

**CITY COUNCIL
COMMUNICATION:**

ITEM _____

**OFFICE OF THE CITY MANAGER
CITY OF DES MOINES, IOWA**

98-301

SYNOPSIS —

AGENDA:
JULY 13, 1998

The City Council deferred action on these contracts until the results of audits were available. Staff is recommending that the City enter into contracts conditioned on accounting system improvements being implemented.

SUBJECT:
OUR COMMUNITY
KITCHEN AND DES
MOINES HISPANIC
MINISTRY
CONTRACT
APPROVAL

FISCAL IMPACT –

N/A

TYPE:
RESOLUTION
ORDINANCE
RECEIVE/FILE

RECOMMENDATION –

Approval.

SUBMITTED BY:
JAMES GRANT
COMMUNITY
DEVELOPMENT
DIRECTOR

BACKGROUND –

At their meeting on June 15, 1998, the City Council, by Roll Call No. 98-1890, approved the allocation of State and City Emergency Shelter Grant (ESG) funds to various agencies serving the homeless throughout the city.

Approval of the roll call was amended to defer action on Our Community Kitchen and Des Moines Hispanic Ministry to await results of an independent audit. These audits were in progress at the time of the Council meeting and were forwarded to the Community Development Department on June 19, 1998.

The Monitoring staff and the Assistant Director of the Finance Department have reviewed the audits and concur that both agencies need to make improvements in their accounting systems. Neither auditor found any willful misstatements or improprieties. However, mistakes were made and there is insufficient segregation of duties. Also, both auditors made recommendations for improving the accounting systems of the

agencies.

Segregation of duties is a common finding with most of the smaller agencies receiving federal funds through the city. The Monitoring Division has provided some suggestions to the agencies for dealing with this problem. In addition, site visits have been made to both agencies and aside from the accounting problems, both entities are in compliance with their respective contracts.

Staff recommends that the City Council approve the ESG contracts for the six-month period from July 1 - December 31, 1998. At the end of this period, we will review the progress the agencies have made in implementing changes to their accounting systems and will make a recommendation on whether or not the contracts should be extended.