

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

FEDERAL COMPLIANCE AUDIT REPORT

OF

GRIFFITH PUBLIC SCHOOLS

LAKE COUNTY, INDIANA

July 1, 2021 to June 30, 2023



**FILED**

03/19/2024



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Sherie Breitenbach (Vacant) Leah Dumezich (Interim) Terri Chance	07-01-21 to 12-02-21 12-03-21 to 12-08-21 12-09-21 to 01-02-22 01-03-22 to 06-30-24
Superintendent of Schools	Michele Riise Leah Dumezich	07-01-21 to 07-08-21 07-09-21 to 06-30-24
President of the School Board	Kathy Ruesken Emily Conner Jesse Adduci	07-01-21 to 01-12-22 01-13-22 to 01-11-24 01-12-24 to 06-30-24



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL  
STATEMENT PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

TO: THE OFFICIALS OF THE GRIFFITH PUBLIC SCHOOLS, LAKE COUNTY, INDIANA

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statement of the Griffith Public Schools (School Corporation), for the period of July 1, 2021 to June 30, 2023, and the related notes to the financial statement, which collectively comprise the School Corporation's financial statement and have issued our report thereon dated March 7, 2024, wherein we noted the School Corporation followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

***Report on Internal Control over Financial Reporting***

In planning and performing our audit of the financial statement, we considered the School Corporation's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the School Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the School Corporation's financial statement will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, as described in the accompanying Schedule of Findings and Questioned Costs as items 2023-001 and 2023-002, that we consider to be material weaknesses.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL  
STATEMENT PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*  
(Continued)

***Report on Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the School Corporation's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2023-001 and 2023-002.

***Griffith Public Schools's Response to Findings***

*Government Auditing Standards* requires the auditor to perform limited procedures on the School Corporation's response to findings identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs. The School Corporation's response to the findings identified in our audit is described in the accompanying Corrective Action Plan. The School Corporation's response was not subjected to the auditing procedures applied in the audit of the financial statement, and, accordingly, we express no opinion on it.

***Purpose of This Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School Corporation's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Beth Kelley, CPA, CFE  
Deputy State Examiner

March 7, 2024



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

TO: THE OFFICIALS OF THE GRIFFITH PUBLIC SCHOOLS, LAKE COUNTY, INDIANA

**Report on Compliance for Each Major Federal Program**

***Adverse and Qualified Opinions***

We have audited the Griffith Public Schools's (School Corporation) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the period of July 1, 2021 to June 30, 2023. The School Corporation's major federal programs are identified in the *Summary of Auditor's Results* section of the accompanying Schedule of Findings and Questioned Costs.

***Qualified Opinion on Child Nutrition Cluster***

In our opinion, except for the noncompliance described in the *Basis for Adverse and Qualified Opinions* section of our report, the School Corporation complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the Child Nutrition Cluster for the period of July 1, 2021 to June 30, 2023.

***Qualified Opinion on COVID-19 - Education Stabilization Fund***

In our opinion, except for the noncompliance described in the *Basis for Adverse and Qualified Opinions* section of our report, the School Corporation complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the COVID-19 - Education Stabilization Fund for the period of July 1, 2021 to June 30, 2023.

***Adverse Opinion on Title I Grants to Local Educational Agencies***

In our opinion, because of the significance of the matters discussed in the *Basis for Adverse and Qualified Opinions* section of our report, the School Corporation did not comply in all material respects, with the compliance requirements referred to above that could have a direct and material effect on Title I Grants to Local Educational Agencies for the period of July 1, 2021 to June 30, 2023.

**Basis for Adverse and Qualified Opinions**

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the *Auditor's Responsibilities for the Audit of Compliance* section of our report.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE  
(Continued)

We are required to be independent of the School Corporation and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the School Corporation's compliance with the compliance requirements referred to above.

*Matters Giving Rise to Qualified Opinion on Child Nutrition Cluster*

As described in the accompanying Schedule of Findings and Questioned Costs, the School Corporation did not comply with requirements regarding Child Nutrition Cluster as described in items 2023-003 and 2023-005, for Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Special Tests and Provisions - Non-Profit School Food Service Accounts, and Procurement and Suspension and Debarment. Compliance with such requirements is necessary, in our opinion, for the School Corporation to comply with the requirements applicable to that program.

*Matter Giving Rise to Qualified Opinion on COVID-19 - Education Stabilization Fund*

As described in the accompanying Schedule of Findings and Questioned Costs, the School Corporation did not comply with requirements regarding 84.425 COVID-19 - Education Stabilization Fund, as described in item 2023-010 for Reporting. Compliance with such requirements is necessary, in our opinion, for the School Corporation to comply with the requirements applicable to that program.

*Matters Giving Rise to Adverse Opinion on Title I Grants to Local Educational Agencies*

As described in the accompanying Schedule of Findings and Questioned Costs, the School Corporation did not comply with requirements regarding 84.010 Title I Grants to Local Educational Agencies as described in items 2023-007 and 2023-008, for Allowable Costs/Cost Principles and Matching, Level of Effort, Earmarking. Compliance with such requirements is necessary, in our opinion, for the School Corporation to comply with the requirements applicable to that program.

**Responsibilities of Management for Compliance**

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the School Corporation's federal programs.

