



OFFICE OF THE COMPTROLLER  
CITY OF ST. LOUIS



FILE COPY

DARLENE GREEN  
Comptroller

*Internal Audit Section*

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DR. KENNETH M. STONE, CPA  
Internal Audit Executive

December 2, 2009

Nancy Kelley, Executive Director  
Center for Women in Transition  
7529 South Broadway  
St. Louis, MO 63111

RE: Center for Women in Transition (Project #2009-AHC02)

Dear Ms. Kelley:

Enclosed is a report of our fiscal monitoring review of Center for Women in Transition for the period April 11, 2008 through March 31, 2009. 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 the Center for Women in Transition. Fieldwork was completed on April 23, 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 Affordable Housing Commission (AHC) to provide fiscal monitoring to all grant sub-recipients.

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

Sincerely,

Dr. Kenneth M. Stone, CPA  
Internal Audit Executive

Enclosure

cc: Angela Conley, Executive Director, AHC



# CITY OF ST. LOUIS

**AFFORDABLE HOUSING COMMISSION (AHC)**

**CENTER FOR WOMEN IN TRANSITION  
CONTRACT #57-08G**

**FISCAL MONITORING REVIEW  
APRIL 1, 2008 THROUGH MARCH 31, 2009**

**PROJECT #2009-AHC02**

**DATE ISSUED: DECEMBER 2, 2009**

**Prepared by:  
The Internal Audit Section**



# OFFICE OF THE COMPTROLLER

**HONORABLE DARLENE GREEN, COMPTROLLER**

**CITY OF ST. LOUIS  
AFFORDABLE HOUSING COMMISSION (AHC)  
CENTER FOR WOMEN IN TRANSITION  
FISCAL MONITORING REVIEW  
APRIL 1, 2008 THROUGH MARCH 31, 2009**

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## **INTRODUCTION**

### **Background**

**Contract Name:** Center for Women in Transition

**Contract Numbers:** 57-08G

**Contract Periods:** April 1, 2008 through March 31, 2009

**Contract Amounts:** \$62,000

The contract provided funds from Affordable Housing Commission (AHC) for the Center for Women in Transition (Agency), to provide reliable, affordable and safe housing for women transitioning from incarceration.

### **Purpose**

The purpose of the review was to determine Agency's, compliance with federal, state and local AHC requirements for the period April 1, 2008 through March 31, 2009 and make recommendations for improvements as considered necessary.

### **Scope and Methodology**

Inquiries were made regarding the Agency's internal controls relating to the contract administered by the AHC. Evidence was tested supporting the reports the Agency submitted to AHC and other procedures were performed as considered necessary. Fieldwork was completed April 23, 2009.

### **Exit Conference**

The Agency was offered the opportunity for an exit conference on October 28, 2009, but the Agency declined.

### **Management's Responses**

The management's responses to the observations and recommendations identified in the draft report were received from the Agency on November 2, 2009. These responses have been incorporated into this report.

## **SUMMARY OF OBSERVATIONS**

### **Conclusion**

The Agency did not fully comply with local AHC requirements.

### **Status of Prior Observations**

The Agency's previous fiscal monitoring report, Project #2006-AHC13, issued September 6, 2006, contained no observations.

### **Summary of Current Observations**

Recommendations were made for the following observations, which if implemented, could assist the Agency in fully complying with local AHC requirements.

1. Opportunity to keep non-payroll reimbursements within contract limits
2. Opportunity to keep salary reimbursement within contract limits

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

**1. Opportunity To Keep Non-Payroll Reimbursements Within Contract Limits**

According to the contract, direct financial aid should be reimbursed at 25% of cost and overhead should be reimbursed at 28% of cost. IAS reviewed vouchers submitted in August and October of 2008 and March 2009. Both financial aid and overhead were reimbursed 100%.

The Agency requested the reimbursements without an approved budget revision. This resulted in ineligible (questioned) costs of \$7,241.21 as indicated below.

