

LINCOLN COUNTY DRUG COURT

JANUARY 1, 2006 THROUGH
JANUARY 1, 2008

SPECIAL AUDIT



Jeff A. McMahan

Oklahoma State Auditor
& Inspector



Lincoln County Drug Court Special Audit Report January 1, 2006 – January 1, 2008

JEFF A. McMAHAN, CFE

OKLAHOMA OFFICE
OF THE
STATE AUDITOR & INSPECTOR

Why the audit was performed

The District Attorney requested
the audit pursuant to 74 O.S. 2001,
212(H).

Audit Summary:

- ✓ Some receipt books are missing. All copies of some receipts have been removed from the receipt books and are missing. **Pgs 7 & 8**
- ✓ There were few, if any, internal controls concerning the collection and expenditure of funds. **Pgs 8 & 12**
- ✓ We could not make any determinations for the 2006 year because records are missing. **Pg 10**
- ✓ Funds receipted were not deposited; deposited funds were not deposited daily. **Pg 9**
- ✓ Receipts and deposits for the 2007 year were poorly maintained, inaccurate, and inconsistent. **Pgs 10 & 12**
- ✓ Receipted money was used to pay obligations of the Drug Court rather than being deposited in accordance with state law. **Pg 13**
- ✓ Expenditures were made without sufficient documentation and without following recommended procedures. **Pg 14**
- ✓ Part-time employees were paid in cash. **Pg 14**
- ✓ The number of Drug Court clients may have been inflated resulting in an additional \$17,000.00 in funding. **Pgs 15-17**
- ✓ The Drug Court Administrator was cashing funding payments from ODMHSAS rather than depositing those funds in accordance with state law. **Pg 17**

To view a copy of the entire report, please visit our website at: www.sai.state.ok.us.

If you have questions or would like to contact our office, please call (405) 521-3495.

LINCOLN COUNTY DRUG COURT

SPECIAL AUDIT REPORT

JANUARY 1, 2006 THROUGH JANUARY 1, 2008

This publication is printed and issued by the State Auditor and Inspector as authorized by 74 O.S. 2001, § 212(H) and 74 O.S. 2001, § 3105. Thirty-five copies have been prepared and distributed at a cost of \$57.00. Copies have been deposited with the Publications Clearinghouse of the Oklahoma Department of Libraries.



STATE OF OKLAHOMA
OFFICE OF THE AUDITOR AND INSPECTOR

Jeff A. McMahan
State Auditor and Inspector

May 19, 2008

Honorable Richard L. Smothermon
District Attorney, District No. 23
331 N. Broadway
Shawnee, Oklahoma 74801

Transmitted herewith is the Special Audit Report of the Office of the Lincoln County Drug Court. We performed our special audit in accordance with the requirements of **74 O.S. 2001, § 212(H)**.

A report of this type tends to be critical in nature; however, failure to report commendable features in the present accounting and operating procedures of the entity should not be interpreted to mean they do not exist.

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, which is accountable to the people of the State of Oklahoma.

We wish to take this opportunity to express our appreciation for the assistance and cooperation extended to our Office during the course of our special audit.

Sincerely,



Michelle R. Day, Esq.
Deputy State Auditor and Inspector

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DRUG COURT TEAM MEMBERS

Judge Sheila KirkDrug Court Judge
Clayton Niemeyer Drug Court District Attorney
David Ball.....Drug Court Defense Attorney
Shanda ChastainDrug Court Coordinator



STATE OF OKLAHOMA
OFFICE OF THE AUDITOR AND INSPECTOR

Jeff A. McMahan
State Auditor and Inspector

Ms. Angelina Hampton, Coordinator
Lincoln County Drug Court
109 W. 9th, Suite 202
Chandler, Oklahoma 74834

Dear Ms. Hampton:

Pursuant to the District Attorney's request and in accordance with the requirements of **74 O.S. 2001, § 212(H)**, we performed a special audit with respect to the Lincoln County Drug Court for the period January 1, 2006 through January 1, 2008.

