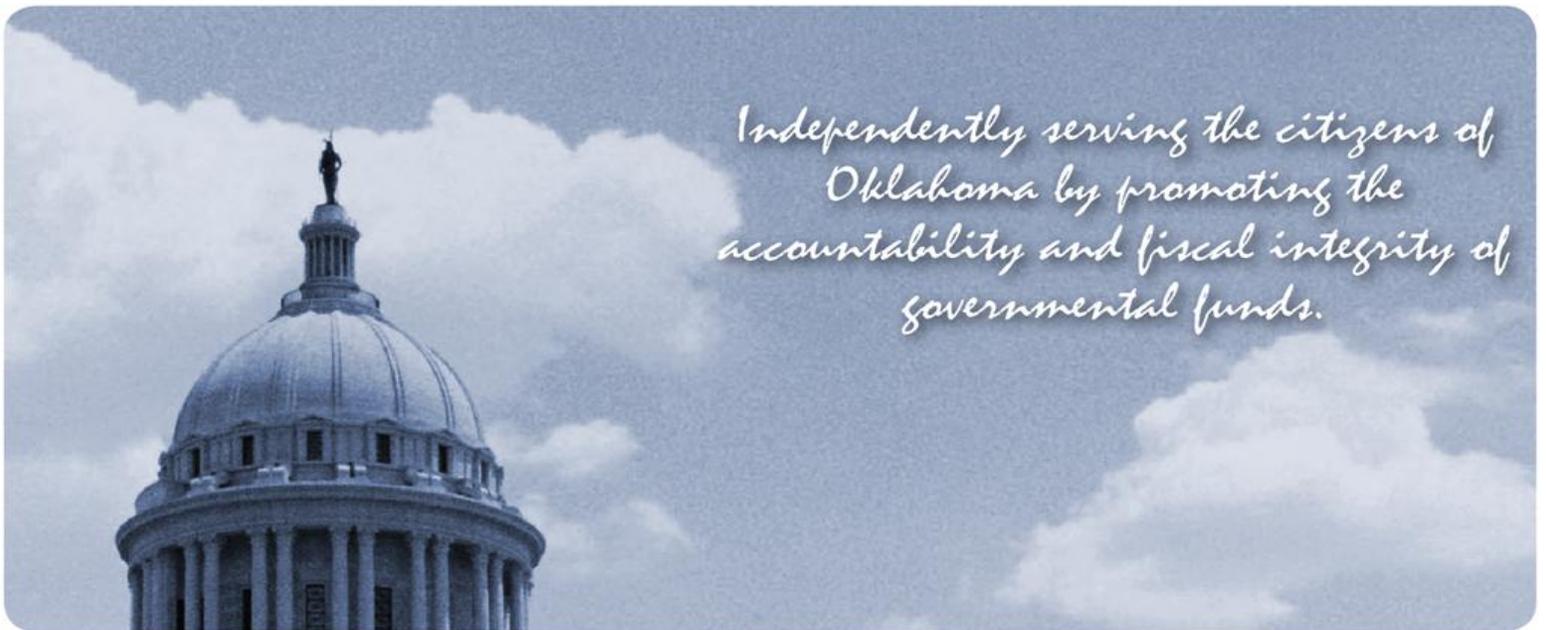


STATUTORY REPORT

**DISTRICT ATTORNEY
DISTRICT 22
BOGUS CHECK RESTITUTION PROGRAM
SUPERVISION PROGRAM
PROPERTY FORFEITURE PROGRAM**

For the period of July 1, 2010 through June 30, 2013



*Independently serving the citizens of
Oklahoma by promoting the
accountability and fiscal integrity of
governmental funds.*



Oklahoma State
Auditor & Inspector
Gary A. Jones, CPA, CFE

**CHRIS ROSS, DISTRICT ATTORNEY
DISTRICT 22**

**STATUTORY REPORT
BOGUS CHECK RESTITUTION PROGRAM
SUPERVISION PROGRAM
PROPERTY FORFEITURE PROGRAM**

FOR THE PERIOD OF JULY 1, 2010 THROUGH JUNE 30, 2013

This publication, issued by the Oklahoma State Auditor and Inspector's Office as authorized by 74 O.S. § 212.E and 22 O.S. §§ 114, 991d, 991f-1.1, and 63 O.S. § 2-506 has not been printed, but is available on the agency's website (www.sai.ok.gov) and in the Oklahoma Department of Libraries Publications Clearinghouse Digital Collection, pursuant to 74 O.S. § 3105.B.



