



MURRAY COUNTY 911 TRUST AUTHORITY

Board Request

July 1, 2015 through June 30, 2017

Cindy Byrd, CPA
State Auditor & Inspector

MURRAY COUNTY 911 TRUST AUTHORITY
MURRAY COUNTY, OKLAHOMA
INVESTIGATIVE AUDIT
JULY 1, 2015 THROUGH JUNE 30, 2017



Cindy Byrd, CPA | State Auditor & Inspector

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April 9, 2019

TO THE MURRAY COUNTY BOARD OF COUNTY COMMISSIONERS

Pursuant to your request, and in accordance with the requirements of 74 O.S. § 212(I), we performed an investigative audit with respect to the Murray County 911 Trust Authority for the period July 1, 2015 through June 30, 2017.

Because the procedures of an investigative audit do not constitute an audit conducted in accordance with generally accepted auditing standards, we do not express an opinion on the account balances or financial statements of the Murray County 911 Trust Authority for the period July 1, 2015 through June 30, 2017.

The goal of the State Auditor and Inspector is to promote accountability and fiscal integrity in state and local government. Maintaining our independence as we provide this service to the taxpayers of Oklahoma is of utmost importance.

This report is addressed to, and is for the information and use of, the Murray County Board of County Commissioners as provided by statute. This report is also a public document pursuant to the Oklahoma Open Records Act, in accordance with 51 O.S. §§ 24A.1, *et seq.*

Sincerely,

A handwritten signature in blue ink that reads "Cindy Byrd".

CINDY BYRD, CPA
OKLAHOMA STATE AUDITOR & INSPECTOR



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**Executive
Summary**

WHY WE CONDUCTED THIS AUDIT

The Murray County Board of County Commissioners indicated concern surrounding the financial status of the Murray County 911 Authority (Authority). The Commissioners desired clarification concerning allegations of incomplete, missing, or destroyed records and wanted apprised of any outstanding issues or improper use of funds by the former 911 Director.

WHAT WE FOUND

The Authority’s complete financial records could not be located at the 911 Center. The lack of available records resulted in an extensive search for documentation. Records were requested and received from the Authority’s independent Certified Public Accountant, Murray County, Authority board members, the Authority’s legal counsel, Vision Bank, and outside vendors.

More than 700,000 deleted files were recovered by the Oklahoma State Bureau of Investigation from the former 911 Director’s computer and three additional computer storage devices. The recovered files provided to the State Auditor’s Office, via the Murray County Sheriff, did not include comprehensive financial information, bank records, or meeting minutes of all transactions occurring during the audit period.

The findings in this report document issues that were identified based on the records provided. The Authority’s failure to maintain complete and accurate records of revenues, expenditures, and the Board’s actions increases the potential that a misappropriation of public funds occurred and was not detected.

Revenues (Page 2)

The Authority Board was provided inaccurate financial reports, some of which reflected overstatements of deposited funds resulting in the review and approval of incorrect financial information. Revenues were not deposited daily as required and all records required by law or necessary for adequate financial reporting were not maintained.



**Executive
Summary**
(continued)

WHAT WE FOUND (continued)

Expenditures (Page 7)

Credit card *payments* were made by the County Clerk from the 911 Sales Tax Fund against improper blanket purchase orders and without adequate supporting documentation. Credit card *expenditures* were not properly reported to the Board and documentation for \$5,730.25 of these expenditures was not retained by the Authority.

Vehicle usage and associated fuel purchases lacked adequate documentation to substantiate a business purpose and one Authority payment of \$65,000 was issued erroneously for a payment of \$650 and not discovered or corrected for over two months; indicative of the weak oversight and controls that existed at the Authority.

Other Issues (Page 12)

The Authority Board failed to implement and maintain adequate internal controls over financial transactions and reporting. The former 911 Director had sole control of the Authority's finances and the related 911 Dispatch Center with little to no accountability or oversight.

The Authority did not file annual budgets with Murray County and did not obtain audits, both required by law.

Conclusion and Recommendation (Page 15)

Our review and findings as conveyed in this report reflect that the Board has struggled, since its inception, in its ability to provide adequate supervision and direction to meet statutory requirements, or to provide proper oversight in their administration over financial activities.

Based on these outcomes, we recommend the Authority Board, along with the Board of County Commissioners, consider depositing all revenue with and processing all expenditures through the County.

MURRAY COUNTY 911 TRUST AUTHORITY – INVESTIGATIVE AUDIT

Introduction

The Murray County 911 Trust Authority (Authority) is a public trust created under the provisions of 60 O.S. §§ 176 *et seq.* for the purpose of providing to the residents of Murray County the highest quality emergency services possible with the shortest response time possible.

Voters approved a proposition on November 5, 2002, authorizing Murray County to install and operate an emergency 911 telephone service to serve Murray County and to levy and collect a telephone service fee not to exceed 12 percent in any year of the base telephone rate billed to a service user. Subsequently, the Murray County Board of County Commissioners (Commissioners) created the 911 Trust Authority.

