



Legislative Office of Fiscal Transparency

LOFT Investigation: Financial Conditions of the Department of Mental Health

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Legislative Office of Fiscal Transparency
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Assessment of the Financial Conditions of the Department of Mental Health

On March 5, 2025, the Commissioner of the Department of Mental Health and Substance Abuse Services (DMH) notified the Governor that the agency could not fulfill its financial obligations to pay the State's share of Medicaid due to a structural budget deficiency. The agency initially estimated it would have a shortfall of approximately \$63.7 million through the end of FY25. Over the following two months, that figure would continue to change, ranging from \$43 million to \$6.2 million. By mid-May, with various entities examining the agency's finances, there was consensus that the additional funds needed for FY25 was approximately \$30 million, with figures ranging from \$27.4 million to \$29.9 million. LOFT's experience reviewing the agency's finances found the shortfall could vary day by day, as the agency was in the process of undergoing a rebudgeting exercise that included assessing purchase orders and outstanding obligations. Changes identified through this process could result in encumbered funds being released as well as previously available funds becoming encumbered.

Factors Contributing to DMH's Current Financial Condition

LOFT observed numerous poor budgeting practices within DMH that contributed to the agency's lack of understanding about its finances and allowed it to exceed its budget, resulting in a request for supplemental funds to support agency operations through the end of the fiscal year. Collectively, these practices also obscured visibility into the agency's expenditures:

- Failing to accurately budget key operational areas
- Treating funds as fungible
- Over-encumbering funds
- Failure to track when funds are expended for a purpose other than originally budgeted
- Failure to reconcile budget to actuals
- Violating the balanced budget requirement by deferring payment for current fiscal year obligations until the next fiscal year
- Billing purchases in the current fiscal year to the prior year's budget
- Poor purchasing controls
- Increased spending on areas extraneous to the agency's mission
- Poor contract management
- Lag times in making payments and reimbursements
- Expending funds in ways not authorized by the Legislature
- Failure to track expenditures in relation to legislative direction
- Failure to correct deficient financial practices identified in past financial and purchasing audits
- Increasing spending on administrative staff after identifying a budget shortfall

Unrealistic Budgeting

The catalyst for the agency's identified budget gap was with the funds budgeted for Title XIX Medicaid reimbursements. According to projections from the Oklahoma Health Care Authority (OHCA), the total anticipated FY25 reimbursements to OHCA for the State share of Medicaid will be \$173.4 million. In late December 2024, based on year-to-date spending, DMH realized that it did not have the equivalent of five months' worth of Medicaid reimbursements to OHCA, totaling approximately \$63 million.

$$\begin{aligned}
 &\$173.4 \text{ million in expected Medicaid expenditures for FY25} \\
 &- \$110 \text{ million budgeted by DMH for all Medicaid reimbursements} \\
 &= \textbf{\$63.4 million more than budgeted}
 \end{aligned}$$

This realization was based on the remaining balance of the original \$110 million in funds budgeted to this expenditure code (551130) for the year. However, the correct amount was never properly budgeted, despite being received. Additionally, the amount of funding requested by the agency did not accurately reflect the preceding 12 months of expenditures, as shown below.

Exhibit 1: Agency Budget Documents for FY25. (As reflected in the agency's Budget Work Program Documents, the amount budgeted for FY25 for Title XIX reimbursements was \$40 million less than what was actually expended during the preceding 12 months.)

3 digit Account Code (#)	Account Code Description	FY23 Actual Expenditures (\$)	Prior 12-month Actuals (\$) (Period 11 FY 2023 - Period 10 FY 2024)	FY25 Budget (\$) *populated from line items	Variance (\$) *auto-calculated
551	SocSvc-Assist,Grant&ProviderPy	\$131,182,035.94	\$170,415,080.61	\$130,189,304.00	-\$40,225,776.61

Source: DMH FY25 Budget Workbook Program.

To set the Title XIX budget for the year, DMH submits its complete budget to OMES. In the FY25 budget request, DMH's Title XIX expenses for the previous 12 months were recorded at \$170 million. Despite this, the agency only requested \$130 million for the year. Additionally, in the budget request document, the budget line item that shows the \$130 million includes non-Title XIX expenses as well.¹

Exhibit 2: DMH Under Budgeting Title XIX. (DMH's Fiscal Year 2025 budget request was \$40 million under the prior twelve-month Title XIX spend.)

DMH Title XIX Funding

12 Month Prior Spend	\$170,415,080.61
2025 Budget Request	\$130,189,304.00
2025 PeopleSoft Budget	\$110,513,997.00

Source: PeopleSoft.

Notes: 12-month prior spend represents the twelve months of expenditures prior to the submission of the Agency's budget in October.

¹ The request was to a three-digit expenditure code, 551, which is made up of other expenditure codes, only one of which is designated for Title XIX. Refer to the Supplemental Materials section of this report for background information about Title XIX funding.

DMH then budgeted approximately \$19.6 million to another expenditure code (551600) called “social service grants,” a budget category that has not historically been used by the agency for this purpose.² This \$19.6 million for FY25 was not originally considered when DMH released its original shortfall number of \$63 million. Initially, the agency believed the full amount of this budget line would be available to put toward Title XIX reimbursements. In May, LOFT learned that only a portion of this could be used to cover any Title XIX shortfalls.

Currently, DMH does not have a singular fund that houses only the state share of Title XIX funds it is required to transfer to OHCA. Because of this, expenses for Title XIX, while generally coded correctly, are expended from several different funds. In conversations with both OHCA and DMH staff, LOFT observed that there is little coordination between the two agencies when budgeting the anticipated needs for Title XIX for the year.³ DMH arrives at its number separately from OHCA’s budgetary practices. As OHCA is the agency responsible to the federal government for Medicaid funds, DMH must reimburse OHCA for the state share determined by OHCA.

Agency Accounting Basics

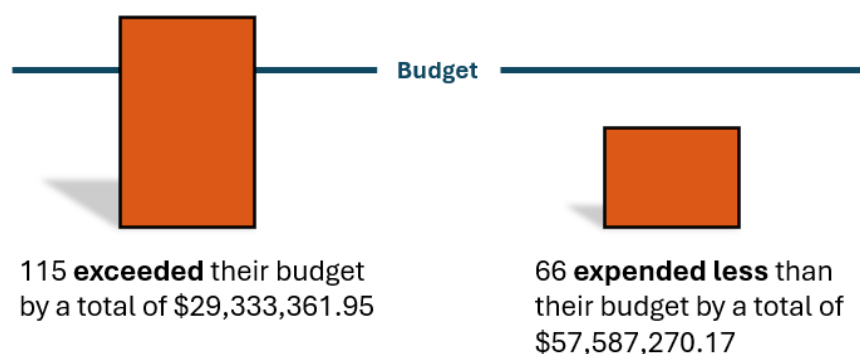
Class funds indicate where funds are held, much like a checking account. Money coming into the agency is usually distributed into several class funds, each with a distinct purpose. **Expenditure codes** track how the money is spent – they are categories of spending.

Treating Funds as Fungible

An agency’s expenditures should closely align with its budget. However, it appears the practice of DMH has been to draw funds from various expenditure codes, regardless of purpose, in order to stay within its appropriated budget. This practice obscures how much the agency is spending for what purpose and has contributed to the challenges in identifying the agency’s actual budget needs. As demonstrated below, DMH exceeded the budget of more than half its line items for FY24. This overspending was offset by the amount of budget line items that were underbudget. **For FY24, only 14 line items had expenditures that aligned with the budget.**

Exhibit 3: DMH’s FY24 Budget Line Items. (Demonstrating how DMH treated expenditure codes as fungible, all but 14 budget line items for FY24 were either over budget or under budget.)

Of DMH’s 195 budgeted line items for FY24:



Source: PeopleSoft Fiscal Year 2024 Budget to Actuals Report.

² Social Services Grants are defined by the State accounting manual as “Payment of grants awarded by social services agencies pursuant to federal, state or other directives. (e.g. Passthrough federal grants to day cares by the Department of Human Services.)”

³ The Supplemental Materials section of this report depicts the reimbursement process between OHCA and DMH.

The 551600 budget line previously referenced is one example of how the agency treated budgeted funds as fungible. DMH budget staff stated that, “It has been a long-standing practice that while we were building our budget templates for each department/fund if there was excess budget, we would place it in expenditure code 551600.”⁴ **Since 2020, the 551600 expenditure code designated for “social services grants” has been budgeted a total of \$72.8 million, but just \$10,400 in expenditures have been coded to it.** While funds have clearly been spent from this budget line, due to improper accounting, the purpose of those funds cannot be determined. The agency’s use of the 551600 code effectively served as a budgeting buffer for other departments. This budgeting practice obscures the agency’s actual plan for spending funds and is also an example of the agency’s failure to track when funds are expended for a purpose other than for which it was budgeted.

Class funds indicate where funds are held, much like a checking account. Money coming into the agency is usually distributed into several class funds. To ensure that funds appropriated or budgeted for a particular purpose are not spent on another purpose, special class funds can be created to monitor these dollars. Expenditure codes (also known as accounting codes) track how the money is spent – they are categories of spending. It is possible to track money from a class fund to an expenditure code. Best practice is to create a different class fund for each major program; this is especially critical for legislative appropriations tied to a particular use. DMH's practice has been to leave all the money in a single class fund, making it impossible – using the state accounting system – to track the money from appropriated purpose to its final expenditure.

Exhibit 4: Comparison of 551 Expenditure Code Budget Compared to 551XXX Six-Digit Expenditure Codes. (The top green bar is what is reported in the agency’s budget work program (BWP). The table below reflects the year-end actuals for FY24. DMH was overbudget in the expenditure code for Title XIX (551130), but significantly underbudget in the expenditure code for 551600 – Social Services Grants. For FY25, the agency’s BWP reflected \$110 million for Title XIX and \$19.6 million for Social Services Grants.)

FY 2024 551 Account Budget	\$146,892,912			\$128,994,390.34	\$17,898,521.66 Under Budget

Source: PeopleSoft Budget to Actuals Report obtained April 7, 2025

Note: LOFT used FY24 to illustrate a full year of actuals against the start of the fiscal year budget. This shows that the money budgeted for 551600 helped offset expenditure codes that exceeded budgeted amounts.

⁴ Email from DMH staff, May 7, 2025.

As shown in Exhibit 4, the last completed budget (FY24) submitted by DMH to the Legislature only reflects the top three-digit expenditure code of 551, which is primarily used to hold the state share of Title XIX. However, the 551600 code is one of several six-digit sub-expenditure codes, which are not detailed in the budget documents submitted by the agency to the Legislature. **Presenting the budget in this manner could lead one to believe that the full \$146.9 million was intended for Title XIX reimbursements.** A dedicated class fund for Title XIX reimbursements would provide greater transparency and accountability of this required expenditure.

As demonstrated in the exhibit below, budgeted within the 551600 expenditure code are planned expenditures for purposes that are restricted, unrestricted, and spending related to federal grants. The agency's use of this budget category concealed planned expenditures on items unrelated to the stated purpose of the expenditure code.

Exhibit 5: Actual Uses for the Budgeted 551600 – Social Services Grants Expenditure Code. (The amounts listed in the table show what the Department of Mental Health actually used or planned to use the 551600 – Social Services Grants for. While the budgeted expenditure code is intended for social service grants, in practice the agency parked funds in this budget code to spend on a variety of unrelated categories.)

FY2025 "Social Services Grants" Actual Usage	Amount
Unrestricted and moved to Title XIX budget	\$3,882,071
Restricted funding for child crisis or already dedicated to other accounts	\$4,226,284
Restricted funding for gambling addiction or already dedicated to other accounts	\$259,837
Restricted for Beverage License, ADSAC, and Court Fees	\$19,753
Reserved for federal funding	\$3,787,847
Reserved for block grants or already dedicated to other accounts	\$447,665
Interagency funds used for IT bill backs which cannot be repurposed	\$5,533,720
Used for salary/benefits or already dedicated to other accounts	\$553,503
Restricted funding for early SMI	\$676,952
Repurposed for Title XIX	\$260,000
Total	\$19,647,632

Source: The Oklahoma Department of Mental Health and Substance Abuse Services

Notes: SMI stands for Serious Mental Illness. ADSAC stands for Adult Drug and Substance Abuse Court.

