



**OKMULGEE COUNTY  
CRIMINAL JUSTICE  
AUTHORITY**

**ANNUAL FINANCIAL STATEMENTS  
AND ACCOMPANYING INDEPENDENT  
AUDITOR'S REPORT**

**FOR THE FISCAL YEAR ENDED  
JUNE 30, 2022**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees  
Okmulgee County Criminal Justice Authority  
Okmulgee, Oklahoma

### OPINION

We have audited the accompanying financial statements of the business-type activities of Okmulgee County Criminal Justice Authority (the "Authority"), a component unit of County of Okmulgee, Oklahoma, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, of the Okmulgee County Criminal Justice Authority, as of June 30, 2022, and the respective changes in the financial position and cash flows thereof for the year then ended in accordance with the modified cash basis of accounting.

### BASIS FOR OPINIONS

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (Government Auditing Standards)*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Okmulgee County Criminal Justice Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### BASIS OF ACCOUNTING

We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared on a modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

### RESPONSIBILITIES OF MANAGEMENT FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the modified cash basis for accounting, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Okmulgee County Criminal Justice Facilities Authority's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Okmulgee County Criminal Justice Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Okmulgee County Criminal Justice Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

**OTHER REPORTING REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2024, on our consideration of the Okmulgee County Criminal Justice Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting, and compliance, and the results of that testing, and not to provide an opinion on the effectiveness of the Okmulgee County Criminal Justice Authority's internal control over financial reporting, or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Okmulgee County Criminal Justice Authority's internal control over financial reporting and compliance.



OBER & LITTLEFIELD  
CERTIFIED PUBLIC ACCOUNTANTS, PLLC  
Miami, Oklahoma  
June 30, 2024

## **BASIC FINANCIAL STATEMENTS**

The basic financial statements include integrated sets of financial statements as required by the Governmental Accounting Standards Board. The sets of statements include:

- Statement of Net Position – Modified Cash Basis
- Statement of Revenue, Expenses, and Changes in Net Position – Modified Cash Basis
- Statement of Cash Flows – Modified Cash Basis

In addition, the notes to the financial statements are included to provide information that is essential to a user's understanding of the basic financial statements.

OKMULGEE COUNTY CRIMINAL JUSTICE AUTHORITY  
STATEMENT OF NET POSITION – MODIFIED CASH BASIS  
AS OF THE YEAR ENDED JUNE 30, 2022

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Assets	
Current Assets:	
Cash and cash equivalents	\$ 693,968
Restricted cash and cash equivalents - inmate funds	45,612
Total Current Assets	739,580
Noncurrent Assets:	
Capital assets, net of accumulated depreciation	538,875
Total Noncurrent Assets	538,875
Total Assets	<u>\$ 1,278,455</u>
Liabilities	
Current Liabilities:	
Accounts payable	\$ 419,486
Funds held for others - inmates	45,612
Accrued payroll taxes	100,669
Total Current Liabilities	565,767
Total Liabilities	565,767
Net Position	
Invested in capital assets, net of related debt	538,875
Unrestricted	173,813
Total Net Position	712,688
Total Liabilities and Net Position	<u>\$ 1,278,455</u>

The accompanying notes are an integral part of these financial statements.

OKMULGEE COUNTY CRIMINAL JUSTICE AUTHORITY  
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION – MODIFIED CASH BASIS  
FOR THE YEAR ENDED JUNE 30, 2022

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Operating Revenues:	
Housing	\$ 4,211,321
Mileage	133,492
ICE	1,589,689
Intergovernmental	885,945
Commissary proceeds	224,053
Encartele proceeds	345,738
Court clerk bond fines	16,580
Other	81,740
Total Operating Revenues	<u>7,488,558</u>
Operating Expenses:	
Bank fees	1,669
Depreciation	71,372
Employee benefits	514,431
Fleet, fuel and transport	39,556
Information technology	68,265
Inmate food	579,524
Inmate telephone	89,808
Insurance	163,293
K9 expense	5,476
Kitchen and janitorial	53,372
Law enforcement	2,472
Medical	51,433
Miscellaneous expense	19,253
Office expense	49,858
OPERS	645,286
Payroll taxes	371,227
Professional fees	122,317
Repairs and maintenance	223,662
Salaries	4,077,315
Supplies - indigent	18,742
Telephone	44,054
Training and travel	6,356
Uniforms	101,090
Utilities	269,656
Vehicle expense	15,820
Workman's compensation	160,332
Total Operating Expenses	<u>7,765,639</u>
Operating Income/(Loss)	<u>(277,081)</u>
Change in Net Position	(277,081)
Total Net Position - Beginning	<u>989,769</u>
Total Net Position - Ending	<u>\$ 712,688</u>

The accompanying notes are an integral part of these financial statements.

