

**DISTRICT ATTORNEY  
DISTRICT 20**

**PROPERTY  
FORFEITURE FUND**

**FOR THE YEAR ENDED  
JUNE 30, 2007**



**STATUTORY  
REPORT**



Oklahoma State Auditor  
& Inspector

**CRAIG LADD, DISTRICT ATTORNEY  
DISTRICT 20  
STATUTORY REPORT  
PROPERTY FORFEITURE FUND  
FOR THE YEAR ENDED  
JUNE 30, 2007**

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# STATE AUDITOR AND INSPECTOR

STEVE BURRAGE, CPA  
State Auditor

MICHELLE R. DAY, ESQ.  
Chief Deputy



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June 22, 2010

Craig Ladd, District Attorney  
District 20  
Carter County Courthouse  
Ardmore, Oklahoma 73401

Transmitted herewith is the statutory report for the District Attorney of District 20, Carter, Johnston, Love, Marshall, and Murray Counties, Oklahoma (the District) for the fiscal year ended June 30, 2007. 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 that reads "Steve Burrage".

STEVE BURRAGE, CPA  
STATE AUDITOR & INSPECTOR

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### **INTRODUCTORY INFORMATION**

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 substances 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.

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## Statutory Report

Craig Ladd, District Attorney  
District 20  
Carter County Courthouse  
Ardmore, Oklahoma 73401

For the purpose of complying with 74 O.S. §212 (E) and 63 O.S. §2-506, we have performed the following procedures as it relates to the records of the Property Forfeiture Fund for the fiscal year 2007:

- Examine a group of receipts and deposit slips for propriety.
- 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. §2-508.C.3.
- Review the distribution of proceeds of the sale for selected cases to determine the distribution was in accordance with Court order pursuant to 63 O.S. §2-506.K.
- Determine whether expenditures tested were supported by approved claims, invoices, and independent verification that goods or services paid for were received in accordance with 63 O.S. §2-508.C.3.
- Determine whether the District Attorney prepared and submitted an annual report to the Board of County Commissioners showing the total deposits, total expenditures, beginning and ending balances in accordance with 63 O.S. §2-506.L.3.
- Determine whether expenditures were properly classified and whether the District Attorney reconciles the balance with the County Treasurer monthly in accordance with 63 O.S. §2-508.C.3.

Our engagement was limited to the procedures performed above and was less in scope than an audit performed in accordance with accounting standards generally accepted in the United States of America. Accordingly, we do not express an opinion on any general-purpose financial statements of Carter, Johnston, Love, Marshall, or Murray County.

Based on our procedures performed, District 20 was properly receipting and depositing the proceeds of forfeitures; forfeited assets were sold after proper notice at public auction to the highest bidder; the proceeds of forfeitures were distributed as directed by Court orders; the District Attorney prepared and submitted an annual report to the Board of County Commissioners; expenditures were properly classified; and the District Attorney reconciles the balance of the Property Forfeiture Fund with the County Treasurer's records monthly. With respect to expenditures being supported by approved claims, invoices,

and independent verification that goods or services paid for were received, and segregation of duties thereon, our findings are presented in the accompanying schedule of findings and responses. In addition, with respect to the co-mingling of personal and fund expenditures, our finding is presented in the schedule of findings and responses.

We have included in this report a detailed analysis of the Property Forfeiture Fund.

This report is intended for the information and use of the District Attorney and Carter, Johnston, Love, Marshall, and Murray officials. However, this report is a matter of public record and its distribution is not limited.

Sincerely,



STEVE BURRAGE, CPA  
STATE AUDITOR & INSPECTOR

May 21, 2010

**CRAIG LADD, DISTRICT ATTORNEY  
DISTRICT 20  
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JUNE 30, 2007**

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**PROPERTY FORFEITURE FUND ANALYSIS**

**BEGINNING CASH BALANCE ON JULY 1, 2006** \$ 18,269

**INCOME**

Cash forfeited	20,036
Other	<u>3,456</u>

**TOTAL INCOME (before distributions)** 23,492

**DISTRIBUTION TO OTHER AGENCIES**

Cash returned to other agencies	<u>11,482</u>
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**TOTAL DISTRIBUTIONS** 11,482

**EXPENDITURES BY DISTRICT ATTORNEY**

Personnel and benefits	10,636
Cost of prosecution/investigation	13
Equipment	1,987
Operating expense	3,606
Travel	647
Special operations	<u>2,000</u>

**TOTAL EXPENDITURES** 18,889

**ENDING CASH BALANCE ON JUNE 30, 2007** \$ 11,390



## **SCHEDULE OF FINDINGS AND RESPONSES**

### **Finding 2007-1—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, 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 property, and record transactions.

Condition: The Legal Assistant in Love County writes receipts, balances the cash drawer, prepares the deposit, reconciles the receipts to the deposit, takes the deposit to the Treasurer, posts receipts to the ledger, reconciles the account to the Treasurer, prepares and distributes vouchers.

