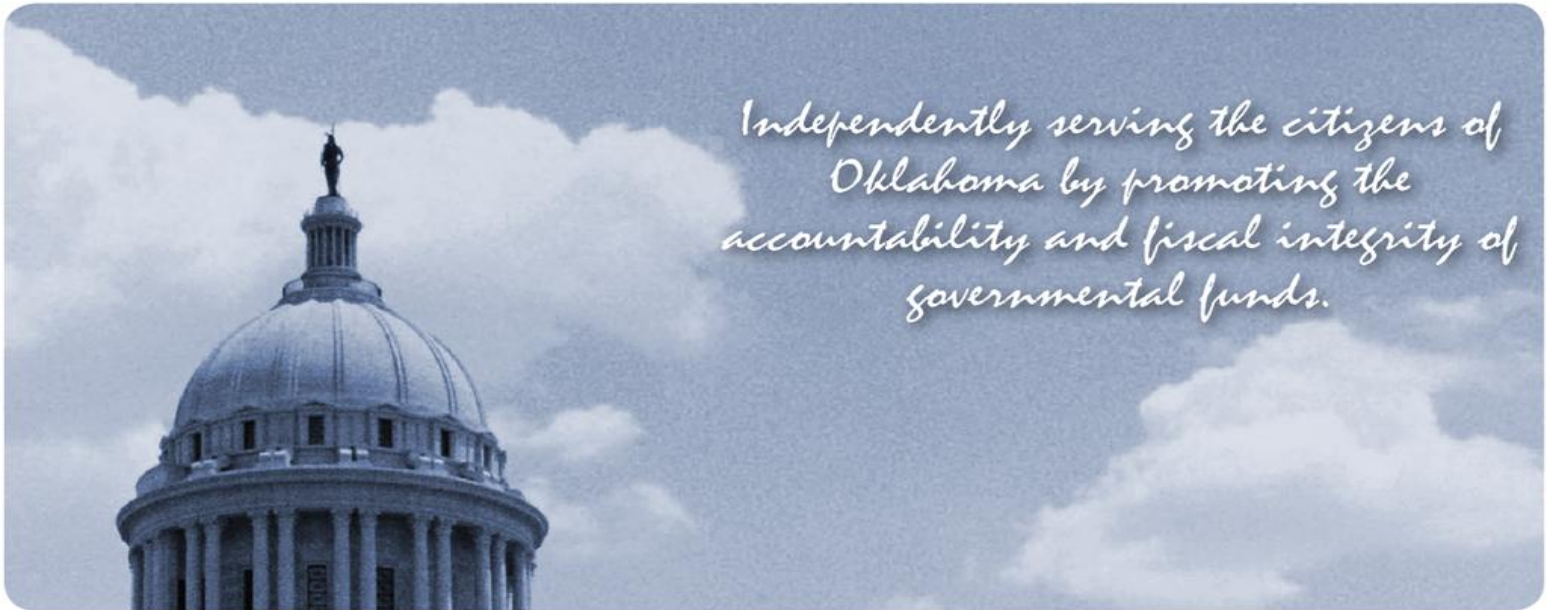


STATUTORY REPORT

**DISTRICT ATTORNEY
DISTRICT 26**

**BOGUS CHECK RESTITUTION PROGRAM
SUPERVISION PROGRAM
RESTITUTION AND DIVERSION PROGRAM
PROPERTY FORFEITURE PROGRAM**

For the year ended June 30, 2013



Oklahoma State
Auditor & Inspector
Gary A. Jones, CPA, CFE

**HOLLIS THORP, DISTRICT ATTORNEY
DISTRICT 26**

**STATUTORY REPORT
BOGUS CHECK RESTITUTION PROGRAM
SUPERVISION PROGRAM
RESTITUTION AND DIVERSION PROGRAM
PROPERTY FORFEITURE PROGRAM**

FOR THE FISCAL YEAR ENDED, JUNE 30, 2013

This publication, issued by the Oklahoma State Auditor and Inspector's Office as authorized by 74 O.S. § 212.E and 22 O.S. §§ 114, 991d, 991f-1.1, and 63 O.S. § 2-506 has not been printed, but is available on the agency's website (www.sai.ok.gov) and in the Oklahoma Department of Libraries Publications Clearinghouse Digital Collection, pursuant to 74 O.S. § 3105.B.



