

**DISTRICT ATTORNEY
DISTRICT 17**

**BOGUS CHECK
RESTITUTION FUND**

**FOR THE YEAR ENDED
JUNE 30, 2008**

**STATUTORY
REPORT**



Oklahoma State Auditor
& Inspector

**LAURA ROSS WALLIS, DISTRICT ATTORNEY
DISTRICT 17
STATUTORY REPORT
BOGUS CHECK RESTITUTION FUND
FOR THE YEAR ENDED
JUNE 30, 2008**

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STATE AUDITOR AND INSPECTOR

STEVE BURRAGE, CPA
State Auditor

MICHELLE R. DAY, ESQ.
Chief Deputy



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July 1, 2010

Laura Ross Wallis, District Attorney
District 17
McCurtain County Courthouse
Idabel, Oklahoma 74745

Transmitted herewith is the statutory report for the District Attorney of District 17, Choctaw, McCurtain, and Pushmataha Counties, Oklahoma (the District) for the fiscal year ended June 30, 2008.

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.

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

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, reading "Steve Burrage", is positioned above the printed name.

STEVE BURRAGE, CPA
STATE AUDITOR & INSPECTOR

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INTRODUCTORY INFORMATION

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.

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Statutory Report

Laura Ross Wallis, District Attorney
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For the purpose of complying with 74 O.S. § 212 (E) and 22 O.S. § 114, we have performed each of the following procedures as they relate to the records of the Bogus Check Restitution Fund for the fiscal year 2008.

- Examine fees to determine that the correct fees were assessed, receipted, and deposited in compliance with 28 O.S. § 153.
- Determine whether expenditures were used to defray lawful expenses of the District Attorney's office; whether expenditures were supported by invoices and approved claims; and that goods or services paid for were received.
- Determine whether the fund reconciles to the County Treasurer's records.
- Determine that the District Attorney prepared and submitted an annual report to the District Attorney's Council showing the total deposits and total expenditures, and that expenditures were properly classified and presented.

All information included in the financial records of the bogus check restitution program is 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 Choctaw, McCurtain, or Pushmataha Counties.

Based on our procedures performed, except for the matter of segregation of duties, District 17 was properly assessing and receipting the correct fees in compliance with 28 O.S. § 153; expenditures were used to defray lawful expenses of the District Attorney's office; the fund balance reconciled to the County Treasurer's records; the District Attorney prepared and submitted an annual report to the District Attorney's Council; and expenditures were properly classified and presented. With respect to the District properly depositing the correct fees in compliance with 28 O.S. § 153; expenditures being supported by invoices and approved claims; goods or services paid for being received; and the annual report being properly classified and presented, our findings are presented in the accompanying schedule of findings

and responses. With respect to segregation of duties, our finding is presented in the schedule of findings and responses.

A detailed analysis of the Bogus Check Restitution Fund Annual Report is not included due to inaccurate accounting records as presented in finding 2008-5.

This report is intended for the information and use of the District Attorney and Choctaw, McCurtain, and Pushmataha County officials. However, this report is a matter of public record and its distribution is not limited.

Sincerely,

A handwritten signature in blue ink, appearing to read "Steve Burrage", with a stylized flourish at the end.

STEVE BURRAGE, CPA
STATE AUDITOR & INSPECTOR

April 13, 2010

SCHEDULE OF FINDINGS AND RESPONSES

Finding 2008-1—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, the duties of receiving, receipting, recording, depositing cash and checks, reconciliations, transaction authorization, receiving goods and services, preparing claims, and issuing vouchers should be segregated. No single individual should have the ability to authorize transactions, have physical custody of property, and record transactions.

Condition: Based on inquiries and observation of personnel in the District Attorney's Bogus Check Restitution Program, it was noted that the duties of receiving, receipting, recording, and depositing collections were not adequately segregated for the District Attorney's office. The Bogus Check Coordinator in each County opens the mail, writes receipts, balances the cash drawer, prepares deposit tickets, reconciles receipts to deposits, takes the deposit to the Treasurer, posts receipts to the ledger, reconciles with the Treasurer, approves write offs, prepares claims, receives goods and services, prepares vouchers, disburses vouchers, and posts vouchers to the ledger.

