

STATE OF MINNESOTA

Office of the State Auditor



Rebecca Otto
State Auditor

BROWN LYON REDWOOD RENVILLE
DRUG TASK FORCE
NEW ULM, 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.

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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

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

Oversight Committee
Brown Lyon Redwood Renville Drug Task Force

We have performed the procedures enumerated below, which were agreed to by the Minnesota Department of Public Safety and the Brown Lyon Redwood Renville Drug Task Force, solely to assist you in determining that the Brown Lyon Redwood Renville Drug 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 Brown Lyon Redwood Renville Drug Task Force records for the 12-month period ending September 30, 2012. The Brown Lyon Redwood Renville Drug 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 Brown Lyon Redwood Renville Drug 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 September 30, 2012. The 26 items on the list consisted of cash, guns, and vehicles. We selected 3 cash seizures, 1 gun seizure, and 2 vehicle seizures 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. At the scene, two investigators shall count the currency independently and provide their signatures in the log to verify the currency amount against one another. One of the cash seizures tested did not have a Currency Log included in the forfeiture paperwork, and one had a Currency Log on file that was not signed by one of the two officers who counted the funds.
- For each closed case, the auditor confirmed that the item had been properly reported to the Office of the State Auditor in accordance with Minn. Stat. § 609.5315, subd. 6(a). For one of the items tested, the amount reported as forfeited was incorrect because it included recovered drug buy money.

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 drug buy funds from October 1, 2011, to September 30, 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 11 of the 101 items on the list to trace the documentation of activity from the point of withdrawal of buy funds to approval. Of the 11 items selected, 6 were payments to CIs for information and other miscellaneous expenses, 4 were payments to CIs for drug purchases, and 1 was a payment for a hotel room for a buy/bust. We noted the following:

- Testing could not be completed for one of the items selected because not enough information was on file to determine if policies were followed. The item selected for testing was a payment to a CI for a drug purchase. The case was missing the CI number, CI agreement, expense report, and photographed buy funds.

* * * * *

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 Brown Lyon Redwood Renville Drug 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