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OFFICE OF THE COMPTROLLER
CITY OF ST. LOUIS



DARLENE GREEN
Comptroller

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November 22, 2006

Bonnie Reece, Executive Director
St. Louis Transitional Hope House
1611 Hodiamont Ave.
St. Louis, MO 63112

RE: Fiscal Monitoring Report of St. Louis Transitional Hope House, Supportive Housing Program Grant (SHP) and Homeless Challenge Program (HCP) (Project #2007-HOM7)

Dear Ms. Reece:

Enclosed is a report of our fiscal monitoring review of the St. Louis Transitional Hope House for the periods:

- October 1, 2004 through September 21, 2006 (SHP Document #49898),
- September 1, 2004 through August 31, 2006 (SHP Document #49892),
- October 1, 2003 through September 30, 2004 (HCP Document #48352), and
- October 1, 2004 through September 30, 2005 (HCP Document #50625).

The scope of a fiscal monitoring review is substantially less than an audit, and as such, we do not express an opinion on the financial operations of St. Louis Transitional Hope House. Our fieldwork was completed on September 21, 2006.

This review was made under authorization contained in Section 2, Article XV of the Charter, City of St. Louis, as revised and through an agreement with the Department of Human Services (DHS) to provide fiscal monitoring to all grant subrecipients. If you have any questions, please contact Charles Schroeder at 589-6089.

Sincerely,

Sedrick D. Blake, CPA
Internal Audit Executive

Enclosure

cc: Patrick Brennan, Fiscal Manager, Department of Human Services



CITY OF ST. LOUIS

***DEPARTMENT OF HUMAN SERVICES (DHS)
HOMELESS SERVICES PROGRAM***

***ST. LOUIS TRANSITIONAL HOPE HOUSE
SUPPORTIVE HOUSING PROGRAM (SHP)
HOMELESS CHALLENGE PROGRAM (HCP)
DOCUMENTS #49898, #49892, #48352 AND #50625***

FISCAL MONITORING REVIEW

OCTOBER 1, 2003 THROUGH SEPTEMBER 21, 2006

PROJECT #2007-HOM7

DATE ISSUED: NOVEMBER 22, 2006

***Prepared by:
The Internal Audit Section***



OFFICE OF THE COMPTROLLER

Honorable Darlene Green, Comptroller

**CITY OF ST. LOUIS
DEPARTMENT OF HUMAN SERVICES (DHS)
HOMELESS SERVICES
ST. LOUIS TRANSITIONAL HOPE HOUSE
DOCUMENT #49898, #49892, #48352, & #50625
FISCAL MONITORING REVIEW
OCTOBER 1, 2003 THROUGH SEPTEMBER 21, 2006**

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**CITY OF ST. LOUIS
DEPARTMENT OF HUMAN SERVICES (DHS)
HOMELESS SERVICES
ST. LOUIS TRANSITIONAL HOPE HOUSE
DOCUMENT #49898, #49892, #48352, & #50625
FISCAL MONITORING REVIEW
OCTOBER 1, 2003 THROUGH SEPTEMBER 21, 2006**

INTRODUCTION

Background

Contract Name: St. Louis Transitional Hope House

Document Numbers: #49898
#49892
#48352
#50625

Contract Periods: SHP October 1, 2004 through September 30, 2007
SHP September 1, 2004 through August 31, 2006
HCP October 1, 2003 through September 30, 2004
HCP October 1, 2004 through September 30, 2005

Contract Amounts: \$2,245,245
\$ 206,067
\$ 33,317
\$ 33,317

The contracts provided funds from the Department of Housing and Urban Development (HUD), Supportive Housing Program (SHP) and Homeless Challenge Program (HCP) to St. Louis Transitional Hope House to provide transitional housing for those individuals that are homeless.

Purpose

The purpose of this fiscal monitoring review was to determine St. Louis Transitional Hope House's compliance with federal, state and local Department of Human Services (DHS) requirements for the period October 1, 2003 through September 21, 2006 for the above listed contracts.

Scope and Methodology

We made inquiries regarding St. Louis Transitional Hope House's internal controls relating to the grant administered by the Department of Human Services (DHS), tested evidence supporting the reports the Agency submitted to DHS and performed other procedures considered necessary. Our fieldwork was completed on September 21, 2006. Management's response was received on November 9, 2006 and has been incorporated into this report.

**CITY OF ST. LOUIS
DEPARTMENT OF HUMAN SERVICES (DHS)
HOMELESS SERVICES
ST. LOUIS TRANSITIONAL HOPE HOUSE
DOCUMENT #49898, #49892, #48352, & #50625
FISCAL MONITORING REVIEW
OCTOBER 1, 2003 THROUGH SEPTEMBER 21, 2006
CONCLUSION AND SUMMARY OF OBSERVATIONS**

Conclusion

St. Louis Transitional Hope House did not fully comply with federal, state and local DHS requirements.

Status of Prior Observations

The Agency's most recent fiscal monitoring report dated June 1, 2004 had two observations.

1. The Agency does not require two authorized signatures on checks. **(Resolved)**
2. The Agency does not have adequate fidelity bonding. **(Repeated – see current observation #2)**

A-133 Status

The A-133 Audit Report, dated October 4, 2005 for fiscal year ended June 30, 2005, contained an unqualified opinion on the financial statements. There were no reportable conditions, findings, or questioned costs on the financial statements or the federal awards, and the Agency was determined to be a low-risk auditee. The Internal Audit Section reviewed the report on June 23, 2006 and recommends that it be accepted.

Summary of Current Observations

We made a recommendation for the following observation, which if implemented, could assist St. Louis Transitional Hope House in fully complying with federal, state, and local DHS requirements.

- The Agency does not have adequate fidelity bonding.

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FISCAL MONITORING REVIEW
OCTOBER 1, 2003 THROUGH SEPTEMBER 21, 2006**

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

The Agency Does Not Have Adequate Fidelity Bonding

The Department of Human Services policy guidelines require the Agency to have fidelity bonding for all employees with fiscal responsibilities that is equal to the grant amount. The Agency now has only one of these contracts currently open. It is the SHP contract (Document #49898) for \$748,415 annually. The other contracts have expired. The Agency has renewed its bonding policy which has a coverage limit of \$125,000. Failure to maintain adequate and current fidelity bonding increases financial risk to the Agency and potential loss of federal funds and future reimbursements.

Recommendation

We recommend the Agency obtain sufficient fidelity bonding to cover the annual grant amount of \$748,415.

Management's Response

The agency will obtain the amount sufficient to cover the annual grant amount. Hope House currently has an insurance policy that covers the agency for \$125,000. Ms. Antoinette Triplett from the Homeless Services Division suggested that the Hope House board of directors and the accountant meet to determine the amount of the bond, and her suggestion will be followed. We expect that this issue can be resolved by the end of November, 2006.

St. Louis Transitional Hope House, Inc. appreciates the opportunity to make the most appropriate and responsible use of our grant funding, and is committed to good stewardship of its grant allocation.