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OFFICE OF THE COMPTROLLER
CITY OF ST. LOUIS



DARLENE GREEN
Comptroller

Internal Audit Section

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August 8, 2006

Steve Campbell, Director
Peter & Paul Community Services, Inc.
1025 Park Avenue
St. Louis, MO 63104

RE: Fiscal Monitoring Report of Peter & Paul Community Services, Inc., Shelter
Services Program (#2006-AHC09)

Dear Mr. Campbell:

Enclosed is a report of our fiscal monitoring review of Peter & Paul Community Services (Document #48765) for the period July 1, 2004 through June 30, 2005. 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 & Paul Community Services. Our fieldwork was substantially completed on December 8, 2005.

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 Affordable Housing Commission to provide fiscal monitoring to all grant subrecipients. If you have any questions, please contact Dwayne Crandall at 613-7257.

Sincerely,

A handwritten signature in cursive script that reads "Sedrick D. Blake".

Sedrick D. Blake, CPA
Internal Audit Executive

Enclosure

cc: Honorable Darlene Green, Comptroller
Angela Morton Conley, Executive Director, Affordable Housing Commission



CITY OF ST. LOUIS

AFFORDABLE HOUSING COMMISSION

*PETER & PAUL COMMUNITY SERVICES, INC.
SHELTER SERVICES PROGRAM
DOCUMENT #48765*

FISCAL MONITORING REVIEW

JULY 1, 2004 THROUGH JUNE 30, 2005

PROJECT #2006-AHC09

DATE ISSUED: AUGUST 8, 2006

*Prepared by:
The Internal Audit Section*



OFFICE OF THE COMPTROLLER

HONORABLE DARLENE GREEN, COMPTROLLER

**CITY OF ST. LOUIS
AFFORDABLE HOUSING COMMISSION (AHC)
SHELTER PROGRAM
PETER & PAUL COMMUNITY SERVICES, INC.
DOCUMENT #48765
FISCAL MONITORING REVIEW
JULY 1, 2004 THROUGH JUNE 30, 2005**

TABLE OF CONTENTS

<u>Description</u>	<u>Page(s)</u>
INTRODUCTION	
Background	1
Purpose	1
Scope and Methodology	1
CONCLUSION AND SUMMARY OF OBSERVATIONS	
Conclusion	2
Status of Prior Observations	2
Summary of Current Observations	2
DETAILED OBSERVATIONS, RECOMMENDATIONS AND MANAGEMENT'S RESPONSES	3-4

**CITY OF ST. LOUIS
AFFORDABLE HOUSING COMMISSION (AHC)
SHELTER PROGRAM
PETER & PAUL COMMUNITY SERVICES, INC.
DOCUMENT #48765
FISCAL MONITORING REVIEW
JULY 1, 2004 THROUGH JUNE 30, 2005**

INTRODUCTION

Background

Contract Name: Peter & Paul Community Services, Inc.

Document Number: 48765

Contract Period: July 1, 2004 through June 30, 2005

Contract Amount: \$168,491

This contract provided funds to the Agency to provide shelter and supportive services to Homeless individuals and families in the City of St. Louis.

Purpose

The purpose of this fiscal monitoring review was to determine Peter & Paul Community Services, Inc.'s (Document #48765) compliance with local Affordable Housing Commission requirements for the period July 1, 2004 through June 30, 2005, and make recommendations for improvements.

Scope and Methodology

We made inquiries regarding Peter & Paul Community Service, Inc.'s internal controls relating to the grant administered by the Affordable Housing Commission (AHC), tested evidence supporting the reports the Agency submitted to AHC and performed other procedures considered necessary. Our fieldwork was substantially completed on December 8, 2005. On July 26, 2006, we provided the Agency with our observations and requested a response by August 2, 2006. However, as of the date of this report, the Agency has not responded.