OKMULGEE COUNTY CRIMINAL JUSTICE AUTHORITY  
STATEMENT OF CASH FLOWS – MODIFIED CASH BASIS  
FOR THE YEAR ENDED JUNE 30, 2022

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Cash flows from operating activities:	
Cash payments received from customers	\$ 7,488,558
Cash paid to suppliers for goods and services	<u>(7,445,235)</u>
Net cash provided/(used) by operating activities	<u>43,323</u>
Cash flows from investing activities:	
Capital expenditures	<u>(109,350)</u>
Net cash provided/(used) by investing activities	<u>(109,350)</u>
Net increase/(decrease) in cash and cash equivalents	(66,027)
Beginning cash and cash equivalents	<u>805,607</u>
Ending cash and cash equivalents	<u>\$ 739,580</u>
Reconciliation of operating income/(loss) to cash provided by operating activities:	
Operating Income/(Loss)	\$ (277,081)
Adjustments to reconcile operating income to net cash provided/(used) by operating activities:	
Depreciation	71,372
Change in assets and liabilities:	
Increase/(decrease) in accounts payable and accrued expenses	<u>249,032</u>
Net cash provided/(used) by operating activities	<u>\$ 43,323</u>
Reconciliation of cash and cash equivalents to the Statement of Net Position:	
Cash and cash equivalents	\$ 693,968
Cash held for others - inmates	<u>45,612</u>
Total cash and cash equivalents	<u>\$ 739,580</u>

The accompanying notes are an integral part of these financial statements.



**Note 1 – Nature of the Organization**

The Okmulgee County Criminal Justice Authority was formed May 8, 2000. The Okmulgee County Criminal Justice Authority operates under a Trustee form of management. The Authority's major operations are to oversee the Okmulgee County adult inmate population.

The Authority is a component unit of Okmulgee, County of Oklahoma. Statement No. 14 of the Government Accounting Standards Board "The Financial Reporting Entity" defines a component unit. That definition includes a legal entity that is a separate governmental organization but has the same board of trustees as the primary government.

The accounting policies of the Authority conform to generally accepted accounting principles applicable to governmental units. The Authority complies with generally accepted accounting principles and applies all relevant Government Accounting Standards Board (GASB) pronouncements.

**Note 2 -Summary of Significant Accounting Policies**

**Basis of Accounting**

The financial statements are presented on a modified cash basis of accounting, which is a basis of accounting other than GAAP, as established by GASB. This basis of accounting involves modifications to the cash basis of accounting to report in the statements of net position, or balance sheets, cash transactions, or events, that provide a benefit, or result in an obligation, that covers a period greater than the period in which the cash transaction, or event, occurred. Such reported balances include investments, interfund receivables and payables, capital assets and related depreciation, and short-term and long-term liabilities arising from cash transactions or events.

This modified cash basis of accounting differs from GAAP primarily because certain other economic assets, deferred outflows, liabilities, and deferred inflows that do not arise from a cash transaction, or event, are not reported, and the measurement of reported assets and liabilities does not involve adjustments to fair value.

If the Authority utilized the basis of accounting recognized as generally accepted in the United States, the fund financial statements for proprietary fund types would use the accrual basis of accounting.

**Measurement Focus and Basis of Accounting**

Measurement focus is a term used to describe *which* transactions are recorded within the various financial statements.

In the statement of net position and statement of revenues, expenses, and changes in net position, activities utilize an "*economic resources*" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported.

**NOTE 2 -SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Cash and Cash Equivalents**

Oklahoma Statutes authorize the Authority to invest in certificates of deposit, repurchase agreements, passbooks, bankers' acceptances, and other available bank investments, provided that all deposits are fully covered by approved securities pledged to secure those funds. In addition, the Authority can invest in direct debt securities of the United States.

For financial statement presentation, and for purposes of the statement of cash flows – modified cash basis, the Authority's cash and cash equivalents are considered to be cash on hand, demand deposits, and certificates of deposit, with a maturity date of three months or less. Debt instruments, with a maturity date of more than twelve months from date of issue, are considered investments.

**Investments**

Investments represent debt and equity securities and are reported at fair value.

**Property, Equipment and Depreciation**

Property and equipment are recorded at acquisition cost. The Authority capitalizes fixed asset purchases of \$250 or more. Items considered works of art, or collection items, are capitalized in accordance with authoritative accounting standards. As such, these items are not used in the operations, and are not depreciated in accordance with the entity's policies for capital expenditures.

