



# DISTRICT ATTORNEY DISTRICT 17

## Statutory Report

For the period of July 1, 2020 through June 30, 2022

**Cindy Byrd, CPA**  
State Auditor & Inspector

**MARK MATLOFF, DISTRICT ATTORNEY  
DISTRICT 17**

**STATUTORY REPORT  
BOGUS CHECK RESTITUTION PROGRAM  
DRUG ASSET FORFEITURE PROGRAM  
SUPERVISION FEE AND SUPERVISION FEE STATE REMITTANCE PROGRAMS  
991 FEE AND 991 FEE STATE REMITTANCE PROGRAMS**

**FOR THE PERIOD OF JULY 1, 2020 THROUGH JUNE 30, 2022**

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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](http://www.sai.ok.gov)) and in the Oklahoma Department of Libraries Publications Clearinghouse Digital Prairie Collection (<http://digitalprairie.ok.gov/cdm/search/collection/audits/>) pursuant to 65 O.S. § 3-114.



**OKLAHOMA**  
Office of the State Auditor & Inspector

Cindy Byrd, CPA | State Auditor & Inspector

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October 4, 2023

Mark Matloff, District Attorney  
District 17  
McCurtain County Courthouse  
Idabel, Oklahoma 74745

Transmitted herewith is the statutory report for the District Attorney of District 17, McCurtain, Choctaw, and Pushmataha County, Oklahoma (the District) for the period of July 1, 2020 through June 30, 2022.

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 that reads "Cindy Byrd".

CINDY BYRD, CPA  
OKLAHOMA STATE AUDITOR & INSPECTOR

**MARK MATLOFF, DISTRICT ATTORNEY  
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**INTRODUCTORY INFORMATION**

**BOGUS CHECK RESTITUTION 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 program offers a manner to address criminal conduct without sending many offenders to state prisons.

**DRUG ASSET FORFEITURE PROGRAM**

The drug asset forfeiture program was created by the Oklahoma Legislature in 1971. 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.

**SUPERVISION FEE AND SUPERVISION FEE STATE REMITTANCE PROGRAMS**

The district attorney supervision fee 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.

Beginning on July 1, 2019, a supervision fee state remittance account was created pursuant to 22 §991d (2) amended as follows, “Any fees collected by the district attorney shall be deposited in the General Revenue Fund of the State Treasury.” Fees collected at the district offices are deposited monthly with the county treasurer and transferred monthly for annual budgeted appropriations at the state level.

**991 FEE AND 991 FEE STATE REMITTANCE PROGRAMS**

The district attorney 991 fee program was created by the Oklahoma Legislature in 2013. If the offender is *not* ordered supervision by the district attorney (as described above) “the offender shall be required to pay a fee to the district attorney’s office during the first two (2) years of probation to compensate the district for the costs incurred during the prosecution of the offender and for the additional work of verifying the

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compliance of the offender with the rules and conditions of his or her probation”. However, the legislation provides the district attorney may waive any part of this requirement in the best interests of justice.

Beginning on July 1, 2019, a 991 fee state remittance account was created pursuant to 22 §991a (1)(ii) amended as follows, “ Any fees collected by the district attorney shall be deposited in the General Revenue Fund of the State Treasury. Fees collected at the district offices are deposited monthly with the county treasurer and transferred monthly for annual budgeted appropriations at the state level.



## Statutory Report

Mark Matloff, District Attorney  
District 17  
McCurtain County Courthouse  
Idabel, Oklahoma 74745

For the purpose of complying with 74 O.S. § 212.E and 22 O.S. §§ 114, 991d, 991a (hh), 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, 2020 through June 30, 2022.

