

# 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 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

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

Ms. Kristin Lail, 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, 2013. 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, 2013. The 49 cases on the list included seized cash, vehicles, and firearms. We selected 5 cases for testing including 2 firearm seizures, 2 cash seizures, and 2 vehicle 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. For two of the cases tested, no receipt was prepared for 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. It is the practice of the Task Force to not report items that have been returned. Two of the items tested were returned and not reported in the State Auditor Form Entry System (SAFES) as required by state statute.

## 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 December 31, 2013. 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 8 of the 103 items on the list to trace the documentation of activity from the point of request for buy funds to approval. Of the 8 items selected, 4 were payments to confidential informants for information, 3 were purchases of evidence, and 1 was a payment for a trash pull. All confidential/drug buy funds were accounted for in accordance with policies, procedures, and regulations.

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

- It is the Task Force's practice for one of the Blue Earth County Evidence Room Technicians to enter cash seized for forfeiture into the evidence tracking system, to prepare and deliver the deposit from the evidence room to the County Auditor's Office, and to initiate and record the distribution of all forfeited cash in the Task Force's general ledger accounts. Recordkeeping and cash handling duties should be segregated, when possible, to limit risks such as theft of cash and false entries made to the accounting records.

To mitigate these risks we recommend the fiscal agent's accountant notify the Task Force of all cash seizures deposited, at the point of deposit. We further recommend that the Task Force reconcile this deposit information to the forfeiture monitoring spreadsheet maintained by the Task Force's Administrative Assistant and verify that all cash seizures are deposited timely.

- To complete the procedures listed above, we rely on the Task Force to provide a complete list of all items seized for forfeiture for the time period specified. We noted several items reported to our office through the SAFES that were not included in the list provided to us for audit. Upon inquiry, the Evidence Room Technician stated that these were forfeitures of the participating agencies of the Task Force. The Task Force's Administrative Assistant provided further information stating that the Task Force receives 70 percent of the proceeds of these forfeitures as a contribution from the other agencies for their assistance on these cases. Given the information provided we recommend these forfeitures be reported as the participating agency's forfeitures in the SAFES, not those of the Task Force.

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*

REBECCA OTTO  
STATE AUDITOR

*/s/Greg Hierlinger*

GREG HIERLINGER, CPA  
DEPUTY STATE AUDITOR

March 19, 2014