

State of Minnesota



Office of the State Auditor

Julie Blaha
State Auditor

Audit Practice Division

Minneapolis Youth Coordinating Board Minneapolis, Minnesota

Management and Compliance Report

Year Ended December 31, 2024

Minneapolis Youth Coordinating Board Minneapolis, Minnesota

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**Report on Internal Control Over Financial Reporting and on Compliance and
Other Matters Based on an Audit of Financial Statements Performed in
Accordance with *Government Auditing Standards***

Independent Auditor's Report

Board Members

Minneapolis Youth Coordinating Board
Minneapolis, Minnesota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities and the General Fund of the Minneapolis Youth Coordinating Board as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements, and have issued our report thereon dated April 16, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Minneapolis Youth Coordinating Board's internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Board's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Recommendations, we identified certain deficiencies in internal control over financial reporting that we consider to be a material weakness and a significant deficiency.

A deficiency in internal control over financial reporting exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency described in the accompanying Schedule of Findings and Recommendations as item 2024-002 to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying Schedule of Findings and Recommendations as item 2024-001 to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Minneapolis Youth Coordinating Board's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Minnesota Legal Compliance

In connection with our audit, nothing came to our attention that caused us to believe that the Minneapolis Youth Coordinating Board failed to comply with the provisions of the depositories of public funds and public investments, conflicts of interest, claims and disbursements, and miscellaneous provisions sections of the *Minnesota Legal Compliance Audit Guide for Other Political Subdivisions*, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the Board's noncompliance with the above referenced provisions, insofar as they relate to accounting matters.

Minneapolis Youth Coordinating Board's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Minneapolis Youth Coordinating Board's response to the findings identified in our audit and described in the accompanying Schedule of Findings and Recommendations and Corrective Action Plan. The Board's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control over financial reporting and compliance, and the provisions of the *Minnesota Legal Compliance Audit Guide for Other Political Subdivisions* and the results of that testing, and not to provide an opinion on the effectiveness of the Board's internal control over financial reporting or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Board's internal control over financial reporting and compliance. Accordingly, this communication is not suitable for any other purpose.

/s/Julie Blaha

Julie Blaha
State Auditor

April 16, 2026

/s/Lisa Young

Lisa Young, CPA
Deputy State Auditor

Minnesota Youth Coordinating Board Minneapolis, Minnesota

Schedule of Findings and Recommendations For the Year Ended December 31, 2024

Financial Statement Findings

2024-001 Segregation of Duties

Prior Year Finding Number: 2023-001

Year of Finding Origination: 2004

Type of Finding: Internal Control Over Financial Reporting

Severity of Deficiency: Significant Deficiency

Criteria: Management is responsible for establishing and maintaining internal control. Adequate segregation of duties is a key control in preventing and detecting errors or irregularities. To protect the Minneapolis Youth Coordinating Board's assets, proper segregation of the recordkeeping, custody, and authorization functions should be in place. Where management decides segregation of duties may not be cost effective, compensating controls should be in place.

Condition: The Minneapolis Youth Coordinating Board lacks proper segregation of duties. Generally, one staff person is responsible for billing, collecting, recording, and depositing receipts.

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

Effect: Inadequate segregation of duties could adversely affect the ability of the Minneapolis Youth Coordinating Board's employees, in the normal course of performing their assigned functions, to detect misstatements in a timely period.

Cause: The size of the Minneapolis Youth Coordinating Board and its staffing limits the internal control that management can design and implement into the organization.

Recommendation: We recommend the Minneapolis Youth Coordinating Board's officials and management be aware of the lack of segregation of the accounting functions and, where possible, implement oversight procedures to ensure that staff implement the internal control policies and procedures to the extent possible.

View of Responsible Official: Concur

2024-002 Audit Adjustments

Prior Year Finding Number: 2023-002

Year of Finding Origination: 2020

Type of Finding: Internal Control Over Financial Reporting

Severity of Deficiency: Material Weakness

Criteria: A deficiency in internal control over financial reporting exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements of the financial statements on a timely basis. Auditing standards define a material weakness as a deficiency, or a combination of deficiencies, in internal control such that there is a

Minnesota Youth Coordinating Board Minneapolis, Minnesota

reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis.

Condition: Material audit adjustments were identified for financial reporting purposes that resulted in significant changes to the Minneapolis Youth Coordinating Board's financial statements.

