

**COOKEVILLE-PUTNAM COUNTY
EMERGENCY MANAGEMENT AGENCY
JUNE 30, 2011**

**TAMARA L. BECKMAN
CERTIFIED PUBLIC ACCOUNTANT**

**COOKEVILLE-PUTNAM COUNTY
EMERGENCY MANAGEMENT AGENCY
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JUNE 30, 2011**

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TAMARA L. BECKMAN

CERTIFIED PUBLIC ACCOUNTANT

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To the Board of Directors of the
Cookeville-Putnam County Emergency Management Agency
Cookeville, Tennessee

I have audited the accompanying government-wide financial statements and the major governmental fund financial statements of the Cookeville-Putnam County Emergency Management Agency, a joint venture of the City of Cookeville and Putnam County, as of and for the year ended June 30, 2011, as listed in the table of contents. These financial statements are the responsibility of the Cookeville-Putnam County Emergency Management Agency's management. My responsibility is to express opinions on these financial statements based on my audit.

I conducted my audit 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. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinions.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the government-wide and the major governmental fund of the Cookeville-Putnam County Emergency Management Agency as of June 30, 2011, and the changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. However, the Agency has elected not to present the management discussion and analysis.

In accordance with *Government Auditing Standards*, I have also issued my report dated December 21, 2011 on my consideration of the Cookeville-Putnam County Emergency Management Agency's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and the results of that testing and not to provide an opinion on financial reporting or on compliance. That report is an integral part of the audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in considering the results of my audit.

December 21, 2011
Cookeville, Tennessee

Tamara L. Beckman, CPA

**COOKEVILLE-PUTNAM COUNTY
EMERGENCY MANAGEMENT AGENCY
STATEMENT OF NET ASSETS
JUNE 30, 2011**

Assets

Current Assets

Cash in Bank	\$ 79,061.70	
Due From State-TEMA	48,448.00	
Prepaid expenses	<u>2,547.63</u>	
Total Current Assets		\$ 130,057.33

Capital Assets

Equipment	298,800.28	
Less Accumulated Depreciation	<u>(244,559.00)</u>	
Total Capital Assets		<u>54,241.28</u>

Total Assets		184,298.61
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Liabilities and Net Assets

Liabilities

Compensated Absence Payable		<u>10,776.92</u>
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Net Assets

Invested in Capital Assets	54,241.28	
Unrestricted Net Assets	<u>119,280.41</u>	
Total Net Assets		<u>\$ 173,521.69</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THE FINANCIAL STATEMENT

**COOKEVILLE-PUTNAM COUNTY
EMERGENCY MANAGEMENT AGENCY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011**

Expenses

Salaries	\$ 97,489.23	
Payroll Taxes	7,397.56	
Personnel Insurance	10,970.04	
Workers' Comp Insurance	2,115.00	
Travel	138.00	
Registration Fees	200.00	
Training	6,228.68	
Mission Support	425.23	
Vehicle Expense	397.16	
Recognition	96.53	
Dues	200.00	
Uniform Expense	920.88	
Office Supplies	2,120.15	
Telephone	3,678.51	
Postage & PO Box Rent	383.71	
Audit	1,000.00	
Emergency Alert Expense	251.10	
Weather Warning Expense	2,416.83	
Communications Expense	2,124.46	
EOC Expense	41.20	
Rescue-Insurance	3,303.53	
Rescue-Gasoline	10,678.92	
Rescue-Equipment	9,338.11	
Depreciation	<u>27,537.97</u>	
Total Expenses		189,452.80

Program Revenue

City of Cookeville	25,400.00	
Putnam County	123,020.00	
TEMA Grant	52,000.00	
Donationa	<u>3,500.00</u>	
Total Program Revenue		<u>203,920.00</u>

Net (Expense) Revenue	14,467.20
Beginning Net Assets, July 1, 2010	144,292.49
Prior Period Adjustment	<u>14,762.00</u>
Ending Net Assets, June 30, 2011	<u>\$ 173,521.69</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THE FINANCIAL STATEMENT

