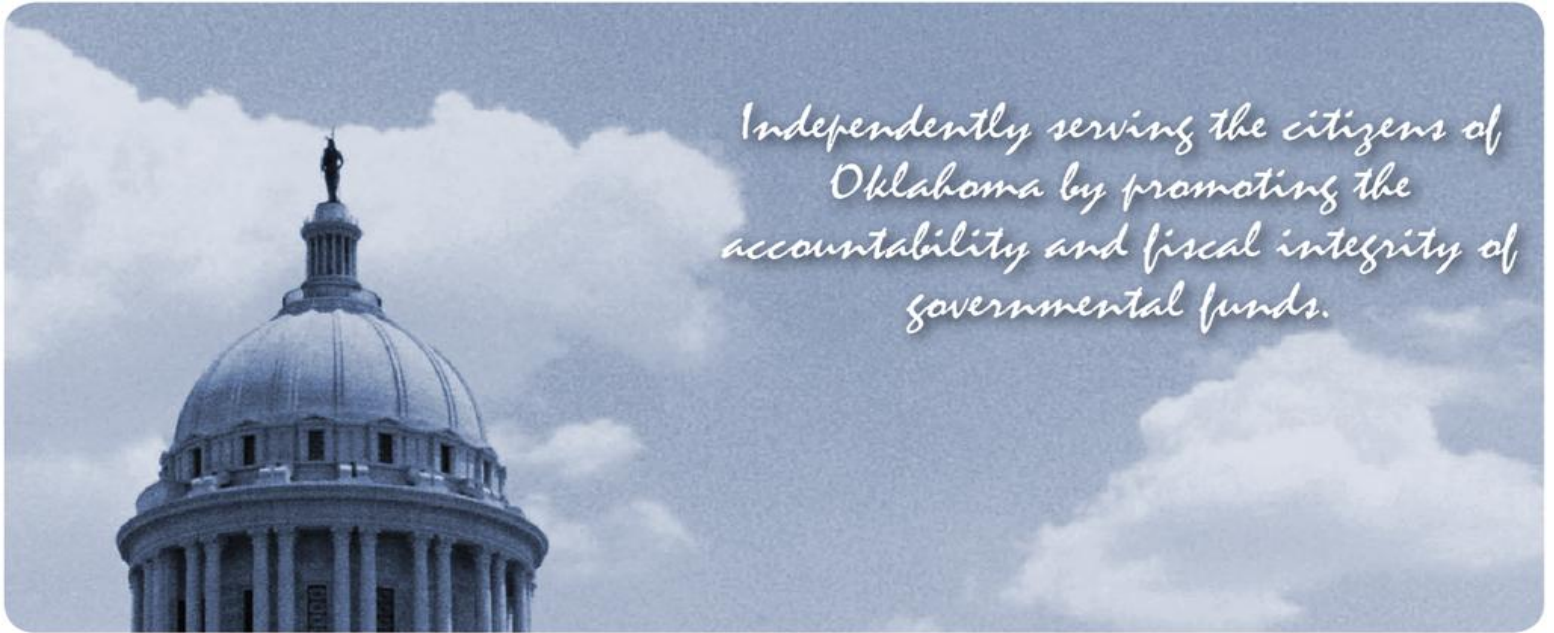


STATUTORY REPORT

**DISTRICT ATTORNEY  
DISTRICT 6  
BOGUS CHECK RESTITUTION PROGRAM  
SUPERVISION PROGRAM  
PROPERTY FORFEITURE PROGRAM**

For the period of July 1, 2011 through June 30, 2014



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

**JASON HICKS, DISTRICT ATTORNEY  
DISTRICT 6**

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

**FOR THE PERIOD  
JULY 1, 2011 THROUGH JUNE 30, 2014**

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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](http://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

December 30, 2014

Jason Hicks, District Attorney  
District 6  
Stephens County Courthouse  
Duncan, Oklahoma 73533

Transmitted herewith is the statutory report for the District Attorney of District 6, Stephens, Caddo, Grady, and Jefferson Counties, Oklahoma (the District) for the period July 1, 2011 through June 30, 2014.

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, appearing to read "Gary A. Jones".

