

# STATE OF MINNESOTA

## Office of the State Auditor



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

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**MINNESOTA RIVER VALLEY DRUG  
TASK FORCE  
MANKATO, MINNESOTA**

**AGREED-UPON PROCEDURES**

March 5, 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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STATE AUDITOR

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## INDEPENDENT AUDITOR'S REPORT ON APPLYING AGREED-UPON PROCEDURES

Ms. Sue Perkins, State Program Administrator  
Minnesota Department of Public Safety

Minnesota River Valley Drug Task Force  
Oversight Committee

We have performed the procedures enumerated below, which were agreed to by the Minnesota Department of Public Safety and the Minnesota River Valley Drug Task Force, solely to assist you in determining that the Minnesota River Valley 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 Minnesota River Valley Drug Task Force records for the 12-month period ending December 31, 2011. The Minnesota River Valley 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 Minnesota River Valley 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 December 31, 2011. The 40 items on the list consisted of cash, vehicles, and weapons. We selected 1 weapon, 3 cash seizures, and 3 vehicles 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.

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. We were informed that the practice is for the only copy of the Seized/Evidence Currency Log to follow the cash to the evidence room and to the Task Force's fiscal agent who destroys it once the cash has been reconciled to the Log for deposit. Due to this practice, we were unable to verify that the policy was being followed. As a control to verify and track seized cash, we recommend the Task Force keep a copy of the Seized/Evidence Currency Logs.

## 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 from January 1 to December 31, 2011. Buy funds are kept in a locked safe in the Task Force's office. The Commander or Deputy replenishes them by cashing a check from the Task Force's fiscal agent. Buy funds are generally used for payments to confidential informants for information, drug purchases, and flash money. We selected 18 of the 175 items on the list to trace the documentation of activity from the point of request for buy funds to approval. Of the 18 items selected, 8 were payments to confidential informants and 10 were for purchases of drugs. Based on the documentation available at the time of our onsite review of records, we noted the following:

- It is the practice of the Task Force to record all purchases made with buy funds on a buy funds log. Buy fund expense reports are not created for drug purchases as required by 3-13.6 of the Multijurisdictional Task Force Operating Procedures and Guidelines Manual adopted by the Gang/Drug Oversight Council.
- It is the practice of the Task Force for one investigator, typically the investigating agent, to sign the buy funds log when drug purchases are made. No approving signature is obtained. Due to this practice, we were unable to verify that the proper approval was made for each drug purchase as required by 3-13.6 of the Multijurisdictional Task Force Operating Procedures and Guidelines Manual adopted by the Gang/Drug Oversight Council.

- It is the practice of the Task Force to copy all buy funds prior to disbursement for purchases of drugs. This is done so the buy funds can be identified amongst seized cash. In one instance, buy funds were not photographed 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 Minnesota River Valley Drug Task Force and is not intended to be, and should not be, used by anyone other than those specified parties.

*/s/Rebecca Otto*

*/s/Greg Hierlinger*

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GREG HIERLINGER, CPA  
DEPUTY STATE AUDITOR

March 5, 2012