

**JAMES M. BORING
DISTRICT ATTORNEY, DISTRICT 1
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

September 13, 2005

James M. Boring, District Attorney
District 1

Transmitted herewith is the statutory report for the District Attorney of District 1, Beaver, Cimarron, Harper and Texas 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 that 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

James M. Boring
District Attorney, District 1
319 N. Main
Guymon, Oklahoma 73942

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 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 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 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 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 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 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 Beaver, Cimarron, Harper, or Texas Counties.

Based on our procedures performed, the District 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; expenditures were supported by invoices and goods or services paid for were received; the District Attorney prepared and submitted an annual report to the Board of County Commissioners; expenditures were properly classified; and the District Attorney reconciles the balance of the Property Forfeiture Fund with the County Treasurer's records monthly. With respect to the matter of segregation of duties, our finding is included in the accompanying 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 Beaver, Cimarron, Harper, and Texas County officials. However, this report is a matter of public record and its distribution is not limited.

Sincerely,

A handwritten signature in black ink, appearing to read "Jeff A. McMahana". The signature is written in a cursive, flowing style.

JEFF A. McMAHAN
State Auditor and Inspector

July 27, 2005

**DRUG ASSET FORFEITURE ANNUAL REPORT
PROPERTY FORFEITURE FUND ANALYSIS**

Beginning Cash Balance on July 1, 2003		<u>\$ 84,808</u>
INCOME		
Cash Forfeited	624,036	
Court Ordered Assessments	1,750	
Value Non-Cash Assets Forfeited and Sold	67,375	
Total Income (before distributions)		<u>693,161</u>
DISTRIBUTION TO OTHER AGENCIES		
Cash Returned to Other Agencies	320,521	
Equipment Purchased for Other Agencies	14,683	
Education/Prevention/Other	<u>5,630</u>	
Total Distributions		<u>340,834</u>
EXPENDITURES BY DISTRICT ATTORNEY		
Personnel and Benefits	183,663	
Confidential Informants	1,752	
Cost of Prosecution/Investigation	6,851	
Vehicle Purchases	58,686	
Other Equipment	23,053	
Operating Expense	36,093	
Rent	5,910	
Storage and Towing - Court Costs	12,981	
Travel	4,275	
Other	29,532	
K-9 Expense	2,115	
Repairs	16,125	
Total Expenditures		<u>381,036</u>
Ending Cash Balance on June 30, 2004		<u><u>\$ 56,099</u></u>

SCHEDULE OF FINDINGS AND RECOMMENDATIONS

Finding 2004-1 - Segregation of Duties

Criteria: Effective internal controls include duties be divided to prevent a single individual from controlling too many aspects of a financial transaction.

Condition: Review of the Property Forfeiture Program indicated one individual receipts the collections, balances collections to deposits, prepares the deposit slip, takes the deposit to the County Treasurer and records the deposit in the property forfeiture ledger. In some situations, a law enforcement officer from a participating agency and bank tellers will participate in the depositing of the cash.

Recommendation: In a small office, with limited personnel, it is often difficult to establish an adequate segregation of duties. Under the circumstances, usually the best control would be in management's understanding of the program's financial operation and the periodic review of the Property Forfeiture Program and financial records by a knowledgeable supervisor.

Views of responsible officials and planned corrective actions: We concur with the auditor's comments and will conduct periodic reviews of office operations.