Oklahoma State Auditor & Inspector

2300 N. Lincoln Blvd. • State Capitol, Room 100 • Oklahoma City, OK 73105 • Phone: 405.521.3495 • Fax: 405.521.3426

October 20, 2014

Chris Ross, District Attorney
District 22
Pontotoc County Courthouse
Ada, Oklahoma 74821

Transmitted herewith is the statutory report for the District Attorney of District 22, Pontotoc, Seminole and Hughes County, Oklahoma (the District) for the period of July 1, 2010 through June 30, 2013.

A report of this type is critical in nature; however, we do not intend to imply that there were not commendable features in the present accounting and operating procedures of the District.

The goal of the State Auditor and Inspector is to promote accountability and fiscal integrity in state and local government. Maintaining our independence as we provide this service to the taxpayers of Oklahoma is of utmost importance.

We wish to take this opportunity to express our appreciation for the assistance and cooperation extended to our office during our engagement.

Sincerely,

A handwritten signature in blue ink, appearing to read "Gary A. Jones".

GARY A. JONES, CPA, CFE
OKLAHOMA STATE AUDITOR & INSPECTOR

**CHRIS ROSS, DISTRICT ATTORNEY
DISTRICT 22
STATUTORY REPORT
FOR THE PERIOD OF JULY 1, 2010 THROUGH JUNE 30, 2013**

TABLE OF CONTENTS

Introductory Information ii

Statutory Report of State Auditor and Inspector 1

Schedule of Findings and Responses 3

**CHRIS ROSS, DISTRICT ATTORNEY
DISTRICT 22
STATUTORY REPORT
FOR THE PERIOD OF JULY 1, 2010 THROUGH JUNE 30, 2013**

INTRODUCTORY INFORMATION

BOGUS CHECK PROGRAM

The bogus check program was created by the Oklahoma Legislature in 1982 as a special type of deferred prosecution program and every district attorney is required to operate a bogus check program. The program provides an alternative way to handle bogus check cases without any additional cost to courts, prosecutors, or the state prison system. The primary emphasis of the program is collecting restitution for the victim of the crime, rather than punishing the offender.

Bogus checks are a significant cost to business, a cost that is passed on to the consumer and paid by all citizens and taxpayers in the state. The bogus check program has been an effective way to address the economic problem caused by bogus checks. The program offers a way to address criminal conduct without sending a large number of offenders to state correctional facilities.

DISTRICT ATTORNEY SUPERVISION PROGRAM

The district attorney supervision program was created by the Oklahoma Legislature in 2005 as an alternative from supervision by the Department of Corrections. When the court imposes a deferred or a suspended sentence for any offense and does not order supervision by the Department of Corrections, the offender shall be required to pay the district attorney a monthly supervision fee. However, the legislation provides that in hardship cases, the district attorney shall expressly waive all or part of the fee.

DISTRICT ATTORNEY PROPERTY FORFEITURE PROGRAM

Most district attorneys in the state have a Property Forfeiture Fund. The fund is not subject to fiscal year limitations and is to be used for enforcement of controlled dangerous substance laws, drug abuse prevention and education, and is maintained by the District Attorney to be used at his or her discretion for those purposes. The revenues for said fund come from the proceeds of forfeited assets.

Any cash, vehicles, real property, or other assets used in the commission of or acquired as a result of a crime as described in the Uniform Controlled Dangerous Substances Act is presumed to be forfeitable.

Asset forfeiture is an effective law enforcement tool used by local district attorneys to deprive criminals of their ill-gotten gains by seizing the proceeds of criminal activity and property used to facilitate crime. The proceeds of seized, forfeited assets make a substantial contribution to the investigation and prosecution of drug related offenses.



Oklahoma State Auditor & Inspector

2300 N. Lincoln Blvd. • State Capitol, Room 100 • Oklahoma City, OK 73105 • Phone: 405.521.3495 • Fax: 405.521.3426

Statutory Report

Chris Ross, District Attorney
District 22
Pontotoc County Courthouse
Ada, Oklahoma 74821

For the purpose of complying with 74 O.S. § 212.E and 22 O.S. §§ 114, 991d, and 63 O.S. § 2-506, we have performed the following procedures as they relate to the records of the District Attorney's programs for the period of July 1, 2010 through June 30, 2013.

Bogus Check and Supervision Programs:

- Determine that internal controls are designed and operating over the collections and expenditures process.
- Examine fees to determine that the correct fees are assessed, receipted, and deposited in compliance with 28 O.S. § 153, 22 O.S. §§ 114, 991d, and 19 O.S. § 215.11.
- Determine whether expenditures are used to defray the expenses of the District Attorney's office in accordance with 22 O.S. §§ 114, and whether expenditures are supported by approved claims, invoices, and verification that goods or services paid for were received.
- Determine whether the District Attorney reconciles all accounts with the County Treasurer's ledgers.
- Determine whether the District Attorney prepares and submits an annual report to the District Attorneys Council that shows total deposits and total expenditures for the Bogus Check Restitution Program and the Supervision Program.

