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OFFICE OF THE COMPTROLLER  
CITY OF ST. LOUIS



DARLENE GREEN  
Comptroller

*Internal Audit Section*

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February 4, 2005

Laura McCallister, Chief Financial Officer  
Community Alternatives  
3738 Chouteau Ave.  
St. Louis, MO 63110

RE: Fiscal Monitoring Report of the Community Alternatives, Substance Abuse and  
Mental Health Services Administration Grant (SAMHSA) (#2005-HOM13)

Dear Ms. McCallister:

Enclosed is a report of our fiscal monitoring review of the Community Alternatives (Document #47116) for the period September 30, 2003 through September 29, 2004. 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 the Community Alternatives. Our fieldwork was substantially completed on November 9, 2004.

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 me at 613-7257.

Sincerely,

A handwritten signature in cursive script that reads "Dwayne Crandall".

Dwayne Crandall, MHA, CIA, CPA  
Internal Audit Supervisor

Cc: Honorable Darlene Green, Comptroller  
Patrick Brennan, Fiscal Manager, Department of Human Services

Enclosure



# CITY OF ST. LOUIS

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

*COMMUNITY ALTERNATIVES  
SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES  
ADMINISTRATION GRANT (SAMHSA)  
DOCUMENT #47116*

*FISCAL MONITORING REVIEW*

*SEPTEMBER 30, 2003 THROUGH SEPTEMBER 29, 2004*

*PROJECT #2005-HOM13*

*DATE ISSUED: FEBRUARY 4, 2005*

*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  
COMMUNITY ALTERNATIVES  
DOCUMENT #47116  
FISCAL MONITORING REVIEW  
SEPTEMBER 30, 2003 THROUGH SEPTEMBER 29, 2004**

**TABLE OF CONTENTS**

<b><u>Description</u></b>	<b><u>Page(s)</u></b>
INTRODUCTION	
Background	1
Purpose	1
Scope and Methodology	1
CONCLUSION AND 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

**CITY OF ST. LOUIS  
DEPARTMENT OF HUMAN SERVICES (DHS)  
HOMELESS SERVICES  
COMMUNITY ALTERNATIVES  
DOCUMENT #47116  
FISCAL MONITORING REVIEW  
SEPTEMBER 30, 2003 THROUGH SEPTEMBER 29, 2004**

**INTRODUCTION**

**Background**

**Contract Name:** Community Alternatives

**Document Number:** #47116

**Contract Period:** September 30, 2003 through September 29, 2004

**Contract Amount:** \$467,143 modified to \$518,312

This contract provides funds from the Department of Housing and Urban Development (HUD), Substance Abuse and Mental Health Services Administration Grant (SAMHSA) to the Community Alternatives to provide mental health services with integrated substance abuse treatment for homeless mothers and their families.

**Purpose**

The purpose of this fiscal monitoring review was to determine Community Alternatives' (Document #47116) compliance with federal, state and local Department of Human Services (DHS) requirements for the period September 30, 2003 through September 29, 2004, and make recommendations for improvements.

**Scope and Methodology**

We made inquiries regarding Community Alternatives' 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 substantially completed on November 9, 2004. Management's responses were received on January 10, 2005 and have been incorporated into this report.

**CITY OF ST. LOUIS  
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SEPTEMBER 30, 2003 THROUGH SEPTEMBER 29, 2004**

**CONCLUSION AND SUMMARY OF OBSERVATIONS**

**Conclusion**

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

**Status of Prior Observations**

The Agency's most recent fiscal monitoring report dated July 8, 2004 identified the following observation:

- The Agency did not require two signatures for checks under \$15,000.00.  
(Repeated. See Current Observation.)

**A-133 Status**

The Agency is a for-profit entity and therefore not required to have an A-133 Audit.

**Summary of Current Observations**

We made recommendations for the following observation, which if implemented, could assist Community Alternatives in fully complying with federal, state, and local DHS requirements.

- The Agency did not require two signatures for checks under \$15,000.00.

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

**The Agency did not Require Two Signatures for Checks Under \$15,000.00**

The Department of Human Services policy guidelines require the Agency to have two authorized personnel sign checks. The Agency does not require at least two authorized people to sign checks under \$15,000.00, but does for all checks over \$15,000.00. Internal control over expenditures may be reduced when only one individual signs disbursement checks. However, it appears that there are strong compensating internal controls in place regarding the invoice processing and check printing.

**Recommendation**

We recommend the Agency comply with DHS guidelines and require two authorized signatures for all checks or request a waiver from this requirement from DHS.

**Management's Response**

*This is in reply to your request for a management response to the Fiscal Monitoring Review held on 11/9/04.*

*You observed that the Agency did not require two signatures for checks under \$15,000.00. I concur with this observation.*

*As was stated in a previous management response, due to the volume of checks that flow through the accounting department on a monthly basis, we chose to require a double signature only on checks that were \$15,000 or greater. That amount is also the deductible under our Capital Indemnity Corporation Fidelity Bond. Please note that a waiver has been requested from Antoinette Triplett to allow for one signature on checks less than \$15,000. To date, this issue has not been responded to, however, I will continue to follow-up.*