

**ROBERT SCHULTE, DISTRICT ATTORNEY  
DISTRICT 5  
STATUTORY REPORT  
BOGUS CHECK RESTITUTION FUND  
FOR THE YEAR ENDED  
JUNE 30, 2006**

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STATE OF OKLAHOMA  
OFFICE OF THE AUDITOR AND INSPECTOR

JEFF A. McMAHAN  
State Auditor and Inspector

November 27, 2006

Robert Schulte, District Attorney  
District 5

Transmitted herewith is the statutory report for the District Attorney of District 5, Comanche and Cotton Counties, Oklahoma (the District), for the fiscal year ended June 30, 2006.

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. McMahán".

JEFF A. McMAHAN  
State Auditor and 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.



STATE OF OKLAHOMA  
OFFICE OF THE AUDITOR AND INSPECTOR

JEFF A. McMAHAN  
State Auditor and Inspector

**Statutory Report**

Robert Schulte  
District Attorney, District 5  
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, 2006.

- We examined fees to determine that the correct fees were assessed, receipted, and deposited in compliance with 28 O.S. § 153.
- We determined 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.
- We reconciled the fund to the County Treasurer's records.
- We determined 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.

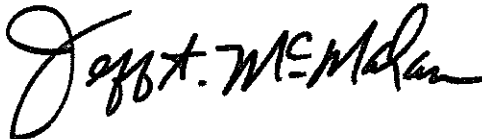
Our engagement was limited to the procedures performed above and was less in scope than an audit performed in accordance with auditing standards generally accepted in the United States of America. Accordingly, we do not express an opinion on any general-purpose financial statements of Comanche or Cotton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

Based on our procedures performed; District 5 is properly assessing 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 fund balance reconciles to the County Treasurer's records; the District Attorney is preparing and submitting an annual report to the District Attorney's Council; and expenditures were properly classified and presented. With respect to the matter of receipting and depositing fees and segregation of duties, our findings are presented in the attached schedule of findings and recommendations.

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 Comanche and Cotton 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. McMAHAN". The signature is written in a cursive style with a large, stylized initial "J".

JEFF A. McMAHAN  
State Auditor and Inspector

August 29, 2006

**ROBERT SCHULTE, DISTRICT ATTORNEY  
DISTRICT 5  
STATUTORY REPORT  
JUNE 30, 2006**

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**BOGUS CHECK RESTITUTION FUND ANALYSIS**

**COLLECTION INFORMATION**

|                                          |              |                   |
|------------------------------------------|--------------|-------------------|
| Number of checks received from merchants | <u>9,575</u> |                   |
| Dollar amount of checks received         |              | <u>\$ 545,775</u> |

**RESTITUTION INFORMATION**

|                                                       |                    |                   |
|-------------------------------------------------------|--------------------|-------------------|
| Beginning Restitution Account Balance at July 1, 2005 |                    | \$ 100,924        |
| Number of restitution checks collected                | <u>unavailable</u> |                   |
| Amount in restitution collected for merchants         |                    | 610,685           |
| Cancelled vouchers                                    |                    | 60,794            |
| Amount in restitution paid to merchants               |                    | <u>(667,320)</u>  |
| Ending Restitution Balance at June 30, 2006           |                    | <u>\$ 105,083</u> |

**FEE AND EXPENDITURES INFORMATION**

|                                                              |              |                   |
|--------------------------------------------------------------|--------------|-------------------|
| Beginning District Attorney fee balance at July 1, 2005      |              | \$ 216,080        |
| Amount of District Attorney fees collected during the period |              | 740,457           |
| Expenditures:                                                |              |                   |
| Personnel costs                                              | 712,404      |                   |
| Maintenance and operation costs                              | 11,465       |                   |
| Travel expenses                                              | 768          |                   |
| Other expenses                                               | <u>7,645</u> |                   |
| Total Expenditures                                           |              | <u>732,282</u>    |
| Ending District Attorney fee balance at June 30, 2006        |              | <u>\$ 224,255</u> |

**SCHEDULE OF FINDINGS AND RECOMMENDATIONS**

**Finding 2005-1 – Segregation of Duties (Repeat Finding)**

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

Condition: Review of the Bogus Check Restitution Program indicated in Cotton County, one individual receipts the collections, balances collections to deposits, generates the deposit slip, takes the deposit to the County Treasurer, and records the deposit on the bogus check fee and/or bogus check restitution ledgers.

Recommendation: In a small office environment, 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 Bogus Check Restitution Program and financial records by a knowledgeable supervisor.

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

**Finding 2005-2 – Receipting and Depositing (Repeat Finding)**

Criteria: Effective internal controls include receipts being issued for collections be deposited in a timely manner so as to ensure accountability over funds received.

Condition: The test of ten daily deposits for the bogus check restitution and fees accounts in the Cotton County District Attorney's Office revealed that receipts issued for payment were not always deposited in a timely manner. It is the policy of the District Attorney's office to accept cash or money orders only for the re-payment of bogus checks and the fees associated with them.

Recommendation: We recommend the District Attorney's office closely monitor the receipt of cash and money orders, and that deposits be made in a timely manner so as to adequately account for the funds received.

Views of responsible officials and planned corrective actions: With the addition of a second secretary, the problem has been corrected and all deposits will be made in a timely manner.