

**DISTRICT ATTORNEY
DISTRICT 2**

**PROPERTY
FORFEITURE FUND**

**FOR THE YEAR ENDED
JUNE 30, 2008**

**STATUTORY
REPORT**



Oklahoma State Auditor
& Inspector

**DENNIS SMITH, DISTRICT ATTORNEY
DISTRICT 2
STATUTORY REPORT
PROPERTY FORFEITURE FUND
FOR THE YEAR ENDED
JUNE 30, 2008**

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STATE AUDITOR AND INSPECTOR

STEVE BURRAGE, CPA
State Auditor

MICHELLE R. DAY, ESQ.
Chief Deputy



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September 30, 2008

Dennis Smith, District Attorney
District 2

Transmitted herewith is the statutory report for the Property Forfeiture Fund for the District Attorney of District 2, Beckham, Custer, Ellis, Roger Mills, and Washita 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,

A handwritten signature in blue ink that reads "Steve Burrage".

STEVE BURRAGE, CPA
STATE AUDITOR & INSPECTOR

A handwritten signature in blue ink that reads "Michelle R. Day".

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

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Statutory Report

Dennis Smith
District Attorney, District 2
Garfield County Courthouse
Enid, Oklahoma 73701

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 they relate to the records of the Property Forfeiture Fund for the fiscal year 2008:

- Examine a group of receipts and deposit slips for propriety.
- Review 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.
- Review the distribution of proceeds of the sale for selected cases to determine the distribution was in accordance with Court order pursuant to 63 O.S. §2-506.K.
- Determine 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.
- Determine 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.
- Determine 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 Beckham, Custer, Ellis, Roger Mills, or Washita County.

Based on our procedures performed, District 2 was properly 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 supported by approved claims, invoices, and independent verification that goods or services paid for were received; the District Attorney prepared and submitted an annual report to the Board of County Commissioners; however, the report contained incorrect amounts. With respect to receipting; and expenditures being properly classified and reconciling the balance of the Property Forfeiture Fund with the County Treasurer's records monthly, our findings are presented in the schedule of findings and responses.

As described in finding 2008-1, a detailed analysis of the Property Forfeiture Fund could not be presented with this report.

This report is intended for the information and use of the District Attorney and Beckham, Custer, Ellis, Roger Mills, and Washita County officials. However, this report is a matter of public record and its distribution is not limited.

Sincerely,



STEVE BURRAGE, CPA
STATE AUDITOR & INSPECTOR



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

September 11, 2008

SCHEDULE OF FINDINGS AND RESPONSES

Finding 2008-1 – Reconciliation of Property Forfeiture Fund

Criteria: Effective accounting controls over reporting include reports submitted to the Board of County Commissioners reconcile to the County Treasurer's reported balances and the District Attorney ledger balances.

Condition: The District Attorney maintains an account for the Property Forfeiture Account entitled Narcotic Control Assist (NARC 500).

We were able to reconcile the income and expenditure sections of the annual report; however, the ending balance reflected on the annual report is \$2,156.68, while the Treasurer's balance is \$53,713.96. This leaves a difference of \$51,557.98. Therefore, the property forfeiture fund analysis is not included in our report.

Effect: Failure to reconcile the financial activity reported on the annual report with the County Treasurer's records could result in undetected errors in 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.

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

Finding 2008-2 – Receipt of Auction Proceeds

Criteria: An aspect of appropriate accounting practices includes pre-numbered duplicate receipts be written for all funds deposited.

Condition: The testing of all property forfeiture cases revealed that twenty cases for the year had activity. Of those twenty cases, six cases included the forfeiture of vehicles. These vehicles were subsequently sold at auction. The proceeds from the sale of vehicles were deposited with the County Treasurer on January 10, 2008; however, receipts were not written for the proceeds by the District Attorney's staff. Additionally, we noted that proceeds from the sale of vehicles on two older cases had not been receipted but were deposited on the same date, January 10, 2008.

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Effect: Failure to issue receipts for the proceeds of the sale of forfeited vehicles could result in misappropriation of monies received.

Recommendation: OSAI recommends pre-numbered duplicate receipts be issued for all funds collected in the office.

Views of responsible officials and planned corrective actions: The District Attorney's administrative staff will write and issue receipts for the collection of proceeds from the sale of vehicles at auction.



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