

**VIRGINIA SANDERS
DISTRICT ATTORNEY, DISTRICT 17
STATUTORY REPORT
PROPERTY FORFEITURE 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

November 19, 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

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.



STATE OF OKLAHOMA
OFFICE OF THE AUDITOR AND INSPECTOR

JEFF A. McMAHAN
State Auditor and Inspector

Statutory Report

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

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 2003:

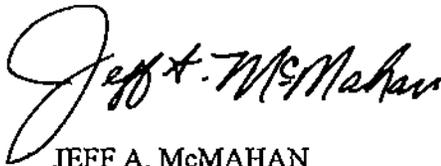
- We examined a group of receipts and deposit slips for propriety.
- We reviewed sale documentation for selected cases to determine whether forfeited assets were sold after due notice at public auction to the highest bidder in accordance with Title 63 O.S. §2-508.C.3.
- For selected cases, the distribution of proceeds of the sale was reviewed to determine the distribution was in accordance with Court order pursuant to Title 63 O.S. §2-506.K.
- We determined whether expenditures tested were used for enforcement of controlled dangerous substance laws, drug abuse prevention and education in accordance with Title 63 O.S. §2-506.L.3.
- We determined whether expenditures tested were supported by approved claims, invoices, and independent verification that goods or services paid for were received in accordance with Title 63 O.S. §2-508.C.3.
- We determined 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 Title 63 O.S. §2-506.L.3.
- We determined whether expenditures were properly classified and whether the District Attorney reconciles the balance with the County Treasurer monthly in accordance with Title 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 McCurtain County, Choctaw County, or Pushmataha County.

Based on our procedures performed, District 17 is 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; goods or services paid for were received; the District Attorney prepared and submitted an annual report to the Board of County Commissioners; and expenditures were properly classified. With respect to District 17 expenditures being supported by approved claims and invoices; and the Property Forfeiture Fund being reconciled to the County Treasurer's records monthly, 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 County, Choctaw County, 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. McMAHAN". The signature is written in a cursive style with a large, looping initial "J".

JEFF A. McMAHAN
State Auditor and Inspector

October 20, 2003

Schedule of Findings and Recommendations

Finding 2003-1 – Expenditures

Criteria: Effective accounting procedures are necessary to ensure stewardship and accountability of public funds. All expenditures of the Property Forfeiture Revolving Fund should be supported by approved claims and original invoices/supporting documentation.

Condition: In McCurtain County of the ten property forfeiture expenditures tested we noted that two did not have adequate supporting documentation, and one expenditure included sales tax for purchase of supplies at Wal-Mart.

Recommendation: We recommend all expenditures be supported by approved claims and original invoices. We also recommend that the District Attorney's office review purchases to ensure that sales tax is not incorrectly paid.

Management's Response: Management is implementing procedures to correct this issue.

Finding 2003-2 – Ledgers not Reconciled

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. Failure to perform tasks that are part of internal controls, such as maintaining and reconciling ledgers on a timely basis, are deficiencies in internal controls.

Condition: We noted that the annual report submitted to the Board of County Commissioners by the District Attorney's office in McCurtain County did not reconcile to the County Treasurer's General Ledger. We noted a variance of \$105.49.

Recommendation: We recommend that the District Attorney Property Forfeiture Revolving Fund be reconciled to the County Treasurer's records on a monthly basis.

Management's Response: Management is implementing procedures to correct this issue.