

**VIRGINIA SANDERS  
DISTRICT ATTORNEY, DISTRICT 17  
STATUTORY REPORT  
BOGUS CHECK RESTITUTION FUND  
FOR THE YEAR ENDED  
JUNE 30, 2003**

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STATE OF OKLAHOMA  
OFFICE OF THE AUDITOR AND INSPECTOR

JEFF A. McMAHAN  
State Auditor and Inspector

December 1, 2003

Virginia Sanders, District Attorney  
District 17

Transmitted herewith is the statutory report for the District Attorney of District 17, McCurtain, Choctaw, and Pushmataha Counties, Oklahoma, (the District) for the fiscal year ended June 30, 2003.

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 black ink 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**

Ms. Virginia Sanders  
District Attorney, District 17  
McCurtain County Courthouse  
Idabel, Oklahoma 74745

For the purpose of complying with 74 O.S. § 212 (E), 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, 2003.

- We examined fees to determine that the 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.

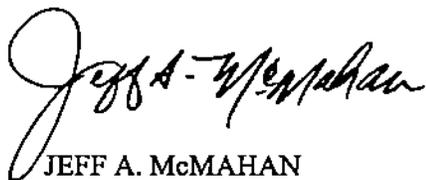
All information included in the financial records of the bogus check restitution program is the representation of the District Attorney for their respective district.

Our engagement was limited to the procedures performed above 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 general-purpose financial statements of McCurtain, Choctaw, or Pushmataha Counties.

Based on our procedures performed; District 17 expenditures were used to defray lawful expenses of the District Attorney's office in accordance with 22 O.S. § 114; the District Attorney prepared and submitted an annual report to the District Attorney's Council; and expenditures were properly classified and presented. With respect to District 17 properly assessing, receipting, and depositing the correct fees in compliance with 28 O.S. § 153; expenditures being supported by invoices and approved claims; goods or services paid for being received; and the fund balance reconciling to the County Treasurer's records, 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 McCurtain, Choctaw, and Pushmataha 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. McMahon". The signature is written in a cursive style with a large initial "J".

JEFF A. McMAHAN  
State Auditor and Inspector

October 1, 2003

### Schedule of Findings and Recommendations

#### Finding 2003-1 - Reconciliations

**Criteria:** Safeguarding controls are an aspect of internal control. Safeguarding controls relate to the prevention or timely detection of unauthorized transactions and unauthorized access to assets. Failures to perform tasks that are part of internal controls, such as reconciliations not prepared or not timely prepared, are deficiencies in internal control. Further, reconciliations should be performed on a monthly basis.

**Condition:** The Pushmataha Bogus Check annual report ending balance does not reconcile with the County Treasurer's general ledger.

**Recommendation:** We recommend the District Attorney's Bogus Check Administrator reconcile the ending account balance with the County Treasurer's general ledger each month.

**Management's Response:** We concur with the auditors' findings. We have implemented procedures and posted a new written policy regarding internal procedures and controls that provide additional checks and balances for the receipting, depositing, and reconciliation process.

#### Finding 2003-2 - Expenditures

**Criteria:** Title 22 O.S. 2001, § 114.B. states, "... This money shall be deposited in a special fund with the county treasurer to be known as the "Bogus Check Restitution Program Fund". This fund shall be used by the district attorney to defray any lawful expense of the district attorney's office. The district attorney shall keep records of all monies deposited to and disbursed from this fund. The records of the fund shall be audited at the same time the records of county funds are audited."

**Condition:** Properly approved claims are not used for bogus check expenditures in the McCurtain and Pushmataha County Bogus Check Divisions. Also, some expenditures were not supported by original invoices.

**Recommendation:** We recommend that all expenditures be supported by properly approved claims with original supporting documentation.

**Management's Response:** We concur with the auditors' findings. We have implemented procedures and posted a new written policy regarding internal procedures and controls that require all expenditures from the bogus check account to have a properly approved claim form and an original invoice attached.

**Finding 2003-3 – Missing Receipts**

**Criteria:** Title 22 O.S. 2001, § 114.B. states in part, "... This money shall be deposited in a special fund with the county treasurer to be known as the "Bogus Check Restitution Program Fund". Title 62 O.S. 2001, §7.1.C.1. states, "Receipts of One Hundred Dollars (\$100.00) or more shall be deposited on the same banking day as received." Effective internal controls over accounting and record keeping are required to ensure the accurate financial position of the District Attorney Bogus Check Program.

**Condition:** The following exceptions were noted while reviewing the Pushmataha Bogus Check Division. Receipts totaling \$665.00 could not be traced to a deposit, some receipts for cash were held back from the current deposit and deposited at a later date, and some receipts were altered to indicate a different mode of payment.

**Recommendation:** We recommend that all monies collected be receipted and deposited daily.

**Management's Response:** We concur with the auditors' findings. We have implemented procedures and posted a new written policy regarding internal procedures and controls that provide additional checks and balances for the receipting, depositing, and reconciliation process.

**BOGUS CHECK RESTITUTION ACCOUNT ANALYSIS**

**COLLECTION INFORMATION**

Number of checks received from merchants	<u>3,567</u>	
Dollar amount of checks received		<u>\$ 290,745</u>

**RESTITUTION INFORMATION**

Beginning Restitution Account Balance at July 1, 2002		\$ 74,083
Number of Restitution checks collected	<u>4,946</u>	
Amount in Restitution collected for merchants		188,862
Amount in Restitution paid to merchants		<u>209,818</u>
Ending Restitution Balance at June 30, 2003		<u>\$ 53,127</u>

**FEE AND EXPENDITURES INFORMATION**

Beginning District Attorney fee balance at July 1, 2002		\$ 108,530
Amount of District Attorney fees collected during the period		234,898
Expenditures:		
Personnel Costs	202,455	
Maintenance and Operations Costs	18,117	
Travel Expenses	279	
Other Expenses	<u>3,793</u>	
Total expenditures		<u>224,644</u>
Ending District Attorney fee balance at June 30, 2003		<u>\$ 118,784</u>