

FILE COPY



OFFICE OF THE COMPTROLLER
CITY OF ST. LOUIS



DARLENE GREEN
Comptroller

Internal Audit Section

Carnahan Courthouse Building
1114 Market St., Room 642
St. Louis, Missouri 63101
(314) 622-4723
Fax: (314) 613-3004

DR. KENNETH M. STONE, CPA
Internal Audit Executive

October 21, 2008

Connie Neuman, Director,
St. Philippine Home/Queen of Peace
325 N. Newstead
St. Louis, MO 63108

RE: Fiscal Monitoring Review of St. Philippine Home/Queen of Peace, Supportive Housing Program (SHP), Document #56680, CFDA #14.235 (Project #2008-HOM12)

Dear Ms. Neuman:

Enclosed is a report of our fiscal monitoring review of the St. Philippine Home/Queen of Peace, a not-for-profit organization, Supportive Housing Program, for the period July 1, 2007 through January 31, 2008. 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. Philippine Home/Queen of Peace. Our fieldwork was completed on March 7, 2008.

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 subrecipients.

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

Sincerely,

A handwritten signature in cursive script that reads "Kenneth M. Stone".

Dr. Kenneth M. Stone, CPA
Internal Audit Executive

Enclosure

cc: Patrick Brennan, Fiscal Manager, DHS
Antoinette Triplett, Program Manager II, DHS



CITY OF ST. LOUIS

*DEPARTMENT OF HUMAN SERVICES
HOMELESS SERVICES*

*ST. PHILIPPINE HOME/QUEEN OF PEACE
SUPPORTIVE HOUSING PROGRAM (SHP) DOCUMENT #56680*

CFDA #14.235

*FISCAL MONITORING REVIEW
JULY 1, 2007 THROUGH JANUARY 31, 2008*

PROJECT #2008-HOM12

DATE ISSUED: OCTOBER 21, 2008

*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. PHILIPPINE HOME/QUEEN OF PEACE
SUPPORTIVE HOUSING PROGRAM (SHP)
FISCAL MONITORING REVIEW
JULY 1, 2007 THROUGH JANUARY 31, 2008**

TABLE OF CONTENTS

<u>Description</u>	<u>Page(s)</u>
INTRODUCTION	
Background	1
Purpose	1
Scope and Methodology	1
SUMMARY OF OBSERVATIONS	
Conclusion	2
Status of Prior Observations	2
A-133 Status	2
Summary of Current Observations	2
DETAILED OBSERVATIONS, RECOMMENDATIONS, AND MANAGEMENTS RESPONSES	3-5

**CITY OF ST. LOUIS
DEPARTMENT OF HUMAN SERVICES (DHS)
HOMELESS SERVICES
ST. PHILIPPINE HOME/QUEEN OF PEACE
SUPPORTIVE HOUSING PROGRAM (SHP)
FISCAL MONITORING REVIEW
JULY 1, 2007 THROUGH JANUARY 31, 2008**

INTRODUCTION

Background

Contract Name: St. Philippine Home/Queen of Peace

Contract Program: Supportive Housing Program

Document Number: 56680

CFDA Number: 14.235

Contract Period: July 1, 2007 through June 30, 2008

Contract Amount: \$585,290

This contract provided funds from the Department of Housing and Urban Development's (HUD), Supportive Housing Program (SHP) to St. Philippine Home/Queen of Peace (Agency) to provide transitional housing and nighttime or daytime shelter for those individuals that are homeless.

Purpose

The purpose of this fiscal monitoring review was to determine the Agency's compliance with federal (including OMB Circular A-133), state and local Department of Human Services (DHS) requirements for the period July 1, 2007 through January 31, 2008 and make recommendations for improvements as necessary.

Scope and Methodology

We made inquiries regarding the Agency's internal controls relating to the grant administered by DHS, tested evidence supporting the reports the Agency submitted to DHS and performed other procedures considered necessary. Our fieldwork was completed on March 7, 2008. Management's responses were received on August 4, 2008 and have been incorporated into this report.

**CITY OF ST. LOUIS
DEPARTMENT OF HUMAN SERVICES (DHS)
HOMELESS SERVICES
ST. PHILIPPINE HOME/QUEEN OF PEACE
SUPPORTIVE HOUSING PROGRAM (SHP)
FISCAL MONITORING REVIEW
JULY 1, 2007 THROUGH JANUARY 31, 2008**

SUMMARY OF OBSERVATIONS

Conclusion

The Agency did not fully comply with federal (including OMB Circular A-133), state and local DHS requirements.

Status of Prior Observations

The Agency's most recent fiscal monitoring report dated August 9, 2007 identified no observations.

