



OFFICE OF THE COMPTROLLER
CITY OF ST. LOUIS



FILE COPY

DARLENE GREEN
Comptroller

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DR. KENNETH M. STONE, CPA
Internal Audit Executive

July 29, 2010

Sheroo Muhktiar, Executive Director
Almost Home
3200 St. Vincent
St. Louis, MO 63104

RE: Federal Emergency Shelter Grant (FESG) (Project #2010-HOM5)

Dear Ms. Muhktiar:

Enclosed is a report of the fiscal monitoring review of the Almost Home, a not-for-profit organization, FESG Program, for the period January 1, 2009 through September 30, 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 Almost Home. Fieldwork was completed on October 30, 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 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, Manager II, Homeless Services - DHS



CITY OF ST. LOUIS

**DEPARTMENT OF HUMAN SERVICES (DHS)
FEDERAL EMERGENCY SHELTER GRANT (FESG)**

**ALMOST HOME
CONTRACT #59708
CFDA #14.231**

FISCAL MONITORING REVIEW

JANUARY 1, 2009 THROUGH SEPTEMBER 30, 2009

PROJECT #2010-HOM5

DATE ISSUED: JULY 29, 2010

**Prepared by:
The Internal Audit Section**



OFFICE OF THE COMPTROLLER

HONORABLE DARLENE GREEN, COMPTROLLER

**CITY OF ST. LOUIS
DEPARTMENT OF HUMAN SERVICES (DHS)
FEDERAL EMERGENCY SHELTER GRANT (FESG)
ALMOST HOME
FISCAL MONITORING REVIEW
JANUARY 1, 2009 THROUGH SEPTEMBER 30, 2009**

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INTRODUCTION

Background

Contract Name: Almost Home

Contract Number: 59708

CFDA Number: 14.231

Contract Period: January 1, 2009 through December 31, 2009

Contract Amount: \$76,230

The contract provided Federal Emergency Shelter Grant (FESG) funds to Almost Home (Agency) to provide transitional housing to homeless, unwed teenage mothers and their children who are residents of the City of St. Louis.

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 January 1, 2009 through September 30, 2009, and make recommendations for improvements as considered necessary.

Scope and Methodology

Inquiries were made regarding the Agency's internal controls relating to the grant 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 October 30, 2009.

Exit Conference

The Agency was offered the opportunity for an exit conference on July 20, 2010, 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 July 20, 2010. These responses have 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

The Agency's previous fiscal monitoring report, Project #2009-HOM05, issued May 1, 2009, contained one observation:

1. The agency did not require two authorized signatures on checks (**Repeated - see Current Observation**)

A-133 Status

According to a letter received from the Agency dated October 27, 2009, it did not expend \$500,000 or more in federal funds in its calendar year ended December 31, 2008 and was not required to have an A-133 audit.

Summary of Current Observations

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

- The agency did not require two authorized signatures on checks (**Repeated**)

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

The Agency Did Not Require Two Authorized Signatures On Checks (Repeated)

The prior fiscal monitoring report dated May 1, 2009, noted that the Agency did not require two authorized signatures on checks, and as of the current field visit, the issue has not been satisfied.

DHS policy guidelines require that two duly authorized personnel sign all grant funded disbursement checks.

The agency has limited staff and limited roles for each staff member. The agency requested a waiver and has never received a response from DHS.

Non-compliance with DHS policy guidelines increases the risk of misappropriation or misuse of the grant funds and may result in the termination of the grant agreement.

Recommendation

It is recommended that the Agency comply with DHS requirements and require two signatures on DHS funded disbursement checks or request a waiver for this requirement.

Management's Response

The agency concurs with the observation. The agency understands that the Department of Human Services requires two signatures on each check but this is difficult for Almost Home due to the size of the agency staff and the roles and responsibilities of each staff person, (segregation of duties). The issue has been discussed with our independent auditors, Zielinski and Associates and they have not been able to offer a viable solution. As a result of this they pay particular attention to our accounts payable process when performing their annual audit. The auditors are satisfied with how accounts payables procedures are handled. Almost Home would be interested in knowing what steps would be necessary to obtain a waiver from this requirement.

Auditors' Comments

The agency should contact DHS to request a waiver.