

STATUTORY REPORT

# DISTRICT ATTORNEY DISTRICT 12 PROPERTY FORFEITURE PROGRAM

For the period July 1, 2005 through June 30, 2009



*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

**GENE HAYNES, DISTRICT ATTORNEY  
DISTRICT 12  
STATUTORY REPORT  
PROPERTY FORFEITURE PROGRAM  
FOR THE PERIOD OF JULY 1, 2005 THROUGH JUNE 30, 2009**

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# Oklahoma State Auditor & Inspector

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

February 14, 2012

Janice Steidley, District Attorney  
District 12  
Rogers County Courthouse  
Claremore, Oklahoma 74017

Transmitted herewith is the statutory report for the District Attorney of District 12, Rogers, Mayes, and Craig Counties, Oklahoma (the District) for the period of July 1, 2005 through June 30, 2009.

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, reading "Gary A. Jones".

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

**GENE HAYNES, DISTRICT ATTORNEY  
DISTRICT 12  
STATUTORY REPORT  
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**INTRODUCTORY INFORMATION**

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.



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## Statutory Report

Janice Steidley, District Attorney  
District 12  
Rogers County Courthouse  
Claremore, Oklahoma 74017

For the purpose of complying with 74 O.S. § 212.E 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, 2005 through June 30, 2009.

- 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 general-purpose financial statements of the 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 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", with a long horizontal flourish extending to the right.

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

February 24, 2011

**GENE HAYNES, DISTRICT ATTORNEY  
DISTRICT 12  
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**SCHEDULE OF FINDINGS AND RESPONSES**

**Finding 2007/2008/2009-1 – Segregation of Duties (Rogers, Mayes & Craig Counties)**

Criteria: Accountability and stewardship are overall goals in evaluating management's accounting of funds. To help ensure a proper accounting of funds, the duties of receiving, receipting, recording, depositing cash and checks, reconciliations, and transaction authorization should be segregated.

Condition: It was noted that asset custody, transaction authorization, bookkeeping, and reconciliations were not properly segregated to ensure adequate internal control structure.

- The Rogers County Property Forfeiture secretary is the only employee who receipts money from seizing agencies, prepares deposits, and delivers the deposits to the County Treasurer. In addition, the same employee prepares claims for expenditures, signs as the receiving agent and signs vouchers. The same employee also reconciles the accounts to the County Treasurer and prepares the monthly reports to the Board of County Commissioners.
- The Mayes County Property Forfeiture secretary is the only employee who receipts money from seizing agencies, prepares deposits, and delivers the deposits to the County Treasurer. In addition, the same employee prepares claims for expenditures, signs as the receiving agent and signs vouchers. The same employee also reconciles the accounts to the County Treasurer
- The Craig County Property Forfeiture secretary is the only employee who receipts money from seizing agencies, prepares deposits, and delivers the deposits to the County Treasurer. In addition, the same employee prepares claims for expenditures, signs as the receiving agent and signs vouchers. The same employee also reconciles the accounts to the County Treasurer

Effect: This condition could result in unrecorded transactions, misstated financial reports, undetected errors, or misappropriation of funds.

Recommendation: OSAI recommends that management be aware of this condition 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 knowledge of office operations and a periodic review of operations.

Management Response: Since taking office in January 2011, the forfeiture segregation of duties has been streamlined to the Rogers County Office. Guidelines have been formulated regarding the forfeiture program from initial intake to disposition of the case. Duties have been segregated to ensure adequate internal control.



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**Finding 2007/2008/2009 – 2 – Inventory Records**

Criteria: Title 63 O.S. § 2-506K. Seizure of property states in part:

Property taken or detained under this section shall not be repleviable, but shall be deemed to be in the custody of the office of the district attorney of the county wherein the property was seized, subject only to the orders and decrees of the court or the official having jurisdiction thereof; said official shall maintain a true and accurate inventory and record of all such property seized under the provisions of this section.

Condition: **(Rogers, Mayes, and Craig Counties)** Based on inquiry of District Attorney personnel, the District Attorney's office does not maintain an inventory of seized items.

Effect: This condition could result in unrecorded transactions, undetected errors, and/or misappropriation of assets. In addition, the District Attorney's office is not in compliance with state statutes.

Recommendation: OSAI recommends that the District Attorney maintain a true and accurate list of all items seized. Furthermore, OSAI recommends that all seized inventory be kept in a secure location in the office of the District Attorney in the county the property was seized.

Management Response: Since I took office, we have set up a procedure of how all forfeitures are handled within our district. We keep a log of all inventory being forfeited, which also provided where the inventory is located along with the disposition of each case. Guidelines have been established by my office which the law enforcement agency requesting the forfeiture must abide by, including, but not limited to, keeping inventory which requires storage to be secure and monitored.



## OFFICE OF THE STATE AUDITOR AND INSPECTOR

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