Failure to Reconcile Budget to Actuals

A routine financial accounting practice is to reconcile budget to actuals throughout the year to ensure the budget is on pace, and if not, allow time to make adjustments to stay within budget. LOFT did not observe any evidence the agency was in the practice of examining its budget to actuals or revising the budget to adjust for differentials. Had DMH conducted monthly or even quarterly reviews of its budget to actuals, it would have realized it was overspending relative to budget prior to announcing a budget shortfall near the end of the third quarter of the fiscal year. DMH only began revising its budget after engaging the assistance of the State's Chief Financial Officer. Since July 1, 2024, DMH has submitted a total of 13 budget revisions.⁵

⁵ PeopleSoft Budget Scenario Report as of May 23, 2025.

Over Encumbering

As described in the Statewide Accounting Manual, encumbering refers to the practice of setting aside budget dollars for a specific purpose. An agency encumbers funds prior to making a purchase or entering into a contract. The encumbrance is either released or reduced as payments are made. Encumbrances can also be cancelled if the purchase does not take place.

Over encumbering is the practice whereby funds are intentionally set aside at a higher level than what is expected to guard against overspending. When used moderately, such as encumbering the highest level of a cost range, this can be a conservative fiscal tool. However, this practice can be abused to artificially inflate an agency's financial obligations and create hidden flexibility within the budget to compensate for areas of overspending. Used in this manner, it can obscure how an agency is spending its funds. DMH's former CFO stated that several budget lines were routinely overestimated to ensure that there would be additional funding left at the end of the fiscal year, which was then distributed to Certified Community Behavioral Health Clinics (CCBHCs) and other providers in the form of pended payments.⁶

In April 2025, DMH reviewed the utilization rates for contracted services and determined that just over \$10.5 million in encumbered funds could be made available to apply toward the budget gap. As reflected in the chart below, \$2.5 million came from one-time savings for a planned facility that is no longer being built, about \$4.2 million came from canceled contracts for duplicative services, and the remaining \$4.3 million came from contracts that were no longer expected to reach their maximum FY25 amounts.

Exhibit 6: List of Contract Reductions Unencumbered by DMH. (The practice of the agency is to encumber the maximum value of a contract, should all the provisions be needed at the highest level of potential usage. It has also been the agency's practice to conduct a review of contract utilization and make adjustments based on contract usage to date. For example, a contract that has only used 20 percent of its maximum amount halfway through the year would be adjusted for the remainder of the year based on the average monthly usage rate. Utilization adjustments typically result in funds becoming available for other purposes. The agency has historically used these funds to provide additional payments to providers beyond what has been contracted.)

Saving Type	Type of Savings	Notes	Total Encumbrances	FY25 Savings
Contract Cancellation: Recurring	Recurring	Duplicative services to CCBHC model	\$1,682,300	\$420,575
Contract Cancellation: One-Time	One-Time	Construction for Crisis Facility that has not been built	\$2,500,000	\$2,500,000
Fixed Rate Utilization True Up: Recurring	Recurring	Duplicative dollars of appropriated Mental Health Transport Revolving Fund	\$3,797,600	\$3,797,600
Fixed Rate Utilization True Up	Dependent on Fixed Rate Billing Utilization	Contract adjusted due to utilization	\$11,491,300	\$3,805,000
Total			\$19,471,200	\$10,523,175

Source: The Oklahoma Department of Mental Health

Note: Appendix D provides a complete list of the contract adjustments.

⁶ LOFT virtual meeting on March 28, 2025. The "Supplemental Materials" section of this report provides more information about the practice of pended payments.

As DMH conducted its review, it realized that funds were encumbered – and therefore not available in the budget – but in many cases the agency could not determine what the funds were encumbered for. The lack of certainty about the agency’s encumbrances led to OMES budget analysts leading a session with the agency’s financial team to identify and confirm encumbered funds within its budget.⁷

Based on high levels of encumbrances against outstanding purchase orders at the end of the fiscal year, LOFT suspects that DMH has been encumbering the full expected cost of multi-year expenditures in the first year instead of only encumbering the amount expected to be incurred in the current fiscal year.⁸ LOFT does not have access to data reflecting this level of detail as it is an internal accounting function of the agency. Carrying high encumbrances prohibits an agency from using funds for current operational needs.

Making Payments Outside of the Fiscal Year Costs Were Incurred

Section X, Article 23 of Oklahoma’s Constitution requires state government to maintain a balanced budget, and further clarifies that, **“Any department, institution or agency of the state operating on revenues derived from any law or laws which allocate the revenues thereof to such department, institution or agency shall not incur obligations in excess of the unencumbered balance of cash on hand.”** DMH has acknowledged that it used \$9.5 million in FY25 funds to pay for Medicaid reimbursements incurred for FY24. By deferring current year expenses until the next fiscal year, the agency violated the intent of the balanced budget provision while also compromising its ability to maintain a balanced budget for the next fiscal year. There are also examples of DMH paying invoices long after the close of one fiscal year. For example, an invoice for medical supplies reflects a purchase date of March 2024. However, the invoice was not paid until November 2025, more than four months after the start of the new fiscal year.⁹

Additionally, LOFT identified transactions that took place in FY25 but were recorded as a FY24 expense. Presumably, these actions are the result of the agency determining it had funds remaining from the prior fiscal year. While funds can carryover from one fiscal year to the next, it is inappropriate to report an expense made in one fiscal year as being made in the prior fiscal year. Again, this practice obscures the agency’s actual expenditures for a complete fiscal year.

Exhibit 7: Sample of transactions made after the completion of FY24 but debited from FY24.

Vendor Name	Voucher Number	Budget Reference	Amount	Service Date	Invoice Date	Payment Due Date	Payment Date
Digi Security Systems	00648765	FY 2024	\$ 111,466	Jul-24	7/31/2024	8/30/2024	10/8/2024
Jackson Mechanical Services	00648475	FY 2024	\$ 26,325	Sep-24	9/26/2024	10/26/2024	11/1/2024
Joe Cooper Chevrolet	00654054	FY 2024	\$ 40,203	Dec-24	12/11/2024	12/11/2024	12/24/2024

Source: PeopleSoft 6-Digit Expenditure Report retrieved May 8, 2025.

Note: LOFT evaluated a sampling of over 8,000 entries that were made, and selected this group based on the service provided, frequency of payment, and total dollar amount expended. For example, the transaction for DIGI Security Systems is a monthly expense. Jackson Mechanical Services is for routine

⁷ Budget work session held May 8, 2025.

⁸ Section 6.8 of the Oklahoma Statewide Accounting Manual addresses proper use of TBD encumbrances.

⁹ Invoice #OS00000366.

service and maintenance of facility infrastructure. These invoices can be found in Appendix E, F, and G. Additionally, these examples also show that agency’s propensity to pay invoices late.

It is normal for an agency to consume goods and services at the end of the fiscal year that won’t be billed until after the start of the next fiscal year. Agencies have until June 30 of each year to submit purchase orders for the current fiscal year. Agencies cannot pay invoices until after goods or services are received, so there is additional time allowed to complete the payment. When an agency submits a high volume of transactions near the end of the fiscal year, this can be an indication that an agency will be ending the year with excess funds, and perhaps was holding off making discretionary purchases until the amount was known.

As agencies are able to carryover excess funds from one fiscal year to the next year’s budget, there is no incentive for agencies to spend every budgeted dollar before the close of the fiscal year. However, it has been the policy of the current and prior leadership of DMH to not carryover funds for the agency’s operations. As stated in the agency’s budget documents and in public meetings, the agency’s position is that any funds remaining at year’s end should be distributed to providers. There is no formal policy for making additional payments beyond what has been agreed to between DMH and private providers, nor is this a budgeted expense of the agency.

Exhibit 8: DMH Budget Document Disclosure. (In response to questions on the agency’s budget request document, DMH disclosed its practice of capturing unspent funds to send to providers in the form of extra payments.)

3. If savings have been identified that resulted in available cash, please explain how cash was redeployed or will be deployed in the future:	
Available Cash from Savings(\$)	Explanation
N/A	ODMHSAS works throughout the year to identify any underutilized funds. Those funds are then swept and redeployed to providers in areas of identified need.

Source: DMH’s FY23 Budget Request & BPR Workbook.

Failure to Track Funds for a Dedicated Purpose

In FY25, the Legislature dedicated \$18.5 million of the funds appropriated to DMH for the continuum of care for children in crisis.¹⁰ LOFT found that of the \$18.5 million, only \$896,868.01 has been spent from the budget line coded for this purpose, accounted for through the Child Crisis Department. DMH did not create a separate class fund to hold the \$18.5 million; creation of a department code was how the agency chose to track expenditures for this dedicated purpose. When LOFT sought confirmation that this amount represented the total expenditures for crisis care for children, DMH provided an accounting of approximately \$2.2 million in additional expenditures made through various departments within the agency. However, the figures were estimated by DMH as the agency currently does not have a method for distinguishing between adult crisis care and crisis care for children.¹¹

¹⁰ HB2929 (2025).
¹¹ Data received from DMH May 29, 2025. DMH’s Decision Support Services Division estimated children served by applying the percentage served from mobile crisis responses.

Exhibit 9: DMH Funds Expended on Crisis Care for Children. (The table below provides DMH's best estimate of funds spent on crisis care for children in FY25. The highlighted row reflects that, of the estimated \$3.1 million spent, only \$896,868.01 was coded against the department created by DMH to track the funds provided to the agency for this purpose. The federally funded block grant is ineligible for the dedicated state funds.)

DMH Expenditures on Child Crisis Care (FY25)			Total of funds drawn from dedicated funds for child crisis
Category	Amount	Methodology Comments from DMH	
Contracted Crisis Services	810,186.65	Determined by contract information, department and operating unit and then applying DSS mobile child crisis percentage.	
Contracted Mobile Crisis Services	122,155.52	Determined by contract information, department and operating unit and then applying DSS mobile child crisis percentage.	
Mental Health Block Grant Funded Crisis Services	43,500.68	Federal funds (44000) and determined by contract information, department and operating unit and then applying mobile child crisis percentage	
Contracted Children's Services	1,066,054.08	Contracted child services with the DSS mobile child crisis percentage applied	
Children's Crisis Services (3003021)	896,868.01	Determined by department, 3003021 department is 100% child crisis	
Oklahoma County Crisis Intervention Center	64,646.15	Crisis facility with the DSS child crisis percentage applied to contracted services	
Oklahoma Crisis Recovery Unit	25,816.02	Crisis facility with the DSS child crisis percentage applied to contracted services	
Children's Recovery Center	106,038.46	Crisis facility with the DSS child crisis percentage applied to contracted services	
Total FY25 Expenditures (to date)	\$3,135,265.58		

Source: DMH, Child Crisis Data spreadsheet.

Note: FY25 data current as of May 30, 2025.

If the agency does not capture data about who was served, it cannot correctly account for services to a particular demographic. In the case of the legislative directive to spend on services to children in crisis, DMH did not track expenditures in sufficient detail to know whether money was spent on child crisis care or adult crisis care. As shown in the table above, DMH can only state with confidence that \$896,868.01 was spent for the intended purpose of child crisis care. The remaining \$2.2 million is an estimate but was not tracked by DMH. Additionally, DMH used \$43,500 in federal funds for child crisis care; funds that would be in addition to the \$18.5 million of state-directed funds.

It is unclear how much of the restricted funds for child crisis care remain. If DMH has only spent \$896,868.01 for this purpose, then it is sitting on more than \$17.5 million in restricted funds that cannot be used for anything other than its designated purpose, while being overbudget in other areas of the agency's operations. This example is indicative of two of the agency's management deficiencies: first, failing to develop a plan for spending and accounting, and second, being unable to track expenditures. **The result is DMH not being compliant with the budget limit bill directing its spending for child crisis care.**

Increased Expenditures on Services Not Mission Aligned

The Oklahoma Department of Mental Health and Substance Abuse Services was created with the enactment of the Mental Health Law of 1953. The Department is the State's "safety net mental health and substance abuse treatment services system," providing prevention and treatment for two primary populations: Medicaid recipients and those indigent and unable to pay for treatment. With the expansion of Medicaid in 2020, all Oklahomans aged 19 to 64 earning less than 138 percent of the federal poverty level are eligible to receive Medicaid. This is in addition to the populations traditionally covered by Medicaid.



