DISTRICT ATTORNEY
DISTRICT 26

PROPERTY
FORFEITURE FUND

FOR THE YEAR ENDED
JUNE 30, 2009

STATUTORY REPORT

Oklahoma State Auditor & Inspector
HOLLIS THORP, DISTRICT ATTORNEY
DISTRICT 26
STATUTORY REPORT
PROPERTY FORFEITURE FUND
FOR THE YEAR ENDED
JUNE 30, 2009
February 16, 2010

Hollis Thorp, District Attorney
District 26
Woodward County Courthouse
Woodward, Oklahoma 73801

Transmitted herewith is the statutory report for the District Attorney of District 26, Alfalfa, Dewey, Woods, and Woodward Counties, Oklahoma (the District) for the fiscal year ended June 30, 2009. 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,

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.
Statutory Report

Hollis Thorp, District Attorney
District 26
Woodward County Courthouse
Woodward, Oklahoma 73801

For the purpose of complying with 74 O.S. §212 (E) and 63 O.S. §2-506, we have performed each of the following procedures as they relate to the records of the Property Forfeiture Fund for the fiscal year 2009:

- Determine that the District Attorney maintains an inventory of all property seized per 63 O.S. § 2-506.K.
- 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. §§ 2-506 and 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 and 2-508.
- 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 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 Alfalfa, Dewey, Woods, or Woodward County.
Based on our procedures performed, the District maintains an inventory of all property seized; 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; and the District Attorney reconciled the balance of the Property Forfeiture Fund with the County Treasurer’s records monthly. With respect to segregation of duties, our finding is 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 Alfalfa, Dewey, Woods, and Woodward County officials. However, this report is a matter of public record and its distribution is not limited.

Sincerely,

STEVE BURRAGE, CPA
STATE AUDITOR & INSPECTOR

December 14, 2009
PROPERTY FORFEITURE FUND ANALYSIS

BEGINNING CASH BALANCE ON JULY 1, 2008  $ 66,723

INCOME

Cash forfeited  -
Court ordered assessments  -
Value non-cash assets forfeited and sold  32,941
Other  400

TOTAL INCOME (before distributions)  33,341

DISTRIBUTION TO OTHER AGENCIES

Cash returned to other agencies  -
Equipment purchased for other agencies  -

TOTAL DISTRIBUTIONS  -

EXPENDITURES BY DISTRICT ATTORNEY

Cost of prosecution/investigation  179
Equipment/furniture/software  15,950
Operating expense  11
Other: JAG Unmet Match  628
    Audit expense  5,364

TOTAL EXPENDITURES  22,132

ENDING CASH BALANCE ON JUNE 30, 2009  $ 77,932
SCHEDULE OF FINDINGS AND RESPONSES

Finding 2009-1—Segregation of Duties

Criteria: Accountability and stewardship are overall goals of management in accounting of funds. To help ensure a proper accounting of funds, the duties of receiving, receipting, recording, depositing cash and checks, reconciliations, and transaction authorization should be segregated.

Condition: Based on inquiries of District Attorney personnel and testwork performed, it was noted that the District Attorney’s office has one deputy that opens mail, distributes mail, endorses checks, deposits monies, maintains deposit receipts, and posts to the general ledger for the cash handling procedures. For the purchasing procedures, the same deputy requisitions, prepares purchase orders, prepares payments, posts payments, reconciles expenditures reports, approves vouchers for mailing, and mails vouchers.

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

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.

Views of responsible officials and planned corrective actions: Although the accounting procedures for this fund are performed primarily by one person, these duties are supervised monthly by either the District Attorney or the First Assistant District Attorney in a manner that will reduce the chance of undetected errors or the appearance of impropriety.