The Authority Board of Trustees, (Board) is comprised of five members who are appointed by the Commissioners. The Board serves a five-year term and are required to be Murray County residents. The Board members at June 30, 2017 were:

Kevin English.....	Chairman
Brad Lancaster	Trustee
Kent McKinley.....	Trustee
David Shores.....	Trustee
Randy Wesley.....	Trustee

The Authority contracts dispatching services with the Murray County Sheriff's Office, the City of Davis, the City of Sulphur, and the United States Department of Forestry. These agencies are charged a fee based on the volume of calls serviced by the 911 Dispatch Center each month. Dispatching services are provided free of charge, to rural fire departments located in Murray County and the Murray County Emergency Medical Service.

Former 911 Director Gary Ligon managed the Authority's revenues and expenditures during the audit period. Ligon was hired by the Board on February 28, 2011, and served as 911 Director until June 16, 2017.

The Authority operates on a fiscal year that begins on July 1 and ends on June 30. The investigation was conducted for the period of July 1, 2015 through June 30, 2017, as it relates to the objectives defined below:

Objective I – Review revenues due the Authority to determine that revenues owed the Authority were properly receipted and deposited into Authority bank accounts.

Objective II – Review expenditures made by the Authority to determine that funds expended were for lawful Authority purposes and processed in a legal and proper manner.

MURRAY COUNTY 911 TRUST AUTHORITY – INVESTIGATIVE AUDIT

Objective I

Revenues

Summary of Findings

- **The Board was provided inaccurate financial reports which resulted in the review and approval of incorrect financial information.**
- **Deposits were not made daily as required by law.**
- **The Authority did not maintain all records as required by 51 O.S. § 24A.4.**

Revenue Sources

The Authority received four sources of revenue:

- 1) Dispatch service contract fees paid by local municipalities and agencies. Dispatch service contract fees totaling \$595,177.59 were deposited into the Authority’s bank account.
- 2) A telephone service fee not to exceed 12% of the base telephone services provided to Murray County residents. The fees totaling \$279,834.66 were received from telecommunication companies in accordance with the proposition approved by voters on November 5, 2002. These funds were also deposited into the Authority’s bank account.
- 3) A 5.25% portion of the one percent county sales tax dedicated for Enhanced 911 Services. Murray County appropriated a total of \$190,840.01 generated from this sales tax approved by voters on November 8, 2011. The use of these funds was administered through the Murray County Clerk’s office.
- 4) A 911 Emergency Wireless Fee in the amount of \$.50 per month for each connection. The 911 Wireless fees totaling \$60,713.64 were transmitted to the Authority’s bank account via direct deposit from the Oklahoma Tax Commission.

Summary of Revenue July 1, 2015 – June 30, 2017	
Revenue Source	Amount
Dispatch Service Fee	\$595,177.59
Telephone Service Fee	\$279,834.66
Murray County Sales Tax	\$190,840.01
911 Emergency Wireless Fee	\$60,713.64
Total	\$1,126,565.90

MURRAY COUNTY 911 TRUST AUTHORITY – INVESTIGATIVE AUDIT

We analyzed the Authority’s deposits obtaining bank statements, receipts from telephone companies, and reports from the Oklahoma Tax Commission and Murray County, accounting for expected revenue received during the period of July 1, 2015 through June 30, 2017. Based on these procedures, 96% of all revenue reported as received during the audit period was confirmed.

We contacted area financial institutions to confirm the Authority utilized no additional bank accounts outside of their primary account at Vision Bank. Ten area banks confirmed there were no additional accounts.

We also performed an analytical review of the average monthly deposit amount made by former 911 Director Ligon as compared to eleven months of deposits made by the new 911 Director. The monthly deposit average made during both time periods was consistent.

Revenue Reports

Finding

The Board was provided inaccurate financial reports which resulted in the review and approval of incorrect financial information.

The *Deposit Detail Report*¹ prepared by Ligon, which was emailed² to the Board prior to the October 31, 2016 special meeting, indicated three deposits had been made on October 28, 2016.

Deposit Detail Report (prepared by Ligon)

Deposit	10/28/2016	Vision Bank-02...	3,432.71
Deposit	10/28/2016	Vision Bank-02...	9,251.02
Deposit	10/28/2016	Vision Bank-02...	24,202.15

These deposits were reported to the Board as being made on October 28th but were not deposited until November 9th, or 12 days later, as shown on the bank statement clip below.

November 2016 Vision Bank Statement

Deposits and Other Additions		
Date	Description	Amount
11/09/16	Regular Deposit	3,432.71
11/09/16	Regular Deposit	9,251.02
11/09/16	Regular Deposit	24,202.15

¹ See the *Deposit Detail Report* at Attachment 1.