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

**JASON HICKS, DISTRICT ATTORNEY  
DISTRICT 6  
STATUTORY REPORT  
FOR THE PERIOD JULY 1, 2011 THROUGH JUNE 30, 2014**

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**JASON HICKS, DISTRICT ATTORNEY  
DISTRICT 6  
STATUTORY REPORT  
FOR THE PERIOD JULY 1, 2011 THROUGH JUNE 30, 2014**

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**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 6 has elected not to participate in this program.

**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.

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

2300 N. Lincoln Blvd. • State Capitol, Room 100 • Oklahoma City, OK 73105 • Phone: 405-521.3495 • Fax: 405-521.3426

## Statutory Report

Jason Hicks, District Attorney  
District 6  
Stephens County Courthouse  
Duncan, Oklahoma 73533

For the purpose of complying with 74 O.S. § 212.E and 22 O.S. §§ 114, 991d, 991.f-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 period July 1, 2011 through June 30, 2014.

### Bogus Check and Supervision 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 and Supervision 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 statement of Stephens, Caddo, Grady, and Jefferson Counties

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

October 8, 2014



**JASON HICKS, DISTRICT ATTORNEY  
DISTRICT 6  
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FOR THE PERIOD JULY 1, 2012 THROUGH JUNE 30, 2014**

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**SCHEDULE OF FINDINGS AND RESPONSES**

**Finding 2014-1 – Inadequate Internal Controls Over Segregation of Duties in the Bogus Check Restitution Fee, Supervision Fee, and Property Forfeiture Programs (Repeat Finding)**

**Condition:** Based on inquiries and observation in the District Attorney’s office, we noted instances in which a single employee is responsible for the duties of recording, authorizing, custody of assets, and execution of transactions.

The following significant concerns were noted in each County office:

**Caddo County**

- **Property Forfeiture**  
One employee, issues receipts, posts receipts to the computer system, and prepares deposits. No one other than the preparer reviews the reconciliations to ensure accuracy of the amounts reconciled.
- **Bogus Check Restitution Fee**  
One employee has the ability to issue receipts and prepare deposits. No one other than the preparer reviews the reconciliations to ensure accuracy of the amounts reconciled.
- **Supervision Fee**  
One employee has the ability to issue receipts and prepare deposits. No one other than the preparer reviews the reconciliations to ensure accuracy of the amounts reconciled.

**Grady County**

- **Property Forfeiture**  
One employee issues receipts, posts receipts to the computer system, and prepares deposits. A second reconciliation of the deposit is performed by another employee of the office, who takes the deposit to the Treasurer.
- **Bogus Check Restitution Fee**  
One employee issues receipts, posts receipts to the computer system, and prepares deposits. A second reconciliation of the deposit is performed by another employee of the office, who takes the deposit to the Treasurer.
- **Supervision**  
One employee issues receipts, posts receipts to the computer system, and prepares deposits. A second reconciliation of the deposit is performed by another employee of the office, who takes the deposit to the Treasurer.

**JASON HICKS, DISTRICT ATTORNEY  
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**Jefferson County**

- **Property Forfeiture**  
One employee has the ability to issue receipts, post receipts to the computer system, and prepare deposits. No one other than the preparer reviews the reconciliations to ensure accuracy of the amounts reconciled.
- **Bogus Check Restitution Fee**  
One employee has the ability to issue receipts, post receipts to the computer system, and prepare deposits. No one other than the preparer reviews the reconciliations to ensure accuracy of the amounts reconciled.
- **Supervision Fee**  
One employee has the ability to issue receipts, post receipts to the computer system, and prepare deposits. No one other than the preparer reviews the reconciliations to ensure accuracy of the amounts reconciled.

**Stephens County**

- **Property Forfeiture**  
One employee has the ability to issue receipts, post receipts to the computer system, and prepare deposits. There is no evidence of a review by someone other than the preparer to ensure accuracy of the amounts deposited was noted.
- **Bogus Check Restitution Fee**  
One employee has the ability to issue receipts, post receipts to the computer system, and prepare deposits. No evidence of a review by someone other than the preparer to ensure accuracy of the amounts deposited was noted.
- **Supervision Fee**  
One employee has the ability to issue receipts, post receipts to the computer system, and prepare deposits. No evidence of a review by someone other than the preparer to ensure accuracy of the amounts deposited was noted.

