

STATUTORY REPORT

DISTRICT ATTORNEY DISTRICT 4

**BOGUS CHECK RESTITUTION PROGRAM, SUPERVISION
PROGRAM, RESTITUTION AND DIVERSION PROGRAM,
PROPERTY FORFEITURE PROGRAM**

For the period July 1, 2009 through June 30, 2011



*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

**MICHAEL FIELDS, DISTRICT ATTORNEY
DISTRICT 4**

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

**FOR THE PERIOD
JULY 1, 2009 THROUGH JUNE 30, 2011**

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

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June 26, 2012

Michael Fields, District Attorney
District 4
Garfield County Courthouse
Enid, Oklahoma 73701

Transmitted herewith is the statutory report for the District Attorney of District 4, Blaine, Canadian, Garfield, Grant, and Kingfisher Counties, Oklahoma (the District) for the period July 1, 2009 through June 30, 2011.

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 "Gary A. Jones". The signature is fluid and cursive, with a long horizontal stroke at the end.

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

**MICHAEL FIELDS, DISTRICT ATTORNEY
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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.

RESTITUTION AND DIVERSION PROGRAM

The restitution and diversion program was created by the Oklahoma Legislature in 2001 as a special type of deferred prosecution program. The legislation required that each district attorney create such a program. The purpose of the program is to allow the district attorney the discretion to divert criminal complaints involving property crimes from criminal court and to collect restitution for victims.

The program allows the district attorney's office to receive, disburse, and monitor victim restitution payments. The program offers an alternative way to address criminal conduct.

District 4 does not participate in this program

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

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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.



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Statutory Report

Michael Fields, District Attorney
District 4
Garfield County Courthouse
Enid, Oklahoma 73701

For the purpose of complying with 74 O.S. § 212.E and 22 O.S. §§ 114, 991d, 991.f-1.1, 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 fiscal year June 30, 2011.

Bogus Check Restitution 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, 991f-1.1, 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 991f-1.1, and whether expenditures are supported by approved claims, invoices, and verification that goods or services paid for are 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 the District.

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 that reads "Gary A. Jones". The signature is fluid and cursive, with a long horizontal stroke at the end.

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

April 12, 2012

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SCHEDULE OF FINDINGS AND RESPONSES

Finding 2011-1—Bogus Check and Supervision Program Internal Controls over the Computer System

Condition: Upon discussion with District Attorney employees and observation of the internal controls over the District's computer system, we noted the following weaknesses in the security of the system:

1. Employees are not required to periodically change their Bounce Back system passwords.
2. A time out security measure has not been assigned in the system.
3. Employees are not required to log out of the system when leaving their workstation.
4. One employee makes corrections to the Bounce Back entries and overrides the system to make changes without documented approval and adequate supervision.
5. Error logs are not used by the staff.
6. An override report and write-off report is printed each fiscal year, but is not reviewed on a regular basis.

Cause of Condition: Log-on controls are initiated for new employees at the office level for computer start up; however, the Bounce Back system does not incorporate separate controls to log-on. Other security features have not been implemented by the staff.

Effect of Condition: Because other employees can access the computers without proper log-on passwords, an opportunity for errors and misappropriation of assets exists. When only one employee is designated to make corrections, corrections may not be made timely, or misappropriation of funds could occur. Override of the system by one employee without proper approval could also lead to misappropriation of funds.

Recommendation: OSAI recommends management be aware of these conditions and realize that additional controls are needed by the Bounce Back software to ensure the security of accounting functions. Additionally, the District should train another employee to make corrections to the Bounce Back system and adequate documented approval of these corrections should be maintained.

Management Response:

1. Employees are not required to periodically change their Bounce Back system passwords.
 - District 4 employees are now required to periodically change their Bounce Back system passwords. After receiving notification of this weakness, District 4 staff contacted the software provider, Bounce Back, Inc., and requested a software update to remedy this

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weakness. As of June 8, 2012, the system now prompts each user to change his/her password every 90 days. District 4 staff was notified of this change via e-mail.

2. A time out security measure has not been assigned in the system.
 - District 4 will implement a time out security measure. Although the Bounce Back software is not capable of such a security feature at this time, each personal computer has a security feature built into its operating system, which requires a user to re-enter his password after the expiration of a certain period of time. District 4 will adopt a written policy requiring every employee who utilizes Bounce Back software to enable this security feature on his personal computer with the time out function set to 15 minutes.
3. Employees are not required to log out of the system when leaving their workstation.
 - District 4 employees are now required to log out of the system, when leaving their workstation. District 4 amended its policy manual and notified all Bounce Back users of the new policy that requires all Bounce Back staff to log out of Bounce Back anytime he/she is out of visible range of his workstation.
4. One employee makes corrections to the Bounce Back entries and overrides the system to make changes without documented approval and adequate supervision.
 - District 4 will adopt a new written procedure that requires a receipt for any payment correction. Only the Bogus Check/Supervision coordinator will be allowed to make the correction, which will be documented by printing the corrected payment receipt with notations written upon the receipt as to why it was corrected and when it was corrected. This receipt will be submitted to the supervising attorney for approval. These initialed/dated receipts will be retained in the monthly work folder with the daily cash receipts journals and deposit slips.
5. Error logs are not used by the staff.
 - District 4 will adopt a new written procedure that requires a receipt for any errors generated by the Bounce Back system. This receipt will be retained along with notations as to why the error was generated and what was done to correct it. This receipt will be submitted to the supervising attorney, along with a printout of the monthly Deletions Journal for monthly review by the supervising attorney.
6. An override report and write-off report is printed each fiscal year, but is not reviewed on a regular basis.
 - District 4 will adopt a new written procedure that requires a receipt for any system overrides or write-offs generated within the Bounce Back system. This receipt will be retained along with notations as to why the receipt was generated and what actions were taken. This receipt will be submitted to the supervising attorney along with a printout of the write-off report and Deletions Journal for monthly review by the supervising attorney.

