

**DISTRICT ATTORNEY
DISTRICT 25**

**BOGUS CHECK
RESTITUTION FUND**

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



**STATUTORY
REPORT**



Oklahoma State Auditor
& Inspector

**THOMAS GIULIOLI, DISTRICT ATTORNEY
DISTRICT 25
STATUTORY REPORT
BOGUS CHECK RESTITUTION 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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October 18, 2010

Thomas Giulioli, District Attorney
District 25
Okmulgee County Courthouse
Okmulgee, Oklahoma 74447

Transmitted herewith is the statutory report for the District Attorney of District 25, McIntosh and Okmulgee 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

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

Thomas Giulioli, District Attorney
District 25
Okmulgee County Courthouse
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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 2007.

- 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 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 Attorneys 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 McIntosh or Okmulgee Counties.

Based on our procedures performed, with respect to the items tested, District 25 was properly assessing, receipting, 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 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 Attorneys Council, however, with respect to its accuracy, our finding is presented in the accompanying schedule of findings and responses. Also, we noted a matter of segregation of duties, and our finding is presented in the schedule of findings and responses.

We have included in this report the amended Bogus Check Restitution Annual Report prepared by District 25, which was submitted to the District Attorneys Council.

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

Sincerely,

A handwritten signature in blue ink that reads "Steve Burrage". The signature is written in a cursive style with a large initial "S" and a long horizontal stroke extending to the right.

STEVE BURRAGE, CPA
STATE AUDITOR & INSPECTOR

July 15, 2010

SCHEDULE OF FINDINGS AND RESPONSES

Finding 2007-2 – DAC Annual Reports (Repeat Finding)

Criteria: Title 22 O.S. § 116.A. states:

District Attorneys shall prepare and submit an annual report to the District Attorneys Council showing total deposits and total expenditures in the Bogus Check Restitution Program.

Accountability and stewardship are overall goals of management in the accounting of funds. To help ensure a proper accounting of funds, receipts and disbursements per the annual report should reconcile with the receipts and disbursements of the County Treasurer.

Condition: OSAI noted collections and disbursements per the annual report, which was submitted to the District Attorneys Council, did not agree to receipts and disbursements per the County Treasurer's Official Depository General Ledger.

Effect: This condition could result in misstated financial reports and incorrect information for management decision making.

Recommendation: OSAI recommends District 25 Bogus Check Division maintain an accurate ledger listing all collections and disbursements as required by 22 O.S. § 116.A within the "Bogus Check Restitution Program Fund," and reconcile the "Bogus Check Restitution Program Fund" with the County Treasurer's office on a monthly basis. OSAI further recommends District 25 Bogus Check Division re-submit an accurate annual report to the District Attorneys Council.

Views of responsible officials and planned corrective actions: Amended reports for 06, 07, 08, and 09 have been submitted to DAC showing the corrected Restitution amounts.

Finding 2007-3 – 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 assets, and record transactions.

Condition: A lack of segregation of duties exists in the District Attorney's Office because one employee opens the mail, writes receipts, prepares deposits, posts receipts, reconciles to the Treasurer, calculates vouchers, prepares vouchers, mails or distributes vouchers, prepares claims, and certifies receipts of goods or services.

THOMAS GIULIOLI, DISTRICT ATTORNEY
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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.

Views of responsible officials and planned corrective actions: The McIntosh County Office has only two office employees, one person handles Supervision cases. It is not possible to totally segregate all duties. There is no depository account in McIntosh County and all deposits and disbursements for the McIntosh County Office are done through the Okmulgee Office. This insures that one person does not handle, deposit, and disburse funds. The McIntosh County Office only accepts cashiers checks or money orders, no cash is accepted. Upon receipt of payments a receipt is immediately issued from that office. Payments are then sent to Okmulgee with a copy of the receipt to be deposited by a separate person.

OSAI Response: 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.

FY07 BOGUS CHECK RESTITUTION ANNUAL REPORT

July 1, 2006 - June 30, 2007

District 25

AMENDED

Please list the county or counties for which this information covers:

Okmulgee & McIntosh

COLLECTION INFORMATION

Number of checks received from merchants	<u>1507</u>
Dollar amount of checks received	<u>\$163,414.04</u>

RESTITUTION INFORMATION

Beginning Restitution Account Balance at July 1	<u>\$ 595.00</u>
Number of Restitution Checks Collected	<u>1757</u>
Amount in Restitution Collected for Merchants	<u>\$141,424.55</u>
Cancelled Vouchers	<u>\$203.23</u>
Amount in Restitution Paid to Merchants	<u>\$141,930.78</u>
Ending Restitution Balance at June 30	<u>\$292.00</u>

FEE AND EXPENDITURE INFORMATION

Beginning District Attorney Fee Balance at July 1	<u>\$207,715.50</u>
Amount of District Attorney Fees collected during period	<u>\$147,851.30</u>
Expenditures	
Personnel Costs	<u>\$173,515.00</u>
Maintenance and Operations Costs	<u>\$7,134.73</u>
Travel Expenses	<u> </u>
Other Expenses	<u>\$13,516.55</u>
Total Expenditures	<u>\$194,166.28</u>
Ending District Attorney Fee Balance at June 30	<u>\$161,400.52</u>

Prepared By: Kelly R. Metcalfe
Phone#: 918-758-1217

Date: 6/22/2010

By September 15 of each year, the District Attorneys Council shall publish an annual report for the previous fiscal year of the Bogus Check Restitution Program. A copy of the report shall be distributed to the President Pro Tempore of the Senate and the Speaker of the Oklahoma House of Representatives and the chairmen of the House and Senate Appropriations Committees. Each District Attorney shall submit information requested by the District Attorneys Council regarding the Bogus Check Restitution Program. This report shall include the number of checks processed and the total dollar amount of such checks, the number of checks for which some restitution was made and the total amount of the restitution, the total amount of fees collected, the total cost of the program, and such other information as required by the District Attorneys Council (22 O.S. § 116).



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