

**DISTRICT ATTORNEY
DISTRICT 20**

**PROPERTY
FORFEITURE FUND**

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



**STATUTORY
REPORT**



Oklahoma State Auditor
& Inspector

**CRAIG LADD, DISTRICT ATTORNEY
DISTRICT 20
STATUTORY REPORT
PROPERTY FORFEITURE 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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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, 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 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 2008:

- 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, 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; expenditures were supported by approved claims, invoices, and independent verification that goods or services paid for were received; 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 District 20

properly receipting and depositing the proceeds of forfeitures and segregation of duties thereon, our findings are presented in the accompanying 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

PROPERTY FORFEITURE FUND ANALYSIS

BEGINNING CASH BALANCE ON JULY 1, 2007 \$ 11,390

INCOME

Cash forfeited	13,956
Other	<u>1,006</u>

TOTAL INCOME (before distributions) 14,962

DISTRIBUTION TO OTHER AGENCIES

Cash returned to other agencies	<u>8,534</u>
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TOTAL DISTRIBUTIONS 8,534

EXPENDITURES BY DISTRICT ATTORNEY

Operating expense	158
Rent	<u>570</u>

TOTAL EXPENDITURES 728

ENDING CASH BALANCE ON JUNE 30, 2008 \$ 17,090

SCHEDULE OF FINDINGS AND RESPONSES

Finding 2008-1—Segregation of Duties (Repeat Finding)

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 findings. Management does have knowledge of office operations and will perform a periodic review of these operations.

Finding 2008-2—Receipts

Criteria: According to 19 O.S. § 215.10 and 215.11, the District Attorney shall issue a receipt for all monies received and the monies shall be deposited with the County Treasurer.

Condition: The following cases have been ordered forfeited by the judges, but were not timely received or had not been received or deposited by the District Attorney's office:

- Love County CS-2006-169 for the amount of \$308.05, ordered forfeited by the court on July 3, 2007, and until August 13, 2008, was held in the former Drug Task Force office in Carter County. On August 13, 2008, the money was verified, then receipted and deposited by the District Attorney's office.
- Love County CS-2006-168 for the amount of \$2,405.18 ordered forfeited by the court on July 3, 2007, and is currently held by Citizens Bank & Trust Company of Ardmore.

Effect: This condition could result in noncompliance with state statutes and could result in the loss of funds.

Recommendation: OSAI recommends that all monies forfeited by the court to the District Attorney be promptly receipted and deposited with the County Treasurer as required by 19 O.S. § 215.10 and 215.11.

Views of responsible officials and planned corrective actions: The DA Investigator was going through and cleaning up at the former DA Drug Task Force office. This money was located at that time and deposited according to office procedure. I have a copy of the receipt, #002135 dated 08-13-2008, that I wrote to the DA Investigator for receipt of cash in the amount of \$308.05 and deposited on the same date with the Carter County Treasurer's Office. On May 3, 2010, the attorney for Citizen's Bank delivered a cashier's check in the amount of \$2,525.51 payable to the District Attorney 20th Judicial District. The check was receipted and delivered to the Carter County Treasurer's Office for deposit to the DA Task Force to be dispersed accordingly with the Ardmore Police Department.



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