

City of Minneapolis
Request for Committee Action

To: Health, Environment & Community Engagement
Date: Enter meeting date.
Referral: Ways & Means
From: Neighborhood & Community Relations
Prepared by: Robert Thompson
Presented by: Robert Thompson
File type: Action
Subcategory: Contracts & Agreements

Subject:
Neighborhood Audit Services Panel

Description:
Authorize the NCR Director to extend the current three-year contracts with Abdo, Eick and Meyers LLP; CliftonLarsonAllen LLP; Mike Wilson and Associates; and Rogers and Company, LLC, through December 31, 2017, and contract up to an additional \$300,000 in 2016 and 2017 to continue audit services and financial management and filing support for contracted neighborhood organizations.

Previous Actions:
On April 11, 2014, the City Council authorized the NCR Director to enter into three-year contracts with Abdo, Eick and Meyers LLP; CliftonLarsonAllen LLP; Mike Wilson and Associates; and Rogers and Company, LLC, in a total amount not to exceed \$300,000, to provide audit services and financial management and filing support for contracted neighborhood organizations.

Ward/Address:
All Wards

Background/Analysis:
The audit services provided by these firms provide an outside and unbiased review of the financial records and procedures of the neighborhood organization. Audits and financial reviews may also be carried out on sub-recipients of NRP or CPP funds such as housing vendors administering neighborhood home loan programs. Services provided by these firms include:

1. Audit readiness
 - Provide an outside and unbiased review of the financial records, policies and procedures, governance, and management practices of neighborhood organizations.
 - Can provide a report and recommendation to neighborhood organization boards to improve financial management practices and oversight, improved governance and management practices.
 - Less rigorous than formal audit procedures, and least intrusive, but can provide quick feedback to board members on current practices and potential weaknesses in a training context.
2. Compilations and filings:

- Provide an outside and unbiased review of the financial records of the neighborhood organization;
 - Organize the neighborhood organization's financial information into the format for financial statements required by GAAP. May also include explanatory notes that can clarify financial statements;
 - Can identify problems or irregularities, although there is no testing or analytical procedures performed during a compilation ;
 - Provide formatted records and reports in a standard manner that can be reviewed by outside third parties;
 - Can be accomplished at much lower expense than a standard audit.
 - Prepare annually required reports and filings such as the Federal 990 and the Minnesota Annual Report.
3. Agreed Upon Procedures:
- Agreed Upon Procedures include at a minimum an independent review of the organizations practices around:
 - public disclosure
 - governance
 - financial management and reporting (including cash disbursements)
 - May include an examination of a subset of an organization's financial records (such as review of a specific contract or grant).
 - Can provide an initial dashboard review of a neighborhood organizations financial reporting.
 - Can lead to deeper inquiry as needed.
4. Financial Review
- Examine a neighborhood organization's financial reports to determine if they are consistent with generally accepted accounting standards.
 - Provides some tests for internal consistency.
5. Audit
- Conducted when there is a need for high degree of certainty for public review.
 - May be conducted if internal control concerns are flagged in AUP, filings or financial review.
 - May be conducted at request of organization board.
 - Some neighborhood organizations need regular audits to satisfy other funders.

Financial Review:

No additional appropriation required, amount included in current budget.

Future budget impact anticipated.

Approved by the Permanent Review Committee.

Meets Small and Underutilized Business Program goals.

Attachments:

1. List attachments or delete.