**COOKEVILLE-PUTNAM COUNTY
EMERGENCY MANAGEMENT AGENCY
BALANCE SHEET
JUNE 30, 2011**

Assets

Current Assets

Cash in Bank	\$ 79,061.70
Due From State -TEMA	48,448.00
Prepaid Expenses	<u>2,547.63</u>

Total Assets \$ 130,057.33

Liabilities & Fund Balance

Total Fund Balance \$ 130,057.33

Total Liabilities & Fund Equity \$ 130,057.33

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THE FINANCIAL STATEMENT

**COOKEVILLE-PUTNAM COUNTY EMERGENCY MANAGEMENT AGENCY
RECONCILIATION OF THE BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2011**

Fund Balance-Balance Sheet \$ 130,057.33

Amounts reported for governmental activities in the Statement of Net Assets are different because Capital Assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. Due to the long term nature of Compensated Absences Payable, the amount recorded for this on the Statement of Net Assets is not reported in the governmental funds.

Compensated Absences Payable	\$(10,776.92)	
Governmental Capital Assets	298,800.28	
Less: Accumulated Depreciation	<u>(244,559.00)</u>	
		<u>43,464.36</u>
<u>Net Assets of Governmental Activities</u>		<u>\$ 173,521.69</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THE FINANCIAL STATEMENT

**COOKEVILLE-PUTNAM COUNTY
EMERGENCY MANAGEMENT AGENCY
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2011**

Operating Revenue

City of Cookeville	\$ 25,400.00	
Putnam County	123,020.00	
TEMA Grant	52,000.00	
Donations	<u>3,500.00</u>	
Total Operating Revenue		\$ 203,920.00

Expenditures

Salaries	\$ 96,700.00	
Payroll Taxes	7,397.56	
Personnel Insurance	10,970.04	
Workers' Comp Insurance	2,115.00	
Travel	138.00	
Registration Fees	200.00	
Training	6,228.68	
Mission Support	425.23	
Vehicle Expense	397.16	
Recognition	96.53	
Dues	200.00	
Uniform Expense	920.88	
Office Supplies	2,120.15	
Telephone	3,678.51	
Postage & PO Box Rent	383.71	
Audit	1,000.00	
Emergency Alert Expense	251.10	
Weather Warning Expense	2,416.83	
Communications Expense	2,124.46	
EOC Expense	41.20	
Rescue-Insurance	3,303.53	
Rescue-Gasoline	10,678.92	
Rescue-Equipment	<u>40,476.07</u>	
Total Expenditures		<u>192,263.56</u>

Net (Expense) Revenue	\$ 11,656.44
Fund Balance Beginning of Year	103,638.89
Prior Period Adjustment	<u>14,762.00</u>
Fund Balance at End of Year	<u>\$ 130,057.33</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THE FINANCIAL STATEMENT

**COOKEVILLE-PUTNAM COUNTY EMERGENCY MANAGEMENT AGENCY
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDING JUNE 30, 2011**

Net Change in Fund Balance – Statement of Revenue, Expenditures and Changes in Fund Balance	\$ 11,656.44
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Amounts reported for governmental activities in the Statement of Net assets are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is depreciated over their estimated useful lives.

Compensated Absences Payable is long term in nature and not reported on the governmental funds, therefore a prior period adjustment was made to correct the prior year Statement of Revenues, Expenditures and Changes in Fund Balance.

Change in Compensated Absences Payable	\$ 789.23
Expenditures for Capital Assets	31,137.96
Less: Current Year Depreciation	<u>(27,537.97)</u>
	2,810.76
<u>Net (Expense)Revenue on Statement of Activities</u>	<u>\$ 14,467.20</u>

**COOKEVILLE-PUTNAM COUNTY
EMERGENCY MANAGEMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

Note 1 – Organization

The Cookeville-Putnam County Emergency Management Agency was instituted in Putnam County around 1950-52 as a joint venture of the City of Cookeville and Putnam County. The purpose of the Emergency Management Agency is to assist other emergency services during peacetime emergencies or disaster with backup personnel and equipment, plan and prepare for emergency operations in the event of a nuclear attack upon the United States, and provide training for other emergency services and the general public. The Cookeville-Putnam County Emergency Management Agency has several emergency shelters and sites.