**Auditor's Responsibilities for the Audit of Compliance**

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the School Corporation's compliance based on our audit. Reasonable assurance is a high level of assurance, but is not absolute assurance, and, therefore, is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually, or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the School Corporation's compliance with the requirements of each major federal program as a whole.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE  
(Continued)

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the School Corporation's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the School Corporation's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the School Corporation's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

**Other Matters**

*Government Auditing Standards* requires the auditor to perform limited procedures on the School Corporation's response to the noncompliance findings identified in our audit described in the accompanying Schedule of Findings and Questioned Costs. The School Corporation's response to the noncompliance findings identified in our audit is described in the accompanying Corrective Action Plan. The School Corporation's response was not subjected to the auditing procedures applied in the audit of compliance, and, accordingly, we express no opinion on the response.

**Report on Internal Control over Compliance**

Our consideration of internal control over compliance was for the limited purpose described in the *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance, and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as items 2023-003, 2023-004, 2023-005, 2023-006, 2023-007, 2023-008, 2023-009, and 2023-010, to be material weaknesses.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE  
(Continued)

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

*Government Auditing Standards* require the auditor to perform limited procedures on the School Corporation's response to the internal control over compliance findings identified in our audit described in the accompanying Schedule of Findings and Questioned Costs. The School Corporation's response was not subjected to the other auditing procedures applied in the audit of compliance, and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

**Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the financial statement of the School Corporation, as of and for the period of July 1, 2021 to June 30, 2023, and the related notes to the financial statement. We issued our report thereon dated March 7, 2024, which contained a dual opinion on the financial statement. An adverse opinion was issued regarding the presentation in accordance with accounting principles generally accepted in the United States of America, and an unmodified opinion was issued regarding the presentation in accordance with the regulatory basis of accounting. Our audit was performed for the purpose of forming an opinion on the financial statement as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the financial statement as a whole.



Beth Kelley, CPA, CFE  
Deputy State Examiner

March 7, 2024

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

The Schedule of Expenditures of Federal Awards and accompanying notes presented were approved by management of the School Corporation. The schedule and notes are presented as intended by the School Corporation.

GRIFFITH PUBLIC SCHOOLS  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 For the Years Ended June 30, 2022 and 2023

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Assistance Listings Number	Pass-Through Entity (or Other) Identifying Number	Pass-Through To Subrecipient 06-30-22	Total Federal Awards Expended 06-30-22	Pass-Through To Subrecipient 06-30-23	Total Federal Awards Expended 06-30-23
<u>Department of Agriculture</u>							
Child Nutrition Cluster							
School Breakfast Program	Indiana Department of Education	10.553					
School Breakfast Program			FY2021-2022	\$ -	\$ 164,094	\$ -	\$ -
School Breakfast Program			FY2022-2023	-	-	-	187,522
Total - School Breakfast Program				-	164,094	-	187,522
National School Lunch Program							
School Lunch and Snack	Indiana Department of Education	10.555					
School Lunch and Snack			FY 2021-2022	-	18,253	-	-
National School Lunch Program - Commodities			FY 2022-2023	-	-	-	22,733
National School Lunch Program			FY2021-2022; FY 2022-2023	-	56,609	-	73,008
National School Lunch Program			FY2021-2022	-	845,864	-	-
National School Lunch Program			FY2022-2023	-	-	-	857,727
Supply Chain Assistance Funds			FY2022-2023	-	-	-	102,421
Subtotal - National School Lunch Program				-	920,726	-	1,055,889
COVID-19 - National School Lunch Program							
SNP Emergency Funds	Indiana Department of Education	10.555					
			FY2022-2023	-	65,379	-	-
Total - National School Lunch Program				-	986,105	-	1,055,889
Summer Food Service Program for Children							
Summer Food Program	Indiana Department of Education	10.559					
Summer Food Program			FY2021-2022	-	446,118	-	-
			FY2022-2023	-	-	-	40,338
Total - Summer Food Service Program for Children				-	446,118	-	40,338
Total - Child Nutrition Cluster							
				-	1,596,317	-	1,283,749
COVID-19 - Pandemic EBT Administrative Costs							
Pandemic EBT Administrative Costs	Indiana Department of Education	10.649					
Pandemic EBT Administrative Costs			212IN120S9009	-	3,063	-	-
Pandemic EBT Administrative Costs			212IN120S9009	-	-	-	628
Total - COVID-19 - Pandemic EBT Administrative Costs				-	3,063	-	628
Total - Department of Agriculture				-	1,599,380	-	1,284,377
<u>Department of Education</u>							
Special Education Cluster (IDEA)							
Special Education Grants to States	Indiana Department of Education	84.027					
FY 2020 Federal Part B 611 Grant			20611-148-PN01	-	73,726	-	-
COVID-19 - Special Education Grants to States							
FY 2021 Federal Part B 611 Grant	Indiana Department of Education	84.027X					
			22611-148-ARP	-	526,339	-	-
Total - Special Education Grants to States				-	600,065	-	-
Total - Special Education Cluster (IDEA)				-	600,065	-	-

GRIFFITH PUBLIC SCHOOLS  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 For the Years Ended June 30, 2022 and 2023