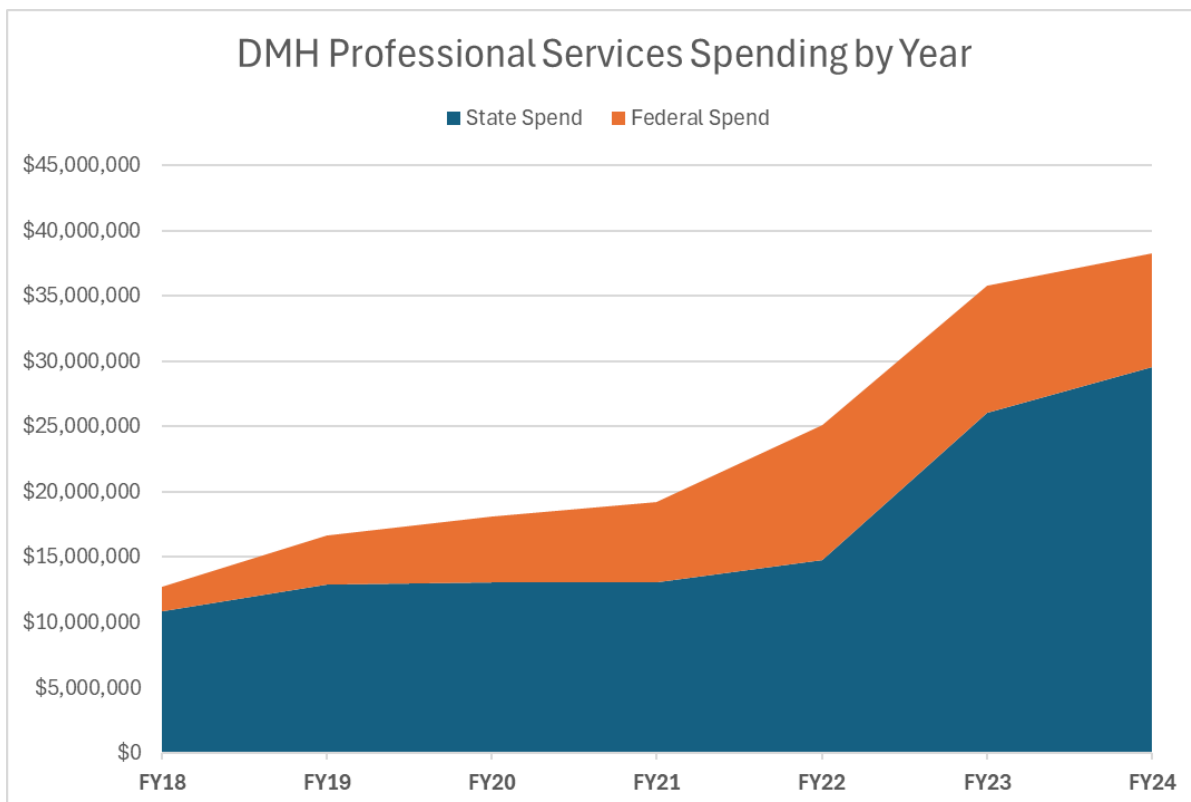
ODMHSAS is the state's safety net mental health and substance use treatment services system. The department's core mission is to provide prevention and treatment services for Oklahomans who are indigent and without a means to pay.

ODMHSAS website, "Agency Mission & Vision"



LOFT found that DMH has increased spending in areas that are extraneous to the agency's stated mission. High-growth spending areas include contracting for professional services, such as advertising, public relations and consultants. Over the last 10 years, DMH has experienced significant growth in spending on professional services relative to the agency's overall budget. **Since FY18, DMH's total expenses grew 29 percent, but total spending on professional services grew 200 percent.**

Exhibit 10: Department of Mental Health Spending on Professional Services. (Professional services include employment placement services, legal services, marketing & advertising, educational services and external medical services. Between FY18 and FY24, spending on professional services increased by 200 percent. Appendix I provides a full list of the categories for FY24.)



Source: Oklahoma Statewide Accounting System.

Much of the increased spending on professional services can be attributed to activities related to carrying out the agency's mission, such as administering federal grants and contracting for outside medical services or medical personnel. However, a considerable amount of State funds has been used for advertising and media production. In reviewing these expenditures, LOFT found several examples of wasteful or questionable spending:

In 2020, the then-Senior Director of Communications (SDC) for DMH used \$420,000 of State funds and \$80,000 of federal money to fund an Oklahoma based movie production. The movie was a hip-hop rendition of the Nutcracker, and funding was provided for the cast, crew, dancers, catering, and distribution of the movie. DMH's former SDC worked with the writer to incorporate a mental health narrative into the story to secure the grant for the movie production and is also listed as the executive producer on the movie's IMDb page.¹² The movie was released to about a dozen theaters and streamed online, where it was seen by 5,000 people.¹³

Between Fiscal Years 2022 and 2024, DMH allocated \$8 million to promote the 988 mental health emergency line. According to the purchase order, funding was sourced from multiple streams, including block grants, gambling revenue, and tobacco taxes, with the statewide accounting system reflecting that \$3.2 million originated from state funds.¹⁴ The invoices submitted by the contracted public relations firm were identical and lacked detailed breakdowns of expenditures, as the \$8 million contract was structured at a fixed rate. **Such fixed-rate contracts of this magnitude obscure the specific allocation of funds, reducing vendor accountability to the agency.** For instance, the initial purchase order designated \$300,000 for "influencers" and \$100,000 for "community/leadership outreach" without providing further details.¹⁵

A portion of this spending was also used to produce a commercial that aired during the Super Bowl. The precise cost remains undisclosed, as the PR firm subcontracted creative and video production to other firms, which did not provide direct invoices to DMH. Consequently, these expenses are not reflected in the state's accounting system. The overall lack of detailed documentation hinders the ability to assess whether waste, fraud, or abuse occurred during the campaign.

In 2023, DMH launched the "OK I'M READY" program aimed at reducing opioid and fentanyl overdoses across the state. The initiative included placing vending machines stocked with free naloxone and fentanyl test strip kits at various locations throughout the State.¹⁶ As with other initiatives, this program was funded through a combination of State and federal resources.

For the procurement of naloxone and fentanyl test strips, DMH relied on a single marketing agency, which also handled other aspects of the program. Rather than directly engaging a specialized vendor for these supplies, the marketing agency sourced them from another vendor and billed DMH. This approach raises concerns about cost efficiency and compliance with State purchasing regulations, as other vendors may offer these supplies at lower prices.

¹² Brandy McDonnell, "OKC hip-hop 'Nutcracker' movie 'Finding Carlos' leaps into national theatrical release," The Oklahoman, Feb. 18, 2022; "Finding Carlos Full cast & crew," IMDb.

¹³ Lance McDaniel, "Finding Mental Health Solutions," OKC Friday, Feb. 5, 2021. An example of an invoice for this project is in Appendix H.

¹⁴ Transactions were approved by the Senior Director of Communication, who was later promoted to Chief Communication Officer. In 2024, this individual was charged with embezzlement for another incident related to his work with DMH and its associated foundation.

¹⁵ Oklahoma Statewide Accounting System, PO# 4529064292.

¹⁶ "ODMHSAS Places First Life-Saving Vending Machine," Oklahoma Department of Mental Health and Substance Abuse Services, Jun. 27, 2023.

Exhibit 11: Sample Invoice of Marketing Agency Billing DMH for Narcan.

ghost 616358

INVOICE
12846

DATE
6/12/2023

PROJECT
DMH798S Narcan & Fentanyl Test Rest...

TERMS
Net 45

Approved for Payment
PO#4529065404
June 12, 2023

Department of Mental Health
Katie Lenhart

K. Lenhart

DATE	ITEM	DESCRIPTION	QUANTITY	UNIT	AMOUNT
6/12/2023	Reimbursable Expen...	Narcan restock for vending machines PO 4529065404	110	570.00	62,700.00

Source: Oklahoma Statewide Accounting System.

Based on the limited details provided in the invoice in Exhibit 11, it cannot be determined whether the State paid a fair market price for the product. LOFT's review of the average over-the-counter price for Narcan is \$25 per dose. The invoice above reflects a quantity of 110, at a unit cost of \$570. It is unclear how many doses were in the quantity purchased. This problem extends through the purchase of the testing strips as well. As reflected on the invoice below, there is a quantity of 1 for the total price, limiting evaluation of whether the State was appropriately charged.

Exhibit 12: Sample Invoice of Marketing Agency Billing DMH for Fentanyl Test Strips.

ghost 617710

INVOICE
12857

DATE
6/29/2023

PROJECT
DMH798S Narcan & Fentanyl Test Rest...

TERMS
Net 45

Approved for payment
PO#4529065404
June 29, 2023

Department of Mental Health
Katie Lenhart

K. Lenhart

DATE	ITEM	DESCRIPTION	QUANTITY	UNIT	AMOUNT
6/29/2023	Reimbursable Expen...	Fentanyl test strip restock for vending machines PO 4529065404	1	12,442.63	12,442.63

00

Source: Oklahoma Statewide Accounting System.

The “OK I’M READY” campaign was extensively promoted through video testimonials and advertisements. DMH allocated \$76,000 in State funding to produce 20 videos featuring social media influencers to endorse the initiative. An additional \$154,000 in State funds was spent on advertising and promoting these videos to enhance the program’s visibility. In 2024, DMH discontinued the vending machine program, citing cost-effectiveness and lack of program effectiveness.

Poor Contract Management

The contracts between DMH and its providers, especially CCBHCs, are difficult to follow. Boilerplate contracts that incorporate standardized statements of work by reference often obscure the intent of the contracts. Often these statements of work incorporate tertiary works – either additional contractual terms or statutes – by reference. For example, several of the CCBHC contracts refer to the non-categorical fixed rate statement of work for Adult Crisis Stabilization Unit, which in turn lists several duties for any provider operating under that contract, but concludes the list with the statement that, “Contractor will provide other qualifying activities specified within Title 450 Subchapter 23.”

Although the original parties to the contract may have had full understanding of their respective obligations, it is difficult for any outside parties, such as new DMH leadership or those who seek to hold the agency accountable, to assemble all the pieces into a workable contract that outlines the duties and costs incurred by each party. While such result may not have been intentional, the number of contracts and the amount of legwork needed to track down all relevant documents makes it increasingly difficult for oversight entities to catch malfeasance as well as simple errors.

Exhibit 13: Excerpt of DMH Contract Management Spreadsheet. (This excerpt shows the first 25 lines out of 523 total lines of DMH’s tracking of FY25 CCBHC contracts. The spreadsheet does not provide sufficient detail to ensure that services are not duplicated. For instance, the geographic location is not noted, and the services covered by each contract line are not detailed enough to avoid duplication.)

1	FY25 CCBHC Contracts		
2	TypeOfContract	ContractLine	VendorName
3	Sole Source	Adult Basic - Oklahoma Forensic Center - State	Grand Lake Mental Health Center, Inc. dba GRAND Mental Health
4	Fixed Rate	Adult Crisis Stabilization Unit - MHBG - Federal	Red Rock Behavioral Health Services
5	Fixed Rate	Adult Crisis Stabilization Unit - Revolving (MH)	Red Rock Behavioral Health Services
6	Fixed Rate	Adult Crisis Stabilization Unit - State	Green Country Behavioral Health Services, Inc.
7	Sole Source	Adult Mobile Crisis (Crisis Diversion Team) - State	Family & Children's Services, Inc.
8	Sole Source	Advocacy - Aging - MHBG - Federal	North Oklahoma County Mental Health Center, Inc. (NorthCare)
9	Sole Source	Advocacy - Nicotine Replacement Therapy Project - Revo	Carl Albert CMHC
10	Sole Source	Advocacy - Nicotine Replacement Therapy Project - Revo	Central Oklahoma CMHC
11	Sole Source	Advocacy - Nicotine Replacement Therapy Project - Revo	Counseling and Recovery Services of Oklahoma
12	Sole Source	Advocacy - Nicotine Replacement Therapy Project - Revo	CREOKS Mental Health Services, Inc.
13	Sole Source	Advocacy - Nicotine Replacement Therapy Project - Revo	Family & Children's Services, Inc.
14	Sole Source	Advocacy - Nicotine Replacement Therapy Project - Revo	Grand Lake Mental Health Center, Inc. dba GRAND Mental Health
15	Sole Source	Advocacy - Nicotine Replacement Therapy Project - Revo	Green Country Behavioral Health Services, Inc.
16	Sole Source	Advocacy - Nicotine Replacement Therapy Project - Revo	HOPE Community Services, Inc.
17	Sole Source	Advocacy - Nicotine Replacement Therapy Project - Revo	Jim Taliaferro CMHC
18	Sole Source	Advocacy - Nicotine Replacement Therapy Project - Revo	Lighthouse Behavioral Wellness Centers
19	Sole Source	Advocacy - Nicotine Replacement Therapy Project - Revo	Northwest Center for Behavioral Health (NCBH)
20	Sole Source	Advocacy - Nicotine Replacement Therapy Project - Revo	Red Rock Behavioral Health Services
21	Sole Source	Advocacy - Special Population Outreach - MHBG - Federal	Red Rock Behavioral Health Services
22	Sole Source	AFC-STARs - COMPASS Grant Project Site Training & Cons	Grand Lake Mental Health Center, Inc. dba GRAND Mental Health
23	Sole Source	AFC-STARs - Enhanced Services in Outpatient Treatment	Jim Taliaferro CMHC
24	Sole Source	AFC-STARs - Family Care Plan Coaching and Consultation	CREOKS Mental Health Services, Inc.
25	Sole Source	AFC-STARs - Family Care Plan Coaching and Consultation	CREOKS Mental Health Services, Inc.

