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CITY OF ST. LOUIS



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DR. KENNETH M. STONE, CPA
Internal Audit Executive

FILE COPY

June 5, 2012

Ann Ritz, Director of Client Services
Saint Louis Efforts for AIDS
1027 Vandeventer, Suite 700
Saint Louis, MO 63110

RE: Ryan White Part A, Part B and Minority AIDS Initiative (Project #2012-DOH02)

Dear Ms. Ritz:

Enclosed is the report of the fiscal monitoring review of Saint Louis Efforts for AIDS, Ryan White Part A, Part B and Minority AIDS Initiative programs, for the period March 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 Saint Louis Efforts for AIDS, Inc. Fieldwork was completed on March 30, 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 Health (DOH) 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: Joan McCray, Fiscal Manager, DOH
Sylvia Nelson, Grant Manager, DOH



CITY OF ST. LOUIS

**DEPARTMENT OF HEALTH (DOH)
RYAN WHITE PART A, PART B AND MINORITY AIDS
INITIATIVE**

**SAINT LOUIS EFFORTS FOR AIDS
CONTRACTS #11-32, #11-37 AND #11-46
CFDA #93.914 AND #93.917**

FISCAL MONITORING REVIEW

MARCH 1, 2011 THROUGH DECEMBER 31, 2011

PROJECT #2012-DOH02

DATE ISSUED: JUNE 5, 2012

**Prepared By:
The Internal Audit Section**



OFFICE OF THE COMPTROLLER

HONORABLE DARLENE GREEN, COMPTROLLER

CITY OF ST. LOUIS
DEPARTMENT OF HEALTH (DOH)
RYAN WHITE PART A, PART B AND MINORITY AIDS INITIATIVE
SAINT LOUIS EFFORTS FOR AIDS
FISCAL MONITORING REVIEW
MARCH 1, 2011 THROUGH DECEMBER 31, 2011

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INTRODUCTION

Background

Contract Name: Saint Louis Efforts For AIDS

Contract Numbers: 11-32 (Ryan White Part A)
11-46 (Ryan White Part B)
11-37 Minority AIDS Initiative

CFDA Numbers: 93.914 (11-32 and 11-37)
93.917 (11-46)

Contract Period: March 1, 2011 through December 31, 2011 (11-32 and 11-37)
April 1, 2011 through December 31, 2011 (11-46)

Contract Amounts: \$349,574 (11-32)
\$128,811 (11-46)
\$7,292 (11-37)

The contracts provided Ryan White Part A, Part B and Minority Initiative funds to Saint Louis efforts for AIDS (Agency) to provide case management services, linkage to care case management, early intervention counseling and testing, and psycho social support services for the Saint Louis HIV Region and the Saint Louis Transitional Grant Area (TGA).

Purpose

The purpose of the review was to determine the Agency's compliance with federal, state, and local Department of Health (DOH) requirements for the period March 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 DOH. Evidence was tested supporting the reports the Agency submitted to DOH and other procedures were performed as considered necessary. Fieldwork was completed on March 30, 2012.

Exit Conference

On May 1, 2012, the Agency declined the offer for an exit conference.

Management's Response

Management's response to the observation and recommendation noted in the report was received on May 1, 2012 and has been incorporated into the report.

SUMMARY OF OBSERVATIONS

Conclusion

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

Status of Prior Observations

The Agency's previous fiscal monitoring report, Project #2011-DOH12, issued October 7, 2011 contained no observations.

A-133 Status

The Agency expended over \$500,000 in federal awards for the fiscal year ended December 31, 2010 and was required to have an A-133 audit.

The report dated June 8, 2011, expressed unqualified opinions on the financial statements and the federal awards.

There were no material weaknesses or significant deficiencies identified.

The Agency qualified as a low risk auditee.

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 DOH requirements.

- Opportunity to improve asset management

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

Opportunity To Improve Asset Management

The Agency did not maintain adequate records of fixed assets and did not submit a list of the following fixed assets, purchased with DOH grant funds, to DOH within 30 days of purchase:

#	Description	Date of Purchase	Cost
1	Desktop Computer D1	December 2011	\$1,063.92
2	Desktop Computer D12	November 2009	\$1,063.92
3	Desktop Computer D13	December 2009	\$1,063.92
4	Desktop Computer D14	January 2011	\$1,063.92
5	Desktop Computer D15	January 2011	\$1,063.92
6	Desktop Computer D16	January 2011	\$1,063.92
7	Desktop Computer D17	January 2011	\$1,063.92
8	Desktop Computer D18	January 2011	\$1,063.92
9	Desktop Computer D19	January 2011	\$1,063.92
10	Desktop Computer D20	January 2011	\$1,063.92
11	Desktop Computer D27	December 2011	\$1,063.92
12	Desktop Computer D28	December 2011	\$1,063.92
13	Desktop Computer D29	December 2011	\$1,063.92
14	Desktop Computer LT9	May 2010	\$1,348.40
15	Desktop Computer LT10	May 2010	\$1,348.40
16	Desktop Computer LT11	January 2011	\$1,348.40
17	Desktop Computer LT12	January 2011	\$1,348.40
18	Desktop Computer LT17	December 2011	\$1,348.40
19	Workstation	February 2011	\$158.90
20	Conference Table	February 2011	\$595.00
21	Five (5) Chairs – Item #52100	February 2011	\$990.00
22	One (1) Chair – Item 56482	February 2011	\$395.00
23	Executive Desk	February 2011	\$969.00
	Total Amount		\$23,680.86

In addition, the Agency purchased capital assets totaling \$23,681 without soliciting three bids as required by its procurement policy.

Contracts #11-46, #11-37, and #11-32 states, “An inventory of equipment and/or furniture must include: a complete description of the item purchased, a serial or other identification number, the source of funds and grant contract number, the acquisition date and the cost. This information must be submitted to the Grantee (DOH) within 30 days of an authorized purchase.”

The Agency's procurement policy requires three bids for all capital expenditures in excess of \$5,000.

The Agency did not have a system of internal controls in place to ensure:

- Compliance with its procurement policy.
- Documentation of all capital assets purchases and submission of this information to DOH within 30 day of the purchases.

Lack of adequate internal control over the Agency's grants funded capital assets increases the risk of loss, theft, or misuse and may result in suspension or termination of the grant contract.

Recommendation

It is recommended that the Agency implement a system of internal control to ensure:

1. Compliance with the requirements of its procurement policy.
2. Maintenance of records of equipment and real property purchased with DOH funds are maintained.
3. Submission to DOH of a list of all grant funded fixed assets within 30 days of purchase.

Management's Response

I am writing in response to Fiscal Monitoring report Observations and Recommendations you submitted to us. We are not in agreement with your findings. You state we did not comply with our Agency's procurement policy by noting "the agency purchased capital assets totaling \$23,681 without soliciting three (3) bids as required in their procurement policy." As noted from the list you were given, these items were purchased incrementally between May 2010 and February 2011, and no single items cost more than \$5,000 therefore not requiring a bid. We also have a system compatibility standard and over time have switched all of our computers to a Dell platform. Because of this, bids beyond dell were not sought. We will change our procurement policy to clearly state our intent so there is no misinterpretation in the future.

You also recommend that we "maintain adequate records for equipment and real property purchased with DOH funds" and we "should submit an accurate inventory list every year to DOH." This has been implemented and a list will be submitted yearly.

We would like this response included in our fiscal monitoring review.

The DOH approved two purchases of Dell computer equipment that exceeded \$5,000 as follows:

1. Quote number 572245513 \$6,607.44
2. Quote number 572446096 \$7,447.44