



REBECCA OTTO
STATE AUDITOR

STATE OF MINNESOTA OFFICE OF THE STATE AUDITOR

SUITE 500
525 PARK STREET
SAINT PAUL, MN 55103-2139

(651) 296-2551 (Voice)
(651) 296-4755 (Fax)
state.auditor@state.mn.us (E-Mail)
1-800-627-3529 (Relay Service)

October 15, 2009

The Honorable Michael Opat, Chair
Board of Hennepin County Commissioners
A-2400 Government Center
Mail Code 240
Minneapolis, MN 55487-0240

Dear Commissioner Opat,

The purpose of this letter is to extend the date of our agreement with Hennepin County as outlined in the letter of October 28, 2004 (copy attached), which confirms our understanding of the audit services that the Office of the State Auditor (OSA) provides to Hennepin County. All language in the original letter remains in effect, with the exception that the end dates stated as December 31, 2010, are revised to December 31, 2011.

We appreciate the opportunity to be of service to Hennepin County and believe the original letter, amended to extend through December 31, 2011, accurately summarizes the significant terms of our engagements. If you agree with the terms of the engagements as described in this letter, please sign where provided below and return it to us.

If you have any questions, please contact me at (651)296-7003.

Sincerely,

Greg Hierlinger, CPA
Deputy State Auditor

Enclosures: OSA and Hennepin County engagement Letter of October 28, 2004
OSA and Hennepin County Internal Audit correspondence December 2, 2004

cc: Audit Committee Members
Karen Marquardt, Director of Internal Audit

Approved:

This letter correctly sets forth the understanding of Hennepin County:

Michael Opat, Chair

Date



PATRICIA ANDERSON
STATE AUDITOR

STATE OF MINNESOTA
OFFICE OF THE STATE AUDITOR

SUITE 500
525 PARK STREET
SAINT PAUL, MN 55103-2139

RECEIVED
OCT - 1 2004

(651) 296-2551 (Voice)
(651) 296-4755 (Fax)
state.auditor@state.mn.us (E-Mail)
1-800-627-3529 (Relay Service)

October 28, 2004

The Honorable Randy Johnson, Chair
Board of Hennepin County Commissioners
A-2400 Government Center
Mail Code 240
Minneapolis, Minnesota 55487-0240

Dear Commissioner Johnson:

The purpose of this letter is to confirm our understanding of the audit services that the Office of the State Auditor (hereinafter OSA) will provide to Hennepin County for the years ending December 31, 2005 through December 31, 2010. The OSA will apply procedures to test the County's compliance with the laws and regulations governing contracting and bidding, deposits and investments, conflicts of interest, public indebtedness, claims and disbursements, and other compliance issues as we deem appropriate.

A firm of certified public accountants has performed the County's annual financial audit each year since 1970. We understand that the County will be issuing a Request For Proposal (RFP) for the 2005-2010 annual financial statement audits. The OSA has statutory audit jurisdiction over the Hennepin County audit and reserves the right, at its discretion, to perform the County's annual financial audit. The OSA understands and agrees that Hennepin County will contract with a firm of certified public accountants to perform an audit of the financial statements of Hennepin County as of and for the years ending December 31, 2005 through December 31, 2010. However, the County will put the firm of certified public accountants on notice that the OSA reserves the right, at its discretion, to perform the County's annual financial audit.

The OSA will perform a desk review of Hennepin County's annual financial report using the OSA's Desk Review Checklist. Also, the OSA may review the working papers of the certified public accounting firm. Hennepin County will be billed for the cost of these reviews.

Because of the size and its large hospital component unit, Hennepin County presents a unique audit situation. I believe that this arrangement well serves the County's taxpayers, from the standpoint of both sound audit oversight and cost-effective audit procedures.



Recycled paper with a minimum of
15% post-consumer waste

An Equal Opportunity Employer

October 28, 2004

Page 2

The OSA understands the firm of certified public accountants that performs the audit of the financial statements of Hennepin County agrees that the Minnesota Government Data Practices Act governs all data relating to the audit and related applicable provisions. The firm of certified public accountants will have the same duties and responsibilities as a state agency, political subdivision, or statewide system under the Minnesota Government Data Practices Act.

Our procedures will be limited to the applicable procedures in the Minnesota Legal Compliance Audit Guide for Local Government, and procedures to test compliance with other statutes, bylaws, administrative rules, and state grant regulations, as we deem applicable. Our procedures will be substantially less than an audit, the objective of which is the expression of an opinion of Hennepin County's compliance with requirements listed in the preceding sentence. Accordingly, we will not express such an opinion.

Our procedures will include tests of documentary evidence supporting the County's compliance with the applicable laws and regulations. We will also select one or more County functions, per year, as a system or systems to which we anticipate applying additional procedures consisting of common substantive tests and tests of control procedures. The review will be conducted in accordance with generally accepted auditing standards.

We understand that the County will provide us with the basic information required for our tests and that the County is responsible for the accuracy and completeness of that information. The steps in our applied procedures will include:

- Coordinating our efforts with Hennepin County's Internal Audit Department;
- Identifying significant cycles in the aforementioned systems through interviews with key management personnel and reviews of documentation;
- Documenting workflows and control areas of those significant cycles based on interviews with operations staff and review of procedure manuals and users manuals;
- Designing and performing applicable compliance tests and tests of control procedures;
- Evaluating the results of our applied procedures;
- Requesting certain representations from the County about related matters;
- Discussing the draft reports with appropriate County officials, and;
- Issuing reports on the results of our procedures. The reports will include written responses from Hennepin County officials concerning the audit comments and recommendations.

Our work papers are retained for a minimum of three years and are available for access by appropriate governmental agencies. In addition, we will be available throughout the

October 28, 2004


Page 3

year to answer questions or provide assistance in implementing any of our recommendations.

Our fees are based upon standard hourly rates and any out-of-pocket expenses. Our standard per diem rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to the review. Progress billings will be mailed to you every month.

We appreciate the opportunity to be of service to Hennepin County and believe this accurately summarizes the significant terms of our engagements. If you have any questions, please contact me at (651) 296-7003. If you agree with the terms of engagements as described in this letter, please sign where provided below and return it to us.

Sincerely,




Greg Hierlinger, CPA
Deputy State Auditor

cc: Audit Committee Members
Lary Franks, Director of Internal Audit

Approved:

This letter correctly sets forth the understanding of Hennepin County.



Randy Johnson, Chair
Board of Hennepin County Commissioners

11/20/04

Date