



OFFICE OF THE COMPTROLLER
CITY OF ST. LOUIS



FILE COPY

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Comptroller

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DR. KENNETH M. STONE, CPA
Internal Audit Executive

December 20, 2011

Lynne M Cooper, President
Doorways
4385 Maryland
St. Louis, MO 63108

RE: Supportive Housing Program (SHP) (Project #2011-HOM 26)

Dear Ms. Cooper:

Enclosed is a report of our fiscal monitoring review of Doorways, a not-for-profit organization, SHP programs, for the period October 1, 2010 through May 31, 2011. 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 Doorways. Fieldwork was completed on June 24, 2011.

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 federal grant sub-recipients.

If you have any questions, please contact the Internal Audit Section at (314) 657-3490.

Sincerely,


Dr. Kenneth M. Stone, CPA
Internal Audit Executive

Enclosure

cc: Paul Mehta, Fiscal Manager, DHS
Antoinette Triplett, Program Manger II, DHS



CITY OF ST. LOUIS

**DEPARTMENT OF HUMAN SERVICES (DHS)
SUPPORTIVE HOUSING PROGRAM (SHP)**

**DOORWAYS
CONTRACT #61928, 61932, & 61933
CFDA #14.235**

**FISCAL MONITORING REVIEW
OCTOBER 1, 2010 THROUGH MAY 31, 2011**

PROJECT #2011-HOM 26

DATE ISSUED: DECEMBER 20, 2011

**Prepared By:
The Internal Audit Section**



OFFICE OF THE COMPTROLLER

HONORABLE DARLENE GREEN, COMPTROLLER

**CITY OF ST. LOUIS
DEPARTMENT OF HUMAN SERVICES (DHS)
SUPPORTIVE HOUSING PROGRAM (SHP)
DOORWAYS
FISCAL MONITORING REVIEW
OCTOBER 1, 2010 THROUGH MAY 31, 2011**

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INTRODUCTION

Background

Contract Name: Doorways

Contract Numbers: 61928, 61932, & 61933

CFDA Number: 14.235

Contract Periods: January 1, 2011 through December 31, 2011 (61928)
October 1, 2010 through September 30, 2011 (61932)
November 1, 2010 through October 31, 2011 (61933)

Contract Amounts: \$734,763 (61928)
\$99,563 (61932)
\$235,272 (61933)

These contracts provided Supportive Housing Program (SHP) funds to Doorways (Agency) for assistance in helping homeless individuals with HIV and AIDS, obtain and remain in permanent housing by providing the funds necessary to increase participants skills and income and empower veterans to achieve greater self determination in the City of St. Louis.

Purpose

The purpose the review was to determine Agency's compliance with federal, state and local Department of Human Services (DHS) requirements for the period October 1, 2010 through May 31, 2011, and make recommendations for improvements as considered necessary.

Scope and Methodology

Inquiries were made regarding the Agency's internal controls relating to the grants administered by the DHS. Evidence was tested supporting the reports the Agency submitted to DHS and other procedures were performed as considered necessary. Fieldwork was completed on June 24, 2011.

Exit Conference

The Agency was offered the opportunity for an exit conference on December 13, 2011, but it was declined.

Management's Response

Management's response to the observation and recommendation identified in the report was received from the Agency on December 15, 2011. The response has 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 #2010-HOM16, issued January 4, 2011, contained three observations:

1. Opportunity to meet the capacity rate of contract (**Resolved**)
2. Opportunity for two authorized signatures on all disbursement checks (**Resolved**)
3. Opportunity to ensure reimbursement requests do not exceed contract budget (Questioned costs \$3,951.60) (**Repeated**)

A-133 Status

The Agency expended \$500,000 or more in federal funds for the year ended June 30, 2010; therefore, it was required to have a single audit in accordance with OMB Circular A-133.

The A-133 report, dated June 30, 2010, rendered a unqualified opinion regarding compliance with requirements applicable to major federal awards. There were no reportable conditions.

The auditors issued an unqualified opinion on the general purpose financial statements. The Agency did not qualify as a low-risk auditee.

It is recommended that the A-133 report be accepted.

Summary of Current Observations

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

- Opportunity to ensure reimbursement requests do not exceed contract budget (Questioned costs \$3,951.60)

DETAILED OBSERVATIONS, RECOMMENDATIONS AND MANAGEMENT RESPONSES

Opportunity To Ensure Reimbursement Requests Do Not Exceed Contract Budget (Questioned Costs \$3,951.60)

The Agency's prior fiscal monitoring report dated February 8, 2011, reported that the Agency received reimbursements for the program operations salaries, which exceeded the contract budget by \$3,951.60. The report also recommended that \$3,951.60 be returned to DHS. As of the date of this report, the Agency has not returned this amount to DHS.

Section 11 of the contract states, "Contractors may not make any changes to an approved program or Contract without prior written approval from the Department of Human Services". Supportive Housing Program contracts are limited in by the number of Full Time Employees allowed and dollar amounts. The Agency can not exceed the dollar amount limits without obtaining written permission after submitting a budget modification request form.

The Agency, however, did not concur with the observation. In its response, the Agency stated that it was the understanding of the Agency at the time that it was allowed to move up to 10% of the funds in a given line item as long as it stayed within contract budget limits.

Reimbursements received in excess of the contract budget may result in, suspension, or termination of the contract.

Recommendation

It is recommended that the Agency repay the City \$3,951.60, the reimbursements for the program operation salaries in excess of the contact budget, or obtain a written express consent from DHS to release the Agency from this obligation.

Management's Response

No action is necessary. In previous contract years, it was Doorways' understanding, based on the City's instruction, federal regulations and the City's consistent reimbursement, that it was permissible to move up to 10% of a given line item between lines, not to exceed the total amount submitted in the program budget (versus the 80% SHP budget included in the contract). We have since received clarification from the City, and any budget changes are made only with the advance approval of the City. Since these reimbursement requests were made based on this past understanding and the City received reimbursement from HUD for these expenses, Doorways requests repayment not be required. This is an outstanding observation from a previous monitoring report. The City has not provided any guidance on the resolution of this issue. Once again, we would request that guidance be provided so the matter can be closed.