

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

COMPLIANCE ENGAGEMENT REPORT

OF

GRIFFIN-BETHEL TOWNSHIP FIRE PROTECTION DISTRICT

POSEY COUNTY, INDIANA

January 1, 2020 to December 31, 2023



FILED

06/19/2024

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Lesi Payne William Christmas	01-01-20 to 12-31-23 01-01-24 to 12-31-24
President of the District Board	John J. Fifer	01-01-20 to 12-31-24



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE GRIFFIN-BETHEL TOWNSHIP FIRE
PROTECTION DISTRICT, POSEY COUNTY, INDIANA

As authorized under Indiana Code 5-11-1, we performed certain procedures to the accounting records and related documents of the Griffin-Bethel Township Fire Protection District (District), for the period of January 1, 2020 to December 31, 2023. The objective of this engagement was to determine compliance with applicable Indiana laws, regulations, and uniform compliance guidelines (Guidelines) established by the Indiana State Board of Accounts pursuant to Indiana Code 5-11-1-24. The objective of this engagement is not to opine on compliance or financial activity of the District as this engagement was not conducted in accordance with any standards established by an authoritative standard setting body, and, as such, we do not provide any opinions on compliance or financial activity.

Management is responsible for preparing and maintaining its accounting records and related documents in accordance with applicable Indiana laws, regulations, and Guidelines. Management's responsibility also includes, but is not limited to, complying with other applicable Indiana laws, regulations, and Guidelines concerning how it operates: authorized sources and uses of funds; what reports are required to be prepared and filed; and what depositories and investment types are allowable.

We fulfilled our responsibility as detailed in the first paragraph, using procedures that verified the appropriate accounting for and reporting of cash, receipts, and disbursements; and the appropriate sources and uses of funds in accordance with applicable Indiana laws, regulations, and Guidelines. Expanding the scope and nature of these procedures can and does occur in specific circumstances.

The Comments contained herein, if any, describe the identified reportable instances of noncompliance found during our engagement. Our procedures were not designed to identify all instances of noncompliance; therefore, noncompliance may exist that is unidentified. Any Official Response to the Comments incorporated within this report was not verified for accuracy.

The Schedule of Officials and Statements of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis (Statements) are informational only. The Statements have not been subjected to any procedures designed to express an opinion or provide any assurance on them, and, accordingly, we do not express an opinion or provide any assurance on them.

This report is intended solely for the information and use of management, governance, and others within the organization. This restriction is not intended to limit the distribution of this report, which is a matter of public record. Reports can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>, and the District's Annual Financial Reports filed by management can be found on the Indiana Gateway for Government Units financial reporting system website: <http://www.gateway.ifionline.org>.

The contents of this report were communicated to William Christmas, Treasurer; Richard Lloyd, District Board member; and Steve Rutledge, District Board member, on June 18, 2024.



Beth Kelley, CPA, CFE
Deputy State Examiner

April 23, 2024

GRIFFIN-BETHEL TOWNSHIP FIRE PROTECTION DISTRICT
COMMENTS

INTERNAL CONTROLS

Condition and Context

Internal control deficiencies and the lack of proper segregation of duties resulted in noncompliance over the annual uploads, board meetings and reorganization, and compensation and benefits detailed further in the comments below.

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. . . ."

ANNUAL UPLOADS

Condition and Context

Due to the lack of internal controls, the District did not comply with the State Examiner Directive that required annual uploads into the Indiana Gateway for Government Units financial reporting system. The District was required to upload a detail of receipt activity, a detail of disbursement activity, an annual vendor history report, and an annual funds ledger, but the District did not upload any of those files for any year of the engagement period.