² See email at Attachment 2.

MURRAY COUNTY 911 TRUST AUTHORITY – INVESTIGATIVE AUDIT

The *General Ledger Report* which was submitted to the Board for review also inaccurately represented the three deposits were made on October 28th.

General Ledger Report as of October 28, 2016

Deposit	10/03/2016			Deposit	E-9-1-1 FE...	1,275.16	262,412.89
Check	10/19/2016	1477	Murray County ...		Murray Cou...	-35,530.49	226,882.40
Deposit	10/28/2016			Deposit	-SPLIT-	9,251.02	236,133.42
Deposit	10/28/2016			Deposit	-SPLIT-	3,432.71	239,566.13
Deposit	10/28/2016			Deposit	-SPLIT-	24,202.15	263,768.28
Check	10/28/2016	1478	John Scaggs		Legal Council	-500.00	263,268.28
Check	10/28/2016	1479	John Scaggs		Legal Council	-2,835.00	260,433.28

The bank statement dated October 31st indicated that no deposits were made by Ligon during the entire month of October, reflecting only direct deposits.

October 2016 Vision Bank Statement – No Regular Deposits

<i>Deposits and Other Additions</i>			<i>Amount</i>
<i>Date</i>	<i>Description</i>		
10/11/16	Direct Deposit OK Tax Comm Pwf Prepaid911		1,292.82
10/31/16	Interest Deposit		10.28
<i>Total of 2 Deposits and Other Additions</i>			<i>1,303.10</i>

A *Reconciliation Detail Report*, prepared by Ligon and printed on January 9, 2017, indicated deposit totals for the month of October 2016 were later corrected. However, there was no evidence the Board was presented, approved or was even aware of the modified report.

This example represents only one instance of inaccurate reporting presented to the Board. Additional *General Ledger Reports*, *Check Detail Reports*, and *Deposit Detail Reports* were also presented to the Board in representation of the Board’s monthly financial transactions which included inaccurate information that did not properly reconcile to the Authority’s financial information or bank statements.

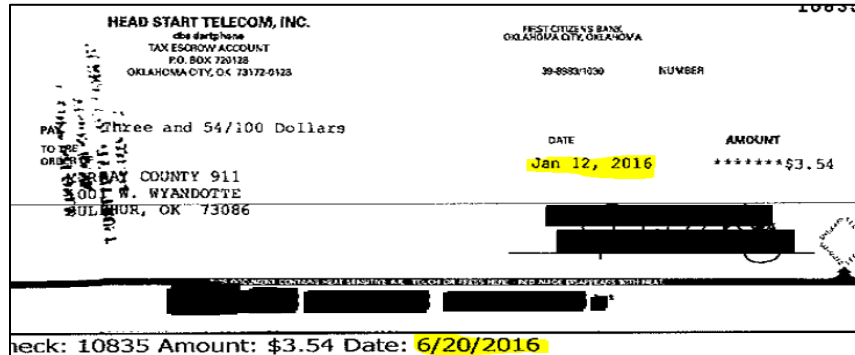
Finding

Deposits were not made daily as required by law.

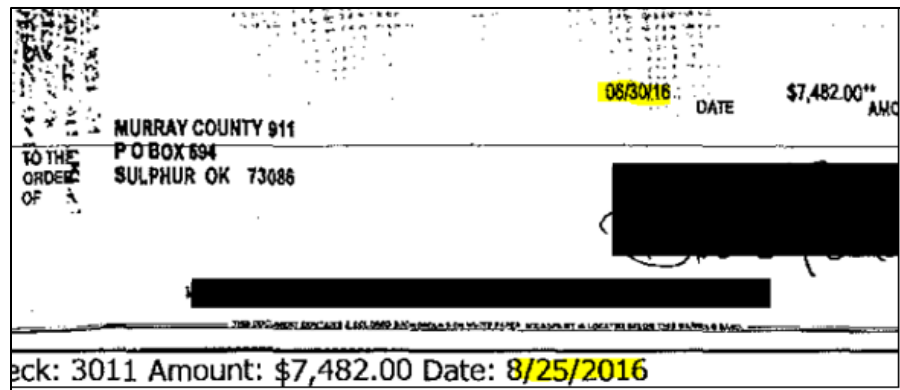
Ligon routinely held deposits for days, weeks, and at times even months after funds were received. During four of the 24 months audited Ligon did not make a single deposit at the bank although revenue appeared to be received consistently throughout each month. The Authority banked at Vision Bank, which was located approximately two blocks from Ligon’s office in the 911 Dispatch Center, reasonable access to make daily deposits.

For example, check number 10835 dated January 12, 2016, was not deposited until June 20, 2016, or five months after it was issued.

MURRAY COUNTY 911 TRUST AUTHORITY – INVESTIGATIVE AUDIT



In another example, check number 3011, dated June 30, 2016, was not deposited until August 25, 2016, or almost two months after it was issued.



