

STATUTORY REPORT

**DISTRICT ATTORNEY  
DISTRICT 15  
BOGUS CHECK RESTITUTION PROGRAM  
SUPERVISION PROGRAM  
PROPERTY FORFEITURE PROGRAM**

For the period of July 1, 2013 through June 30, 2015



*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

**ORVIL LOGE, DISTRICT ATTORNEY  
DISTRICT 15**

**STATUTORY REPORT  
BOGUS CHECK RESTITUTION PROGRAM  
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**FOR THE PERIOD OF JULY 1, 2013 THROUGH JUNE 30, 2015**

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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

April 15, 2016

Orvil Loge, District Attorney  
District 15  
Muskogee County Courthouse  
Muskogee, Oklahoma 74401

Transmitted herewith is the statutory report for the District Attorney of District 15, Muskogee County, Oklahoma (the District) for the period of July 1, 2013 through June 30, 2015.

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, appearing to read "Gary A. Jones".

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

**ORVIL LOGE, DISTRICT ATTORNEY  
DISTRICT 15  
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.

**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.

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

Orvil Loge, District Attorney  
District 15  
Muskogee County Courthouse  
Muskogee, Oklahoma 74401

For the purpose of complying with 74 O.S. § 212.E and 22 O.S. §§ 114, 991d, 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, 2013 through June 30, 2015.

### Bogus Check 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, 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 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 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 Muskogee 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

April 4, 2016

**ORVIL LOGE, DISTRICT ATTORNEY  
DISTRICT 15  
STATUTORY REPORT  
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**SCHEDULE OF FINDINGS AND RESPONSES**

**Finding 2015-1 – Internal Control Environment - Written Policies and Procedures for Bogus Check Restitution and Supervision Fee Programs**

**Condition:** As part of our review of District Attorney accounts and records, we tested receipts, disbursements, and cash balances. The District Attorney has established written policies and procedures and/or has designed and implemented internal controls for the safeguarding and reporting of program funds. However, deficiencies were noted in certain areas, which include the following:

***Information Technology***

- A time-out security measure has not been assigned in the system.

***Bogus Check Restitution Program***

- The District has not been assessing the correct Bogus Check District Attorney fees since January 2015. This has resulted in an additional \$25.00 assessment for Bogus Check defendants.

***Supervision Fee Program***

- FY 2014 – 1 of the 5 Supervision expenditures tested did not have the proper approval for the transaction.
- FY 2014 – 2 of the 5 expenditures tested did not have any indication that goods and/or services had been received (i.e., receiving reports, etc.).

**Cause of Condition:** The District Attorney's office does not have procedures in place to guard against unauthorized access to computer data, to ensure proper Bogus Check fees are charged, and to ensure expenditures are properly approved and have all supporting documentation.

**Effect of Condition:** These conditions could result in unauthorized access to financial information and inaccurate or improper expenditures for the District. Further, this condition resulted in Bogus Check defendants being improperly charged for fees.

**Recommendation:** The Oklahoma State Auditor & Inspector's Office (OSAI) recommends that management adopt written policies and procedures for the accounting of program funds and maintenance of client files. Implementing formal procedures would ensure that all employees are aware of their duties and responsibilities and that each program is properly accounted for and is in compliance with applicable laws and regulations. Such policies should include the following:

- A time-out security measure should be implemented for computers to safeguard against unauthorized access when an employee is away from their station.
- Fees should be periodically reviewed to ensure the correct amount is being charged to defendants.



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- All expenditures of the District should be properly supported with indication that the goods/services were received by the District and the invoice is ready to be paid. Further, all expenditures should be properly authorized by management.

Furthermore, we recommend management identify, analyze and manage risks. Management should also assess the quality and effectiveness of the organizations internal control process over time and implement appropriate controls and oversight of each programs daily transactions and recordkeeping. This will ensure that management has taken the necessary steps in safeguarding the department's assets.

**Management Response:**

**Information Technology:** A time-out security measure is not assigned to the system; however, a policy is in place that requires that all employees lock their system prior to leaving their station. This policy insures proper control to guard against unauthorized access.

**Bogus Check Restitution Program:** This has been corrected. A \$25.00 fee was inadvertently added on cases entered during the time period specified as a result of a training error. This has been corrected in the system. All accounts have been adjusted and the minimal overages that were collected on a few cases have been returned.

**Supervision Fee Program – FY14 – Proper approval and receiving reports:** These errors occurred during the prior administration. The current administration took office in January 2015 and put policies in place to guard against this happening during this administration.

**Criteria:** Basic components of effective internal controls include ensuring written policies and procedures for performing essential duties are adequately documented to ensure compliance with laws and regulations, to facilitate efficient transition of duties when changes in personnel occur, to obtain supporting documentation for transactions and items affecting management decisions, and to safeguard data.