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Assistance Listings Number	Pass-Through Entity (or Other) Identifying Number	Pass-Through To Subrecipient 06-30-22	Total Federal Awards Expended 06-30-22	Pass-Through To Subrecipient 06-30-23	Total Federal Awards Expended 06-30-23
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010					
Title I Grants to Local Educational Agencies			S010A190014	-	320	-	-
Title I Grants to Local Educational Agencies			S010A200014	-	97,206	-	-
Title I Grants to Local Educational Agencies			S010A210014	-	197,463	-	282,046
Title I Grants to Local Educational Agencies			S010A220014	-	-	-	333,213
<b>Total - Title I Grants to Local Educational Agencies</b>				<b>-</b>	<b>294,989</b>	<b>-</b>	<b>615,259</b>
Supporting Effective Instruction State Grants	Indiana Department of Education	84.367					
Supporting Effective Instruction State Grants			4515DRINP0000001	-	-	-	574
Supporting Effective Instruction State Grants			4515DRINP0000001	-	-	-	79,941
<b>Total - Supporting Effective Instruction State Grants</b>				<b>-</b>	<b>-</b>	<b>-</b>	<b>80,515</b>
Student Support and Academic Enrichment Program	Indiana Department of Education	84.424					
Student Support and Academic Enrichment			S424A210015	-	-	-	22,199
COVID-19 - Education Stabilization Fund	Indiana Department of Education	84.425					
Elementary and Secondary School Emergency Relief Fund		84.425D	S425D200013	-	-	-	8,202
Elementary and Secondary School Emergency Relief Fund		84.425D	S425D210013	-	150,429	-	1,405,175
<b>Total - COVID-19 - Education Stabilization Fund</b>				<b>-</b>	<b>150,429</b>	<b>-</b>	<b>1,413,377</b>
<b>Total - Department of Education</b>				<b>-</b>	<b>1,045,483</b>	<b>-</b>	<b>2,131,350</b>
<b>Department of Health and Human Services</b>							
Medicaid Cluster							
Medical Assistance Program	Indiana Family and Social Services Administration	93.778					
Medicare Assistance Program			FY2021	-	43,079	-	83,079
<b>Total - Medicaid Cluster</b>				<b>-</b>	<b>43,079</b>	<b>-</b>	<b>83,079</b>
<b>Total - Department of Health and Human Services</b>				<b>-</b>	<b>43,079</b>	<b>-</b>	<b>83,079</b>
<b>Department of Homeland Security</b>							
COVID-19 - Disaster Grants - Public Assistance (Presidentially Declared Disasters) FEMA DR-45-15	Indiana Department of Homeland Security	97.036					
			4515DRINP0000001	-	-	-	40,426
<b>Total - Department of Homeland Security</b>				<b>-</b>	<b>-</b>	<b>-</b>	<b>40,426</b>
<b>Total federal awards expended</b>				<b>\$ -</b>	<b>\$ 2,687,942</b>	<b>\$ -</b>	<b>\$ 3,539,232</b>

The accompanying notes are an integral part of the Schedule of Expenditures of Federal Awards.

GRIFFITH PUBLIC SCHOOLS  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

**Note 1. Summary of Significant Accounting Policies**

*A. Basis of Presentation*

The accompanying Schedule of Expenditures of Federal Awards (SEFA) includes the federal grant activity of the School Corporation under programs of the federal government for the years ended June 30, 2022 and 2023. The information in the SEFA is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the SEFA presents only a select portion of the operations of the School Corporation, it is not intended to and does not present the financial position of the School Corporation.

The Uniform Guidance requires an annual audit of nonfederal entities expending a total amount of federal awards equal to or in excess of \$750,000 in any fiscal year unless by constitution or statute a less frequent audit is required. In accordance with Indiana Code (IC 5-11-1-25), audits of school corporations shall be conducted biennially. Such audits shall include both years within the biennial period.

*B. Other Significant Accounting Policies*

Expenditures reported on the SEFA are reported on the cash basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement. When federal grants are received on a reimbursement basis, the federal awards are considered expended when the reimbursement is received.

**Note 2. Indirect Cost Rate**

The School Corporation has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

GRIFFITH PUBLIC SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**Section I - Summary of Auditor's Results**

Financial Statement:

Type of auditor's report issued:	Adverse as to GAAP; Unmodified as to Regulatory Basis
Internal control over financial reporting:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
Noncompliance material to financial statement noted?	yes

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	yes

Identification of Major Programs and type of auditor's report issued on compliance for each:

Assistance Listings Number	Name of Federal Program or Cluster	Opinion Issued
84.010	Child Nutrition Cluster	Qualified
84.425	Title I Grants to Local Educational Agencies	Adverse
84.425	COVID- 19 - Education Stabilization Fund	Qualified

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? no

**Section II - Financial Statement Findings**

**FINDING 2023-001**

Subject: Financial Transactions and Reporting  
Audit Findings: Material Weakness, Noncompliance

*Repeat Finding*

This is a repeat finding from the prior audit report. The prior audit finding number was 2021-001.

*Condition and Context*

There were deficiencies in the internal control system of the School Corporation related to financial transactions and reporting.

GRIFFITH PUBLIC SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

Internal control activities should be designed at various levels to reduce the risks of error and/or fraud of the financial statement. The School Corporation had not separated incompatible activities related to cash and investments, receipts, disbursements, transfers, and financial reporting and closing. A segregation of duties for each of these areas had not been designed or implemented to prevent, or detect and correct, errors.

