

STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

AUDIT REPORT
OF
COUNTY DRUG FREE ALLIANCE
LAKE COUNTY, INDIANA
January 1, 2010 to December 31, 2010



FILED
11/01/2011

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COUNTY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Sheriff	Rogelio "Roy" Dominguez	01-01-07 to 12-31-10
	John Buncich	01-01-11 to 12-31-14
Prosecutor	Bernard A. Carter	01-01-07 to 12-31-10
President of the County Council	Thomas O'Donnell	01-01-10 to 12-31-10
	Ted Bilski	01-01-11 to 12-31-11
President of the Board of County Commissioners	Frances DuPey	01-01-10 to 12-31-10
	Roosevelt Allen, Jr.	01-01-11 to 12-31-11



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF LAKE COUNTY

We have audited the records of the County Drug Free Alliance for the period from January 1, 2010 to December 31, 2010, and certify that the records and accountability for cash and other assets are satisfactory to the best of our knowledge and belief, except as stated in the Audit Results and Comments. The financial transactions of this office are reflected in the Annual Report of Lake County for the year 2010.

STATE BOARD OF ACCOUNTS

August 30, 2011

COUNTY DRUG FREE ALLIANCE
LAKE COUNTY
AUDIT RESULTS AND COMMENTS

COMPREHENSIVE COMMUNITY PLAN

The County did not expend the County Drug Free Community Funds in accordance with the ratios established by statute. In accordance with state statutes, the County established a County Drug Free Community Fund to promote comprehensive local alcohol and drug abuse prevention initiatives by supplementing local funding for treatment, education, and criminal justice efforts. Funding for the County Drug Free Community Fund is provided by fines and fees collected by the County Clerk. In accordance with the statute, the County Auditor is responsible for administering the fund. Expenditures were to have been made in accordance with appropriations annually adopted by the County Council in accordance with the Comprehensive Drug Free Community Plan as submitted by the Lake County Drug Free Alliance (local coordinating council) and approved by the Indiana Criminal Justice Institute's Governor's Commission for a Drug Free Indiana.

The local coordinating council for Lake County, the Lake County Drug Free Alliance, was co-chaired by former Sheriff, Rogelio "Roy" Dominguez, and Prosecutor, Bernard Carter. During the years 2009 and 2010, the Lake County Drug Free Alliance employed a Director, who was paid from the County Drug Free Community Funds. Two other employees of the County Sheriff's Department assisted the Director with administering the funds, but they were both paid from the County Sheriff's budget. It was the responsibility of one of these two employees to prepare the claims for payment of related expenses. The former Sheriff, Rogelio "Roy" Dominguez, signed the claims indicating he had ordered and received the items being purchased from the funds. The only exception was claims paid for drug testing services at one of County Courts, which were submitted directly by the Court to the County Auditor's office.

The appropriation categories adopted by the County Council do not directly correlate to the disbursement categories approved in the Comprehensive Community Plans. For example, the appropriation ledger categories are Personal Services, Office Supplies, Drug Free Community Funds, and Special Projects. The budget categories approved in the Comprehensive Community Plans are Prevention/Education, Treatment/Intervention, Criminal Justice Services, and Administrative. Using the statutes that establish the County Drug Free Community Fund the following definitions can be found to explain the budget categories approved in the Comprehensive Community Plans:

Indiana Code 5-2-11-1.5 states:

"As used in this chapter, 'criminal justice services and activities' means programs that assist:

- (1) law enforcement agencies;
- (2) courts;
- (3) correctional facilities;
- (4) programs that offer probation services; and
- (5) community corrections programs;

with individuals who have alcohol or drug addictions and who are suspected of having committed a felony or misdemeanor, have been charged with a felony or misdemeanor, or have been convicted of a felony or misdemeanor."

COUNTY DRUG FREE ALLIANCE
LAKE COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

Indiana Code 5-2-11-1.3 states:

"As used in this chapter, 'intervention' means:

- (1) activities performed to identify persons in need of addiction treatment services; and
- (2) referring persons to or enrolling persons in addiction treatment programs."

Indiana Code 5-2-11-1.8 states: "As used in this chapter, 'prevention' means the anticipatory process that prepares and supports an individual and programs with the creation and reinforcement of healthy behaviors and lifestyles."

Indiana Code 5-2-11-1.9 states: "As used in this chapter, 'prevention initiative' means a program that is designed to decrease alcohol or drug use."