Source: Excerpt of a document provided by DMH staff on April 21, 2025.

Further complicating matters is the number of services contracted by DMH to mental health providers. These services are provided by dozens of contractors, and these contractors often provide some of the same services in different geographic regions of the State. LOFT received 2,399 files relating to contracts with CCBHCs. LOFT requested DMH's internal mapping of which services are being provided under which contracts, by geographical region. DMH provided a spreadsheet of contracts held by the agency, but the information is not maintained in such a way to easily identify duplicative services being contracted by the agency. To date, DMH has identified one such duplication in contracted services across the same vendor. One of the duplicate contracts was canceled. However, there is a substantial risk that more instances of duplicated payments for the same services exist.

One way to better track the range of contracted services is to maintain a spreadsheet with a tab for each county of the state, and a list of all services and which contract covers that service for that county, with a link to the relevant document. Instead, as shown in Exhibit 13, DMH has a sortable list of the contracts renewed for the year, listing whether it was competitively bid, the statement of work the contract covers, and the providers holding such a contract, but without the relevant geographic area and document names. As noted above, often two or three different documents are required to understand the full effect of a given contract.

DMH's poor contract management is also evident with its engagement with the vendor MyCare. In response to the COVID-19 pandemic, DMH implemented a telehealth program to facilitate communication between behavioral health providers and individuals identified by law enforcement as needing mental health services. To support this initiative, DMH engaged MyCare, a vendor that has leased approximately 3,000 tablets to law enforcement and behavioral health providers and provided the software platform for connecting these parties.

However, DMH has made payments to MyCare without establishing proper contracts or purchase orders. Since 2021, DMH has paid MyCare \$5.4 million through ratification agreements, which State agencies use to retroactively approve purchases made without prior authorization.¹⁷ While a single ratification may be justifiable, DMH issued ratifications for MyCare annually from 2021 to 2024, reflecting a recurring practice. A review by LOFT of DMH's use of ratification agreements across all vendors revealed at least 120 unauthorized transactions totaling \$14.6 million over the past five years, all of which were later ratified.

Failure to Correct Deficiencies Identified in Previous Audit Findings

The State Auditor and Inspector (SAI) and OMES have previously identified significant deficiencies in the financial practices of the Department of Mental Health. Historically, DMH has dismissed or, in some instances, openly disregarded audit findings and recommendations.

Exhibit 14: Example of DMH's Response to OMES's Procurement Audit.

- **Recommendations:** ODMHSAS does not concur that it is in the practice of issuing contracts beyond its authority and will continue to issue contracts within the bounds of its authority granted by statute, rule and policy. This includes ODMH-SAS contracting authority allowed for in the exemptions mentioned in the response to this audit finding.

Source: 2020 OMES Procurement Audit of DMH.

¹⁷ "Ratification of an unauthorized commitment" means the act of approving an unauthorized commitment made by a state agency and the written agreement documenting the approval. OAC 260:115-1-2.

In the FY20 audit, the SAI determined that DMH inaccurately included other state agency payables in the amounts reported for federal payables. This error led to an overstatement of accounts payable by \$27,629,914.77.¹⁸ In the FY21 audit, the SAI identified a similar issue, with accounts payable overstated by \$1,413,952. The auditors attributed this to DMH's lack of adequate internal procedures. While DMH claimed the error was identified and corrected internally, the SAI contested this assertion, stating that the adjustment was made only after their notification.

Additionally, the SAI's review of DMH's accounting for the Coronavirus Relief Fund (CRF) revealed the agency failed to accurately identify all COVID-19-related expenditures in the statewide accounting system. While DMH reported \$10 million to the CRF, it omitted approximately \$3.4 million in payroll expenses and \$1 million in miscellaneous expenditures. The SAI noted that this discrepancy has since been corrected but highlighted that it stemmed from inadequate internal control procedures for tracking, identifying, and reporting COVID-19 expenditures in the statewide accounting system. DMH leadership disputed these findings, describing them as "inaccurate and misleading" and requesting their removal from the audit report.¹⁹

Concurrent with the SAI audits, OMES's Central Purchasing's Audit and Administrative Investigations team conducted an audit of the Department of Mental Health's procurement practices. The 2020 audit report concluded that DMH failed to substantially comply with the Central Purchasing Act and Oklahoma Administrative Code 260 § 115. Key findings identified violations involving fixed-rate contracts, inadequate sole-source documentation, and non-competitive professional services contracts.

Exhibit 15: Past Audit Findings. (Below is an excerpt from a 2020 audit by OMES Central Purchasing's Audit and Administrative Investigations team. The findings included violations of the Central Purchasing Act related to fixed rate contracts, sole source documentation, and non-bid professional services contracts.)

What we found

Analytical testwork was performed during the planning stage, internal control walk-throughs were completed and 297 purchases/expenditures were tested against compliance requirements. Six formal findings were written and we have determined the Oklahoma Department of Mental Health and Substance Abuse Services did not significantly comply with the Central Purchasing Act and the Oklahoma Administrative Code 260 § 115. We did determine the agency significantly complied with the agency's internal purchasing procedures.

Finding 17-452-01: Fixed-rate contracts

QUESTIONED ACQUISITION AMOUNT: \$45,882.95

TOTAL QUESTIONABLE ACQUISITION AMOUNT: \$71,914,636.28

Recommendations

The state purchasing director should rescind the delegated fixed-rate contracting authority until the Office of Management and Enterprise Services has completed a fixed-rate contract to support all fixed rates paid by the agency.

Source: OMES Central Purchasing Audit, 2020.

¹⁸ Financial Audit Finding Input Sheet Fiscal Year 2020 Finding #20-452-022, Oklahoma State Auditor and Inspector, Dec. 18, 2020.

¹⁹ Financial Audit Finding Input Sheet Fiscal Year 2021 Finding #21-452-039, Oklahoma State Auditor and Inspector, Jan. 21, 2022.

The audit report identified a significant deficiency in DMH's management of fixed-rate contracts with providers, with \$72 million worth of claims not properly documented. All tested claims were found to be non-compliant, with errors including DMH's failure to obtain approval from the OMES Director, lack of authorization from a public meeting, and omission of required fixed-rate data submissions to the House and Senate. These lapses undermine accountability, transparency, and public access. DMH contested the findings, asserting that documentation for some older contracts was unavailable. The auditors recommended that the State Purchasing Director revoke DMH's delegated fixed-rate contracting authority until OMES completes a comprehensive fixed-rate contract to support all payments made by the agency.²⁰

The procurement audit also found that DMH had engaged in several unauthorized commitments. An unauthorized commitment occurs when a purchase is made by an agency before an agreement is in place, such as a contract or a purchase order. In its test sample of 160 purchase orders, the audit team found that 19 percent, totaling \$2 million, were unauthorized commitments.²¹

Poor Purchasing Controls

LOFT repeated the SAI's claims exercise that identified the unauthorized commitments in the 2020 purchasing audit and found that DMH has continued the practices identified at that time. LOFT retrieved a list of all purchase orders that had an invoice paid on them for FY24, removing any duplicate purchase orders (POs) that may have had multiple invoices paid. From the list of unique POs, LOFT applied a randomizing calculation to the full list to arrive at the 160 purchase orders that were evaluated to recreate the same sample size of the 2020 audit. For each of the POs in the sample, LOFT reviewed the first purchase charged against that PO to determine whether the PO was created before or after the service was received. Out of the 160 POs reviewed, LOFT found that 57, or 35.6 percent, resulted in an unauthorized commitment. In 27 of these POs, DMH failed to create a PO for more than 30 days after the purchase occurred.

In addition to making payments prior to a contractual agreement in place, LOFT found that the agency has a habit of paying invoices after their due date. These actions put the State at risk as vendors are authorized in statute to charge the State interest on any outstanding balance after 45 days.²²

All payments to vendors must have an accompanying purchase order prior to paying for the service. However, it is a common practice of DMH to make a purchase and then apply a PO after the fact. In order to do this, the agency must make a correcting entry in PeopleSoft. This requires making a credit entry to the line that made the original transaction, and then the agency makes the proper entry by attaching a PO to the transaction. This results in the agency having at least three entries for the same purchase. With every additional entry, the agency risks improperly applying the transaction to the incorrect Class Fund, Department, or Budget Reference Year, for example. If an error is made, the agency has to make another credit entry and then a new debit entry, again increasing the risk of the entry being coded incorrectly. These corrections make it difficult for reviewers to get an accurate picture of the agency's transaction history.²³

²⁰ Oklahoma Department of Mental Health and Substance Abuse Services Procurement Audit, Office of Management and Enterprise Services Audit and Administrative Investigations, Apr. 2020. Appendix J provides comparative information about the enforcement capabilities of state auditors. Appendix K provides additional details on the audit's findings for fixed rate contracts.

²¹ Ibid.

²² Title 62 O.S. §34.71.

²³ For FY24, LOFT evaluated all transactions recorded in PeopleSoft.

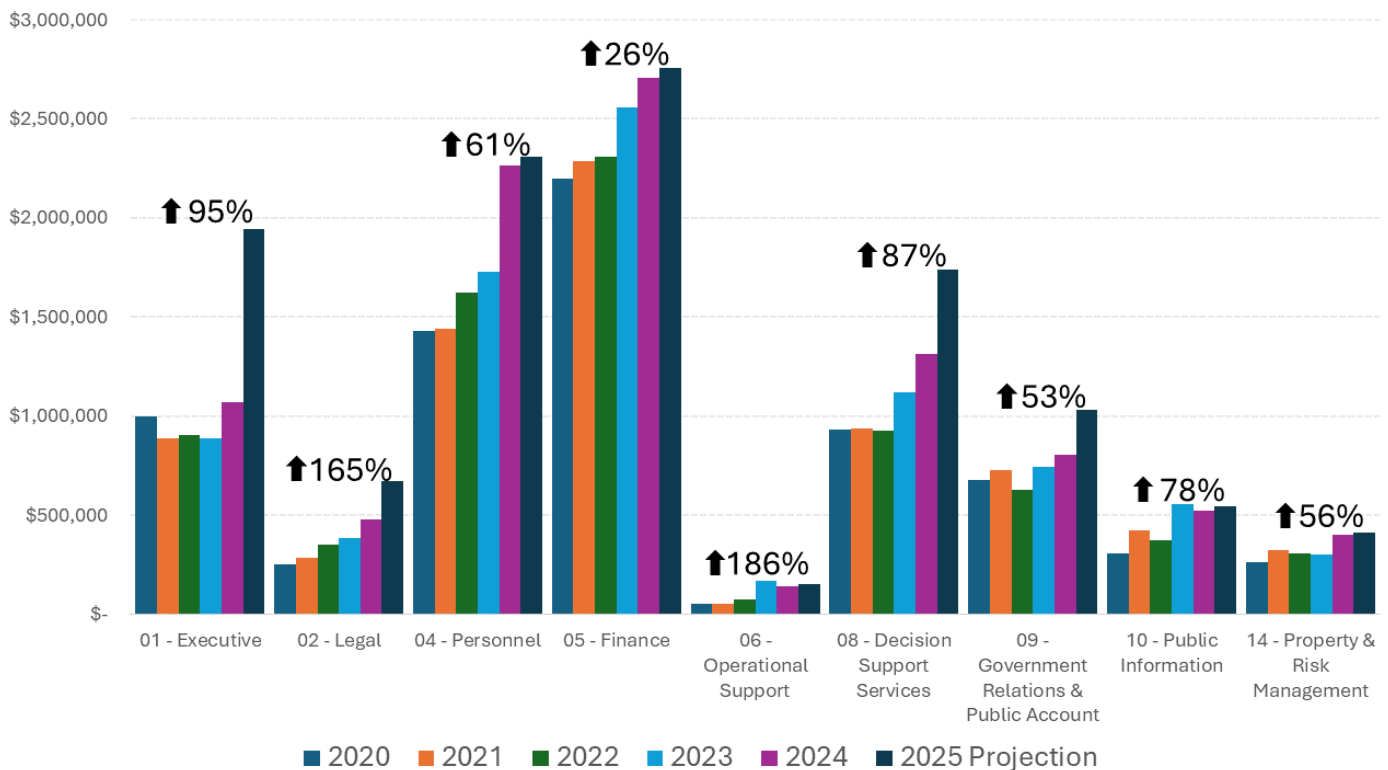
Increased Spending on Administrative Staff

LOFT observed significantly increased costs for the Department of Mental Health's Central Administration staff. This group of employees are those who are direct full-time employees of the agency but does not include those employed at the agency's facilities.

