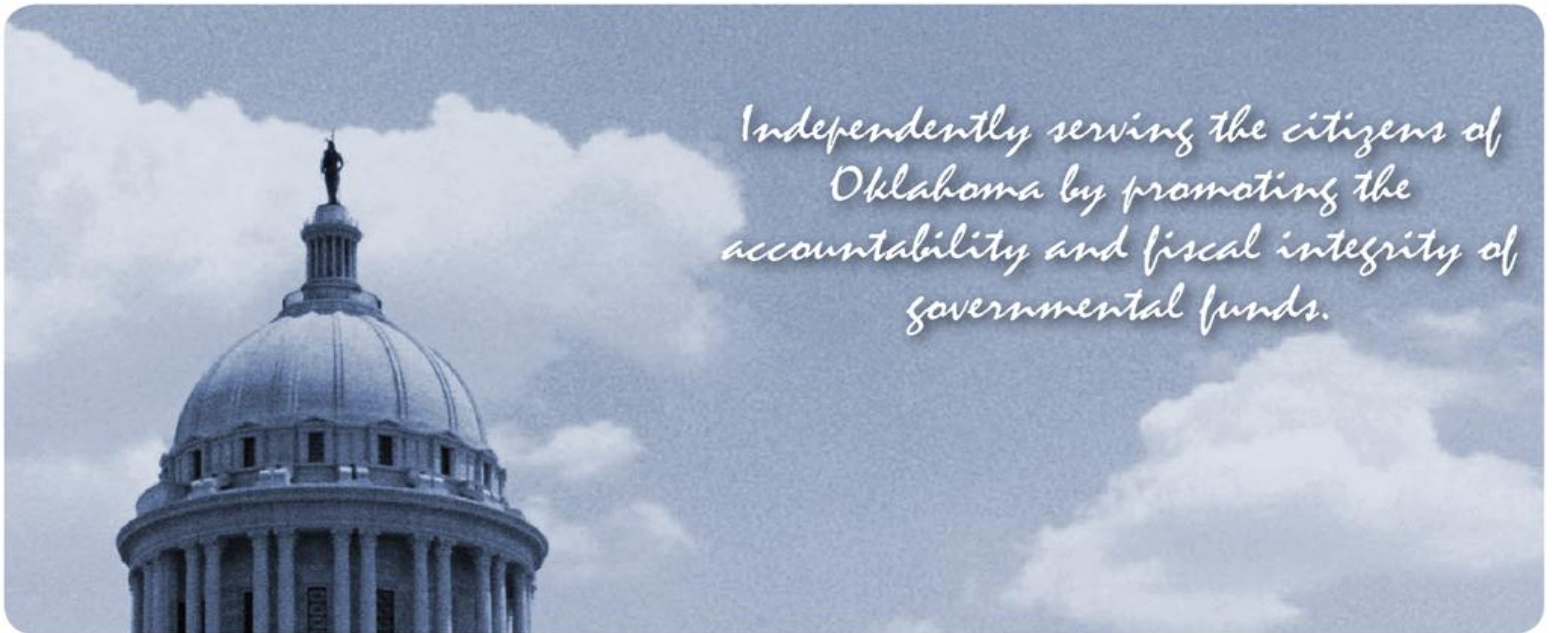


STATUTORY REPORT

**DISTRICT ATTORNEY  
DISTRICT 12  
BOGUS CHECK RESTITUTION PROGRAM  
SUPERVISION PROGRAM  
RESTITUTION AND DIVERSION PROGRAM  
PROPERTY FORFEITURE PROGRAM**

For the period of July 1, 2009 through June 30, 2013



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

**JANICE STEIDLEY, DISTRICT ATTORNEY  
DISTRICT 12**

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

**FOR THE PERIOD  
JULY 1, 2009 THROUGH JUNE 30, 2013**

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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 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

December 3, 2014

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, Craig, Mayes, and Rogers County, Oklahoma (the District) for the period of July 1, 2009 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 that reads "Gary A. Jones".

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

**JANICE STEIDLEY, DISTRICT ATTORNEY  
DISTRICT 12  
STATUTORY REPORT  
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**JANICE STEIDLEY, DISTRICT ATTORNEY  
DISTRICT 12  
STATUTORY REPORT  
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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 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.

