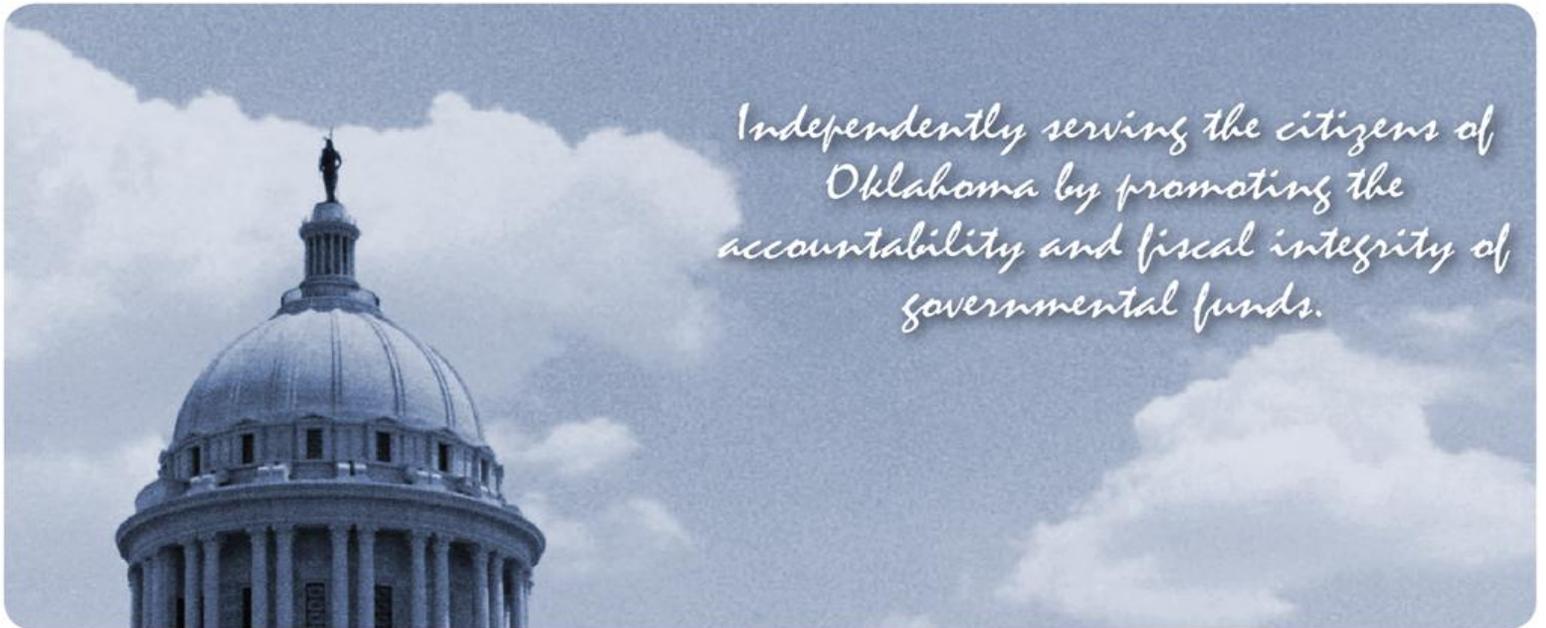


STATUTORY REPORT

**DISTRICT ATTORNEY
DISTRICT 1
BOGUS CHECK RESTITUTION PROGRAM
SUPERVISION PROGRAM
RESTITUTION AND DIVERSION PROGRAM
PROPERTY FORFEITURE PROGRAM**

For the period of July 1, 2012 through June 30, 2014



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

**JAMES M. BORING, DISTRICT ATTORNEY
DISTRICT 1**

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

**FOR THE PERIOD
JULY 1, 2012 THROUGH JUNE 30, 2014**

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) and in the Oklahoma Department of Libraries Publications Clearinghouse Digital Collection, pursuant to 74 O.S. § 3105.B.



Oklahoma State Auditor & Inspector

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January 16, 2015

James M. Boring, District Attorney
District 1
Texas County Courthouse
Guymon, Oklahoma 73942

Transmitted herewith is the statutory report for the District Attorney of District 1, Beaver, Cimarron, Harper, and Texas Counties, Oklahoma (the District) for the period July 1, 2012 through June 30, 2014.