*Cash and Investments (Bank Reconciliations)*

Internal controls had not been designed over cash and investments to ensure reconcilements of the accounting record balances to the bank depository balances were complete and accurate. A process was not in place to ensure a combined summary monthly bank reconciliation was prepared to ensure that individual bank reconcilements agreed to the ledger and financial statement balance.

The monthly reconcilements were approved by the Treasurer and School Board; however, the process was determined to not be effective as monthly variances were noted without further explanation or investigation.

A combined bank reconciliation of all bank accounts identified a variance of \$27,994 as of June 30, 2023, when compared to the financial statement. The financial statement was not adjusted for these variances.

*Receipts*

Internal controls had not been designed or implemented over receipts to ensure the accuracy and completeness of the ledgers.

The Treasurer reviewed the monthly cash receipt register report during the bank reconciling process and spot checked several receipts. Documentation of the reviews could not be provided for all requested periods. The Treasurer identified receipt errors and recorded receipt adjustments. However, the receipt adjustments posted did not have an oversight or review process in place to ensure adjustments were posted accurately.

*Disbursements*

Internal controls had not been designed or implemented over disbursement to ensure the accuracy, completeness, classification, and presentation of disbursements.

The Accounts Payable Specialist enters all the information into the financial software system from invoices to process vendor payments. Prior to checks being issued, the financial software system requires approval by the Treasurer to complete the disbursement process. However, documentation of the approval process could not be provided. An oversight or review after disbursements were processed was not performed. As such there was a lack of documentation of an adequate oversight or review process to ensure the accuracy, completeness, and presentation of vendor disbursements.

In addition, the payroll distribution reports reviewed by the Superintendent of Schools and the Treasurer for accuracy did not contain the fund or account number to ensure the classification and presentation of the payroll disbursements posted.

GRIFFITH PUBLIC SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Other Financing Sources and Uses - Receipts and Disbursements*

The School Corporation had not properly implemented internal controls over recording transactions for transfers between funds to ensure the accuracy, completeness, and classification of the ledgers.

*Financial Reporting.*

The School Corporation is required to file reports after the close of each fiscal year. The reports are to be filed electronically as prescribed.

The School Corporation had not established internal controls over the financial information entered in the Indiana Gateway for Government Units financial reporting system, which was the source of the School Corporation's Annual Financial Report (financial statement). One employee prepared and entered the financial information without a documented review or oversight in place to prevent, or detect and correct, errors on the financial statement.

Due to the lack of internal controls, the financial statement presented for audit omitted the Prepaid Food, the Food Service Federal Reimbursement, and the Payroll Clearing funds activity and balances. This resulted in the understatement of beginning cash and investments balance, receipts, and disbursements by \$104,614, \$9,162,816, and \$9,309,413, respectively, and the overstatement of ending cash and investments balance by \$41,983 for fiscal year 2021-2022. The beginning and ending cash and investments balances were overstated by \$41,983 and \$2,578, respectively, and the receipts and disbursements were understated by \$10,757,893 and \$10,718,488, respectively, for 2022-2023.

Adjustments were proposed, accepted by the School Corporation, and made to the financial statement presented in the Financial Statement Audit Report for the School Corporation.

*Criteria*

Indiana Code 5-13-6-1(e) states: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

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

"The state examiner shall require from every audited entity financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner as set forth in the uniform compliance guidelines. 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](#)."

The Annual Financial Report (AFR) required under IC 5-11-1-4(a) shall be filed with the state examiner not later than sixty (60) days after the close of each fiscal year. (Accounting and Uniform Guidelines Compliance Manual for Indiana Public School Corporations, Chapter 1)

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:

GRIFFITH PUBLIC SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(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. . . ."

*Cause*

Management of the School Corporation had not established a proper system of internal controls over financial transactions and reporting.

*Effect*

The failure to properly establish a system of internal controls cash and investments and over financial reporting enabled misstatements or irregularities to remain undetected. The failure to properly establish a system of internal controls over receipts, and disbursements could have enabled misstatements or irregularities to occur and remain undetected.

*Views of Responsible Officials*

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

**FINDING 2023-002**

Subject: Preparation of the Schedule of Expenditures of Federal Awards  
Audit Findings: Material Weakness, Noncompliance

*Repeat Finding*

This is a repeat finding from the prior audit report. The prior audit finding number was 2021-002.

*Condition and Context*

The School Corporation is required to file reports after the close of each fiscal year. The reports are to be filed electronically as prescribed.

The School Corporation filed its reports as prescribed; however, the internal controls over the federal award information entered into the Indiana Gateway for Government Units (Gateway) financial reporting system, which was the source of the School Corporation's Schedule of Expenditures of Federal Awards (SEFA), were not effective.

The School Corporation failed to properly review the federal grant information prepared and submitted in Gateway. Although one employee prepared and entered the federal award information into Gateway, and another employee reviewed the information entered, the School Corporation failed to maintain documentation of the internal control process. The internal control was deemed not effective as it did not detect or allow correction of errors prior to submission.

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

Due to the lack of effective internal controls, the SEFA presented for audit included the following errors:

1. The largest understatement of expenditures was \$1,563,806 for the COVID-19 - Education Stabilization Fund grant.
2. Multiple other grants had individual errors that resulted in total overstatements of expenditures of \$559,869, and total understatements of expenditures of \$1,741,543.
3. Other errors included incorrect program names, pass-through entities, federal Assistance Listings Numbers, and identifying numbers.

