

STATUTORY REPORT

# DISTRICT ATTORNEY DISTRICT 12 TURNOVER

December 29, 2010



*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

**OFFICER TURNOVER STATUTORY REPORT  
GENE HAYNES, DISTRICT ATTORNEY  
DISTRICT 12  
CRAIG, MAYES AND ROGERS COUNTIES  
DECEMBER 29, 2010**

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This publication, issued by the Oklahoma State Auditor and Inspector's Office as authorized by 74 O.S. § 212.H, 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 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

February 17, 2011

Gene Haynes, District Attorney  
District 12  
Rogers County Courthouse  
Claremore, Oklahoma 74017

Transmitted herewith is the Officer Turnover Statutory Report for the District Attorney of District 12, Craig, Mayes, and Rogers Counties for December 29, 2010. The engagement was conducted in accordance with 74 O.S. § 212.H.

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

The Office of the State Auditor and Inspector is committed to serve the public interest by providing independent oversight and to issue reports that serve as a management tool to the State to ensure a government which is accountable to the people of the State of Oklahoma.

Sincerely,

A handwritten signature in blue ink that reads "Gary A. Jones".

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



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Gene Haynes, District Attorney  
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For the purpose of complying with 74 O.S. § 212.H, we have performed the following procedures:

- Verify that equipment items on hand agree with inventory records as per 19 O.S. § 178.1.
- Determine whether the District Attorney reconciles with the County Treasurer.
- Verify that the amount of total claims approved for the operation of said Office is not in excess of limitations imposed by 19 O.S. § 347.

Information addressed in this report is the representation of the respective officer.

Our officer turnover engagement was limited to the statutory procedures described above and was less in scope than an examination or audit performed in accordance with auditing standards generally accepted in the United States of America, the objective of which would be the expression of an opinion. Accordingly, we do not express an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

Based on our procedures performed, with respect to equipment items on hand agreeing with inventory records; reconciling with the County Treasurer; and the amount of total claims approved not exceeding statutory limitations, our findings are presented in the accompanying schedule of findings and responses. In performing the procedures, we noted matters of the receipting of collections correctly; monthly reports of the District Attorney's office on file with the County Clerk; and a matter of segregation of duties, and our findings are presented in the accompanying schedule of findings and responses.

This report is intended for the information and use of the management of Craig, Mayes, and Rogers Counties. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

Sincerely,

A handwritten signature in blue ink that reads "Gary A. Jones".

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

December 30, 2010

**COUNTY OFFICER TURNOVER STATUTORY REPORT  
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**SCHEDULE OF FINDINGS AND RESPONSES**

**Finding 2011-1 – Claims Approved in Excess of Limitations**

Criteria: Title 19 O.S. § 347.C. states in part:

Whenever a county officer holding an elective office will not immediately serve a succeeding term in the same office, it shall be unlawful for the board of county commissioners, during the first six (6) months of the fiscal year in which said term of office expires, to approve claims for the operation of said office totaling in excess of one-half (1/2) the amount allocated for the operation of said office during said fiscal year, unless approval in writing is obtained from the county excise board, and any claim in excess thereof and any warrant issued pursuant thereto shall be null and void.

Condition: Claims approved for the operation of the Craig County District Attorney's Office exceeded limitations imposed by 19 O.S. § 347 in the 01-3 DA-CO fund by \$104.00.

Effect: By exceeding allowable expenditure limits as set forth in 19 O.S. § 347, the District Attorney and the County Commissioners are not in compliance with state statutes.

Recommendation: OSAI recommends management take steps to ensure that a county officer holding an elective office that will not immediately succeed himself in said office does not incur any indebtedness during the first six months of the fiscal year in which said term of office expires, unless approval in writing is obtained from the county excise board.

Views of responsible officials and planned corrective actions: Management did not respond.