LOFT examined the actual expenditures on total compensation for agency personnel between FY20 to present day. LOFT further examined the growth within the agency's various departments within the Central Administration division of DMH. As depicted below, each of the agency's departments have experienced significant growth over the past five years, with the Executive department nearly doubling its costs over the past year. For FY24, the Executive department spent \$1,067,318.15; for FY25, LOFT projects the department will spend \$1,944,570.65. This reflects an increase of 82 percent from FY24 to FY25.

Fiscal Year	Total
2020	\$7,101,392.74
2021	\$7,364,921.34
2022	\$7,496,477.25
2023	\$8,441,565.72
2024	\$9,699,996.32
2025	\$11,559,019.24

Exhibit 16: Six Year Comparison of Compensation by Department within DMH Central Administration
(This chart shows the percentage increase of compensation between the different departments within DMH Central Administration. This excludes any employees of state operated facilities. The table above reflects the total expenditures of the Central Administration Division through FY20 – FY25.)



Source: PeopleSoft budget to actuals reports, as of May 14, 2025. The 2025 figure is a projection based on the past 10 months of historical data. LOFT does not have current data on the number of employees per division.

Conclusions and Recommendations

LOFT's investigation into the financial conditions of the Department of Mental Health revealed that the agency's inability to operate within its budget for FY25 was not due to a lack of funds, but rather a lack of a proper spending plan. While the poor budget practices appear to have been in place for at least a decade, even after the agency identified that it would run out of funds before the end of the fiscal year, it did not take steps to constrain spending. Instead, the agency increased spending on administrative staff and paid out substantial settlements to departing employees. Prior to this, at the close of FY24, the agency decided to borrow against the next year's appropriated funds to meet its obligations for Title XIX services, yet still paid out millions in uncontracted payments to private providers.

DMH's lack of financial planning and financial discipline created a domino of spending problems, which were exacerbated by poor accounting and limited oversight. The agency has not been strategic in using the funds it has, perhaps best demonstrated by the significant funds remaining to serve children in crisis.

Additionally, the agency appears to have intentionally obscured the costs of its operations in order to fund a non-budgeted expense: payments to private providers for care to non-Medicaid eligible clients. It has been the practice of DMH to subsidize the cost of care of those who do not qualify for Medicaid but are still unable to pay for services, either through insurance or self-pay. However, the Legislature has not established a policy position on whether this is an appropriate use of State funds, and if so, to what degree the State should subsidize these costs. Other states that subsidize indigent care have established parameters for what and how much is covered by the state. For example, New York created a pool of funding for "Eligible Medicaid Safety Net CCBHCs to sustain access to services." The state establishes a dollar limit to be paid from the pool each year and provides an explanation of how payments will be made. This approach provides certainty to the state for the annual cost while allowing providers to set reasonable expectations for the amount of state funds available to subsidize non-Medicaid services.²⁴ DMH has, in effect, made this policy decision for the State, supplanting the judgment of the Legislature. These payments have been made at the discretion of the agency and have been applied inconsistently from year to year and provider to provider. This lack of formal policy has resulted in the agency spending on a non-budgeted area at varying degrees, and has led to uncertainty from private providers, who cannot accurately forecast revenues from the State.

The Legislature provided \$27.4 million in supplemental funding to the agency for FY25 to cover its remaining personnel costs through the end of the fiscal year. The agency states these funds enable it to meet all its obligations through the end of the fiscal year, including fulfillment of any contracted payments to service providers. However, the agency was not able to provide the Legislature with a detail of its expected budget needs for FY26. In response, the Legislature appropriated \$403.6 million to the agency for FY26, reflecting an increase of \$20 million from FY25 when excluding the supplemental appropriation. OHCA anticipates that Title XIX reimbursements will be approximately \$20 million more for FY26. However, DMH will have two expanded facilities coming online in FY26, requiring additional operational costs that are yet unknown.

In light of the significant deficiencies identified for both budgeting and spending by DMH, LOFT recommends the following actions to prevent future budget shortfalls within the agency and to ensure the agency is held accountable for properly expending funds:

²⁴ The Supplemental Materials section of this report provides additional information about pending payments and New York's model.

With passage of HB2785 at the end of the 2025 session, the Legislature put in place provisions that will assist in holding the Department of Mental Health accountable for properly managing its budget, including requiring OMES to examine DMH's budget to actuals prior to releasing the agency's one-twelfth appropriations disbursements, barring DMH from entering into any contract that does not specify a maximum State obligation, and prohibiting OMES from processing payments for nonbudgeted expenditures.

The Legislature may also consider:

- Establishing a dedicated class fund for Title XIX Medicaid reimbursements.
- Eliminating the reimbursement process and payment lag times for Title XIX by delegating management of the State share of Title XIX to the Oklahoma Health Care Authority.
- Establishing a dedicated class fund for any legislatively directed spending.
- Determining whether the State should subsidize private providers for a portion of the costs incurred from providing services to clients who are not eligible for Medicaid, and if so, also determining the amount of annual State funds to budget for this expense.
- Establishing statutory consequences for an agency that fails to address financial or purchasing deficiencies that are identified in a State audit.
- Requiring any plan to construct a new facility or expand an existing facility be accompanied by an operational plan that includes cost projections.
- Requiring any new spending or programs that are initiated by federal funds to include a plan for how the agency will support the program after the federal funds are reduced or eliminated.

The Department of Mental Health and Substance Abuse Services should:

- Create an operational budget based on the agency's statutorily defined duties and that also reflects costs per facility managed by the agency.
- Execute a policy for the agency to create a continuing revolving fund for the purpose of ensuring that funds are available to pay providers for all contracted services. As the agency must budget against a consumption-based variable, it is prudent policy to maintain some funds in reserve.
- Create and maintain a master list of contracts depicting, on a county-by-county level, what service is being provided, by whom, for how much, with the contract number and vendor name.
- Create new internal purchasing procedures that include requiring every transaction to attach supporting documentation into the State accounting system and ensure that ratifications are rarely used.
- Submit drafts of contracts and contract amendments to OMES Central Purchasing for review and input to ensure terms are clearly stated and cost limits are established.
- Review all sole source contracts and consider putting the services out for competitive bidding.
- Establish a system to effectively track spending in accordance with legislative directives, such as services for children in crisis.
- Establish a review process for determining the cost/benefit of contracts for professional services as well as recording expected outcomes of the contracted services.
- Ensure that expenditures are recorded to the fiscal year in which services are received, not when the invoice is paid. Additionally, the agency should ensure that invoices are paid within 45 days of receipt.

Agency Background & Appendix Items

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Background

In FY12, Medicaid funding for mental and behavioral health was moved from the Oklahoma Health Care Authority (OHCA) to the Department of Mental Health (DMH), transferring \$118.5 million in funding from the Health Care Authority's budget and appropriating it to the Department of Mental Health's budget. \$133 million was transferred for behavioral health and \$5 million was transferred for "behavioral health growth" to anticipate growth in the program.¹

As a requirement to receive the federal portion of Title XIX, also known as Medicaid, states are required to designate a Medicaid Agency. In Oklahoma, that agency is the Oklahoma Health Care Authority. Through OHCA, mental health providers are reimbursed for the expenses relating to Medicaid. The federal to state share of the reimbursements range based on the FMAP rate. This rate changes from state to state.

Below is list of the State share of various Medicaid expenses as of May 2025, based on DMH's budget documents and payments to OHCA.

Program	State Share %
Outpatient TXIX	32.92%
Outpatient TXIX Expansion	10.00%
Inpatient TXIX	32.92%
Inpatient TXIX Expansion	10.00%
Inpatient SCHIP	23.04%
Outpatient SCHIP	23.04%
DMH Post Partum Traditional	32.92%
DMH Pst Partum Expansion	10.00%
CCBHC SCHIP (10/90)	23.04%
CCBHC SCHIP Expansion (10/90)	10.00%
DMH State Amended CCBHC	0.00%
DMH State Amended CCBHC Expansion	10.00%
MCO Outpatient TXIX	32.92%
MCO Outpatient TXIX Expansion	10.00%
MCO Inpatient TXIX	32.97%
MCO Inpatient TXIX Expansion	10.00%
MCO Inpatient SCHIP	23.04%
MCO Outpatient SCHIP	23.04%
MCO CCBHC SCHIP (10/90)	23.04%
MCO CCBHC SCHIP Expansion (10/90)	10.00%
MCO DMH State Amended CCBHC Expansion	10.00%

¹ FY'13 Senate Appropriations Report, p. 94.

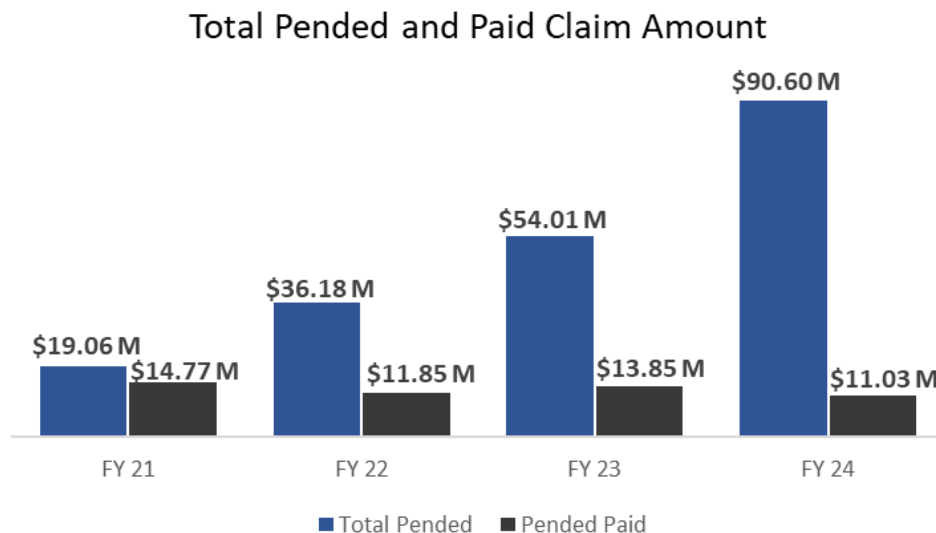
The federal Centers for Medicaid and Medicare Services (CMS) appropriates all federal Medicaid funds to Oklahoma’s State Medicaid Agency, the Health Care Authority. OHCA pays Medicaid claims to providers on a weekly basis, paying an average of \$180 million weekly in FY23. In FY23, 22 percent of HCA’s weekly disbursements is attributable to other agencies, including DMH.

All claims for Medicaid are processed by OHCA through its Medicaid Management Information System (MMIS). This system was funded with 90 percent federal funds; MMIS operations are funded at a 75 percent federal match rate.

