

**VIRGINIA SANDERS
DISTRICT ATTORNEY, DISTRICT 17
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 15, 2005

Virginia Sanders, District Attorney
District 17

Transmitted herewith is the statutory report for the District Attorney of District 17, Choctaw, McCurtain, and Pushmataha Counties, 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 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) 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 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.

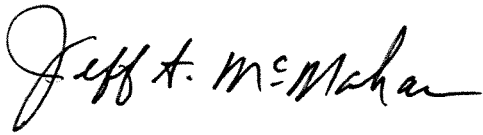
All information included in the financial records of the bogus check restitution program is the representation of the District Attorney for their respective district.

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 Choctaw, McCurtain, 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; expenditures were supported by invoices and approved claims; and goods or services paid for were received. With respect to District 17 properly assessing, receipting, and depositing the correct fees in compliance with 28 O.S. § 153; the fund balance reconciling to the County Treasurer's records; and preparing and submitting an accurate annual report 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 Choctaw, McCurtain, 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, looped initial "J".

JEFF A. McMAHAN
State Auditor and Inspector

March 2, 2005

SCHEDULE OF FINDINGS AND RECOMMENDATIONS

Findings 2004-1 – Reconciliation to County Treasurer’s Records

Criteria: Effective internal controls over accounting and record keeping are necessary to ensure the accurate financial position of the District Attorney Bogus Check Program. In addition, 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 District Attorney’s Bogus Check (Pushmataha County) Account balance at June 30, 2004, is not reconciled with the County Treasurer’s balance.

Recommendation: We recommend that the District Attorney’s office maintain accurate ledgers for the Bogus Check Fund and reconcile this fund with the County Treasurer at the end of each month.

Management’s Response: The District Attorney’s office will implement procedures to reconcile the Bogus Check Fund ledgers to the County Treasurer’s balance at the end of each month. I understand that the non-reconciled balance was less than \$1.00 and all else in the audit was fine.

Finding 2004-2 – Accurateness of Annual Report Preparation

Criteria: Title 22 O.S. 2001, § 116 states, “District Attorney’s shall prepare and submit an annual report to the District Attorney’s Council showing total deposits and total expenditures in the Bogus Check Restitution Program.”

Condition: The District Attorney’s Bogus Check (Pushmataha County) Annual Report does not balance at June 30, 2004, to the County Treasurer’s balance at the end of the year.

Recommendation: We recommend that that District Attorney’s Office Bogus Check Annual Report balance with the County Treasurer’s balance at the end of each year.

Management’s Response: Management further understands that the non-reconciled figures were very close, less than \$1.00 off. All else seemed in good order.

Finding 2004-3 - Cash Composition and Accounting for Monies Received (Repeat Finding)

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: While performing the cash composition for Pushmataha County District Attorney's Bogus Check Division it was noted that some receipts for cash were held back from the current deposit and were deposited at a later date.

Recommendation: We recommend all monies collected be deposited daily.

Management's Response: The District Attorney's office has implemented procedures to ensure that all monies collected will be receipted on pre-numbered receipts issued in numerical sequence and that all monies will be deposited daily. Procedures have been implemented and July 2003 was the last time this occurred.