

# STATE OF MINNESOTA

## Office of the State Auditor



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

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**DAKOTA COUNTY DRUG TASK FORCE**  
**EAGAN, MINNESOTA**

**AGREED-UPON PROCEDURES**

**JANUARY 10, 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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**DAKOTA COUNTY DRUG TASK FORCE  
EAGAN, MINNESOTA**

**January 10, 2012**



**Agreed-Upon Procedures**

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

Dakota County 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 Dakota County Drug Task Force, solely to assist you in determining that the Dakota County 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 Dakota County Drug Task Force records for the 12-month period ending November 30, 2011. The Dakota County 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 Dakota County 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 listings of all property seized subject to forfeiture for the 12-month period ending November 30, 2011. The 179 items on the lists consisted of cash, vehicles, and weapons. We selected 4 weapons, 6 cash seizures, and 5 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. We noted the following:

- 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.
- For seized vehicles that are to be released to owners, the Task Force notifies the owner and the tow company. The tow company obtains a signature upon release of the vehicle. While not currently required by policy, the tow company could forward a copy of the signed release form to the Task Force to complete the trail of accountability.

## 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 1, 2011. Buy funds are kept in a locked safe in the Task Force Commander's office. The Commander 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 19 of the 269 items on the list to trace the documentation of activity from the point of request for buy funds to approval. Of the 19 items selected, 5 were payments to confidential informants, 11 were for purchases of drugs, and 3 were payments for trash pulls. Based on the documentation available at the time of our onsite review of records, we noted the following:

- By scanning the list of buy fund transactions, there were eight instances noted throughout the year where the former Task Force Commander disbursed confidential buy funds to himself. According to the Policy and Procedure Manual of the Dakota County Drug Task Force Section 4 Subsection K.4 and 3-13.4 of the Multijurisdictional Task Force Operating Procedures and Guidelines Manual adopted by the Gang/Drug Oversight Council, the commander shall not make disbursements of confidential buy funds to him/herself.

- One payment to a confidential informant did not contain a witness signature as required by 3-12.8 of the Multijurisdictional Task Force Operating Procedures and Guidelines Manual and also by Section 4 Subsection J.13 of the Policy and Procedure Manual of the Dakota County Drug Task Force.
- In four instances, buy funds were not photographed prior to being disbursed for drug purchases as required by Section 4 Subsection K.3 of the Policy and Procedures Manual of the Dakota County Drug Task Force.
- One item documented as a purchase of drugs led us to inquire further about the payment due to the large dollar amount. The additional explanation provided was that the purchase also included a payment to a confidential informant for past purchases; however, this was not documented.
- One payment for a trash pull did not have a case number documented on the Confidential Fund Expense Report as required by 3.13.6 of the Multijurisdictional Task Force Operating Procedures and Guidelines Manual adopted by the Gang/Drug Oversight Council. Upon further inquiry, we were informed that the trash pull never lead to a case; however, this was not documented.

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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 Dakota County 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

January 10, 2012