

**STATE BOARD OF DENTISTRY
SPECIAL REVIEW OF EXPENSES INCURRED
BY THE EXECUTIVE DIRECTOR**

SEPTEMBER 1991

**Financial Audit Division
Office of the Legislative Auditor
State of Minnesota**

91-63

STATE BOARD OF DENTISTRY

SPECIAL REVIEW OF EXPENSES INCURRED BY THE EXECUTIVE DIRECTOR

Public Release Date: September 6, 1991

91-63

OBJECTIVES:

We conducted a special review of allegations that Mr. Douglas Sell, the executive director of the Board of Dentistry, filed false travel expense reimbursement claims and improperly benefited from his position with the board. We initiated the review upon receiving information from a confidential source on August 9, 1991.

Our review addressed the following issues:

- Did the executive director file false travel expense reimbursement claims for trips he did not take?
- Did the executive director purchase wild life prints with Board of Dentistry appropriations and use the prints in ways that did not benefit the board?
- Did the executive director use his position for personal gain by paying his wife for transcribing rule revisions that she actually did not type?

CONCLUSIONS:

- Douglas R. Sell, executive director of the Board of Dentistry, falsified employee expense reports for four out-of-state trips he did not take. He was paid \$2,375.70, which should be repaid to the board.
- If Mr. Sell does not attend the meeting of the American Association of Dental Examiners in Seattle, Washington on October 2-4, 1991, he should repay the \$1,674 advance to the board.
- We found 13 of 14 numbered wild life art prints (by a nationally known Minnesota artist) purchased with board appropriations at the home of Mr. Sell. If the board wishes to retain the 14 prints and 3 frames, it should recover them, or it should seek repayment of \$844.67 from Mr. Sell.
- We found evidence that Mr. Sell misused his position with the board to establish his wife as a state vendor and to pay her for transcribing services. Our evidence indicates that Mrs. Sell was overpaid \$375, which should be repaid to the board.

Pursuant to Minn. Stat. Section 3.975, this report shall be referred to the Attorney General. The Attorney General has the responsibility to ensure the recovery of state funds and, in fulfilling that role, may negotiate the propriety of individual claims. The Attorney General also shall cause criminal proceedings to be instituted by the Ramsey County Attorney as the evidence may warrant.

Contact the Financial Audit Division for additional information.
(612) 296-1730

FINANCIAL AUDIT DIVISION



STATE OF MINNESOTA

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JAMES R. NOBLES, LEGISLATIVE AUDITOR

Representative Ann Rest, Chair
Legislative Audit Commission

Members of the Legislative Audit Commission

Dr. Arnold Hill, President
Board of Dentistry

Members of the Board of Dentistry

Audit Scope

We conducted a special review of allegations that Mr. Douglas Sell, the executive director of the Board of Dentistry, filed false travel expense reimbursement claims and improperly benefited from his position with the board. We initiated the review upon receiving information from a confidential source on August 9, 1991.

Our review addressed the following issues:

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- Did the executive director purchase wild life prints with Board of Dentistry appropriations and use the prints in ways that did not benefit the Board of Dentistry?
- Did the executive director use his position for personal gain by paying his wife for transcribing rule revisions that she actually did not type?

On August 23, 1991, we informed the board president, Dr. Arnold Hill, that Mr. Sell had admitted to improper conduct. In an emergency meeting on August 25, 1991, the board placed Mr. Sell on an investigatory suspension from his job.

Audit Techniques

We reviewed several expense claims submitted by the former executive director. The review included both expense claim copies on file at the State Department of Finance and any copies of expense receipts which the executive director provided. We examined the invoices and support for other questionable payments from board appropriations. We took sworn testimony from the executive director and from the individual who made the original allegations. We also interviewed the officers of the board, who comprise the personnel committee of the board. Mr. Warren Bartz, audit manager, was in charge of this review. Mr. Lawrence Goga, our investigator, conducted most of the interviews and took the testimony.