Description	Requested & Reimbursed	Contract Percent	Contract Obligation	Ineligible & Questioned Cost
Laclede Gas	\$694.16	25%	\$173.54	\$520.62
Water	785.78	25%	196.45	589.33
AmerenUE	1,397.73	25%	349.43	1,048.30
Rent	3,040.00	25%	760.00	2,280.00
Overhead	3,893.00	28%	1,090.04	2,802.96
Total	\$9,810.67		\$2,569.46	\$7,241.21

According to Sections 6 and 31 of the contract, no changes in the program description or budget shall be made unless the changes are in writing, signed by the Agency and approved by AHC.

Since the Agency did not request the reimbursements at the contract rate and document approval for the change, expenditures were above the contract limits. The ineligible (questioned) costs may result in sanctions per Section 24 of the contract.

**Recommendation**

It is recommended that the Agency reimburse AHC the questioned costs of \$7,241.21. It is also recommended that the Agency adhere to the contract requirements regarding the reimbursement percentages and implement procedures requiring written approvals for changes.

**Management's Responses**

*The Center for Women in Transition made readily available all records and documents listed on Attachment A which had been provided to us by the auditor in advance. Attachment A lists "Monthly financial reports and reimbursement*

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

**1. Continued...**

*requests forwarded to AHC along with original supporting documentation such as invoices." All such reports, reimbursement request and invoices were made available by the Center for the auditor to review. Since AHC staff only requires documentation of the percentage of total expenses that AHC will reimburse, only those invoices were presented to the auditor.*

*During the audit process, the auditor incorrectly applied the contract percentage to our requested reimbursement amount when, in fact, the reimbursement amount already was the percentage of total expenses that was to be paid by AHC. After receiving the draft Fiscal Monitoring Report, the AHC Account Clerk II confirmed for the Center that our way of submitting documentation for reimbursements was what AHC required.*

*The Center maintains open books both for the AHC and the Comptroller's office and would have provided full records for all expenses that comprise the total expenses for non-payroll reimbursement if requested. Full review of all non-payroll expenses would have clarified that this agency did adhere to contract requirements set forth in the agreement.*

**Auditor's Comments**

According to Sections 6 and 31 of the contract, no changes in the program description or budget shall be made unless the changes are in writing, signed by the Agency and approved by AHC. It may not be changed orally but only by written agreement signed by all parties.

The Agency did not seek proper written authorization as stated in the terms of the contract. It is recommended that the Agency consider the recommendation noted above.

**2. Opportunity To Keep Salary Reimbursement Within Contract Limits**

The payroll requests for reimbursement for the period July 2008 through February 2009 were reviewed. It was observed that the salary for the Associate Director was reimbursement at 55% for the payroll period ended January 4, 2009. This rate exceeded the contract reimbursement rate of 46% resulting in ineligible (questioned) costs of \$145.78 (\$874.71 - \$728.93).

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

**2. Continued...**

According to Sections 6 and 31 of the contract, no changes in the program description or budget shall be made unless the changes are in writing, signed by the Agency and approved by AHC.

The Agency did not request the reimbursement at the contract rate and document approval for the change in expenditures above the contract limit. The ineligible (questioned) costs may result in sanctions per Section 24 of the contract.

**Recommendation**

It is recommended that the Agency reimburse AHC questioned payroll costs of \$145.78. It is also recommended that the Agency adhere to the contract requirements regarding the reimbursement percentage for payroll and implement procedures requiring written approval for changes.

**Management's Responses**

*While the payroll reimbursement for the audited month did exceed the agreed upon percentage, this was a planned correction executed with the guidance and approval of the AHC Account Clerk II, to offset an under-reimbursement in another month. The total costs for the contract period for personnel that were requested by and reimbursed to the Center did not exceed the contracted total. The Center maintains open books both for the AHC and the Comptroller's office and would have provided full records for other months if requested. Full review of all reimbursements for payroll would have clarified that this agency did adhere to contract requirements set forth in the agreement.*

**Auditor's Comments**

According to Sections 6 and 31 of the contract, no changes in the program description or budget shall be made unless the changes are in writing, signed by the Agency and approved by AHC. It may not be changed orally but only by written agreement signed by all parties.

The Agency did not seek proper written authorization as stated in the terms of the contract. It is recommended that the Agency consider the recommendation as noted above.