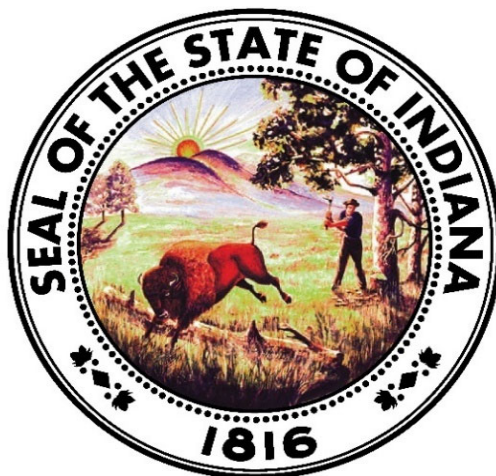


STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

SUPPLEMENTAL COMPLIANCE REPORT
OF
TRI-TOWNSHIP FIRE PROTECTION DISTRICT
CLARK COUNTY, INDIANA
January 1, 2021 to December 31, 2022



FILED
10/27/2023

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Fiscal Officer	David Schickel, Jr.	01-01-21 to 12-31-23
President of the District Board	Dale P. Cooke	01-01-21 to 12-31-23



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

TO: THE OFFICIALS OF THE TRI-TOWNSHIP FIRE PROTECTION
DISTRICT, CLARK COUNTY, INDIANA

This report is supplemental to the audit report of the Tri-Township Fire Protection District (District), for the period from January 1, 2021 to December 31, 2022. It has been provided as a separate report so that the reader may easily identify any Audit Results and Comments that pertain to the District. It should be read in conjunction with the Financial Statement Audit Report of the District, which provides our opinions on the District's financial statement. This report 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. Our tests were not designed to identify all instances of noncompliance; therefore, noncompliance may exist that is unidentified.

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

Beth Kelley, CPA, CFE
Deputy State Examiner

October 12, 2023

TRI-TOWNSHIP FIRE PROTECTION DISTRICT
AUDIT RESULTS AND COMMENTS

INTERNAL CONTROLS - PAYROLL DISBURSEMENTS

Condition and Context

A proper system of internal controls, which would include appropriate segregation of duties, should be designed and implemented at various levels to effectively prevent, or detect and correct, errors. Deficiencies in the internal control system related to payroll disbursements were identified as follows:

An internal control process was not in place over payroll disbursements made during the audit period. The District utilized a third-party payroll processing company. The Fire Chief would review daily attendance records and then submit biweekly payroll hours and paid time off information for each employee to the payroll processing company. An official payroll claim was not being prepared. Upon receipt of the hours, the payroll would then be processed and paid by the payroll processing company without any further reviews or approvals by the Fiscal Officer or by the District Board.

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.

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. . . ."

Indiana Code 5-11-10-1.6 states in part:

". . . (b) As used in this section, 'claim' means a bill or an invoice submitted to a governmental entity for goods or services.

(c) The fiscal officer of a governmental entity may not draw a warrant or check for payment of a claim unless:

- (1) there is a fully itemized invoice or bill for the claim;
- (2) the invoice or bill is approved by the officer or person receiving the goods and services;
- (3) the invoice or bill is filed with the governmental entity's fiscal officer;
- (4) the fiscal officer audits and certifies before payment that the invoice or bill is true and correct; and

TRI-TOWNSHIP FIRE PROTECTION DISTRICT
AUDIT RESULTS AND COMMENTS
(Continued)

- (5) payment of the claim is allowed by the governmental entity's legislative body or the board or official having jurisdiction over allowance of payment of the claim. . . ."

Indiana Code 5-11-10-2 states in part:

"(a) Claims against a political subdivision of the state must be approved by the officer or person receiving the goods or services, be audited for correctness and approved by the disbursing officer of the political subdivision, and, where applicable, be allowed by the governing body having jurisdiction over allowance of such claims before they are paid. If the claim is against a governmental entity (as defined in section 1.6 of this chapter), the claim must be certified by the fiscal officer.