Property Forfeiture Program:

- Determine that internal controls are designed and operating over the collections and expenditures process.
- Determine that the District Attorney maintains a true and accurate inventory of all property seized in accordance with 63 O.S. § 2-506.K.
- Review sale documentation for selected cases to determine whether forfeited assets were sold after due notice at public auction to the highest bidder in accordance with 63 O.S. §§ 2-506 and 2-508.
- Review the distribution of proceeds to determine the distribution was in accordance with court orders pursuant to 63 O.S. §§ 2-506.K and 2-508.
- Test expenditures to determine they are supported by approved claims, invoices, and independent verification that goods or services paid for were received.

- Determine if the District Attorney prepared and submitted an annual report to the District Attorneys Council showing the total deposits, total expenditures, beginning and ending balances in accordance with 63 O.S. § 2-506.L.3.
- Determine if the District Attorney reconciles account balances with the County Treasurer.

All information included in the financial records of the bogus check restitution program, supervision program, restitution and diversion program, and the property forfeiture program are the representation of the District Attorney for their respective district.

Our engagement was limited to the procedures performed above and was less in scope than an audit performed in accordance with auditing standards generally accepted in the United States of America. Accordingly, we do not express an opinion on any basic financial statement of Pontotoc, Seminole and Hughes Counties.

Based on our procedures performed, we have presented our findings in the accompanying schedule.

This report is intended for the information and use of the District Attorney and the County Officials. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in blue ink, appearing to read "Gary A. Jones".

GARY A. JONES, CPA, CFE
OKLAHOMA STATE AUDITOR & INSPECTOR

August 5, 2014

**CHRIS ROSS, DISTRICT ATTORNEY
DISTRICT 22
STATUTORY REPORT
FOR THE PERIOD OF JULY 1, 2010 THROUGH JUNE 30, 2013**

SCHEDULE OF FINDINGS AND RESPONSES

Finding-1 – Segregation of Duties – Bogus Check Restitution, Supervision, and Property Forfeiture Accounts

Condition: The following are instances of the lack of segregation of duties in personnel within District Attorney accounts:

Pontotoc County

A lack of segregation of duties exists in the procedural process of the Property Forfeiture Program (DA Trust and DA Narcotics Enforcement accounts). One employee prepares and delivers deposits, prepares and approves expenditures, signs vouchers, maintains subsidiary ledgers, performs monthly reconciliations and prepares the annual report. No one other than the preparer reviews the reconciliations to ensure accuracy of the amounts reconciled.

A lack of segregation of duties exists in the procedural process of the Bogus Check Restitution (DA Bogus Check and DA Fee accounts) Program. One employee for the DA Bogus Check account prepares and delivers deposits, prepares and approves expenditures, and signs vouchers.

In addition, one employee for the DA Fee account prepares and delivers deposits, prepares and approves expenditures, signs vouchers, maintains account ledgers, performs monthly reconciliations and prepares the Annual Report. No one other than the preparer reviews the reconciliations to ensure accuracy of the amounts reconciled.

A lack of segregation of duties exists in the procedural process of the Supervision Fee (DA Bounce Back and DA Supervision Fee accounts) Program. One employee for the DA Bounce Back account prepares and delivers deposits, prepares and approves expenditures, and signs vouchers.

Also, one employee for the DA Supervision Fee account prepares and delivers deposits, prepares and approves expenditures, signs vouchers, maintains account ledgers, performs monthly reconciliations, and prepares the annual report. No one other than the preparer reviews the reconciliations to ensure accuracy of the amounts reconciled.

Seminole County

A lack of segregation of duties exists in the procedural process of the Property Forfeiture Program (DA Trust and DA Drug Enforcement accounts). One employee prepares and delivers deposits along with preparing expenditures and issuing vouchers for both accounts.

A lack of segregation of duties exists in the procedural process of the Bogus Check Restitution (DA Bogus Check and DA Fee accounts) Program. An employee receives payments, prepares and delivers deposits, prepares expenditures, and issues vouchers for both accounts.

**CHRIS ROSS, DISTRICT ATTORNEY
DISTRICT 22
STATUTORY REPORT
FOR THE PERIOD OF JULY 1, 2010 THROUGH JUNE 30, 2013**

A lack of segregation of duties exists in the procedural process of the Supervision Fee (Court Order 2 and DA Supervision Fee accounts) Program. An employee receives payments, prepares and delivers deposits, prepares expenditures, and issues vouchers for both accounts.

Hughes County

A lack of segregation of duties exists in the procedural process of the Supervision Fee, Bogus Check Restitution, and Property Forfeiture Programs. One employee receives payments, prepares and delivers deposits along with preparing expenditures and issuing vouchers for all accounts.