The objectives of our special audit primarily included, but were not limited to, the objectives expressed by the District Attorney. Our findings related to these procedures are presented in the accompanying report.

Because the above procedures do not constitute an audit in accordance with generally accepted auditing standards, we do not express an opinion on the account balances or financial statements of the Lincoln County Drug Court. Further, due to the test nature and other inherent limitations of a special audit report, together with the inherent limitations of any internal control structure, there is an unavoidable risk that some material misstatements may remain undiscovered. This report relates only to the accounts and items specified above and do not extend to any financial statements of the Lincoln County Drug Court.

This report is intended solely for the information and use of the Lincoln County Drug Court 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,

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

Michelle R. Day, Esq.
Deputy State Auditor and Inspector

INTRODUCTION

The Lincoln County Drug Court Program (Drug Court) is authorized under **22 O.S. § 471.1**. A four-member team, which includes the Lincoln County District Attorney, District Judge, a local attorney for defense representation and an administrative coordinator, contract with the Oklahoma Department of Mental Health and Substance Abuse Services (ODMHSAS) on an annual basis.

The Drug Court program serves as an alternative to the traditional judicial system. **22 O.S. § 471.1D** states, in relevant part:

Drug court programs shall require a separate judicial processing system differing in practice and design from the traditional adversarial criminal prosecution systems.

A 2007 publication by the Oklahoma Department of Mental Health and Substance Abuse Services (ODMHSAS) describes the Oklahoma Drug Court System as follows:

Coordinated by ODMHSAS, drug courts redirect qualified participants into a structured judicially monitored substance abuse treatment program. The average per year cost for a drug court participant is \$5,000. It costs the state \$16,000 or more per year to house an individual in the prison system.

The District Attorney for Judicial District 23, including Pottawatomie and Lincoln Counties, requested the Oklahoma State Auditor and Inspector (OSAI) perform an investigative audit of the Lincoln County Drug Court concerning the possible misappropriation of public funds. The results of the special audit are in the following report.

OBJECTIVE

Determine if there has been a misappropriation of public funds.

FINDINGS

- **Some receipt books are missing.**
- **Receipts, including all carbon copies, have been removed from the receipt books and are missing.**
- **There is a lack of internal controls over the collection and the receipt of funds.**
- **Records are inaccurate and inconsistent.**
- **Some funds receipted were not deposited in accordance with state statutes.**
- **Due to poorly maintained or no records, we cannot make any determinations for the January 1, 2006 – December 31, 2006 audit period.**
- **Based on questionable records, \$675.51 may not have been deposited.**

Some receipt books are missing.

Funds are collected from defendants who are participating in the Drug Court program including fees collected for costs related to supervision and drug testing. OSAI asked for all receipt books for the period from January 1, 2006 through January 1, 2008. OSAI was provided five (5) receipt books, as follows:

- One receipt book for the period February 2005 through January 2006.
- One receipt book for the period May 2006 through September 2006.
- Three receipt books for the period December 2006 through November 2007.

Initially only four (4) receipts books could be found. Late in the audit, a fifth receipt book covering the period from late March 2007 through mid August 2007 was found and provided to us. No receipt books could be found for the period from February 7, 2006 through May 10, 2006 or for the period from November 2006 through December 18, 2006.

51 O.S. § 24A.4, states:

In addition to other records which are kept or maintained, every public body and public official has a specific duty to keep and maintain complete records of

the receipt and expenditure of any public funds reflecting all financial and business transactions relating thereto, except that such records may be disposed of as provided by law.

Receipts have been removed from the receipt books.

OSAI found three (3) of the five (5) receipt books provided were missing receipts from the front of the receipt books, including the carbon copies.

In total OSAI found forty-eight (48) receipts, including carbon copies, were missing. The missing receipts included thirty-two (32) receipts from a receipt book covering the period from December 18, 2006 through March 30, 2007. Eight (8) receipts were removed from a receipt book covering the period from March 30, 2007 through August 16, 2007. Eight (8) receipts were removed from a receipt book covering the period from August 20, 2007 through November 29, 2007.