**Cause of Condition:** Procedures have not been designed to properly separate key accounting functions.

**Effect of Condition:** 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.

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**Recommendation:** The Oklahoma State Auditor & Inspector's Office (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 approve accounting functions.

**Management Response:** Procedures have now been designed to properly separate key accounting functions. After our last audit, performed in mid-fiscal year 2013, procedures were put into place to address the segregation of duties. In Jefferson County, because of the limited number of personnel, the District Attorney's Office now relies on compensating controls and management review of accounting functions.

**Criteria:** Demonstration of accountability and stewardship are goals used in evaluating management's accounting for funds. A basic component of adequate internal controls is the segregation of duties so that one individual cannot perpetuate and conceal errors and irregularities in the normal course of his/her duties. No one individual should have the ability to authorize transactions, have physical custody of assets, and record transactions.

**Finding 2014-2 – Inadequate Internal Controls Over District-Wide Purchasing and Receipting Processes**

**Condition:** Upon inquiry and observation of the District's policies and procedures, the following concentration of duties was noted:

**Purchasing:**

The Finance Coordinator has the ability to prepare purchase orders, approve/authorize the purchase, review the purchase order for accuracy, has custody of/prepares the warrants, maintains ledgers, and distributes warrants. In addition, the District has not designated a receiving agent; therefore, all employees including the Purchasing Agent can receive goods/services.

**Cause of Condition:** Policies and procedures have not been designed with regard to compensating controls of the purchasing process and/or properly separate key accounting functions.

**Effect of Condition:** 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.

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**Recommendation:** OSAI recommends the duties of preparing purchase orders, approving purchase orders, preparing and issuing payments, and posting to the ledgers should be separated. Management should be aware of these conditions and determine if duties can be properly segregated. The most effective controls lie in management's overseeing of office operations and a periodic review of operations. Further, OSAI recommends management provide segregation of duties so that no one employee is able to perform all accounting functions.

**Management Response:**

**Purchasing:**

Procedures have now been designed to properly segregate duties. District 6 will have different employees that purchase and receive, prepare claim forms, approve claim form, prepare the voucher and maintain the ledger.

**Criteria:** Accountability and stewardship are overall goals of management in the accounting of funds. Internal controls should be designed to analyze and check accuracy, completeness, and authorization of disbursements and/or transactions. To help ensure a proper accounting of funds, no one individual should have the ability to authorize transactions, have physical custody of assets, and record transactions.

**Finding 2014-3 – Inadequate Internal Controls Over information Technology (IT) Systems**

**Condition:** Based on inquiries and observation in the District Attorney's office, we noted instances in which IT controls were not properly in place to ensure the integrity of the computer system. The following concerns were noted:

- Some employees, using the computer software, have the ability to issue receipts, void receipts, and write-off account balances without secondary approval.
- There is no "time-out" safeguard on the computer software.
- Employees are not required to log-off of the system or secure their computers when leaving their work station.

**Cause of Condition:** Policies and procedures have not been developed to ensure IT controls are properly designed and implemented.

**Effect of Condition:** Without the existence of IT controls, instances could arise where employees are altering or deleting transactions. This condition could result in incomplete or inaccurate accounting records.

**Recommendation:** OSAI recommends management assign administrative rights to an individual not directly associated with the day-to-day accounting processes with the computer software. Furthermore, OSAI recommends creating a procedure to ensure the system is secured when employees leave their desks for an extended amount of time.

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**Management Response:** Procedures have been implemented to address the IT issues.

**Criteria:** Accountability and stewardship are overall goals of management in the accounting of funds. To help ensure a proper accounting of funds, transactions should be identifiable by employee and corrections should be adequately approved and documented.

**Finding 2014-4 – District-Wide Property Forfeiture Program Expenditures**

**Condition:** Based on inquiry of staff and a test of fifty vouchers of the Property Forfeiture Program, we noted the following deficiencies:

- There was no evidence of independent verification, such as an employee’s initials and date of approval on the purchase order-claim, in fifteen instances. Those instances occurred in Caddo County, Stephens County, and Grady County.
- One instance was noted in Stephens County, in which the required signatures for approval to purchase and pay the claim were not evident on the Purchase Order Claim for badges and badge cases.