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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

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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 22 O.S. §§ 114, 991d, 991f-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, 2013.

### Bogus Check, Supervision, and Restitution and Diversion 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 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, the Supervision Program, and Restitution and Diversion 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 Craig, Mayes, and Rogers 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".

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

December 1, 2014



**JANICE STEIDLEY, DISTRICT ATTORNEY  
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**SCHEDULE OF FINDINGS AND RESPONSES**

**Finding 2013-1 – Property Forfeiture Inventory (Repeat Finding)**

**Condition:** Upon discussion with the District, it was determined there was no inventory system in place at June 30, 2013 for District 12 to track forfeited and/or seized property. Rather, each of the three counties (Rogers, Mayes, and Craig) is independently responsible for tracking forfeited property. The Rogers, Mayes, and Craig County offices did not maintain a current inventory list documenting all items seized nor their disposition. The only centralization occurs when the outlying counties send any forfeited cash to the Rogers County office.

**Cause of Condition:** Policies and procedures have not been designed and implemented to track and report inventory of seized property in the custody of the District Attorney.

**Effect of Condition:** This condition resulted in a violation of state statute and could result in inadequate safeguarding of assets held in trust.

**Recommendation:** The Oklahoma State Auditor and Inspector's Office (OSAI) recommends management implement an inventory system to adequately track forfeited property to safeguard assets from misappropriation on a District-wide basis.

**Management Response:**

The only property in our custody is monetary; the deposits are listed in the deposit book.

**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.

Title 63 O.S. § 2-506.K states in part, "Property taken or detained under this section shall not be replevable, 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..."

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**Finding 2013-3 – Procedures for Cancelled Vouchers and Bogus Check Balances**

**Condition:** Based on inquiry of staff, it was noted there was no procedure in place to ensure any restitution related to cancelled vouchers is either returned to the merchant/victim or remitted to the proper state agency as unclaimed property.

**Cause of Condition:** Policies and procedures have not been developed to ensure specific monies related to cancelled vouchers are returned to the proper individual if at all possible.

**Effect of Condition:** Without ensuring monies related to cancelled vouchers are returned to the merchant/victim or remitted as Unclaimed Property, the victim/merchant may never receive the proper restitution they are due.

**Recommendation:** OSAI recommends management design and implement procedures to ensure efforts are made to contact the merchant/victim of any cancelled vouchers. If this effort is unsuccessful, a procedure should be implemented to remit funds to the proper state agency.

**Management Response:**

Vouchers are canceled if the merchant isn't able to be contacted. The office will look into unpaid balances and send those funds to the appropriate agency as unclaimed funds.

**Criteria:** Effective internal controls require that management properly design and implement policies and procedures to ensure the office is operated consistently and in the best interests of the merchants/victims they serve. An important component of this is ensuring funds collected on behalf of other individuals or entities is remitted timely and appropriately once received by the District Attorney's office.

**Finding 2013-4 – Bogus Check Program Deposits**

**Condition:** Based on a comparison between the District Attorney's computer system data and the Rogers County Treasurer's data, the following amounts per fiscal year instances were noted where funds were receipted as Bogus Check Program funds by the District Attorney's Office but were deposited as different funds with the Rogers County Treasurer:

<b>Fiscal Year</b>	<b>Amount</b>
2011	\$6,575.89
2012	\$6,555.88
2013	\$26,403.33

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In addition to Bogus Check deposits being credited to incorrect funds, deposits from other funds were incorrectly deposited to the Bogus Check fund, and the County Treasurer's register showed deposits not recorded in the District Attorney's data totaling \$574.65.

**Cause of Condition:** Policies and procedures have not been developed to ensure a true and accurate monthly reconciliation occurs between the District Attorney's office and the County Treasurer.

**Effect of Condition:** Without the existence of proper policies and procedures to ensure monthly reconciliations between the County Treasurer and the Cash Receipts Journal of the District Attorney occur, monies from District Attorney programs/funds were deposited to incorrect funds and the errors were not timely detected.

**Recommendation:** OSAI recommends that management design and implement policies and procedures to ensure monthly reconciliations occur between the Cash Receipts Journal and the County Treasurer. These reconciliations should be approved by management for accuracy.