The Department of Mental Health and Substance Abuse Services receives appropriations for most Medicaid outpatient behavioral health services and some inpatient behavioral health services. Those claims still run through the OHCA owned Medicaid Management Information System (MMIS). OHCA pays those claims, draws federal funds, and invoices DMHSAS for the state share cost of services. **OHCA even does this for non-Medicaid services to leverage its existing claims payment system, rather than DMH owning and operating its own system**, but in this instance OHCA does not draw federal funds, as the claims are not Medicaid eligible. If a claim is Medicaid eligible, it is paid by OHCA. If a claim is not Medicaid eligible, it may be paid in accordance with any contracts that DMH has with a provider, up to the amount budgeted. Any non-Medicaid claims that are not budgeted are not paid. These claims are commonly referred to as “pended claims.”

Pended Claims

Oklahoma is only required to pay the State share of Medicaid eligible services rendered. However, it has been the practice of DMH to pay a portion of the costs incurred by providers for non-Medicaid services. This takes place in two ways: first, through inclusion of an amount predetermined by DMH for uncompensated claims that is budgeted through provider contracts, and second, through an end of year review after assessing any remaining unspent state funds within the agency. DMH and providers refer to these end of year payments as “pended payments,” as they refer to claims submitted through the MMIS that exceed any budgeted amounts for uncompensated care that were agreed to by DMH. These claims, which are run through the MMIS, are not paid but are pending consideration by DMH, upon the availability of funds.



Source: The Oklahoma Department of Mental Health and Substance Abuse Services.

The number of pended claims submitted by providers, which are overwhelmingly from Certified Community Behavioral Health Clinics (CCBHCs), has increased significantly. As the chart above shows, the total amount of pended claims has risen from \$19 million in FY21 to over \$90 million in FY24. Over this time, DMH has consistently paid between \$11-14 million per year to subsidize providers for pended services. DMH reported to LOFT that pended claims for FY25 are expected to reach as high as \$118 million.²

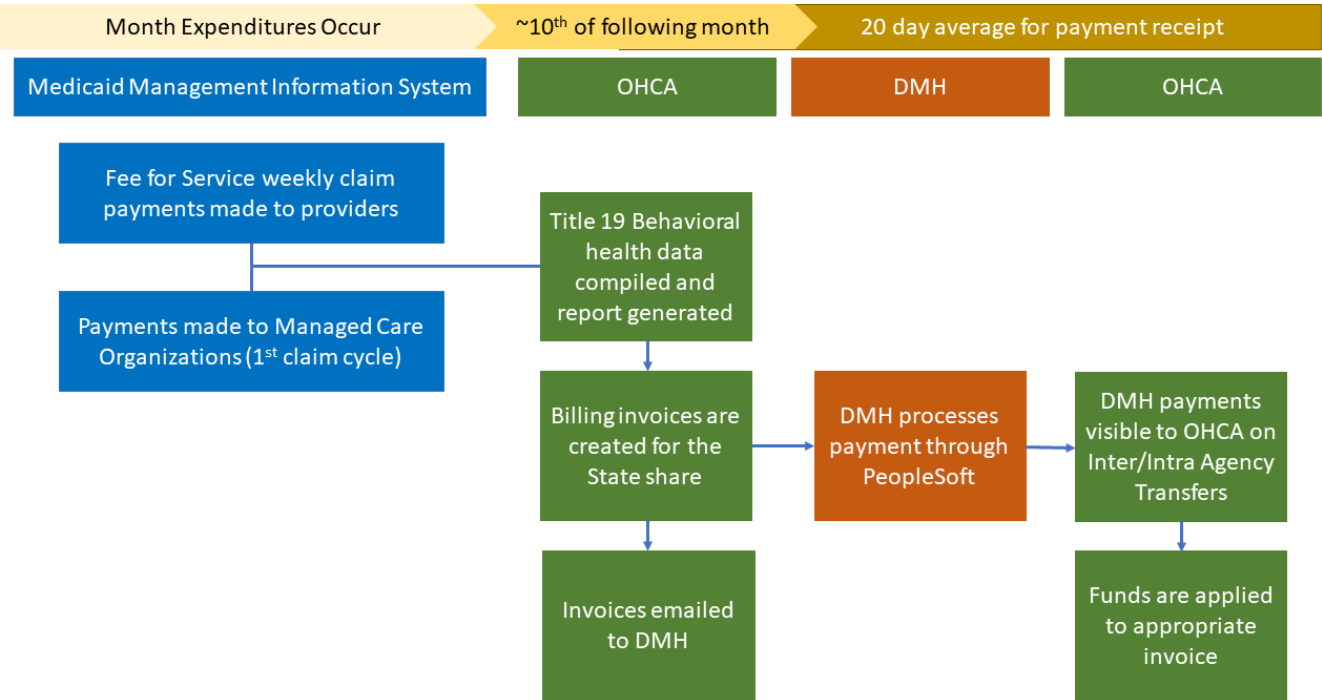
CCBHCs and Pended Payments

These year-end pended claim payments are not contracted, nor are they provided for in legislative appropriations. Instead, DMH made a practice of overestimating its budget, and then shifting excess funds to providers. These year-end pended claims are paid in addition to 1) an enhanced Medicaid reimbursement rate to CCBHCs that is intended to pay for the entire cost of operating a CCBHC clinic, and 2) fixed-rate contracts that are paid to CCBHCs for treating indigent patients, also paid at the enhanced rate.

LOFT reviewed how other states with CCBHCs handle payment services to indigent patients. While several states do not provide state funds to help cover these services, some states do subsidize such care. For instance, New York provides \$45 million each year to help cover indigent care provided by CCBHCs. When adjusting for population, a comparable amount in Oklahoma would be roughly \$9.2 million. This amount would include the fixed rate contracts mentioned above. More importantly, the New York legislature was directly responsible for creating the funding pool, whereas DMH has provided funding without input from the Oklahoma legislature.

Title XIX (Medicaid) Reimbursement Process

OHCA reimburses medical providers on a weekly basis, paying an average of \$180 million weekly in FY23. In FY23, 22 percent of OHCA’s weekly disbursements is attributable to other agencies, DMH included.



² Data from the Oklahoma Department of Mental Health and Substance Abuse Services.

OHCA makes payments to all providers and then invoices each agency for their respective State share. OHCA bills DMH monthly. On approximately the 10th of the month, OHCA Financial Management compiles Behavioral Health data and generates a report. OHCA General Accounting creates billback invoices for the State share. OHCA General Accounting emails the invoices to DMH. DMD receives the invoices and processes the payment through PeopleSoft within 20 days. OHCA can see when the payments appear on the Inter/Intra Agency transfers in General Accounting.

Agency Revolving Funds

The Department of Mental Health has 47 active Class Funds, also known as revolving funds. These 47 Class Funds are from where the agency pulls money for any given agency expenditure. Most of these revolving funds are statutorily created. As of the end of April 2025, 22 of the agency’s Class Funds had a balance of available funds. Some of the funds in these class funds are restricted in use, as is the case with most dollars in the 4XX series class funds, as these are funds set up to hold and expend federal funds on federally supported programs. Additionally, DMH has frequently obligated funds within the unrestricted class funds via purchase order encumbrances and internal operations.

The following table provides the agency’s active Class Funds, by fund name and the balance, as of April 2025.

Class Fund	Fund Name	April 2025 Balance
193	FY 2023 Appropriations Remaining Balance*	\$ 0.99
194	FY 2024 Appropriations Remaining Balance*	\$ 4,255,733.68
195	FY 2025 Appropriations Remaining Balance*	\$ 35,141,526.91
200	DMH Revolving Fund*	\$ 1,698,811.87
220	Drug Abuse and Treatment Fund	\$ 244,819.61
230	Capital Outlay Fund	\$ 1,941,543.12
237	County Community Safety Investment	\$ 9,070,498.58
240	Group Housing Loan revolving Fund	\$ 3,084.38
245	Community Based Substance Abuse Fund	\$ 96,204.97
247	Mental Health Transportation Fund	\$ 2,616,481.40
250	Prevention of Youth Access to Drugs and Alcohol	\$ 47,641.35
283	Long Range Capital Planning Commission	\$ 2,062,714.77
410	Federal Funds	\$ 1,048,891.78
440	Federal Funds	\$ 1,508,517.20
441	Mental Health Block Grant - Covid 19	\$ 6,630.61
442	Intra-Agency Reimbursement Fund	\$ 429,902.04
445	Substance Abuse Block Grant	\$ 1,387,095.12
446	Federal Block Grant Funds	\$ 85,218.78
447	Substance Abuse Block Grant - ARP	\$ 124,855.98
448	Mental Health Block Grant - ARP	\$ 81,015.72
450	State Opioid Stimulant Initiative	\$ 897,128.07
451	State Opioid Response IV	\$ 159,683.73
497	Statewide Recovery Fund	\$ 174,916.48
700	Central Office Fund	\$ 7,930.54
701	Griffin Memorial Hospital Fund	\$ 6,525.90
702	Eastern State Hospital Fund	\$ 297,708.23
703	Oklahoma Youth Center Fund	\$ 37,219.16
704	Western State Psychiatric Center Fund	\$ 46,873.46
705	Carl Albert Community Mental Health Center Fund	\$ 881.88
706	Jim Taliaferro Community Mental Health Center Fund	\$ 8,078.96
707	Central Oklahoma Community Mental Health Center Fund	\$ 61,432.23
709	Continuing Education Adult Substance Abuse Fund	\$ 1,484,835.80
710	Central Office Bequest Fund	\$ 1,509,486.07
711	Griffin Memorial Hospital Patients Social Security Benefit Fund	\$ 35,200.61
714	NCBH Patients Social Security Benefit Fund	\$ 92,156.49
994	Compensation Withholding Accounts	\$ 7,954.65

Source: PeopleSoft Financial Accounting Software

* Funds used to pay for Medicaid expenditures

Appendix A. Methodology

Stakeholders Engaged

ODMHSAS leadership and personnel

OMES leadership and personnel

OHCA leadership and personnel

Healthy Minds

House Fiscal Staff

Senate Fiscal Staff

The State Auditor and Inspector

Financial Review

LOFT staff accessed the State's accounting software program, PeopleSoft, to review the agency's financial status. Additionally, LOFT:

- Examined DMH budget work programs
- Pulled cash balance reports on PeopleSoft
- Pulled receipts and disbursements reports on PeopleSoft
- Pulled Budget/Actuals (YTD Summaries) from PeopleSoft
- Reviewed the budget revision log in PeopleSoft
- Reviewed the agency's encumbrance report from PeopleSoft
- Examined individual purchase orders and attached comments
- Reviewed a sampling of service contracts
- Compared DMH's Title XIX payments with OHCA's records of payments

Unrealistic Budgeting Estimates

LOFT partnered with the Oklahoma Health Care Authority to determine what the annual amount of Medicaid reimbursement for the State's share would be. This data is created and housed within OHCA as they are the designated Medicaid agency for Oklahoma. LOFT used a series of data requests that show the billed amounts, dates and receipts of payments from DMH for Title XIX. This data was then used to create periodic estimates of the annual estimated cost.

Over and Under Budget Line Items

The term overbudget means to have expended more funds than what was originally planned. Underbudget means the inverse. LOFT evaluated these statistics for FY24 since that is the most recent year of complete data.

Contract Management

LOFT was not able to perform an in-depth analysis on all active contracts. Instead, LOFT relied on DMH to provide a list of contracts that have been reviewed by DMH staff.

Recreating the OMES Procurement Audit

LOFT used PeopleSoft Accounting Software to pull a list of all purchase orders that were active in FY24, and that had a voucher drawn off of the PO within the fiscal year. There were over 1,600 POs. From there LOFT applied the “=RAND” function to adjoined cells. This function applies a random number from 0 to 1, an infinite list. LOFT then sorted the random number column by largest to smallest and selected top 160 POs. This process creates a truly random sample as the rand function is not predicated on the value or order of the PO. Therefore, in order to recreate this exact same set of sampled POs, there are 10^{311} unique outcomes.