We categorized actual expenditures based upon a review of the claims and definitions as set out by statute. We computed the percentages of the expenditures by category to determine if they were in compliance with the 25 percent allocations established by statute. We found the County to be in noncompliance with the required percentages in both budgeted amounts and actual expenditures as illustrated below:

<u>For the Year 2009</u>	<u>Budget</u>	<u>Budget Percentage</u>	<u>Actual</u>	<u>Actual Percentage</u>
Prevention/Education	\$ 261,789.30	48%	\$ 102,090.85	29%
Treatment/Intervention	99,092.00	18%	81,051.15	23%
Criminal Justice Service/Law	99,416.48	18%	77,051.17	22%
Administrative:				
Coordinator's Salary	61,415.00		42,583.12	
Mileage, Meetings, Conferences	11,107.63		8,351.65	
Summer Youth Workers	4,736.00		5,436.00	
Office Supplies	3,960.82		3,042.06	
Marketing/Translation	<u>7,998.72</u>		<u>2,950.00</u>	
Total Administrative	<u>89,218.17</u>	16%	<u>62,362.83</u>	18%
Drug Testing			<u>33,571.01</u>	9%
Totals	<u>\$ 549,515.95</u>	100%	<u>\$ 356,127.01</u>	100%

COUNTY DRUG FREE ALLIANCE
LAKE COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

For the Year 2010	Budget	Budget Percentage	Actual	Actual Percentage
Prevention/Education	\$ 161,410.04	33%	\$ 109,243.20	30%
Treatment/Intervention	93,970.32	19%	64,836.00	18%
Criminal Justice Service/Law	<u>130,315.58</u>	27%	<u>87,162.58</u>	24%
Administrative:				
Coordinator's Salary/Staff Support Services	67,415.00		51,557.41	
Mileage, Meetings, Conferences	23,102.37		10,422.83	
Summer Youth Workers	-		-	
Office Supplies	<u>7,500.00</u>		<u>2,381.78</u>	
Total Administrative	<u>98,017.37</u>	20%	<u>64,362.02</u>	18%
Drug Testing	<u>-</u>		<u>33,485.75</u>	9%
Totals	<u>\$ 483,713.31</u>	100%	<u>\$ 359,089.55</u>	100%

Indiana Code 5-2-11-5 (b) states:

"Subject to subsections (c) and (d), a county fiscal body shall annually appropriate from the fund amounts allocated by the county legislative body for the use of persons, organizations, agencies, and political subdivisions to carry out recommended actions contained in a comprehensive drug free communities plan submitted by the local coordinating council and approved by the commission as follows:

- (1) For persons, organizations, agencies, and political subdivisions to provide prevention and education services, at least twenty-five percent (25%) of the money in the fund.
- (2) For persons, organizations, agencies, and political subdivisions to provide intervention and treatment services, at least twenty-five percent (25%) of the money in the fund.
- (3) For persons, organizations, agencies, and political subdivisions to provide criminal justice services and activities, at least twenty-five percent (25%) of the money in the fund.
- (4) A county fiscal body shall allocate the remaining twenty-five percent (25%) of the money in the fund to persons, organizations, agencies, and political subdivisions to provide services and activities under subdivisions (1) through (3) based on the comprehensive drug free communities plan submitted by the local coordinating council and approved by the commission."

COUNTY DRUG FREE ALLIANCE
LAKE COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

COUNTY DRUG FREE EXPENDITURES

The following is a list of expenditures from the County Drug Free Fund, which either due to a lack of adequate supporting documentation, or based upon information provided, did not support the allowable uses of the program funds as provided by state statute:

<u>Date</u>	<u>Vendor</u>	<u>Amount</u>	<u>Explanation</u>
05-15-09	Heilo, Inc.	\$ 1,008.72	Payment for presenting literature at United States Hispanic Leadership Institute (USHLI) Conference at the Sheraton in Chicago, Illinois
06-25-09	Ivy Tech State College	365.00	Classes in Excel and Word Software for the Director and one of employees
06-26-09	Linda Key	500.00	Board Training, but no indication as to the type of training, date or location
08-11-09	Puerto Rican Parade and Cultural Org of NW Ind Inc.	2,500.00	Drug Free Alliance Awarded Grant, no indication as to how it would be used by the Puerto Rican Parade and Cultural Org. of NW IN, Inc.
09-16-09	Organization Development Solutions, Inc.	2,450.00	Consulting: Facilitation of 3 focus Group Sessions Preparation, Facilitation, and Final Document. No explanation as to how this relates to the program.
10-05-09	New Innsbrook Country Club	1,298.89	85 Breakfast Buffets for Board Training, no indication as to the type of training or attendees
12-14-09	Meyer's Castle The Lost Marsh	3,819.96	110 lunches and \$400 rental fee, but no indication of attendees or business purpose
12-27-09	Ivy Tech State College	398.95	Classes in Excel and Word Software for the Director and one of employees
09-28-10	Dell Marketing, LP	1,293.68	Projector shipped to the Indiana State Police District 13
09-28-10	Interstate Industrial Supply	1,330.15	15 Strion flashlights and leather loops for the lights shipped to the Indiana State Police District 13
02-11-10	Follett Ivy Tech Book Store	257.00	Billing statement showing charges for the Director and another employee. No other information.

