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**OFFICE OF THE COMPTROLLER
CITY OF ST. LOUIS**



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Comptroller

Internal Audit Section

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August 19, 2009

Judith Arnold, Program Director
Catholic Family Services – Places for Fathers
4532 Lindell Boulevard
St. Louis, MO 63108

RE: Supportive Housing Program (SHP) (Project #2009-HOM12)

Dear Ms Arnold:

Enclosed is a report of our fiscal monitoring review of the Catholic Family Services – Places for Fathers, a not-for-profit organization, SHP, for the period February 1, 2008 through December 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 Catholic Family Services. Fieldwork was completed on March 3, 2009.

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 federal grant sub-recipients.

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

Sincerely,

Dr. Kenneth M. Stone, CPA
Internal Audit Executive

Enclosure

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



CITY OF ST. LOUIS

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

**CATHOLIC FAMILY SERVICES – PLACES FOR FATHERS
DOCUMENT #58087
CFDA #14.235**

FISCAL MONITORING REVIEW

FEBRUARY 1, 2008 THROUGH DECEMBER 31, 2008

PROJECT #2009-HOM12

DATE ISSUED: AUGUST 19, 2009

**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)
CATHOLIC FAMILY SERVICES – PLACES FOR FATHERS
FISCAL MONITORING REVIEW
FEBRUARY 1, 2008 THROUGH DECEMBER 31, 2008**

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INTRODUCTION

Background

Contract Name: Catholic Family Services – Places for Fathers

Contract Number: 58087

CFDA Number: 14.235

Contract Period: February 1, 2008 through January 31, 2011

Contract Amount: \$169,242

The contract provided funds through the Supportive Housing Program (SHP) to the Catholic Family Services (Agency) to provide transitional housing and supportive services to families who are homeless.

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 February 1, 2008 through December 31, 2008, and make recommendations for improvements as considered necessary.

Scope and Methodology

Inquiries were made regarding the Agency's internal controls relating to the grants 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 March 3, 2009.

Exit Conference

The Agency was offered the opportunity for an exit conference on August 11, 2009; however, it declined.

Management's Responses

Management's response to the observation and recommendation identified in the report was received from the Agency on August 17, 2009. The response has 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

Internal Audit Section did not previously monitor the Agency.

A-133 Status

The Agency expended \$500,000 or more in federal funds for the year ended June 30, 2008; therefore, it was required to have a single audit in accordance with OMB Circular A-133.

The report was dated October 10, 2008, and expressed an unqualified opinion on both the general-purpose financial statements and the report on major federal award programs.

The statement on internal control over financial reporting identified one material weakness and two (2) significant deficiencies not considered to be material weaknesses. There were three (3) audit findings disclosed in the Financial Statements Findings Section of the report. The report did not identify any non-compliance material to the financial statements.

The statement on internal control over major programs did not identify any material weaknesses, but did identify two (2) significant control deficiencies that were not considered to be material weaknesses. Neither of those significant deficiencies was applicable to the Agency's DHS grant specifically.

The Federal Awards Findings and Questioned Costs Section disclosed six (6) findings concerning instances of non compliance that were required to be reported in accordance with Section 510(a) of OMB circular A-133. None, however, were applicable to the Agency's DHS grant.

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

Summary of Current Observations

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

- Opportunity to maintain bonding and liability insurance

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

Opportunity to Maintain Bonding and Liability Insurance

It was noted that the Agency did not have current/adequate bonding and liability insurance policies.

DHS regulations require the Agency to maintain a current and an adequate honesty blanket bonding insurance policy for all its officers with financial responsibility and also liability insurance in the event of any claim on the Agency.

The Agency did not comply with the requirements of the grant agreement.

Failure to maintain adequate and current bonding and liability policies may put the Agency in a serious financial situation and/or may result in suspension in the processing of reimbursement requests.

Recommendation

We recommend the Agency comply with DHS regulations and obtain current bonding and liability insurance policies.

Management's Response

The Agency did not concur with all of the observation. Catholic Family Services has and continues to fully comply with federal state and local DHS requirements with adequate bonding and liability insurance. We have attached certificates as documentation for contract periods July 1, 2008 to July 1, 2009 and from July 1, 2009 to July 1, 2010.

Auditor's Comment

Since the Agency provided the proof of the bonding and liability insurance coverage with its management's response, this observation is considered resolved.

However, the Agency did not provide a proof of the bonding and liability insurance coverage when requested by the Internal Audit Section's several times during the fieldwork. It is recommended that the Agency establish a system of internal control to ensure all supporting documentation is available upon request.