Oklahoma State Auditor & Inspector

2300 N. Lincoln Blvd. • State Capitol, Room 100 • Oklahoma City, OK 73105 • Phone: 405.521.3495 • Fax: 405.521.3426

September 25, 2014

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

Transmitted herewith is the statutory report for the District Attorney of District Alfalfa, Dewey, Major, Woods and Woodward County, Oklahoma (the District) for the fiscal year ended, June 30, 2013.

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.

The goal of the State Auditor and Inspector is to promote accountability and fiscal integrity in state and local government. Maintaining our independence as we provide this service to the taxpayers of Oklahoma is of utmost importance.

We wish to take this opportunity to express our appreciation for the assistance and cooperation extended to our office during our engagement.

Sincerely,

A handwritten signature in blue ink that reads "Gary A. Jones".

GARY A. JONES, CPA, CFE
OKLAHOMA STATE AUDITOR & INSPECTOR

**HOLLIS THORP, DISTRICT ATTORNEY
DISTRICT 26
STATUTORY REPORT
FOR THE FISCAL YEAR ENDED, JUNE 30, 2012**

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**HOLLIS THORP, DISTRICT ATTORNEY
DISTRICT 26
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FOR THE PERIOD JULY 1, 2012 THROUGH JUNE 30, 2013**

INTRODUCTORY INFORMATION

BOGUS CHECK PROGRAM

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.

RESTITUTION AND DIVERSION PROGRAM

The restitution and diversion program was created by the Oklahoma Legislature in 2001 as a special type of deferred prosecution program. The legislation required that each district attorney create such a program. The purpose of the program is to allow the district attorney the discretion to divert criminal complaints involving property crimes from criminal court and to collect restitution for victims.

The program allows the district attorney's office to receive, disburse, and monitor victim restitution payments. The program offers an alternative way to address criminal conduct.

DISTRICT ATTORNEY SUPERVISION PROGRAM

The district attorney supervision program was created by the Oklahoma Legislature in 2005 as an alternative from supervision by the Department of Corrections. When the court imposes a deferred or a suspended sentence for any offense and does not order supervision by the Department of Corrections, the offender shall be required to pay the district attorney a monthly supervision fee. However, the legislation provides that in hardship cases, the district attorney shall expressly waive all or part of the fee.

DISTRICT ATTORNEY PROPERTY FORFEITURE PROGRAM

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 substance 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.

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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.



Oklahoma State Auditor & Inspector

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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 22 O.S. §§ 114, 991d, 991f-1.1, and 63 O.S. § 2-506, we have performed the following procedures as they relate to the records of the District Attorney's programs for the fiscal year June 30, 2013.

Bogus Check, Supervision, and Restitution and Diversion Programs:

- Determine that internal controls are designed and operating over the collections and expenditures process.
- Examine fees to determine that the correct fees are assessed, receipted, and deposited in compliance with 28 O.S. § 153, 22 O.S. §§ 114, 991d, 991f-1.1, and 19 O.S. § 215.11.
- Determine whether expenditures are used to defray the expenses of the District Attorney's office in accordance with 22 O.S. §§ 114 and 991f-1.1, and whether expenditures are supported by approved claims, invoices, and verification that goods or services paid for are received.
- Determine whether the District Attorney reconciles all accounts with the County Treasurer's ledgers.
- Determine whether the District Attorney prepares and submits an annual report to the District Attorneys Council that shows total deposits and total expenditures for the Bogus Check Restitution Program, the Supervision Program, and Restitution and Diversion Program.

Property Forfeiture Program:

- Determine that internal controls are designed and operating over the collections and expenditures process.
- Determine that the District Attorney maintains a true and accurate inventory of all property seized in accordance with 63 O.S. § 2-506.K.
- 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 to determine the distribution was in accordance with court orders pursuant to 63 O.S. §§ 2-506.K and 2-508.
- Test expenditures to determine they are supported by approved claims, invoices, and independent verification that goods or services paid for were received.

- Determine if the District Attorney prepared and submitted an annual report to the District Attorneys Council showing the total deposits, total expenditures, beginning and ending balances in accordance with 63 O.S. § 2-506.L.3.
- Determine if the District Attorney reconciles account balances with the County Treasurer.

All information included in the financial records of the bogus check restitution program, supervision program, restitution and diversion program, and the property forfeiture program are 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 basic financial statements of Alfalfa, Dewey, Major, Woods or Woodward County.

Based on our procedures performed, we have presented our findings in the accompanying schedule.

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

A handwritten signature in blue ink, appearing to read "Gary A. Jones".