As required by 62 O.S. § 517.3(B) deposits should be made daily or no later than the next banking day. The statute states in part:

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

Finding

The Authority did not maintain all records as required by 51 O.S. § 24A.4.

Title 51 O.S. § 24A.4 requires complete records of the receipt and expenditure of funds be maintained. The statute states:

In addition to other records which are kept or maintained, every public body and public official has a specific duty **to keep and maintain complete records of the receipt and expenditure of any public funds** reflecting all financial and business transactions relating thereto, except that such records may be disposed of as provided by law. [Emphasis added]

MURRAY COUNTY 911 TRUST AUTHORITY – INVESTIGATIVE AUDIT

The Authority's complete financial records, including meeting minutes, bank statements, invoices, receipts, purchase orders, board reports, meeting audio recordings, and all other records, allegedly managed by the former 911 Director Gary Ligon, could not be located at the 911 Center.

The lack of available records resulted in an extensive search for documentation. Records were requested and received from the Authority's independent CPA firm, Murray County, Authority Board members, the Authority's attorney, Vision Bank, and vendors.

More than 700,000 deleted files were recovered by the OSBI from Ligon's computer and three other computer storage devices. The recovered files provided to SA&I via the Murray County Sheriff, did not include comprehensive financial information, bank records, or meeting minutes of all transactions occurring during the audit period.

Additional documents were provided by the independent CPA firm. These files were also incomplete and appeared to lack sufficient information to adequately document the Authority's financial transactions.

Since the Authority had not been audited since its inception, the CPA firm was hired to audit a period of approximately 10 years. However, a lack of documentation limited the audit engagement for the year ending June 30, 2015. This audit is pending release.

According to the Authority's legal counsel records were provided to the Board via email prior to each board meeting. These emails typically included meeting minutes, agendas, and financial reports and reflected a limited account of the Board's actions. The meeting minutes and agendas were not signed and there was no indication the files were the official records of the Authority.

Ligon stated he emailed the meeting minutes and agenda's monthly to the Board and provided printed copies at each meeting. According to Ligon the records were stored on a computer at the Dispatch Center. We found no evidence an "official" copy of the Authority's actions had been maintained or was available for public inspection.

In addition to the requirements of 51 O.S. § 24A.4 the Authority's Trust Indenture requires a written record of all procedures be maintained and be available to the public.

Objective II

Expenditures

Summary of Findings

- **Credit card payments were made by the County Clerk from the 911 Sales Tax Fund against blanket purchase orders without adequate supporting documentation.**
- **Credit card expenditures were not properly reported to the Board.**
- **Documentation for \$5,730.25 of credit card expenditures was not retained by the Authority.**
- **Vehicle usage and associated fuel purchases incurred by Ligon lacked adequate documentation to substantiate a business purpose.**
- **A \$65,000 payment was erroneously issued, resulting in the overpayment of \$64,350 to a vendor. The error was discovered but not corrected for over two months.**

Background

Between July 1, 2015, and June 30, 2017, the Authority’s expenditures totaled \$1,240,666.42. Former 911 Director Gary Ligon managed expenditures made from the Authority’s Vision Bank account, while 911 Sales Tax Fund expenditures were processed through the Murray County Clerk’s office.

Payroll costs of \$863,716.53 were funded by fees deposited into the Authority’s bank account, these funds were then transferred via checks to the County 911 Sales Tax Fund and disbursed by the County Clerk. Other expenditures incurred by the Authority included telephone services, computer equipment, software, insurance, office supplies, attorney fees, and fuel.

We reviewed a sample of the Authority’s expenditures, both those made directly from the Authority’s bank account and those made through the County 911 Sales Tax Fund, to ascertain whether payments made to vendors were:

- Properly approved;
- Properly recorded and documented in the Authority’s records; and
- For valid public purposes.

MURRAY COUNTY 911 TRUST AUTHORITY – INVESTIGATIVE AUDIT

Finding

Credit card payments were made by the County Clerk from the 911 Sales Tax Fund against blanket purchase orders without adequate supporting documentation.

The Authority utilized blanket purchase orders³ to pay monthly charges on their Visa credit card. The blanket purchase orders were encumbered through the County with payments made against receiving reports submitted by Ligon. The documentation included with the receiving reports did not include itemized receipts, invoices, or descriptions of the items purchased. At times credit card statements were included as support for payment but no additional documentation of the purchases made were submitted with payment request. A total of \$13,892 was paid in credit card charges during the audit period.

QTY. ORD.		QTY. REC.	BACK-ORD.	UNIT	DESCRIPTION (Include Condition of Goods)	UNIT PRICE	TOTAL
					Credit Card		1033.61
TOTAL							1033.61

SA&I-4030 (1982) **RECEIVING REPORT**
 Rec. on Blanket P.O. Murray County, Oklahoma
 Vendor Prosperity Bank Date 2-17 2016
 F.O.B. _____ Rec. Dept./ Project No. _____
 Delivery Ticket No. _____ Requisition No. _____ Purchase Order No. _____
 (For Blanket P.O.)