Audit adjustments were proposed, accepted by the School Corporation, and made to the SEFA presented in this report.

*Criteria*

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

"The state examiner shall require from every audited entity 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](#)."

2 CFR 200.303 states in part:

"The non-Federal entity must:

- (a) Establish and maintain effective internal control . . ."

2 CFR 200.1 states in part:

". . . *Internal controls* for non-Federal entities means:

- (1) Processes designed and implemented by non-Federal entities to provide reasonable assurance regarding the achievement of objectives in the following categories :
  - (i) Effectiveness and efficiency of operations;
  - (ii) Reliability of reporting for internal and external use; . . ."

2 CFR 200.508 states in part:

"The auditee must: . . .

- (b) Prepare appropriate financial statements, including the schedule of expenditures of Federal awards in accordance with § 200.510. . . ."

GRIFFITH PUBLIC SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

2 CFR 200.510(b) states:

*"Schedule of expenditures of Federal awards.* The auditee must also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements which must include the total Federal awards expended as determined in accordance with § 200.502. While not required, the auditee may choose to provide information requested by Federal awarding agencies and pass-through entities to make the schedule easier to use. For example, when a Federal program has multiple Federal award years, the auditee may list the amount of Federal awards expended for each award year separately. At a minimum, the schedule must:

- (1) List individual Federal programs by Federal agency. For a cluster of programs, provide the cluster name, list individual Federal programs within the cluster of programs, and provide the applicable Federal agency name. For R&D, total Federal awards expended must be shown either by individual Federal award or by Federal agency and major subdivision within the Federal agency. For example, the National Institutes of Health is a major subdivision in the Department of Health and Human Services.
- (2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity must be included.
- (3) Provide total Federal awards expended for each individual Federal program and the Assistance Listings Number or other identifying number when the Assistance Listings information is not available. For a cluster of programs also provide the total for the cluster.
- (4) Include the total amount provided to subrecipients from each Federal program.
- (5) For loan or loan guarantee programs described in § 200.502(b), identify in the notes to the schedule the balances outstanding at the end of the audit period. This is in addition to including the total Federal awards expended for loan or loan guarantee programs in the schedule.
- (6) Include notes that describe that significant accounting policies used in preparing the schedule, and note whether or not the auditee elected to use the 10% de minimis cost rate as covered in § 200.414."

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. . . .

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

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. . . ."

*Cause*

Management of the School Corporation had not established a system of internal controls that would have ensured proper reporting of the SEFA.

*Effect*

Without a proper system of internal controls in place that operated effectively, material misstatements of the SEFA remained undetected. The SEFA contained the errors identified in the *Condition and Context*.

*Views of Responsible Officials*

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

**Section III - Federal Award Findings and Questioned Costs**

**FINDING 2023-003**

Subject: Child Nutrition Cluster - Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Special Tests and Provisions - Non-Profit School Food Service Accounts  
Federal Agency: Department of Agriculture  
Federal Programs: School Breakfast Program, National School Lunch Program, COVID-19 - National School Lunch Program, Summer Food Service Program for Children  
Assistance Listings Numbers: 10.553, 10.555, 10.559  
Federal Award Numbers and Years (or Other Identifying Numbers): FY2021-2022, FY2022-2023  
Pass-Through Entity: Indiana Department of Education  
Compliance Requirements: Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Special Tests and Provisions - Non-Profit School Food Service Accounts  
Audit Findings: Material Weakness, Modified Opinion

*Repeat Finding*

This is a repeat finding from the prior audit report for the Allowable Costs/Cost Principles. The prior audit finding number was 2021-003.

*Condition and Context*

*Food Service - Expenditures*

The School Corporation had not properly designed or implemented a system of internal controls, which would include appropriate segregation of duties, that would likely be effective in preventing, or detecting and correcting, noncompliance related to the payroll and payroll benefit costs charged to the grant.

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

The School Corporation's process was to charge food service payroll and related benefits to a Foodservice Payroll fund, and then transfer funds from the Foodservice (School Lunch) fund to reimburse the Foodservice Payroll fund the following month. The amounts transferred from the School Lunch fund to the Foodservice Payroll fund did not always agree to the actual payroll paid. Six of the eleven transfers made during the audit period did not agree to actual payroll paid. This resulted in \$144,679, in excess of actual payroll paid, being transferred from the School Lunch fund to the Foodservice Payroll fund. The transfers that were not properly supported were considered questioned costs.

*Food Service - Revenues*

The School Corporation had not properly designed or implemented a system of internal controls, which would include appropriate segregation of duties, that would likely be effective in preventing, or detecting and correcting, noncompliance related to food service revenues being accounted for in the School Food Account.

A School Food Authority (SFA) is required to account for all revenues and expenditures of its non-profit school food service in accordance with state and federal requirements. A SFA must operate its food services on a non-profit basis; all revenue generated by the school food service must be used to operate and improve its food services.

The School Corporation's process was to receipt the School Lunch reimbursement received into a Federal Reimbursement fund and then transfer that reimbursement to the School Lunch fund the following month. One individual receipted the monthly reimbursement into the School Lunch fund, there was no documentation that an oversight or review process had been established to ensure the receipt was posted accurately.