COUNTY DRUG FREE ALLIANCE
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AUDIT RESULTS AND COMMENTS
(Continued)

Date	Vendor	Amount	Explanation
06-23-10	Urban League of NW Indiana, Inc.	350.00	Ten (10) Chairman's Luncheon Tickets
07-09-10	Rogan Granitindustries, Inc.	1,288.00	A portion of the cost of a Police Star Plaque of the First Woman Sheriff of Lake County. (Other invoices paid from the Sheriff Commissary Fund.)
07-29-10	Gary Printing	450.00	Three 9x12 plaques - No indication as to who was to receive the plaques
06-04-10	Urban League of NW Indiana, Inc.	2,000.00	Sponsorships (Youth) Gary Roosevelt and Gary Lew Wallace - No indication as to the type of sponsorship
08-27-10	Old Sheriff's House Foundation	3,000.00	Grant 2010 Drug Free Alliance - No indication as to how these funds would be used by the Foundation.

Indiana Code 5-2-11-1.5 states in part:

". . . 'criminal justice services and activities' means programs that assist:

- (1) law enforcement agencies;
- (2) courts;
- (3) correctional facilities;
- (4) programs that offer probation services; and
- (5) community corrections programs;

with individuals who have alcohol or drug addictions and who are suspected of having committed a felony or misdemeanor, have been charged with a felony or misdemeanor, or have been convicted of a felony or misdemeanor."

Indiana Code 5-2-11-1.3 states in part:

". . . 'intervention' means:

- (1) activities performed to identify persons in need of addiction treatment services; and
- (2) referring persons to or enrolling persons in addiction treatment programs."

COUNTY DRUG FREE ALLIANCE
LAKE COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

Indiana Code 5-2-11-1.8 states in part: ". . . 'prevention' means the anticipatory process that prepares and supports an individual and programs with the creation and reinforcement of healthy behaviors and lifestyles."

Indiana Code 5-2-11-1.9 states in part: ". . . 'prevention initiative' means a program that is designed to decrease alcohol or drug use."

Indiana Code 5-2-11-2 states:

"A county drug free community fund is established in each county to promote comprehensive local alcohol and drug abuse prevention initiatives by supplementing local funding for treatment, education, and criminal justice efforts. The fund consists of amounts deposited under IC 33-37-7-2(c) and IC 33-37-7-8(e)."

Indiana Code 5-2-11-6 state: "The fund may not be used to replace other funding for alcohol and drug abuse services provided to the county."

DRUG TESTING

One of the County Courts was paying for Drug Testing from the County Drug Free Funds. These claims were prepared by a court employee, and signed by the Judge. For 2009 and 2010, these expenditures totaled \$33,571.01 and \$33,485.75, respectively. Based upon the information on the claim, it could not be determined if these expenditures were part of the intervention activities as defined by Indiana Code 5-2-11-1.3 or if the County Drug Free Funds were being used to supplant local funds.

Indiana Code 5-2-11-1.3 states in part:

". . . 'intervention' means:

- (1) activities performed to identify persons in need of addiction treatment services; and
- (2) referring persons to or enrolling persons in addiction treatment programs."

Indiana Code 5-2-11-6 states: "The fund may not be used to replace other funding for alcohol and drug abuse services provided to the county."

