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DR. KENNETH M. STONE, CPA
Internal Audit Executive

FILE COPY

August 16, 2012

Scott Gee, Executive Director
Haven of Grace
1225 Warren
St. Louis, MO 63106

RE: Federal Emergency Shelter Grant (FESG) (Project #2012-HOM04)

Dear Mr. Gee:

Enclosed is the report of the fiscal monitoring review of Haven of Grace, a not-for-profit organization, FESG program, for the period January 1, 2011 through December 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 Haven of Grace. Fieldwork was completed on June 1, 2012.

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 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: Antoinette Triplett, Manager II - DHS
Parimal Mehta, Fiscal Manager - DHS



CITY OF ST. LOUIS

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

**HAVEN OF GRACE
CONTRACT #62421
CFDA #14.231**

FISCAL MONITORING REVIEW

JANUARY 1, 2011 THROUGH DECEMBER 31, 2011

PROJECT #2012-HOM04

DATE ISSUED: AUGUST 16, 2012

**Prepared by:
The Internal Audit Section**



OFFICE OF THE COMPTROLLER

HONORABLE DARLENE GREEN, COMPTROLLER

CITY OF ST. LOUIS
DEPARTMENT OF HUMAN SERVICES (DHS)
HOMELESS SERVICES
FEDERAL EMERGENCY SHELTER GRANT
HAVEN OF GRACE
FISCAL MONITORING REVIEW
JANUARY 1, 2011 THROUGH DECEMBER 31, 2011

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INTRODUCTION

Background

Contract Name: Haven of Grace
Contract Number: 62421
CFDA Number: 14.231
Contract Period: January 1, 2011 through December 30, 2011
Contract Amount: \$19,300

The contract provided federal Emergency Shelter Grant (FESG) funds to Haven of Grace (Agency) to provide a comprehensive continuum of care services for eligible homeless persons, and persons at risk of becoming homeless, in the City of St. Louis. The provision of financial assistance is provided to existing emergency shelters and providers of services to homeless individuals and families.

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, 2011 through December 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 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 1, 2012.

Exit Conference

An exit conference was conducted at the Agency on July 17, 2012. The Agency was represented by the Executive Director, Operations Manager, and Program Manager.

The Internal Audit Section (IAS) was represented by the Internal Audit Executive and Auditor-In-Charge.

Management's Response

Management's response to the observation and recommendation noted in the report was received on July 17, 2012 and has been incorporated into the report.

SUMMARY OF OBSERVATIONS

Conclusion

The Agency did not fully comply with federal, state, and local CDA requirements.

Status of Prior Observations

The Agency's previous fiscal monitoring report, Project #2011-HOM14, issued September 1, 2011 contained no observations.

A-133 Status

According to a letter received from the Agency, dated January 17, 2012, it did not expend \$500,000 or more in federal funds in its fiscal year ended June 30, 2011, and was not required to have an A-133 single audit report.

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 CDA requirements.

- Agency received reimbursement for unallowable expenses, questioned cost \$1,028.29.

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

- **Agency Received Reimbursement For Unallowable Expenses, Questioned Cost \$1,028.29**

The Agency requested and received reimbursement for the following unallowable expenses:

Water and electric expenses that occurred outside of the contract period as follows:

Vendor Name	Contract Period	Date of Service	Reimbursement Date	Reimbursement Amount
Ameren Missouri	Year ended 12/31/11	11/19/10 – 12/26/10	04/19/11	\$706.34
Water Department	Year ended 12/31/11	09/14/10 – 01/03/11	04/19/11	\$321.95
Total				\$1,028.29

FESG document #62421, Budget Section XVII, states, Contractor agrees to expend funds and request reimbursement according to the budget for the period of January 1, 2011 through December 31, 2011.” It further states, “Amendments to the budget must be approved by the Manager of the Homeless Services Division of the Department of Human Services

The Agency did not have a system of internal controls to ensure that the expenses were within the applicable period and were allowable.

FESG document #62421, Sanction Section XVIII, states, “Contractor shall be in default of this contract for any use of grant funds for a purpose other than as authorized by the applicable Federal, State, and local regulations.”

Recommendation

It is recommended the Agency repay DHS \$1,028.29 for the reimbursements of unallowable expenses. In addition, the Agency implement a system of internal controls to ensure only allowable expenses are claimed for reimbursement.

Management's Response

I am in agreement with the observation and as stated during the meeting we have made the internal corrections to insure that this type of oversight does not happen in the future.