Context: The inability to detect material misstatements in the financial statements increases the likelihood that the financial statements would not be fairly presented. In addition, when entries are made for financial reporting purposes, but not recorded in the general ledger, there is a risk that information used in decision making does not reflect the true financial position of the entity. The adjustments were found in the audit; however, independent external auditors cannot be considered part of the Minneapolis Youth Coordinating Board's internal control.

Effect: The following audit adjustments to the General Fund were reviewed and approved by the appropriate staff and are reflected in the financial statements. The first two adjustments also affected amounts reported for governmental activities.

- Fund balance decreased by \$683,166, revenues decreased by \$134,687, intergovernmental receivables increased by \$117,089, and unearned revenue increased by \$934,942 to correct beginning fund balance;
- unearned revenue increased by \$225,097 and revenue decreased by \$225,097 to adjust for the current year activity relating to grant funding received, but not yet earned; and
- revenue decreased by \$153,000 and deferred inflow of resources – unavailable revenue increased by \$153,000 to reflect revenue received after the revenue recognition period.

Additional entries were necessary to properly account for activity that has been reported in prior year's financial statements but not recorded, or not recorded correctly, in the general ledger.

Cause: This activity was overlooked or incorrectly recorded when the financial statement information was prepared.

Recommendation: We recommend the Minneapolis Youth Coordinating Board implement additional procedures over financial reporting that include a comprehensive review of balances, disclosures, and supporting documentation by a qualified individual to ensure the Board's financial statements are complete, accurate, and fairly presented in accordance with generally accepted accounting principles in the United States of America. We also recommend the adjustments noted above for financial reporting are recorded in the general ledger to reflect the financial position of the entity.

View of Responsible Official: Concur



**Representation of the Minneapolis Youth Coordinating Board
Minneapolis, Minnesota**

Corrective Action Plan

For the Year Ended December 31, 2024

Finding Number: 2024-001

Finding Title: Segregation of Duties

Name of Contact Person Responsible for Corrective Action:

Ann DeGroot

Corrective Action Planned:

This will be an ongoing issue which we expect to see in future audits. We do not have enough staff to accomplish the segregation of duties that would satisfy this expectation.

Anticipated Completion Date:

Ongoing

Finding Number: 2024-002

Finding Title: Audit Adjustments

Name of Contact Person Responsible for Corrective Action:

Jeremy Theis

Corrective Action Planned:

The YCB will work with audit team to develop better more intuitive workpapers that can be used in the preparation of the financial statements.

Anticipated Completion Date:

January 31, 2027



**Representation of the Minneapolis Youth Coordinating Board
Minneapolis, Minnesota**

Summary Schedule of Prior Audit Findings

For the Year Ended December 31, 2024

Finding Number: 2023-001

Year of Finding Origination: 2004

Finding Title: Segregation of Duties

Summary of Condition: The Minneapolis Youth Coordinating Board has one person who is responsible for performing the business functions.

Summary of Corrective Action Previously Reported: While understanding that strict segregation of accounting duties is optimum, it is difficult to achieve in an organization with seven employees. We will continue to rely on the City of Minneapolis to oversee all bank transactions and maintain all vendor information while ensuring that management and the YCB Board members are aware of the finding.

Status: Not Corrected. This will be an ongoing issue as staff size has not changed. We expect to see this finding in future audits.

Finding Number: 2023-002

Year of Finding Origination: 2020

Finding Title: Audit Adjustments

Summary of Condition: Material audit adjustments were identified that resulted in significant changes to the Minneapolis Youth Coordinating Board's financial statements.

Summary of Corrective Action Previously Reported: When the prior accountant left, a lot of specialized knowledge left the building in the preparation of the financial statements. The YCB will work with audit team to develop better more intuitive workpapers that can be used in the preparation of the financial statements.

Status: Not Corrected. We will continue to work with the audit team to develop workpapers that can be used in the preparation of financial statements.

Finding Number: 2023-003

Year of Finding Origination: 2023

Finding Title: Payroll Internal Controls

Summary of Condition: In the sample of 22 payroll transactions tested, two instances were noted where the Payroll Register Approval Form was not signed by the Director.

Summary of Corrective Action Previously Reported: The Minneapolis Youth Coordinating Board will review its payroll procedures in consultation with the City of Minneapolis Finance Department.

Status: Fully Corrected. Corrective action was taken.