

STATE OF MINNESOTA

Office of the State Auditor



Rebecca Otto
State Auditor

CEE-VI DRUG TASK FORCE
WILLMAR, MINNESOTA

AGREED-UPON PROCEDURES

October 16, 2013

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
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INDEPENDENT AUDITOR'S REPORT ON APPLYING AGREED-UPON PROCEDURES

Ms. Kristin Lail, State Program Administrator
Minnesota Department of Public Safety

Oversight Committee
CEE-VI Drug Task Force

We have performed the procedures enumerated below, which were agreed to by the Minnesota Department of Public Safety and the CEE-VI Drug Task Force, solely to assist you in determining that the CEE-VI 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 CEE-VI Drug Task Force records for the 11-month period ending August 31, 2013. The CEE-VI 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 CEE-VI 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 11-month period ending August 31, 2013. The 30 cases on the list included seizures of cash, vehicles, and firearms. We selected 4 cases to be tested, which included 3 cash seizures and 3 firearm seizures. 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 3-14.5.5 of the Multijurisdictional Task Force's Operating Procedures and Guidelines Manual states that unless the seized currency has evidentiary value that is dependent on its retaining its original form, the Commander or designee shall, as soon as possible, verify the amount and deposit the currency. For two of the cash forfeitures tested we found that the seized money was not deposited in the bank in a timely manner. Upon inquiry, the individual in charge of Task Force forfeitures stated that these cases occurred while implementing the recommendations from our prior agreed-upon procedures engagement dated February 14, 2013, which covered the 12-month period ending September 30, 2012. We recommend all cash seizures be deposited in the bank in a timely manner.
- The Task Force implemented a policy, based on recommendations from our prior agreed-upon procedures engagement dated February 14, 2013, which requires third-party documentation in the forfeiture file stating the amount received when firearms are sold. For one of the forfeitures tested, this documentation did not agree with the amount deposited following the sale. The total amount deposited was greater than the amount documented. Subsequent to the on-site visit, the Administrative Assistant provided a copy of the check stub received showing the total paid for the firearms. However, this documentation was not included in the forfeiture file. We recommend the Task Force include documentation in all forfeiture files substantiating the amount received for sold firearms.

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 for the 11-month period ending August 31, 2013. Buy funds are kept in a locked safe in the Task Force Commander's office. The Commander 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 and/or services, drug purchases, and flash

money. We selected 12 of the 120 items on the list to trace the documentation of activity from the point of request for buy funds to approval. Of the 12 items selected, 1 was a payment to a CI for information, 1 was a payment to a CI for services, 2 were investigative expenses, and 8 were for purchases of drugs. We noted the following:

- The policy identified in 3-13.6 of the Multijurisdictional Task Force's Operating Procedures and Guidelines Manual states that all investigators making payments from confidential buy funds shall document the transaction on an expense report and the expense report shall include the item on which the money was spent. For two of the items tested, we noted that the form used by the Task Force did not require the investigating officer to identify the specific items purchased. Upon inquiry, the Commander stated that the expense form used by the Task Force was changed after our prior agreed-upon procedures engagement dated February 14, 2013. The two expense forms in question were dated before the Task Force implemented our recommendation. This is consistent with what we observed.

* * * * *

During the course of performing our agreed-upon procedures, other matters came to our attention that were outside the requirements of the Minnesota Department of Public Safety Multijurisdictional Task Force Operating Procedures and Guidelines Manual and the Task Force Policies and Procedures but were important enough to report. We noted the following:

- To complete the procedures listed above, the auditor relies on the Task Force to provide a complete list of all items seized for forfeiture for the time period specified. We noted one vehicle reported to the Office of the State Auditor that was not included in the list provided to us at the time of our on-site visit. Upon inquiry, the Commander stated that it is the Task Force's practice to enter vehicles that are immediately returned to the lien holder into the State Auditor's reporting system, but not on the Task Force's forfeiture list. We recommend that all vehicle seizures, even those that are immediately returned to the lien holder, be documented on the Task Force's forfeiture list.

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 CEE-VI 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

October 16, 2013

/s/Greg Hierlinger

GREG HIERLINGER, CPA
DEPUTY STATE AUDITOR