Remarks _____
 Received by [Signature] Delivered by _____
 NOTE: Strike through any unused lines

Copy 1-Write-County Clerk Copy 2-Gansary-Send to Inventory Officer with Copy 2 of P.O.
 Copy 3-Pink-Receiving Officer Copy 4-Goldenrod-Send to Purch. Agent with Orig. P.O.

According to 62 O.S. § 310.8, blanket purchase orders are to be utilized for *recurring* purchases of goods or services and require the submission of an itemized list of goods or services. The statute states in part:

After satisfactory delivery of goods or services pursuant to a blanket purchase order, a vendor's invoice shall be submitted to and approved by the purchasing officer [...] and forwarded for payment. An itemized list of goods or services purchased pursuant to the blanket purchase order shall be attached to the vendor's invoice [...]

It appears the Authority and the County did not adhere to these requirements, as all credit card charges were not *recurring*, and complete invoices, receipts or itemized lists of the purchases were not attached to the purchase orders. There was no evidence Ligon provided receipts or any form of itemized documentation to Murray County for review prior to payment of the credit card charges.

³ See an example of the blanket purchase order at Attachment 3.

MURRAY COUNTY 911 TRUST AUTHORITY – INVESTIGATIVE AUDIT

Finding

Credit card expenditures were not properly reported to the Board.

In our review of monthly emails containing financial information provided to the Board, we noted only one month, April 2017, where the Board was provided an actual credit card statement for review.

For nine of the months reviewed, a *Purchase Report* prepared by Ligon, was provided to the Board. These reports featured a brief description of some of the items purchased using the credit card but did not include detailed or itemized transaction information and no receipts or invoices were included.

For example, on March 27, 2017, the Board received the *Purchase Report* shown here. This report did not include an itemized list of the expenditures from the monthly credit card statement or the amounts paid, and the actual credit card statements or purchase receipts were not provided as support.

Purchase Report (Prepared by Ligon)

	A	B	C
1	Location	Items	
2	Staples	Ink	
3	Walmart	Can Air, Germx. Clorox wipes	
4	Walmart	HEPA Air Purifier	
5	Headset Plus	Headset	
6	Walmart	Swuffer dyster, Pledge cleaner	
7	Quill	Copy paper	
8	Quill	Toner cartridges	

The June 17, 2016, *Purchase Report* presented to the Board reflected five items totaling \$256.42 had been purchased using the credit card. The vendor names or the total amount charged to the credit card for the month was not included on the spreadsheet and the credit card statements were not emailed to the Board. The corresponding credit card statement reflected \$636.97 in purchases had been made.

Purchase Report (prepared by Ligon)

	A	B	C
1	Purchases		
2			
3	Tape		\$15.00
4	Ink Cartridge	X4	\$195.96
5	sanitizer	X2	\$12.98
6	storage boxes	X3	\$14.99
7	Paper towels		\$17.49
8			

\$256.42

Credit Card Statement

TRANSACTIONS				
Tran Date	Post Date	Reference Number	Transaction Description	Amount
05/03	05/03	2401517GQ00BGL1T2	SNAK SHAK WEST SULPHUR OK MCC: 5542 MERCHANT ZIP: 73086	49.74
05/03	05/03	2469216GQ00KE9FSY	Intuit *QuickBooks 800-446-8848 CA MCC: 5734 MERCHANT ZIP: 94043	196.12
05/10	05/10	2401517GK01825VDV	SNAK SHAK WEST SULPHUR OK MCC: 5542 MERCHANT ZIP: 73086	49.96
05/12	05/12	2401517GM01H3P26S	SNAK SHAK WEST SULPHUR OK MCC: 5542 MERCHANT ZIP: 73086	46.27
05/17	05/17	2416407GV31T9SY6K	STAPLES 00105387 ADA OK MCC: 5943 MERCHANT ZIP: 74820	238.93
05/18	05/18	2401517GV028S2NJ2	SNAK SHAK WEST SULPHUR OK MCC: 5542 MERCHANT ZIP: 73086	38.46
05/20	05/20	2422638GYBLGZAZ2V	WAL-MART #0225 SULPHUR OK	17.49

Transactions continued on next page

\$636.97

There was no evidence Ligon included receipts or invoices in the monthly financial information the Board received via email prior to each meeting.