**Management Response:**

- 2011 - Prior Administration
- 2012 - Corrected on 8-25-14
- 2013 - This office has spoken to the County Treasurer and they are looking into correcting the deposit. This office will pay closer attention to deposit information when doing monthly reconciliations with the County Treasurer's office to avoid any such instances.
- As to the \$574.65 incorrect deposit- Prior Administration.

**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 2013-6 – Segregation of Duties—Bogus Check Division & RAD Division**

**Condition:** Based on inquiry and observation of personnel in the District Attorney's office in Rogers County and Mayes County, we noted instances in which a single employee is responsible for the duties of recording, authorizing, custody of assets, and execution of transactions. The following specifics were noted:

- One employee collects and posts payments, and prepares the daily deposit.
- When the second employee is out of the office, no other employee is available for back-up support.

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**Cause of Condition:** Written job descriptions and policies and procedures have not been developed to separate the key accounting functions of the office.

**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:** 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 such as recording, receipting, depositing and issuing checks, and/or critical functions of the office, and having management review and approval of accounting functions.

**Management Response:**

We have combined our Supervision and Bogus Check departments in Rogers County to ensure there are always two employees working so that they are able to properly segregate duties. This office will counsel staff on the policy and procedures of 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.

**2013-07 – Segregation of Duties—Supervision Division**

**Condition:** Based on inquiry and observation of personnel in the District Attorney's office in Rogers County, we noted instances in which a single employee is responsible for the duties of recording, authorizing, custody of assets, and execution of transactions when the division is understaffed. The following specifics were noted:

- One employee collects and posts payments, and prepares the daily deposit.
- When the second employee is out of the office, no other employee is available for back-up support.

**Cause of Condition:** Written job descriptions and policies and procedures have not been developed to separate the key accounting functions of the office.

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**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:** 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 such as recording, receipting, depositing and issuing checks, and/or critical functions of the office, and having management review and approval of accounting functions.

**Management Response:**

We have combined our Supervision and Bogus Check departments in Rogers County to ensure there are always two employees working so that they are able to properly segregate duties. This office will counsel staff on the policy and procedures of the 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.

**Finding 2013-08 – Receipts—Supervision Division (Craig County)**

**Condition:** Based on inquiries and observation of personnel in the District Attorney's office in Craig County, the following was noted:

- When a payment is made, a copy of the cashier's check or money order is made, stamped, and provided to the payee. A pre-numbered receipt is not provided to the payee. The payments are kept in a lockbox until the part-time Supervision/Probation Officer is in the office. The Officer posts payments to offenders' accounts and prepares the deposit. One of the front desk staff members recalculates the deposit and takes the deposit to the Treasurer. These payments are not deposited daily.

**Cause of Condition:** Written job descriptions and policies and procedures have not been developed to ensure that all payments are receipted on pre-numbered, sequential receipts, recorded and deposited in a timely manner.

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**Effect of Condition:** Not providing pre-numbered receipts, timely posting of payments to offenders' accounts, or making daily deposits could result in unrecorded transactions, misstated financial reports, undetected errors, or misappropriation of funds.

**Recommendation:** OSAI recommends that the District Attorney update policies and procedures to include immediate posting and receipting of payments using the computer system and depositing daily all monies received. Deposits should also be reconciled to receipts issued to provide assurance that all monies collected are deposited.

**Management Response:**

Once receipt information is entered there is a numbered receipt. No cash is accepted and deposits are made at least weekly. We will purchase pre-numbered receipt books for the office staff to use when collecting payments.

**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 2013-09 – IT Controls**

**Condition:** Based on inquiry and observation in the District Attorney's office, we noted instances in which IT controls were not properly in place to ensure the integrity of the computer software systems used. The following was noted:

Rogers County

- The District Manager has sole access and control over the accounting records software.
- The Bogus Check and RAD programs software system allows for the employees to delete payments and deposits.

Craig County

- One employee who frequently collects payments and makes deposits for the Supervision program has full access to the software system including the ability to delete deposits and payments.

**Cause of Condition:** Written job descriptions and policies and procedures have not been developed to ensure IT controls are properly designed and implemented to safeguard assets received by the District Attorney's office.

**Effect of Condition:** Without the existence of IT controls, instances could arise where employees are performing tasks outside of the scope of their employment, including altering or deleting transactions.