OSAI was provided copies of records that were given to the Lincoln County Court Clerk by the Drug Court Coordinator. These records reflected drug court defendants' names, case numbers, amounts owed and payments made. From these records we identified five (5) of the missing receipts totaling \$544.00. The defendant records appear to be computer generated and without corresponding receipts; therefore, we are unable to determine the accuracy of the records that had been provided to the Court Clerk.

There is a lack of internal controls over the collection and the receipt of funds.

The receipt books used are pre-numbered receipt books with four (4) receipts per page. The receipts issued in one book included receipts dated "Sept 06" and "Oct 06". In addition, we found the receipts were issued randomly rather than sequentially. For example, receipts 864613 through 864620 were dated October 2006 while the subsequent receipts, receipts 864621 through 864629 were dated "Sept 06".

The last receipt issued from this receipt book, receipt 864629, was dated "Sept 2006". The receipt book continued through receipt 864700. Rather than continuing to issue receipts from this receipt book, it appears a new receipt book may have been used and is now missing. The next receipt book we were provided began with a receipt dated December 18, 2006.

Similarly, OSAI found the receipt book beginning with a receipt number 95609, issued March 30, 2007, had been used through receipt 95692 although the receipt book contained receipts through 95800.

OSAI noted receipts issued from the same receipt book are not necessarily issued sequentially. For example, receipt 865277 reflects the date March 5, 2007. The next two receipts reflect the dates March 26 and 28, 2007, followed by receipts 865281 through 865284 reflecting the dates March 2, March 21, March 8 and March 5, respectively. Between these receipts, we found one receipt, 865280, dated "0/15th 2007".

In another instance, OSAI found, on one page, receipts 95677, 95678 and 95680 were dated July 26, 2007. Receipt 95679, however, was dated June 22, 2007.

Records are inaccurate and inconsistent.

Receipt 865267, dated February 21, 2007 and reflecting the collection of \$300.00 in cash, had been voided. The original receipt copy is not attached to the voided carbon copy. Records provided to the Lincoln County Court Clerk reflect the defendant in this case was credited with the \$300.00 payment and reflects the payment was credited with the voided receipt number.

Receipt 95634, dated 5-9-2007, included a partial name, no amounts and no receiving signature. The receipt does not reflect the receipt was voided and the original copy of the receipt is not attached to the carbon receipt.

Receipt 95669, dated July 2, 2007, included only the carbon copy of the receipt attached to the receipt book. On the carbon copy receipt, written in black pen, it appears the receipt was changed from the original amount of \$100.00 to \$50.00. Without the original receipt attached, OSAI is unable to determine what the actual receipt amount may have been.

Some funds receipted were not deposited; deposited funds were not deposited daily.

The Drug Court Administrator advised OSAI she held out funds from money received from Drug Court participants in order to pay Drug Court obligations and purchase office supplies as well as to buy cakes and miscellaneous party supplies for drug court graduation.

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OSAI was provided a ledger book, with receipts included, denoting the monthly expenditures from the receipted funds. The failure to deposit all public funds daily appears to violate **62 O.S. 517.3(B)**, which states, in part:

The treasurer of every public entity shall deposit daily, not later than the immediately next banking day, all funds and monies of whatsoever kind that shall come into the possession of the treasurer by virtue of the office[.]

In addition to failing to deposit all of the funds collected, we noted deposits were not being made daily, as required by **62 O.S. 517.3(B)**. For example, receipts were issued throughout the month of March 2007 including receipts issued on March 2, 5, 8, 12 and 13. Although funds were collected throughout the entire month, no deposit was made until April 2, 2007.

Additionally funds were collected throughout the months of May, June, July and August 2007 although no deposits were made between April 2, 2007 and August 30, 2007.

Due to poorly maintained or no records, we cannot make any determinations for the January 1, 2006 – December 31, 2006 audit period.

