



CITY OF ST. LOUIS

**DEPARTMENT OF HUMAN SERVICES (DHS)
HOMELESSNESS PREVENTION AND RAPID RE-HOUSING
PROGRAM (HPRP)**

**HUMAN DEVELOPMENT CORPORATION
CONTRACT #60499
CFDA #14.257**

FISCAL MONITORING REVIEW

FEBRUARY 1, 2010 THROUGH AUGUST 30, 2011

PROJECT #2012-HOM27

DATE ISSUED: JULY 11, 2013

**Prepared by:
The Internal Audit Section**



OFFICE OF THE COMPTROLLER

HONORABLE DARLENE GREEN, COMPTROLLER



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Internal Audit Executive

FILE COPY

July 11, 2013

William Siedhoff, Director
Department of Human Services
1520 Market Street, Room 4065
St. Louis, MO 63103

RE: Homelessness Prevention and Rapid Re-Housing Program (HPRP)
(Project #2012-HOM27)

Dear Mr. Siedhoff:

Enclosed is the report of the fiscal monitoring review of the Human Development Corporation, a not-for-profit organization, HPRP program, for the period February 1, 2010 through August 30, 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 the Human Development Corporation. Fieldwork was completed on June 19, 2013.

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, CGMA
Internal Audit Executive

Enclosure

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

**CITY OF ST. LOUIS
COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG)
COMMUNITY BASED DEVELOPMENT ORGANIZATION (CBDO)
FISCAL MONITORING REVIEW
JANUARY 1, 2010 THROUGH AUGUST 30, 2011**

TABLE OF CONTENTS

Description	Page(s)
INTRODUCTION	
Background	1
Purpose	1
Scope and Methodology	1
Exit Conference	1
Management's Responses	2
SUMMARY OF OBSERVATIONS	
Conclusion	3
Status of Prior Observations	3
A-133 Status	3
Summary of Current Observations	3
DETAILED OBSERVATIONS, RECOMMENDATIONS, AND MANAGEMENT'S RESPONSES	4-6

INTRODUCTION

Background

Contract Name: Human Development Corporation

Contract Number: 60499

CFDA Number: 14.257

Contract Period: October 1, 2009 through July 28, 2012

Contract Amount: \$1,335,000

The contract provided Homelessness Prevention and Rapid Re-Housing Program (HPRP) funds to the Human Development Corporation (Agency) to provide financial assistance and services to either prevent individuals and families from becoming homeless or to help those who are experiencing homelessness to become quickly re-housed and stabilized.

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 of February 1, 2010 through August 30, 2011, and make recommendations for improvements, as considered necessary.

Scope and Methodology

An analysis of the Agency's internal controls was not possible because the Agency ceased operations on August 2011. Evidence was tested supporting the reports the Agency submitted to DHS and other procedures were performed as considered necessary. Fieldwork was completed on June 19, 2013.

Exit Conference

An exit conference, with the Agency, could not be conducted because the Agency ceased operations in August 2011. Exit conferences were conducted, with DHS management, on June 14, 2013 and June 25, 2013.

DHS management was represented by the Fiscal Manager, the Accounting Coordinator, and the Accountant II;

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

Management's Response

No Agency management comments were received. The Agency ceased operations on August 2011. DHS management was provided with our observations and recommendations and a response was requested by July 10, 2013; however, as of the date of the report, DHS management has not responded.

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 #2011-HOM02, issued March 10, 2011 contained no observations.

A-133 Status

The Agency was required to have an A-133 Audit for its fiscal year ending September 30, 2009 because it expended over \$500,000 in federal awards.

The report was dated February 17, 2010 and rendered unqualified opinions on the general-purpose financial statements and major federal award programs. There were no material weaknesses or significant deficiencies identified for internal control over compliance with requirements applicable to major federal awards.

The Audit disclosed findings required to be reported by OMB Circular A-133, but these findings were not related to this grant.

The Agency did not qualify as a low-risk auditee.

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.

- 1) Opportunity to maintain adequate records, questioned cost \$92,918
- 2) Opportunity to ensure internal control over cash disbursements, questioned cost \$11,350

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

1. Opportunity To Maintain Adequate Records, Questioned Cost \$92,918

On February 1, 2010, the Agency requested and received an advance on their grant funds. The funds were used to offset any initial program costs. The Agency did not submit expenditure reports, with sufficient documentation, verifying what the Agency paid for with advanced grant funds. The result of the lack adequate documentation is net questioned cost totaling \$92,918. The net questioned cost is as follows:

Title	Amount
Advanced grant funds	\$133,500
Advanced grant funds – recovered	(31,084)
Allowable check requests – not reimbursed	(14,993)
Rent assistance – unallowed expenses	5,495
Total Net Questioned Costs	\$92,918

A detailed explanation of the net questioned cost is as follows:

Advanced Grant Funds - On February 1, 2010, the Agency requested and received an advance on their grant funds totaling \$133,500.