MURRAY COUNTY 911 TRUST AUTHORITY – INVESTIGATIVE AUDIT

Finding **Documentation for \$5,730.25 of credit card expenditures was not retained by the Authority.**

Receipts, invoices, or other supporting information could not be provided for \$5,730.25 of the \$13,892 of expenditures made on the Authority’s credit card. Although some receipts and invoices were located, we found no evidence that *any* of the detailed receipts and invoices were ever submitted, reviewed, or approved by the Board, or submitted to the County as part of the payment process.⁴

In addition to being a violation of 51 O.S. § 24A.4, expenditures made without receipts reflect a lack of oversight by the Authority Board. Expenditures should not be approved for payment without detailed supporting receipts or invoices along with a knowledge of the public purpose for the costs incurred.

Expenditures made without support and without proper oversight increase the risk that a misappropriation of funds could occur or that errors or irregularities could go undetected.

Finding **Vehicle usage and associated fuel purchases incurred by Ligon lacked adequate documentation to substantiate a business purpose.**

Ligon served as the 911 Director, performed emergency management services, and was responsible for 911 addressing⁵. He was provided a vehicle and allowed fuel expenses in performance of these duties. Because Ligon served in an on-call capacity he was also permitted to drive the vehicle home.

We found no evidence Ligon maintained a mileage log to account for the business use and associated fuel costs incurred. The Authority’s credit card was used to purchase fuel totaling \$4,930.46⁶, of which \$2,388.63⁷ was unreceipted. Without receipts, or a mileage log, the business vs. personal use of the vehicle could not be determined.

⁴ See finding on payment process at Page 8.

⁵ 911 addressing is the development, tracking, and maintaining of a county wide addressing system to insure immediate emergency response to the citizens.

⁶ This amount is included in the previously reported total credit card amount of \$13,892.

⁷ The unreceipted \$2,388.63 is included in the previous finding amount of \$5,730.25.

MURRAY COUNTY 911 TRUST AUTHORITY – INVESTIGATIVE AUDIT

Finding

A \$65,000 payment was erroneously issued, resulting in the overpayment of \$64,350 to a vendor. The error was discovered but not corrected for over two months.

Check number 1489, dated January 27, 2017, in the amount of \$65,000 was issued to ESRI Inc. The company provides GIS mapping software services used for 911 addressing.

The payment as shown below was signed by board members Brad Lancaster and Keith Mann.

SECURITY FEATURES: THE FACE OF THIS DOCUMENT FEATURES A COLORED BACKGROUND AND MICROPRINT BORDERS. THE REVERSE SIDE FEATURES AN ARTIFICIAL WATERMARK.

MURRAY COUNTY 911 TRUST
P.O. BOX 594
SULPHUR, OK 73086
580-622-3911

COMMUNITY BAND OF THE ARBUCKLES
SULPHUR, OKLAHOMA 73086

1489

86-185/1031 1/27/2017

PAY TO THE ORDER OF ESRI \$ **65,000.00

Sixty-Five Thousand and 00/100***** DOLLARS

ESRI INC.
File #54690
Los Angeles, CA 90074-4690
ATTN: Anne Linane Mann

MEMO: #372,448

Keith Mann
B. Lancaster
AUTHORIZED SIGNATURE

Check: 1489 Amount: \$65,000.00 Date: 2/27/2017
Run: 1007, Batch: 3, Seq: 455, Source: C21-From Bankers Bank Account: [REDACTED]

The *Check Detail Report*⁸, which listed the \$65,000 payment, was emailed to the Board on January 27, 2017, prior to the January 30, 2017 board meeting. The erroneous payment was not discovered by the Board, as the minutes reflected that all bills were “budgeted items”. The check was signed and issued to the vendor.

B. Payment of Bills All bills were budgeted items.

Contracts, invoices, or receipts for services provided by ESRI were not provided or located among the available records. According to budget reports for FY2016 and proposed budget reports for FY2017, ESRI was paid \$650 annually for “maintenance.” The evidence suggests the payment was issued in lieu of the annual maintenance fee in the amount of \$650.

A refund of \$64,350 was made to the Authority and deposited on March 23, 2017, two months after the erroneous payment was issued.

⁸ See *Check Detail Report* at Attachment 4.

Objective III

Other Issues

Summary of Findings

- **The Board failed to implement and maintain adequate internal controls over the financial transactions and reporting of the Authority. The former 911 Director, Gary Ligon, had sole control of the Authority’s finances and the 911 Dispatch Center with little to no accountability or oversight.**
- **The Authority did not file annual budgets with Murray County as required by 60 O.S. § 176(H).**
- **The Authority did not obtain audits as required by 60 O.S. § 180.1.**
- **The Authority’s deposits exceeded FDIC coverage.**

Internal Controls

Finding

The Board failed to implement and maintain adequate internal controls over the financial transactions and reporting of the Authority. The former 911 Director, Gary Ligon, had sole control of the Authority’s finances and the 911 Dispatch Center with little to no accountability or oversight.