Appendix B: Statutory Duties of the Oklahoma Department of Mental Health and Substance Abuse Services

Section of Law	Duty
43A Okl. St. § 2-101	Exercise all functions of the state in relation to the administration and operation of all state facilities for the care and treatment of the mentally ill and drug- or alcohol-dependent persons.
43A Okl. St. § 2-108	Investigate accusations that anyone was "wrongfully deprived of liberty, or is cruelly, negligently or improperly treated" at a " facility operated by, certified by, or under contract with the Department"
43A Okl. St. § 2-109	"Establish the Office of Consumer Advocacy within the Department of Mental Health and Substance Abuse Services and to employ such personnel as may be necessary to carry out the purposes of this section."
43A Okl. St. § 2-205	"Establish the Office of Consumer Advocacy within the Department of Mental Health and Substance Abuse Services and to employ such personnel as may be necessary to carry out the purposes of this section."
43A Okl. St. § 2-206	"The Department of Mental Health and Substance Abuse Services may provide for legal services."
43A Okl. St. § 2-401.1	" The Department of Mental Health and Substance Abuse Services shall prepare and provide an opioid overdose education program to the Department of Corrections and to county jails."
43A Okl. St. § 3-101	<p>"The facilities within the Department of Mental Health and Substance Abuse Services, which may be maintained for residents of the state, are:</p> <ol style="list-style-type: none"> 1. Griffin Memorial Hospital, Norman; 2. Oklahoma Forensic Center, Vinita; 3. Children's Recovery Center of Oklahoma, Norman; 4. Tulsa Center for Behavioral Health, Tulsa; 5. Carl Albert Community Mental Health and Substance Abuse Services Center, McAlester; 6. Jim Taliaferro Community Mental Health and Substance Abuse Services Center, Lawton; 7. Central Oklahoma Community Mental Health and Substance Abuse Services Center, Norman; 8. Northwest Center for Behavioral Health, Woodward; 9. Oklahoma County Crisis Intervention Center, Oklahoma City; 10. Oklahoma Crisis Recovery Unit, Oklahoma City; and 11. Transitions Recovery Center, Vinita."
43A Okl. St. § 3-201	"The Commissioner may establish a statewide system of precare and aftercare services, to include receiving hospital services and halfway houses, in relation to the admission and discharge of patients from state mental hospitals. "

Appendix C: Governance Structure of the Oklahoma Department of Mental Health and Substance Abuse Services

DMH is overseen by a governing board known as the Board of Mental Health and Substance Abuse Services. It is composed of 9 voting members and the Commissioner of Mental Health and Substance Abuse Services, a position that is appointed by the Governor and must be confirmed by the Senate.

Five of the board members are appointed by the Governor, two are appointed by the Speaker of the House of Representatives, and two are appointed by the President Pro Tempore of the Senate. The members are removable at the pleasure of their appointing authority. The Commissioner is the chief executive officer responsible for the agency operations, and is only a voting member of the board when there is a tied vote.

Prior to 2019, there were 11 board members, all who were appointed by the Governor. In 2019, HB2483 amended the statute to shrink the board from 11 members to nine and change the appointment authority to allow five of the members to be appointed by the Governor four to be appointed by legislative leadership, divided equally between the two chambers. The bill also gave the Governor the appointment authority for the Commissioner of Mental Health and Substance Abuse Services. This change was accompanied by a provision that allows the Commissioner to be removed from office by a two-thirds vote by each chamber of the Legislature.

LOFT Investigation: Department of Mental Health Funding

Appendix D: DMH Review of Contracts

The table below reflects the contract savings identified by DMH as a result of either removing encumbered contract amounts due to duplication, cancellation, or under-utilization.

Saving Type	Vendor	Total Amount	FY25 Savings	Notes
Contract Cancellation: Recurring	Family & Children's Services, Inc.	\$ 1,682,300.00	\$ 420,575.00	Duplicative services to CCBHC model
Contract Cancellation: One-Time	Red Rock Behavioral Health Services	\$ 2,000,000.00	\$ 2,000,000.00	Construction for Crisis Facility that has not been built
Contract Cancellation: One-Time	Red Rock Behavioral Health Services	\$ 500,000.00	\$ 500,000.00	Construction for Crisis Facility that has not been built
Fixed Rate Utilization True Up: Recu	CREOKS MENTAL HEALTH - 100734620	\$ 347,600.00	\$ 347,600.00	Duplicative dollars of appropriated Mental Health Transport Revolving Fund
Fixed Rate Utilization True Up: Recu	RIDE CARE - 201225350	\$ 3,450,000.00	\$ 3,450,000.00	Duplicative dollars of appropriated Mental Health Transport Revolving Fund
Fixed Rate Utilization True Up	CARL ALBERT CMHC - 100700640	\$ 400,000.00	\$ 80,000.00	Contract adjusted due to utilization
Fixed Rate Utilization True Up	JIM TALIAFERRO CMHC - 100700660	\$ 300,000.00	\$ 100,000.00	Contract adjusted due to utilization
Fixed Rate Utilization True Up	BRIDGEWAY INC - 200129920	\$ 100,000.00	\$ 20,000.00	Contract adjusted due to utilization
Fixed Rate Utilization True Up	CATALYST BEHAVIORAL SERVICES - 100805440	\$ 150,000.00	\$ 100,000.00	Contract adjusted due to utilization
Fixed Rate Utilization True Up	LOGAN COMMUNITY SERVICES, INC. - 100733910	\$ 60,000.00	\$ 10,000.00	Contract adjusted due to utilization
Fixed Rate Utilization True Up	MOORE YOUTH AND FAMILY SERVICES, INC - 100735950	\$ 70,000.00	\$ 13,000.00	Contract adjusted due to utilization
Fixed Rate Utilization True Up	NORTHEASTERN OKLAHOMA COUNCIL ON ALCOHOLISM	\$ 20,000.00	\$ 10,000.00	Contract adjusted due to utilization
Fixed Rate Utilization True Up	RESONANCE CENTER FOR WOMEN INC - 200087380	\$ 30,000.00	\$ 10,000.00	Contract adjusted due to utilization
Fixed Rate Utilization True Up	ROGERS COUNTY DRUG ABUSE PROGRAM - 100708470	\$ 120,000.00	\$ 15,000.00	Contract adjusted due to utilization
Fixed Rate Utilization True Up	THE RECOVERY CENTER - 200079780	\$ 125,000.00	\$ 40,000.00	Contract adjusted due to utilization
Fixed Rate Utilization True Up	THE RECOVERY CENTER - 200079780	\$ 1,050,000.00	\$ 150,000.00	Contract adjusted due to utilization
Fixed Rate Utilization True Up	VALLIANT HOUSE LLC - 200128860	\$ 2,562,600.00	\$ 500,000.00	Contract adjusted due to utilization
Fixed Rate Utilization True Up	NORTHWEST SUBSTANCE ABUSE TREATMENT CTR - 20026	\$ 150,000.00	\$ 50,000.00	Contract adjusted due to utilization
Fixed Rate Utilization True Up	STIGLER HEALTH AND WELLNESS CENTER INC - 20005450	\$ 173,600.00	\$ 100,000.00	Contract adjusted due to utilization
Fixed Rate Utilization True Up	LATINO COMMUNITY DEVELOPMENT AGENCY - 20007527	\$ 25,000.00	\$ 8,000.00	Contract adjusted due to utilization
Fixed Rate Utilization True Up	SEQUELCARE OF OKLAHOMA - 100744370	\$ 125,000.00	\$ 35,000.00	Contract adjusted due to utilization
Fixed Rate Utilization True Up	WESTERN PLAINS YOUTH & FAM - 100732920	\$ 303,000.00	\$ 50,000.00	Contract adjusted due to utilization
Fixed Rate Utilization True Up	CROSSROADS, INC - 100743730	\$ 145,000.00	\$ 50,000.00	Contract adjusted due to utilization
Fixed Rate Utilization True Up	SISU YOUTH SERVICES - 201236860	\$ 84,000.00	\$ 84,000.00	Contract adjusted due to utilization
Fixed Rate Utilization True Up	RED ROCK CMHC - 100635250	\$ 670,000.00	\$ 500,000.00	Contract adjusted due to utilization
Fixed Rate Utilization True Up	GREEN COUNTRY MENTAL HLTH - 200993060	\$ 300,000.00	\$ 100,000.00	Contract adjusted due to utilization
Fixed Rate Utilization True Up	RED ROCK CMHC - 200982990	\$ 400,000.00	\$ 200,000.00	Contract adjusted due to utilization
Fixed Rate Utilization True Up	CREOKS MENTAL HEALTH - 200567600	\$ 400,000.00	\$ 300,000.00	Contract adjusted due to utilization
Fixed Rate Utilization True Up	LIGHTHOUSE BEHAVIORAL WELLNESS CENTERS - 200129	\$ 500,000.00	\$ 200,000.00	Contract adjusted due to utilization
Fixed Rate Utilization True Up	RED ROCK CMHC - 200982990	\$ 600,000.00	\$ 300,000.00	Contract adjusted due to utilization
Fixed Rate Utilization True Up	RED ROCK CMHC - 100635250	\$ 30,600.00	\$ 25,000.00	Contract adjusted due to utilization
Fixed Rate Utilization True Up	CARL ALBERT CMHC - 100688850	\$ 55,000.00	\$ 30,000.00	Contract adjusted due to utilization
Fixed Rate Utilization True Up	CENTRAL OKLA CMHC - 100688910	\$ 30,000.00	\$ 25,000.00	Contract adjusted due to utilization
Fixed Rate Utilization True Up	CREOKS MENTAL HEALTH - 100734620	\$ 175,000.00	\$ 20,000.00	Contract adjusted due to utilization
Fixed Rate Utilization True Up	FAMILY & CHILDRENS SVCS - 100728760	\$ 60,000.00	\$ 50,000.00	Contract adjusted due to utilization
Fixed Rate Utilization True Up	GREEN COUNTRY MENTAL HLTH - 100734050	\$ 86,000.00	\$ 30,000.00	Contract adjusted due to utilization
Fixed Rate Utilization True Up	RED ROCK CMHC - 100635250	\$ 125,000.00	\$ 45,000.00	Contract adjusted due to utilization
Fixed Rate Utilization True Up	CENTRAL OKLA CMHC - 100688910	\$ 47,000.00	\$ 20,000.00	Contract adjusted due to utilization
Fixed Rate Utilization True Up	GREEN COUNTRY MENTAL HLTH - 100734050	\$ 25,000.00	\$ 20,000.00	Contract adjusted due to utilization
Fixed Rate Utilization True Up	JIM TALIAFERRO CMHC - 100688870	\$ 70,000.00	\$ 10,000.00	Contract adjusted due to utilization
Fixed Rate Utilization True Up	LIGHTHOUSE BEHAVIORAL WELLNESS CENTERS - 100728	\$ 100,000.00	\$ 30,000.00	Contract adjusted due to utilization
Fixed Rate Utilization True Up	RED ROCK CMHC - 100635250	\$ 550,000.00	\$ 200,000.00	Contract adjusted due to utilization
Fixed Rate Utilization True Up	CREOKS MENTAL HEALTH - 100734620	\$ 410,000.00	\$ 10,000.00	Contract adjusted due to utilization
Fixed Rate Utilization True Up	GATEWAY TO PREV & RECOVERY - 100736990	\$ 75,000.00	\$ 15,000.00	Contract adjusted due to utilization
Fixed Rate Utilization True Up	HOUSE OF HOPE - 200129910	\$ 40,000.00	\$ 30,000.00	Contract adjusted due to utilization
Fixed Rate Utilization True Up	HUMAN SKILLS AND RESOURCES - 100733860	\$ 300,000.00	\$ 25,000.00	Contract adjusted due to utilization
Fixed Rate Utilization True Up	OSAGE NATION COUNSELING CENTER - 200014320	\$ 80,000.00	\$ 40,000.00	Contract adjusted due to utilization
Fixed Rate Utilization True Up	THE VIRTUE CENTER - 100709520	\$ 100,000.00	\$ 30,000.00	Contract adjusted due to utilization
Fixed Rate Utilization True Up	TLC FOUNDATION - 100741770	\$ 130,000.00	\$ 20,000.00	Contract adjusted due to utilization
Fixed Rate Utilization True Up	HOPE COMMUNITY SVCS INC - 100734350	\$ 55,000.00	\$ 40,000.00	Contract adjusted due to utilization
Fixed Rate Utilization True Up	NORTH CARE CENTER - 100735340	\$ 55,000.00	\$ 50,000.00	Contract adjusted due to utilization
Fixed Rate Utilization True Up	GREEN COUNTRY MENTAL HLTH - 100734050	\$ 15,000.00	\$ 5,000.00	Contract adjusted due to utilization
Fixed Rate Utilization True Up	RED ROCK CMHC - 100635250	\$ 14,500.00	\$ 10,000.00	Contract adjusted due to utilization
		\$ 19,471,200.00	\$ 10,523,175.00	

Source: Data provided by DMH, April 16, 2025.

