

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

NEW ALBANY TOWNSHIP FIRE PROTECTION DISTRICT

FLOYD COUNTY, INDIANA

January 1, 2011 to December 31, 2016



FILED
10/24/2017

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Fiscal Officer	Gilbert Kinney	01-01-11 to 12-31-17
President of the Board	Ray Cunningham	01-01-11 to 12-31-15
	Michael K. Mugler	01-01-16 to 12-31-17



STATE OF INDIANA
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TO: THE OFFICIALS OF THE NEW ALBANY TOWNSHIP FIRE
PROTECTION DISTRICT, FLOYD COUNTY, INDIANA

This report is supplemental to our examination report of the New Albany Township Fire Protection District (District), for the period from January 1, 2011 to December 31, 2016. It has been provided as a separate report so that the reader may easily identify any Examination Results and Comments that pertain to the District. It should be read in conjunction with our Financial Statements Examination Report of the District, which provides our opinion on the District's financial statements. 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 Examination 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 Examination Results and Comments, incorporated within this report, was not verified for accuracy.

Paul D. Joyce
Paul D. Joyce, CPA
State Examiner

August 29, 2017

NEW ALBANY TOWNSHIP FIRE PROTECTION DISTRICT
EXAMINATION RESULTS AND COMMENTS

INTERNAL CONTROLS

Internal controls over the financial close and reporting were insufficient because the District did not have sufficient segregation of duties. The Fiscal Officer performed all duties regarding financial close. An outside contractor hired by the District entered the financial information into Gateway for financial reporting. There was no indication of a review process to verify the information was accurate.

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. . . ."

ERRORS ON CLAIMS

The following deficiencies were identified related to claims:

1. Claims were not prepared for all disbursements.
2. Evidence supporting the receipt of goods or services was not presented for all disbursements tested.

A similar comment appeared in prior Report B38617, entitled *ERRORS ON CLAIMS*.

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; . . ."

NEW ALBANY TOWNSHIP FIRE PROTECTION DISTRICT
EXIT CONFERENCE

The contents of this report were discussed on August 29, 2017, with Gilbert Kinney, Fiscal Officer, and Michael K. Mugler, President of the Board.