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Criteria Accountability and stewardship are overall goals of management in the accounting of funds. To help ensure a proper accounting of funds, transactions should be identifiable by employee and corrections should be adequately approved and documented.

Finding 2011-2—Bogus Check and Supervision Programs Monthly and Annual Reports

Condition: The Bogus Check and Supervision program's monthly Quicken reports and annual reports submitted to the District Attorneys Council are not routinely reconciled with the Canadian County Treasurer. Reporting errors in the Canadian County Treasurer's Office have not been corrected to agree to the District Attorney's reconciled monthly reports of all Counties within the District.

Cause of Condition: Procedures have not been developed to ensure that reconciling the income and expenses with the Canadian County Treasurer occurs on a monthly basis. In addition, the reports do not appear to be reviewed to ensure accuracy of the amounts reported.

Effect of Condition: These conditions resulted in inaccurate financial reports.

Recommendation: OSAI recommends the District Attorney implement procedures to reconcile both monthly internal reports generated through Quicken and annual reports submitted to the District Attorneys Council with the Canadian County Treasurer to provide assurance that accounting information is accurate.

Management Response: District 4 will adopt a written policy describing how monthly reports are to be reconciled with the County Treasurer and ensure that staff is properly trained to execute this policy. District 4 has already taken steps to coordinate with the County Treasurer to develop reports of sufficient detail to allow the reconciliation to take place, and District 4 is now comparing the reports generated by the County Treasurer to those reports generated by Quicken. This process will help ensure that the assets are properly accounted.

Criteria: Accountability and stewardship are overall goals of management in the accounting of funds. An important aspect of internal controls is the safeguarding of assets. Internal controls over safeguarding of assets constitute a process, affected by management and other personnel, designed to provide reasonable assurance regarding prevention or timely detection of unauthorized transactions and safeguarding assets from misappropriation.

Finding 2011-3—Property Forfeiture Expenditure Claims

Condition: Property Forfeiture expenses from Garfield County do not have invoices attached to claims when filed with the County Clerk for payment. Additionally, receiving reports have not been completed to indicate the goods or services were received.

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Cause of Condition: Procedures have not been developed to initiate the proper filing of claims for payment by the County Clerk's office with regard to invoices and evidence of receiving goods and/or services.

Effect of Condition: When not properly submitted for payment, this condition could result in improper payments.

Recommendation: OSAI recommends all claims have proper invoices attached and authorized signatures verifying goods and/or services were received.

Management Response: No prior written policy has been identified in regard to the requirement of maintaining the District Attorney Drug Asset Forfeiture accounts in District 4. Therefore, District 4 will adopt a written policy in regard to the Drug Asset Forfeiture accounts for which it is responsible and will incorporate into this written policy, the requirement to keep copies of invoices and receiving reports associated with any disbursements from this account. This written policy will be kept on file in each office that has a Drug Asset Forfeiture account, and the employee responsible for maintaining the Drug Asset Forfeiture account will be trained on the procedures included in the written policy.

Criteria: Accountability and stewardship are overall goals of management in the accounting of funds. An important aspect of internal controls is the safeguarding of assets. Internal controls over safeguarding of assets constitute a process, affected by management and other personnel, designed to provide reasonable assurance regarding prevention or timely detection of unauthorized transactions and safeguarding assets from misappropriation.

Finding 2011-4—Bogus Check Restitution Program Beginning Balance

Condition: The District's Bogus Check Restitution Program was centralized in Canadian County in 2001. Beginning balances totaling \$34,467.53 for all counties in the District were not reconciled prior to that conversion to a centralized accounting system. Therefore, the District has balances that have not been identified to a specific case for reimbursement to the victim.

Cause of Condition: Procedures were not designed to ensure restitution balances were identified by case before converting the accounts into a central location.

Effect of Condition: The District Attorney is holding restitution balances that have not been identified by cases and have not been remitted to the victims.

Recommendation: OSAI recommends the District Attorney research and determine the identity of the victims so that restitution can be properly remitted. The District Attorney should then contact the Unclaimed Property Division of the Oklahoma State Treasurer's Office for further direction to determine the manner in which the remaining unidentified balance should be distributed.

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Management Response: District 4 will adopt a written process identifying steps required to resolve the unidentified amounts contained within the \$34,467.53 beginning balance. Once the written process is adopted, District 4 will reassign staff to ensure that sufficient resources are dedicated to identifying the beginning balances in the centralized Bogus Check Restitution Program. The supervising attorney will then ensure that progress is being made toward identifying the items contained within the beginning balance.

Criteria: Accountability and stewardship are overall goals of management in the accounting of funds. An important aspect of internal controls is the safeguarding of assets. Internal controls over safeguarding of assets constitute a process, affected by management and other personnel, designed to provide reasonable assurance regarding prevention or timely detection of unauthorized transactions and safeguarding assets from misappropriation.



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