**Cause of Condition:** Procedures have not been designed and implemented to ensure all required information is present and required verification of a purchase is obtained.

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

**Recommendation:** OSAI recommends the District Attorney implement procedures to attach independent verification that all goods and services were received and ensure required signatures are on each requisition.

**Management Response:** As to the segregation of duties claim, it would be very difficult to further require employees to verify and crosscheck their coworkers. At present, in order to purchase an item outside of a normal recurring monthly expense, authorization from the District Attorney, First Assistant District Attorney, Officer Manager, or Task Force Director is required depending upon the type of expense to be incurred. In addition to the required authorization, invoices are submitted to the Financial Director for the District, or a specifically appointed staff member in each county, who prepares a voucher for payment.

Concerning the noted vouchers, there is documentation of the approval of each expenditure, along with an invoice verifying the items purchased. While each individual invoice is not stamped and signed as “received,” District 6 has implemented a new policy regarding a receiving clerk wherein each invoice will be stamped and signed by the receiving clerk as purchases are delivered to the District Attorney’s Office.

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Additionally, expenditures are documented with a “Purchase Order Claim” and now signed by two separate people verifying that the item was received and payment was approved.

**Criteria:** Effective internal controls require that management properly implement procedures to ensure that all claims reflect independent verification of goods and services received and contain all required signatures.

**Finding 2014-5 – Inadequate Internal Controls and Noncompliance Over Signature Stamps**

**Condition:** Signature stamps have not been adequately safeguarded from possible misuse and have been used by someone other than the District Attorney in Jefferson County and Stephens County.

**Cause of Condition:** Procedures have not been designed to safeguard the District Attorney’s office from unauthorized use of the signature stamps.

**Effect of Condition:** These conditions could result in unauthorized transactions and misappropriation of funds.

**Recommendation:** OSAI recommends signature stamps be maintained in a secure location and only used by the person to whom the stamp belongs. Officials, who utilize signature stamps, should ensure that the stamps are adequately safeguarded from unauthorized use.

**Management Response:** Procedures have been implemented to address this issue.

**Criteria:** An aspect of internal control is the safeguarding of assets. Internal controls over safeguarding of assets constitute a process, affected by the entity’s governing body, management, and other personnel, designed to provide reasonable assurance regarding prevention or untimely detection of unauthorized acquisition, use, or disposition of the entity’s assets from loss, damage, or misappropriation.

Title 62 O.S. § 602, requires any authorized officer to file his manual signature, certified by him under oath, with the Secretary of State to obtain an authorized facsimile signature.

**Finding 2014-6 – Inadequate Internal Controls Over District-Wide Supervision Fee Program Expenditures**

**Condition:** Based on inquiry of staff and a test of eighty-one vouchers of the Supervision Fee Program, we noted the following deficiencies:

- There was no evidence of independent verification of goods and/or services on the purchase order claims in Stephens County and Grady County in thirty-one instances.

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**Cause of Condition:** Procedures have not been designed and implemented to ensure all required information is present and required verification of purchases is obtained.

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

**Recommendation:** OSAI recommends the District Attorney implement procedures to attach independent verification that all goods and services were received and ensure required signatures are on each requisition. Further, OSAI recommends that the District implement purchasing policies and procedures be adhered to with regard to reimbursement of funds to an employee.

**Management Response:** As to the segregation of duties claim, it would be very difficult to further require employees to verify and cross-check their co-workers. At present, in order to purchase an item outside of a normal recurring monthly expense, authorization from the District Attorney, First Assistant District Attorney, Officer Manager, or Task Force Director is required depending upon the type of expense to be incurred. In addition to the required authorization, invoices are submitted to the Financial Director for the District, or a specifically appointed staff member in each county, who prepares a voucher for payment.

