

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

SUPPLEMENTAL COMPLIANCE REPORT  
OF  
HAMBLÉN FIRE PROTECTION DISTRICT  
BROWN COUNTY, INDIANA  
January 1, 2013 to December 31, 2017



**FILED**  
12/06/2018



TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials .....	2
Transmittal Letter .....	3
Audit Results and Comments:	
Internal Controls .....	4
Adoption of Internal Control Standards and Training .....	4
Certification on Internal Control Standards .....	4
Exit Conference.....	5

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Secretary/Treasurer	Roy Shea	01-01-13 to 12-31-18
President of the District Board	Michael O'Neil	01-01-13 to 12-31-18



**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](http://www.in.gov/sboa)

TO: THE OFFICIALS OF THE HAMBLEN FIRE PROTECTION DISTRICT, BROWN COUNTY, INDIANA

This report is supplemental to our audit report of the Hamblen Fire Protection District (District), for the period from January 1, 2013 to December 31, 2017. 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 our Financial Statements Audit Report of the District, which provides our opinion on the District's financial statements. This report may be found at [www.in.gov/sboa/](http://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.

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

October 29, 2018

HAMBLÉN FIRE PROTECTION DISTRICT  
AUDIT RESULTS AND COMMENTS

**INTERNAL CONTROLS**

There were deficiencies in the internal control system for the District related to financial transactions and reporting. The District had not separated incompatible activities related to cash and investments. The failure to establish and maintain internal controls could enable material misstatements or irregularities to remain undetected. There was not any oversight or review made by another person of the bank reconciliation performed by the Treasurer/Secretary.

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. . . ."

**ADOPTION OF INTERNAL CONTROL STANDARDS AND TRAINING**

The District Board had not adopted the required minimum internal control standards, nor provided training to personnel on internal controls.

Indiana Code 5-11-1-27(g) states:

"After June 30, 2016, the legislative body of a political subdivision shall ensure that:

- (1) the internal control standards and procedures developed under subsection (e) are adopted by the political subdivision; and
- (2) personnel receive training concerning the internal control standards and procedures adopted by the political subdivision."

**CERTIFICATION ON INTERNAL CONTROL STANDARDS**

The Treasurer/Secretary certified on the Annual Financial Report (AFR) that the District had adopted the minimum internal control standards and that the required personnel had received training over those standards. However, the minimum internal control standards had not been adopted and training had not been provided. Therefore, the AFR certified by the Treasurer/Secretary was incorrect.

Indiana Code 5-11-1-4(a) states:

"The state examiner shall require from every municipality and every state or local governmental unit, entity, or instrumentality financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner not later than sixty (60) days after the close of each fiscal year. The reports must be in the form and content prescribed by the state examiner and filed electronically in the manner prescribed under [IC 5-14-3.8-7](#)."

HAMBLEN FIRE PROTECTION DISTRICT  
EXIT CONFERENCE

The contents of this report were discussed on October 29, 2018, with Roy Shea, Secretary/Treasurer, and Michael O'Neil, President of the District Board.