

**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, 2020 to December 31, 2020



**FILED**  
02/04/2022



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Financial Clerk	Jane A. Hadley	01-01-20 to 12-31-22
President of the District Board	Joseph M. Shackelford	01-01-20 to 12-31-22



**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 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, 2020 to December 31, 2020. 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](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 Result and Comment contained herein describes the identified reportable instance 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 Result and Comment, incorporated within this report, was not verified for accuracy.

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

January 19, 2022

HONEY CREEK FIRE PROTECTION DISTRICT  
AUDIT RESULT AND COMMENT

**INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING**

The same comment also appeared in prior Report B56291.

*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 had not separated incompatible activities related to certain aspects of cash and investments and receipts of the financial statement. The failure to establish these internal controls could have enabled material misstatements to be undetected.

*Cash and Investments*

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

*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 audit evidence of an oversight, approval, or review process to ensure the accuracy of the information posted to the ledger.

*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 January 19, 2022, with Jane A. Hadley, Financial Clerk, and Joseph M. Shackelford, President of the District Board.