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

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 and/or critical functions of the office, and having management review and approval of accounting functions.

Views of responsible officials and planned corrective actions: We will do our best, within our limited resources, to address this situation.

Finding 2008-3 – Bogus Check Expenditures

Criteria: Effective internal controls are necessary to ensure stewardship and accountability of public funds. Effective accounting procedures include all expenditures of the Bogus Check Restitution Fund be supported by approved claims and supporting documentation, such as invoices and receiving documentation.

LAURA ROSS WALLIS, DISTRICT ATTORNEY
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Condition: While performing the Bogus Check expenditures test, the following was noted:

- Of bogus check expenditures tested in Choctaw County, four (4) vouchers could not be traced to an approved claim, and three (3) vouchers had no evidence of independent confirmation of goods and services received.
- Of bogus check expenditures tested in Pushmataha County, two (2) vouchers for mileage did not have a mileage claim or supporting documentation, two (2) vouchers had no evidence of independent confirmation of goods and services received.
- Of bogus check expenditures tested in McCurtain County, three (3) vouchers could not be traced to an approved claim, one (1) claim did not have a signature by authorized personnel, and five (5) vouchers had no evidence of independent confirmation of goods and services received.

Effect: This condition could result in misappropriation of funds.

Recommendation: OSAI recommends that expenditures be supported by approved claims and that evidence of receipt of goods or services be indicated prior to payment.

Views of responsible officials and planned corrective actions: All efforts are made to ensure that expenditures are supported by approved claims and that evidence of receipts of goods or services be indicated prior to payment.

Finding 2008-4 – Deposits

Criteria: Effective internal controls over funds collected include those funds collected being deposited on a daily basis with the County Treasurer, so as to provide a safeguard of the funds collected.

Condition: The test of one month of bogus check collections in the Choctaw County District Attorney's Office for fiscal year 2008 revealed instances in which receipts were not deposited in a timely manner.

Effect: Funds collected may not be safeguarded.

Recommendation: OSAI recommends the District Attorney's office deposit all monies receipted on behalf of the office in a timely manner.

Views of responsible officials and planned corrective actions: Every effort is made to deposit all money receipted on a daily basis.

Finding 2008-5 – Pushmataha County Annual Report

Criteria: Title 22 O.S. § 114.B and C states in part:

B. This money shall be deposited in a special fund with the county treasurer to be known as the “Bogus Check Restitution Program Fund”. This fund shall be used by the district attorney to defray any lawful expense of the district attorney’s office. The district attorney shall keep records of all monies deposited to and disbursed from this fund.

C. Restitution paid by the defendant to the victim shall include the face amount of the check plus any charges the victim may have been required to pay to a bank as the result of having received the bogus check. If, instead of paying restitution directly to the victim, the defendant delivers restitution funds to the office of the district attorney, the district attorney shall deposit such funds in a depository account in the office of the county treasurer to be disbursed to the victim by a warrant signed by the district attorney or a member of the staff assigned to the Bogus Check Restitution Program. The district attorney shall keep full records of all restitution monies received and disbursed. The records shall be audited at the same time the county funds are audited.

Condition: The Bogus Check activities for Pushmataha County are maintained in one official depository account, and restitution fees are not transferred to a cash fund with the County Treasurer. The District Attorney does not maintain ledgers that separate the collections for restitution and fees. All restitution payments and expenditures for the office are made on official depository vouchers instead of warrants issued by the Treasurer.

Effect: This condition could result in errors being undetected and incorrect annual reports. It also resulted in the FY 08 Bogus Check Restitution Fund Annual Report being inaccurate.

Recommendation: OSAI recommends that the District Attorney Fees be transferred to a cash fund monthly and expended according to state statutes. Also, the bogus check restitution annual reporting should be reviewed for accuracy and reconciled to the Treasurer’s ledgers to ensure accuracy of the report.

Views of responsible officials and planned corrective actions: All efforts are made for all money collected to be deposited with the Treasurer’s office on a daily basis. Account ledgers are kept and reconciled with the Treasurer’s office. All monies are expended according to state statutes.



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