

STATE OF MINNESOTA

Office of the State Auditor



Rebecca Otto
State Auditor

WHITTIER ALLIANCE
MINNEAPOLIS, MINNESOTA

AGREED-UPON PROCEDURES

DECEMBER 11, 2007

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**

December 11, 2007



Agreed-Upon Procedures

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

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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 December 11, 2007. 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, and Internal Revenue Service).

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

98-4 Segregation of Duties

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 is not desirable from an accounting point of view.

Client's Response:

With grant funds being electronically deposited, having a number of board members involved in fund raising and requiring two signatures on all checks, we feel controls are being monitored.

ITEMS ARISING THIS YEAR

07-1 Receipt Log

The Whittier Alliance's accounting procedures call for a receipt log to be maintained. We found that a log was not being kept at the time of our review. We believe the log to be a control in verifying amounts being deposited.

We recommend that the Whittier Alliance implement a receipt log for all amounts received.

Client's Response:

The organization has implemented a Receipt Log and will continue to use it.

07-2 Approval of Invoices

Our review of the Whittier Alliance's process for paying invoices found that several invoices lacked indication of approval. Invoices should be initialed and dated by the individual approving them.

We recommend that all invoices be initialed and dated, indicating approval for payment. We also recommend that payments made to the Executive Director for reimbursement of expenses be approved by a Board member. These recommendations are also consistent with the Whittier Alliance's policies and procedures.

Client's Response:

We are continually improving our accuracy to assure that all invoices be approved and will implement the board approval of all reimbursed expenses paid to the Executive Director.

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. We found that this was not occurring, because the Board felt the same information could be obtained from monthly financial reports. However, we believe that bank reconciliations should be reviewed by a Board member to ensure that the reconciliations, which are prepared by an outside party, are accurately stated.

We recommend that the Board's Treasurer review monthly bank reconciliations.

Client's Response:

We will have available for review by the Treasurer the bank reconciliation at the regular finance committee meeting or monthly board meeting.

PREVIOUSLY REPORTED ITEM RESOLVED

General Ledger Coding of Invoices (05-1)

Our previous report noted that invoices were not being coded on a consistent basis throughout the year.

Resolution

We found that all invoices we reviewed contained the appropriate coding.

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 appropriate fixed asset information is maintained on a schedule, which we viewed. The Whittier Alliance had no long-term obligations.

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

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

REBECCA OTTO
STATE AUDITOR

December 11, 2007

/s/Greg Hierlinger

GREG HIERLINGER, CPA
DEPUTY STATE AUDITOR