

**DISTRICT ATTORNEY
DISTRICT 6**

**PROPERTY
FORFEITURE FUND**

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



**STATUTORY
REPORT**



Oklahoma State Auditor
& Inspector

**BRET T. BURNS, DISTRICT ATTORNEY
DISTRICT 6
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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July 8, 2010

Bret T. Burns, District Attorney
District 6
Grady County Courthouse
Chickasha, Oklahoma 73018

Transmitted herewith is the statutory report for the District Attorney of District 6, Caddo, Grady, Jefferson, and Stephens 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

Bret T. Burns, District Attorney
District 6
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Chickasha, Oklahoma 73018

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 Caddo, Grady, Jefferson, or Stephens County.

Based on our procedures performed, except for the matter of segregation of duties, District 6 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 made for lawful uses; 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 expenditures being supported by approved claims, invoices, and independent verification that goods or services paid for were received, our finding is presented in the accompanying schedule of findings and responses. With respect to segregation of duties, our finding is presented in the schedule of findings and responses.

We have included in this report the Property Forfeiture Fund Annual Report prepared by District 6, which was submitted to the District Attorneys Council.

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

Sincerely,



STEVE BURRAGE, CPA
STATE AUDITOR & INSPECTOR

May 27, 2010

PROPERTY FORFEITURE FUND ANNUAL REPORT

BEGINNING CASH BALANCE ON JULY 1, 2007 \$ 62,565

INCOME

Cash forfeited	76,470
Court ordered assessments	2,836
Other	<u>323</u>

TOTAL INCOME (before distributions) 79,629

DISTRIBUTION TO OTHER AGENCIES

Cash returned to other agencies	22,455
Equipment purchased for other agencies	18,451
Other	<u>1,450</u>

TOTAL DISTRIBUTIONS 42,356

EXPENDITURES BY DISTRICT ATTORNEY

Personnel and benefits	80
Confidential informants	100
Cost of prosecution/investigation	2,061
Education/prevention	3,563
Equipment	11,149
Operating expense	14,929
Storage & towing	500
Other	<u>33</u>

TOTAL EXPENDITURES 32,415

ENDING CASH BALANCE ON JUNE 30, 2008 \$ 67,423

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 Property 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:

Caddo County

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

Grady County

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

Jefferson County

- One employee has the opportunity to reconcile receipts to the deposit ticket, post daily receipts to the cash book, and reconcile the account balance to the Treasurer.

Stephens County

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

Caddo County

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

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- The Assistant District Attorney has the opportunity to authorize purchases, approve claims, and certify receipt of goods and services.

Grady County

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

Jefferson County

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

Stephens County

- One employee has the opportunity to prepare claims, prepare vouchers, and sign and mail/distribute vouchers.

Effect: By having employees who have the opportunity to perform more than one area of recording, authorizing, custody of assets, and execution of transactions 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: Because of the limited number of personnel, the District Attorney's office relies on compensating controls. In addition to management review of accounting functions, all expenditures now require the approval of the District Attorney, first Assistant District Attorney, or Managing Attorney for the individual county office.

Finding 2008-2—Stephens County - Expenditures

Criteria: Effective accounting procedures are necessary to ensure all expenditures are supported by documentation of the business conducted and that the goods and/or services had been received.

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Condition: During our examination of the property forfeiture program expenditures in Stephens County District Attorney's Office, 11 of the 18 expenditures tested did not have supporting documentation attached, and 15 of the 18 expenditures tested did not have an approved claim attached with notification that goods and/or services were received.

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

Recommendation: OSAI recommends that the District Attorney take measures to ensure all expenditures be supported by documentation of the business being conducted and that the goods and/or services have been received.

Views of responsible officials and planned corrective actions: Each of the expenditures cited in this audit and condition were the result of an effort to consolidate accounts and create a better accounting system. Each was supported by an order of forfeiture from the court and statutory authority to disburse to local agencies, however, the documentation was not actually attached to each voucher. The current system, put into place shortly after this audit, includes the same compensating controls suggested by OSAI. There are also now supporting documentation attached to every expenditure that includes the order of forfeiture, a letter detailing the disbursement to a law enforcement agency pursuant to statute, and a signed voucher by the District Attorney, First Assistant District Attorney, or the Managing Attorney for each individual county.



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