All reported capital assets are depreciated on the straight-line basis, over the following estimated useful lives:

The range of estimated useful life lives by type of asset is as follows

Buildings	40 years
Equipment	5 years

**Equity Classifications**

Equity is classified as net position, and displayed in three components:

- a. *Invested in capital assets, net of related debt* --- Consists of capital assets, including restricted capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. *Restricted net position* --- Consists of net position, with constraints placed on the use, either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. *Unrestricted net position* --- All other net position that does not meet the definition of "restricted," or "invested in capital assets, net of related debt."

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Use of Estimates**

The preparation of financial statements, in conformity with the modified cash basis of accounting, requires management to make estimates, and assumptions, that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**NOTE 3 – RELATED PARTY TRANSACTIONS**

The Okmulgee County Criminal Justice Authority receives funding from the Okmulgee County Building Authority. The Authorities operate under the supervision of the same Board of Trustees and the same County Commissioners.

The Okmulgee County Building Authority owns the jail facilities. The Okmulgee County Criminal Justice Authority is responsible for the daily operations and maintenance of both facilities with a bed capacity of 529.

The Building Authority receives the sales tax revenues, and then a portion is allocated to the Okmulgee County Criminal Justice Authority. In the year ended June 30, 2022, the Okmulgee County Criminal Justice Authority received \$885,945 from the Okmulgee County Building Authority.

**NOTE 4 – CUSTODIAL CREDIT RISK**

Custodial credit risk is the risk that, in the event of a bank failure, the Authority's deposits may not be returned to it. Deposits are exposed to custodial credit risk if they are not covered by depository insurance. The Authority maintains deposits at several financial institutions located in Okmulgee, Oklahoma. A public unit is insured through its official custodian. If the same individual or individuals are official custodian for more than one public unit, they are treated as one official custodian if action or consent by all of these individuals is required for the exercise of control over funds of a single public unit.

The Authority's cash deposits are maintained in financial institutions. The Authority does not have a deposit policy for custodial credit risk.

Category 1 – Investments that are insured by the Federal Deposit Insurance Corporation (FDIC) or collateralized with securities held by the Organization, or its agent, in the Organization's name.

Category 2 – Collateralized with securities held by the pledging financial institution's trust department, or agent, in the Organization's name.

Category 3 – Uninsured or unregistered investments for which securities are held by the pledging financial institution's trust department, or agent, but not in the Organization's name.

OKMULGEE COUNTY CRIMINAL JUSTICE AUTHORITY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022

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**NOTE 4 – CUSTODIAL CREDIT RISK (CONTINUED)**

	<i>Credit Risk</i>			Bank Balance	Carrying Amount
	1	2	3		
Bank accounts	\$251,441	\$0	\$488,139	\$739,580	\$739,580

Reconciliation to the statement of financial position

Cash and cash equivalents	\$ 693,968
Inmate Trust Fund	45,612
Total cash and cash equivalents	<u>\$ 739,580</u>

**NOTE 5 – CAPITAL ASSETS**

The changes in property and equipment, for the year ended June 30, 2022, were as follows:

	2021	Additions	Deletions	2022
Non-depreciable assets				
Land	\$ 97,250	\$ -	\$ -	\$ 97,250
Total non-depreciable assets	<u>97,250</u>	<u>-</u>	<u>-</u>	<u>97,250</u>
Depreciable assets				
Land Improvements	215,831	4,190	-	220,021
Machinery and Equipment	531,317	27,661	-	558,978
Furniture and fixtures	72,960	26,311	-	99,271
Vehicles	212,499	51,188	-	263,687
Total depreciable assets	<u>1,032,607</u>	<u>109,350</u>	<u>-</u>	<u>1,141,957</u>
Total capital assets, at cost	<u>1,129,857</u>	<u>109,350</u>	<u>-</u>	<u>1,239,207</u>
Less: accumulated depreciation	<u>(628,960)</u>	<u>(71,372)</u>	<u>-</u>	<u>(700,332)</u>
Capital assets, net	<u>\$ 500,897</u>	<u>\$ 37,978</u>	<u>\$ -</u>	<u>\$ 538,875</u>

**NOTE 6 – LONG-TERM DEBT**

The Authority had no long term debt as of June 30, 2022.

**NOTE 7 – RISK MANAGEMENT**

The Authority is exposed to various risks of loss related to torts, theft of, damage to, or destruction of assets, errors and omissions, and natural disasters.

The Authority manages these various risks of loss as follows:

<u>Type of Loss</u>	<u>Method Managed</u>	<u>Risk of Loss Retained</u>
a. Torts and errors and omissions, health and life	Purchased commercial insurance	None
c. Physical property loss and natural disasters	Purchased commercial insurance	None

Management believes such coverage is sufficient to preclude any significant uninsured losses to the Authority. Settled claims have not exceeded this insurance coverage in any of the past three fiscal years.

**NOTE 8 – SUBSEQUENT EVENTS**

Subsequent events have been evaluated through June 30, 2024, the date of the independent auditor's report, which is the date that the financials were available to be issued, and no additional disclosures are required.