Note 2 – Summary of Significant Accounting Policies Government-wide Financial Statements

The Government-wide financial statements include the Statement of Net Assets and the Statement of Activities. These statements report the governmental activities of the Cookeville-Putnam County Emergency Management Agency. The governmental activities are reported on the economic resources measurement focus on the accrual basis of accounting.

Fund Financial Statements

To ensure observance of limitations and restrictions placed on the use of resources available to the Emergency Management Agency, the accounts of the Emergency Management Agency are maintained in accordance with the principles of fund accounting. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into funds established according to their nature and purposes. Separate accounts are maintained for each fund; however, in the accompanying financial statements, funds that have similar characteristics have been combined into fund groups. Accordingly, all financial transactions have been recorded and reported by fund group. The fund financial statements report using current financial resources measurement focus and the modified accrual basis of accounting. The modified accrual basis recognizes that most expenditures and transfers out are measurable and are recorded when the related liability is incurred. The modified accrual basis also recognizes revenues when both “measurable and available”. Measurable means the amount can be determined. Available means collectible within the current period or soon enough thereafter to pay current liabilities. Property, plant and equipment are expended when purchased.

Capital Assets and Depreciation

The Cookeville-Putnam County Emergency Management Agency's property, plant and equipment with useful lives of more than one year are stated at historical cost and reported in the government-wide financial statements. The capital assets are also reported in the fund financial statements as expenditures in the current year. Donated assets are stated at fair value on the date donated.

The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. All capital assets are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts and the resulting gain or loss is recorded in operations.

Note 3 – Cash and Cash Equivalents:

Cash and cash equivalents consist of demand deposits with original maturities of three months or less with local financial institutions. The organization's cash at June 30, 2011, the Operating Fund, was maintained in a checking account.

Note 4 – Compensated Absences

Compensated absences are calculated for annual leave and comp time. Full-time employees earn sick time as well but it does not vest; therefore no liability has been recorded for sick leave. The liability shown in these statements represents the amount owed to employees for annual leave as of June 30, 2011.

Note 5 – Property, Plant and Equipment

The following is a schedule of additions, adjustments and retirements to Fixed Assets:

<u>Assets</u>	<u>Balance</u> <u>7-1-10</u>	<u>Additions</u>	<u>Adjustments</u> <u>& Retirements</u>	<u>Balance</u> <u>6-30-11</u>
Office Furniture & Equip.	\$ 21,896.00	\$ --	<\$ -- >	\$ 21,896.00
Equipment	116,338.00	31,137.96	--	147,475.96
Vehicles	<u>129,428.32</u>	<u>--</u>	<u>--</u>	<u>129,428.32</u>
<u>Total</u>	<u>\$267,662.32</u>	<u>\$ 31,137.96</u>	<u><\$ -- ></u>	<u>\$298,800.28</u>

The following is a schedule of depreciation expense and accumulated depreciation:

<u>Assets</u>	<u>Accumulated</u> <u>Depreciation</u> <u>7-1-10</u>	<u>Depreciation</u> <u>Expense</u>	<u>Adjustments</u> <u>& Retirements</u>	<u>Accumulated</u> <u>Depreciation</u> <u>6-30-11</u>
Office Furniture & Equip.	\$ 21,422.47	\$ 327.92	< \$ -- >	\$ 21,750.39
Equipment	88,983.10	15,042.08	--	104,025.18
Vehicles	<u>106,615.46</u>	<u>12,167.97</u>	<u>--</u>	<u>118,783.43</u>
<u>Total</u>	<u>\$217,021.03</u>	<u>\$ 27,537.97</u>	<u><\$ -- ></u>	<u>\$244,559.00</u>

Note 6 – Cash in Bank

At June 30, 2011, the carrying amount of the Cookeville-Putnam County Emergency Management Agency's cash deposits was \$79,061.70. The Agency's deposit accounts are covered up to \$250,000 by the Federal Deposit Insurance Corporation. The Agency is authorized to deposit and invest funds according to the provisions of Section 5-8-301 of the Tennessee Code Annotated. [Acts 1992, ch. 891, sct 10].