GARY A. JONES, CPA, CFE
OKLAHOMA STATE AUDITOR & INSPECTOR

July 17, 2014

**HOLLIS THORP, DISTRICT ATTORNEY
DISTRICT 26
STATUTORY REPORT
FOR THE FISCAL YEAR ENDED, JUNE 30, 2013**

SCHEDULE OF FINDINGS AND RESPONSES

Finding 2013-1 – Inadequate Internal Control Procedures Over Expenditures of Supervision Fee Account

Condition: Upon inquiry of District staff members and observation of documents, we noted the following weaknesses in the processing of information for the test of forty expenditures of the Supervision Fee Account:

- One expenditure tested did not have a signed invoice to document that the payee provided the service:

Voucher Number	Date Paid	Issued To:	Amount	Purpose
2058	7-9-12	Ruthann McCrary, RPR	263.25	Transcript

- There was no evidence of independent verification of goods/services being received for thirteen expenditures tested:

Voucher Number	Date Paid	Issued To:	Amount	Purpose
2055	7-3-12	Devine's	209.62	Office Supplies
2058	7-9-12	Ruthann McCrary, RPR	263.25	Transcript
2085	7-30-12	Dirks	113.48	Office Supplies
2078	7-30-12	Merrifield's	41.99	Office Supplies
2247	1-10-13	Dirks	487.51	Office Supplies
2258	3-6-13	Fuelman	499.11	Fuel Expense
2295	4-15-13	SPC	824.75	Office Supplies
2298	4-15-13	West Payment	480.96	Law Library
2320	5-9-13	Thomson Reuters-West	894.00	Law Library: Westlaw
2330	5-28-13	Donna K. Abbott, CSR	63.00	Transcript
2350	6-17-13	Thomson Reuters-West	894.02	Law Library: Westlaw
2348	6-18-13	USPS	760.00	Postage
2358	6-20-13	Beth M. Malatin, RPR	121.00	Transcript

**HOLLIS THORP, DISTRICT ATTORNEY
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- Four of the expenditures tested were for reimbursements to employees.

Voucher Number	Date Paid	Issued To:	Amount	Purpose
2069	7-24-12	Robert Banks	15.00	Auto Maintenance
2082	7-31-12	Dianna Wallace	70.46	Office Equipment
2203	8-1-12	Steve Tanio	29.56	Auto Maintenance
2220	12-17-12	Steve Tanio	15.00	Auto Maintenance

Cause of Condition: Procedures have not been developed to initiate the proper filing of claims for payment with regard to invoices and evidence of receiving goods and/or services.

Effect of Condition: These conditions could result in inaccurate financial records and incorrect payments to vendors.

Recommendation: OSAI recommends all claims have original invoices attached to a claim with proper approvals and authorized signatures verifying that goods and/or services were received. Additionally, reimbursements should be avoided with exception of travel expense.

Management Response:

Assistant District Attorney:

1. Each of our five counties and the Restitution and Diversion Division has designated receiving agent(s) who have the responsibility of reviewing each invoice or statement submitted for payment and who also signs each purchase order certifying and that the service or merchandise has been received and confirming the cost set out on the invoice or statement as being correct.

Effective July 18, 2014, we have implemented another requirement that the person who actually makes a purchase and receives the service or merchandise, or the person who actually receives the delivery of a service or merchandise, must review the accompanying ticket or invoice upon receipt and endorse same with his/her initials and the date.

2. District #26 recognizes that the purchasing requirements set out in O.S. 74, discourage reimbursement for purchases. However, there are incidents where the best interest of the District Attorney's office and its duty to provide services to District #26 may necessitate the reimbursement of a purchase. In cases where it is deemed appropriate and necessary by the District Attorney or the First Assistant to reimburse a purchase, such reimbursement will be encumbered on a requisition form, accompanied by receipts, and be properly receipted. It is and will be the policy of District #26 that such purchases are discouraged and should occur only when absolutely necessary.

**HOLLIS THORP, DISTRICT ATTORNEY
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It is the policy of District #26 that when a situation arises where it is in the best interest of District #26 to reimburse an employee for a purchase, the employee must submit to the District Attorney or the First Assistant a receipt for the purchase and a written explanation setting out the reason such purchase was made and to request reimbursement. Upon approval from the District Attorney or the First Assistant, the purchase will be properly encumbered and paid.

Criteria: Accountability and stewardship are overall goals of management in the accounting of funds. An important aspect of internal controls is the safeguarding of assets. Internal controls over safeguarding of assets constitute a process, affected by management and other personnel, designed to provide reasonable assurance regarding prevention or timely detection of unauthorized transactions and safeguarding assets from misappropriation.



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