(b) The state board of accounts shall prescribe a form which will permit claims from two (2) or more to be listed on a single document and, when such list is signed by members of the governing body showing the claims and amounts allowed each claimant and the total claimed and allowed as listed on such document, it shall not be necessary for the members to sign each claim. . . ."

PURCHASE OF FIRE TRUCK AND EQUIPMENT

Condition and Context

During 2022, the District entered into a contract for the purchase of a fire truck and associated equipment for \$1,954,970. The District utilized a procurement service organization to make the purchase. Documentation was not provided to determine if the District or the procurement service organization followed required public purchase laws in accordance with Indiana Code 5-22-7. There was no documentation provided for the invitation for bids, notice of invitation for bids, public opening of bids, or awarding of the contract.

Criteria

Indiana Code 5-22-7-1 states: "A purchasing agent shall follow the procedure described in this chapter in awarding a contract for supplies, unless another purchasing method is required by this article."

Indiana Code 5-22-7-2 states:

- "(a) A purchasing agent shall issue an invitation for bids.
- (b) An invitation for bid must include the following:
- (1) A purchase description.
 - (2) All contractual terms and conditions that apply to the purchase.
 - (3) A statement of the evaluation criteria that be used, including any of the following:
 - (A) Inspection.
 - (B) Testing.
 - (C) Quality.

TRI-TOWNSHIP FIRE PROTECTION DISTRICT
AUDIT RESULTS AND COMMENTS
(Continued)

- (D) Workmanship.
 - (E) Delivery.
 - (F) Suitability for a particular purpose.
 - (G) The requirement imposed under [IC 5-22-3-5](#).
- (4) The time and place for opening bids.
- (5) A statement concerning whether the bid must be accompanied by a certified check or other evidence of financial responsibility that may be imposed in accordance with rules or policies of the governmental body.
- (6) A statement concerning the conditions under which a bid may be canceled or rejected in whole or in part as specified under [IC 5-22-18-2](#)."

Indiana Code 5-22-7-5 states:

"(a) The purchasing agency shall give note for the invitation for bids in the manner required by [IC-5-3-1](#).

(b) The purchasing agency for a state agency shall also provide electronic access to the notice through the computer gateway administered by the office of technology.

(c) The purchasing agency for a political subdivision may also provide electronic access to the notice through:

- (1) the computer gateway administered by the office of technology; or
- (2) any other electronic means available to the political subdivision."

Indiana Code 5-22-7-6 states: "The purchasing agency shall open bids publicly in the presence of one (1) or more witnesses at the time and place designated in the invitation for bids."

Indiana Code 5-22-7-8 states: "A contract must be awarded with reasonable promptness by written notice to the lowest responsible and responsive bidder."



Tri-Township Fire Protection District

601 Hamburg Way, Sellersburg IN 47172

812-301-2800 (HQ)

<http://www.ttfpd.org>

Col. Amir Mousavi, Fire Chief

LTC. David L. Schickel, Deputy Chief

OFFICIAL RESPONSE

October 26, 2023

Indiana State Board of Accounts
302 West Washington St. Room E418
Indianapolis, IN 46204-2765

Re: Tri-Township Fire Protection District, Clark County, Indiana

To Whom It May Concern:

The Board of Fire Trustees of the Tri-Township Fire Protection District appreciates the opportunity to learn and improve upon in its practices that each SBOA audit affords.

With respect to payroll processing and disbursements, the Board, in conjunction with its Fiscal Officer and the administration of the District's fire department, will work with its public accounting firm and its third-party payroll provider to improve upon its internal control processes.

With respect to the procurement of fire apparatus through a nationwide government procurement service, the administration of the District's fire department believes that public cooperative purchasing through such a government-to-government service is an efficient and effective way to procure competitively priced contracts for fire apparatus and equipment. The use of such services is prevalent among many different governmental units throughout the State of Indiana.

Sincerely,

Dale P. Cooke
Chairman of the Board of Fire Trustees

TRI-TOWNSHIP FIRE PROTECTION DISTRICT
EXIT CONFERENCE

The contents of this report were discussed on October 12, 2023, with David Schickel, Jr., Fiscal Officer; Dale P. Cooke, President of the District Board; Amir Mousavi, Fire Chief; and Keith Pulliam, District Attorney.