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

**JAMES M. BORING, DISTRICT ATTORNEY
DISTRICT 1
STATUTORY REPORT
FOR THE PERIOD JULY 1, 2012 THROUGH JUNE 30, 2014**

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**JAMES M. BORING, DISTRICT ATTORNEY
DISTRICT 1
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FOR THE PERIOD JULY 1, 2012 THROUGH JUNE 30, 2014**

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

James M. Boring, District Attorney
District 1
Texas County Courthouse
Guymon, Oklahoma 73942

For the purpose of complying with 74 O.S. § 212.E and 22 O.S. §§ 114, 991d, 991.f-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 period July 1, 2012 through June 30, 2014.

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 are 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 Beaver, Cimarron, Harper, and Texas Counties

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 17, 2014

**JAMES M. BORING, DISTRICT ATTORNEY
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FOR THE PERIOD JULY 1, 2012 THROUGH JUNE 30, 2014**

SCHEDULE OF FINDINGS AND RESPONSES

Finding 2014-1 – Segregation of Duties – Bogus Check, Restitution and Diversion, and Property Forfeiture Accounts (Repeat Finding)

Condition: Based on inquiries and observation in the District Attorney’s Office, 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 significant concerns were noted:

Beaver County, Cimarron County, and Harper County

A lack of segregation of duties exists in the payments of collections and deposits in the Bogus Check Restitution Program, Supervision Fee, and the Property Forfeiture Programs. One employee who receipts funds also balances the receipts to daily deposits, posts payments to individual accounts, and delivers the deposits to the County Treasurer’s office.

In addition, a lack of segregation of duties exists in the payments of expenditures for the Bogus Check Restitution Fee Program, Supervision Fees, and the Property Forfeiture Program, in that one employee orders goods and/or services, prepares vouchers, completes voucher claim forms, and can sign as receiving agent.

One employee, who prepares deposits and vouchers, reconciles the Bogus Check Restitution Fee Program, Supervision Fees, and the Property Forfeiture Program ledgers to the County Treasurer. No one other than the preparer reviews the reconciliations to ensure accuracy of the amounts reconciled.

Texas County

Property Forfeiture

One employee, who prepares deposits and vouchers, reconciles the Property Forfeiture Program balance to the County Treasurer. No one other than the preparer reviews the reconciliations to ensure accuracy of the amounts reconciled.

Bogus Check

One employee, who prepares deposits and vouchers, reconciles the Bogus Check Restitution Fee Program balance to the County Treasurer. No one other than the preparer reviews the reconciliations to ensure accuracy of the amounts reconciled.

Restitution and Diversion and Supervision Fee

One employee, who prepares deposits and vouchers, reconciles the Restitution and Diversion Program and Supervision Fee Program balance to the County Treasurer. No one other than the preparer reviews the reconciliations to ensure accuracy of the amounts reconciled.

**JAMES M. BORING, DISTRICT ATTORNEY
DISTRICT 1
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District-Wide

The District has not properly segregated the duties of receiving, depositing, and reconciling funds in each District office.

Cause of Condition: Procedures have not been designed to properly separate key accounting functions.

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 oversight 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.

Management Response: Management chose not to respond.

Criteria: Demonstration of accountability and stewardship are goals used in evaluating management's accounting for funds. A basic component of adequate internal controls is the segregation of duties so that one individual cannot perpetuate and conceal errors and irregularities in the normal course of their duties. No one individual should have the ability to authorize transactions, have physical custody of assets, and record transactions.

Finding 2014-2 – Inadequate Internal Controls Over Deposits with County Treasurer (Repeat Finding)

Condition: Based on inquiries, observation and review of documents in the District Attorney's Office, we noted that funds were received and receipts were issued; however, funds were not deposited on a daily basis for the Bogus Check Restitution and the Supervision Fee Programs in Texas County.

- The test of receipts issued for two weeks, reflected that deposits were made from one day up to four days after the receipts were issued for the ten work days included in the two week period.

Cause of Condition: Policies and procedures have not been designed to ensure all funds received are deposited daily.