COUNTY DRUG FREE EXPENDITURES AFTER DEADLINE

The Indiana Criminal Justice Institute's Commission for a Drug Free Indiana sent a letter to the Director of the Lake County Drug Free Alliance with copies to the Lake County Auditor, the President of the Lake County Board of Commissioners, and to the former Sheriff, Rogelio "Roy" Dominguez, and Prosecutor Bernard A. Carter, the Co-chairs of the Lake County Drug Free Alliance that stated:

"In accordance with IC 5-2-11-5(b); it is the decision of the Governor's Commission for a Drug Free Indiana that effective immediately, and upon notification of the Lake County Auditor and the Lake County President of the Board of Commissioners; Lake County Drug Free Alliance, the appointed Local Coordinating Council, is not to allocate, expend, or transfer any further funds from the County Drug Free Fund; account 99110 until further notice."

COUNTY DRUG FREE ALLIANCE
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AUDIT RESULTS AND COMMENTS
(Continued)

The following is a listing of expenditures made by the County from the County Drug Free Fund after the date of the letter, which was September 27, 2010. Additional funds were spent for payroll related expenditures in 2011; however, those expenditures were repaid by the Director, so they were not included in the listing below.

<u>Date</u>	<u>Vendor</u>	<u>Amount</u>	<u>Invoice Date</u>	<u>Explanation</u>
10-07-10	Great Lakes Laboratories	\$ 3,268.00	08-19-10	Drug Testing
11-04-10	Great Lakes Laboratories	3,302.00	09-21-10	Drug Testing
09-28-10	Dell Marketing LP	1,293.68	No Date	Projector
09-28-10	Interstate Industrial Supply	1,330.15	08-20-10	Flashlights
09-28-10	Romanart Inc.	9,919.00	09-07-10	Book bags
10-07-10	Indiana Assoc. of Prevention Professional Inc.	425.00	08-30-10	National Substance Abuse Prevention July 12-16, 2010 Training
09-28-10	International Institute LaCasa	500.00	08-26-10	Health & Informational Programs Helping Our People (HIPHOP) event to be held in October, 2010
10-08-10	Payroll and Fringe Benefits	2,314.24		
10-25-10	Payroll and Fringe Benefits	2,314.25		
11-08-10	Payroll and Fringe Benefits	2,314.24		

As of December 31, 2010, the County Drug Free Fund had a cash balance remaining of \$448,016.44. As of July 7, 2011, the County received \$198,015.53 in additional funding for the program as well as \$1,227.47 as repayments of payroll related expenditures leaving a cash balance of \$647,259.44. It is anticipated that another agency will be appointed as the Local Coordinating Council. After the appointment, the County expects to transfer the \$647,259.44 balance as well as any additional collections to the newly appointed agency as directed by the Indiana Criminal Justice Institute's Commission for a Drug Free Indiana.

Indiana Code 5-2-11-5 (e) states:

"If funds are allocated by a county legislative body under subsection (b) and the commission has not approved the comprehensive drug free communities plan for the county, the commission may:

COUNTY DRUG FREE ALLIANCE
LAKE COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

- (1) approve and appoint a new local coordinating council for the county;
- (2) freeze funds allocated by the county legislative body; or
- (3) reevaluate the comprehensive drug free communities plan."

COUNTY DRUG FREE FUND SUPPORTING DOCUMENTATION

In 2009, the former Sheriff acting on behalf of the Drug Free Alliance (DFA) contracted with four individuals to perform services including but not limited to attendance at events, meetings, and conferences. Each was to be paid at the rate of \$8 per hour with maximum amounts ranging from \$960 to \$1,344. Invoices included date ranges for the services provided, and the total hours worked; however, none of the invoices or claims documented the hours worked for each day or documentation of the services provided on any given date other than "event planning." All four individuals were paid the maximum amounts allowed per the contract.

All claims, invoices, receipts, accounts payable vouchers, including those presented to the governing body for approval in accordance with IC 5-11-10, should contain adequate detailed documentation. All claims, invoices, receipts, and accounts payable vouchers regarding reimbursement for meals and expenses for individuals must have specific detailed information of the names of all individuals for which amounts are claimed, including the nature, name, and purpose of the business meeting, to enable the governing body to authorize payment. Payments which do not have proper itemization showing the business nature of the claim, may be the personal obligation of the responsible official, employee or other person for whom the claim is made. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

DRUG FREE ALLIANCE BOARD

The Alliance adopted bylaws which established a Board of Directors, a meeting schedule for the Board of Directors, and subcommittees. Four of the subcommittees (Prevention, Treatment/Intervention, Justice/Law Enforcement, and Youth) established in accordance with the bylaws were responsible for receiving requests for proposals for organizations that sought Drug Free Communities Funds. The subcommittees were then responsible for reviewing the requests for proposals or grant applications, and making recommendations on grant awards to an oversight committee to review and recommend allocations to the Board of Directors.

