

**DISTRICT ATTORNEY
DISTRICT 22**

**DRUG ASSET
FORFEITURE FUND**

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



**STATUTORY
REPORT**



Oklahoma State Auditor
& Inspector

**CHRIS L. ROSS, DISTRICT ATTORNEY
DISTRICT 22
STATUTORY REPORT
DRUG ASSET FORFEITURE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

This publication is printed and issued by the State Auditor and Inspector as authorized by 74 O.S. § 212.E and 63 O.S. §2-506. Pursuant to 74 O.S. § 3105.B, six (6) copies have been prepared and distributed at a cost of \$14.53. Copies have been deposited with the Publications Clearinghouse of the Oklahoma Department of Libraries.

STATE AUDITOR AND INSPECTOR

STEVE BURRAGE, CPA
State Auditor

MICHELLE R. DAY, ESQ.
Chief Deputy



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August 23, 2010

Chris L. Ross, District Attorney
District 22
Pontotoc County Courthouse
Ada, Oklahoma 74820

Transmitted herewith is the statutory report for the District Attorney of District 22, Hughes, Pontotoc, and Seminole 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 Drug Asset 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

Chris L. Ross, District Attorney
District 22
Pontotoc County Courthouse
Ada, Oklahoma 74820

For the purpose of complying with 74 O.S. § 212.E and 63 O.S. § 2-506, we have performed the following procedures as they relate to the records of the Drug Asset 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.
- 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.
- 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.

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 Hughes, Pontotoc, or Seminole Counties.

Based on our procedures performed, District 22 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; 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 Drug Asset Forfeiture Fund with the County Treasurer's records monthly. However, we noted a matter of segregation of duties, and our finding is presented in the accompanying schedule of findings and responses.

We have included in this report the Drug Asset Forfeiture Annual Report prepared by District 22, which was submitted to the District Attorneys Council.

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

Sincerely,



STEVE BURRAGE, CPA
STATE AUDITOR & INSPECTOR

July 8, 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, 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 assets, and record transactions.

Condition: Based on inquiries and observation of personnel in the District Attorney's Drug Asset Forfeiture Program, we noted instances in which a single employee could be responsible for the recording, authorization, custody, and execution of revenue transactions. The following are concerns we noted:

Hughes County

- All employees have the opportunity to receive money, issue receipts, prepare depository tickets, and take the deposit to the Treasurer.
- In addition to the duties above, the Drug Asset Forfeiture Secretary has the opportunity to balance the cash drawer to daily receipts, reconcile receipts to official depository tickets, post daily receipts to cash book, and reconcile account balance to the Treasurer.

Pontotoc County

- Three employees have the opportunity to receive money and issue receipts, prepare depository tickets, reconcile receipts to the deposit, and take the deposit to the Treasurer.
- In addition to the duties above, the Office Administrator has the opportunity to reconcile account balance to the Treasurer.

Seminole County

- One employee has the opportunity to receive money, issue receipts, prepare depository tickets, reconcile receipts to official depository tickets, take deposit to the Treasurer, post daily receipts to cash book, and reconcile account balance to the Treasurer.

We also noted instances in which a single employee could be responsible for the recording, authorization, custody, and execution of expenditure transactions:

Hughes County

- One employee has the opportunity to authorize purchases, prepare claims, certify receipt of goods and services, approve claims for payments, prepare vouchers, sign and mail/distribute vouchers.

Pontotoc County

- The Office Administrator has the opportunity to authorize purchases, prepare claims, certify receipt of goods and services, approve claims for payment, prepare vouchers, sign and mail/distribute vouchers.

**CHRIS L. ROSS, DISTRICT ATTORNEY
DISTRICT 22
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

Seminole County

- The Drug Asset Forfeiture Secretary has the opportunity to prepare claims, certify receipt of goods and services, approve claims for payment, prepare vouchers, sign and mail/distribute vouchers.

Effect: 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 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: I agree regarding the principles set out in the segregation of duties. However, given the lack of legislative funding to District Attorney's offices historically, and the current budget cuts all state agencies are facing at the present time, it is impossible to hire a sufficient number of employees to segregate the duties mentioned. The legislature funds less than 60% of the actual costs of running this office. The remainder is collected through bogus check fees, supervision fees, and drug forfeitures. While others are cross trained to fill in at a time someone is absent from the office, there is not sufficient funding to hire someone to perform these duties routinely. Therefore, until the funds are available to hire more personnel, it is impossible to segregate the duties as suggested.

OSAI Response: Instances in which there is not sufficient personnel to segregate the duties, management should implement mitigating controls. This may include an increased review by management, and reviewing such assignments so that key processes could be separated.

FY08 DRUG ASSET FORFEITURE ANNUAL REPORT

July 1, 2007 - June 30, 2008

District 23

BEGINNING CASH BALANCE ON JULY 1

108,548.56

INCOME

Cash Forfeited

23,760.54

Court Ordered Assessments

17,355.45

Value Non-Cash Assets Forfeited and Sold

282,774.63

Other (please explain) _____

TOTAL INCOME (before distributions)

\$323,890.62

DISTRIBUTION TO OTHER AGENCIES

Cash Returned to Other Agencies

925.50

Equipment Purchased for Other Agencies

7,918.66

Other (please explain) Ret. to Def.

2,000.00

TOTAL DISTRIBUTIONS

\$10,844.16

EXPENDITURES BY DISTRICT ATTORNEY

Personnel and Benefits

50,000.00

Confidential Informants

3,300.00

Cost of Prosecution/Investigation

599.35

Education/Prevention

125.00

Equipment

33,430.91

Operating Expense

32,950.11

Rent

7,500.00

Storage & Towing

Travel

19,073.03

Other Auction Expense

19,531.76

TOTAL EXPENDITURES

\$166,510.16

ENDING CASH BALANCE ON JUNE 30

(July 1 Balance + Income - Distributions - Expenditures = June 30 Balance)

\$155,084.86

Prepared by:

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7.18.08

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