The April 2022 reimbursement of \$158,679 was receipted into the Food Service Federal Reimbursement fund on July 7, 2022. The reimbursement had not been transferred to the School Lunch fund, which is the designated school food service fund, as of June 30, 2023.

The lack of internal controls and noncompliance were systemic issues throughout the audit period.

*Criteria*

2 CFR 200.303 states in part:

"The non-Federal entity must:

- (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

7 CFR 220.7(e) states in part:

". . . the School Food Authority shall, with respect to participating schools under its jurisdiction:  
. . .

GRIFFITH PUBLIC SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

(1)

(i) Maintain a nonprofit school food service;

(ii) . . . use all revenues received by such food service only for the operation or improvement of that food service . . ."

7 CFR 210.14(a) states in part:

"(a) *Nonprofit school food service.* School food authorities shall maintain a nonprofit school food service. Revenues received by the nonprofit school food service are to be used only for the operation or improvement of such food service, *except that*, such revenues shall not be used to purchase land or buildings, unless otherwise approved by FNS, or to construct buildings. . . ."

7 CFR 220.2 states in part:

". . . *Nonprofit school food service account* means the restricted account in which all of the revenue from all food service operations conducted by the school food authority principally for the benefit of school children is retained and used only for the operation or improvement of the nonprofit school food service. . . ."

7 CFR 210.2 states in part:

". . . *Nonprofit school food service account* means the restricted account in which all of the revenue from all food service operations conducted by the sponsor principally for the benefit of children is retained and used only for the operation or improvement of the nonprofit food service. This account shall include, as appropriate, non-Federal funds used to support paid lunches as provided in § 210.14(e), and proceeds from non-program foods . . ."

7 CFR 225.15(a)(1) states: "Sponsors shall operate the food service in accordance with: the provisions of this part; any instructions and handbooks issued by FNS under this part; and any instructions and handbooks issued by the State agency which are not inconsistent with the provisions of this part."

2 CFR 200.403 states in part:

"Except where otherwise authorized by statute, costs must meet the following general criteria in order to be allowable under Federal awards:

(a) Be necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles.

(b) Conform to any limitations or exclusions set forth in these principles or in the Federal award as to types or amount of cost items. . . .

(g) Be adequately documented. . . ."

*Cause*

A proper system of internal controls was not implemented by management of the School Corporation, which would include segregation of key functions. Embedded within a properly designed and implemented internal control system should be internal controls consisting of policies and procedures. Policies reflect the School Corporation's management statements of what should be done to effect internal controls, and procedures should consist of actions that would implement these policies.

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Effect*

Without the proper implementation of an effectively designed system of internal controls, the internal control system cannot be capable of effectively preventing, or detecting and correcting, material noncompliance. As a result, unsupported costs were transferred out of the Foodservice fund and reimbursements were not timely received into the fund.

Noncompliance with the grant agreement and the compliance requirement could result in the loss of future federal funds to the School Corporation.

*Questioned Costs*

Known questioned costs of \$144,679 were identified as explained in the *Condition and Context*.

*Recommendation*

We recommended that management of the School Corporation design and implement a proper system of internal controls, including policies and procedures that would provide segregation of duties to ensure appropriate reviews, approvals, and oversight are taking place to ensure costs transferred out are adequately documented and that reimbursements are timely received.

*Views of Responsible Officials*

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

**FINDING 2023-004**

Subject: Child Nutrition Cluster - Eligibility  
Federal Agency: Department of Agriculture  
Federal Programs: School Breakfast Program, National School Lunch Program,  
Summer Food Service Program for Children  
Assistance Listings Numbers: 10.553, 10.555, 10.559  
Federal Award Number and Year (or Other Identifying Number): FY2022-2023  
Pass-Through Entity: Indiana Department of Education  
Compliance Requirement: Eligibility  
Audit Finding: Material Weakness

*Repeat Finding*

This is a repeat finding from the prior audit. The prior audit finding number was 2021-004.

*Condition and Context*

The School Corporation had not properly designed or implemented a system of internal controls, which would include appropriate segregation of duties, that would likely be effective in preventing, or detecting and correcting, noncompliance related to a child receiving meals that was a direct certified or that submitted an electronic application.

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

Any child enrolled in a participating school who meets the applicable program's definition of "child," may receive meals under the applicable program. In the case of the National School Lunch Program and the School Breakfast Program, children belonging to households meeting nationwide income eligibility requirements may receive meals at no charge or at reduced price. Children who have been determined ineligible for free or reduced-price school meals pay the full price, set by the School Food Authority, for their meals. Children attending SFSP meal service sites receive their meals at no charge. As a general rule, a child's eligibility for free or reduced-price meals under a Child Nutrition Cluster program may be established by the submission of an annual application or statement which furnishes such information as family income and family size. Local educational agencies, institutions, and sponsors then determine eligibility by comparing the data reported by the child's household to published income eligibility guidelines. Additionally, a child may be direct certified. For a direct certification, annual eligibility determinations are based on the child's household receiving benefits under SNAP, FDPIR, the Head Start Program (ALN 93.600), or, under most circumstances, the TANF program (ALN 93.558). A household may furnish documentation of its participation in one of these programs; or the school, institution, or sponsor may obtain the information directly from the State or local agency that administers these programs. Certain foster, runaway, homeless, and migrant children are categorically eligible for free school lunches and breakfasts. Direct certified households do not need to complete an application.

