

**CHRIS WILSON
DISTRICT ATTORNEY, DISTRICT 18
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

June 25, 2004

Chris Wilson, District Attorney
District 18

Transmitted herewith is the statutory report for the District Attorney of District 18, Pittsburg and Haskell 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 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 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

Chris Wilson
District Attorney, District 18
Pittsburg County Courthouse
McAlester, Oklahoma 74501

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.

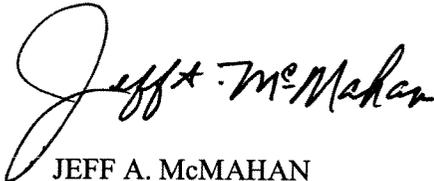
Our engagement was limited to the procedures performed above and was less in scope than an audit performed in accordance with accounting standards generally accepted in the United States of America. Accordingly, we do not express an opinion on any general-purpose financial statements of Pittsburg County or Haskell 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 the District Attorney reconciles the balance of the Property Forfeiture Fund with the County Treasurer's records monthly. With respect to receipting and depositing proceeds of the forfeitures, expenditures being supported by invoices and approved claims, and safeguarding of assets, our findings are presented in the attached Schedule of Findings and Recommendations.

We have included in this report a detailed analysis of the Property Forfeiture Account.

This report is intended for the information and use of the District Attorney and Pittsburg County and Haskell 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. McMahar". The signature is written in a cursive style with a large, looping initial "J".

JEFF A. McMAHAN
State Auditor and Inspector

October 2, 2003

PROPERTY FORFEITURE ACCOUNT ANALYSIS

BEGINNING CASH BALANCE ON JULY 1, 2002		<u>\$ 189,335</u>
INCOME		
Cash forfeited	\$ 26,274	
Court ordered assessments	1,141	
Value non-cash assets forfeited and sold	<u>12,925</u>	
TOTAL INCOME (before distributions)		<u>\$ 40,340</u>
DISTRIBUTION TO OTHER AGENCIES		
Cash returned to other agencies	\$ 4,204	
Equipment purchased for other agencies	<u>4,176</u>	
TOTAL DISTRIBUTIONS		<u>\$ 8,380</u>
EXPENDITURES BY DISTRICT ATTORNEY		
Personnel and benefits	\$ 36,136	
Confidential funds	2,500	
Cost of Prosecution/Investigation	1,970	
Equipment	4,506	
Operating expense	6,309	
Storage and towing	840	
Travel	107	
Other		
Contractor/consultant fees	21,667	
Salary - grant coordinator	1,974	
Deductible - civil case	1,000	
Training	275	
Storage building	4,085	
Reimbursement to HCSO	<u>2,108</u>	
TOTAL EXPENDITURES		<u>\$ 83,477</u>
ENDING CASH BALANCE ON JUNE 30, 2003		<u><u>\$ 137,818</u></u>

SCHEDULE OF FINDINGS AND RECOMMENDATIONS

Seized Property

Criteria: Title 63 O.S. 2001, § 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." Effective internal controls require safeguarding of seized property and adequate controls to ensure property is protected against loss.

Condition: While counting the cash in the safe deposit box for case number C-02-232 (Haskell County), it was noted that the cash counted was \$5,000 less than the amount listed on the case file. The case file listed \$190,150, but only \$185,150 was visually verified.

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

Response: An investigation was conducted by the Oklahoma State Bureau of Investigation. The Bureau could find no evidence of criminal action. Apparently, an error was made by law enforcement personnel during the initial counting of the money. Management has implemented procedures to address this issue.

Receipts and Deposits

Criteria: Effective internal controls over accounting and record keeping are required to ensure the accurate financial position of the District Attorney Property Forfeiture Program.

Condition: All money received by the Haskell County Property Forfeiture Division is not receipted and is not deposited in a timely manner (one instance, money was not deposited for seven weeks). Also, receipts are not issued in sequential order.

Recommendation: We recommend that receipts be issued for all money collected and that all receipts be deposited in a timely manner. Also, receipts should be issued in sequential order and skipped receipts should be properly voided.

Response: Management has implemented procedures to address this issue.

SCHEDULE OF FINDINGS AND RECOMMENDATIONS

Expenditures

Criteria: Effective accounting procedures are necessary to ensure stewardship and accountability of public funds. Effective internal controls include all expenditures of the Property Forfeiture Program be supported by approved claims and supporting documentation, such as invoices.

Condition: Of the property forfeiture expenditures tested for the Haskell County Division, we noted that two expenditures were not supported by an original invoice and that proper claims were not in use for expenditures. Also, the District Attorney's investigator was reimbursed for a printer that he purchased.

Recommendation: We recommend that all expenditures be supported by approved claims and original invoices. We also recommend that all purchases be made from the property seizure fund and that reimbursement not be made to employees except in emergency situations.

Response: Management has implemented procedures to address this issue.