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OFFICE OF THE COMPTROLLER
CITY OF ST. LOUIS



DARLENE GREEN
Comptroller

Internal Audit Section

Carnahan Courthouse Building
1114 Market St., Room 608
St. Louis, Missouri 63101
(314) 622-4723
Fax: (314) 613-3004

March 26, 2007

Pamela Rice-Walker, Acting Director
City of St. Louis Department of Health
634 N. Grand Boulevard, 9th Fl.
St. Louis, MO 63103-1002

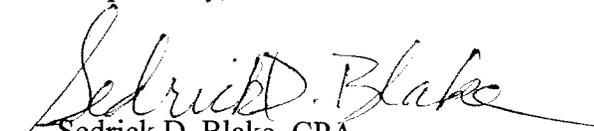
RE: Fiscal Monitoring Review of Peter and Paul Community Services, Inc. – HOPWA
(Project #2007-DOH8)

Dear Ms. Rice-Walker:

Peter and Paul Community Services, Inc. was over reimbursed for certain expenditures by \$357.23 for the prior review period, January 1, 2005 through December 31, 2005 (see Observation #1 of the enclosed fiscal monitoring report). We recommend that Peter and Paul Community Services, Inc. reimburse DOH, by March 30, 2007, by remitting a check in the amount of \$357.23 to: Comptroller's Office, Federal Grants Section, Room 608, 1114 Market Street, St. Louis, MO 63101. We also recommend that if Peter and Paul Community Services, Inc. does not resolve this matter by April 30, 2007, \$357.23 be deducted from their next request for reimbursement.

If you have any questions, please call Charles Schroeder at (314) 589-6089.

Respectfully,


Sedrick D. Blake, CPA
Audit / Fiscal Executive

Enclosure

cc: David Fagala, Accounting Manager, City of St. Louis Department of Health
John Zakibe, Deputy Comptroller
Judith Holstein, Accountant II, Federal Grants Section



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March 26, 2007

Steve Campbell, Executive Director
Peter and Paul Community Services, Inc.
1025 Park Ave.
St. Louis, MO 63104

RE: Fiscal Monitoring Report of Peter and Paul Community Services, Inc.
Housing Opportunities for Persons With Aids (HOPWA), Contract #HD-06-54
(Project #2007-DOH8)

Dear Mr. Campbell:

Enclosed is a report of our fiscal monitoring review of Peter and Paul Community Services, Inc. (Contract #HD-06-54) for the period January 1, 2006 through September 30, 2006. 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 Peter and Paul Community Services, Inc. Our fieldwork was completed on December 5, 2006.

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 Health (DOH) 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
Audit / Fiscal Executive

Enclosure

cc: David Fagala, Accounting Manager, City of St. Louis Department of Health



CITY OF ST. LOUIS

DEPARTMENT OF HEALTH (DOH)

*PETER AND PAUL COMMUNITY SERVICES, INC.
HOUSING OPPORTUNITIES FOR PERSONS WITH AIDS (HOPWA)
CONTRACT #HD-06-54*

FISCAL MONITORING REVIEW

JANUARY 1, 2006 THROUGH SEPTEMBER 30, 2006

PROJECT #2007-DOH8

DATE ISSUED: MARCH 26, 2007

*Prepared by:
The Internal Audit Section*



OFFICE OF THE COMPTROLLER

Honorable Darlene Green, Comptroller

**CITY OF ST. LOUIS
DEPARTMENT OF HEALTH (DOH)
PETER AND PAUL COMMUNITY SERVICES, INC.
HOUSING OPPORTUNITES FOR PERSONS WITH AIDS (HOPWA)
CONTRACT #HD-06-54
FISCAL MONITORING REVIEW
JANUARY 1, 2006 THROUGH SEPTEMBER 31, 2006**

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**CITY OF ST. LOUIS
DEPARTMENT OF HEALTH (DOH)
PETER AND PAUL COMMUNITY SERVICES, INC.
HOUSING OPPORTUNITES FOR PERSONS WITH AIDS (HOPWA)
CONTRACT #HD-06-54
FISCAL MONITORING REVIEW
JANUARY 1, 2006 THROUGH SEPTEMBER 30, 2006**

INTRODUCTION

Background

Contract Name: Peter and Paul Community Services, Inc.

Contract Number: HD-06-54

Contract Period: January 1, 2006 through December 31, 2006

Contract Amount: \$94,818.00

The contract provided funds from the Department of Health (DOH) to Peter and Paul Community Services, Inc. to provide program subsidies including, but not limited to, counseling, information, and referral services to clients who are homeless and HIV positive. In addition, the Agency provides supportive services including, but not limited to, health, mental health, drug and alcohol abuse treatment and counseling, and gaining access to state and federal government benefits and services.

Purpose

The purpose of this fiscal monitoring review was to determine Peter and Paul Community Services, Inc.'s (Contract #HD-06-54) compliance with federal, state and local Department of Health (DOH) requirements for the period January 1, 2006 through September 30, 2006.