**CITY OF ST. LOUIS
AFFORDABLE HOUSING COMMISSION (AHC)
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DOCUMENT #48765
FISCAL MONITORING REVIEW
JULY 1, 2004 THROUGH JUNE 30, 2005**

CONCLUSION AND SUMMARY OF OBSERVATIONS

Conclusion

The Peter & Paul Community Services, Inc. did not fully comply with local Affordable Housing Commission requirements.

Status of Prior Observations

This is the first fiscal monitoring review for Peter & Paul Community Services, Inc. on this particular program. Therefore, the Agency does not have prior observations.

Summary of Current Observations

We made recommendations for the following observations, which if implemented, could assist Peter & Paul Community Services, Inc. in fully complying with local Affordable Housing Commission requirements.

1. The Agency requested reimbursement for expenses which exceeded contract limits.
2. The Agency requested reimbursement for payroll expenses not defined in the contract.

CITY OF ST. LOUIS
AFFORDABLE HOUSING COMMISSION (AHC)
SHELTER PROGRAM
PETER & PAUL COMMUNITY SERVICES, INC.
DOCUMENT #48765
FISCAL MONITORING REVIEW
JULY 1, 2004 THROUGH JUNE 30, 2005

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

1. The Agency Requested Reimbursement for Expenses Which Exceeded Contract Limits

Under the agreement with Affordable Housing Commission policy guidelines require the Agency to charge expenditures to the grant that incurred during the grant period without exceeding contract limits, within budgeted amounts, and according to percentages specified in the contract. The Agency charged an expense of \$71.09 for pest control to the grant which the contract and Agency budget had indicated no cost to be borne by AHC.

In a meeting with AHC, it was noted that the \$71.09 was considered immaterial and it would be allowable since the Agency did not expend the entire contract allocation.

The total questioned cost is \$71.09. Because the Agency receives federal funding, it is imperative that costs be appropriately identified and segregated. This ensures that an audit trail exists. Requesting expenses for reimbursement which are unallowable and exceeding the percentages specified in the contract can result in questioned costs or denial for reimbursement.

Recommendation

We recommend the Agency obtain written approval of any contract changes from AHC in the future. Also, we recommend the Agency follow the specifications of any future contracts.

Management's Response

On July 26, 2006, we provided the Agency with our observations and requested a response by August 2, 2006. However, as of the date of this report, the Agency has not responded.

CITY OF ST. LOUIS
AFFORDABLE HOUSING COMMISSION (AHC)
SHELTER PROGRAM
PETER & PAUL COMMUNITY SERVICES, INC.
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JULY 1, 2004 THROUGH JUNE 30, 2005

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2. The Agency Requested Reimbursement for Payroll Expenses not Defined in the Contract

Under the agreement with Affordable Housing Commission policy guidelines require the Agency to charge expenditures to the grant according to budgeted line items. The Agency charged salaries for seven shelter monitors whereas the contract budget allows for only six shelter monitors' salaries to be charged. Also, the positions were budgeted for 80 hour pay periods at a rate of \$9 per hour. The total amount per position was \$720 per pay period. These positions were 100% funded by the grant.

As stated earlier, this Agency receives federal funding in addition to AHTF. When contracts are issued, it is important for reviewers to ascertain if specific objectives, goals, and resources are properly accounted for without duplication of payment. For this reason, we believe changes to specific positions should be written and incorporated into contract modifications. In our review, we noticed that some employees work less than 80 hours and some worked more. Therefore, the Agency was requesting reimbursement for overtime hours worked by the monitors where applicable. Since the contract budget doesn't specify actual personnel for these positions, we were unable to determine a questioned cost. Requesting expenses for reimbursement which are unallowable and not specified in the contract can result in questioned costs or denial for reimbursement.

Recommendation

We recommend the Agency follow the line items documented in the contract budget. We also recommend the Agency request budget revisions in writing for any expenditures, including any additional positions, charged that are not specified in the contract.

Management's Response

On July 26, 2006, we provided the Agency with our observations and requested a response by August 2, 2006. However, as of the date of this report, the Agency has not responded.