Criteria

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)

All counties, cities, towns, townships, libraries, schools and special districts will use the Engagement Uploads to upload files containing financial and governmental unit information on Gateway to allow the SBOA to conduct audit planning and audit processes prior to on-site work at a unit. This remote process will provide for more efficient data processing and save audit costs for our clients. (Amended State Examiner Directive 2018-1, Updated November 9, 2020, and effective with uploads due February 15, 2021)

GRIFFIN-BETHEL TOWNSHIP FIRE PROTECTION DISTRICT
COMMENTS
(Continued)

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)

BOARD MEETINGS AND REORGANIZATION

Condition and Context

Due to the lack of internal controls, the District did not comply with laws and regulations related to District Board meetings and District Board reorganization. The District Board only held meetings in January and August 2020, February and August 2021, February and August 2022, and October 2023, and as of the date of this report, no meetings have been held in 2024. Additionally, the District Board did not reorganize for any of the years on the engagement period.

Criteria

Indiana Code 36-8-11-13(a) states: "The board shall fix the time for holding regular meetings, but it shall meet at least once in the months of January, April, July, and October. The county legislative body may order that regular meetings be held more frequently."

Indiana Code 36-8-11-14 states: "At the first regular meeting each year, the trustees of the board shall elect a chair and vice chair from their number. The vice chair shall act as chair during the absence or disability of the chair."

COMPENSATION AND BENEFITS

Condition and Context

Due to the lack of internal controls, the District did not comply with laws and regulations related to compensation and benefits. As a result, multiple issues were identified during a test of payroll claims.

The District operated with four employees each year of the engagement period. The District paid the employees' salaries once a year for a total of 16 payroll claims, all of which were selected for testing. The issues noted were as follows:

- For all 16 claims, the District issued payment prior to the last day of the year. As a result, all four employees received pay in advance of hours worked for every year tested.
- The District also did not withhold the appropriate taxes from any of the 16 claims or file Forms W-2 for any year during the engagement period.
- The District Board did not adopt a salary ordinance, resolution, or salary schedule setting the rates of pay for any year of the engagement period.

Criteria

Compensation and any other payments for goods and services must not be paid in advance of receipt of the goods or services unless specifically authorized by law. Payments made for goods or services which are not received may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 1)

GRIFFIN-BETHEL TOWNSHIP FIRE PROTECTION DISTRICT
COMMENTS
(Continued)

All compensation and benefits paid to officials and employees must be included in the labor contract, salary ordinance, resolution, or salary schedule adopted by the governing body unless otherwise authorized by law. Compensation must be paid in a manner that will facilitate compliance with state and federal reporting requirements. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 1)

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)

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STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CASH
AND INVESTMENT BALANCES - REGULATORY BASIS

GRIFFIN-BETHEL TOWNSHIP FIRE PROTECTION DISTRICT
 STATEMENT OF RECEIPTS, DISBURSEMENTS,
 AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Years Ended December 31, 2020 and 2021

Fund	Cash and Investments 01-01-20	Receipts	Disbursements	Cash and Investments 12-31-20	Receipts	Disbursements	Cash and Investments 12-31-21
General Fund	\$ 137,165	\$ 49,144	\$ 99,255	\$ 87,054	\$ 35,641	\$ 64,897	\$ 57,798
Rainy Day Fund	2,332	-	2,332	-	-	-	-
Totals	<u>\$ 139,497</u>	<u>\$ 49,144</u>	<u>\$ 101,587</u>	<u>\$ 87,054</u>	<u>\$ 35,641</u>	<u>\$ 64,897</u>	<u>\$ 57,798</u>

GRIFFIN-BETHEL TOWNSHIP FIRE PROTECTION DISTRICT
 STATEMENT OF RECEIPTS, DISBURSEMENTS,
 AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Years Ended December 31, 2022 and 2023

Fund	Cash and Investments 01-01-22	Receipts	Disbursements	Cash and Investments 12-31-22	Receipts	Disbursements	Cash and Investments 12-31-23
General Fund	\$ 57,798	\$ 68,248	\$ 66,095	\$ 59,951	\$ 51,152	\$ 44,799	\$ 66,304
Totals	<u>\$ 57,798</u>	<u>\$ 68,248</u>	<u>\$ 66,095</u>	<u>\$ 59,951</u>	<u>\$ 51,152</u>	<u>\$ 44,799</u>	<u>\$ 66,304</u>