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**Recommendation:** OSAI recommends management assign administrative rights to the software systems used in such a manner that they are segregated between the various users depending upon their job duties and responsibilities. Furthermore, OSAI recommends policies and procedures be designed and implemented to limit the ability for employees to alter or delete transactions. This could include utilizing the built-in use roles to limit such access, or if need be contacting the software system provider and requesting that such restrictions be created.

**Management Response:**

Accounting records are reconciled to the County Treasurer each month.

Rogers County - If payments are in error and deleted documentation is retained. Receipts are numbered.

Craig County - Can void payments in computer system but not delete. Deposit slips are generated not stored in the computer system. Deposits are with County Treasure and staff keeps a copy.

This office will limit employees' access in computer system to certain administration tools.

**Criteria:** The AICPA has recognized ISACA as a source for guidance related to information system auditing and information system control standards. CobiT is ISACA's framework for IT controls. According to CobiT *Deliver and Support 5.4 User Account Management*, management should address requesting, establishing, issuing, suspending, modifying, and closing user accounts and related user privileges with a set of user account management procedures. This includes an approval procedure outlining the data or system owner granting the access privileges. These procedures should apply for all users, including administrators (privileged users) and internal and external users, for normal and emergency cases.

**Finding 2013-10 – Expenditures (Repeat Finding)**

**Condition:** Based on inquiry observation of records, and data analysis of the District Attorney's office the following was noted concerning the expenditures tested per program:

Property Forfeiture

- For fiscal year 2010, of the 30 vouchers tested, five vouchers did not have an approval for payment by the District Attorney or any other office personnel with such authority depicted, or supporting documentation such as an invoice available for review. Additionally, on one instance there was no evidence available depicting an independent verification that the goods or services paid for were received.
- For fiscal year 2011, of the 18 vouchers tested, two vouchers did not have an approval for payment by the District Attorney or any other office personnel with such authority depicted or supporting documentation such as an invoice available for review.
- For fiscal year 2012, of the 29 vouchers tested, one voucher did not have supporting documentation such as an invoice available for review. Additionally, on one instance there was no evidence available depicting an independent verification that the goods or services paid for were received.

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Bogus Check

- For fiscal year 2010, of the 10 vouchers tested from fund 06A, one voucher did not have an approval for payment by the District Attorney or any other office personnel with such authority depicted, or supporting documentation such as an invoice in the file, and there was no evidence available depicting an independent verification that the goods or services paid for were received. Additionally, on one instance the voucher invoice did not match the claim as the vendor depicted was different.
- For fiscal year 2011, of the five vouchers tested from fund 06B, two vouchers were voided on the Treasurer's register but were not voided in the District Attorney system.
- For fiscal year 2012, of the 10 vouchers tested from fund 06A there was one voucher that did not have an approval for payment by the District Attorney or any other office personnel with such authority depicted.

RAD Program

- For fiscal year 2010, of the 29 tested 12 of the vouchers were voided, but the original vouchers could not be located for review.

Supervision Program

- For fiscal year 2010, of the 40 vouchers tested there were four instances that did not have supporting documentation such as an invoice in the file. Additionally, on three instances there was no evidence available depicting an independent verification that the goods or services paid for were received.
- For fiscal year 2011, of the 40 vouchers tested on one voucher sales tax was paid on the purchase.
- For fiscal year 2012, of the seven vouchers tested there was one voucher that did not have an approval for payment by the District Attorney or any other office personnel with such authority depicted.
- For fiscal year 2013, of the 17 vouchers tested there was one voucher that did not have an approval for payment by the District Attorney or any other office personnel with such authority depicted.

**Cause of Condition:** Vouchers were issued without supporting documentation and/or proper approval. Additionally, one payment was made on an overdue bill, and on one payment sales tax was paid even though the District Attorney's office is a tax-exempt entity.

**Effect of Condition:** Without the existence of proper oversight and monitoring, vouchers were issued without supporting documentation and/or proper approval. If proper purchasing procedures are not followed, vouchers could be issued for expenditures for purposes other than to defray the expenses of the District Attorney's office.

**Recommendation:** OSAI recommends management design and implement a purchasing policy and procedure in which items and/or services are ordered and paid only after management has approved the expenditures. OSAI recommends that all claims be verified upon receipt to ensure the proper items and amounts ordered are received in accordance with the items listed on the packing slip. Lastly, OSAI



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recommends management ensure all supporting documentation for expenditures is maintained and readily viewable for review and audit purposes.

