



OFFICE OF THE COMPTROLLER
CITY OF ST. LOUIS



DARLENE GREEN
Comptroller

December 9, 2014

Internal Audit Section
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Karen Wallensak, Executive Director
Catholic Charities Community Services
800 N. Tucker
St. Louis, MO 63101

RE: Catholic Charities Community Services (Project #2014-AHC10)

Dear Ms. Wallensak:

Enclosed is a report of our fiscal monitoring review of Catholic Charities Community Services for the period of March 16, 2013 through March 15, 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 Catholic Charities Community Services St. Louis. Fieldwork was completed on October 6, 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,

Dr. Ishmael Ikpeama
Internal Audit Supervisor

Ron Steinkamp, CPA, CIA, CFE, CRMA, CGMA
Internal Audit Advisor

Enclosure

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



CITY OF ST. LOUIS

AFFORDABLE HOUSING COMMISSION (AHC)

**CATHOLIC CHARITIES COMMUNITY SERVICES
CONTRACTS #59-13G**

**FISCAL MONITORING REVIEW
MARCH 16, 2013 THROUGH MARCH 15, 2014**

PROJECT #2014-AHC10

DATE ISSUED: DECEMBER 9, 2014

**Prepared by:
The Internal Audit Section**



OFFICE OF THE COMPTROLLER

HONORABLE DARLENE GREEN, COMPTROLLER

**CITY OF ST. LOUIS
AFFORDABLE HOUSING COMMISSION (AHC)
CATHOLIC CHARITIES COMMUNITY SERVICES
FISCAL MONITORING REVIEW
MARCH 16, 2013 THROUGH MARCH 15, 2014**

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**CITY OF ST. LOUIS
AFFORDABLE HOUSING COMMISSION (AHC)
CATHOLIC CHARITIES COMMUNITY SERVICES
FISCAL MONITORING REVIEW
MARCH 16, 2013 THROUGH MARCH 15, 2014**

SUMMARY

Background

Contract Name: Catholic Charities Community Services

Contract Number: 59-13G

Contract Period: March 16, 2013 through March 15, 2014

Contract Amount: \$176,000 (Total Contract)
\$40,000 (Catholic Charities Community Services portion)

The contract provides funds from the Affordable Housing Commission (AHC) to five Agencies, which make up the St. Louis Alliance for Homeownership Preservation, which include Catholic Charities Community Services (Agency). The Alliance assists clients, at 80% or below the St. Louis median income, with foreclosure prevention. The services provided include initial homeowner screening, budget preparation, financial literacy courses, and intervention/negotiations with lenders to restructure/refinance existing mortgages.

Purpose

The purpose of the review was to determine the Agency's compliance with federal, state, and local AHC requirements for the period March 16, 2013 through March 15, 2014, and make recommendations for improvements, as considered necessary.

Scope and Methodology

Inquiries were made regarding the Agency's internal controls related 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 November 18, 2014, but the Agency did not respond.

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SUMMARY

Management's Responses

On November 18, 2014, the Agency was provided with our observations and recommendations and a response was requested by December 1, 2014; however, as of the date of the report, the Agency has not responded.

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SUMMARY OF OBSERVATIONS

Conclusion

The Agency did not fully comply with local AHC requirements.

Status of Prior Observations

The Agency did not have any previous AHC fiscal monitoring reviews.

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. Comply with all mortgage assistance criteria
2. Submit timely and accurate statistical information

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**DETAILED OBSERVATIONS, RECOMMENDATIONS AND MANAGEMENT
RESPONSES**

1. Comply With All Mortgage Assistance Criteria

A review of two (2) out of three (3) clients who received mortgage assistance from the Agency was performed to ensure they met the mortgage requirements for assistance. The client's files revealed the following issues:

- One client did not enroll in a financial literacy class.
- The Agency did not submit a list of financial literacy classes (including date, time, and location) to AHC.

According to Section I (A) of the contract, the Agency is required to ensure that the client attends a financial literacy class for a minimum of 3 hours. In addition, Section I (B), requires the Agency to submit a list of financial literacy classes to AHC, which include the date, time, and location.

It appears the Agency did not have proper controls in place to ensure compliance with all required criteria for mortgage assistance to clients.

If the Agency does not ensure compliance with all criteria, the objectives of the contract may not be met. In addition, the client may not obtain all the necessary assistance to ensure they are able to continue making mortgage payments after the one time assistance.

Recommendations

It is recommended that the Agency implement procedures to ensure that all the required criteria of the contract are followed, such as a management review or training of staff on the required criteria of the contract.

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RESPONSES**

2. Submit Timely and Accurate Statistical Information

A review was performed of the Agency's statistical information that is required to be submitted to AHC. The review revealed the following information missing from the statistical reports:

- The steps that were taken in the counseling session.
- The number of households that received mortgage assistance with AHC funds and amount of funding.
- Client's last four digits of their social security number and their income.

In addition, it was revealed that all the monthly statistical and fiscal reports were submitted in May and June of 2014.

Section III of the contract, requires the Agency to submit statistical information by the 10th of each month. The report shall also include the steps that were taken in the counseling session, the number of households that received assistance with AHC funds and amount of funding, the homeowner's last four digits of their social security number, and client's income.

The Agency appeared to be unfamiliar with all the required statistical information required to be submitted to AHC. In addition, the Agency did not appear to have proper controls in place to ensure the timely submission of reports to AHC.

Without the accurate completion and timely submission of these reports to AHC, the Agency may not follow the reporting requirements of the contract. In addition, AHC is not aware of the Agency efforts to ensure success of the program being funded.

Recommendations

It is recommended that the Agency implement procedures, such as a report schedule or supervisory review, to ensure that the statistical reports are submitted timely to the AHC by the 10th of the month, and fiscal reports are submitted timely. The reports should also include the steps that were taken in the counseling session, the number of households that received mortgage assistance with AHC funds and amount of funding, client's last four digits of their social security, and client's income.

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**DETAILED OBSERVATIONS, RECOMMENDATIONS AND MANAGEMENT
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2. Continued.....

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