



**STATE OF OKLAHOMA**  
**OFFICE OF THE STATE AUDITOR & INSPECTOR**

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**BUREAU OF NARCOTICS &  
DANGEROUS DRUGS CONTROL**

*JULY 1, 2003 THROUGH JUNE 30, 2004*

*JULY 1, 2004 THROUGH JUNE 30, 2005*



**JEFF A. McMAHAN, CFE**  
**OKLAHOMA STATE AUDITOR & INSPECTOR**

Bureau of Narcotics & Dangerous Drugs Control  
Agreed-upon Procedures Report  
For the Periods  
July 1, 2003 to June 30, 2004  
July 1, 2004 to June 30, 2005



**STATE OF OKLAHOMA**  
**OFFICE OF THE AUDITOR AND INSPECTOR**

**JEFF A. McMAHAN**  
State Auditor and Inspector

April 20, 2006

**TO THE COMMISSIONERS OF THE BUREAU OF  
NARCOTICS & DANGEROUS DRUGS CONTROL**

Transmitted herewith is the report on agreed-upon procedures of the Bureau of Narcotics and Dangerous Drugs Control.

The Office of the State Auditor and Inspector is committed to serve the public interest by providing independent oversight and by issuing reports that serve as a management tool to the State. Our goal is to ensure a government that is accountable to the people of the State of Oklahoma.

We wish to take this opportunity to express our appreciation to the agency's staff for the assistance and cooperation extended to our office during the course of our engagement.

Sincerely,

**JEFF A. McMAHAN**  
State Auditor and Inspector

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Background

It is the mission of the Oklahoma Bureau of Narcotics and Dangerous Drugs Control (OBN) to measurably reduce drug trafficking; thereby reducing the availability of illicit drugs in Oklahoma. This mission is to be accomplished through the use of multi-jurisdictional (Federal State, and Local), law enforcement and intelligence initiatives designed to attack, disrupt, and dismantle major drug trafficking and money laundering organizations that are in operation throughout Oklahoma. Additionally, the mission will be accomplished through working closely with medical professionals to target and disrupt the diversion of legitimate pharmaceutical professionals, students in universities and public schools, and the general public; and providing a research base for understanding the threat of drugs within the State of Oklahoma

Commission Members

DISTRICT ATTORNEY TIM HARRIS ..... CHAIRMAN  
WARREN K. DOC JORDAN ..... VICE-CHAIRMAN  
DON VAN ALSTINE .....MEMBER  
PETE CORDOVA .....MEMBER  
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Key Staff

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PAM BIRDSONG ..... DIRECTOR OF FISCAL SERVICES  
CINDY CUNNINGHAM .....CHIEF AGENT WIRE INTERCEPT/INTERDICTION  
RUSS HIGBIE..... CHIEF AGENT ENFORCEMENT  
JOHN DUNCAN..... CHIEF AGENT DIVERSION/INFORMATION SERVICES  
SCOTT ROWLAND ..... ATTORNEY  
MARK WOODWARD.....PUBLIC INFORMATION OFFICER



STATE OF OKLAHOMA  
OFFICE OF THE AUDITOR AND INSPECTOR

JEFF A. McMAHAN  
State Auditor and Inspector

INDEPENDENT ACCOUNTANT'S REPORT  
ON APPLYING AGREED-UPON PROCEDURES

**Lonnie Wright, Executive Director**  
**Bureau of Narcotics & Dangerous Drugs Control**

We have performed the procedures enumerated below, which were agreed to by management of the Bureau of Narcotics & Dangerous Drugs Control, solely to assist you in evaluating the effectiveness of your internal controls over the receipt and disbursement process and in determining whether selected receipts and disbursements and personal service cost budgetary comparisons are supported by underlying records for the period July 1, 2003 through June 30, 2005. This agreed-upon procedures engagement was conducted in accordance with standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States. The sufficiency of these procedures is solely the responsibility of the specified parties in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

1. We performed procedures over the Bureau's receipts and disbursements with respect to internal controls in the following areas to determine that:
  - Accounting function duties were segregated from supervisory review and approval;
  - Receipts were issued for cash and/or checks received;
  - Incoming checks were restrictively endorsed upon receipt;
  - Receipts not deposited daily were safeguarded;
  - Voided receipts were retained;
  - Receipts and disbursements were reconciled to Office of State Treasurer and Office of State Finance records;
  - Disbursements were supported by an original invoice;
  - Timesheets were prepared by employees and approved by supervisory personnel;

With respect to the procedures described, there were no findings.

2. We judgmentally selected 57 deposits and:
  - Compared the Treasurer's deposit date to the agency deposit slip date to determine if dates were within two working days.
  - Examined receipts to determine if they were pre-numbered and issued in numerical order.
  - Compared cash/check composition of deposits to the receipts issued.
  - Compared the total receipts issued to the deposit slip.
  - Compared receipt dates to deposit slip dates.
  - Examined receipts to determine if they were properly posted to the agency's accounting records.

