

STATE OF MINNESOTA

Office of the State Auditor



Rebecca Otto
State Auditor

**EAST CENTRAL DRUG AND VIOLENT
OFFENDERS TASK FORCE
CENTER CITY, MINNESOTA**

AGREED-UPON PROCEDURES

November 27, 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
East Central Drug and Violent Offenders Task Force

We have performed the procedures enumerated below, which were agreed to by the Minnesota Department of Public Safety and the East Central Drug and Violent Offenders Task Force, solely to assist you in determining that the East Central Drug and Violent Offenders 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 East Central Drug and Violent Offenders Task Force records for the nine-month period ending September 30, 2012. The East Central Drug and Violent Offenders 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 East Central Drug and Violent Offenders 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 nine-month period ending September 30, 2012. The 25 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:

- 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). In the three items tested, the amount reported as forfeited was the amount the Task Force received for the forfeited item rather than the full value.

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 January 1 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 5 of the 47 items on the list to trace the documentation of activity from the point of withdrawal of buy funds to approval. Of the 5 items selected, 4 were payments to CIs, which also included payments for a drug buy made by the informant, and 1 was a payment for a garbage pull. We noted the following:

- One of the CI payments tested was traced to a supporting expense form that was not signed by the Commander as required by 3-12.8 of the Multijurisdictional Task Force Operating Procedures and Guidelines Manual.
- It is the practice of the Task Force to have two witnesses sign the original CI agreement along with the CI. We noted one CI agreement that was missing a witness signature. Based on inquiry with the Commander, one witness signature was missing because the CI was in custody and was only willing to discuss the information with the investigating officer. It is recommended that both witness signatures be obtained in all CI agreements and, in cases where this is not possible, that the Commander document the reason why and include his approval.

- For two of the items tested, the Commander disbursed the buy funds, completed the purchase, and approved the expense report. There was no witnessing officer signature on either of the two expense forms. This practice does not follow 3-13.4 of the Multijurisdictional Task Force Operating Procedures and Guidelines Manual.
- It is the practice of the Task Force to include a photocopy of all buy funds or to record the serial numbers of the buy funds in the associated case file. This should be done prior to disbursement for purchases of drugs to more easily identify buy funds amongst seized cash. In one of the items tested, buy funds were not photographed and serial numbers were not recorded prior to being disbursed for a drug purchase. The Commander stated that this case had been done to assist Pine County, and they had taken photocopies of the buy funds; however, upon further inquiry with Pine County, the photocopies could not be located.

* * * * *

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 East Central Drug and Violent Offenders 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

November 27, 2012

/s/Greg Hierlinger

GREG HIERLINGER, CPA
DEPUTY STATE AUDITOR