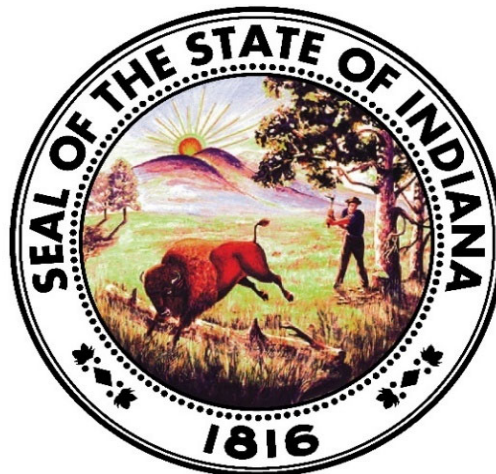


STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

COMPLIANCE REPORT
OF
SUGAR CREEK FIRE PROTECTION DISTRICT
VIGO COUNTY, INDIANA
January 1, 2022 to December 31, 2022



FILED
10/05/2023

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer/Secretary	Carol A. Holbert	01-01-22 to 12-31-23
President of the District Board	Noel Tracy Lindsay	01-01-22 to 12-31-23



STATE OF INDIANA
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TO: THE OFFICIALS OF THE SUGAR CREEK FIRE PROTECTION DISTRICT, VIGO COUNTY, INDIANA

The Sugar Creek Fire Protection District (District) is considered a component unit of the Vigo County (County) under accounting principles generally accepted in the United States of America. The District's financial information was audited as part of the County's financial statements for the period from January 1, 2022 to December 31, 2022. The Financial Statements Audit Report of the County, which provides our opinions on the County's financial statements and which includes the District's financial information, may be found at www.in.gov/sboa.

As authorized under Indiana Code 5-11-1, we performed procedures to determine compliance with applicable Indiana laws and uniform compliance guidelines established by the Indiana State Board of Accounts. The Audit Results and Comments contained herein describe the identified reportable instances of noncompliance found as a result of these procedures for the District. Our procedures were not designed to identify all instances of noncompliance; therefore, noncompliance may exist that is unidentified.

The District's Annual Financial Report information can be found on the Indiana Gateway for Government Units financial reporting system website: <https://gateway.ifionline.org> and has not been subjected to any audit procedures.

Any Official Response to the Audit Results and Comments, incorporated within this report, was not verified for accuracy.

A handwritten signature in blue ink that reads "Beth Kelley".

Beth Kelley, CPA, CFE
Deputy State Examiner

September 29, 2023

SUGAR CREEK FIRE PROTECTION DISTRICT
AUDIT RESULTS AND COMMENTS

INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

The same comment also appeared in prior Reports B56271, B58456, and B61440.

Condition and Context

Internal control activities should be selected and developed at various levels to reduce risks of error and/or fraud in the financial statements. The District had not separated incompatible activities related to all aspects of the financial statements. The failure to establish these internal controls could have enabled material misstatements to be undetected.

Receipts

The District did not have internal controls in place to ensure the accuracy of the receipts. The receipts were received via electronic deposit and the Treasurer/Secretary posted the receipts to the ledger. There was no documented oversight, approval, or review process to ensure the accuracy of the information submitted.

Disbursements

The Treasurer/Secretary received the invoices, paid the invoices, signed the checks for payments, and posted all disbursements to QuickBooks, which was used as the ledger. There was no documented oversight, approval, or review process to ensure accuracy of the information submitted.

Financial Reporting

The Treasurer/Secretary compiled and submitted the information in the Indiana Gateway for Government Units financial reporting system, which was the source for the Annual Financial Report and the financial statements, without a documented oversight, approval, or review process in place to ensure the accuracy of the information submitted.

Criteria

The Indiana State Board of Accounts (SBOA) is required under Indiana Code 5-11-1-27(e) to define the acceptable minimum level of internal control standards. To provide clarifying guidance, the State Examiner compiled the standards contained in the manual, *Uniform Internal Control Standards for Indiana Political Subdivisions*. All political subdivisions subject to audit by SBOA are expected to adhere to these standards. The standards include adequate control activities. According to this manual:

"Control activities are the actions and tools established through policies and procedures that help to detect, prevent, or reduce the identified risks that interfere with the achievement of objectives. Detection activities are designed to identify unfavorable events in a timely manner whereas prevention activities are designed to deter the occurrence of an unfavorable event. Examples of these activities include reconciliations, authorizations, approval processes, performance reviews, and verification processes.

SUGAR CREEK FIRE PROTECTION DISTRICT
AUDIT RESULTS AND COMMENTS
(Continued)

An integral part of the control activity component is segregation of duties. . . .

There is an expectation of segregation of duties. If compensating controls are necessary, documentation should exist to identify both the areas where segregation of duties are not feasible or practical and the compensating controls implemented to mitigate the risk. . . ."

MONTHLY AND ANNUAL UPLOADS

Condition and Context

The files and governmental unit information that are required to be uploaded monthly include the bank reconcilements, bank statements and outstanding checks, approved Board minutes and the funds ledger, summarizing total receipts, disbursements, and balances by fund.

Annual upload requirements include year-end investment statements, detail of receipt activity, detail of disbursement activity, current year salary ordinance, annual vendor history report, annual payroll history report without social security numbers and annual funds ledger summarizing year-to-date total receipts, year-to-date disbursements, and beginning and ending balances by fund.

The District did not comply with the State Examiner Directive 2018-1 and failed to upload the monthly files for August to December and none of the annual files were uploaded on the Indiana Gateway for Government Units financial reporting system for 2022.

Criteria

Units are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings, court decisions and filing requirements concerning reports and other procedural matters of federal and state agencies. Units must file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 1)

Beginning with July 2018 files, which will be due September 15, 2018, **all** cities, towns, townships, libraries, and special districts will use the Upload App to upload files containing financial and governmental unit information on Gateway to allow the State Board of Accounts (SBOA) to conduct audit planning and audit processes prior to on-site work at a unit. (State Examiner Directive 2018-1)

SUGAR CREEK FIRE PROTECTION DISTRICT
EXIT CONFERENCE

The contents of this report were discussed on September 29, 2023, with Carol A. Holbert, Treasurer/Secretary, and Noel Tracy Lindsay, President of the District Board.