Note 7 – Rescue Squad

The director of the Cookeville-Putnam County Emergency Management Agency appoints the Rescue Squad chief. Expenses for the Rescue Squad are included in the Emergency Management Agency Budget. The Rescue Squad is made up entirely (including the chief) of volunteers. Funds are raised by the squad through various fund drives during the year with the Rescue Squad's Advisory Board having full control over these funds. These financial statements do not include any Rescue Squad funds.

Note 8 – Budget

The director of the Cookeville-Putnam County Emergency Management Agency and staff compile the budget. It is then brought before the city and county for approval. Changes made by the city or county are not reflected in the budget. This is a nonappropriated budget used for guidance only and is not legally binding and therefore is not presented as Required Supplementary Information.

Note 9 – Risk

Cookeville-Putnam County Emergency Management Agency maintains workers' compensation insurance on employees and additional insurance coverage for volunteers. Coverage for equipment, trucks, and office are covered by Putnam County, Tennessee. Putnam County government carries insurance covering injuries to others up to \$130,000 per person, and \$350,000 per accident, which covers the Cookeville-Putnam County Emergency Management Agency. There have been no claims or settlement that exceed coverage amount during the past three years.

Note 10 – Prior Period Adjustment

A prior period adjustment in the amount of \$14,762.00 was made to correct an understatement in accounts receivable in a prior year.

**COOKEVILLE-PUTNAM COUNTY
EMERGENCY MANAGEMENT AGENCY
LIST OF MANAGEMENT AND THOSE CHARGED
WITH GOVERNANCE
FOR THE YEAR ENDED JUNE 30, 2011**

The Cookeville-Putnam County Emergency Management Agency is governed as a joint venture between the City of Cookeville and Putnam County, Tennessee. The following are the individuals which serve as management of the Agency, the City Council and the County Commissioners.

COOKEVILLE-PUTNAM COUNTY EMA MANAGEMENT

Tyler Smith, Executive Director
Cookeville-Putnam County EMA
10 E. Broad Street
Cookeville, TN 38501
931-528-7575

COOKEVILLE CITY COUNCIL

Matt Swallows, Mayor
703 N. Washington Avenue
Cookeville, TN 38501
931-526-4025

Larry Epps, Vice-Mayor
709 Russell Strausse Rd.
Cookeville, TN 38501
931-526-9571

Connie Albrecht, Council Member
1560 Country Club Place
Cookeville, TN 38501
931-526-1317

Alma Anderson, Council Member
613 N. Dixie Avenue
Cookeville, TN 38501
931-526-1034

Jim Woodford, Council Member
939 Robin Lane
Cookeville, TN 38501

COUNTY COMMISSIONERS

Scott Ebersole, District 1
694 Canter Lane
Cookeville, TN 38501
931-528-6077

Tom Short, District 1
554 Windrowe Dr.
Cookeville, TN 38501
931-526-1243

Robert M. Duncan, Jr., District 2
855 Loweland Rd.
Cookeville, TN 38501
931-528-5085

Jim Martin, District 2
1430 Jamestown Court
Cookeville, TN 38501
931-528-1658

David Gentry, District 3
1982 Free Hill Rd.
Cookeville, TN 38501
931-854-0341

Jerry Ford, District 3
2228 Massa Avenue
Cookeville, TN 38501
931-526-1349

Andy Honeycutt, District 4
1697 Old Walton Rd.
Monterey, TN 38574
931-839-2138

Ron Williamson, District 4
1244 Davidson Dr.
Monterey, TN 38574
931-839-6226

**COOKEVILLE-PUTNAM COUNTY
EMERGENCY MANAGEMENT AGENCY
LIST OF MANAGEMENT AND THOSE CHARGED
WITH GOVERNANCE
FOR THE YEAR ENDED JUNE 30, 2011**

