



OFFICE OF THE COMPTROLLER
CITY OF ST. LOUIS



FILE COPY

DARLENE GREEN
Comptroller

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DR. KENNETH M. STONE, CPA
Internal Audit Executive

June 16, 2011

Gloria Lee, Executive Director
Our Lady's Inn
4223 S. Compton
St. Louis, MO 63111

RE: Emergency Shelter Grant (ESG) (Project #2011-HOM11)

Dear Ms. Lee:

Enclosed is a report of the fiscal monitoring review of Our Lady's Inn, a not-for-profit organization, ESG program, for the period January 1, 2010 through November 30, 2010. 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 Our Lady's Inn. Fieldwork was completed on January 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 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) 622-4723.

Sincerely,


Dr. Kenneth M. Stone, CPA
Internal Audit Executive

Enclosure

Cc: Ron Hicks, Fiscal Manager, DHS
Antoinette Triplett, Manager II - Homeless Services, DHS



CITY OF ST. LOUIS CITY OF ST. LOUIS

**DEPARTMENT OF HUMAN SERVICES (DHS)
EMERGENCY SHELTER GRANT (ESG)**

**OUR LADY'S INN
CONTRACT #61912
CFDA #14.231**

FISCAL MONITORING REVIEW

JANUARY 1, 2010 THROUGH NOVEMBER 30, 2010

PROJECT #2011-HOM11

DATE ISSUED: JUNE 16, 2011

**Prepared by:
The Internal Audit Section**



OFFICE OF THE COMPTROLLER OFFICE OF THE COMPTROLLER

HONORABLE DARLENE GREEN, COMPTROLLER

**CITY OF ST. LOUIS
DEPARTMENT OF HUMAN SERVICES (DHS)
EMERGENCY SHELTER GRANT (ESG)
OUR LADY'S INN
FISCAL MONITORING REVIEW
JANUARY 1, 2009 THROUGH NOVEMBER 30, 2010**

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INTRODUCTION

Background

Contract Name: Our Lady's Inn

Contract Number: 61912

CFDA Number: 14.231

Contract Period: January 1, 2010 through December 31, 2010

Contract Amount: \$32,393

The contract provided Emergency Shelter Grant (ESG) funds to Our Lady's Inn (Agency) to provide comprehensive continuum of care services for eligible homeless persons, and persons at risk of becoming homeless in the City of St. Louis. These services are also available to eligible homeless persons, and persons at risk of becoming homeless in a location, which is more than 100 miles from the City of St. Louis or whose last known permanent address was more than 100 miles from the City of St. Louis.

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, 2010, through November 30, 2010, 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 the Department of Human Services (DHS). Evidence was tested supporting the reports the Agency submitted to DHS and other procedures were performed as considered necessary. Fieldwork was completed on January 24, 2011.

Exit Conference

An exit conference was offered to the Agency on June 3, 2011, but it was declined.

Management's Responses

The management's response to the observation and recommendation identified in the report was received from the Agency on June 6, 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 #2009-HOM27, issued November 20, 2009, contained one observation:

- Opportunity to submit monthly financial reports in a timely manner (**Resolved**)

A-133 Status

According to a letter received from the Agency, it did not expend \$500,000 or more in federal funds in its fiscal year ended December 31, 2010; therefore, it was not required to have an A-133 audit.

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 DHS requirements.

- Opportunity to establish internal controls over approval of time reporting

DETAILED OBSERVATIONS, RECOMMENDATIONS AND MANAGEMENT'S RESPONSES

Opportunity To Establish Internal Controls Over Approval Of Time Reporting

The Internal Audit Section reviewed the time sheets of the Agency's ESG program employees for the months of January, October, and November 2010. The purpose of the review was to determine if the management approved the timesheets by signing them. It was noted that the management signed none of the reviewed time sheets.

Section VII of the DHS manual "Recordkeeping Requirements" states "each employee must maintain and submit a time report for each pay period. The time report must display actual hours worked and/or time off for each working day. The time report also must be signed by the employee and the supervisor or authorized representative."

The Agency did not have a system of internal control in place to ensure employees time sheets were approved by management. The lack of control over time reporting may result in the wages paid for hours not worked, which ultimately may lead to suspension or termination of the federal award.

Recommendation

It is recommended that the Agency establish a system of internal controls to ensure management approves employees' time sheets. The signature of the employee's supervisor or an authorized representative should document such approval.

Management's Response

"Opportunity to Improve Internal Controls Over Time Reporting" that the supervisor did not sign the employee time cards and that the agency did not have a system in place to ensure employees time sheets were approved by management. We do not dispute that the time cards were not signed by the supervisor, but we did not realize this was a requirement of the grant. We do not agree that there was a lack of control because the payroll is gathered, reviewed for accuracy and submitted to Paychex Inc. by the Executive Director for every payroll except during her vacation weeks. We have Paychex payroll forms that document this process of gathering the timecard information. So even though the timecards were not signed, they were reviewed by the supervisor virtually every time period except when she was on vacation, and then they were reviewed by the office manager in her absence. We do not feel that there was ever any risk of lack of controls over the payroll process, but in the 2011 fiscal year, the Executive Director or Office Manager will initial each employee time card as having been reviewed to be in compliance with the DHS manual.