



OFFICE OF THE COMPTROLLER
CITY OF ST. LOUIS



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Comptroller

Internal Audit Section

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FILE COPY

November 7, 2012

Susan Hauser, Executive Director
Legal Services of Eastern Missouri
4232 Forest Park Avenue
St. Louis, MO 63108

RE: Homelessness Prevention and Rapid Re-Housing Program (HPRP)
(Project #2012-HOM29)

Dear Ms. Hauser:

Enclosed is a report of the fiscal monitoring review of the Legal Services of Eastern Missouri, a not-for-profit organization, HPRP, for the period February 1, 2011 through September 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 Legal Services of Eastern Missouri. Fieldwork was completed on December 22, 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 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: Parimal Mehta, Fiscal Manager, DHS
Antoinette Triplett, Manager II - Homeless Services, DHS



CITY OF ST. LOUIS

**DEPARTMENT OF HUMAN SERVICES (DHS)
AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA)
HOMELESSNESS PREVENTION AND RAPID RE-HOUSING
PROGRAM (HPRP)**

**LEGAL SERVICES OF EASTERN MISSOURI
CONTRACT #60503
CFDA #14.257**

FISCAL MONITORING REVIEW

FEBRUARY 1, 2011 THROUGH SEPTEMBER 30, 2011

PROJECT #2012-HOM29

DATE ISSUED: NOVEMBER 7, 2012

**Prepared by:
The Internal Audit Section**



OFFICE OF THE COMPTROLLER

HONORABLE DARLENE GREEN, COMPTROLLER

CITY OF ST. LOUIS
DEPARTMENT OF HUMAN SERVICES (DHS)
AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA)
HOMELESSNESS PREVENTION AND RAPID
RE-HOUSINGPROGRAM (HPRP)
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INTRODUCTION

Background

Contract Name: Legal Services of Eastern Missouri

Contract Number: 60503

CFDA Number: 14.257

Contract Period: February 1, 2011 through September 30, 2011

Contract Amount: \$330,000

This contract provided Homelessness Prevention and Rapid Re-Housing Program (HPRP) funds to Legal Services of Eastern Missouri (Agency) to provide financial assistance and services to either prevent individuals and families from becoming homeless or help those who are experiencing homelessness to be quickly re-housed and stabilized in the greater St. Louis Area.

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 February 1, 2011, through September 30, 2011, 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 DHS. Evidence was tested supporting the reports the Agency submitted to DHS and other procedures were performed as considered necessary. Fieldwork was completed on December 22, 2011.

Exit Conference

The Agency was offered an exit conference on February 7, 2012 and was held September 13, 2012 via telephone.

Management's Responses

The management's response to the observation and recommendation identified in the report were received from the Agency on February 27, 2012 and September 21, 2012. 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 #2011-HOM03, issued January 31, 2011 contained no observations.

A-133 Status

The Agency expended \$500,000 or more in federal funds for the calendar year ended December 31, 2010; therefore, it was required to have a single audit in accordance with OMB Circular A-133.

The report was dated April 25, 2011 and rendered unqualified opinions on the general purpose financial statements and compliance for major programs. There were no instances of noncompliance, material weaknesses or significant deficiencies identified. The audit did not disclose any findings required to be reported in accordance with OMB Circular A-133.

The Agency did not qualify as low-risk auditee.

Summary of Current Observations

A recommendation was made for the following observation, which if implemented, could assist the Agency in fully complying with federal, state, and local CDA requirements.

- Opportunity to comply with contract terms and conditions (Questioned Costs, \$5,732.56)

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

Opportunity To Comply With Contract Terms And Conditions (Questioned Costs, \$5,732.56)

The months of February and June 2011 payroll was sampled. It was noted that the Agency billed for positions that were not allowed in the contract, resulting in questioned costs of \$5,732.56.

Homeless Prevention-Housing Relocation & Stabilization Services

Position	February	June	Total
Social Worker	\$2,639.74	\$2,174.20	\$4,813.94
Paralegal/Intake Advocate	\$ 417.34	\$ 207.62	\$ 624.96
Project Attorney	\$ 0.00	\$ 293.66	\$ 293.66
GRAND TOTAL			\$5,732.56

Paragraph five of the contract states “Any changes to the contract, whether by modification and/or supplementation, must be accomplished by a formal contract amendment signed and approved by and between the duly authorized representative of the Contractor and the City prior to the effective date of such modification. The contractor expressly and explicitly understands and agrees that no other method and/or no other document, including correspondence, acts, and oral communications by or from any person, shall be used or construed as an amendment or modification to the contract.”

The agency submitted several budget revisions that were not signed or approved by an authorized representative of the City of St. Louis Department of Human Services, prior to the effective date of such modifications.

Requesting reimbursements for expenditures that are not in accordance with the terms and conditions of the contract agreement may result in suspension or termination of grant funding.

Recommendation

It is recommended that the Agency:

- Adhere to the budget in the contract or obtain an approved budget revision from an authorized representative of the City of St. Louis Department of Human Services (DHS).
- Repay the City \$5,732.56 for the reimbursements received for unallowable payroll expenditures.

Management's Response

The agency obtained an approved budget revision from the City of St. Louis Department of Human Services (DHS) on January 25, 2012.

Auditor's Comment

IAS received the formal written contract and budget amendments signed and approved by the authorized representatives. Neither amendment indicated if the above mentioned positions were allowed; therefore, the observation is considered unresolved.