

**VIRGINIA SANDERS  
DISTRICT ATTORNEY, DISTRICT 17  
STATUTORY REPORT  
PROPERTY FORFEITURE FUND  
FOR THE YEAR ENDED  
JUNE 30, 2006**

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STATE OF OKLAHOMA  
OFFICE OF THE AUDITOR AND INSPECTOR

JEFF A. McMAHAN  
State Auditor and Inspector

May 14, 2007

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, 2006. 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

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.



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 2006:

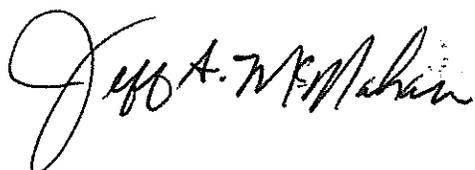
- Examine a group of receipts and deposit slips for propriety.
- Review sale documentation for selected cases to determine whether forfeited assets were sold after due notice at public auction to the highest bidder in accordance with 63 O.S. §2-508.C.3.
- Review the distribution of proceeds of the sale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

Based on our procedures performed, 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; the District Attorney prepared and submitted an annual report to the Board of County Commissioners; and expenditures were properly classified. With respect to the District properly receipting and depositing the proceeds of forfeitures; expenditures being properly supported by approved claims, invoices, and independent verification that goods or service paid for were received; and the District Attorney reconciling the balance of the Property Forfeiture Fund with 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 Choctaw County, McCurtain 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. McMahon". The signature is written in a cursive, flowing style with a large initial "J".

JEFF A. McMAHAN  
State Auditor and Inspector

January 22, 2007

**Finding 2006-1 — Property Forfeiture Deposit**

Criteria: Title 63 § 2-506.K. states, “Property taken or detained under this section shall not be repleviable, but shall be deemed to be in the custody of the office of the district attorney of the county wherein the property was seized, subject only to the orders and decrees of the court or the official having jurisdiction thereof; said official shall maintain a true and accurate inventory and record of all such property seized under the provisions of this section.” In addition, effective internal controls require safeguarding of seized property and adequate controls to ensure property is protected against loss.

Condition: The miscellaneous receipt issued in Pushmataha County for monies related to case CV-05-20 reflected \$50 less money deposited than was reflected on the original petition filed in this property forfeiture case.

Recommendation: We recommend the District Attorney review this finding to determine if further action is needed.

Views of responsible officials and planned corrective actions: The person involved in this deposit felt that the funds had been incorrectly recorded on the original document and that the miscellaneous receipt issued was for the actual amount of funds related to the case. No further action is planned.

**Finding 2006-2 — Expenditures**

Criteria: Effective accounting procedures are necessary to ensure stewardship and accountability of public funds. Additionally, effective accounting procedures include all expenditures of the property forfeiture program be supported by approved claims and supporting documentation, such as invoices.

Condition: While testing expenditures for the Pushmataha County District Attorney’s Property Forfeiture Program, the following exceptions were noted:

- Eight expenditures were not supported by a properly approved claim;
- Two had no documentation attached; and
- Voucher #7 issued for \$370 to be used as “drug buy” money was not supported with any documentation or record of activity. No portion of these funds was returned.

Recommendation: We recommend that claims be completed for all expenditures and that proper supporting documentation (invoices, receiving signatures) be attached to all claims.

Views of responsible officials and planned corrective actions: We concur with the State Auditor’s findings. We will implement procedures to correct and prevent errors of this nature.

**Finding 2006-3 — Reconciliation to County Treasurer's Records (Repeat Finding)**

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 controls. Further, reconciliations should be performed on a monthly basis.

Condition: The McCurtain County Property Forfeiture Annual Report could not be reconciled to the Treasurer's general ledger at June 30, 2006. We noted a variance of \$1,366.36 between the District Attorney's ending balance and the Treasurer's records.

Recommendation: We recommend that the District Attorney maintain accurate financial ledgers for the Property Forfeiture Account and that ledgers be reconciled to the Treasurer's ledger on a monthly basis.

Views of responsible officials and planned corrective actions: We are looking into the matter and will reconcile with the County Treasurer as soon as possible.