

# STATE OF MINNESOTA

## Office of the State Auditor



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

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**CENTRAL MINNESOTA VIOLENT OFFENDER  
TASK FORCE**

**SAINT CLOUD, MINNESOTA**

**AGREED-UPON PROCEDURES**

January 3, 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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**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, Grants Coordinator  
Minnesota Department of Public Safety

Oversight Committee  
Central Minnesota Violent Offender Task Force

We have performed the procedures enumerated below, which were agreed to by the Minnesota Department of Public Safety and the Central Minnesota Violent Offender Task Force, solely to assist you in determining that the Central Minnesota Violent Offender 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 Central Minnesota Violent Offender Task Force records for the 10-month period ending October 31, 2012. The Central Minnesota Violent Offender 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 Central Minnesota Violent Offender 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 10-month period ending October 31, 2012. The 20 items on the list consisted of cash, vehicles, firearms, collector currency, and jewelry. We selected 2 cash seizures, 2 firearm seizures,

1 vehicle seizure, 1 collector currency seizure, and 1 jewelry seizure 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:

- Minnesota Statute § 609.5315, subd. 6(a), requires each law enforcement agency to give written record of each forfeiture incident to the State Auditor. Prior to our onsite visit, we requested from the Task Force a list of all seized for forfeiture property including pending and closed items. This list was compared to the forfeiture incidents reported to the State Auditor's Office for the same time frame. During our comparison, we noted a jewelry forfeiture reported that was not included in the list originally provided to us for testing.

## 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 from January 1 to October 31, 2012. Buy funds are kept in a locked safe in the Task Force office. One of two Task Force Team Leads replenish the buy funds by cashing a check written from the Task Force bank account and signed by the Commander and the Team Lead. Buy funds are generally used for payments to confidential informants (CI) for information, drug purchases, and flash money. We selected 19 of the 377 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, 13 were payments to CIs for information and/or services, and 6 were for purchases of drugs. We noted the following:

- One of the payments tested was documented as a payment to a CI for services; however, the CI's number was not included on the supporting expense receipt. The expense receipt also did not include a case number as required by 3-13.6 of the Multijurisdictional Task Force Operating Procedures and Guidelines Manual. Additionally, there was no CI file for this individual who was identified by name on the expense report. Upon questioning, the Team Lead explained that the individual paid was not a CI who the Task Force currently uses, but rather a CI used by the former Major Crime Investigation Unit, which is now a part of the Task Force. The Task Force gave the individual money for a bus ticket and a hotel for one night to leave the area; however, this was not documented.

- One of the items tested was documented as a payment for rent for a CI, but the supporting expense report did not contain a CI number or case number as required by 3-13.6 of the Multijurisdictional Task Force Operating Procedures and Guidelines Manual. There was also no CI file for the individual paid as required by 3-12.3 of the Multijurisdictional Task Force Operating Procedures and Guidelines Manual. The expense report stated that the disbursement was to be reimbursed by the Bureau of Alcohol, Tobacco, Firearms, and Explosives (ATF) and was a federal case.
- For four of the disbursements tested, no supporting receipt was on file for the disbursements as required by 3-13.6 of the Multijurisdictional Task Force Operating Procedures and Guidelines Manual. These items were purchased on behalf of CIs in exchange for information and services. The items purchased included a concert ticket, gas, medicine, and rent. No documentation existed indicating that these cases would have been jeopardized if receipts were obtained.
- One of the items tested was documented as a purchase of food for services with no CI number documented on the expense form. Upon questioning, the Commander explained that the food was purchased for two undercover officers and a suspect who was arrested at the fast food establishment. The Commander stated that the payment would normally be disbursed from the program income account rather than from the buy funds account. This disbursement did not follow the Minnesota Department of Public Safety's guidance for allowable use of buy funds as identified in 3-13.4 of the Multijurisdictional Task Force Operating Procedures and Guidelines Manual.
- Five instances were noted where a disbursement was made to a CI with no associated case number as required by 3-13.6 of the Multijurisdictional Task Force Operating Procedures and Guidelines Manual. One of the disbursements was documented as a payment of \$450 to a CI for future work. Upon questioning, the Commander stated that the CIs paid were involved with multiple cases; however, this information was not documented.
- As a step in our testing process, disbursements made to a CI were traced to the CI's file to verify that the CI's signature on the expense form matched the CI's signature in the file. There were two instances for the same CI where the CI's signature did not appear to match the signature on file. As a follow up procedure, subsequent expense reports for the same CI were reviewed. The signature on those expense reports matched.

- For one of the payments made to a CI for information, the CI did not sign the expense report as required by 3-12.8 of the Multijurisdictional Task Force Operating Procedures and Guidelines Manual. Upon questioning, the Team Lead stated that it is not the practice of the Task Force to carry expense forms with them in the field. CIs are brought back to the Task Force office after a disbursement is made to complete the expense report. Due to this practice, there are times when a CI cannot return to the office and, therefore, does not sign the expense form. The Task Force Commander suggested placing a receipt book in each of the investigators' vehicles which could be used to document the disbursement and obtain a signature from the CI when an expense form is not available. It is recommended that the Task Force implement this practice as suggested by the Commander.
- 3-13.6 of the Multijurisdictional Task Force Operating Procedures and Guidelines Manual requires the Commander to provide final authorization of all expense forms. For one of the disbursements tested, there was no signature from the Commander on the expense form.

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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 Central Minnesota Violent Offender 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 3, 2013