**Finding 2015-2 - District Attorney Drug Fund (Property Forfeiture) Expenditures**

**Condition:** As part of our review of District Attorney accounts and records, we tested receipts, disbursements and cash balances. The District Attorney has written policies and procedures and has designed and implemented internal controls for the safeguarding and reporting of program funds. However, some deficiencies were noted in certain areas, which include the following:

- FY 2014 – 3 of the 5 expenditures tested did not have any indication that goods and/or services had been received (i.e., receiving reports, etc.).
- FY 2015 – 1 of the 5 expenditures tested did not have the proper authorizing signature on the purchase claim or voucher.

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**Cause of Condition:** The District Attorney's office does not have procedures in place to ensure expenditures are properly approved and have all supporting documentation.

**Effect of Condition:** These conditions could result in inaccurate or improper expenditures for the District. Further, without proper receiving information, invoices could be processed for goods/services that were not received by the District or that were not for District purposes.

**Recommendation:** OSAI recommends that management adopt written policies and procedures for the accounting of program funds. Implementing formal procedures would ensure that all employees are aware of their duties and responsibilities and that each program is properly accounted for and is in compliance with applicable laws and regulations. Such policies should include the following:

- All expenditures of the District should be properly supported with indication that the goods/services were received by the District and the invoice is ready to be paid.
- All expenditures should be properly authorized by management.

Furthermore, we recommend management identify, analyze, and manage risks. Management should also assess the quality and effectiveness of the organizations internal control process over time and implement appropriate controls and oversight of each programs daily transactions and recordkeeping. This will ensure that management has taken the necessary steps in safeguarding the department's assets.

**Management Response:**

**FY14 - Receiving reports:** These errors occurred during the prior administration. The current administration took office in January 2015 and put policies in place to guard against this happening during this administration.

**FY15 – Proper authorizing signature:** This is an isolated occurrence and has been corrected.

**Criteria:** Basic components of effective internal controls include ensuring written policies and procedures for performing essential duties are adequately documented to ensure compliance with laws and regulations, to facilitate efficient transition of duties when changes in personnel occur, and to obtain supporting documentation for transactions and items affecting management decisions.

**Finding 2015-3 – Annual Reports**

**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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- At June 30, 2015, the amount “collected for victims” and the amount “paid to victims” on the Bogus Check Restitution Annual report was overstated by including DA fees in the amount of \$69,578.75.

**Cause of Condition:** Annual Reports are reviewed by no one other than the preparer to ensure amounts reported are accurate.

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

**Recommendation:** OSAI recommends that management adopt written policies and procedures for the accounting and reporting of program funds. Implementing this recommendation would ensure that all employees are aware of their duties and responsibilities and that the program is properly accounted for and is in compliance with applicable laws and regulations. Such policies should include the following:

- Guidelines for the oversight of monthly reconciliations to the County Treasurer’s account balances.
- Guidelines for accurate reporting of annual reports and the review process.

**Management Response:** This condition has been corrected.

**Criteria:** Basic components of effective internal controls include an independent review of financial reports to ensure accuracy of the information. Written policies and procedures for performing essential duties should be adequately documented to ensure employees understand their responsibilities and to ensure the reliability of financial reporting of the District.

**Finding 2015-4 – Unclaimed Bogus Check Restitution**

**Condition:** Balances for the Bogus Check Restitution (Merchant) account had outstanding balances at June 30, 2015. This is a cumulative amount as a result of vouchers not cashed by merchants and subsequently cancelled. They are as follows:

- Bogus Check Restitution (Merchant) had outstanding balances at June 30, 2015 totaling \$2,701.56 which could not be identified.

**Cause of Condition:** The District Attorney’s office does not have formal policies establishing procedures to ensure that returned or unpaid vouchers are examined to determine the current status of the merchant for the re-issuance of the restitution.

**Effect of Condition:** This condition resulted in the restitution fund not being properly cleared and victims not receiving restitution payments in a timely manner.

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**Recommendation:** OSAI recommends that management research and determine the location of the merchants so that restitution can be properly remitted. Management should then contact the proper agency for further direction to determine the manner in which the remaining unidentified balance should be distributed.

**Management Response:** This condition is being corrected. There was a balance left over from prior administrations that was higher than the current balance. This administration has been and will continue to work diligently to identify the funds so that they reach their intended recipient.

**Criteria:** Basic components of effective internal controls include ensuring written policies and procedures for performing essential duties are adequately documented and communicated to employees responsible for the remittance of restitution to victims. A periodic review of the program should be performed to ensure its effectiveness and to ensure compliance with laws and regulations.



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