



MEMORANDUM

Date: January 14, 2021
To: Deadwood City Commission
From: Kevin Kuchenbecker, Historic Preservation Officer
Re: Contract with Ketel Thorstenson, LLP to conduct Auditor's Report for 2020 on Historic Preservation Revolving Loan Fund

The Historic Preservation Office, in conjunction with the Finance Office, is recommending engaging Ketel Thorstenson, LLP for an overall review of the Historic Preservation Commission's Revolving Loan Fund. With an agreed upon procedures engagement, the report will include the specific procedures performed, along with any findings related to those procedures. Below are the recommended procedures for the loan portfolio being serviced by NeighborWorks – Dakota Home Services.

- Inquire as to internal controls in process for the revolving loan fund to identify any segregation of duties issues.
- Recalculate interest charges on 25 haphazardly selected loans for the year ended 12/31/20.
- Recalculate allocation of principle and interest on 25 haphazardly selected loan payments received during the year ended 12/31/20.
- Agree subsidiary listing maintained by NHS to the City of Deadwood's records.
- Send confirmations to borrowers based on a standard sample size calculation. Confirmations will include original loan balance, balance as of 12/31/20, interest rate, security, payment terms, and maturity date.
- Recalculate aging for 25 haphazardly selected loans, as well as 5 delinquent loans, to verify delinquencies are properly reported.
- Detail loan file review of 25 haphazardly selected loans made during the year ended 12/31/20 in order to verify that loan policies are followed and all applicable documentation is included in the file.

The proposed cost is \$6,900 plus tax and travel expenses. If the need for additional procedures related to this agreement arises, or the procedures need to be modified the agreement will need to be revised.

The Historic Preservation Commission reviewed this item at their January 13, 2021 meeting and recommend approval.

Recommended Motion:

Move to enter into a contract with Ketel Thorstenson, LLP to conduct an overall review of the Revolving Loan Fund in the amount of \$6,900.00 plus tax and travel expenses to be paid out of the RLF Professional line item.