Cause of Condition: Procedures have not been designed to properly separate key accounting functions.

Effect of Condition: A single person having responsibility for more than one area of recording, authorization, custody of assets, and execution of transactions could result in unrecorded transactions, misstated financial reports, clerical errors, or misappropriation of funds not being detected in a timely manner.

Recommendation: The Oklahoma State Auditor & Inspector's Office (OSAI) recommends management be aware of these conditions and realize that concentration of duties and responsibilities in a limited number of individuals is not desired from a control point of view. The most effective controls lie in management's overseeing of office operations and a periodic review of operations. OSAI recommends management provide segregation of duties so that no one employee is able to perform all accounting functions. In the event that segregation of duties is not possible due to limited personnel, OSAI recommends implementing compensating controls to mitigate the risks involved with a concentration of duties. Compensating controls would include separating key processes and /or critical functions of the office, and having management review and approval of accounting functions.

Management Response: A lack of segregation cannot be totally negated in that funding does not exist to hire enough persons to perform each of the separate tasks. New policy has been implemented effective 8-5-14 which requires verification of receipt of all items purchased. Prior approval of purchase was already required under policy and procedures manual pg. 6. However, this prior approval was again stressed in the addendum to policy effective 8-5-14. Approval may be given by the Finance Officer, the DA, the First ADA, or the Hughes County ADA. Our office form has been amended by adding a location for the signature of the person verifying receipt of the purchased items. The addendum reads:

ADDENDUM OF 8-5-14

The following are to be considered policy immediately. Some of these have already been made policy, but it appears that some are not following the policy:

1. If you make a purchase, someone else must sign documenting that you have received the items purchased.
2. If you are going to make a purchase, someone must first approve the purchase. This should be the Finance Officer, the First Assistant, the District Attorney, or in Hughes County, the Hughes County Assistant District Attorney.

**CHRIS ROSS, DISTRICT ATTORNEY
DISTRICT 22
STATUTORY REPORT
FOR THE PERIOD OF JULY 1, 2010 THROUGH JUNE 30, 2013**

3. Deposits are to be made daily. If it is impossible to make it on the day it is received, it should be deposited the next day.
4. No accounts on Bounce Back will be written off, voided, altered, or deleted without prior approval of the Finance Officer.
5. Employees who are logged into Bounce Back shall log out of the system or lock their computers when leaving their workstation.
6. Employees shall not give their Bounce Back password information to another employee or any other individual, nor shall any employee ask another employee for their password information. IF THIS OCCURS, THE EMPLOYEE SHALL IMMEDIATELY REPORT TO THE DISTRICT ATTORNEY, THE FIRST ASSISTANT, AND THE FINANCE OFFICER THAT SOMEONE HAS REQUESTED THEIR PASSWORD FOR BOUNCE BACK PASSWORD.

Criteria: Demonstration of accountability and stewardship are goals used in evaluating management's accounting for funds. A basic component of adequate internal controls is the segregation of duties so that one individual cannot perpetuate and conceal errors and irregularities in the normal course of his/her duties. To help ensure a proper accounting of funds and strong internal controls, the duties of receiving, receipting, recording, and depositing cash and checks should be separated among employees.

Finding-2 – Internal Control Environment - Written Policies and Procedures for Bogus Check Restitution, and Supervision Fee Programs

Condition: As part of our review of District Attorney accounts and records, we tested receipts, disbursements and cash balances. The District Attorney has established some written policies and procedures and/or has designed and implemented internal controls for the safeguarding and reporting of program funds. However, as policies are being established and implemented, deficiencies were noted in certain areas, which include the following:

Information Technology

- Employees are not required to log out of the system when leaving their workstation.
- Override or write-off reports are not reviewed periodically for unusual activity.
- A time-out security measure has not been assigned in the system.
- IT software audit reports are not reviewed for voided, altered or deleted receipts.
- Employees receiving payments are able to delete payments without prior approval.

Bogus Check Restitution Program

Pontotoc County

- An employee uses the District Attorney's facsimile stamp to approve expenditure requisition claims.
- 2 of the 15 expenditures tested did not have an invoice attached to validate the expense.
- 13 of the 15 expenditures tested did not have any indication that goods and/or services had been received.

**CHRIS ROSS, DISTRICT ATTORNEY
DISTRICT 22
STATUTORY REPORT
FOR THE PERIOD OF JULY 1, 2010 THROUGH JUNE 30, 2013**

Seminole County

- 2 of the 15 Bogus Check payments received were not deposited in a timely manner.
- 1 of the 15 expenditures tested did not have any indication that goods and/or services had been received.

Hughes County

- Deposits are not made daily.
- 8 of the 15 expenditures tested did not have any indication that goods and/or services had been received.
- Expenditures are not approved and reviewed by someone other than the preparer.