OSAI was provided two (2) receipt books for calendar year 2006. One receipt book contained three (3) receipts for January 2006 totaling \$678.00. These three receipts occurred at the end of a receipt book. The next subsequent receipt book provided began with a receipt dated May 10, 2006. During the month of January a deposit, in the amount of \$1,035.00, was made.

A series of receipts, from 864605 through 864611, were issued with dates that are unreadable or undecipherable. For instance, one receipt date was "07" and another was not dated. The receipts, which may have been written in July 2006, total \$1,101.00. On July 27, 2006 and August 7, 2006 deposits were made in the amounts of \$900.00 and \$120.00, respectively. The receipt book provided does not reflect any receipts as being issued in August.

Receipt 864612 was dated "Sept 15, 2006". The next subsequent eight (8) receipts were dated in October 2006, with the last October receipt being receipt 864620. Following that receipt, beginning with receipt 864621, we found nine (9) receipts dated in September 2006. Each of these nine (9) receipts is dated "Sept

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2006". OSAI also found seven (7) of the eight (8) receipts issued in October reflect the dates as "Oct 2006".

Although OSAI was provided receipts for at least part of May, July, September and October, we are unable to perform a receipt to deposit test with any degree of accuracy due to the manner and method of dating receipts as well as the inability of the Drug Court Administrator to find the missing receipt books.

January – November 2007

OSAI was provided three (3) receipt books for the period from January 2007 through December 2007. The first receipt book included receipts for the period from December 18, 2006 through March 30, 2007. The second receipt book included receipts from March 30, 2007 through September 20, 2007. The third receipt book included receipts for the period from August 20, 2007 through November 30, 2007.

Based on the records provided, it appears deposits do not necessarily correspond to receipts. For example, a deposit was made on January 24, 2007 in the amount of \$100.00 with the next deposit in the amount of \$600.00 made on January 29, 2007. Between January 24 and January 29, one receipt in the amount of \$1,200.00 was written. The next deposit occurred on January 30, 2007 in the amount of \$900.00 although only one receipt, in the amount of \$160.00, had been written between these deposit periods. Cumulatively, between these periods, receipts totaling \$1,360.00 were written and \$1,400.00 was deposited.

Similarly, on October 10, 2007 a deposit was made in the amount of \$874.00. The next subsequent deposit occurred on October 22, 2007 in which \$1,121.00 was deposited. During the period from October 10 through October 22, four (4) receipts totaling \$464.00 were issued.

The Drug Court Administrator advised OSAI she had not deposited receipted funds in order to use the receipted money to pay salaries of part-time workers and other office related expenses.

During the months of January and February 2007, the deposits and expenses reported exceeded the collection amounts by \$142.79 and \$130.94, respectively. Based on the records provided, it appears one or more of the following conditions may be occurring:

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- Funds have been held out from 2006 collections.
- Funds are being collected and not receipted.
- Funds are being collected and receipted from receipt books now missing.

OSAI tested the receipts, deposits and expenditures for the period from January 1, 2007 through November 30, 2007, to the best of our ability given the records provided, and found \$675.46 is unaccounted for, as shown in the table below.

	Received	Deposited	Reported Expenses	Variance
January	\$2,150.00	(\$1,600.00)	(\$692.79)	(\$142.79)
February	\$1,519.00	(\$978.00)	(\$671.94)	(\$130.94)
March	\$3,502.00	\$0.00	(\$830.18)	\$2,671.82
April	\$2,037.00	(\$958.00)	(\$967.52)	\$111.48
May	\$2,762.00	\$0.00	(\$1,304.47)	\$1,457.53
June	\$1,770.00	\$0.00	(\$2,263.98)	(\$493.98)
July	\$2,358.00	\$0.00	(\$1,661.26)	\$696.74
August	\$1,074.00	(\$2,604.00)	(\$4,356.35)	(\$5,886.35)
September	\$3,738.00	(\$3,159.00)	\$0.00	\$579.00
October	\$2,115.00	(\$1,995.00)	\$0.00	\$120.00
November	\$2,559.00	\$0.00	(\$866.05)	\$1,692.95
Totals	\$25,584.00	(\$11,294.00)	(\$13,614.49)	\$675.46

Again, forty-eight (48) receipts, including the carbon copies, have been removed from three (3) receipt books used during this time period. These findings are based solely on the receipts that were provided.

