 through February 28, 2010

Contract Amounts: $1,958,530 (58358)
$1,274,813 (58514)
$ 297,467 (59821)

These contracts provided funds from the Department of Human Services (DHS) Supportive Housing Program (SHP) funds to St. Patrick Center (Agency) to promote the delivery of supportive housing and supportive services and to assist homeless persons in the transition from homelessness to independency and permanent housing who currently reside 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 July1, 2009, through February 28, 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. Fieldwork was completed on July 8, 2010.

Exit Conference

The agency was offered an exit conference on December 6, 2010, but it was declined.

Management's Response

The management's response to the observation and recommendation identified in the report was received from the Agency on March 3, 2011. The 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 #2009-HOM22, issued October 8, 2009, contained no observations.

A-133 Status

The agency expended $500,000 or more in federal funds for the fiscal year ended June 30, 2009; therefore, it was required to have a single audit in accordance with OMB Circular A-133.

The report dated October 13, 2009 rendered unqualified opinions on internal control over financial reporting and compliance for major programs. There were no material weaknesses or significant deficiencies identified that were considered to be material weaknesses to the financial statements. There were audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133. However, the audit findings were not related to the Federal Program and CFDA # of the contracts Internal Audit Section reviewed.

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

Summary of Current Observations

A recommendation was made for the following observation, which if implemented, could assist the Agency in fully complying with federal, state, and local DHS requirements.

- The agency did not have two authorized signatures on grant disbursement checks

DETAILED OBSERVATIONS, RECOMMENDATIONS AND MANAGEMENT'S RESPONSES

The Agency Did Not Have Two Authorized Signatures On Grant Disbursement Checks

During the field visit, it was noted that the Agency does not require two signatures on grant funded disbursement checks.

Section VI of DHS guidelines "states except for petty cash expenditures, disbursements shall be made by prenumbered checks that are signed by the Chief Executive Officer and the Financial Officer or any two (2) duly authorized officers".

The Agency does require that two signatures are obtained for checks in excess of $10,000. The Agency had documentation approving the use of one signature on checks under $10,000, but the documentation was lost when the Agency moved in 2007.

Failure to have two signatures on all grant disbursement checks is a violation of the Agency grant agreement. Non-compliance with DHS policy guidelines increases the risk of misappropriation or misuse of the grant funds and may result in the termination of the grant agreement.

Recommendation

It is recommended that the Agency comply with DHS requirements and require two signatures on DHS funded disbursement checks or obtain a new waiver for this requirement.

Management's Response

St. Patrick Center feels that it has sufficient internal controls to ensure that all grant funds are spent appropriately.

We have many extra controls as well as compensating controls where needed, to ensure that there is no risk of misappropriation or misuse of grant funds. All check requests and invoices processed require two signatures. Once the documentation arrives in Finance, it is reviewed two additional times for correct approvals, accounting information, products or services received, etc.

Even in light of the numerous controls in place, St. Patrick Center has implemented a policy using two signatures on each check written.