

STATE OF MINNESOTA

Office of the State Auditor



Rebecca Otto
State Auditor

**LAKE SUPERIOR DRUG AND VIOLENT CRIME
TASK FORCE
DULUTH, 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
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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
Lake Superior Drug and Violent Crime Task Force

We have performed the procedures enumerated below, which were agreed to by the Minnesota Department of Public Safety and the Lake Superior Drug and Violent Crime Task Force, solely to assist you in determining that the Lake Superior Drug and Violent Crime 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 Lake Superior Drug and Violent Crime Task Force records for the 12-month period ending April 30, 2014. The Lake Superior Drug and Violent Crime 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 Lake Superior Drug and Violent Crime 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 April 30, 2014. The 51 cases on the list included cash, vehicle, and firearm seizures. We selected 5 cases for testing including 5 cash seizures, 2 vehicle seizures, and 2 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 Operating Procedures and Guidelines Manual requires currency that does not have evidentiary value dependent on its retaining its original form to be deposited as soon as possible. One of the cases tested included cash seized in February that was retained as evidence through the date of our onsite visit. The investigator on the case documented in the case file that the cash should be retained as evidence. Upon inquiry, the investigator stated this was done because he believed the case would be transferred to the federal government, and also to protect the identity of the confidential informant (CI). Although documented, this exception does not meet the requirements of 3-14.5.6 of the Multijurisdictional Task Force Operating Procedures and Guidelines Manual, which requires documentation from the prosecutor to retain cash as evidence.

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 April 30, 2014. Buy funds are withdrawn by each investigator using ATM cards. Buy funds are generally used for payments to CIs for information, drug purchases, and flash money. We selected 13 of the 730 items on the list to trace the documentation of activity from the point of withdrawal of buy funds to approval. Of the 13 items selected, 3 were payments to confidential informants for services, 6 were for purchases of evidence, and 4 were for other investigative expenses. All confidential/drug buy funds were accounted for in accordance with policies, procedures, and regulations.

* * * * *

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 Lake Superior Drug and Violent Crime 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

REBECCA OTTO
STATE AUDITOR

GREG HIERLINGER, CPA
DEPUTY STATE AUDITOR

August 18, 2014