We were unable to match receipts related to physician fees to a specific deposit. This is due to how information is maintained in the license database. The database includes a "date enter" date, but not a date for the day monies were received. During periods of heavy volume, there may be a lag between the data entry date and the date the monies were received making it difficult to determine when the monies were deposited. While we were unable to match receipts to a specific deposit, we were able to agree total receipts for license fees to total amounts deposited for license fees for fiscal year 2004 and 2005. We recommend the Bureau include in its database a field representing the date the monies were received.

**Management response: October 3, 2005, the Registration Division included the “date entered” into the database for the day monies were received. The change was implemented the day the Auditor recognized the finding. A printout of daily receipts is also attached to the daily deposit.**

With respect to the other procedures described, there were no findings.

3. We judgmentally selected 67 vouchers and:
  - Compared the voucher amount to the invoice amount;
  - Compared the voucher amount and payee to the CORE system;
  - Compared the nature of the purchase to the account code description to determine consistency.

There were no findings as a result of applying the comparisons.

4. We compared current year personnel service costs (accounts 511XXX, 512XXX, 513XXX) to current year budgeted costs to determine actual costs did not exceed budget.

There were no findings as a result of applying the comparisons.

We also prepared a Schedule of Receipts, Disbursements and Changes in Cash from information obtained from the statewide CORE accounting system, which is presented in the “Other Information” section. The schedules, prepared for fiscal years 2004 and 2005, are included for informational purposes only.

We were not engaged to, and did not, conduct an examination or a review, the objective of which would be the expression of an opinion or limited assurance on the cash, receipts, and disbursements for the agency. Accordingly, we do not express such an opinion or limited assurance. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of management of the Board and should not be used for any other purpose. This report is also a public document pursuant to the Oklahoma Open Records Act (51 O.S. § 24A.1 et seq.), and shall be open to any person for inspection and copying.

Sincerely,



JÉFF A. McMAHAN  
State Auditor and Inspector

March 20, 2006

## **Other Information**

## Bureau of Narcotics & Dangerous Drugs Control

### SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH FOR THE YEAR ENDED JUNE 30, 2004

**RECEIPTS:**

Appropriations	4,927,510
Physicians License & Fee	948,940
Federal Grants/Funds	551,000
Federal Reimbursements	537,272
Seized Cash - State Judgments	382,715
Legis. Inter Transfer from State	104,898
Seized Cash - Federal Judgements	75,281
Other	78,401

Total Receipts 7,606,017

**DISBURSEMENTS:**

Personnel	5,343,366
Misc. Admin & Gen. Oper.	644,552
Office Furniture & Equip	465,297
Rent	269,524
Professional Services	242,347
Shop, Maintenance, & Repair	159,327
Specialized Sup & Mat.	102,880
Travel	85,013
Other	82,569

Total Disbursements 7,394,875

**RECEIPTS OVER (UNDER)  
DISBURSEMENTS**

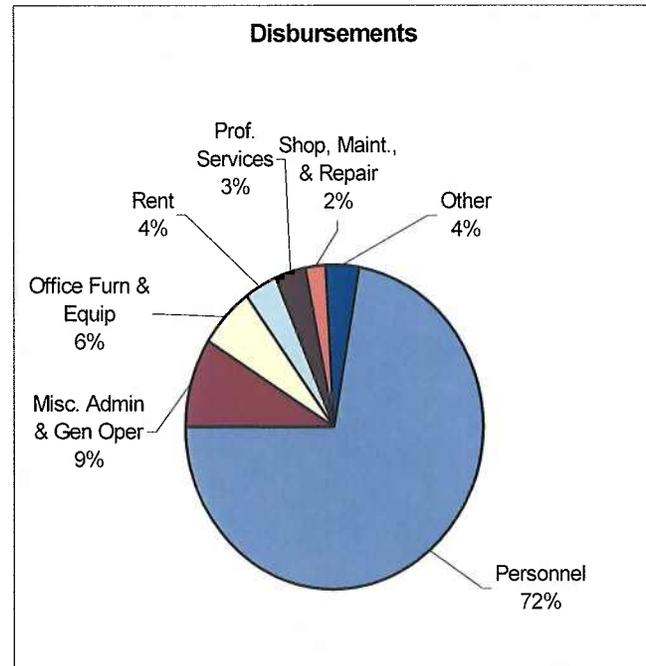
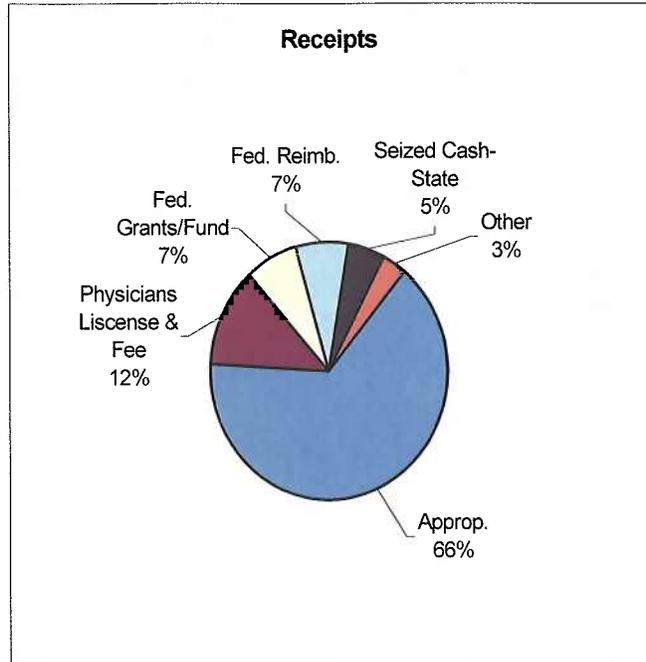
211,142