### Bogus Check Restitution, Supervision Fee/State Remittance and 991 Fee/State Remittance Programs:

- Determine that internal controls are designed and operating over the collections and disbursement 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, 991a (hh), and 19 O.S. § 215.11.
- Determine whether disbursements are used to defray the expenses of the District Attorney's office in accordance with 22 O.S. §§ 114, 991d, and 991a (hh), and whether disbursements are supported by approved claims, invoices, and verification that goods or services paid for were received.
- Determine whether the District Attorney reconciles accounts with the County Treasurer's ledgers.
- Determine whether the District Attorney prepares and submits an annual report to the District Attorneys Council that reflects total collections and total disbursements for the Bogus Check Restitution, Supervision Fee/State Remittance and 991 Fee/State Remittance Programs.

### Drug Asset Forfeiture Program:

- Determine that internal controls are designed and operating over the collections and disbursement 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 a 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 disbursements to determine they are supported by approved claims, invoices, and independent verification that goods or services paid for were received.
- Determine whether the District Attorney prepares and submits an annual report to the District Attorneys Council reflecting the total collections, total disbursements, 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, Drug Asset Forfeiture, Supervision Fee/State Remittance and 991 Fee/State Remittance Programs 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 McCurtain, Choctaw, or Pushmataha County.

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 District management. However, this report is a matter of public record and its distribution is not limited.



CINDY BYRD, CPA  
OKLAHOMA STATE AUDITOR & INSPECTOR

June 1, 2022



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**SCHEDULE OF FINDINGS AND RESPONSES**

**Finding 2022-001 – Lack of Segregation of Duties Over the Bogus Check Restitution, Supervision Fee, and 991 Fee Programs (Repeat Finding)**

**Condition:** The District does not have an adequate segregation of duties to ensure that duties assigned to individuals are done so in a manner that would not allow one individual to control both the recording function and the procedures relative to processing a transaction. Upon inquiry of the District Attorney's office staff and observation of records, the following instances of the lack of segregation of duties in personnel were noted:

**Pushmataha County**

A lack of segregation of duties continues to exist in the procedural process of the Bogus Check Restitution, Supervision Fee, and 991 Fee Programs.

- One employee receives and posts payments, prepares and delivers deposits, prepares and registers vouchers, issues/mails disbursements, maintains and reconciles the District's ledger, and prepares annual reports. No one other than the preparer reviews the daily deposits or monthly reconciliations to ensure accuracy and completeness of the amounts reconciled to the County Treasurer's ledger balances.

**Cause of Condition:** Policies and procedures have not been fully designed and adequately implemented 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 and Inspector's Office (OSAI) recommends the District Attorney 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 the District Attorney's overseeing of office operations and a periodic review of operations. OSAI recommends the District Attorney provide segregation of duties so that no one employee can perform all accounting functions. If 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.

Further, the District Attorney staff should provide evidence of review and approval of accounting functions including:

- Someone other than the preparer reviewing documents,

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- Initialing and dating the review of deposits, claims, and vouchers,
- Re-performing and reviewing reconciliations, and
- Initialing and dating the review of deposit summaries, monthly reports, and annual reports.

**Management Response:**

**District Attorney:** Internal controls are now in place and corrections have been made accordingly. Policies and procedures have been established to ensure segregation of duties have been implemented in Pushmataha County by utilizing the employees of the McCurtain County office.

**Criteria:** The United States Government Accountability Office’s *Standards for Internal Control in the Federal Government* (2014 version) aided in guiding our assessments and conclusion. Although this publication (GAO Standards) addresses controls in the federal government, this criterion can be treated as best practices and may be applied as a framework for an internal control system for state, local, and quasi-governmental entities.

The GAO Standards – Principle 10 – Design Control Activities – 10.03 states in part:

*Segregation of duties*

Management divides or segregates key duties and responsibilities among different people to reduce the risk of error, misuse, or fraud. This includes separating the responsibilities for authorizing transactions, processing and recording them, reviewing the transactions, and handling any related assets so that no one individual controls all key aspects of a transaction or event.

