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CITY OF ST. LOUIS



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DR. KENNETH M. STONE, CPA
Internal Audit Executive

FILE COPY

May 18, 2012

Steve Campbell, President
Peter and Paul Community Services
1025 Park Avenue
St. Louis, MO 63104

RE: Supportive Housing Program (SHP) (Project #2012-HOM18)

Dear Mr. Campbell:

Enclosed is a report of the fiscal monitoring review of the Peter and Paul Community Services, a not-for-profit organization, SHP for the period August 1, 2011 through February 29, 2012. 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 Peter and Paul Community Services. Fieldwork was completed on April 24, 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 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.

Respectfully,


Dr. Kenneth M. Stone, CPA
Internal Audit Executive

Enclosure

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



CITY OF ST. LOUIS

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

**PETER AND PAUL COMMUNITY SERVICES
CONTRACT #63040
CFDA #14.235**

FISCAL MONITORING REVIEW

AUGUST 1, 2011 THROUGH FEBURARY 29, 2012

PROJECT #2012-HOM18

DATE ISSUED: MAY 18, 2012

**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)
PETER AND PAUL COMMUNITY SERVICES
FISCAL MONITORING REVIEW
AUGUST 1, 2011 THROUGH FEBRUARY 29, 2012**

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INTRODUCTION

Background

Contract Name: Peter and Paul Community Services

Contract Number: 63040

Contract Period: August 1, 2011 through July 31, 2012

CFDA Number: 14.235

Contract Amount: \$291,717

This contract provides Supportive Housing Program (SHP) funds to Peter and Paul Community Services (Agency) to help individuals living with severe and chronic mental illness in the Greater St. Louis area to improve their living skills, obtain permanent housing and remain stable in that housing.

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 August 1, 2011 through February 29, 2012 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 April 24, 2012.

Exit Conference

An exit conference was offered to the Agency on May 9, 2012, but the Agency declined.

Management's Response

Management's response to the observation and recommendation was received on May 17, 2012, and has been incorporated into the 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-HOM08, issued September 1, 2011, contained no observations.

A-133 Status

The Agency expended \$500,000 or more in federal funds for the fiscal year ending June 30, 2011 therefore, it was required to have a single audit in accordance with OMB Circular A-133.

The report was dated September 19, 2011 and rendered an unqualified opinion on both the general purpose financial statements and the federal awards. There were no material weaknesses or significant deficiencies identified in the audit of the financial statements or the federal awards. There were no findings required to be reported in accordance with Section 510(a) of OMB Circular A-133.

The Agency did not qualify as a 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 DHS requirements.

- Opportunity to meet the matching requirement

DETAILED OBSERVATIONS, RECOMMENDATIONS AND MANAGEMENT'S RESPONSES

Opportunity To Meet The Matching Requirement

The match provided by the Agency for the Operations portions of the contract did not meet the 25% requirement, whereas the match for Supportive Services exceeded the 20% requirement. For the review period, the Agency has been reimbursed a total of \$74,435.04 for Operations and is required to provide a match of \$18,608.76. The total match provided by the Agency is \$11,932.93 creating a deficiency of \$6,675.84.

Attachment C-1 (SHP Operating Budget) of the grant agreement states that the grantee or project sponsor must make cash payments for at least 25% of the project's total Operations budget for each grant year.

Agency management stated that once the contract line items were fully expended, the remaining program expenditures are put towards the match to over compensate for the match shortfalls at the beginning of the contract.

Not meeting the matching requirements of the contract may result in the Agency being required to repay the City unmatched portion of federal funds received. In addition, it may result in suspension or termination of the grant.

Recommendation

It is recommended that the Agency provide matching expenditures greater than the 25% requirement for Operations for the remainder of the contract period to ensure the matching requirement is met.

Management's Response

1. *We concur with the observation.*
2. *We will provide matching expenditures greater than the 25% requirement for Operations for the remainder of the contract period to ensure the matching requirement is met.*
3. *At the time the fiscal monitoring fieldwork was completed, we were nine months into a twelve-month contract. Our match expenditures tend to be heavier towards the end of the contract year because, as we fully expend each of the contract line items, we apply the remaining program expenditures towards the match to overcompensate for any match shortfalls at the beginning of the contract year.*