Supervision Fee Program

Pontotoc County

- A defendant paid Supervision fees to the District Attorney when the court ordered probation fees to another entity.
- A write-off of one year's Supervision fees was given to a defendant's two year court ordered supervision, totaling a loss to the District Attorney's office in the amount of \$480.00. A defendant's court case number was erroneously entered twice into the defendant's history, causing the adjustment.

Seminole County

- 4 of the 15 Supervision payments received were not deposited in a timely manner.

Hughes County

- Deposits are not made daily.
- 3 of the 7 expenditures tested did not have supporting documentation attached to validate the expense.
- Expenditures are not approved and reviewed by someone other than the preparer.

Cause of Condition: The District Attorney's office does not always follow the formal policies in place establishing procedures for collections, disbursements, and financial reporting for the Bogus Check Restitution, and Supervision Fee accounts.

Effect of Condition: These conditions could result in employee error for the reporting and documentation of the collection of payments, defendant file maintenance, restitution payments, expenditure transactions and the accounting of funds. In addition, these conditions could result in unrecorded transactions, misstated financial reports, undetected errors, or misappropriation of funds.

Recommendation: OSAI recommends that management adopt written policies and procedures for the accounting of program funds and the maintenance of client files. Implementing this recommendation would ensure that all employees are aware of their duties and responsibilities and that each program is

CHRIS ROSS, DISTRICT ATTORNEY
DISTRICT 22
STATUTORY REPORT
FOR THE PERIOD OF JULY 1, 2010 THROUGH JUNE 30, 2013

properly accounted for and is in compliance with applicable laws and regulations. Such policies should include the following:

- Guidelines for applying restitution payments to District Attorney fees and remitting restitution payments to merchants/victims. (i.e., merchants/victims are paid restitution before District Attorney fees are collected, etc.)
- Guidelines for the disposition of monies in an account when a merchant cannot be located.
- Guidelines for the oversight of the daily collection process and the deposit of funds.
- Guidelines for the oversight of monthly reconciliations to the County Treasurer's account balances.
- Guidelines for the process of approval and documentation of account expenditures.
- Guidelines for the assignment of IT software administrative rights to an individual not directly associated with the day to day accounting processes.
- Guidelines for the administrative approval and review of IT software deletions, voids and write-off activity.

Furthermore, we recommend management identify, analyze, and manage risks. Management should also assess the quality and effectiveness of the organizations internal control process over time and implement appropriate controls and oversight of each programs daily transactions and recordkeeping. This will ensure that management has taken the necessary steps in safeguarding the department's assets.

Management Response: New policy was implemented, and already existing policy re-emphasized, in the following addendum to policy effective 8-5-14:

ADDENDUM OF 8-5-14

The following are to be considered policy immediately. Some of these have already been made policy, but it appears that some are not following the policy:

1. If you make a purchase, someone else must sign documenting that you have received the items purchased.
2. If you are going to make a purchase, someone must first approve the purchase. This should be the Finance Officer, the First Assistant, the District Attorney, or in Hughes County, the Hughes County Assistant District Attorney.
3. Deposits are to be made daily. If it is impossible to make it on the day it is received, it should be deposited the next day.
4. No accounts on Bounce Back will be written off, voided, altered, or deleted without prior approval of the Finance Officer.
5. Employees who are logged into Bounce Back shall log out of the system or lock their computers when leaving their workstation.
6. Employees shall not give their Bounce Back password information to another employee or any other individual, nor shall any employee ask another employee for their password information. **IF THIS OCCURS, THE EMPLOYEE SHALL IMMEDIATELY REPORT TO THE DISTRICT**

**CHRIS ROSS, DISTRICT ATTORNEY
DISTRICT 22
STATUTORY REPORT
FOR THE PERIOD OF JULY 1, 2010 THROUGH JUNE 30, 2013**

ATTORNEY, THE FIRST ASSISTANT, AND THE FINANCE OFFICER THAT SOMEONE HAS REQUESTED THEIR PASSWORD FOR BOUNCE BACK PASSWORD.

Criteria: Basic components of effective internal controls include ensuring written policies and procedures for performing essential duties are adequately documented to ensure compliance with laws and regulations, to facilitate efficient transition of duties when changes in personnel occur, and to obtain supporting documentation for transactions and items affecting management decisions.