In August 2007, the deposits and office expenses totaled \$6,960.35 while the total collection amount for the month was \$1,074.00. OSAI cannot determine the source of the funds that may have been on-hand to pay the \$5,886.35 difference between collections and expenditures.

OSAI noted no expenses were reported for the months of October and November 2007. During the previous eight (8) months, the reported expenses ranged from \$671.94 to \$4,356.35. If the October and November office expenses were based on the lowest reported monthly amount of \$671.94, the expenses and deposits would exceed the receipted funds by \$668.37.

The findings OSAI has reported for the 2007 calendar year are based on the records that were provided to OSAI and do not include amounts that may have been collected from the use of the

forty-eight (48) missing receipts nor any amounts that may have been receipted and carried forward from the 2006 calendar year.

Change in procedures, effective December 1, 2007.

Beginning December 2007, the procedures for the collection and receipting of funds, as well as the payment of office related obligations, was changed. All drug court participant funds are now collected by the Lincoln County Court Clerk and are deposited with the Lincoln County Treasurer's Office. A member of the Lincoln County District Attorney's office now performs payment of expenses.

RECOMMENDATION OSAI recommends the proper authorities review these findings to determine what action, if any, may be required.

OBJECTIVE Review the expenditure of receipted funds.

FINDINGS

- **Receipted money was used to pay drug court obligations rather than being deposited in accordance with state law.**
- **Expenditures were insufficiently documented.**
- **Receipted money was used to pay employees in cash.**

Receipted money was used to pay drug court obligations rather than being deposited in accordance with state law.

The Drug Court Administrator stated, and provided records reflecting, she had withheld receipted money in order to pay obligations related to the operation of drug court. The Administrator provided OSAI with a blue folder containing the 2007 ODMHSAS contract, a 2005 OSAI publication titled "Drug Court Accounting Procedures" and copies of an SA&I PowerPoint presentation entitled "Drug Court Accounting Procedures".

The OSAI 2005 publication, states expenditures from the Drug Court Revolving Fund shall comply with the County Purchasing Act which is set forth in **19 O.S. § 1500-1505.1**. These requirements include the use of requisition forms, purchase orders, receiving reports and itemized original invoices to support purchases

Expenditures were insufficiently documented.

Rather than using requisition forms and purchase orders, the Drug Court Administrator simply held funds out of receipted money to pay obligations. OSAI was provided a ledger book of expenditures along with receipts and documents. In many instances, OSAI found no itemized receipts and no supporting documentation for the expenditures claimed.

For example, the supporting documents for two (2) expenditures included copies of receipts for postal money orders payable to the vendors in the amounts of \$123.30 and \$260.29. No statements, invoices or supporting documents were included. In another instance, OSAI found copies of a postal money order reflecting the payment of \$200.00 to AT&T. The money order receipt was photocopied on top of what appears to be an AT&T bill in the amount of \$80.30.

A yellow Post-It note was used to support the expenditure of \$43.06 for party supplies. One payment, a Western Union Convenience Payment, to AT&T in the amount of \$500.00 was supported by a single page of an AT&T bill reflecting balance amount of \$435.97 which included a \$300.90 past due amount. In addition to the lack of support, OSAI also noted a questionable payment of \$100.00 to sponsor the "Mrs. Sooner State" pageant.

Receipted money was used to pay employees in cash.

The expense ledger books provided reflected payments were being made to two (2) part-time employees. From January 2007 through August 2007, the records reflect the payment of \$3,600.00 and \$2,500.00 to each of the employees. Documentation reflected these payments were made by the use of cashier's checks and money orders.

In December 2007, changes were made in how funds are collected and how expenditures are paid, effectively removing the Drug Court Administrator from the collection and payment of funds related to the operation of Drug Court.

