

**CHRIS WILSON
DISTRICT ATTORNEY, DISTRICT 18
STATUTORY REPORT
PROPERTY FORFEITURE 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

January 12, 2005

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, 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 cursive script that reads "Jeff A. McMahon".

JEFF A. McMAHAN
State Auditor and Inspector

TABLE OF CONTENTS

Introductory Information.....ii
Statutory Report of State Auditor and Inspector 1
Property Forfeiture Fund Analysis3
Schedules of Findings and Recommendations4

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 2004:

- 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.

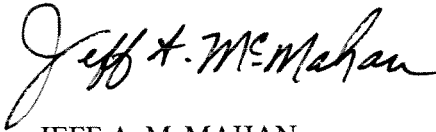
Our engagement was limited to the procedures performed above and was less in scope than an audit performed in accordance with accounting standards generally accepted in the United States of America. Accordingly, we do not express an opinion on any general-purpose financial statements of Pittsburg County 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. With respect to receipting and depositing proceeds of the forfeitures, expenditures being supported by invoices, received goods documentation, approved claims, and reconciling the balance of the Property Forfeiture Fund with the County Treasurer's records, 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 Fund.

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 cursive script that reads "Jeff A. McMahon". The signature is written in black ink and is positioned above the printed name.

JEFF A. McMAHAN
State Auditor and Inspector

November 3, 2003

PROPERTY FORFEITURE FUND ANALYSIS

BEGINNING CASH BALANCE ON JULY 1, 2003 \$ 137,818

INCOME

Cash forfeited	\$ 23,844
Court ordered assessments	2,564
Other: Refund	18
Auction	<u>4,275</u>

TOTAL INCOME (before distributions) \$ 30,701

DISTRIBUTION TO OTHER AGENCIES

Cash returned to other agencies \$ 7,788

TOTAL DISTRIBUTIONS \$ 7,788

EXPENDITURES BY DISTRICT ATTORNEY

Personnel and benefits	\$ 7,928
Confidential funds	1,591
Equipment	10,062
Operating expense	3,715
Rent	833
Storage and towing	210
Other Contractor/consultant fees	16,801
Training	630
Safe deposit box	50
Byrne administrative match	<u>1,673</u>

TOTAL EXPENDITURES \$ 43,493

Outstanding check dated 12/04/00 2

ENDING CASH BALANCE ON JUNE 30, 2004 \$ 117,240

SCHEDULE OF FINDINGS AND RECOMMENDATIONS

2004-1 - Reconciliation

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

Condition: Ledgers are not maintained for the District Attorney's Property Forfeiture Fund in Haskell County.

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

Response: Management will implement procedures to insure that the recommendations will be implemented.

2004-2 - Receipts and Deposits

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

Condition: During test work it was noted that all monies deposited in the District Attorney's Property Forfeiture Account in Haskell County were not receipted. It was also noted Receipt #51 and #52 were left blank and not properly voided.

Recommendation: We recommend that the District Attorney's office receipt all monies received and deposited in a timely manner. We also recommend that the District Attorney's office place more emphasis on the adherence to proper receipting procedures.

Response: Management has implemented procedures to insure compliance with recommendations.

2004-3 - 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.

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Condition: Of the property forfeiture expenditures tested for the Haskell County Division, we noted that expenditures were not supported by original invoices, invoices did not always agree to the amount of the voucher, there was no documentation to verify items purchased were received, and that proper claims were not in use for expenditures.

Recommendation: We recommend that all expenditures be supported by approved claims and original invoices.

Response: Management has implemented procedures to insure compliance with recommendations.