

STATE OF MINNESOTA

Office of the State Auditor



Julie Blaha
State Auditor

MINNEAPOLIS PARK AND RECREATION BOARD
MINNEAPOLIS, MINNESOTA

AGREED-UPON PROCEDURES

NOVEMBER 21, 2019

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 100 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 600 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.

Office of the State Auditor
525 Park Street, Suite 500
Saint Paul, Minnesota 55103
(651) 296-2551
state.auditor@osa.state.mn.us
www.auditor.state.mn.us

This document can be made available in alternative formats upon request. Call 651-296-2551 [voice] or 1-800-627-3529 [relay service] for assistance; or visit the Office of the State Auditor's web site: www.auditor.state.mn.us.

**MINNEAPOLIS PARK AND RECREATION BOARD
MINNEAPOLIS, MINNESOTA**

November 21, 2019



Agreed-Upon Procedures

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

This page was left blank intentionally.



JULIE BLAHA
STATE AUDITOR

STATE OF MINNESOTA

OFFICE OF THE STATE AUDITOR

SUITE 500
525 PARK STREET
SAINT PAUL, MN 55103-2139

(651) 296-2551 (Voice)
(651) 296-4755 (Fax)
state.auditor@state.mn.us (E-mail)
1-800-627-3529 (Relay Service)

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

Minneapolis Park and Recreation Board
Minneapolis, Minnesota

We have applied the procedures, as described below, to a sample of the Minneapolis Park and Recreation Board professional services contracts selected by auditors from the years ended December 31, 2017, and December 31, 2018, and to two specific professional services contracts identified by the Minneapolis Park and Recreation Board. Such procedures, which were agreed to and specified by the Minneapolis Park and Recreation Board, were applied solely to assist in determining whether the professional services contracts were in compliance with statutes, ordinances, and policies and based on the following assertion by the Minneapolis Park and Recreation Board's management:

- The professional services contracts are in compliance with statutes, ordinances, and policies.

The Minneapolis Park and Recreation Board's management is responsible for the policies and practices related to professional services contracts and for compliance with such policies and related statutes and ordinances. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures performed is solely the responsibility of the Minneapolis Park and Recreation Board. Consequently, we make no representations regarding the sufficiency of the procedures described below either for the purpose for which the agreed-upon procedures report has been requested or for any other purpose.

The procedures described in this report were applied to two professional services contracts identified by the Minneapolis Park and Recreation Board and a sample haphazardly selected by auditors of ten other professional services contracts – five from 2017 and five from 2018, including one from each Minneapolis Park and Recreation Board division each year. The following are the professional services contracts (contracts) selected:

Identified by the Minneapolis Park and Recreation Board:

	Vendor	Contract Number
1	LOAM, LLC	COM0000059
2	Geyer, Lindsey	C-43211

Haphazardly selected by auditors:

	Vendor	Contract Number	Division	Year
1	Little Mendelson, PC	C-42558	Deputy Superintendent's Office	2017
2	292 Design Group	C-43055	Environmental Stewardship	2017
3	Canada Goose Management, Inc.	C-42573	Planning	2017
4	Gopher Grocery, Inc	C-42577	Recreation	2017
5	Bay West	C-43237	Superintendent's Office	2017
6	Reserve Master Corporation	C-43369	Deputy Superintendent's Office	2018
7	PhycoTech Inc.	C-43222	Environmental Stewardship	2018
8	SRF Consulting Group, Inc.	C-43844	Planning	2018
9	King, Louis II	C-43751	Recreation	2018
10	Twin Cities Mobile Jazz Project	C-43752	Superintendent's Office	2018

The agreed-upon procedures and associated findings are as follows:

1. Procedure

Determine that professional services contracts are in compliance with state statutes (Minn. Stat. § 471.345 and Minn. Stat. § 471.87). Minnesota Statutes § 471.345 states that a contract is an agreement entered into by a municipality for the sale or purchase of supplies, materials, equipment or the rental thereof, or the construction, alteration, repair or maintenance of real personal property. Minnesota Statutes § 471.87 states that a public officer who is authorized to take part in any manner in making any sale, lease, or contract in official capacity shall not have a personal financial interest in that sale, lease, or contract or personally benefit financially therefrom.

Findings

We obtained and read copies of the contracts and compared them to the requirements of Minn. Stat. §§ 471.345 and 471.87. None of the contracts selected met the definition of a contract as defined by Minn. Stat. § 471.345 in that they were all for professional services. Six of 12 contracts were approved by the Board or Superintendent at the time. Based on inspection of the conflict of interest statements provided, nothing came to our attention to indicate any personal financial benefit to the public officers authorizing these contracts. The remaining six contracts were approved by Superintendents at the time. No conflict of interest statements were available for these to inspect to make a determination regarding compliance with Minn. Stat. § 471.87.

2. Procedure

Determine that professional services contracts are in compliance with the City of Minneapolis Ordinance that the contract's written form is approved by the City Attorney.