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Background

The Board of Dentistry employs an executive director and five clerical staff to license and register individuals in the dental profession and address complaints. Douglas R. Sell was appointed by the board as executive director effective June 11, 1986. Although the board employed an office services supervisor and other clerical staff, Mr. Sell usually ordered all items and paid all bills. This practice was changed only recently, when another clerical staff member was given the responsibility of paying bills.

The complaint centered primarily on four out-of-state trips for which Mr. Sell was paid travel expenses and which he admitted he did not take. However, two other parts of the complaint involved the handling of art prints purchased with board appropriations and using Mr. Sell's spouse as a state vendor. We will discuss each of these aspects in the following sections.

Expenses Paid For Out-of-State Trips Not Taken

Mr. Sell was paid \$2,375.70 to cover expenses for four trips he admitted he did not take. As part of the dental examining process, licensed dentists are designated by the Board of Dentistry to act as examiners in cities located in the central part of the United States. The administrative secretary of the Central Regional Dental Testing Service, Inc. (CRDTS) told us that examiners are designated by the board for each of the CRDTS examinations. Mr. Sell is not a dentist, and therefore, would not have a reason to attend out-of-state examinations in any official capacity.

Under oath, Mr. Sell admitted to us that he falsely filed claims for four trips to CRDTS examinations that he did not attend. The examination dates, examination sites, and expenses paid were:

May 5-7, 1991	Lincoln, Nebraska	\$ 506.78
May 11-14, 1991	Kansas City, Missouri	549.00
May 19-22, 1991	Milwaukee, Wisconsin	649.00
June 1-4, 1991	Chicago, Illinois	<u>670.92</u>
	Total	<u>\$2,375.70</u>

The method Mr. Sell said he used to obtain some documentation to support his trips involved planning with a travel agency. He said he made reservations with a travel agency, received an invoice, and later canceled the trip. He used the four invoices to document the trips. He said he had no lodging receipts from hotels. The supervisor's signature of approval on the advance request form was shown as that of the board secretary. The board secretary told us that the two signatures did not appear to be her signatures.

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Finally, Mr. Sell obtained a travel advance of \$1,674 to attend a meeting of the American Association of Dental Examiners in Seattle, Washington on October 2-4, 1991. He applied for the travel advance on July 22, 1991, although the meeting is not being held until October. He told us that the Seattle trip was legitimate and he planned to attend. The board secretary's name again was shown as the supervisor approving the travel advance. She told us that it was not her signature.

Wild Life Prints Purchased With Board Appropriations

On January 4 and 7, 1991, Mr. Sell purchased 14 wild life numbered art prints by a nationally known Minnesota wild life artist. The cost of the prints, \$572.40, was billed by the art gallery to the Minnesota Board of Dentistry. Under oath, Mr. Sell testified that the board presented one of the prints to the outgoing president. He said the other 13 prints were purchased for office decoration, because the board is expanding the office space. He initially claimed that the other prints, framed and unframed, were at the board office.

When we asked to see the prints, Mr. Sell admitted that they were actually stored at his home for safekeeping. He told us the prints were at his home, because construction was scheduled at the board office. At Mr. Sell's home, we found 13 prints which corresponded to those named on the art gallery invoice to the board. Included in Mr. Sell's art folders were prints (by the same wild life artist) which he said were his personal property.

We also found two other numbered prints by the same artist hanging in Mr. Sell's office at the Dentistry Board. Mr. Sell said these prints also were his personal property. The board paid \$272.27 for framing three prints in February 1991. The three frames were for the two prints in Mr. Sell's office and the one given to the former board president. We verified that the former president had received one framed print. However, the former president told us that he understood the print had been purchased with contributions.

