

STATE OF MINNESOTA

Office of the State Auditor



Rebecca Otto
State Auditor

**LAKE SUPERIOR DRUG AND VIOLENT CRIME
TASK FORCE
DULUTH, MINNESOTA**

AGREED-UPON PROCEDURES

December 4, 2012

Description of the Office of the State Auditor

The mission of the Office of the State Auditor 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 - 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.

Office of the State Auditor
525 Park Street, Suite 500
Saint Paul, Minnesota 55103
(651) 296-2551
state.auditor@osa.state.mn.us
www.auditor.state.mn.us

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**Audit Practice Division
Office of the State Auditor
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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)

INDEPENDENT AUDITOR'S REPORT ON APPLYING AGREED-UPON PROCEDURES

Ms. Kristin Lail, Grants Coordinator
Minnesota Department of Public Safety

Oversight Committee
Lake Superior Drug and Violent Crime Task Force

We have performed the procedures enumerated below, which were agreed to by the Minnesota Department of Public Safety and the Lake Superior Drug and Violent Crime Task Force, solely to assist you in determining that the Lake Superior Drug and Violent Crime Task Force followed policies and procedures regarding accounting for seized funds and property and related forfeitures and the use of confidential/drug buy funds. These procedures were applied to the Lake Superior Drug and Violent Crime Task Force records for the 12-month period ending July 31, 2012. The Lake Superior Drug and Violent Crime Task Force's management is responsible for the records of the Task Force. This engagement to apply agreed-upon procedures was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the Minnesota Department of Public Safety and the Lake Superior Drug and Violent Crime Task Force. 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 that seized funds and property and related forfeitures are accounted for in accordance with policies, procedures, and regulations.

Findings

We obtained a listing of all property seized subject to forfeiture for the 12-month period ending July 31, 2012. The 44 items on the list consisted of cash, vehicles, firearms, and a television. We selected 3 cash seizures, 1 vehicle seizure, 1 gun seizure, and the television for testing. We traced the documentation of the activity for each selected item from the point of seizure to the record of the item being held in forfeiture pending judicial order or to the forfeiture record for closed cases, as applicable. We noted the following:

- The policy identified in 3-14.5.2 of the Multijurisdictional Task Force Operating Procedures and Guidelines Manual adopted by the Gang/Drug Oversight Council is for Seized/Evidence Currency Logs to be completed for each of the Task Force's cash seizures. Two of the cash seizures tested did not have a Seized/Evidence Currency Log included in the forfeiture paperwork. In both cases, the cash was photographed as found on the scene.
- One of the cash seizures selected for testing was in the process of being returned to the defendant in conformity with documentation from the County Attorney. The check request submitted by the Commander totaled \$218, of which \$100 was recovered buy funds of the Task Force that should not have been returned to the individual. The Commander corrected the check request subsequent to our onsite visit.

2. Procedure

Determine that the use of confidential/drug buy funds is accounted for in accordance with policies, procedures, and regulations.

Findings

We obtained a listing of all purchases made with buy funds from August 1, 2011, to July 31, 2012. Buy funds are withdrawn by each investigator through the use of ATM cards. Buy funds are generally used for payments to confidential informants (CI) for information, drug purchases, and flash money. We selected 21 of the 781 items on the list to trace the documentation of activity from the point of withdrawal of buy funds to approval. Of the 21 items selected, 11 were payments to CIs for information or services, 3 were for purchases of drugs, 5 were for purchases of drugs made by a CI, and 1 was a payment to cover a CI's hotel room and services provided by that CI. We noted the following:

- According to the Lake Superior Drug and Violent Crime Task Force Policy and Procedure manual, the Confidential Funds Receipt shall be completed in full and include original or copies of all supporting documentation (receipts). For two of the CI payments for services tested, there were no supporting receipts on file or attached to the Confidential Funds Receipt. One of the payments was for a phone and minutes, and one was for a hotel room.
- According to the Lake Superior Drug and Violent Crime Task Force Policy and Procedure manual, any confidential funds used to purchase evidence shall be photocopied or photographed in such a manner that serial numbers and denominations are recognizable. For two of the drug purchases tested, photocopies of the confidential funds used to purchase evidence could not be located.
- According to the Lake Superior Drug and Violent Crime Task Force Policy and Procedure manual, if payment is made to a CI, the person receiving the funds shall sign the Confidential Funds Receipt. One CI payment for services was supported by a Confidential Funds Receipt that was not signed by the CI. Upon inquiry, the Commander stated that the CI was out of town when the receipt was completed. The payment was made via money gram to get the CI into town to complete a buy. A copy of the MoneyGram was included in the case file.
- For each payment tested associated with a CI, the written agreement with the CI was reviewed to ensure that it was complete. One of the CI agreements reviewed was not signed by a witness as required by 3-12.3 of the Multijurisdictional Task Force Operating Procedures and Guidelines Manual.

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We were not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion on the accounting records. 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 Minnesota Department of Public Safety and the Lake Superior Drug and Violent Crime Task Force 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

/s/Greg Hierlinger

GREG HIERLINGER, CPA
DEPUTY STATE AUDITOR

December 4, 2012