**Management Response:**

**Property Forfeiture-**

- 2010 - Prior Administration
- 2011 - Prior Administration
- 2012 - Missed signing claim sheet when the voucher was signed. Documentation for salaries paid will be attached once posted on DAC ledger.

**Bogus Check-**

- 2010 - Prior Administration
- 2011 - Prior Administration
- 2012 - Missed signing claim sheet when voucher was signed. Will pay better attention to all signature lines to be sure they are signed.

**RAD Programs-**

- 2010 - Prior Administration

**Supervision-**

- 2010 - Prior Administration
- 2011 - Prior Administration
- 2012 - Missed signing claim sheet when voucher was signed. Will pay better attention to all signature lines to be sure they are signed.
- 2013 - Missed signing claim sheet when voucher was signed. Will pay better attention to all signature lines to be sure they are signed.

**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 2013-14 – Annual Report Reporting Error**

**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:

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Supervision Fee Program

- There is a variance of \$18,615.00 between the ending balance on the June 30, 2010 annual report and the beginning balance of the July 1, 2011 annual report.
- At June 30, 2011, the ending balance shown on the annual report did not reconcile with the total County Treasurer's balances in the amount of \$44,553.00.
- At June 30, 2012, the ending balance shown on the annual report did not reconcile with the total County Treasurer's balances in the amount of \$149,380.93.
- There is a variance of \$149,380.93 between the ending balance of the June 30, 2012 annual report and the beginning balance of the July 1, 2013 annual report.
- At June 30, 2013, the ending balance shown on the annual report did not reconcile with the total County Treasurer's balances in the amount of \$540.00.

Bogus Check Program

*Merchant Account*

- There is a variance of \$25,265.94 between the ending balance of the June 30, 2010 annual report and the beginning balance of the July 1, 2011 annual report.
- At June 30, 2010, the ending balance shown on the annual report did not reconcile with the total County Treasurer's balances in the amount of \$25,265.94.
- There is a variance of \$117,196.32 between the ending balance of the June 30, 2012 annual report and the beginning balance of the July 1, 2013 annual report.

*DA Fees Account*

- There is a variance of \$69.00 between the ending balance of the June 30, 2012 annual report and the beginning balance of the July 1, 2013 annual report.

RAD Program

- At June 30, 2011, the ending balance shown on the annual report did not reconcile with the total County Treasurer's balances in the amount of \$16,099.85.

Property Forfeiture Program

- There is a variance of \$149,198.71 between the ending balance of the June 30, 2010 annual report and the beginning balance of the July 1, 2011 annual report.
- At June 30, 2011, the ending balance shown on the annual report did not reconcile with the total County Treasurer's balances in the amount of \$60,646.03.

**Cause of Condition:** When preparing the annual report, program specific ledger balances were not reconciled to the County Treasurer's balances to ensure accuracy. In addition, annual reports were not reviewed by anyone other than the preparer to ensure amounts were accurately reported.

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

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**Recommendation:** OSAI recommends that all of the District Attorney's financial information be reported during the fiscal year in which it occurs to ensure accurate financial position and reporting. Further, OSAI recommends the District Attorney's office reconcile with the County Treasurer's office on a monthly basis for accuracy. Lastly, OSAI recommends an individual other than the preparer of the annual reports review the reports for any discrepancies.

**Management Response:**

**Supervision:**

Bullet 1 - Prior Administration

Bullets 2, 3, 4 - Financial Coordinator took over financials as of May of 2011. While preparing annual reports in June 2011, the Financial Coordinator didn't realize that Craig and Mayes Counties were not zeroing out their Supervision accounts monthly and didn't figure in balances for those counties.

Bullet 5 - This balance is from a canceled voucher after the annual reports were completed.

**Bogus Check:**

Bullet 1 - Prior Administration

Bullet 2 - Prior Administration

Bullet 3 - The columns on the annual report for the Bogus Check accounts were interchanged. This has been corrected.

**RAD:**

Bullet 1 - This has been corrected.

**Property Forfeiture:**

Bullet 1 - Prior Administration

Bullet 2 - Prior Administration

**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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