Scope and Methodology

We made inquiries regarding Peter and Paul Community Services, Inc.'s internal controls relating to the grant administered by the Department of Health (DOH), tested evidence supporting the reports the Agency submitted to DOH and performed other procedures considered necessary. Our fieldwork was completed on December 5, 2006. Management's response was received on January 18, 2007 and has been incorporated into this report.

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CONCLUSION AND SUMMARY OF OBSERVATIONS

Conclusion

Peter and Paul Community Services, Inc. did not fully comply with federal, state and local DOH requirements.

Status of Prior Observations

The Agency's most recent fiscal monitoring report dated October 12, 2006 identified the following observation:

- Opportunity to ensure that reimbursements are for actual billing or invoice amount due and reimbursement requests are submitted for expenses approved in the contract agreement. **(In process of resolution. See Observation #1.)**

A-133 Status

Peter and Paul Community Services, Inc. is not required to have an A-133 for the fiscal year ended June 30, 2006. The Agency has communicated to IAS through a letter dated November 8, 2006 that the Agency did not expend \$500,000 or more in federal funds for that fiscal year and was advised by the Agency's auditors that an A-133 audit was not required.

Summary of Current Observations

1. Opportunity to ensure that reimbursements are for actual billing or invoice amount due and reimbursement requests are submitted for expenses approved in the contract agreement. **(Observation and management's response is from the prior report. See Status of Prior Observations.)**
2. Opportunity to ensure that all program income is adequately safeguarded.

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

1. Opportunity To Ensure That Reimbursements Are For The Actual Billing Or Invoice Amount Due And Reimbursement Requests Are Submitted For Expenses Approved In The Contract Agreement

NOTE: Observation and management's response is from prior report, Project 2007-DOHH 4, issued October 12, 2006.

The contract agreement clearly defined expenses that are allowable for reimbursement. Good contract management practice also requires that agency request reimbursement for actual expenses amount due as stated on the invoice or billing statements.

The agency requested reimbursement for gas service billing paid to Laclede Gas Company in the amount of \$143.99 and \$374.66 in the month of June 2005. The amount due on each billing for the month was \$27.70 and \$205.85. Payment made by the agency to the Gas Company was \$251.45. The agency was over reimbursed in the amount of \$285.10.

The Agency also in September 2005 requested and was reimbursed the sum of \$72.13 for cellular phone services provided by Cingular Wireless. The contract agreement as approved does not provide for reimbursement of Cellular phone expenses. However, the total reimbursements to the Agency were within the approved contract limit.

The reimbursements of \$285.10 over the actual Laclede Gas bill for the month of June 2005 and \$72.13 for cellular phone service for the month of September 2005 resulted in a total questioned costs of \$357.23.

Management appeared not to be aware that cellular phone expenses were not included in the approved contact agreement and the management inadvertently submitted reimbursement in excess of the actual billing amount.

Failure to adhere to contract agreement requirements may be considered as non-compliance on the part of the agency.

Recommendation

We recommend the Agency reimburse DOH for the questioned costs, by March 30, 2007, by remitting a check in the amount of \$357.23 to: Comptroller's Office, Federal

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

1. Continued... ..

Grants Section Room 608, 1114 Market Street, St. Louis, MO 63101. Include the fund (1166) and center (7114654) numbers with the check. Please provide a copy of the check to: Comptroller's Office, Internal Audit Section Room 642, Attn. Charles Schroeder, 1114 Market Street, St. Louis, MO 63101 (copy may be faxed to 314-613-3004 Attn. Charles Schroeder). We also recommend that if Peter and Paul Community Services, Inc. does not resolve this matter by April 30, 2007, \$357.23 be deducted from their next reimbursement request.

Management's Response

Regarding the billing for Laclede Gas Company, we inadvertently overlook a prior credit that was applied on each bill. Regarding the Cingular Wireless billings, we were not aware that cellular phone expenses could not be included in overall telephone expenses. We will contact the Department of Health and Hospital management to resolve these issues.

2. The Agency Did Not Exercise Adequate Safeguards Over Program Income

The Department of Health policy guidelines for HOPWA contracts carry the expectation that the Agency will appropriately safeguard any program income it receives. One of the Agency's Service Provider Centers was burglarized in August 2006 and \$2,251 collected from rents through the program was stolen. We were informed that cash and money orders received for rent payments were held regularly in an office desk, in a locked box, for up to a month before being deposited. Not depositing receipts immediately increased the possibility of theft and potential harm to shelter participants.

Recommendation

We recommend the Agency deposit program income into a bank account on the day it is received.

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DETAILED OBSERVATIONS, RECOMMENDATIONS
AND MANAGEMENT'S RESPONSES

2. Continued... ..

Management's Response

We concur with the observation. It has been our policy to deposit program income, as well as other income, into our operating bank account within one day of the income being received. That policy was not being followed by program staff. Staff members have been instructed to adhere to the policy, and the business manager is closely monitoring the procedures.