

# STATE OF MINNESOTA

## Office of the State Auditor



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

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**DAKOTA COUNTY DRUG TASK FORCE**  
**EAGAN, MINNESOTA**

**AGREED-UPON PROCEDURES**

**FEBRUARY 13, 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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**DAKOTA COUNTY DRUG TASK FORCE  
EAGAN, MINNESOTA**

**February 13, 2014**



**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

Dakota County 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 Dakota County Drug Task Force, solely to assist you in determining that the Dakota County 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 Dakota County Drug Task Force records for the 12-month period ending October 31, 2013. The Dakota County 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 Dakota County 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 listings of all property seized subject to forfeiture for the 12-month period ending October 31, 2013. The 170 items on the lists consisted of cash, vehicles, and firearms. We selected 9 forfeiture cases for testing which included 3 firearm seizures, 6 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:

- Currently, it is the practice of the Task Force to enter cash forfeitures into evidence and hold the funds for up to three months before bringing it to the Task Force's fiscal agent for verification of amount and for deposit. In the past, it has been the practice of the Task Force to complete deposits monthly. We recommend the Task Force complete its deposits monthly to comply with section 3-14.5.5 of the Multijurisdictional Task Force Operating Procedures and Guidelines Manual, which states that the Commander or designee shall, as soon as possible, verify the amount and deposit the currency into an account for the purpose of holding the seized currency until a final disposition can be reached.

## 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 October 31, 2013. Buy funds are kept in a locked safe in the Task Force Commander's office. The Commander replenishes the funds 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 13 of the 168 items on the list to trace the documentation of activity from the point of request for buy funds to approval. Of the 13 items selected, 3 were payments to confidential informants for information, 7 were for purchases of evidence, 2 were investigative expenses, and 1 was a payment for a trash pull. Based on the documentation available at the time of our onsite review of records, 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 found.

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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:

- 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 State Auditor's Form Entry System (SAFES) that were not included in the list provided for audit. We also noted one closed case included in the list provided to the Auditor that was not entered into SAFES, and three additional errors in reporting within SAFES. We believe these problems occurred because the current tracking system used by the Task Force does not support the large amount of forfeiture cases the Task Force handles. We recommend the Task Force track all of its forfeitures on one complete spreadsheet and update it as the seized items move through the forfeiture process, including any changes in the status or amounts.

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 Dakota County 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

February 13, 2014