## **INTERNAL CONTROL AND COMPLIANCE**



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918-542-4401

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Trustees  
Okmulgee County Criminal Justice Authority  
Okmulgee, Oklahoma

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of Okmulgee County Criminal Justice Authority, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Okmulgee County Criminal Justice Authority's basic financial statements and have issued our report thereon dated June 30, 2024.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Okmulgee County Criminal Justice Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Okmulgee County Criminal Justice Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Okmulgee County Criminal Justice Authority's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2022-1 and 2022-2 that we consider to be significant deficiencies.

### **Compliance and Other Matters**

As a part of obtaining reasonable assurance about whether Okmulgee County Criminal Justice Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Okmulgee County Criminal Justice Authority's Response to Findings**

Okmulgee County Criminal Justice Authority's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. Okmulgee County Criminal Justice Authority's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



OBER & LITTLEFIELD  
CERTIFIED PUBLIC ACCOUNTANTS, PLLC  
June 30, 2024



**A. Audit Findings – Prior Year**

**Internal Control over Financial Reporting**

**2021-1– Maintenance and Safeguarding of Capital Assets**

*Criteria or Specific Requirement* – The Authority is required to maintain adequate controls to safeguard and account for its capital assets.

*Condition* –The Authority has a capital asset threshold and is monitoring their physical assets and recording them appropriately in the accounting records; however, the policies and procedures on recording, adjusting or inventorying capital assets are not written and formally adopted.

*Cause* – There are no written policies or procedures for the recording, maintenance, and safeguarding of capital assets.

*Effect* – Without adequate internal controls to ensure proper safeguarding, assets are at risk and vulnerable to misappropriation, misuse or loss, which would not be detected in a timely manner, if at all.

*Recommendation* – We recommend the Authority develop written policies and procedures that describe how capital assets will be recorded and managed and how timely inventories of capital assets will be performed.

*Managements Response* – The Authority understands and will take appropriate steps to remedy the finding.

**2021-2– Internal Control over Disbursements**

*Criteria or Specific Requirement* – The Authority is required to maintain adequate design and operating effectiveness of the internal controls, policies and procedures covering invoice authorization, processing, supporting documentation and compliance with contracts/purchases order terms and conditions.

*Condition* –During testing of disbursements, proper authorization of review of vendor invoices for compliance with contract terms/ purchase order, evidence of goods received and/or satisfactory performance of services billed was not evidenced on supporting documentation.

*Cause* – There are no written policies or procedures covering invoice authorization, processing, supporting documentation and compliance with contracts/purchase order terms and conditions.

*Effect* – Without adequate design and operating effectiveness of the internal controls misappropriation or misuse may not be detected in a timely manner, if at all.

*Recommendation* – We recommend the Authority develop written policies and procedures.

*Managements Response* – The Authority’s management is aware of this and has already implemented procedures to address this finding.

**B. Audit Findings – Current Year**

**2022-1– Maintenance and Safeguarding of Capital Assets**

*Criteria or Specific Requirement* – The Authority is required to maintain adequate controls to safeguard and account for its capital assets.

*Condition* –The Authority has a capital asset threshold and is monitoring their physical assets and recording them appropriately in the accounting records; however, the policies and procedures on recording, adjusting or inventorying capital assets are not written and formally adopted.

*Cause* – There are no written policies or procedures for the recording, maintenance, and safeguarding of capital assets.

*Effect* – Without adequate internal controls to ensure proper safeguarding, assets are at risk and vulnerable to misappropriation, misuse or loss, which would not be detected in a timely manner, if at all.

*Recommendation* – We recommend the Authority develop written policies and procedures that describe how capital assets will be recorded and managed and how timely inventories of capital assets will be performed.

*Managements Response* – The Authority understands and will take appropriate steps to remedy the finding.

**2022-2– Internal Control over Disbursements**

*Criteria or Specific Requirement* – The Authority is required to maintain adequate design and operating effectiveness of the internal controls, policies and procedures covering invoice authorization, processing, supporting documentation and compliance with contracts/purchases order terms and conditions.

*Condition* –During testing of disbursements, proper authorization of review of vendor invoices for compliance with contract terms/ purchase order, evidence of goods received and/or satisfactory performance of services billed was not evidenced on supporting documentation.

*Cause* – There are no written policies or procedures covering invoice authorization, processing, supporting documentation and compliance with contracts/purchase order terms and conditions.

*Effect* – Without adequate design and operating effectiveness of the internal controls misappropriation or misuse may not be detected in a timely manner, if at all.

*Recommendation* – We recommend the Authority develop written policies and procedures.

*Managements Response* – The Authority’s management is aware of this and has already implemented procedures to address this finding.