

# STATE OF MINNESOTA

## Office of the State Auditor



**Rebecca Otto**  
**State Auditor**

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**WHITTIER ALLIANCE**  
**MINNEAPOLIS, MINNESOTA**

**AGREED-UPON PROCEDURES**

**AUGUST 9, 2010**

## **Description of the Office of the State Auditor**

The mission of the Office of the State Auditor is to oversee local government finances for Minnesota taxpayers by helping to ensure financial integrity and accountability in local governmental financial activities.

Through financial, compliance, and special audits, the State Auditor oversees and ensures that local government funds are used for the purposes intended by law and that local governments hold themselves to the highest standards of financial accountability.

The State Auditor performs approximately 160 financial and compliance audits per year and has oversight responsibilities for over 3,300 local units of government throughout the state. The office currently maintains five divisions:

**Audit Practice** - conducts financial and legal compliance audits of local governments;

**Government Information** - collects and analyzes financial information for cities, towns, counties, and special districts;

**Legal/Special Investigations** - provides legal analysis and counsel to the Office and responds to outside inquiries about Minnesota local government law; as well as investigates allegations of misfeasance, malfeasance, and nonfeasance in local government;

**Pension** - monitors investment, financial, and actuarial reporting for approximately 730 public pension funds; and

**Tax Increment Financing** - promotes compliance and accountability in local governments' use of tax increment financing through financial and compliance audits.

The State Auditor serves on the State Executive Council, State Board of Investment, Land Exchange Board, Public Employees Retirement Association Board, Minnesota Housing Finance Agency, and the Rural Finance Authority Board.

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**WHITTIER ALLIANCE  
MINNEAPOLIS, MINNESOTA**

**August 9, 2010**



**Agreed-Upon Procedures**

**Audit Practice Division  
Office of the State Auditor  
State of Minnesota**

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**WHITTIER ALLIANCE  
MINNEAPOLIS, MINNESOTA**

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REBECCA OTTO  
STATE AUDITOR

# STATE OF MINNESOTA OFFICE OF THE STATE AUDITOR

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## INDEPENDENT AUDITOR'S REPORT ON APPLYING AGREED-UPON PROCEDURES

Board of Directors  
Whittier Alliance

We have performed the procedures enumerated below, which were agreed to by the Whittier Alliance and the Minneapolis Neighborhood Revitalization Program Policy Board (NRP), solely to assist you with respect to ensuring adequate accounting procedures and other practices are being followed to account for and report on the use of NRP funding being provided to the Whittier Alliance. These procedures were applied to the Whittier Alliance's records as of June 28, 2010. This engagement to apply agreed-upon procedures was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the Whittier Alliance and the NRP. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

1. Procedure

Determine if the Whittier Alliance is current with required filings (Attorney General, Secretary of State, Internal Revenue Service, and Minnesota Department of Revenue).

Findings

Filings for the above items were found to be current.

2. Procedure

Determine if the Whittier Alliance has written policies and procedures for financial operations (receiving, disbursing, purchasing, personnel, conflict of interest policy, etc.).

Findings

The Whittier Alliance maintains written policies and procedures for its financial operations.

3. Procedure

Determine if the procedures the Whittier Alliance has in place over cash accounts, payroll, receipts, and disbursements are adequate for its operation.

Findings

PREVIOUSLY REPORTED ITEM NOT RESOLVED

07-3 Review of Bank Reconciliations

The Whittier Alliance's policies and procedures call for bank reconciliations to be reviewed by the Board's Treasurer. Our previous review found this was not occurring. Our current review found that the Treasurer was reviewing the monthly bank statements but not the monthly bank reconciliations. The bank reconciliations should be reviewed by a Board member to ensure that the reconciliations, which are prepared by an outside party, are complete and accurate. This review should also be documented.

We recommend that the Board's Treasurer review the monthly bank reconciliations and sign and date them as evidence of his or her review.

Client's Response:

*As of the July 2010 bank reconciliation, the Board Treasurer reviews, signs, and dates the monthly reconciliations for all bank accounts.*



## PREVIOUSLY REPORTED ITEMS RESOLVED

### **Segregation of Duties (98-4)**

Due to the limited number of office personnel within the Whittier Alliance, segregation of the accounting functions necessary to ensure adequate internal control is not possible. This is not unusual in operations the size of the Whittier Alliance; however, management should constantly be aware of this condition and realize that the concentration of duties and responsibilities in a limited number of individuals not desirable from an accounting point of view.

### **Resolution**

Our current review found that the Whittier Alliance has included a third person in the financial operation processes to compensate for the limited number of office personnel within Whittier Alliance.

