

# STATE OF MINNESOTA

## Office of the State Auditor



**Patricia Anderson**  
**State Auditor**

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**WEBBER-CAMDEN NEIGHBORHOOD  
ORGANIZATION  
MINNEAPOLIS, MINNESOTA**

**AGREED-UPON PROCEDURES**

**JANUARY 27, 2006**

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

The Office of the State Auditor serves as a watchdog for Minnesota taxpayers by helping to ensure financial integrity, accountability, and cost-effectiveness in local governments throughout the state.

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 250 financial and compliance audits per year and has oversight responsibilities for over 4,300 local units of government throughout the state. The office currently maintains five divisions:

**Audit Practice** - conducts financial and legal compliance audits for 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 over 700 public pension funds; and

**Tax Increment Financing, Investment and Finance** - 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 Employee's Retirement Association Board, Minnesota Housing Finance Agency, and the Rural Finance Authority Board.

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**WEBBER-CAMDEN NEIGHBORHOOD  
ORGANIZATION  
MINNEAPOLIS, MINNESOTA**

**January 27, 2006**



**Agreed-Upon Procedures**

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

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# STATE OF MINNESOTA OFFICE OF THE STATE AUDITOR

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PATRICIA ANDERSON  
STATE AUDITOR

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

Board of Directors  
Webber-Camden Neighborhood Organization

We have performed the procedures enumerated below, which were agreed to by the Webber-Camden Neighborhood Organization (WCNO) 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 WCNO. These procedures were applied to the WCNO's records as of January 27, 2006. 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 WCNO 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 WCNO is current with required filings (Attorney General, Secretary of State, and Internal Revenue Service).

### Findings

#### ITEM ARISING THIS YEAR

##### 05-1 Required Filing with the Secretary of State

We found that the WCNO was not current in its filing with the Secretary of State. Minn. Stat. § 317A.823 requires registration with the Secretary of State on an annual basis. Failure to file could result in dissolution of the business.

We recommend that the WCNO take steps to update its filing with the Secretary of State.

Client's Response:

*The Secretary of State did not have/or use the correct address; that matter has been corrected and the date for filing with the Secretary of State has been set as an annual event on the annual calendar.*

2. Procedure

Determine if the WCNO has written policies and procedures for financial operations (receipting, disbursing, purchasing, personnel, etc.).

Findings

Financial operations for the WCNO consist primarily of receipting and disbursing funds. The WCNO has no employees so has no payroll records. There are no fixed asset records, as the WCNO has no fixed assets. We found that the WCNO had written procedures for the receipting and disbursing of funds.

3. Procedure

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

Findings

ITEMS ARISING THIS YEAR

05-2 Segregation of Duties

Due to the limited number of office personnel within the WCNO, segregation of the accounting functions necessary to ensure adequate internal control is not possible. This is not unusual in operations the size of the WCNO; 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:

*The Executive Director is recommending to the WCNO Board of Directors that check writing and account management should be done in the future by an accounting professional. This will not be a costly process, but will ensure adequate internal control.*

05-3 Cash Receipts and Related Bank Deposits

We found a check received by the WCNO, dated April 9, 2005, was not deposited until June 9, 2005. Collections should be deposited within the week received. We also found a bank deposit of \$9,752 received from the NRP; it was recorded in the general ledger, but not in the receipt journal. All collections should be recorded in the receipt journal prior to being posted in the general ledger.

We recommend that procedures be strengthened to ensure timely bank deposits and proper recording of collections.

Client's Response:

*The fiscal policy requires that any collection of funds is recorded in the receipt journal prior to being posted in the general ledger. This event was a one-time error; however, it caused the creation of a required procedure, that being all collections must be recorded and deposited within 24 hours of receipt if the collection occurs on a regular business day.*

4. Procedure

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

Findings

The WCNO presently has no financial activities in these areas.

5. Procedure

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

Findings

PREVIOUSLY REPORTED ITEM NOT RESOLVED

02-3 Reimbursement for Eligible Program Expenses

Previous reports have identified expenses that could be charged to the NRP and the Minneapolis Community Planning and Economic Development Department (CPED). We recommended that NRP-related expenses totaling \$2,760.53 and CPED-related expenses totaling \$6,788.44 be submitted for reimbursement.

Through discussions with the WCNO and its NRP Specialist, we were informed that the WCNO submitted a reimbursement request form to the NRP that included \$2,760.53. However, we were informed by the CPED that no request has been made for reimbursement of the \$6,788.44 listed above.

We again recommend that the WCNO submit a request for reimbursement of \$6,788.44.

Client's Response:

*The request has been submitted. All payment requests related to Citizen Participation are current.*

ITEM ARISING THIS YEAR

05-4 Timely Reimbursement Requests

We found that as of November 2005, expenses totaling \$11,234 under NRP grant #13872 had not been submitted to the NRP for reimbursement. Timely requests for reimbursement help ensure adequate cash flows to fund current operations.

We recommend that requests for reimbursement be submitted to the NRP at least quarterly.

Client's Response:

*The specified amounts noted have been requested. Requests will be submitted to NRP on a monthly basis, henceforth.*

PREVIOUSLY REPORTED ITEM RESOLVED

**Double Billing of Grant Expenses (02-2)**

Previous reports noted that the same expense items, totaling \$5,419.12, were reimbursed to the WCNO from two different grantors--the NRP and the CPED. We recommended that the double billing of expenses be discussed with the NRP and CPED officials to determine which program should be charged with the expenses.

**Resolution**

Through discussions with the NRP Specialist for the WCNO, we were informed that the WCNO submitted a reimbursement request form to the NRP that included a reduction of the requested amount by \$5,419.12.



6. Procedure

Follow up on previous year's report findings.

Findings

All follow-up on previous findings is discussed above.

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We were not engaged to and did not perform an audit of the Webber-Camden Neighborhood Organization'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 Webber-Camden Neighborhood Organization 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/Pat Anderson*

*/s/Greg Hierlinger*

PATRICIA ANDERSON  
STATE AUDITOR

GREG HIERLINGER, CPA  
DEPUTY STATE AUDITOR

January 27, 2006