

# STATE OF MINNESOTA

## Office of the State Auditor



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

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**NORTHWEST METRO DRUG TASK FORCE**  
**PLYMOUTH, MINNESOTA**

**AGREED-UPON PROCEDURES**

March 19, 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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**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. Kristin Lail, Program Administrator  
Minnesota Department of Public Safety

Oversight Committee  
Northwest Metro Drug Task Force

We have performed the procedures enumerated below, which were agreed to by the Minnesota Department of Public Safety and the Northwest Metro Drug Task Force, solely to assist you in determining that the Northwest Metro 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 Northwest Metro Drug Task Force records for the 12-month period ending December 31, 2013. The Northwest Metro 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 Northwest Metro 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 12-month period ending December 31, 2013. The 57 cases on the list included seized cash, silver coins, silver bars, vehicles, and firearms. We selected 7 cases for testing including 3 cash seizures, 1 silver bar seizure, 1 silver coin seizure, 2 vehicle 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:

- When property is seized for forfeiture, the investigator making the seizure must prepare the proper Notice of Seizure and Intent to Forfeit Property form and a receipt for the item(s) seized in accordance with Section 4-04.2 of the Multijurisdictional Task Force Operating Procedures and Guidelines Manual. We noted one case where a receipt was prepared for all but one of the items seized.
- For each closed case, we confirmed that the item(s) had been properly reported to the Office of the State Auditor in accordance with Minn. Stat. § 609.5315, subd. 6. Three of the items tested were not reported in the State Auditor Form Entry System (SAFES) as required.

## 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 12-month period ending December 31, 2013. Buy funds are kept in a locked safe in the Fiscal Agent Captain's office. The Captain 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, drug purchases, and flash money. We selected 5 of the 55 items on the list to trace the documentation of activity from the point of request for buy funds to approval. Of the 5 items selected, 2 were payments to CIs for information, 2 were for purchases of evidence, and 1 was an investigation expense. We noted the following:

- It is the policy of the Task Force to photocopy the serial numbers of cash used to purchase evidence prior to its disbursement. This practice allows the Task Force to identify confidential funds among seized cash. For one of the items tested, a photocopy of the cash used could not be located.

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During the course of performing our agreed-upon procedures another matter came to our attention that was outside the requirements of the Multijurisdictional Task Force Operating Procedures and Guidelines Manual and the Task Force Policies and Procedures, but was important enough to report. We noted the following:

- It is the Task Force's practice to rely on one of its fiscal agent's Police Department Captains to maintain custody of buy fund cash, to distribute this cash to the Task Force investigators, and to maintain the record of buy fund receipts and disbursements into and out of the safe. This record is used to verify cash in the safe monthly by a fiscal agent accountant. Recordkeeping and cash handling duties should be segregated, when possible, to limit risks such as theft of cash and false entries made to the buy fund records. To mitigate these risks, we recommend the Commander reconcile his buy fund records to the Captain's at least monthly when cash in the safe is verified.

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 Northwest Metro 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

March 19, 2014

*/s/Greg Hierlinger*

GREG HIERLINGER, CPA  
DEPUTY STATE AUDITOR