Finding 3 – Internal Control Environment - Written Policies and Procedures for District Attorney Drug Fund (Property Forfeiture)

Condition: As part of our review of District Attorney accounts and records, we tested receipts, disbursements, and cash balances. The District Attorney has established some written policies and procedures and/or has designed and implemented internal controls for the safeguarding and reporting of program funds. However, as policies are being established and implemented, deficiencies were noted in certain areas, which include the following:

Pontotoc County

- Generic receipts that can be altered or duplicated with no sequential receipt number controls are issued for seized money.
- 2 of the 15 property forfeiture cases tested found that seized money was not deposited in a timely manner.
- Inventory of seized property is not maintained.
- A forfeited vehicle could not be located. Subsequently, it was learned to protect an informant the seizing agency never took possession of the vehicle and did not notify the District Attorney's office of the situation before he filed the notice of forfeiture.
- An employee uses the District Attorney's facsimile stamp to approve expenditure requisition claims.
- 4 of the 15 expenditures tested did not have an invoice attached to validate the expense.
- 14 of the 15 expenditures tested did not have any indication that the goods and/or services had been received.

Seminole County

- Generic receipts that can be altered or duplicated with no sequential receipt number controls are issued for seized money.
- Inventory of seized property is not maintained.
- During a review of a pending forfeiture case, it was noted that a seized motorcycle was returned to the owner without the District Attorney's knowledge.
- 1 of the 7 expenditures tested did not have supporting documentation attached to validate the expense.

**CHRIS ROSS, DISTRICT ATTORNEY
DISTRICT 22
STATUTORY REPORT
FOR THE PERIOD OF JULY 1, 2010 THROUGH JUNE 30, 2013**

Cause of Condition: The District Attorney's office does not always follow the formal policies in place establishing procedures for collections, disbursements, and the financial reporting for the Drug Fund (Property Forfeiture) Program accounts.

Effect of Condition: These conditions could result in employee error for the reporting and documentation of the collection of payments, defendant file maintenance, restitution payments, expenditure transactions and the accounting of funds. In addition, these conditions could result in unrecorded transactions, misstated financial reports, undetected errors, or misappropriation of funds.

Recommendation: OSAI recommends that management adopt written policies and procedures for the accounting of program funds and the maintenance of files. Implementing this recommendation would ensure that all employees are aware of their duties and responsibilities and that the program is properly accounted for and is in compliance with applicable laws and regulations. Such policies should include the following:

- Guidelines with local seizing agencies (i.e., 50/50 split, disposition of property, etc.) for the seizure of funds/property.
- Guidelines for the oversight and documentation of case file maintenance and status of forfeited inventory.
- Guidelines for the oversight of the receipting process and the deposit of funds.
- Guidelines for the oversight of monthly reconciliations to the County Treasurer's account balances.
- Guidelines for the process of approval and documentation of account expenditures.

Furthermore, we recommend management identify, analyze, and manage risks. Management should also assess the quality and effectiveness of the organizations internal control process over time and implement appropriate controls and oversight of each programs daily transactions and recordkeeping. This will ensure that management has taken the necessary steps in safeguarding the department's assets.

Management Response: The District Attorney's office has written policy regarding the seizure of vehicles and/or cash, and for tracking expenditures. Further, the proceeds of forfeitures are split 50/50.

**POLICY AND PROCEDURES ADDENDUM
PERTAINING TO THE NARCOTICS AND VIOLENT CRIMES TASK FORCE**

Effective January 27, 2010, the following shall be policy and procedure in relation to the distribution of cash to task force members:

1. No more than a total of \$500 shall be distributed to the task force as a whole, nor shall the task force as a whole be in possession of more than \$500 in cash, without the expressed approval of the Project Director or the District Attorney.

**CHRIS ROSS, DISTRICT ATTORNEY
DISTRICT 22
STATUTORY REPORT
FOR THE PERIOD OF JULY 1, 2010 THROUGH JUNE 30, 2013**

2. No monies shall be distributed to any task force employee other than the Field Supervisor. If the Field Supervisor distributes cash to any other task force member, it shall be documented in an Exhibit 5 and signed by both parties.

If cash is paid to an informant, this shall be documented in an Exhibit 5 and shall be signed by two law enforcement officers, one of whom shall be the Field Supervisor. All Exhibit 5's involving payment to an informant shall be shown to and discussed with the Project Director by the Field Supervisor within five days.

3. No monies shall be distributed to the Field Supervisor by any staff member other than the Finance Officer.
4. No monies shall be distributed to an outside agency by the Finance Officer without the expressed approval of the Project Director or the District Attorney, other than the outside agency's share of an order of forfeiture. Such distribution of forfeiture shares shall never be made in cash.
5. During the last working week of each month, the Task Force Field Supervisor shall meet with the Finance Officer and account for all monies that have been distributed to him. Either the Project Director or the District Attorney shall be present for this accounting.
6. The Project Director or the District Attorney, whichever shall be present at the accounting, shall then inform the other of the results of the accounting.
7. All usage of state vehicles and purchases of fuel or other vehicle related expenses shall be reported on the previously distributed Fleet Management Form. These reports shall be submitted to the Finance Officer during the last week of each month.

