

**C. WESLEY LANE II  
DISTRICT ATTORNEY, DISTRICT 7  
STATUTORY REPORT  
BOGUS CHECK RESTITUTION FUND  
FOR THE YEAR ENDED  
JUNE 30, 2004**

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STATE OF OKLAHOMA  
OFFICE OF THE AUDITOR AND INSPECTOR

JEFF A. McMAHAN  
State Auditor and Inspector

March 30, 2005

C. Wesley Lane II  
District Attorney, District 7  
Oklahoma County Courthouse  
Oklahoma City, Oklahoma 73102

Transmitted herewith is the statutory report for the District Attorney of District 7, Oklahoma County, Oklahoma (the District), for the fiscal year ended June 30, 2004.

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 cursive script that reads "Jeff A. McMahan".

JEFF A. McMAHAN  
State Auditor and 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.



STATE OF OKLAHOMA  
OFFICE OF THE AUDITOR AND INSPECTOR

JEFF A. McMAHAN  
State Auditor and Inspector

**Statutory Report**

C. Wesley Lane II  
District Attorney, District 7  
Oklahoma County Courthouse  
Oklahoma City, Oklahoma 73102

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 they relate to the records of the Bogus Check Restitution Fund for the fiscal year June 30, 2004.

- We determined whether correct fees were assessed, receipted, and deposited in compliance with 28 O.S. § 153.
- We determined 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.
- We reconciled the fund to the County Treasurer's records.
- We determined that the District Attorney prepared and submitted an annual report to the District Attorney's 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 for certain statutory requirements of the Bogus Check Restitution Fund. We did not conduct an audit or examination, the objective of which would be the expression of an opinion on the records of the Bogus Check Restitution Fund. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

Based on our procedures performed; District 7 is 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; the fund balance reconciles to the County Treasurer's records; and the District Attorney prepared and submitted an annual report to the District Attorney's Council. With respect to expenditures being supported by approved claims, goods or services being properly receipted, and expenditures being properly classified and presented on the annual report submitted to the District Attorney's Council our findings are presented in the attached Schedule of Findings and Recommendations.

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

Sincerely,

A handwritten signature in black ink that reads "Jeff A. McMaham". The signature is written in a cursive, flowing style.

JEFF A. McMAHAN  
State Auditor and Inspector

February 22, 2005

## **SCHEDULE OF FINDINGS AND RECOMMENDATIONS**

### **Finding 2004-1-Expenditures**

Criteria: Safeguarding controls are an aspect of internal controls. Safeguarding controls relate to the prevention or timely detection of unauthorized transactions. Failure to perform tasks that are part of internal controls, such as utilizing cash voucher claims for expenditures and recognizing receipt of goods by signature and date are deficiencies in internal control.

Condition: During our examination of the District Attorney's official depository Bogus Check Special (8160), it was noted expenditures were not documented on cash voucher claims. In addition, we noted invoices for goods and services were initialed, but no notation was given as to when the goods or services were received. Furthermore, in relation to the District Attorney's Bogus Check Fund (6015) we noted no notation was given as to when the goods or services were received.

Recommendation: In order to better enhance internal controls we recommend expenditures from the Bogus Check Special official depository account be supported by approved claims. In addition, we recommend the receipt of goods and services be noted by signature and date of an authorized receiving officer.

### **Finding 2004-2-Annual Report**

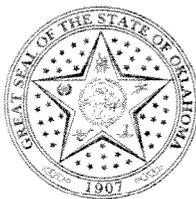
Criteria: Title 22 O.S. 2001, § 116 states, "District Attorneys shall prepare and submit an annual report to the District Attorneys Council showing total deposits and total expenditures in the Bogus Check Restitution Program. By September 15 of each year, the District Attorneys Council shall publish 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. The report shall provide totals by county and district."

Condition: During a review of the District Attorney's Bogus Check Restitution Annual Report to the District Attorney's Council it was noted the Ending Restitution Balance did not reconcile to the Treasurer's records or the District Attorney's ledgers. In addition, the Total Expenditures and Ending District Attorney Fee Balance pertaining to District Attorney Fees and Expenditures Information did not reconcile to the Treasurer's records or the District Attorney's ledgers.