Minutes of Board of Directors meetings were not provided for audit. An employee of the Sheriff's Department who worked for the Alliance indicated that the Board rarely met due to the lack of a quorum.

Documentation was provided to indicate the bylaws were amended through a Board of Director's vote via emails or phone calls, for which documentation of recorded voting results was not provided for audit. A letter was sent to Board members addressing the changes to be made to the bylaws, which included allowing the Executive Director's salary, office supplies, and other administrative expenses to be paid from the Drug Free Communities Funds. The effective date of the changes to the bylaws was January 1, 2009; however, the letter requesting the amendment was dated December 11, 2009. Furthermore, in accordance with the letter, the members had until January 11, 2010, to call or email their vote. Also noteworthy is the fact that throughout 2009, the Executive Director's salary, as well as office supplies and

COUNTY DRUG FREE ALLIANCE
LAKE COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

other administrative expenses were being paid from the Drug Free Communities Funds, all prior to the request being made to change the bylaws. Because documentation was not provided for audit tallying the votes of the Board members, or even a listing of the Board members who voted, we could not substantiate the validity of the amendment to the bylaws.

From the documentation provided, we could not determine who was responsible for determining grant award recipients or amounts awarded. For 2009, grant applications (requests for proposals) and grant evaluation forms were located for audit, but nothing to indicate who made the final determination. Most awards were made in amounts less than the amounts requested, and not all applicants received funding.

We also noted that a treatment grant was made in the amount of \$11,351.83 to an agency for which an application and evaluation could not be located for audit, and another award was made in the amount of \$3,000 to an agency that the reviewer would not evaluate, because the applicant did not attend meetings.

For the Criminal Justice/Law grants category, a summary of grant awards was located for audit that was prepared by the Co-Chairs of the law subcommittee. This summary indicated which agencies they determined should be awarded grants, the dollar amounts of the awards, and justification for their "reasoning." The summary was addressed to the Co-Chairs of the Lake County Drug Free Alliance. The grants awarded were made to the recipients and in the amounts indicated by this summary with one exception. The Co-Chairs of the law subcommittee indicated that one applicant who applied for \$10,988 should not receive any funding because the proposed use did not "fit the DFA standard"; however, the applicant was given \$4,984.87 as a grant award. The applicant applied for funds to be used for computer equipment and drug testing kits.

In accordance with the bylaws adopted for the Lake County Drug Free Alliance:

"Section 8.01 Board of Directors a) The Board of Directors shall meet quarterly on the first Tuesday of January, April, July, and October. The January meeting will address the nomination and appointment of the new officers to the Executive Board. . . . c) Voting: All official action and resolutions of the board shall be by motion duly made and seconded and approved by a majority vote of the members present unless stated otherwise in these bylaws. d) All resolutions and contracts submitted to the board of directors for action thereon shall be reviewed and approved in form and content by legal counsel before consideration by the board. e) All motions, resolutions and actions approved by the board of directors and oversight committee shall be subject to veto by the Co-Chairs upon submission of written notice of veto executed by both Co-Chairs to the Executive Director within ten (10) of their adoption by the board. Section 8.02 Executive Committee This committee shall meet at least quarterly at a time, place and day designated by the Co-chairs. Section 8.03 Subcommittees The subcommittees conduct the visible work of the coalition and should meet monthly or as determined by the subcommittee chairperson of each committee. Quarterly attendance by the general membership is required to maintain status as a member in good standing. . . . Section 8.05 Records/Minutes of Meetings Minutes of all meetings, correspondence and other records will be maintained in the office of the Lake County Drug Free Alliance and obtained by written request from the Executive Director upon payment of all copying and administrative fees."

Each governmental unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Counties, Chapter 1)

COUNTY DRUG FREE ALLIANCE
LAKE COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

Indiana Code 5-15-6-3(f) concerning destruction of public records, states in part: "Original records may be disposed of only with the approval of the commission according to guidelines established by the commission."

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for audit to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

COUNTY DRUG FREE ALLIANCE
LAKE COUNTY
EXIT CONFERENCE

The contents of this report were discussed on August 29, 2011, with John Buncich, Sheriff. The contents of this report were discussed on August 31, 2011, with Bernard A. Carter, Prosecutor, and on September 7, 2011, with Rogelio "Roy" Dominguez, former Sheriff, and John M. Kopack, Attorney for the former Sheriff.