

STATE OF MINNESOTA

Office of the State Auditor



Rebecca Otto
State Auditor

**PAUL BUNYAN GANG AND DRUG
TASK FORCE
BEMIDJI, MINNESOTA**

AGREED-UPON PROCEDURES

December 5, 2016

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 150 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 700 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.

Office of the State Auditor
525 Park Street, Suite 500
Saint Paul, Minnesota 55103
(651) 296-2551
state.auditor@osa.state.mn.us
www.auditor.state.mn.us

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**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

SUITE 500
525 PARK STREET
SAINT PAUL, MN 55103-2139

(651) 296-2551 (Voice)
(651) 296-4755 (Fax)
state.auditor@state.mn.us (E-mail)
1-800-627-3529 (Relay Service)

INDEPENDENT AUDITOR'S REPORT ON APPLYING AGREED-UPON PROCEDURES

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

Paul Bunyan Gang and 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 Paul Bunyan Gang and Drug Task Force, solely to assist you in determining that the Paul Bunyan Gang and Drug Task Force has appropriate practices implemented to ensure assets are adequately safeguarded and controlled and the chain of custody for seized property is documented and provides for adequate security and accountability from intake to disposition. These procedures were applied to the records of the Paul Bunyan Gang and Drug Task Force originating with confidential/buy fund activity during the 12-month period ending December 31, 2015. The Paul Bunyan 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 Paul Bunyan 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 the use of confidential/buy funds is adequately documented on expense reports.

Findings

We obtained a list of all confidential/buy fund transactions for the 12-month period ending December 31, 2015. We selected four transactions, concentrating on funds used for a buy/bust; investigator purchase of illegal drugs, contraband, or other evidence of

criminal activity; and payments made directly to informants for drugs, as these activities would be the most likely to also involve seized property. We reviewed the expense reports for the selected transactions. All items tested were adequately documented.

2. Procedure

Determine that adequate documentation exists to support the chain of custody for seized property, including a detailed inventory of property seized before being secured in storage, proper accounting of currency seized, and clear identification of storage location and inventory number.

Findings

The case files associated with the confidential/buy fund transactions selected for testing were identified. We reviewed all the seized property from the initial buy and any related search warrants associated with each case. This consisted of a total of nine buys and one search warrant. We traced the documentation of the activity for each seized item from the point of seizure to its inventory barcode number to its current location. One item was not found in the location indicated on the evidence receipt. We were informed that the item had recently been moved, and the tracking records had not yet been updated. The item was found in a different location within the property room. One of the cases included seized currency. We traced the documentation for this from the seized currency log to the deposit. The seized currency log was signed by two officers, but it did not identify whether or not the cash seized was counted at the scene. Adequate documentation supported the chain of custody for all other seized items tested.

3. Procedure

Determine that controls at property storage locations meet best practice standards.

Findings

We were escorted by the evidence custodians or otherwise authorized personnel through the property room used by the Paul Bunyan Gang and Drug Task Force at the Beltrami County Sheriff's Office, the Leech Lake Tribal Police Department, the Hubbard County Sheriff's Office, and the White Earth Tribal Police Department, and reviewed the controls in place considering such things as physical access, controlled security, and property and custody tracking records.

For the White Earth Tribal Police Department property room, we noted the practice did not include sufficient documentation linking when drugs are noted as being destroyed and when they are actually destroyed. As drugs are approved for destruction, they are placed in bins within the property room. The date the drugs are placed in the bin is the date noted in the tracking system as being destroyed rather than the actual date they are

brought to the incinerator. In addition, it is not the practice to have a witness present to monitor the evidence destruction process for items destroyed on site such as cell phones, paper, and alcohol.

For the Leech Lake Tribal Police Department's property room, the practice does not include keeping a record to track all access to the property room. A record should exist to track all access to the property storage area, including name, date, time, and reason.

For the Hubbard County Sheriff's Office property room, we were informed that review of cases and disposals of property have not occurred for several years. We suggest that unnecessary items be properly disposed of.

Other controls noted for property storage met best practice standards.

4. Procedure

Determine that property exists in storage or was properly disposed of.

Findings

For all of the seized property items associated with the four cases selected for testing, we verified that the item was located in storage where it was noted in the tracking system, appropriately returned to the owner, or properly disposed of, as applicable. The necessary approvals and documentation were reviewed to verify the proper treatment. No exceptions were noted for the items tested.

5. Procedure

Determine that forfeitures were properly reported to the Office of the State Auditor.

Findings

For the seized property items associated with the four cases selected for testing, we verified that the item was properly determined to be a forfeiture or not by the Task Force. The forfeitures noted included seized currency and two seized vehicles. We verified the Notice of Seizure and Intent to Forfeit Property Notice forms were properly completed in a timely manner. No exceptions were noted for the items tested. We also verified that the information reported to the Office of the State Auditor's Government Information Division was accurate and received in a timely manner. For both of the seized vehicles, the sold amounts reported were incorrect. One of the seized vehicles had an incorrect seizure date reported.

* * * * *

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 Paul Bunyan 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

December 5, 2016