

STATE OF MINNESOTA

Office of the State Auditor



Rebecca Otto
State Auditor

WHITTIER ALLIANCE
MINNEAPOLIS, MINNESOTA

AGREED-UPON PROCEDURES

DECEMBER 11, 2006

Description of the Office of the State Auditor

The mission of the State Auditor's Office 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, 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 Employees Retirement Association Board, Minnesota Housing Finance Agency, and the Rural Finance Authority Board.

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MINNEAPOLIS, MINNESOTA**

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**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, 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

None.

2. Procedure

Determine if the Whittier Alliance has written policies and procedures for financial operations (receipting, disbursing, purchasing, personnel, conflict of interest policy, etc.).

Findings

None.

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 ITEMS 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:

We have in place a full time Executive Director (ED) and an out-side bookkeeping service. All checks are now authorized by the ED and then submitted to the bookkeeper for processing. They are then signed by two signers, who are generally volunteer board members, and then mailed by the office staff.

05-1 General Ledger Coding of Invoices

Our previous report noted that vendor invoices were not marked with the codes used for posting to the general ledger. Also, we were informed that the accounting service, instead of Whittier Alliance staff, determined the codes to be used when posting to the general ledger and preparing reimbursement requests. Our current review found that a Whittier Alliance staff person had begun coding invoices for recording in the general ledger. Though this represents an improvement to the coding process, we found it was not performed on a consistent basis.

We recommend that staff of the Whittier Alliance continue with the coding of its vendor invoices to include all invoices throughout the year.

Client's Response:

We are currently and for the whole year 2006 have been coding vendor invoices. We believe the items pointed out above were from early in 2005.

4. Procedure

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

Findings

None.

5. Procedure

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

Findings

None.

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, 2006

/s/Greg Hierlinger

GREG HIERLINGER, CPA
DEPUTY STATE AUDITOR