

STATE OF MINNESOTA

Office of the State Auditor



Rebecca Otto
State Auditor

**RED RIVER VALLEY GANG AND DRUG
TASK FORCE
MOORHEAD, MINNESOTA**

AGREED-UPON PROCEDURES

August 18, 2014

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, Program Administrator
Minnesota Department of Public Safety

Oversight Committee
Red River Valley Gang and Drug Task Force

We have performed the procedures enumerated below, which were agreed to by the Minnesota Department of Public Safety and the Red River Valley Gang and Drug Task Force, solely to assist you in determining that the Red River Valley Gang and 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 Red River Valley Gang and Drug Task Force records for the 12-month period ending May 31, 2014. The Red River Valley Gang and 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 Red River Valley Gang and 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 list of all property seized subject to forfeiture for the 12-month period ending May 31, 2014. The 24 cases on the list included seized cash, firearms, and vehicles. We selected 4 cases for testing which included 3 cash seizures, 2 firearm seizures, and 1 vehicle seizure. 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. All seized funds and property and related forfeitures tested were accounted for in accordance with policies, procedures, and regulations.

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 list of all purchases made with buy funds for the 12-month period ending May 31, 2014. Buy funds are withdrawn by each investigator using 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 19 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, 2 were payments to CIs for information and 3 were purchases of evidence. All confidential/drug buy funds were accounted for in accordance with policies, procedures, and regulations.

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During the course of performing our agreed-upon procedures another matter came to our attention that was outside the requirements of the Multijurisdictional Task Force Operating Procedures and Guidelines Manual and the Task Force Policies and Procedures but was important enough to report. We noted the following:

- Buy funds are issued to the Task Force by the City of Moorhead. These buy funds are not limited to Task Force investigators and can be used by any investigator of the City of Moorhead Police Department. The Task Force Commander currently tracks all buy fund disbursements in one electronic spreadsheet. As a result, we could not easily distinguish between Task Force disbursements and disbursements of the other investigators. We recommend Task Force activity be accounted for separately from all other activity. Under direction from the Minnesota Department of Public Safety, the Task Force is currently in the process of restructuring. During this process, the Task Force will be implementing a separate record-keeping process that will resolve this matter.

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 Red River Valley Gang and 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

August 18, 2014