COUNTY COMMISSIONERS - continued

Anna Ruth Burroughs, District 5
1650 Iris Avenue
Cookeville, TN 38506
931-526-3023

Terry Randolph, District 5
3509 Tolbert Dr.
Cookeville, TN 38506
931-854-1760

Chris Savage, District 6
1138 Tanglewood Dr.
Cookeville, TN 38501
931-528-1261

Reggie Shanks, District 6
1950 Mine Lick Creek Rd.
Cookeville, TN 38506
931-432-4757

Michael Medley, District 7
3630 Southmeade Dr.
Cookeville, TN 38506
931-432-5555

Joe Trobaugh, District 7
7715 Henley Rd.
Baxter, TN 38544
931-858-2968

Eris Bryant, District 8
3424 Tightfit Rd.
Baxter, TN 38544
931-858-4356

Sue Neal, District 8
5429 Baxter Rd.
Baxter, TN 38544
931-858-3767

Jonathan Williams, District 9
1450 Blackburn Fork Rd.
Cookeville, TN 38501
931-526-1231

Daryl Blair, District 9
707 Big Ben Circle
Baxter, TN 38544
931-858-6077

Kevin Maynard, District 10
401 Shawn Lane
Cookeville, TN 38501
931-372-7539

Kim Bradford, District 10
2184 N. Pine Hill Rd.
Cookeville, TN 38501
931-528-8332

Steve Pierce, District 11
1525 Gibbons Rd.
Cookeville, TN 38501
931-537-3382

Marsha K. Bowman, District 11
8255 Anson Rd.
Cookeville, TN 38501
931-526-1325

Mike Atwood, District 12
1002 N. Plantation Dr.
Cookeville, TN 38506
931-537-3776

Cathy Reel, District 12
2418 Pine Hill Rd.
Cookeville, TN 38506
931-537-9519

TAMARA L. BECKMAN
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**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 Directors of the
Cookeville-Putnam County Emergency Management Agency
Cookeville, Tennessee

I have audited the financial statements of Cookeville-Putnam County Emergency Management Agency, a joint venture of the City of Cookeville and Putnam County as of and for the year ended June 30, 2011, and have issued my report thereon dated December 21, 2011. I conducted my audit 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.

Internal Control over Financial Reporting

In planning and performing my audit, I considered Cookeville-Putnam County Emergency Management Agency's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing my opinion on the effectiveness of Cookeville-Putnam County Emergency Management Agency's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of Cookeville-Putnam County Emergency Management Agency's internal control over financial reporting.

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 a 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.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, as discussed below, I identified a certain deficiency in internal control over financial reporting, described in the accompanying schedule of findings and recommendations as item 11-1 that I consider to be a significant deficiency in internal control over financial reporting. 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Cookeville-Putnam County Emergency Management Agency's financial statements are free of material misstatement, I 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 my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and recommendations as item 11-1.

Cookeville-Putnam County Emergency Management Agency's response to the findings identified in our audit is described in the accompanying schedule of findings and recommendations. I did not audit the District's response and, accordingly, I express no opinion on it.

This report is intended for the information of the management and the State of Tennessee Comptroller of the Treasury and is not intended to be and should not be used by anyone other than these specified parties. However, this restriction is not intended to limit the distribution of this report, which is a matter of public record.

December 21, 2011
Cookeville, Tennessee

Tamara L. Beckman, CPA

**COOKEVILLE-PUTNAM COUNTY
EMERGENCY MANAGEMENT AGENCY
AUDIT FINDINGS AND RECOMMENDATIONS
JUNE 30, 2011**

Finding 11-1

One person handles all cash disbursements as well as all payroll functions and reconciles bank accounts.

Recommendation

Someone other than the person handling disbursements should reconcile bank account and control payroll.

Management Comment

It is not economically advisable to employ another person, however, Director handles all receipting and depositing of income and Deputy Director handles all disbursements. The volume of work involved can be handled by current number of employees.

Auditor's Note:

Due to the small size and lack of personnel, total segregation of duties is not feasible. However, the EMA segregates the duties to the extent possible.