

**DISTRICT ATTORNEY  
DISTRICT 18**

**BOGUS CHECK  
RESTITUTION FUND**

JUNE 30, 2008

**STATUTORY REPORT**



Oklahoma State Auditor  
& Inspector

**JIM BOB MILLER  
DISTRICT ATTORNEY, DISTRICT 18  
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

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September 16, 2009

Jim Bob Miller, District Attorney  
District 18

Transmitted herewith is the statutory report for the District Attorney of District 18, Haskell and Pittsburg 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 typed 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

Mr. Jim Bob Miller  
District Attorney, District 18  
Pittsburg County Courthouse  
McAlester, Oklahoma 74501

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 it relates to the records of the Bogus Check Restitution Fund for the fiscal year June 30, 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 and restitution agreements do not exceed three years in accordance with 22 O.S. § 114; 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 Haskell or Pittsburg Counties.

Based on our procedures performed; District 18 was properly assessing and depositing the correct fees in compliance with 28 O.S. § 153; expenditures were used to defray lawful expenses of the District Attorney's office and restitution agreements do not exceed three years in accordance with 22 O.S. § 114; expenditures were supported by invoices and approved claims; goods or services paid for were received; 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 receipting fees and the matter of segregation of duties, our findings are included in the accompanying schedule of findings and responses.

We have prepared a detailed analysis of the Bogus Check Restitution Fund, which is presented following this report.

This report is intended for the information and use of the District Attorney and Haskell and Pittsburg 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". The signature is fluid and cursive, with the first name "Steve" and last name "Burrage" clearly distinguishable.

STEVE BURRAGE, CPA  
STATE AUDITOR & INSPECTOR

December 9, 2008

**BOGUS CHECK RESTITUTION FUND ANALYSIS**

**COLLECTION INFORMATION**

Number of checks received from merchants	<u>2,320</u>	
Dollar amount of checks received		<u>\$ 275,320</u>

**RESTITUTION INFORMATION**

Beginning Restitution Account Balance at July 1, 2007		\$ 29,609
Number of Restitution checks collected	<u>6,013</u>	
Amount in Restitution collected for merchants		248,531
Amount in Restitution paid to merchants		278,085
Amount in "other collections" paid out		55
Cancelled Vouchers		<u>1,615</u>
Ending Restitution Balance at June 30, 2008		<u>\$ 1,615</u>

**FEE AND EXPENDITURES INFORMATION**

Beginning District Attorney Fee Balance at July 1, 2007		\$ 275,776
Amount of District Attorney fees collected during the period		400,819
Expenditures:		
Personnel Costs	275,848	
Maintenance and Operation Costs	75,307	
Travel Expenses	3,752	
Other Expenses	<u>1,927</u>	
Total Expenditures		<u>356,834</u>
Ending District Attorney Fee Balance at June 30, 2008		<u>\$ 319,761</u>



**Finding 2008-1—Segregation of Duties**

Criteria: Segregation of duties over asset custody, transaction authorization, bookkeeping, and reconciliation are important elements of effective internal control over government assets and resources.

Condition: During our testing of the District's Bogus Check accounts, we noted a lack of segregation of duties over asset custody, transaction authorization, bookkeeping, and reconciliation.

Effect: This condition could result in improprieties being undetected.

Recommendation: OSAI recommends 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.

Views of responsible officials and planned corrective actions: In reference to 2008-1, my office has already taken steps to verify and reconcile all deposits and reports. The four employees that work in the collections department, which includes bogus check, restitution and probation supervision are all being cross trained on the proper and uniform procedure to accept payments, properly record those payments and then reconcile them with the deposits. My office finance director is responsible for monitoring and verifying every deposit made and reconciling the reports and deposits. My finance director is also responsible for making the deposits and assuring that the County Treasurer verifies the deposits as well. These internal controls not only provide knowledge of operations to management as suggested, but also provide the internal control structure that you suggest we lack. Therefore, I respectfully suggest that this finding be amended to show compliance.

OSAI Response: The District has taken steps to segregate some of the accounting functions. However, there is still a concentration of duties and responsibilities with collections in a limited number of employees that has not been segregated.

**Finding 2008-2 – Receipts**

Criteria: Effective internal controls include issuing receipts in numerical sequence.

Condition: The software program for the collection of bogus checks does not allow receipts to be issued in numerical sequence.

Effect: This condition could result in improprieties being undetected.

Recommendation: OSAI recommends that the District Attorney take necessary steps to provide for an accurate accounting of bogus check collections.

**JIM BOB MILLER**  
**DISTRICT ATTORNEY, DISTRICT 18**  
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**JUNE 30, 2008**

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Views of responsible officials and planned corrective actions: In reference to 2008-2, my office is not able to correct the issue of the Justware Program not printing receipts in numerical order. The District Attorney's Council has been informed of this problem and they are supposedly working on it. To further exacerbate the problem is that my office paid DAC several thousand dollars to convert the bogus check system to the Justware Financial Program. This program costs my office almost \$50,000 per year and yet does not properly function. I believe that my district should be allowed to opt out of this program and with the savings of \$50,000 per year I could purchase an appropriate financial accounting system and hire the needed personnel that you suggest in 2008-1. I respectfully request that the auditor issue a directive to allow me to opt out of the Justware Program, save the substantial sum of money that it costs my district to operate and then I can provide the appropriate accounting programs and personnel to operate the office in the manner suggested.

OSAI Response: The issuance of receipts in numerical order or the accounting for such receipt numbers could be effected in many ways; i.e., manual logs, reconciliations, software sorting programs, etc.



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