**CASH - Beginning of year**

1,116,067

**CASH - End of year**

1,327,209



See Accountant's Report

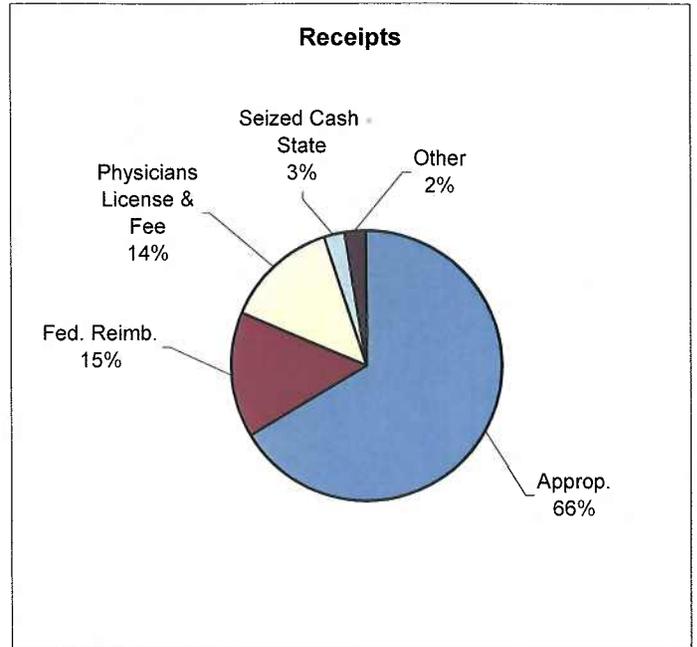
## Bureau of Narcotics & Dangerous Drugs Control

### SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH FOR THE YEAR ENDED JUNE 30, 2005

**RECEIPTS:**

Appropriations	4,967,062
Federal Reimbursements	1,111,007
Physicians License & Fee	1,021,976
Seized Cash - State Judgements	190,406
Other Fines, Forfeits, Penalties	53,250
Seized Cash - Federal Judgements	51,241
Sale of Surplus Property	42,497
Other	29,749

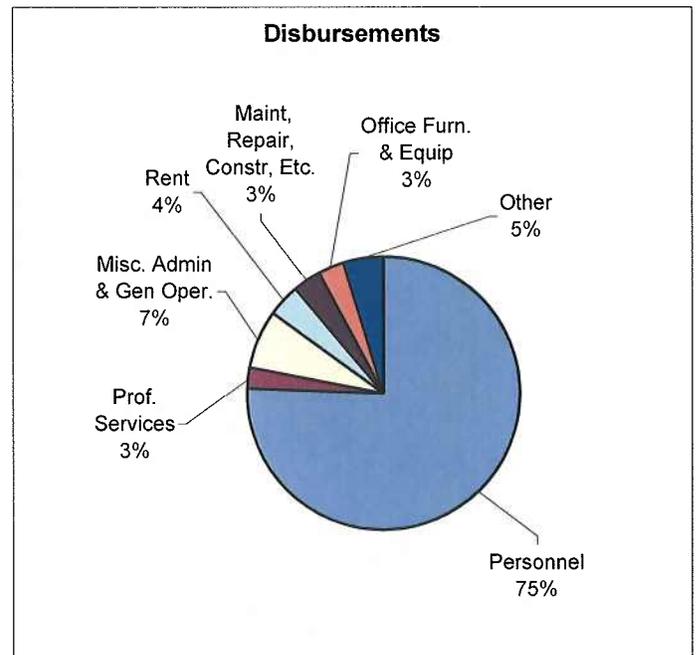
Total Receipts 7,467,188



**DISBURSEMENTS:**

Personnel Services	5,615,773
Professional Services	187,760
Misc. Admin & Gen Oper.	504,885
Rent	292,604
Maint, Repair, Build.-Purch., & Constr	258,544
Office Furniture & Equip	214,127
Spec. Sup & Mat., Safety, & Security	151,871
Travel	103,412
Other	103,278

Total Disbursements 7,432,253



RECEIPTS OVER (UNDER)  
DISBURSEMENTS

34,934

CASH - Beginning of year

1,327,208

CASH - End of year

1,362,142

See Accountant's Report



## Office of the State Auditor and Inspector

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