**Finding 2011-2 – Lack of Inventory**

Criteria: An important aspect of internal controls is the safeguarding of assets. Internal controls over safeguarding of assets constitute a process, affected by an entity's governing body, management, and other personnel, designed to provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the entity's assets and safeguard assets from loss, damage, or misappropriation.

Title 19 O.S. § 178.1 states in part:

The board of county commissioners in each county of this state shall take, or cause to be taken, an inventory of all working tools, apparatus, machinery and equipment belonging to the county or leased or otherwise let to it or to any department thereof, other than that which is affixed to and made a part of lands and buildings, the cost of which as to each complete working unit thereof is more than Five Hundred Dollars (\$500.00), and thereafter maintain or cause to be maintained a continuous inventory record... biennially thereafter, or oftener...

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Condition: Based on test work performed, it appears the District Attorney is not maintaining an up to date, accurate inventory record. The inventory lists for Rogers and Craig Counties were incomplete; they lacked the original cost and identifying information such as identification or serial numbers, model numbers or even a specific description of the item. The inventory list for Mayes County also lacked the original cost for all items and there were no identification numbers or serial numbers for office equipment such as desks, cabinets and copiers.

Effect: Inventory items were not accurately accounted for and the District's assets may not be safeguarded.

Recommendation: OSAI recommends the District Attorney and the Board of County Commissioners cause to be taken a biennial inventory of all working tools, apparatus, machinery, and equipment belonging to the District Attorney's Office and the County. OSAI also recommends that these inventories be documented and filed with the Oklahoma Department of Central Services and the County Clerk.

Views of responsible officials and planned corrective actions: Management did not respond.

**Finding 2011-3 – Monthly Reports**

Criteria: Title 19 O.S. § 681 states in part:

The county treasurer is hereby designated and made the official depository for all monies, funds, rentals, penalties, costs, proceeds of sale of property, fees, fines, forfeitures and public charges of every kind that may be received by any county officer, county board, county commission, or by any employee of either of such officers, boards or commissions by virtue or under color of office; and the said county treasurer shall be responsible on his official bond for the faithful performance of duty as such official depository.

Title 19 O.S. § 684 states in part:

All monies that shall be received during any calendar month by any county officer, county board, county commission or the members or employees of either thereof, accruing as a part of the funds of the county or municipal subdivision thereof, shall be paid into the county treasury, - that is, transferred from the official account of the officer, board, commission or employee of either thereof depositing the same, to the fund or funds of the county or municipal thereof to which the same belongs, - by the authority so receiving the same on or before the second Monday following the close of the calendar month in which such monies have been received; and it shall be the further duty of all such officers, boards, commissions, and the members and employees of either thereof, to make and file with the county clerk on or before the second Monday of each month, a verified report in writing showing the several sources, classes and amounts of money received by virtue or under color of office during the preceding calendar month, together

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with an itemized statement of the amount and purpose of all vouchers issued in disbursement, distribution and transfer thereof.

Condition: The District Attorney's Office does not submit a monthly fee report to the Board of County Commissioners.

Effect: By not submitting a monthly report to the Board of County Commissioners, the District Attorney is not accounting for sources and amounts of revenue received and vouchers issued.

Recommendation: OSAI recommends the District Attorney take steps to prepare and file a monthly report with the Board of County Commissioners.

Views of responsible officials and planned corrective actions: Management chose not to respond.

**Finding 2011-4 – Receipting**

Criteria: Accountability and stewardship are overall goals of management in the accounting of funds. To help ensure a proper accounting of funds, the collections receipted to a specific amount should reconcile to the deposits in that same account.

Condition: Based on information gathered, when one form of payment is made for two separate accounts (i.e. District Attorney's Supervision and Community Service), the receipt and deposit ticket are written to reflect the separate accounts. However, since the funds can only be deposited into one account, the deposit ticket and receipt will not agree to the actual deposit.

Effect: This condition results in inaccurate reporting, undetected errors, and could result in misappropriation of funds.

Recommendations: OSAI recommends that separate payments be made for each type of account. OSAI also recommends that the actual deposits agree to the receipts issued for the individual accounts.

