OFFICE OF THE COMPTROLLER
CITY OF ST. LOUIS

DARLENE GREEN
Comptroller

Internal Audit Section
1520 Market St., Suite 3005
St. Louis, Missouri 63103-2630
(314) 657-3490
Fax: (314) 552-7670

FILE COPY

June 2, 2014

Kathleen Heinz Beach, Executive Director
Gateway 180
1000 North 19th Street
St. Louis, MO 63106

RE: Gateway 180 (Project #2014-AHC04)

Dear Ms. Beach:

Enclosed is a report of our fiscal monitoring review of Gateway 180 for the period of July 1, 2013 through February 28, 2014. 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 Gateway 180. Fieldwork was completed on April 7, 2014.

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 the Internal Audit Section at (314) 657-3490.

Respectfully,

Kenneth M. Stone

Dr. Kenneth M. Stone, CPA, CGMA
Internal Audit Executive

Enclosure

cc: April Ford Griffin, Executive Director, Affordable Housing Commission

CITY OF ST. LOUIS

AFFORDABLE HOUSING COMMISSION (AHC)

GATEWAY 180
CONTRACTS #23-13G

FISCAL MONITORING REVIEW
JULY 1, 2013 THROUGH FEBRUARY 28, 2014

PROJECT #2014-AHC04

DATE ISSUED: JUNE 2, 2014

Prepared by:
The Internal Audit Section

OFFICE OF THE COMPTROLLER

HONORABLE DARLENE GREEN, COMPTROLLER

CITY OF ST. LOUIS
AFFORDABLE HOUSING COMMISSION (AHC)
GATEWAY 180
FISCAL MONITORING REVIEW
JULY 1, 2013 THROUGH FEBRUARY 28, 2014

TABLE OF CONTENTS

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

INTRODUCTION

Background

Contract Name: Gateway Homeless Services dba Gateway 180

Contract Number: 23-13G

Contract Period: July 1, 2013 through February 28, 2014

Contract Amount: $384,000

The contract provides funds from Affordable Housing Commission (AHC) to Center for Gateway 180 (Agency) to assist the Agency in providing homeless individuals and families with temporary emergency shelter and meals. In addition, prepares homeless persons for housing placement, and refers and advocates for homeless persons in their movement from homelessness into transitional and permanent housing.

Purpose

The purpose of the review was to determine the Agency's compliance with federal, state, and local AHC requirements for the period July 1, 2013 through February 28, 2014, 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 AHC. Evidence supporting the reports the Agency submitted was tested and other procedures were performed, as considered necessary.

Exit Conference

The Agency was offered the opportunity for an exit conference on May 9, 2014, but the Agency declined.

Management's Responses

On May 2, 2014, the Agency was provided with our observations and recommendations and a response was requested within 10 business days; however, as of the date of this report, the Agency has not responded.

SUMMARY OF OBSERVATIONS

Conclusion

The Agency did not fully comply with local AHC requirements.

Status of Prior Observations

The Agency previous fiscal monitoring report, Project #2012-AHC04, issued February 13, 2012, contained the following observation:

- Opportunity to submit timely programmatic reports in a timely manner **(Resolved)**

- Opportunity to improve controls over payroll reimbursement requests (Questioned Cost $691.62) **(Resolved)**

Summary of Current Observations

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

- Opportunity to ensure reimbursed expenditures are in accordance with the budget (Questioned Cost $209.63)

DETAILED OBSERVATIONS, RECOMMENDATIONS AND MANAGEMENT'S RESPONSES

1. Opportunity to Ensure Reimbursed Expenditures are in Accordance with the Budget (Questioned Cost $209.63)

The payroll reimbursement request for the months of August and November 2013, were reviewed to determine whether amounts were allowable and adequately supported. The review of the August and November payroll revealed that the Agency had questionable cost totaling $209.63 as follows:

- The Agency requested reimbursement for an employee's overtime not identified as part of the contract agreement for the November period. The additional overtime cost was $187.18 for the employee. The amount recalculated at 75% resulted in a questioned cost of $140.38.

- The Agency was reimbursed for mobile cost on two of the employee's salaries. The additional cost was $13.85 a pay period. The additional cost for August totaled $27.70 and the additional cost for November totaled $41.55. This resulted in a total questioned cost of $69.25 for the mobile charges.

According to Section 5, of the contract states the Agency shall expend funding in accordance with the budget attached as Exhibit B, and the Agency shall not deviate from the budget without the prior written approval of the Commission.

It appears the Agency did not have a system of internal controls in place to ensure that cost requested for reimbursement agreed with the contract budget. The Agency used the total overtime for the month of November to calculate the reimbursed overtime. The Agency did not allocate the overtime pay to the specific individuals funded by the contract.

In addition, it was discussed with the Agency and stated that the mobile charges were part of the employee's compensation. However, the additional costs are not included in the positions actual salary on the budget schedule of the contract.

According to Section 11, of the contract, the Agency may have to repay the questioned costs from funding other than funds provided by AHC.

Continued …

Recommendations

It is recommended that the Agency ensure all reimbursed expenditures are adequately documented in the contract budget. It is also recommended that the Agency discuss the questioned cost of $209.63 with AHC to determine if the funds should be returned, as required by Section 11 of the contract.

Management's Responses

On May 2, 2014, the Agency was provided with our observations and recommendations and a response requested within 10 business days; however, as of the date of the report, the Agency has not responded.