

STATE OF MINNESOTA

Office of the State Auditor



Patricia Anderson
State Auditor

WHITTIER ALLIANCE
MINNEAPOLIS, MINNESOTA

AGREED-UPON PROCEDURES

JANUARY 30, 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.

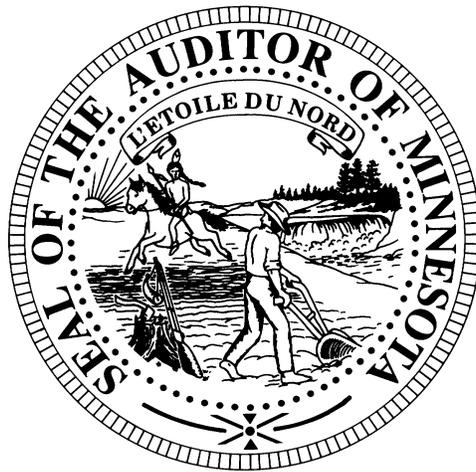
The State Auditor serves on the State Executive Council, State Board of Investment, Land Exchange Board, Public Employee's Retirement Association Board, Minnesota Housing Finance Agency, and the Rural Finance Authority Board.

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**WHITTIER ALLIANCE
MINNEAPOLIS, MINNESOTA**

January 30, 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
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 January 30, 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 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, etc.).

Findings

We found that the Whittier Alliance has written 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:

The Whittier Alliance will continue to monitor the segregation of accounting duties and responsibilities as well as continue to use an independent bookkeeping service.

ITEM ARISING THIS YEAR

05-1 General Ledger Coding of Invoices

We found vendor invoices are not marked with the codes used for posting to the general ledger. We were informed the accounting service determines the codes to be used when posting to the general ledger and preparing reimbursement requests. Determination of program and account codes should be performed by the Whittier Alliance, not the accounting service. Placing the codes on invoices helps to verify the accuracy of general ledger postings.

We recommend invoices be marked with the appropriate general ledger coding and determination of the coding be performed by Whittier Alliance personnel.

Client's Response:

The bookkeeping service works very closely with the Executive Director regarding account codes. The bookkeeping service also monitors balances in program contracts to best determine use and expiration of a program. The finance committee reviews code and class each month and would request any account changes from the bookkeeper.

4. Procedure

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

Findings

At the time of our fieldwork, the Whittier Alliance had no financial activities in these areas.

5. Procedure

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

Findings

PREVIOUSLY REPORTED ITEM RESOLVED

Reimbursements Questioned (03-1)

Our previous report questioned two expense items charged to the NRP implementation contract due to an absence of documentation to support the expenses.

Resolution

After reviewing the nature of the expenses and discussing them with the Whittier Alliance, the NRP Specialist determined that they would be allowed as an expense of the contract.

6. Procedure

Follow up on previous year's report findings.

Findings

PREVIOUSLY REPORTED ITEM RESOLVED

Governor's After School Program (99-2)

Previous reports have noted that the Governor's After School Program lacked documentation to support expenses. Also, reporting deadlines were not being met, and contract documents were incomplete.

Resolution

The program ended in 2003.

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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/Pat Anderson

/s/Greg Hierlinger

PATRICIA ANDERSON
STATE AUDITOR

GREG HIERLINGER, CPA
DEPUTY STATE AUDITOR

January 30, 2006