RECOMMENDATIONS OSAI recommends the Drug Court Team seek a qualified tax professional to determine if the Drug Court has a tax reporting obligation for payments made to the part time employees.

OSAI recommends the proper authorities review these findings to determine what action, if any, may be required.

OTHER CONCERNS

FINDINGS

- **The number of active participants has been improperly reported, resulting in increased funding from the State.**
- **The Drug Court Administrator was defined as the “Financial Officer” in violation of the Contract provisions.**
- **The Drug Court Administrator was cashing ODMHSAS payments to the Drug Court.**

The number of active participants has been improperly reported, resulting in increased funding from the State.

The Drug Court Judge expressed a concern to OSAI about the number of drug court participants being claimed on the contract executed between the Drug Court Team and ODMHSAS.

The Judge provided OSAI with a copy of the 2008 contract. The contract provides for the payment of funds from ODMHSAS to the Drug Court. The purposes of the funds are primarily to support at least one Drug Court coordinator position and to support the Drug Court program.

Section 2.1.4 of the contract provides for the payment of certain funds based on a tiered funding structure. Section 2.1.4.1 of the contract states:

The payment structure for this Contract is a tiered structure as outlined in the Attachment DC 2. State Fiscal Year '08 (SFY) funding amounts for existing courts are based on the number of Drug Court participants to be served in FY08.

The contract reflects the number of Drug Court participants as falling in the range from 60-69 and provides for an initial funding level of \$55,250.00, in accordance with the tiered structure. The tiered structure provides the following funding levels relevant to this audit:

Participants	Funding Amt	Participants	Funding Amt	Participants	Funding Amt
15-29	\$ 25,000.00	40-49	\$ 38,250.00	60-69	\$ 55,250.00
30-39	\$ 29,750.00	50-59	\$ 46,750.00	70-79	\$ 63,750.00

The Judge's concern stemmed from the number of drug court participants appearing on the June 26, 2007 docket, the last docket held prior to the execution of the SFY 08 contract. OSAI was provided a copy of the docket and found it contained forty-three (43) participants.

Effective December 1, 2007, the Lincoln County Court Clerk became tasked with collecting payments from Drug Court participants. The Court Clerk asked for and was provided a list of active participants, according to ODMHSAS records, for January 2008. The Court Clerk determined many of these had previously been closed.

OSAI examined Court Clerk records for the names included on the ODMHSAS record of active participants. The list contained sixty-one (61) names of drug court participants. When OSAI examined court records, seventeen (17) of the cases were found to be closed prior to the execution of the SFY 08 contract and should not have been shown as active participants.

In each of the seventeen (17) instances, the participants had either completed the drug court program and the state had dismissed the charges; or the participant had violated the conditions of drug court and had been sentenced to the custody of the Department of Corrections.

OSAI noted the following exceptions to the list of participants reported as being active in January 2008:

- One (1) case had been dismissed in February 2007.
- Seven (7) cases had been dismissed in April 2007.
- Four (4) cases had been dismissed in May 2007.

In each case, the reportedly active cases had been adjudicated prior to the execution of the SFY 08 contract between ODMHSAS and the Drug Court Team. OSAI obtained a copy of the May 16, 2007 court docket reflecting forty-two (42) participants.

When the active case records for January 2008 are considered without the closed cases, the number of actual active cases is forty-four (44). This falls closely in line with the number of participants reflected on the May and June dockets (42 and 43) and with the previous year contract reflecting forty-one (41) active participants.

Based on the records provided, it appears the number of drug court participants has been inflated on the SFY 08.

The records provided to OSAI reflect the tier-based funding level should more appropriately reflect the 40-49 (\$38,250.00) participant range rather than the 60-69 (\$55,250.00) participant range. The inflated number of participants resulted in an increase in funding from ODMHSAS in the amount \$17,000.00.

The Drug Court Administrator was defined as the “Financial Officer” in violation of the contract provisions.

The SFY 08 contract between ODMHSAS and the Drug Court Team includes the following provisions:

2.1.1 Contractor shall designate a Financial Officer in Attachment DC1. The Financial Officer shall be at least a county level government entity.