Advanced Grant Funds – Recovered – On August 8, 2011, the Agency’s reimbursement voucher, totaling \$31,084, was used to offset the Advanced Grant Funds of \$133,500.

Allowable Check Requests – Not Reimbursed – There are eleven (11) check requests, from the Agency, that possibly were not reimbursed totaling \$14,993. The eleven (11) check requests were paid to landlords for rent assistance and all of the eleven (11) checks cleared the bank. DHS management will make the final determination if DHS reimbursed the Agency or did not reimburse the Agency. The lists of checks are as follows:

Number	Vendor#	Description	Check #	Check Date	Check Amount
1	26732	Rent assistance	72194	6/23/2011	\$643.86
2	25983	Rent assistance	71820	4/26/2011	\$1,000.00
3	27258	Rent assistance	72403	8/1/2011	\$1,300.00
4	27257	Rent assistance	72404	8/1/2011	\$1,435.00
5	26998	Rent assistance	72402	8/1/2011	\$3,117.00
6	19179	Rent assistance	66730	1/25/2010	\$405.00
7	21563	Rent assistance	68669	6/8/2010	\$1,162.00
8	22093	Rent assistance	69074	7/8/2010	\$1,500.00
9	22197	Rent assistance	69173	7/12/2010	\$1,900.00
10	24717	Rent assistance	70901	12/13/2010	\$730.54
11	26414	Rent assistance	71936	5/24/2011	\$1,800.00
Total					\$14,993.40

Rent Assistance – Unallowed Expenses – The Agency submitted copies of eight (8) checks totaling \$5,495, demonstrating that the rent expense was paid before reimbursement; however it appears that the checks were not cashed per the bank statements from June 2010 through September 2011. The lists of checks are as follows:

Number	Vendor #	Description	Check #	Check Date	Check Amount
1	22281	Rent assistance	69240	07/15/10	\$239.99
2	22978	Rent assistance	69650	08/23/10	\$305.00
3	23219	Rent assistance	69948	09/03/10	\$375.00
4	23505	Rent assistance	70168	09/22/10	\$1,875.00
5	24696	Rent assistance	71070	12/22/10	\$60.40
6	24779	Rent assistance	70981	12/17/10	\$189.99
7	25157	Rent assistance	71376	03/01/11	\$900.00
8	25701	Rent assistance	71347	03/01/11	\$1,550.00
Total					\$5,495.38

Homelessness Prevention and Rapid Re-Housing Program (HPRP) document #60499 Section XV states “The Contractor shall keep and maintain adequate, legible, genuine, current, and complete records of services rendered under the terms of this agreement and shall make all such records available to the City, or its designated representatives, for a period of five (5) years following the expiration of this agreement”.

The Agency did not have internal controls to ensure the Agency maintained complete records of service.

Homelessness Prevention and Rapid Re-Housing Program (HPRP) document #60499 Section XV states “The Contractor understands and agrees that failure to comply with this provision shall be deemed to be a material breach of the agreement and further agrees to repay to the City all amounts received from the City which are not adequately verified and fully documented.”

Recommendation

It is recommended that DHS report the total questioned cost of \$92,918 to HUD and discuss resolution.

Management’s Response

There were no management comments received, the Agency ceased operation in August 2011.

2. Opportunity To Ensure Internal Control Over Cash Disbursements, Questioned Cost \$11,350

The Agency issued checks to landlord vendors in order to provide rental assistance to prevent individuals and families from becoming homeless. Eight (8) checks were manually stamped "void," by the Agency, and the Agency received reimbursement for the eight (8) checks totaling \$11,350. For each of the eight (8) checks, the bank statements were reviewed from the issued date. It appears that none of the eight (8) checks had been cashed. Please view chart below.

Number	Vendor#	Check#	Check Date	Voucher#	Voucher Date	Reimbursement Amount
1	21919	68968	6/29/10	302489	8/4/10	\$1,500
2	26553	72254	6/29/11	401866	7/22/11	\$1,000
3	23332	70024	9/16/10	313480	10/29/10	\$200
4	20795	68028	4/23/10	242285	6/28/10	\$1,400
5	21250	68398	5/20/10	242284	6/28/10	\$1,162
6	22125	69086	7/9/10	305235	8/24/10	\$1,900
7	23329	70010	9/15/10	313480	10/29/10	\$1,875
8	24360	70812	11/19/10	325694	2/16/11	\$2,313
Total						\$11,350

Section 24 CFR 84.21 (b) (3) states "Effective control over and accountability for all funds, property, and other assets. Recipients shall adequately safeguard all such assets and assure they are used solely for authorized purposes."

The Agency did not notify DHS that the checks were voided. In addition, it appears that the Agency did not credit the preceding month's voucher for the voided checks.

If the DHS is not notified of the voided checks it is possible that the Agency could receive reimbursement for checks that were voided and not cashed.

Recommendation

It is recommended that DHS report the total questioned cost of \$11,350 to HUD and discuss resolution.

Management's Response

There were no management comments received, the Agency ceased operation in August 2011.