Views of responsible officials and planned corrective actions: Management did not respond.

**Finding 2011-5 – Reconciliations**

Criteria: Accountability and stewardship are overall goals of management in the accounting of funds. Internal controls should be designed to analyze and check accuracy, completeness, and authorization of calculations and/or transactions. To help ensure a proper accounting of funds, a monthly reconciliation should be performed for all funds and the reconciliations should be reviewed and approved by someone other than the preparer.

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Condition: Based on test work performed, it appears the Bogus Check Official Depository account for Craig County has not been reconciled to the County Treasurer since June 30, 2007. Additionally, we noted that the reconciliations that were performed on the District Attorney's accounts in Rogers, Mayes, and Craig counties were not reviewed and approved by someone other than the preparer.

Effect: This condition results in inaccurate reporting, undetected errors, and could result in misappropriation of funds.

Recommendation: OSAI recommends all official depository accounts be reconciled to the County Treasurer on a monthly basis and all reconciliations be reviewed and approved by someone other than the preparer.

Views of responsible officials and planned corrective actions: Management did not respond.

**Finding 2011-6 – Segregation of Duties**

Criteria: Accountability and stewardship are overall goals of management in the accounting of funds. To help ensure a proper accounting of funds, key duties and responsibilities should be segregated among different individuals to reduce the risk of error or fraud. No one individual should have the ability to authorize transactions, have physical custody of assets, and record transactions.

Condition: A lack of segregation of duties exists in the Rogers County District Attorney's Office in regards to the collections in the following divisions:

- Drug Court – One employee opens the mail, writes all the receipts, prepares the official depository ticket, takes deposits to the Treasurer, and posts deposits to the cash book.
- Community Service – One employee opens the mail, writes all of the receipts, balances the cash drawer to daily receipts, prepares the official depository ticket, takes deposits to the Treasurer, and posts deposits to the cash book.
- Bogus Check Division – One employee opens the mail, writes all of the receipts, prepares the official depository ticket, takes deposits to the Treasurer, and posts deposits to the cash book, and then employees will alternate days instead of duties.

A lack of segregation of duties exists in the Mayes County District Attorney's Office in regards to the collections and disbursements within the office for all divisions. One employee opens the mail, balances the cash drawer to daily receipts, prepares the official depository ticket, takes deposits to the Treasurer, posts deposits to the cash book, and balances the account at month end to the Treasurer's balance. Furthermore, this same person calculates amounts vouchered to other funds or agencies, reviews amounts vouchered to the other funds or agencies, prepares vouchers, signs vouchers, posts vouchers to the cash book, mails vouchers, authorizes purchases, prepares claims, and certifies receipt of goods or services.



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A lack of segregation of duties exists in Craig County District Attorney's Office in regards to the collections and disbursements in the following divisions:

- Bogus Check, Restitution and Fee – One employee opens the mail, writes all the receipts, balances the cash drawer to daily receipts, prepares the official depository ticket, takes deposits to the Treasurer, posts deposits to the cash book, and balances the account at month end to the Treasurer's balance. Furthermore, this same person calculates amounts vouchered to other funds or agencies, reviews amounts vouchered to the other funds or agencies, prepares the vouchers, posts the vouchers to the cash book, mails vouchers, prepares claims, and certifies receipt of goods or services.
- Community Service and DA Supervision– One employee opens the mail, writes all of the receipts, balances the cash drawer to daily receipts, prepares the official depository ticket, takes deposits to the Treasurer, posts deposits to the cash book, balances the account at month end to the Treasurer's balance, authorizes purchases, prepares claims, and certifies receipt of goods or services. A second person calculates amounts vouchered to other funds or agencies, reviews amounts vouchered to the other funds or agencies, prepares the vouchers, signs the vouchers, posts the vouchers to the cash book, mails vouchers, and authorizes purchases.

Effect: 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: 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. 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.

Views of responsible officials and planned corrective actions: Management did not respond.



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