Payments to J. M. Sell Transcribing Services

On April 6, 1991, Mr. Sell initiated a vendor file request to include his wife, Jane M. Sell, in the statewide accounting (SWA) system under the vendor name J. M. Sell Transcribing Services. Under oath, he admitted that he had recorded the name of the office services supervisor as the employee submitting the request. She normally would sign such documents. He told us that he did this for expediency, although the first payment to the vendor was processed in July 1991.

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It was a conflict of interest for Mr. Sell to use his spouse as a vendor. Minn. Stat. Section 43A.38, Subdivision 5, states:

The following actions by an employee in the executive branch shall be deemed a conflict of interest and subject to procedures regarding resolution of conflicts, section 43A.39, or disciplinary action as appropriate:

(a) use or attempted use of the employee's official position to secure benefits, privileges, exemptions, or advantages for the employee or the employee's immediate family or an organization with which the employee is associated which are different from those available to the general public.

The only payment made to J. M. Sell Transcribing Services was in July 1991 for a billing statement dated June 30, 1991, approved by Mr. Sell, in the amount of \$450. The payment was for "preparation of SONARS relating to infectious controls, expanded duties and sedation - 360 pages @ \$1.25 per page." Statements of Need and Reasonableness (SONARS) were prepared, because dental rules were being revised. Some of the typing relating to the revised rules was done by the board clerical staff.

Our evidence indicates that only the final copies of the SONARS, or 60 pages, were typed by Mrs. Sell. We asked Mr. Sell to provide us with the additional 300 pages. At the board office, he showed us a total of 204 pages which he claimed were typed by Mrs. Sell. Some of the pages were handwritten, some were duplicates, and some were typed on different machines. Thus, we conclude that only the final copies of the SONARS, or 60 pages, probably were typed by Mrs. Sell, and that she was overpaid \$375 (300 pages @ \$1.25 each).

Conclusions

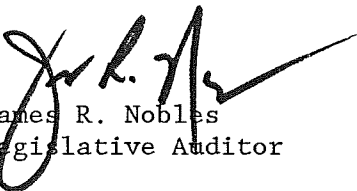
- Douglas R. Sell, executive director of the Board of Dentistry, falsified employee expense reports for four out-of-state trips he did not take. He was paid \$2,375.70, which should be repaid to the board.
- If Mr. Sell does not attend the meeting of the American Association of Dental Examiners in Seattle, Washington on October 2-4, 1991, he should repay the \$1,674 advance to the board.
- We found 13 of the 14 numbered wild life art prints (by a nationally known Minnesota artist) purchased with board appropriations at the home of Mr. Sell. These prints were in the same art folders with prints Mr. Sell said were his personal property. If the board wishes to retain the 14 prints and 3 frames, it should recover them, or it should seek repayment of \$844.67 from Mr. Sell.

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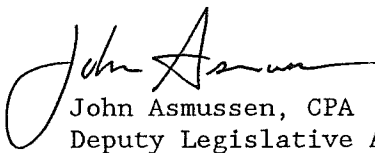
- We found evidence that Mr. Sell misused his position with the board to establish his wife as a state vendor and to pay her for transcribing services. He also has admitted to recording the name of the office services supervisor on the state vendor file request. Our evidence indicates that Mrs. Sell was overpaid \$375 for typing 60 pages, instead of the 360 pages shown on the billing statement. The overpayment should be repaid to the board.

Pursuant to Minn. Stat. Section 3.975, this report shall be referred to the Attorney General. The Attorney General has the responsibility to ensure the recovery of state funds and, in fulfilling that role, may negotiate the propriety of individual claims. The Attorney General also shall cause criminal proceedings to be instituted by the Ramsey County Attorney as the evidence may warrant.

This report is intended for the information of the Legislative Audit Commission and management of the Board of Dentistry. This restriction is not intended to limit the distribution of this report, which was released as a public document on September 6, 1991.



James R. Nobles
Legislative Auditor



John Asmussen, CPA
Deputy Legislative Auditor

REPORT SIGNED ON: September 4, 1991