The Food Service Director ran the direct certification report weekly and uploaded it to the school lunch point-of-sale system. The Food Service Director verified the information was imported correctly by comparing reports from the point-of-sale system to the upload file. This process continued weekly; however, there was no documentation of the review to ensure the upload had imported correctly and students' status was updated accordingly.

In addition, the School Corporation used a food software program to store, manage, and automatically make eligibility determinations dependent upon the information entered into the software by the parents, guardians, or school lunch employees. The School Corporation did not have a proper system of oversight or review to ensure that the federal income guidelines entered into the software program were accurate for fiscal year 2022-2023.

The lack of internal controls was isolated to direct certifications and electronic applications during the 2022-2023 school year.

*Criteria*

2 CFR 200.303 states in part:

"The non-Federal entity must:

- (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

*Cause*

A proper system of internal controls was not implemented by management of the School Corporation, which would include segregation of key functions. Embedded within a properly designed and implemented internal control system should be internal controls consisting of policies and procedures. Policies reflect the School Corporation's management statements of what should be done to effect internal controls, and procedures should consist of actions that would implement these policies.

GRIFFITH PUBLIC SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Effect*

Without the proper implementation of an effectively designed system of internal controls, the internal control system cannot be capable of effectively preventing, or detecting and correcting, material noncompliance.

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that management of the School Corporation design and implement a proper system of internal controls, including policies and procedures that would provide segregation of duties to ensure appropriate reviews, approvals, and oversight are taking place.

*Views of Responsible Officials*

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

**FINDING 2023-005**

Subject: Child Nutrition Cluster - Procurement and Suspension and Debarment  
Federal Agency: Department of Agriculture  
Federal Programs: School Breakfast Program, National School Lunch Program, COVID-19 - National School Lunch Program Summer Food Service Program for Children  
Assistance Listings Numbers: 10.553, 10.555, 10.559  
Federal Award Numbers and Years (or Other Identifying Numbers): FY2021-2022, FY2022-2023  
Pass-Through Entity: Indiana Department of Education  
Compliance Requirement: Procurement and Suspension and Debarment  
Audit Findings: Material Weakness, Modified Opinion

*Repeat Finding*

This is a repeat finding from the prior audit report. The prior audit finding number was 2021-005.

*Condition and Context*

The School Corporation had not properly designed or implemented a system of internal controls, which would include appropriate segregation of duties, that would likely be effective in preventing, or detecting and correcting, noncompliance related to the procurement of goods and the suspension and debarment of vendors.

*Procurement - Micro-Purchases*

Upon inquiry of the School Corporation in order to review the procedures in place for verifying micro purchase procedures the School Corporation disclosed its process for micro-purchases, typically those purchases for \$10,000 or under, was for the purchase to be reviewed by the Treasurer or Food Service Director to ensure proper procurement procedures were followed. The review was documented by initials or a signature on the claim. To verify the internal control was operating effectively four vendors that fell within the micro-purchase threshold were selected for testing. Two of the four vendors selected were not reviewed, as there was no documentation of initials or a signature on the corresponding claim.

GRIFFITH PUBLIC SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Procurement - Small Purchases*

When the value of goods or services exceeds the simplified acquisition threshold, the proper purchasing method would be the bidding process, unless the purchase meets certain other qualifications. Federal regulations allow for informal procurement methods when the value of the procurement for goods or services does not exceed the simplified acquisition threshold, which is customarily set at \$250,000. However, Indiana Code 5-22-8 has a more restrictive threshold of \$150,000 or less for when small purchase procedures may be used. This informal process allows for methods other than the formal bid process. The informal process is divided between two methods based on thresholds. Micro-purchases, typically for those purchases \$10,000 or under, and small purchase procedures for those purchases above the micro-purchase threshold, but below the simplified acquisition threshold. Micro-purchases may be awarded without soliciting competitive price rate quotations. If small purchase procedures are used, then price or rate quotations must be obtained from an adequate number of qualified sources. If it is determined a single source provider can be used for a small purchase, documentation must be retained supporting the determination.

Upon inquiry of the School Corporation in order to review the procedures in place for verifying small purchase procedures the School Corporation disclosed it had two processes for ensuring proper procurement procedures were followed. There was one process for small purchases that required a contract and one process for small purchases that did not require a contract. For small purchases requiring a contract, the Food Service Director made the determination, which was then reviewed and approved by the School Board. Small purchases that did not require a contract were reviewed by the Treasurer or Food Service Director to ensure proper procurement procedures were followed. To verify the control was operating effectively five of the six vendors that fell within the small purchase threshold were selected for testing. Of the five tested, one contracted vendor and three noncontracted vendors did not have evidence of a review.

Due to the lack of effective internal controls over small purchases, three of five small purchase vendors tested did not obtain the required price or rate quotes. In addition, documentation detailing the history of procurement, which must include the reason for the procurement method used, was not available for audit.

*Suspension and Debarment*

Prior to entering into subawards and covered transactions with federal award funds, recipients are required to verify that such contractors and subrecipients are not suspended, debarred, or otherwise excluded. "Covered transactions" include, but are not limited to, contracts for goods and services awarded under a nonprocurement transaction (i.e., grant agreement) that are expected to equal or exceed \$25,000. The verification is to be done by checking the SAMs exclusions, collecting a certification from that vendor, or adding a clause or condition to the covered transaction with that vendor.