Recommendation: We recommend collections, expenditures, and fund balances be properly presented on the annual report to the District Attorney's Council.

## **Management Response**

OKLAHOMA COUNTY  
SEVENTH DISTRICT  
STATE OF OKLAHOMA



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**C. WESLEY LANE II**  
DISTRICT ATTORNEY

**JOHN M. JACOBSEN**  
FIRST ASSISTANT DISTRICT ATTORNEY

March 23, 2005

Oklahoma State Auditor and Inspector  
Attention: Marla Latham  
Oklahoma State Auditor's Office  
Oklahoma County Audit Manager  
217 N. Harvey, Suite 209  
Oklahoma City, Oklahoma 73102

RE: Response to Reportable Findings on Bogus Check Fund Program

Dear Ms. Latham:

Thank you for your thorough review of the Oklahoma County Bogus Check Program and the conditions you have noted that will help this office improve its internal controls over the processes and procedures for the operation of the bogus check program.

In response to your specific findings, please include in your final, published report the following responses by the Oklahoma County District Attorney's Office:

**FINDING 2004-1-EXPENDITURES**

**RECOMMENDATION:** In order to better enhance internal controls we recommend expenditures from the Bogus Check Special official depository account be supported by approved claims. In addition, we recommend the receipt of goods and services be noted by signature and date of an authorized receiving officer.

**RESPONSE:** This office, through the assistance of your office, has created a Cash Voucher Claim form which will sufficiently document and track the necessary information needed for proper accounting purposes. A copy of the form is attached.

As to your reference to District Attorney's Bogus Check Fund (6015) and your notation that there was no record of when goods or services were received, please be advised at the present time, the District Attorney's Bogus Check P.O. Account 6015 is

not being used. Apparently, the Budget Board met too late in the month to make a deposit, get a check issued and remitted to our state office by the required date for payroll.

## **FINDING 2004-2-ANNUAL REPORT**

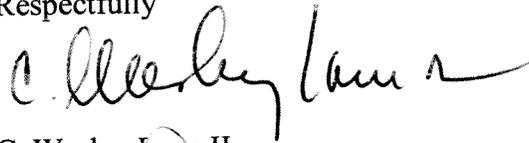
Your audit revealed that ending restitution balances did not reconcile to the Treasurer's records or the district attorney's ledgers. In addition, you noted the total expenditures and ending district attorney fee balance pertaining to district attorney fees and expenditures information did not reconcile to the Treasurer's records or the District Attorney's ledgers.

**RESPONSE:** In extensive conversations with your office and our financial officer and bogus check department, you have assured us there are no missing funds in the operation of our Bogus Check Program. We are aware, however, from your audit, that reports indicate a discrepancy exists between the Treasurer's Office, our office and DAC in regard to prior year reports centering on the ending balances being carried forward to the new fiscal year's report. Evidence reveals that these report discrepancies may be the result of prior year reports and the differences from the ending balances being brought forward to the next fiscal year. One explanation for such discrepancy may exist in the changing of forms used over the years in tracking such ending balances.

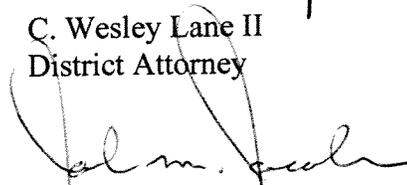
Obviously, finding those prior year reports and reconciling them with the current balance report is necessary and will be pursued by this office. This will entail checking for ending balances in prior years' reports and carrying forward those ending balances in order to reconcile present and future reports. This office will attempt to find these prior year reports and work to determine the ending balances are carried forward and reconciled with DAC records and our own internal and county records. It is assuring to know, however, that after thorough review and auditing of the bogus check fund you are convinced, like we are, that no funds are missing or misappropriated.

Again, this Office expresses its appreciation for your work and review of the accounts handled in the Oklahoma County District Attorney's Office.

Respectfully



C. Wesley Lane II  
District Attorney



John M. Jacobsen  
First Assistant