Note: LOFT reduced columns for improved readability and highlighted the column reflecting savings.

Appendix E: Invoice from DIGI Security Systems



Digi Security Systems
PO Box 470708
Tulsa, OK 74147
(918) 824-2520

Date	Invoice
07/31/2024	24195OKC
Account	
Oklahoma Department of Mental Health	

Bill To:
Oklahoma Department of Mental Health Attn: Accounts Payable 193461 East County Rd 304 Ft. Supply, OK 73841 United States

Ship To
Oklahoma Department of Mental Health Attn: Stephanie Gillenwaters 193461 East County Rd 304 Ft. Supply, OK 73841 United States

Terms	Due Date	PO Number	Reference
Net 30 days	08/30/2024	4529067246	Progress Bill for Quote: #013784
DIGI 4434 - ODMH - Ft. Supply- Turnkey Access Control System with Card Printer - State Contract			

Project Name	DIGI 4434 - ODMH - Ft. Supply- Turnkey Access Control System with Card Printer - State Contract
Billing Type	Progress
Original Downpayment	\$0.00
Company Name	Oklahoma Department of Mental Health
Contact Name	Stephanie Gillenwaters

REMIT TO: DIGI SECURITY SYSTEMS, LLC PO BOX 470708 TULSA OK 74147-0708 918-824-2520 ACCOUNTING@DIGISS.COM	Invoice Subtotal:	\$111,466.08
	Sales Tax:	\$0.00
	Invoice Total:	\$111,466.08
	Payments:	\$0.00
	Credits:	\$0.00
	Balance Due:	\$111,466.08

Thank you for partnering with Digi!

Appendix F: Invoice from Jackson Mechanical Services Inc

PO# 4529067151

648475

PO Box 18824
Oklahoma City, OK 73154
405-525-3788

JACKSON
MECHANICAL SERVICE INC.

SEP 26 2024

Authorized for payment
(Date & Sign)

State of OK - ODMHSAS
Oklahoma Crisis Recovery Unit
2000 N Classen Blvd, E600
Oklahoma City, OK 73106 US

Invoice 118469		Sep 26, 2024
Project Number	24-0140KP	
PO Number	4529067151	
Payment Terms	Net 30	
Total Due	\$33,826.00	
Due Date	Oct 26, 2024	

CUSTOMER NAME
State of Oklahoma - ODMHSAS - Oklahoma Crisis Recovery Unit (OCRU)

PROJECT'S NAME
State of OK - ODMHSAS - Oklahoma Crisis Recovery Unit (OCRU)

PROPERTY ADDRESS
1200 NE 13th St
Oklahoma City, OK 73117

AUTHORIZED BY
Michelle Bobelu/Kent Mathews

CUSTOMER M/F
M/F

INVOICE SUMMARY
Q-2302300 - Emergency Declaration - Repair leaking showers, OCRU first-floor, West Women's bathroom

Labor and materials for the following:

- Snake and camera the identified problematic underground plumbing
- Demo and remove the existing shower bases and ligature resistant shower valves from the identified restroom
- Replace the problematic underground plumbing
- Pour a new concrete base and lay new shower bases
- Install new ligature resistant shower valves

Total: \$33,826.00

Alternate pricing to demo & install new shower valves for the second restroom: \$37,026.00

Item Name	Description	Quantity	Unit Price	Price Subtotal
PA-001 SOV 0001	Labor	1	\$23,212.49	\$23,212.49
PA-001 SOV 0002	Materials	1	\$10,613.51	\$10,613.51
RETAINAGE		1	\$0.00	\$0.00
		3		\$33,826.00

Appendix G: Invoice purchasing a vehicle from Joe Cooper Chevrolet in Shawnee

654054

COOPER FLEET

SERVICES

405-737-3389

At: Joe Cooper Chevrolet
11001 W RENO
YUKON OK 73099

INVOICE

ZC128852

DATE: 12/11/2024

Salesperson: Ryan Roberson
REF: TRAVERSE AWD LEATHER 223

Sold To:

STATE OF OKLAHOMA ODMHSAS-CA
452
2000 N CLASSEN BLVD, STE 2-600
OKC OK 73106

Deliver To:

1101 E. Monroe Avenue
McAlester OK 74501
Tommie Hamilton

YEAR	MAKE	MODEL	VIN	PO #	UNIT #
2025	CHEVROLET	1LB56	1GNEVGRS8SJ128852	4529068391	N/A

Make Check Payable to:
Joe Cooper Chevrolet
11001 W RENO
YUKON OK 73099

Upfit Desc

N/A

RECEIVED KJR
12/20/2024

APPROVED BY: *Tommie Hamilton*
12/20/2024

VEHICLE PRICE	\$40203.00
UPFIT	\$0.00
DELIVERY	\$0.00
TAX/TITLE	\$0.00
CD FEE	\$0.00
DOC FEE	\$0.00
TOTAL PRICE	\$40203.00

Net Due N/A Days

The total price includes all discount rebates and/or concessions. Tag, title, license, and delivery not included unless stated above

Your Fleet Procurement Professionals
www.CooperFleetServices.com

COOPER

AUTO GROUP

SINCE 1946

Appendix H: Example Invoice of Movie Production Funding

ghost

INVOICE
11999DATE
9/14/2020Department of Mental Health
2000 N Classen Blvd
E600
Oklahoma City, OK 73106PROJECT
DMH776 Anti-Stigma FilmTERMS
Net 30

DATE	DESCRIPTION	QUANTITY	UNIT PRICE	TOTAL PRICE
9/14/2020	Layout & Design	1	30,000.00	30,000.00
9/14/2020	Layout & Design	1	60,000.00	60,000.00
9/14/2020	Layout & Design	1	25,000.00	25,000.00
9/14/2020	Layout & Design	1	23,000.00	23,000.00
9/14/2020	Layout & Design	1	60,000.00	60,000.00
9/14/2020	Layout & Design	1	17,500.00	17,500.00
9/14/2020	Layout & Design	1	17,000.00	17,000.00
9/14/2020	Layout & Design	1	15,000.00	15,000.00
9/14/2020	Layout & Design	1	10,000.00	10,000.00
PO#: 4529062106				
<div>✓ <i>Heath Hayes</i></div> <div>✓ 09/16/2020</div>				

Balance Due

\$257,500.00

Appendix I: DMH FY24 Professional Services Spending by Category

Professional Services Category	Amount
Employment Placement Services	\$11,269,866.34
Offices Of Physicians, Mental Health Specialists	\$4,254,790.22
Residential Mental Health And Substance Abuse Facilities	\$4,117,375.32
Architectural Services	\$3,546,059.09
Educational Services	\$2,865,631.76
Offices Of All Other Miscellaneous Health Practitioners	\$2,723,986.87
Photographic Services	\$1,749,999.60
Offices Of Mental Health Practitioners(Except Physicians)	\$1,276,994.00
Offices Of Lawyers	\$947,917.50
Advertising And Related Services	\$775,699.41
Other Computer Related Services	\$736,074.88
Other Scientific And Technical Consulting Services	\$477,706.17
General Medical And Surgical Hospitals	\$448,420.19
Business Support Services	\$442,546.79
Computer Facilities Management Services	\$392,931.96
Other Services (Except Public Administration)	\$337,359.19
Offices Of Physicians (Except Mental Health Specialists)	\$301,361.72
Accounting, Tax Preparation, Bookkeeping, And Payroll Services	\$259,209.40
All Other Professional, Scientific, And Technical Services	\$255,116.17
Administrative Management And General Management Consulting Services	\$209,087.00
Medical And Diagnostic Laboratories	\$173,201.48
Translation And Interpretation Services	\$115,926.78
Business Service Centers	\$113,744.20
Other Outpatient Care Centers	\$109,972.47
Engineering Services	\$49,381.64
Investigation And Security Services	\$48,706.11
Ambulance Services	\$38,781.72
Psychiatric And Substance Abuse Hospitals	\$33,140.24
Outpatient Mental Health And Substance Abuse Centers	\$26,388.59
Office Administrative Services	\$25,587.13
Offices Of Dentists	\$21,462.00
Building Inspection Services	\$20,754.19
Computer Systems Design Services	\$17,000.40
Surveying And Mapping (Except Geophysical) Services	\$14,971.25
Offices Of Physical, Occupational And Speech Therapists, And Audiologists	\$13,824.48
Other Business Support Services	\$13,675.52
Custom Computer Programming Services	\$5,625.00
Other Specialized Design Services	\$3,636.88
Environmental Consulting Services	\$3,569.88
Offices Of Optometrists	\$3,379.75
Document Preparation Services	\$3,050.12
Other Management Consulting Services	\$3,022.00
Testing Laboratories	\$1,930.00
Specialty Hospitals (Except Psychiatric And Substance Abuse)	\$1,750.02
Other Legal Services	\$582.50
Offices Of Podiatrists	\$403.00
Community Food, Housing, Emergency And Other Relief Services	\$47.45
All Other Ambulatory Health Care Services	\$0.00
Arts, Entertainment, And Recreation	\$0.00
Collection Agencies	\$0.00
Geophysical Surveying And Mapping Services	\$0.00
Graphic Design Services	\$0.00
Home Health Care Services	\$0.00
Human Resources And Executive Search Consulting Services	\$0.00
Interior Design Services	\$0.00
Marketing Consulting Services	\$0.00
Marketing Research And Public Opinion Polling	\$0.00
Process, Physical Distribution, And Logistics Consulting Services	\$0.00
Research And Development In The Physical, Engineering, And Life Sciences	\$0.00
Telephone Call Centers	\$0.00
Veterinary Services	\$0.00
Vocational Rehabilitation Services	\$0.00

Appendix J: State Auditor Enforcement

LOFT's review of state auditors reflect they fulfill various roles and functions, serving as external auditors, program evaluators, or bookkeepers. While state auditors supervise the accounting and financial functions of state agencies and actors, any prosecution of illegal actions and enforcement of report recommendations generally falls outside the scope of prescribed duties.

In Oklahoma, the State Auditor serves as an external auditor and performs financial audits of state agencies. Once an audit is released, the State Auditor has no authority to enforce any of the recommendations made in the audit, and it is up to the audited state agency to implement changes or to take corrective measures. Should an audit reveal "irregularities or dereliction" that are grounds for prosecution, then the State Auditor is to file a report with the Governor and Attorney General.

Examples of states with more robust enforcement includes Missouri and Texas. Missouri has criminal penalties for agencies that willfully interfere with the performance of an audit. The Texas State Auditor appears to have the strongest enforcement mechanisms available. Should the State Auditor find "evidence of improper practices of financial administration, inadequate fiscal records, uneconomical use of resources, or ineffective program performance," the auditor is to report such evidence to the state governor, the legislative audit committee, and the administrative head of the audited agency. Upon receiving such a report from the State Auditor, the legislative audit committee may subsequently hold hearings with the administrative head of the audited agency. Further, if the administrative head refuses to make changes as recommended by the committee, the committee is to then report such refusal to the legislature.

Appendix K: Additional Procurement Audit Details

- The agency is to obtain approval, prior to award, for a service contract qualifying for a fixed and uniform rate from the OMES director. The agency also must request for service qualification and submit documentation to support that request to OMES. OMES then must approve or deny the request. No approvals were obtained from OMES director.
- No contracts shall be entered by the agency until the rate has been approved by the agency in a public hearing. The proposed rate shall be clearly and separately identified in the agenda of the agency for the hearing and shall be openly and separately discussed during such hearing. No contracts were approved in a public hearing.
- The agency is to notify the OMES director of its pending consideration of the proposed rate at least 30 days before the agency is to meet on the proposed rate. The agency is to also deliver to the OMES director a copy of the agenda items concerning the proposed rate with supporting documentation. The OMES director was not notified.
- The agency is to submit a complete list of all types of services paid for by fixed rates, the amount of the rate last approved by the agency for the service, and the number of contracts then in existence for each type of service to the speaker of the House of Representatives and the president pro tempore of the Senate. No fixed-rate data is provided to the House or Senate.

Source: OMES Central Purchasing Audit, 2020.