**POLICY AND PROCEDURES ADDENDUM
PERTAINING TO THE NARCOTICS AND VIOLENT CRIMES TASK FORCE**

Effective February 9, 2010, the following shall be policy and procedure in relation to the distribution and of cash to task force members, the seizure of cash by task force members, the use of state or office vehicles by all employees, and the possession of firearms.

1. No more than a total of \$500 shall be distributed to the task force as a whole, nor shall the task force as a whole be in possession of more than \$500 in cash, without the expressed approval of the Project Director or the District Attorney.
2. No monies shall be distributed to any task force employee other than the Field Supervisor. If the Field Supervisor distributes cash to any other task force member, it shall be documented in an Exhibit 5 and signed by both parties.

**CHRIS ROSS, DISTRICT ATTORNEY
DISTRICT 22
STATUTORY REPORT
FOR THE PERIOD OF JULY 1, 2010 THROUGH JUNE 30, 2013**

If cash is paid to an informant, this shall be documented in an Exhibit 5 and shall be signed by two law enforcement officers, one of whom shall be the Field Supervisor. All Exhibit 5's involving payment to an informant shall be shown to and discussed with the Project Director by the Field Supervisor within five days.

3. No monies shall be distributed to the Field Supervisor by any staff member other than the Finance Officer.
4. All monies seized for forfeiture by a member of the task force shall be submitted to the Finance Officer on the next working day of the office and a receipt obtained therefore. If the Finance Officer is unavailable, the monies shall be submitted to the District Attorney on the next working day and a receipt obtained therefore.
5. No monies shall be distributed to an outside agency by the Finance Officer without the expressed approval of the Project Director or the District Attorney, other than the outside agency's share of an order of forfeiture. Such distribution of forfeiture shares shall never be made in cash.
6. During the first working week of each month, the Task Force Field Supervisor shall meet with the Finance Officer and account for all monies that have been distributed to him. Either the Project Director or the District Attorney shall be present for this accounting.
7. The Project Director or the District Attorney, whichever shall be present at the accounting, shall then inform the other of the results of the accounting.
8. All usage of state vehicles and purchases of fuel or other vehicle related expenses shall be reported on the previously distributed Fleet Management Form. These reports shall be submitted to the Finance Officer during the last week of each month.
9. An inventory of all firearms issued to Task Force Members or other investigators shall be conducted by the Task Force Field Supervisor and the task force investigator. The serial number of each firearm shall be documented. A master list shall be delivered to the Finance Officer, the task force project director, and to the District Attorney, as well as kept by the Task Force Field Supervisor and the task force investigator.

Each time a firearm is seized, purchased, or otherwise taken into possession by any District Attorney employee, to include evidence from cases, a Firearms Memo shall be made documenting the date of seizure or purchase, from whom the same was seized, received, or purchased, and the manufacturer, model number, and serial number of said firearm. A copy of this memo shall be delivered to the Finance Officer, the District Attorney, and one kept by the seizing/receiving employee.

10. The Finance Officer shall keep a master file containing the original inventory of all firearms and copies of each Firearms Memo submitted.

**CHRIS ROSS, DISTRICT ATTORNEY
DISTRICT 22
STATUTORY REPORT
FOR THE PERIOD OF JULY 1, 2010 THROUGH JUNE 30, 2013**

11. No forfeiture shall be filed on any case in which the cash has not been submitted to the appropriate person in the county in which the money is seized.
12. Nothing herein shall be construed to prevent the payment from the drug fund to outside agencies for their share of any monies ordered forfeited by the court.

Effective 3-6-14

“In all seizures of property other than cash, no forfeiture shall be filed until the seizing agency has submitted a photo of the seized property, clearly indicating that the property has been seized, to the District Attorney’s office, or an employee has personally viewed the seized property. The purpose of this policy is to prevent the forfeiture of property that has not been seized, and to avoid future problems with the Office of the State Auditor.”

Criteria: Basic components of effective internal controls include ensuring written policies and procedures for performing essential duties are adequately documented to ensure compliance with laws and regulations, to facilitate efficient transition of duties when changes in personnel occur, and to obtain supporting documentation for transactions and items affecting management decisions.

