HOLLIS THORP, DISTRICT ATTORNEY
DISTRICT 26
STATUTORY REPORT
BOGUS CHECK RESTITUTION FUND
FOR THE YEAR ENDED
JUNE 30, 2008
October 13, 2008

Hollis Thorp, District Attorney
District 26

Transmitted herewith is the statutory report for the District Attorney of District 26, Alfalfa, Dewey, Major, Woods, and Woodward Counties, Oklahoma (the District), for the fiscal year ended June 30, 2008.

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,

STEVE BURRAGE, CPA
STATE AUDITOR & INSPECTOR

MICHELLE R. DAY, ESQ.
DEPUTY STATE AUDITOR & INSPECTOR
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INTRODUCTORY INFORMATION

The bogus check program was created by the Oklahoma Legislature in 1982 as a special type of deferred prosecution program, and every District Attorney is required to operate a bogus check program. The program provides an alternative way to handle bogus check cases without any additional cost to courts, prosecutors, or the state prison system. The primary emphasis of the program is collecting restitution for the victim of the crime, rather than punishing the offender.

Bogus checks are a significant cost to business, a cost that is passed on to the consumer and paid by all citizens and taxpayers in the state. The bogus check program has been an effective way to address the economic problem caused by bogus checks. The program offers a way to address criminal conduct without sending a large number of offenders to state correctional facilities.
Statutory Report

Hollis Thorp
District Attorney, District 26
Comanche County Courthouse
Lawton, Oklahoma 73501

For the purpose of complying with 74 O.S. § 212.E and 22 O.S. § 114, we have performed each of the following procedures as they relate to the records of the Bogus Check Restitution Fund for the fiscal year June 30, 2008.

- Examine fees to determine that the correct fees were assessed, receipted, and deposited in compliance with 28 O.S. § 153.
- Determine whether expenditures were used to defray lawful expenses of the District Attorney’s office in accordance with 22 O.S. § 114; whether expenditures were supported by invoices and approved claims; and that goods or services paid for were received.
- Determine whether the fund reconciles to the County Treasurer’s records.
- Determine that the District Attorney prepared and submitted an annual report to the District Attorney’s Council showing the total deposits and total expenditures and that expenditures were properly classified and presented.

All information included in the financial records of the bogus check restitution program is the representation of the District Attorney for their respective district.

Our engagement was limited to the procedures performed above and was less in scope than an audit performed in accordance with auditing standards generally accepted in the United States of America. Accordingly, we do not express an opinion on any general-purpose financial statements of Woodward, Alfalfa, Major, Dewey, or Woods Counties.

Based on our procedures performed, District 26 was properly assessing, receipting, and depositing the correct fees in compliance with 28 O.S. § 153; expenditures were used to defray lawful expenses of the District Attorney’s office in accordance with 22 O.S. § 114; expenditures were supported by invoices and approved claims; goods or services paid for were received; the District Attorney prepared and submitted an annual report to the District Attorney’s Council; and expenditures were properly classified and presented. With respect to the fund balance reconciling to the County Treasurer’s records, our finding is presented in the schedule of findings and responses.
We have prepared a detailed analysis of the Bogus Check Restitution Fund, which is presented following this report.

This report is intended for the information and use of the District Attorney and Alfalfa, Dewey, Major, Woods, and Woodward County officials. However, this report is a matter of public record and its distribution is not limited.

Sincerely,

STEVÉ BURRAGE, CPA
STATE AUDITOR & INSPECTOR

MICHELLE R. DAY, ESQ.
DEPUTY STATE AUDITOR & INSPECTOR

August 17, 2008
BOGUS CHECK RESTITUTION FUND ANALYSIS

COLLECTION INFORMATION

Number of checks received from merchants 5,128

Dollar amount of checks received $ 536,670

RESTITUTION INFORMATION

Beginning Restitution Account Balance at July 1, 2007 $ 11,876

Number of restitution checks collected 6,000

Amount in restitution collected for merchants 565,622

Cancelled vouchers 4,030

Amount in restitution paid to merchants (570,089)

Ending Restitution Balance at June 30, 2008 $ 11,439

FEE AND EXPENDITURES INFORMATION

Beginning District Attorney fee balance at July 1, 2007 $ 311,720

Amount of District Attorney fees collected during the period 757,710

Expenditures:

- Personnel costs 693,850
- Maintenance and operation costs 42,325
- Travel expenses 989
- Other expenses 1,654

Total Expenditures 738,818

Ending District Attorney fee balance at June 30, 2008 $ 330,612

Plus: DAC balance at OKC 5,957

Plus: Reserves 877

Plus: Outstanding Warrants 3,327

Ending District Attorney balance at June 30, 2008, per Treasurer's Records $ 340,773
SCHEDULE OF FINDINGS AND RESPONSES

Finding 2008-1 – District Attorneys Annual Report Reconciliation of Bogus Check Accounts

Criteria: An effective accounting control over reporting includes reports submitted to the District Attorneys Council (DAC) reconcile to the County Treasurer’s reported balances.

Condition: The District Attorney maintains accounts for the Bogus Check Restitution and Fees. The annual report for fee and expenditure information was reconciled to the County Treasurer’s balance; however, the annual report included $5,957 in funds that had been paid to DAC as part of payroll expenses. This amount was actually part of the expenditures reported for fiscal year 2008. Other reconciling items included reserves and outstanding warrants. The amended and reconciled analysis is included in this report.

Effect: Failure to reconcile the financial activity reported on the annual report with the County Treasurer’s records could result in inaccurate financial reporting.

Recommendation: OSAI recommends the District Attorney’s administrative staff perform a reconciliation of monthly activity with the County Treasurer and reconcile the ending cash balance at least annually, to provide effective accounting controls over reporting. We additionally recommend that the payroll reimbursements sent to DAC not be included in the annual account analysis.

Views of responsible officials and planned corrective actions: The administrative staff will reconcile reports with the County Treasurer in the future.