2.1.2 Financial Officer is not a party to this Contract.

Attachment DC1 was attached to the contract and reflects the Drug Court Administrator, by name, as the Finance Officer although she signed, and is therefore, a party to the contract. Additionally the Drug Court Coordinator is not “at least a county level government entity” as required under the terms of the contract.

The Drug Court Administrator was cashing ODMHSAS payments to the Drug Court.

Section 2.1.4.5 of the contract states:

Each court will receive twelve (12) months of funding to be paid in one-twelfth increments each month for SF 08. However, each contract will be reviewed mid-year.

Section 3.1.1 of the contract states:

Primary emphasis of funds shall be to support at least one (1) Drug Court coordinator position.

Based on an interview with the Drug Court Coordinator, she considered the ODMHSAS payments as her payroll checks and, after February 2007, began cashing those checks rather than depositing them into the Drug Court Revolving Account.

The contract contains no provisions setting forth the amount to be paid to the Drug Court Administrator. It appears the Drug Court Administrator was operating with complete autonomy concerning the financial matters of the Drug Court. As such, the Drug Court Administrator’s pay became directly linked to the number of

reported participants in the Drug Court program with no apparent control or oversight.

The failure to deposit funds provided by ODMHSAS may violate **62 O.S. 517.3(B)**, which states, in relevant part:

The treasurer of every public entity shall deposit, not later than the immediately next banking day, all funds and monies of whatsoever kind that shall come into the possession of the treasurer by virtue of the office[.]

According to the Drug Court Judge, prior to our audit engagement in January 2008, ODMHSAS performed an internal audit of the Drug Court Program at the Judge's request. The Drug Court Judge has asked ODMHSAS for a copy of the results of that audit. As of March 17, 2008, the Drug Court Judge has not received the report.

On February 20, 2008, OSAI met with officials from ODMHSAS to obtain information concerning certain aspects of the contract and review procedures performed by ODMHSAS. The questions included:

- Are the monthly disbursements from ODMHSAS considered as payroll?
- Is the Drug Court Administrator an employee of ODMHSAS?
- Does ODMHSAS issue the Drug Court Administrator a W2 or 1099?
- Who determines the number of participants in the program?
- Was a report issued as a result of the internal review or audit previously performed by ODMHSAS?
- Were expenditure reports filed, as required, by the Drug Court?
- Was an external peer review, as required, performed and is there a report?
- Does ODMHSAS have a copy of the policy and procedure manual as defined in the contract?

As of March 26, 2008, OSAI has not received a response to any of the questions.

As previously noted, prior to the audit, the finance procedures had been changed effectively removing the Drug Court Administrator from any financial responsibilities concerning the Drug Court program.

RECOMMENDATIONS OSAI recommends ODMHSAS perform an evaluation to determine if the number of participants reported in the program has been overstated and if funding levels should be adjusted.

OSAI recommends the proper authorities review these findings to determine what action, if any, may be required.

DISCLAIMER Throughout this report there are numerous references to state statutes and legal authorities, which appear to be potentially relevant to issues raised by the District Attorney and reviewed by this Office. The State Auditor and Inspector has no jurisdiction, authority, purpose or intent by the issuance of this report to determine the guilt, innocence, culpability or liability, if any, of any person or entity for any act, omission, or transaction reviewed and such determinations are within the exclusive jurisdiction of regulatory, law enforcement, and judicial authorities designated by law.

The inclusion of cites to specific statutes or other authorities within this report does not, and is not intended to, constitute a determination or finding by the State Auditor and Inspector that the Drug Court or any of the individuals named in this report or acting or acting on behalf of the Drug Court have violated any statutory requirements or prohibition imposed by law. All cites and/or references to specific legal provisions are included within this report for the sole purpose of enabling the Administration and other interested parties to review and consider the cited provisions, independently ascertain whether or not the Drug Court's policies, procedures or practices should be modified or discontinued, and to independently evaluate where or not the recommendations made by this Office should be implemented.



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