

# STATE OF MINNESOTA

## Office of the State Auditor



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

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**BROWN LYON REDWOOD RENVILLE**  
**GANG AND DRUG TASK FORCE**  
**NEW ULM, MINNESOTA**

**AGREED-UPON PROCEDURES**

October 16, 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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GANG AND DRUG TASK FORCE  
NEW ULM, MINNESOTA**

**October 16, 2013**



**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  
Brown Lyon Redwood Renville Gang and Drug Task Force

We have performed the procedures enumerated below, which were agreed to by the Minnesota Department of Public Safety and the Brown Lyon Redwood Renville Gang and Drug Task Force, solely to assist you in determining that the Brown Lyon Redwood Renville Gang and 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 Brown Lyon Redwood Renville Gang and Drug Task Force records for the 12-month period ending September 30, 2013. The Brown Lyon Redwood Renville Gang and 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 Brown Lyon Redwood Renville Gang and 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 September 30, 2013. The 11 cases on the list included items such as cash, firearms, and vehicles. We selected 3 cases for testing which included 3 cash seizures, 1 firearm seizure, 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. All items tested were accounted for in accordance with policies, procedures, and regulations.

## 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 drug buy funds for the 12-month period ending September 30, 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 14 of the 155 items on the list to trace the documentation of activity from the point of withdrawal of buy funds to approval. Of the 14 items selected, 1 was a payment to a CI for information; 5 were payments to CIs for services; 5 were purchases of evidence; and 3 were investigative expenses including phone cards, minutes, and batteries. We noted the following:

- The policy identified in 3-13.6 of the Multijurisdictional Task Force Operating Procedures and Guidelines Manual states that buy fund expense reports should include a case number. Three of the expense reports tested did not include a case number. Upon inquiry, the Commander stated that two of the expense reports documented start-up expenses for two of the Task Force CIs. The other expense report documented relocation costs of one of the Task Force CIs.

For relocation expenses, we recommend the Task Force document previous cases on which the CI has worked and explain the necessity for relocation on the expense report. For the two start-up disbursements, we noted that the CI completed a buy shortly after incurring the start-up costs. In these cases, we recommend the Task Force document the subsequent case numbers on the expense report.

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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 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:

- It is the Task Force's practice to store evidence in its participating agencies' evidence rooms. As part of our procedures, we reviewed evidence held in the City of New Ulm's evidence room, including a firearm that was seized for forfeiture by the Task Force. The City does not have an evidence technician. Therefore, according to the City's policy for evidence storage, each investigator is to be assigned an evidence locker where that investigator can secure the evidence obtained. It is also City policy for the investigator to document the evidence stored in their locker on an evidence form. For items seized for forfeiture by the Task Force that are stored in the City of New Ulm's evidence room, we recommend the Task Force Commander review the evidence form and verify that all items seized were properly handled and stored by the investigating officer.

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 Brown Lyon Redwood Renville Gang and 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

October 16, 2013