

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

COMPLIANCE REPORT  
OF  
SUGAR CREEK FIRE PROTECTION DISTRICT  
VIGO COUNTY, INDIANA  
January 1, 2021 to December 31, 2021



**FILED**  
05/09/2023



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer/Secretary	Carol A. Holbert	01-01-21 to 12-31-23
President of the District Board	Noel Tracy Lindsay	01-01-21 to 12-31-23



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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

The Sugar 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, 2021 to December 31, 2021. 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 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.

Beth Kelley, CPA, CFE  
Deputy State Examiner

April 28, 2023

SUGAR CREEK FIRE PROTECTION DISTRICT  
AUDIT RESULTS AND COMMENTS

***INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING***

The same comment also appeared in prior Reports B56271 and B58456.

*Condition and Context*

Internal control activities should be selected and developed at various levels to reduce risks of error and/or fraud in the financial statements. The District had not separated incompatible activities related to all aspects of the financial statements. The failure to establish these internal controls could have enabled material misstatements to be undetected.

*Cash and Investments*

The Treasurer/Secretary performed the monthly bank reconciliations during the audit period. There was no documented oversight, approval, or review process to ensure that required bank reconciliations 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 Treasurer/Secretary posted the receipts to the ledger. There was no documented oversight, approval, or review process to ensure the accuracy of the information submitted.

*Disbursements*

The Treasurer/Secretary received the invoices, paid the invoices, signed the checks for payments, and posted all disbursements to QuickBooks, which was used as the ledger. There was no documented oversight, approval, or review process to ensure accuracy of the information submitted.

*Financial Reporting*

The Treasurer/Secretary compiled and submitted the information into the Indiana Gateway for Government Units financial reporting system, which was the source for the Annual Financial Report and the financial statements, without a documented oversight, approval, or review process in place 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:

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

"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**

A same comment also appeared in prior Reports B56271 and B58456.

*Condition and Context*

The District did not use Accounts Payable Vouchers (claims) or Accounts Payable Voucher Registers to document approval of disbursements. There was no evidence presented for audit of the approval of the claims by the fiscal officer or governing body. All claims were paid prior to the District Board approval.

*Criteria*

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;
- (4) the fiscal officer audits and certifies before payment that the invoice or bill is true and correct; and
- (5) payment of the claim is allowed by the governmental entity's legislative body or the board or official having jurisdiction over allowance of payment of the claim. . . ."

SUGAR CREEK FIRE PROTECTION DISTRICT  
EXIT CONFERENCE

The contents of this report were discussed on April 28, 2023, with Carol A. Holbert, Treasurer/Secretary, and Noel Tracy Lindsay, President of the District Board.