Concerning the noted vouchers, there is documentation of the approval of expenditures, along with an invoice verifying the items purchased. While each individual invoice is not stamped and signed as “received,” District 6 has implemented a new policy regarding a receiving clerk wherein each invoice will be stamped and signed by the receiving clerk as purchases are delivered to the District Attorney’s Office. Additionally, each expenditure listed is documented with a “Purchase Order – Claim” signed by two separate people verifying that the item was received and payment was approved.

**Criteria:** Effective internal controls require that management properly implement procedures to ensure that all claims reflect independent verification of goods and services received and contain all required signatures. To help ensure a proper accounting of funds the District should avoid reimbursing employees for purchases.

**Finding 2014-7 – Inadequate Internal Controls Over the Supervision Fee Account - Reimbursement to Employees**

**Condition:** It was noted in two instances, where Grady County employees received reimbursement from the Supervision Fee account for the purchase of donuts and office supplies made on behalf of the District Attorney’s office.

**Cause of Condition:** Procedures have not been designed and implemented to prohibit the reimbursement of employees.

**JASON HICKS, DISTRICT ATTORNEY  
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**Effect of Condition:** This condition could result in an unauthorized transactions and misappropriation of funds.

**Recommendation:** OSAI recommends policies and procedures be implemented to ensure reimbursements are not made to employees.

**Management Response:** Procedures have been implemented to address this issue.

**Criteria:** An aspect of internal control is the safeguarding of assets. Internal controls over safeguarding of assets constitute a process, affected by the entity's governing body, management, and other personnel, designed to provide reasonable assurance regarding prevention or untimely detection of unauthorized acquisition, use, or disposition of the entity's assets from loss, damage, or misappropriation.

**Finding 2014-8 – Inadequate Internal Controls Over the Bogus Check Restitution Fee Expenditures**

**Condition:** Based on inquiry of staff and a test of fifty-four vouchers of the Bogus Check Restitution Fee account, we noted the following deficiencies:

- For Stephens County and Grady County, there was no evidence of independent verification on the claims in thirty-five instances.

**Cause of Condition:** Procedures have not been designed and implemented to ensure all required information is present and required verification of purchases is obtained.

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

**Recommendation:** OSAI recommends the District Attorney implement procedures to attach independent verification that all goods and services were received.

**Management Response:** As to the segregation of duties claim, it would be very difficult to further require employees to verify and crosscheck their coworkers. At present, in order to purchase an item outside of a normal recurring monthly expense, authorization from the District Attorney, First Assistant District Attorney, Officer Manager, or Task Force Director is required depending upon the type of expense to be incurred. In addition to the required authorization, invoices are submitted to the Financial Director for the District, or a specifically appointed staff member in each county, who prepares a voucher for payment.

Concerning the noted vouchers, there is documentation of the approval of expenditures, along with an invoice verifying the items purchased. While each individual invoice is not stamped and signed as "received," District 6 has implemented a new policy regarding a receiving clerk wherein each invoice will be stamped and signed by the receiving clerk as purchases are delivered to the District Attorney's Office.



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Additionally, expenditures are documented with a “Purchase Order Claim” signed by two separate people verifying that the item was received and payment was approved.

Note: the remaining expenditures tested are recurring expenditures for copiers, phone services, office supplies, water, lawn care in Grady County, and shredding services.

**Criteria:** Effective internal controls require that management properly implement procedures to ensure that all claims reflect independent verification of goods and services received.

**Finding 2014-9 – Deposits with County Treasurer**

**Condition:** Based on inquiries, observation and review of documents in the District Attorney’s Office, we noted that funds were received and receipts were issued, but funds were not deposited on a daily basis for the Supervision Fee Program in Jefferson County.

- The receipts for the month of February, 2012 were deposited one time, on February 27, 2012.

**Cause of Condition:** Procedures have not been designed to ensure all monies received are deposited daily.

**Effect of Condition:** This condition could result in undetected errors, misappropriation of funds, and misstated financial reports.

**Recommendation:** OSAI recommends that the District Attorney deposit daily all monies received. In instances where daily deposits are not feasible, then the payment must be deposited the following business day. Deposits should also be reconciled to receipts issued to provide assurance that all monies collected are deposited.

**Management Response:** Procedures have been designed to ensure all monies received are deposited daily, but the policy was put into effect mid-fiscal year 2013 and the finding above was for February, 2012.

**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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