

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

COMPLIANCE REPORT
OF
HONEY CREEK FIRE PROTECTION DISTRICT
VIGO COUNTY, INDIANA
January 1, 2019 to December 31, 2019



FILED
01/05/2021

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Transmittal Letter	3
Audit Results and Comments:	
Capital Assets.....	4
Internal Controls over Financial Transactions and Reporting	4-5
Exit Conference.....	6

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Financial Clerk	Jane A. Hadley	01-01-19 to 12-31-20
President of the District Board	Joseph M. Shackelford	01-01-19 to 12-31-20



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

The Honey 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, 2019 to December 31, 2019. 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.

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

December 28, 2020

HONEY CREEK FIRE PROTECTION DISTRICT
AUDIT RESULTS AND COMMENTS

CAPITAL ASSETS

Condition and Context

A capitalization policy was not presented for audit.

Criteria

Every unit must have a capital assets policy that details the threshold at which an item is considered a capital asset. Every unit must have a complete detail listing of all capital assets owned which reflects their acquisition value. Capital Asset Ledger (Form 369) has been prescribed for this purpose. A complete physical inventory must be taken at least every two years, unless more stringent requirements exist, to verify account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 1)

INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

Condition and Context

Internal control activities should be selected and developed at various levels to reduce risks of error and/or fraud of the financial statement. The District has not separated incompatible activities related to certain aspects the financial statement. The failure to establish these internal controls could enable material misstatements to be undetected.

Cash and Investments

The Financial Clerk performed the monthly bank reconcilements during the audit period. There was no evidence of an oversight, approval, or review process to ensure that required bank reconcilements were properly performed.

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

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 Financial Clerk posted the receipts to the ledger. There was no evidence of an oversight, approval, or review process 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.

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. . . . "

HONEY CREEK FIRE PROTECTION DISTRICT
EXIT CONFERENCE

The contents of this report were discussed on December 28, 2020, with Jane A. Hadley, Financial Clerk, and Joseph M. Shackelford, President of the District Board.