

**RAY DON JACKSON, DISTRICT ATTORNEY
DISTRICT 26
STATUTORY REPORT
PROPERTY FORFEITURE FUND
FOR THE YEAR ENDED
JUNE 30, 2005**

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STATE OF OKLAHOMA
OFFICE OF THE AUDITOR AND INSPECTOR

JEFF A. McMAHAN
State Auditor and Inspector

April 4, 2007

Ray Don Jackson, District Attorney
District 26

Transmitted herewith is the statutory report for the District Attorney of District 26, Woodward, Alfalfa, Major, Dewey, and Woods Counties, Oklahoma (the District), for the fiscal year ended June 30, 2005. 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 black ink that reads "Jeff A. McMahan". The signature is written in a cursive, flowing style.

JEFF A. McMAHAN
State Auditor and Inspector

TABLE OF CONTENTS

Introductory Information	ii
Statutory Report of State Auditor and Inspector	1
Property Forfeiture Fund Analysis	3
Schedule of Findings and Recommendations.....	4

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

Ray Don Jackson
District Attorney, District 26
Woodward County Courthouse
Woodward, Oklahoma 73801

For the purpose of complying with 74 O.S. §212 (E) and 63 O.S. §2-506, we have performed each of the following procedures as it relates to the records of the Property Forfeiture Fund for the fiscal year 2005:

- 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 Woodward, Alfalfa, Major, Dewey, or Woods County.

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; the District Attorney prepared and submitted an annual report to the Board of County Commissioners; expenditures are properly classified and the District Attorney reconciles the balance of the Property Forfeiture Fund with the County Treasurer's records monthly. With respect to matters of expenditures from the revolving account, our finding is 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 Woodward, Alfalfa, Major, Dewey, and Woods 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.

JEFF A. McMAHAN
State Auditor and Inspector

August 31, 2006

**RAY DON JACKSON, DISTRICT ATTORNEY
DISTRICT 26
STATUTORY REPORT
JUNE 30, 2005**

PROPERTY FORFEITURE FUND ANALYSIS

BEGINNING CASH BALANCE ON JULY 1, 2004 \$ 74,840

INCOME

Cash forfeited	530
Court ordered assessments	38,204
Value non-cash assets forfeited and sold	2,819
Other	<u>6,380</u>

TOTAL INCOME (before distributions) 47,933

DISTRIBUTION TO OTHER AGENCIES

Cash returned to other agencies	<u>-</u>
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TOTAL DISTRIBUTIONS -

EXPENDITURES BY DISTRICT ATTORNEY

Personnel and benefits	13,335
Cost of prosecution/investigation	199
Education prevention	587
Equipment	2,096
Operating expense	11,693
Other: grant match	42,124
Auditors	<u>1,339</u>

TOTAL EXPENDITURES 71,373

ENDING CASH BALANCE ON JUNE 30, 2005 \$ 51,400

SCHEDULE OF FINDINGS AND RECOMMENDATIONS

Finding 2006-1 – Property Forfeiture Revolving Account

Criteria: Effective internal controls include proper supporting documentation such as original invoices and statements be maintained.

Additionally, recurring disbursements should be made to the vendor rather than reimbursement to an employee, to provide effective internal controls over disbursements made for lawful expenditures.

Effective internal controls also include the payee on a voucher not be the same individual as the cosigner on that same voucher, to provide a proper segregation of duties and provide assurances regarding matters of collusion.

Condition: Disbursement vouchers were issued from the District Attorney's Revolving Drug Account to an employee of the District Attorney. These disbursements were made to the employee for the reimbursement of guns, ammunition and miscellaneous items. The following exceptions were noted:

1. Invoices used as documentation to reimburse the employee did not have a description of the items purchased.
2. Gasoline was reimbursed to the employee but was not properly documented on a travel claim.
3. The employee appears to have made purchases with cash in the amounts of \$100 or \$50 dollar bills, cashier's check, or money orders.
4. Invoices or statements from a local vendor were marked "paid cash" or "paid on account" and provided no information as to the item(s) purchased.
5. Several items were purchased by the employee via the internet using a personal credit card with insufficient documentation of the purchase.
6. The employee was reimbursed for internet service to his home for several months.
7. Amounts reimbursed to the employee were not the total amounts documented by vendor receipts.
8. Local and state sales tax was charged to the employee and reimbursed from the Property Forfeiture Revolving Account.
9. The employee received reimbursement and was also one of the cosigners on the voucher in some instances.

10. An invoice for a “workbench” was submitted twice and reimbursed twice from the Property Forfeiture Revolving Account.

Recommendation: We recommend that purchasing policies and procedures be formally addressed by the District Attorney’s office with regard to segregating the duties of purchasing and receiving goods. We would further recommend that the District Attorney implement a receiving report as part of the claim for disbursement. The receiving agent should be an authorized employee that is designated separately from the authorized purchasing agent. Additionally, we recommend that all recurring expenditures of the District Attorney’s Revolving Drug Account be paid to a vendor based on proper documentation. Under no circumstances should the cosigner and the payee be the same employee.

Views of responsible officials and planned corrective actions: With regard to the District Attorney #26 Property Forfeiture Revolving Account, my office will:

1. Formally address the purchasing policies and procedures with regard to separating the duties of purchasing and receiving goods;
2. Implement a receiving report as a part of the claim for disbursement;
3. Ensure that the receiving agent is an authorized employee that is designated separately from the authorized purchasing agent;
4. Require that all recurring expenditures of the District Attorney #26 Property Forfeiture Revolving Account be paid to the vendor based upon proper documentation; and,
5. Require that under no circumstances shall the cosigner and payee on the vouchers be the same employee.