WEST CENTRAL DRUG TASK FORCE
ALEXANDRIA, MINNESOTA

AGREED-UPON PROCEDURES

November 20, 2013
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
State of Minnesota
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INDEPENDENT AUDITOR’S REPORT
ON APPLYING AGREED-UPON PROCEDURES

Ms. Kristin Lail, Grants Coordinator
Minnesota Department of Public Safety

Oversight Committee
West Central Drug Task Force

We have performed the procedures enumerated below, which were agreed to by the Minnesota Department of Public Safety and the West Central Drug Task Force, solely to assist you in determining that the West Central 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 West Central Drug Task Force records for the 12-month period ending August 31, 2013. The West Central 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 West Central 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 August 31, 2013. The 12 items on the list consisted of cash and vehicles. We selected 2 cash seizures and 2 vehicle seizures 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:

- A storage location should be assigned to each item of evidence and a record of this information should be recorded on the evidence receipt and/or chain of possession. In accordance with policy 3-14.4 of the Multijurisdictional Task Force Operating Procedures and Guidelines Manual, the evidence receipt shall be made part of the investigative file. Currently, the Task Force does not maintain documentation of such information in the forfeiture file when seized vehicles are brought to the County impound lot. We recommend the Task Force maintain the proper documentation when seized vehicles are entered into 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 listing of all purchases made with buy funds for the 12-month period ending August 31, 2013. Buy funds are withdrawn by each investigator through the use of ATM cards. Buy funds are generally used for payments to confidential informants (CI) for information and/or services, drug purchases, and flash money. We selected 15 of the 171 items on the list to trace the documentation of activity from the point of withdrawal of buy funds to approval. Of the 15 items selected, 4 were payments to CIs for services, 8 were for purchases of evidence, and 3 were investigative expenses. We noted the following:

- The policy in 3-12.4 of the Multijurisdictional Task Force Operating Procedures and Guidelines Manual states that the Task Force shall maintain a complete set of information files that contains the required documentation and information relating to all Task Force informants that have been used or are currently being used by the Task Force. Upon review of the CI file associated with one of the items tested, we noted that the CI agreement was completed eight months after the disbursement was made. Upon inquiry, the Commander stated that the CI file had gone missing when the Task Force changed the location of its office. The Task Force completed a new file for the CI once this was discovered.
In accordance with policy 3-13.6 of the Multijurisdictional Task Force Operating Procedures and Guidelines Manual, all investigators making payments from confidential funds shall document the transaction on an expense report accounting for all money withdrawn from the fund. It is the Task Force’s practice to complete expense forms only for items where a receipt could not be obtained. As a result, two of the items tested did not have supporting expense reports. In both cases, receipts were obtained and a report on the operation was included in the case file.

We recommend the Task Force follow policy 3-13.6 of the Multijurisdictional Task Force Operating Procedures and Guidelines Manual regarding confidential buy funds and expense reports.

* * * * *

During the course of performing our agreed upon procedures other matters came to our attention that were outside the requirements of the Minnesota Department of Public Safety 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:

- The Task Force currently keeps cash in a locked safe in the Task Force office to be used as buy funds in the event an investigator is unable to obtain an adequate amount of cash through the ATM. At the time of our site visit the amount of cash held in the safe totaled $1,093.45. According to the cash log in the safe, the funds had not been used since September 2012 when it was converted from petty cash to supplemental buy funds.

  We recommend the Task Force Board evaluate the necessity of maintaining this cash on site. If the Board determines that the supplemental buy funds are needed, we recommend the Task Force establish policies and procedures to direct Task Force agents on how the funds should be distributed, documented, and monitored. We further recommend monthly cash counts and reconciliations with Task Force records. If the Board determines that the cash is no longer needed as supplemental buy funds, we recommend the Task Force deposit these funds into its bank account.

- To complete the procedures listed above, we rely on the Task Force to provide us with a complete list of all items seized for forfeiture and all buy fund activity for the time period specified. We perform certain procedures to determine that each list is complete, including a review of bank reconciliations and forfeitures reported to the Office of the State Auditor on the State Auditor Form Entry System (SAFES) throughout the year. During our review of the bank reconciliations, we noted that disbursements occurring in the month of August were not included in the list of buy fund activity. Upon inquiry, the Commander discovered an issue with the Task Force’s tracking system that limited the number of disbursements that could be included in the list. This caused the last few items within the scope of the engagement to be excluded.
Also, during our review of forfeitures we noted one instance where a cash forfeiture reported to the Office of the State Auditor on SAFES was not included on the list of items provided to the auditor by the Task Force. Upon inquiry, the Administrative Assistant stated that the item was removed from the list given to the auditor because she thought it was outside the scope of the engagement. Upon review of the cash forfeiture we determined that it was in fact within the scope of the engagement.

We recommend the Task Force provide us with complete information relative to the time period of our review.

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 West Central Drug 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 GREG HIERLINGER, CPA
STATE AUDITOR DEPUTY STATE AUDITOR

November 20, 2013