Former 911 Director Gary Ligon was solely responsible for the day-to-day operations of the 911 Dispatch Center and the management of the Authority’s financial activity. His responsibilities as the 911 Director included, but were not limited to, the following:

- Calculating, invoicing, and collecting service fees billed to agencies serviced by the 911 Dispatch Center;
- Depositing all revenues, excluding sales tax deposited directly to the Murray County 911 Sales Tax Fund.
- Submitting purchase orders, receipts, and invoices to Murray County for sales tax expenditures;
- Reconciling, recording, and retaining credit card receipts and payments;
- Reconciling bank accounts and maintaining the general ledger;

MURRAY COUNTY 911 TRUST AUTHORITY – INVESTIGATIVE AUDIT

- Managing all purchases made from the Authority’s Vision Bank account;
- Reporting all agency calls, revenues, and expenditures to the Board;
- Preparing, posting, and recording board meeting agendas and minutes; and
- Supervising the Dispatch Center operations and employees.

No written policies and procedures were in place to govern the financial activity of the Authority. No documentation was provided to explain the discrepancies SA&I found among the available records. It appeared the Board did not provide oversight or possibly recognize the apparent lack of adequate record keeping.

The available meeting minutes did not include sufficient detailed information to convey the Board’s authorization of Ligon’s credit card usage or direct approval of credit card transactions.

SA&I located one reference to “Gary’s spending limit of \$10,000” in the November 25, 2013, board meeting minutes.

Mr. Cooper made the motion to go ahead and schedule training up to Gary’s spending limit of \$10,000., second by Mr. Cox. All in favor, motion carried.

Additional information or support explaining the Board’s apparent approval of a \$10,000 spending limit, could not be located. No discussion or approval of a “spending limit” was documented for audit periods after 2013.

The November 25, 2013, minutes also indicated the Board approved “estimated” expenditures.

C. ESTIMATED BILL FOR DECEMBER 2013
Mr. Cox made the motion to approve the estimated bills at \$6,000, second was made by Mr. Cooper. All in favor, motion carried.
D. ESTIMATED PAYMENT TO COUNTY TREASURER
FOR THE MONTH OF DECEMBER 2013
Mr. Cox made the motion to approve the estimated payroll of 36,500, second made by Mr. Cooper. All in favor, motion carried.

The Board proceeded to approve estimated totals or approve budgeted amounts in lieu of actual expenditures made throughout the audit period.

MURRAY COUNTY 911 TRUST AUTHORITY – INVESTIGATIVE AUDIT

Although some of the examples shown above occurred prior to the audit period, it appears the Board continued to practice limited oversight, allowing Ligon to make purchases without providing complete documentation or reporting the exact amount of Authority funds spent.

The lack of a separation of duties, the absence of proper policies and procedures, and the insufficient oversight by a governing board significantly increases the possibility that an error or irregularity could go undetected and that a misappropriation or misuse of public funds could occur.

Budgets and Audits

Finding

The Authority did not file annual budgets with Murray County as required by 60 O.S. § 176(H).

The Authority, as a public trust, is required to file an annual budget, financial documents, reports, and audits with their beneficiary Murray County. These documents were not filed as required by 60 O.S. § 176(H) which states in part:

Public trusts created pursuant to this section shall file annually, with their respective beneficiaries, copies of financial documents and reports sufficient to demonstrate the fiscal activity of such trust, including, but not limited to, budgets, financial reports, bond indentures, and audits.

Finding

The Authority did not obtain audits as required by 60 O.S. § 180.1.

According to 60 O.S. § 180.1(A) the trustees of every trust created for the benefit and furtherance of any public function, and created with the county as the beneficiary:

[...] **must** cause an audit to be made of the financial statements of the trust, such audit to be ordered within thirty (30) days of the close of each fiscal year of the trust. The audit shall be filed in accordance with the requirements set forth for financial statement audits in Section 212A of Title 74 of the Oklahoma Statutes.

On February 6, 2017, the Authority hired CPA firm Saunders & Associates, PLLC to conduct the Authority's first audit since their inception. The firm initially obtained records for a ten-year period, but determined the records were only sufficient to perform an audit for FY2015. Per a representative of the firm, a draft report for FY2015 is pending release.

MURRAY COUNTY 911 TRUST AUTHORITY – INVESTIGATIVE AUDIT

Finding

The Authority's deposits exceeded FDIC coverage.

Public trusts with a county as a beneficiary shall deposit its monies as defined in 62 O.S. § 72.4a which states in relevant part:

To the extent that public trusts that have the [...] county as a beneficiary deposit monies in financial institutions, the public trust shall place its monies only in collateralized or insured certificates of deposit and other evidences of deposit.

The Authority's Vision Bank is covered by the FDIC who provides deposit insurance coverage of \$250,000. Account balances of the Authority exceeded this coverage during at least 18 months of the audit period.

The Board should review bank accounts on a regular basis to insure the Authority's deposits are adequately collateralized. Lack of such collateralization could result in a loss of funds.