A-133 Status

The Agency is part of Catholic Charities, and is covered under the A-133 audit report for the Archdiocese of St. Louis. The report for the year ending June 30, 2007 expressed an unqualified opinion on the financial statements and the federal awards. There were no findings, questioned costs, or instances of noncompliance considered material to the financial statements or federal awards. The Archdiocese qualified as a low-risk auditee. The Internal Audit Section reviewed the audit report on March 7, 2008 and recommended that the report be accepted.

Summary of Current Observations

We made recommendations for the following observations, which if implemented, could assist the Agency in fully complying with federal (including OMB Circular A-133), state and local SHP requirements:

1. The Agency did not submit monthly financial reports and Annual Progress Reports (APR) in a timely manner.
2. The Agency did not keep inventory of grant funded equipment.

**CITY OF ST. LOUIS
DEPARTMENT OF HUMAN SERVICES (DHS)
HOMELESS SERVICES
ST. PHILIPPINE HOME/QUEEN OF PEACE
SUPPORTIVE HOUSING PROGRAM (SHP)
FISCAL MONITORING REVIEW
JULY 1, 2007 THROUGH JANUARY 31, 2008**

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

1. The Agency did not Submit Monthly Financial Reports and Annual Progress Reports (APR) in a Timely Manner

DHS policy guidelines require the Agency to submit monthly financial reports by the 15th day of the month after the previous month end. The APR is due to DHS 30 days after the contract ends.

The Agency submitted January 2008 monthly financial report late by 13 days.

The APR for the contract period ending June 30, 2007 was submitted two months late. Late reporting can result in delays in receiving the reimbursement checks.

Recommendation

We recommend the Agency to comply with the Department of Human Services requirements and submit financial reports in a timely manner.

Management's Response

Monthly financial reports cannot follow monthly submission requirements because the SHP contract is not received on time. July and August submission were mailed on 1/10/2008, two days after E-mail notification that the SHP contract was signed. September and October were mailed on 1/14/2008 and November and December were mailed on 1/15/2008. The January request was mailed on 2/28/08, or eight days after the first payment through December was received. The Finance Office was instructed they were not allowed to send in submissions without the contract. Consequently there is an additional wait for payments to see if any adjustments or corrections were made by the City.

The APR was signed on July 27, 2007 and hand delivered the same day to the City of St. Louis Department of Homeless Services to Mr. Antonio Byrd. The delivery was (5) five days ahead of the scheduled due date. Please note attachments of APR cover and signature pages.

**CITY OF ST. LOUIS
DEPARTMENT OF HUMAN SERVICES (DHS)
HOMELESS SERVICES
ST. PHILIPPINE HOME/QUEEN OF PEACE
SUPPORTIVE HOUSING PROGRAM (SHP)
FISCAL MONITORING REVIEW
JULY 1, 2007 THROUGH JANUARY 31, 2008**

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

1. Continued...

Auditor's Comment

Monthly financial reports - The contract was signed by December 31, 2007. We did take the date of the contract signing into consideration. The January 2008 monthly financial report should have been filed by February 15, 2008.

Annual progress report (APR) - In review of the documents submitted, the issue with the submission date of the APR has been resolved, and no further action is needed.

2. The Agency did not Keep Inventory of Grant Funded Equipment

DHS policies require an Agency to maintain adequate records for equipment and real property purchased with federal funds. For equipment, such records should include the contract number, description, acquisition cost, acquisition date, model/serial numbers, location and condition of each item. Before a federally funded inventory item is disposed of or scrapped, the Agency must first obtain permission from, and report any receipts from the disposition to DHS.

The agency did not have the serial numbers documented on the inventory list for the three pieces of equipment purchased in 2007. In addition, we could not physically locate the GE Washer:

#	Description	Serial #	Condition	Cost
1.	GE Profile Top fridge	Not available	Fair	\$475.00
2.	Freezer	Not available	Good	\$300.00
3.	GE Washer	Not available	Unknown	\$200.00
Total Cost				\$975.00

Failure to maintain adequate records for equipment purchased with federal funds can result in questioned costs and potential loss of future funds.

Recommendation

We recommend the Agency maintain adequate records for equipment and real property purchased with federal funds, and update their current inventory list. If the agency is

**CITY OF ST. LOUIS
DEPARTMENT OF HUMAN SERVICES (DHS)
HOMELESS SERVICES
ST. PHILIPPINE HOME/QUEEN OF PEACE
SUPPORTIVE HOUSING PROGRAM (SHP)
FISCAL MONITORING REVIEW
JULY 1, 2007 THROUGH JANUARY 31, 2008**

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

2. Continued...

unable to locate GE washer, it should pay back DHS the purchase price (\$200.00) of this equipment.

Management's Response

The Serial # of the GE Profile Top fridge is 68ER0045 46664.

The Serial # for the Kenmore Freezer is 046280520.

The GE Washer was replaced without keeping the Serial #.

The employees were not aware that they were to maintain such information. In the future the Agency will properly maintain records for equipment and real property purchased, and update their current inventory list. They will notify the disposition to DHS.