### **Receipt Log (07-1)**

The previous review found that a receipt log was not maintained.

### **Resolution**

Our current review found a receipt log is now being maintained.

### **Approval of Invoices (07-2)**

Several invoices lacked indication of approval.

### **Resolution**

Our current review found invoices had indications of approval.

#### 4. Procedure

Determine if the Whittier Alliance has procedures in place to account for donations, fixed assets, and long-term obligations.

#### Findings

Donations are accounted for through the Whittier Alliance's general ledger. Amounts viewed were not significant. The Whittier Alliance had no long-term obligations.

## ITEM ARISING THIS YEAR

#### 10-1 Fixed Asset Listing

The Whittier Alliance maintains a fixed asset listing, however, the cost of the items on the list does not tie to the amount on the statement of financial position. The fixed asset listing should include items over the capitalization policy. The general ledger balance should be adjusted for additions or deletions to the fixed assets so that it ties with the fixed asset listing.

We recommend Whittier Alliance staff update the fixed asset listing to account for all fixed assets over the capitalization policy and then adjust the general ledger to the balance of the fixed asset listing.

Client's Response:

*The Whittier Alliance staff will update the fixed asset listing to account for all fixed assets over the capitalization policy and then adjust the general ledger to the balance of the fixed asset listing.*

5. Procedure

Determine if accounting records support the NRP amounts requested for reimbursement.

Findings

The accounting records appeared to support amounts requested for reimbursement. A process was in place to request reimbursement of NRP funding on a regular basis.

6. Procedure

Tie the schedule of cash inflows and outflows to the accounting records.

Findings

The schedule of cash inflows and outflows tied to the accounting records.

7. Procedure

Tie the schedules of grants receivable, accounts payable, advances outstanding, and long-term obligations to the accounting records.

Findings

The schedules of grants receivable and advances outstanding tied to the accounting records. There were no accounts payable or long-term obligations at year-end.

8. Procedure

Follow up on previous year's report findings, if applicable.

Findings

Findings from the previous year's report are noted above.

\* \* \* \* \*

We were not engaged to and did not perform an audit of the Whittier Alliance's financial statements, the objective of which would be the expression of an opinion on those financial statements. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Whittier Alliance and the Minneapolis Neighborhood Revitalization Program Policy Board and is not intended to be, and should not be, used by anyone other than those specified parties.

*/s/Rebecca Otto*

*/s/Greg Hierlinger*

REBECCA OTTO  
STATE AUDITOR

GREG HIERLINGER, CPA  
DEPUTY STATE AUDITOR

August 9, 2010

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**WHITTIER ALLIANCE  
MINNEAPOLIS, MINNESOTA**

*Schedule 1*

**SCHEDULE OF CASH INFLOWS AND OUTFLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2009**

**Cash Inflows**

**Public support and other**

**Public support**

Government grants	\$	2,000
Minneapolis Community Planning and Economic Development (CPED)		132,720
Neighborhood Revitalization Program (NRP)		1,000
Foundation grants		139
Other donations		139
		139
<b>Total public support</b>	<b>\$</b>	<b>135,859</b>

**Other**

Fundraising		22,713
Community events		468
Interest income		148
Other		100
		100
<b>Total other</b>	<b>\$</b>	<b>23,429</b>

**Total Cash Inflows**

**\$ 159,288**

**Cash Outflows**

**Functional**

Mileage	\$	22
Payroll		92,949
ADP		1,636
Professional services		1,840
Bank fees		169
Copier		2,806
Computer and internet		1,679
Printing		2,599
Donation		25
Food/beverages		15
Fees, licenses, and permits		345
Insurance		1,404
Operating		11,418
Office supplies		2,825
Postage		3,311
Recognition		151
Community meetings		299
Fundraising		1,298
Housing related programs		11,298
Design guidelines		4,164
Whittier community event		138
		138

**Total Cash Outflows**

**\$ 140,391**

**Excess of Cash Inflows Over (Under) Cash Outflows**

**\$ 18,897**

**WHITTIER ALLIANCE  
MINNEAPOLIS, MINNESOTA**

Schedule 2

**SCHEDULE OF RECEIVABLES AND PAYABLES  
DECEMBER 31, 2009**

<b>Grants Receivable</b>	
NRP Contract #22203	<u>\$ 39,236</u>
<b>Advances Outstanding</b>	
NRP Contract #23503	\$ 7,900
NRP Contract #22203	<u>10,000</u>
<b>Total Advances Outstanding</b>	<u>\$ 17,900</u>

**Accounts Payable**

The Whittier Alliance had no accounts payable at year-end.

**Long-Term Debt**

The Whittier Alliance had no long-term debt outstanding at year-end.