Conclusion and Recommendation

Our review and findings as conveyed in this report reflect that the Board has struggled, since its inception, in its ability to provide adequate supervision and direction to meet statutory requirements, or to provide proper oversight in their administration over the Authority's financial activities.

Based on these concerns, we recommend the Authority Board along with the Board of County Commissioners consider depositing all revenues and processing all expenditures through the County.

MURRAY COUNTY 911 TRUST AUTHORITY – INVESTIGATIVE AUDIT

ATTACHMENT 1

Murray County 911 Deposit Detail October 1 - 28, 2016					
Type	Num	Date	Name	Account	Amount
Deposit		10/03/2016		Vision Bank-02...	1,275.16
			Ok Tax Commis...	E-9-1-1 FEES	-1,275.16
TOTAL					-1,275.16
Deposit		10/28/2016		Vision Bank-02...	9,251.02
			VONAGE TAX ...	E-9-1-1 FEES	-18.94
			Birch telecom	E-9-1-1 FEES	-137.82
			Compliance Sol...	E-9-1-1 FEES	-0.50
			GRANITE TELE...	E-9-1-1 FEES	-67.40
			Southwestern B...	E-9-1-1 FEES	-1,221.14
			Compliance Sol...	E-9-1-1 FEES	-0.50
			Compliance Sol...	E-9-1-1 FEES	-7.68
			Compliance Sol...	E-9-1-1 FEES	-9.50
			SODA	E-9-1-1 FEES	-1,002.54
			Chickasaw Tele...	E-9-1-1 FEES	-6,714.29
			Chickasaw Tele...	E-9-1-1 FEES	-27.59
			LEVEL 3 COM...	E-9-1-1 FEES	-8.20
			Mid-America Tele	E-9-1-1 FEES	-34.92
TOTAL					-9,251.02
Deposit		10/28/2016		Vision Bank-02...	3,432.71
			SODA	E-9-1-1 FEES	-3,380.02
			Head Start Tele...	E-9-1-1 FEES	-3.54
			Vonage Busines...	E-9-1-1 FEES	-17.10
			VONAGE TAX ...	E-9-1-1 FEES	-19.13
			Windstream	E-9-1-1 FEES	-6.42
			Arbuckle Comm...	E-9-1-1 FEES	-6.50
TOTAL					-3,432.71
Deposit		10/28/2016		Vision Bank-02...	24,202.15
Payment	68	10/28/2016	Murray County	Undeposited Fu...	-7,602.48
Payment	511	10/28/2016	CITY OF SULP...	Undeposited Fu...	-8,833.10
Payment	510	10/28/2016	CITY OF DAVIS 1	Undeposited Fu...	-7,766.57
TOTAL					-24,202.15

MURRAY COUNTY 911 TRUST AUTHORITY – INVESTIGATIVE AUDIT

ATTACHMENT 2

----- Forwarded message -----

From: Gary Ligon [REDACTED]@net>

Date: Fri, Oct 28, 2016 at 3:53 PM

Subject: October 31, 911 Meeting

To: Brad LanCaster <lancaster[REDACTED]@com>, Davis Police Dept
<davis[REDACTED]@net>, Gary Ligon <ligon[REDACTED]@com>, Jimmy Rackley
<jimmy[REDACTED]@net>, John Scaggs <jscaggs[REDACTED]@com>, Keith Mann
<keith[REDACTED]@com>, Randy Wesley <randy[REDACTED]@net>

911 Board,

I have attached the packet for the October 31, 2016 meeting.

Have a great weekend

Gary

MURRAY COUNTY 911 TRUST AUTHORITY – INVESTIGATIVE AUDIT

ATTACHMENT 4

12:06 PM 01/27/17		Murray County 911 Check Detail January 1 - 27, 2017					
Type	Num	Date	Name	Item	Account	Paid Amount	Original Amount
Check	1486	01/18/2017	Murray County Tre...		Vision Bank-02615...		-35,010.08
					Murray County Trea...	-35,010.08	35,010.08
TOTAL						-35,010.08	35,010.08
Check	1487	01/26/2017	HARRIS COMPUTE...		Vision Bank-02615...		-6,737.00
					Maintenance / Supp...	-6,737.00	6,737.00
TOTAL						-6,737.00	6,737.00
Check	1488	01/26/2017	John Scaggs		Vision Bank-02615...		-500.00
					Legal Council	-500.00	500.00
TOTAL						-500.00	500.00
Check	1489	01/27/2017	ESRI		Vision Bank-02615...		-65,000.00
					Maintenance / Supp...	-65,000.00	65,000.00
TOTAL						-65,000.00	65,000.00

MURRAY COUNTY 911 TRUST AUTHORITY – INVESTIGATIVE AUDIT

DISCLAIMER

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

O·K·L·A·H·O·M·A
S·A·I
STATE AUDITOR & INSPECTOR



Cindy Byrd, CPA | State Auditor & Inspector

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