The clerk in Murray County writes receipts, balances the cash drawer, prepares the deposit, reconciles the receipts to the deposit, takes the deposit to the Treasurer, posts receipts to the ledger, reconciles the account to the Treasurer, prepares, signs, and distributes vouchers.

The clerk in Johnston County writes receipts, balances the cash drawer, prepares the deposit, reconciles the receipts to the deposit, takes the deposit to the Treasurer, and prepares vouchers.

The clerk in Marshall County writes receipts, balances the cash drawer, prepares the deposit, reconciles the receipts to the deposit, takes the deposit to the Treasurer, posts receipts to the ledger, and reconciles the account to the Treasurer. There is another employee in that office who also writes receipts, prepares the deposit, and takes the deposit to the Treasurer.

The clerk in Carter County writes receipts, balances the cash drawer, prepares the deposit, reconciles the receipts to the deposit, takes the deposit to the Treasurer, posts receipts to the ledger, reconciles the account to the Treasurer, prepares, signs, and distributes vouchers.

Effect: A single individual performing key duties and responsibilities 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 concur with the State Auditor's finding. Management does have knowledge of office operations and will perform a periodic review of these operations.

### **Finding 2007-2—Expenditures**

Criteria: Title 63 O.S. § 2-506.L states in part:

...said fund to be used as a revolving fund solely for enforcement of controlled dangerous substances laws, drug abuse prevention and drug abuse education, and maintained by the district attorney in his or her discretion for those purposes with a yearly accounting...

Condition: The following exceptions were noted for the nine expenditures tested in the District Attorney's Property Forfeiture account:

- Two claims, numbers 1504 and 1505, could not be found.
- Two claims, numbers 1511 and 1529, were not supported by an original itemized invoice.
- Three claims, numbers 1505, 1518, and 1534, included the payment for goods and services that were not an allowable expense of the District Attorney's office. Claims 1505 and 1518, for the payment of the monthly cellular telephone service, included personal calls. Claim 1534 included the purchase of a t-shirt, thermals and cards. The employee responsible for these purchases made a reimbursement of fifty dollars (\$50.00) to the District Attorney's office.

Effect: This condition could result in noncompliance with state statutes, misappropriation of funds, undetected errors, and misstated financial reports.

Recommendation: OSAI recommends that all records be maintained and made available for inspection. Further, OSAI recommends that all claims be supported by an original itemized invoice and all expenditures be made in compliance with 63 O.S. § 2-506.L.

Views of responsible officials and planned corrective actions: In response to the findings of the State Auditor and Inspector in regards to the Property Forfeiture Fund, the comments to finding 2007-2 are as follows:

- Voucher #1504 was written on July 17, 2006, payable to the Biltmore Hotel Oklahoma at the request of the former DA Task Force and the Ardmore Police Department Task Force for lodging expense to attend a drug task force related awards presentation/meeting. Voucher #1505 was written on July 17, 2006, payable to Cingular Wireless for phone service for the former DA Task Force Investigator. At the time these vouchers and claims were prepared, our DA Investigator served as the Project Director for that FY grant period. The DA Investigator, along with our District Attorney, signed off on the claim/requisition forms with an attached invoice/statement for what the expenditures were for. This is standard office procedure on all claims presented for payment by the former task force. Since the claims for 1504 and 1505 were not found in the review of the audit, they more than likely were pulled and gotten out of sequence order with the records kept on the claims due the criminal investigation of the former DA Task Force

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Investigator and the finalizing of the expenditure reporting I prepared for the grants division of the DA's Council to end the grant period when the Task Force ended in 2007.

- Voucher #1511 written for fuel purchase through Conoco Phillips Fleet. The District Attorney has been provided this claim to review the attached billing statement from Conoco Phillips monthly invoice report. The report was the original report with the itemized fuel usage for each month that was received by the District Attorney's office for the former DA Drug Task Force. Voucher #1529 written for lodging expense for the former DA Task Force to the LaQuinta Inn and Suites. Prior to this claim, the Property Forfeiture Coordinator had written two vouchers (voucher #1484 in April and #1508 in July) which were for payment of the lodging expense. She was told by LaQuinta Inn and Suites that those payments were never received. She verified through the Carter County Treasurer's Office to see if either check had cleared, and they had not. She contacted First National Bank, who holds the account for the County, and placed a stop payment of these checks and reissued voucher #1529. The original invoice was attached to the claim for voucher #1523 written October 5, 2006. The District Attorney has been provided these claims for review.
- Voucher #1505 and 1518 were for expenditures for phone service for the former DA Task Force Investigator. He had provided a money order to the office in the amount of \$50.00 to take care of personal phone calls made on the Cingular Wireless account along with a purchase made in the amount of \$37.09 made at Wal-Mart using the Wal-Mart issued business card for the former DA Task Force. Voucher #1530 paid for this expenditure to Wal-Mart on January 18, 2007.



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