Finding 4 – Annual Reports

Condition: As part of our review of District Attorney Programs, we ensure that amounts on annual reports reconcile with the County Treasurer’s balances, and are accurately reflected in the amounts submitted to the District Attorneys Council (DAC). From our review, the following discrepancies were noted:

- At June 30, 2013, total collections, total expenditures and ending balance for the Supervision Fee annual report did not reconcile with the County Treasurer in the amounts of \$10,133.16, \$135,108.76, and \$124,975.60, respectively.
- At June 30, 2013, the beginning balance, total collections, total expenditures and ending balance for the Bogus Check Restitution (Merchant portion) annual report did not reconcile with the County Treasurer in the amounts of \$18,833.08, \$4,251.34, \$3,175.09, and \$17,756.83, respectively. In addition, at June 30, 2013 the beginning balance, total collections, total expenditures and ending balance for the Bogus Check Restitution (DA fees portion) annual report did not reconcile with the County Treasurer in the amounts of \$148,843.39, \$16,797.63, \$130,430.38, and \$262,476.14, respectively.
- At June 30, 2013, the beginning balance total collections, total expenditures, and ending balance for the Drug Asset Forfeiture annual report did not reconcile with the County Treasurer in the amounts of \$49,862.48, \$11,929.47, \$31,597.48, and \$30,569.56, respectively.

**CHRIS ROSS, DISTRICT ATTORNEY
DISTRICT 22
STATUTORY REPORT
FOR THE PERIOD OF JULY 1, 2010 THROUGH JUNE 30, 2013**

- District 22 submits a Restitution and Diversion annual report to the DAC each year. However, upon further review of the Restitution and Diversion (RAD) accounts and interviews with employees, it appears that funds deposited into the RAD account are actually deferred prosecution funds, not associated with RAD agreements.

Cause of Condition: When preparing the annual report, annual software reports were not reconciled to the County Treasurer's balances to ensure accuracy. In addition, annual reports are reviewed by no one other than the preparer to ensure amounts reported are accurate.

Effect of Condition: These conditions resulted in inaccurate annual reporting of expenditure, income, and account balances submitted to the District Attorney's Council (DAC) for program fund activity.

Recommendation: OSAI recommends that management adopt written policies and procedures for the accounting and reporting of program funds. Implementing this recommendation would ensure that all employees are aware of their duties and responsibilities and that the program is properly accounted for and is in compliance with applicable laws and regulations. Such policies should include the following:

- Guidelines for the oversight of monthly reconciliations to the County Treasurer's account balances.
- Guidelines for accurate reporting of annual reports and the review process.

Management Response: The issue was created by reliance on reports generated from Quicken and Bounce Back as to balances in accounts. However, the Finance Officer now generates these annual reports based upon the County Treasurer's account balances. This was the method taught to the Finance Officer by the previous Finance Officer. The Finance Officer also now performs monthly reconciliations to the Treasurer's accounts.

Criteria: Basic components of effective internal controls include ensuring written policies and procedures for performing essential duties are adequately documented to ensure compliance with laws and regulations, to facilitate efficient transition of duties when changes in personnel occur, and to obtain supporting documentation for transactions and items affecting management decisions.

Finding 5 – Unclaimed Bogus Check Restitution

Condition: Balances for the Bogus Check Restitution (Merchant) account had outstanding balances at June 30, 2013. This is a cumulative amount as a result of vouchers not cashed by merchants and subsequently cancelled. They are as follows:

Pontotoc County

- Bogus Check Restitution (Merchant) account reflected outstanding balances at June 30, 2013 totaling \$297.98 could not be identified.

**CHRIS ROSS, DISTRICT ATTORNEY
DISTRICT 22
STATUTORY REPORT
FOR THE PERIOD OF JULY 1, 2010 THROUGH JUNE 30, 2013**

Seminole County

- Bogus Check Restitution (Merchant) account reflected outstanding balances at June 30, 2013 totaling \$9,715.92 could not be identified.

Hughes County

- Bogus Check Restitution (Merchant) account reflected outstanding balances at June 30, 2013 totaling \$959.42 could not be identified.

Cause of Condition: The District Attorney's office does not have formal policies establishing procedures to ensure that returned or unpaid vouchers are examined to determine the current status of the merchant for the re-issuance of the restitution.

Effect of Condition: These conditions resulted in the restitution fund not being properly cleared.

Recommendation: OSAI recommends that management research and determine the location of the merchants so that restitution can be properly remitted. Management should then contact the proper agency for further direction to determine the manner in which the remaining unidentified balance should be distributed.

Management Response: The office will seek to locate the merchants who have deposited the restitution amounts they were sent. In the event they cannot be located, the office will seek the guidance of DAC and other DA's offices to determine how to handle these monies.

Criteria: Basic components of effective internal controls include ensuring written policies and procedures for performing essential duties are adequately documented to ensure compliance with laws and regulations, to facilitate efficient transition of duties when changes in personnel occur, and to obtain supporting documentation for transactions and items affecting management decisions.



OFFICE OF THE STATE AUDITOR & INSPECTOR
2300 N. LINCOLN BOULEVARD, ROOM 100
OKLAHOMA CITY, OK 73105-4896

WWW.SAI.OK.GOV