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Effect of Condition: This condition could result in undetected errors, misappropriation of funds, and misstated financial reports.

Recommendation: OSAI recommends that the District Attorney deposit daily all funds received. In instances where daily deposits are not feasible, then the payment must be deposited the following business day. Deposits should also be reconciled to receipts issued on a daily basis, to provide assurance that all funds collected are deposited.

Management Response: Management chose not to respond.

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 2014-3 – Inadequate Internal Controls Over Information Technology (Repeat Finding)

Condition: Based on inquiries and observation in the District Attorney’s office, we noted instances in which information technology controls were not properly in place to ensure the integrity of the computer system. The following concerns were noted:

- Employees using the computer software have the ability to issue receipts, void receipts, and write-off account balances.
- A time-out security measure has not been assigned in the system.
- Employees are not required to log out of the system when leaving their workstation.
- The District does not have a written policy regarding policies and procedures over information technology systems.

Cause of Condition: Due to a lack of management oversight, policies and procedures have not been developed to ensure information technology controls are properly designed and implemented.

Effect of Condition: These conditions could result in employee error for the reporting and documentation of the collection of payments, defendant file maintenance, restitution payments, expenditure transactions, and the accounting of funds. In addition, these conditions could result in unrecorded transactions, misstated financial reports, undetected errors, or misappropriation of funds.

Recommendation: OSAI recommends management assign administrative rights to an individual not directly associated with the day-to-day accounting processes with the computer software. Furthermore, OSAI recommends a time-out security measure be assigned to ensure the system is secured when employees leave their desks for an extended amount of time.

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Management Response: Management chose not to respond.

Criteria: Accountability and stewardship are overall goals of management in the accounting of funds. To help ensure a proper accounting of funds, transactions should be identifiable by employee and corrections should be adequately approved and documented.

Finding 2014-4 – Inadequate internal Controls Over Restitution and Diversion Program Expenditures (Repeat Finding)

Condition: Based on inquiry of staff and a test of forty claims of the Restitution and Diversion Program, we noted the following deficiencies:

- In six instances there was no evidence of independent verification that goods/services were received.
- In one instance supporting documentation was not attached to the claim.

Cause of Condition: Procedures have not been designed and implemented to provide adequate internal controls over supporting documentation of expenditures,

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

Recommendation: OSAI recommends the District Attorney design procedures to ensure that all claims reflect independent verification of goods and services and supporting documentation of the expenditure.

Management Response: Management chose to respond.

Criteria: Effective internal controls require that management properly implement procedures to ensure that all claims reflect independent verification of goods and services received and supporting documentation of the expenditure.

Finding 2014-5 – Inadequate Internal Controls Over Supervision Fee Program Expenditures

Condition: Based on inquiry of staff of Beaver County and a test of fifteen claims of the Supervision Fee Program, we noted one instance where there was no independent verification of goods or services received. In one instance a supporting documentation was not attached to the claim.

Cause of Condition: Procedures have been designed; however, these procedures have not been thoroughly implemented.

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

Recommendation: OSAI recommends the District Attorney implement the existing procedures to ensure that all claims reflect independent verification as receipt of goods and /or services along with supporting documentation.

Management Response: Management chose not to respond.

Criteria: Effective internal controls require that management properly implement procedures to ensure that all claims are supported by an original invoice and reflect independent verification of goods and services received.

Finding 2012-6 – Inadequate Internal Controls Over Accounting for the Restitution and Diversion Program

Condition: Based on inquiry of staff, and test-work performed, it was noted the Restitution and Diversion Program collections in Texas County are comingled with Deferred Prosecution Program collections.

Cause of Condition: Procedures have not been designed and implemented to separate monies for the two Programs.

Effect of Condition: This condition could result in unrecorded transactions, misstated financial reports, undetected errors, or misappropriation of funds.

Recommendation: OSAI recommends the District Attorney implement procedures to separate the fees collected for the Restitution and Diversion Program and the Deferred Prosecution Program.

Management Response: Management chose not to respond.

Criteria: Accountability and stewardship are overall goals of management in the accounting of funds. To help ensure a proper accounting of funds, transactions should be identifiable by the program for which the monies are received.



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