

# STATE OF MINNESOTA

## Office of the State Auditor



**Rebecca Otto**  
**State Auditor**

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**NORTHWEST METRO DRUG TASK FORCE**  
**PLYMOUTH, MINNESOTA**

**AGREED-UPON PROCEDURES**

November 26, 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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REBECCA OTTO  
STATE AUDITOR

# STATE OF MINNESOTA OFFICE OF THE STATE AUDITOR

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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  
Northwest Metro Drug Task Force

We have performed the procedures enumerated below, which were agreed to by the Minnesota Department of Public Safety and the Northwest Metro Drug Task Force, solely to assist you in determining that the Northwest Metro 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 Northwest Metro Drug Task Force records for the 12-month period ending July 31, 2012. The Northwest Metro 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 Northwest Metro 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 July 31, 2012. The 52 items on the list consisted of cash, vehicles, and a money order. We selected 3 cash seizures, 2 vehicle seizures, and the money order 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:

- Prior to testing, the auditor requested a list of all property seized for forfeiture. The auditor was given an Excel spreadsheet and a report from Drug Trak, the Task Force's case management system. The auditor noted that the lists did not reflect the same items. Upon inquiry from the auditor, the Commander stated that neither of the lists are updated immediately following the seizure. Drug Trak is updated once a case is closed, and the Excel spreadsheet is updated throughout the forfeiture process. The Commander provided further information stating that often, items will be seized for forfeiture, but no forfeiture case will be pursued for those seized items pursuant to the County Attorney's request. The Task Force does not currently have a procedure for maintaining documentation from the County Attorney in these instances. It is recommended that the Task Force implement a procedure for keeping an accurate and current list of all items seized for forfeiture and maintain documentation from the County Attorney when items are seized for forfeiture but no forfeiture case is pursued.
- Minnesota Statute § 609.5315, subd. 6(a), requires each law enforcement agency to give written record of each forfeiture incident to the State Auditor. Prior to our onsite visit, we requested from the Task Force a list of all seized for forfeiture property including pending and closed items. This list was compared to the forfeiture incidents reported to the State Auditor's Office for the same time frame. During our comparison, we noted that the cash balance for one of the forfeiture cases was not reported at the correct amount.

## 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 kept in a locked safe in the Task Force Captain's office. The Captain replenishes the buy funds by cashing a check from the Task Force's fiscal agent. Buy funds are generally used for payments to confidential informants (CI) for information, drug purchases, and flash money. We selected 9 of the 91 items on the list to trace the documentation of activity from the point of request for buy funds to approval.

Of the 9 items selected, 2 were payments to CIs for information, 4 were for purchases of drugs, 2 were payments to garbage collectors, and 1 was a miscellaneous payment. We noted the following:

- 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.

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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 Northwest Metro 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

November 26, 2012

*/s/Greg Hierlinger*

GREG HIERLINGER, CPA  
DEPUTY STATE AUDITOR