Findings

We obtained and read copies of the contracts and compared them to City of Minneapolis Code of Ordinance Title 2 – Administration, Chapter 18 – Purchasing, Ordinance 18.105 requiring all contracts not regulated by Ordinance 18.100 to be in written form approved by the City Attorney. For 11 of the 12 contracts, we observed that the City Attorney had approved the contract's written form. For one contract, an American Institute of Architects document was used as the contract. This contract form was not approved by the City Attorney. It was approved by the Park Board's Attorney.

3. Procedure

Determine that professional services contracts are in compliance with the Minneapolis Park and Recreation Board Ordinance that there is no conflict of interest based on the type of agreement, services detailed in the agreement, and the Minneapolis Park and Recreation Board's mission.

Findings

We obtained and read copies of the contracts and compared them to Minneapolis Park and Recreation Board Ordinance PB1-6. Nothing came to our attention to indicate any conflict of interest based on the type of agreement, services detailed in the agreement, and the Minneapolis Park and Recreation Board's mission.

4. Procedure

Determine that professional services contracts are in compliance with public purpose in that:

- a. the contract and related expenditures are for a public purpose;
- b. the contract and related expenditures are specifically authorized in a current, adopted budget; and
- c. the purchase is authorized.

When considering public purpose, we compared the services detailed in the contracts and the related expenditures to the Minnesota Supreme Court's opinion that courts will generally construe a public purpose to mean "an activity that will serve as a benefit to the community as a body and...is directly related to the functions of government." *Visina v. Freeman*, 89 N.W.2s 635 (1958).

Findings

We obtained and read copies of the contracts.

- a. One contract for concession services did not result in any expenditures, but rather revenue to the Minneapolis Park and Recreation Board. Therefore, there was no expenditure to test for public purpose. For the other contracts, no noncompliance with the public purpose doctrine came to our attention.
- b. For the concession services revenue contract mentioned above, compliance with expenditures being specifically authorized in a current, adopted budget was not applicable. Based on inspection of detailed COMET budget queries from the Minneapolis Park and Recreation Board, for eight of the 12 contracts, the current adopted budget for the expenditure was included in a different level departmental budget, not necessarily the detailed expenditure/expense code where the payment was coded. In each of these cases, we confirmed the budget did include an amount larger than the amount of the contract, and these were determined to have complied. Three of the 12 contracts were traced to the specifically authorized adopted budget.
- c. Four of the 12 contracts were approved by the Board, and eight were approved by the Superintendent at the time.

5. Procedure

Determine that professional services contracts are in compliance with the Minneapolis Park and Recreation Board's Procurement Manual in that:

- a. the scope is a clear and objective description of the professional service;
- b. the contract manager is a Minneapolis Park and Recreation Board employee;
- c. the possible vendor options were evaluated and a vendor selected;
- d. the contract is from one of the two adopted Standard Professional Services Contract forms;
- e. the contract is signed by the vendor;
- f. a copy of the contract has been retained;
- g. if there was an amendment, the professional services agreement amendment form was used; and
- h. if there was an amendment, it is signed by both the vendor and the Minneapolis Park and Recreation Board.

Findings

We obtained and read copies of the contracts and compared them to the above requirements as specified in the Minneapolis Park and Recreation Board's Procurement Manual. The contracts were in compliance with the specific requirements as applicable.

For clarification regarding the requirement that possible vendor options were evaluated and a vendor selected (see item c. above), the Procurement Manual does not require a Request for Proposal (RFP) for professional services contracts, nor does the manual require formal documentation of the selection process. During our inspection of the contracts and related support and subsequent inquiry, the following methods were used for vendor selection:

Number of Contracts	Method of Selection Used
4	Request for Proposal
2	Sole source or only interested party
1	City of Minneapolis Target Market Program
1	Quote
2	Tabulation or scoring sheet
2	Nothing noted

With regard to the requirement that the contract is from one of the two adopted Standard Professional Services Contract forms, in one case, an American Institute of Architects document was used as the contract, which is not one of the two Standard Professional Services Contract forms identified in the Minneapolis Park and Recreation Board's Procurement Manual. However, the Procurement Manual does allow for deviations from the Standard Professional Services Contract form if the contract is reviewed and approved by the attorney. In this case, we confirmed the alternate contract form was approved by the Minneapolis Park and Recreation Board Attorney.

Only three of the 12 contracts had amendments, and all three used the professional services agreement amendment form and were signed by both the vendor and the Minneapolis Park and Recreation Board.

6. Procedure

Determine that professional services contracts are in compliance with the terms of the contract in that invoices submitted for payment were itemized.

Findings

We obtained and read copies of the contracts and inspected all related invoices. We confirmed that itemized invoices were submitted for payment in compliance with the identified terms of the contract. There were no invoices applicable for two contracts.

* * * * *

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the Minneapolis Park and Recreation Board's professional services contracts compliance with statutes, ordinances, and policies. Accordingly, we do not express such an opinion or conclusion. 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 Minneapolis Park and Recreation Board and is not intended to be, and should not be, used by anyone other than those specified parties.

/s/Julie Blaha

/s/Greg Hierlinger

JULIE BLAHA
STATE AUDITOR

GREG HIERLINGER, CPA
DEPUTY STATE AUDITOR

November 21, 2019