**Finding 2022-002 – Lack of Internal Controls Over Written Policies and Procedures for Information Technology, Supervision and 991 Fee Remittance, and Bogus Check Restitution Programs Ledger Maintenance, and Bogus Check DA Fee Disbursements (Repeat Finding)**

**Condition:** As part of the review of District Attorney’s accounts and records, tests of receipts, disbursements, and cash balances were performed. Additionally, the District Attorney’s office has established some written policies and procedures for internal controls and the safeguarding of program funds. However, deficiencies were noted in certain areas, which include the following:

***Information Technology (Repeat Finding)***

**Choctaw and Pushmataha County**

- Employees can void payments without independent approval. Although a void/adjustment report is available through the District’s software, it is not reviewed periodically as a control by the District to ensure there is no unusual activity or unauthorized transactions to defendant’s financial history and daily transactions.

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*District Ledger Maintenance and Monthly Reconciliations (Repeat Finding)*

**Pushmataha County**

- District Attorney Bogus Check Restitution, Bogus Check DA Fee, 991 and Supervision State Remittances ledgers were not maintained for fiscal year 2021 by the District. Therefore, monthly reconciliations to County Treasurer's ledgers were not performed to ensure completeness and accuracy of District balances and annual amounts reported to the District Attorney Council (DAC).

*Bogus Check Restitution DA Fee Disbursements (Repeat Finding)*

**Pushmataha County**

- Six (6) of the ten (10) Bogus Check DA Fee disbursements did not have proper approval or supporting documentation (i.e., purchase claim, invoice, receiving report, etc.) to validate the expense. *(These disbursements were for fiscal year 2021 audit period.)*

**Cause of Condition:** The District Attorney's office has not established formal policies and/or implemented District procedures to ensure that computer data is safeguarded against unauthorized use, disbursements are properly documented and approved, and that program accounts are properly documented and reconciled with the County Treasurer's accounting records.

**Effect of Condition:** These conditions could result in unauthorized changes to financial information and unrecorded transactions, misstated financial reports, undetected errors, or misappropriation of funds.

**Recommendation:** OSAI recommends that the District Attorney's staff establish and implement written policies and procedures for the accounting and reconciliation 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 properly accounted for and is following applicable laws and regulations. Such policies should include the following:

- Guidelines for the maintenance of District ledgers and monthly reconciliations to the County Treasurer's accounting records.
- Guidelines for the administrative approval and documentation of the review of IT software deletions, voids, and write-off activity.
- Guidelines for the approval and documentation process of program disbursements.

Furthermore, OSAI recommends the District Attorney identify, analyze, and manage risks. The District Attorney should also assess the quality and effectiveness of the organization's internal control process over time and implement appropriate controls and oversight of each program's daily transactions and recordkeeping. This will ensure that the District Attorney and staff have taken the necessary steps in safeguarding the District assets.

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**Management Response:**

**District Attorney:** Internal controls are now in place and corrections have been made accordingly. Policies and procedures have been established to ensure proper disbursement protocols for each program have been implemented in Pushmataha County by utilizing the employees of the McCurtain County office.

**Criteria:** The GAO Standards – Principle 10 – Design Control Activities – 10.03 states in part:

*Segregation of duties*

Management divides or segregates key duties and responsibilities among different people to reduce the risk of error, misuse, or fraud. This includes separating the responsibilities for authorizing transactions, processing and recording them, reviewing the transactions, and handling any related assets so that no one individual controls all key aspects of a transaction or event.

The GAO Standards – Principle 16 – Perform Monitoring Activities – 16.05 states:

*Internal Control System Monitoring*

Management performs ongoing monitoring of the design and operating effectiveness of the internal control system as part of the normal course of operations. Ongoing monitoring includes regular management and supervisory activities, comparisons, reconciliations, and other routine actions. Ongoing monitoring may include automated tools, which can increase objectivity and efficiency by electronically compiling evaluations of controls and transactions.

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