Upon inquiry of the School Corporation in order to review the procedures in place for verifying that a vendor with which it plans to enter into a covered transaction is not suspended, debarred, or otherwise excluded, the School Corporation disclosed procedures included the School Board approving bids, which include a certification from the vendor. The one covered transaction identified was not approved by the School Board. As such the internal control was determined to not be properly implemented.

The lack of internal controls and noncompliance were systemic issues throughout the audit period.

GRIFFITH PUBLIC SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Criteria*

Indiana Code 5-22-8-3(d) states: "If the purchasing agent receives a satisfactory quote, the purchasing agent shall award a contract to the lowest responsible and responsive offeror for each line or class of supplies required."

2 CFR 200.303 states in part:

"The non-Federal entity must:

(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

2 CFR 200.318(a) states:

"The non-Federal entity must have and use documented procurement procedures, consistent with State, local, and tribal laws and regulations and the standards of this section, for the acquisition of property or services required under a Federal award or subaward. The non-Federal entity's documented procurement procedures must conform to the procurement standards identified in §§ 200.317 through 200.327."

2 CFR 200.318(i) states:

"The non-Federal entity must maintain records sufficient to detail the history of procurement. These records will include, but are not necessarily limited to the following: Rationale for the method of procurement, selection of contract type, contractor selection or rejection, and the basis for the contract price."

2 CFR 200.320 states in part:

"The non-Federal entity must have and use documented procurement procedures, consistent with the standards of this section and §§ 200.317, 200.318, and 200.319 for any of the following methods of procurement . . .

(2) *Small purchases* –

(i) *Small purchase procedures.* The acquisition of property or services, the aggregate dollar amount of which is higher than the micro-purchase threshold but does not exceed the simplified acquisition threshold. If small purchase procedures are used, price or rate quotations must be obtained from an adequate number of qualified sources as determined appropriate by the non-Federal entity. . . ."

*Cause*

A proper system of internal controls was not implemented by management of the School Corporation, which would include segregation of key functions. Embedded within a properly designed and implemented internal control system should be internal controls consisting of policies and procedures. Policies reflect the School Corporation's management statements of what should be done to effect internal controls, and procedures should consist of actions that would implement these policies.

GRIFFITH PUBLIC SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Effect*

Without the proper implementation of an effectively designed system of internal controls, the internal control system cannot be capable of effectively preventing, or detecting and correcting, material noncompliance. As a result, procurement methods used were not properly documented.

Noncompliance with the grant agreement and the compliance requirement could result in the loss of future federal funds to the School Corporation.

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that management of the School Corporation design and implement a proper system of internal controls, including policies and procedures that would provide segregation of duties to ensure appropriate reviews, approvals, and oversight are taking place to ensure compliance.

*Views of Responsible Officials*

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

**FINDING 2023-006**

Subject: Title I Grants to Local Educational Agencies - Internal Controls

Federal Agency: Department of Education

Federal Program: Title I Grants to Local Educational Agencies

Assistance Listing Number: 84.010

Federal Award Numbers and Years (or Other Identifying Numbers): S010A190014, S010A200014,  
S010A210014, S010A220014

Pass-Through Entity: Indiana Department of Education

Compliance Requirements: Eligibility, Reporting, Special Tests and Provisions -  
Assessment System Security

Audit Finding: Material Weakness

*Condition and Context*

The School Corporation had not properly designed or implemented a system of internal controls, which would include appropriate segregation of duties, that would likely be effective in preventing, or detecting and correcting, noncompliance.

*Eligibility*

Data from the School Corporation's student software system was uploaded to the Indiana Department of Education's (IDOE) Data Exchange System. Enrollment and poverty information for the School Corporation was then abstracted by the IDOE from the Data Exchange System into the Title I application.

The School Corporation had not designed or implemented an oversight or review process to ensure that the data was accurately uploaded by the IDOE into the Title I application.

GRIFFITH PUBLIC SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Reporting*

The School Corporation was required to submit final expenditure reports to the IDOE on or before December 31, after the September 30 deadline for encumbering prior school year funds.

During the audit period, the School Corporation had final expenditure reports due for the S010A200014 and the S010A210014 grant awards. A single employee prepared and submitted the final reports without a documented review or oversight process in place to prevent, or detect and correct, errors.

*Special Tests and Provisions - Assessment System Security*

The School Corporation had a process in place to ensure that the assessment system security policy was reviewed and updated, if applicable, each year per the assessment security handbook. However, there was no documentation of that process to ensure that the policy was being reviewed.

The lack of internal controls was systemic throughout the audit period.

*Criteria*

2 CFR 200.303 states in part:

"The non-Federal entity must:

- (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) . . . ."

*Cause*

A proper system of internal controls was not designed by management of the School Corporation which would include segregation of key functions. Embedded within a properly designed and implemented internal control system should be internal controls consisting of policies and procedures. Policies reflect the School Corporation's management statements of what should be done to effect internal controls, and procedures should consist of actions that would implement these policies.

*Effect*

Without the proper implementation of an effectively designed system of internal controls, the internal control system cannot be capable of effectively preventing, or detecting and correcting, material noncompliance.

*Questioned Costs*

There were no questioned costs identified.

GRIFFITH PUBLIC SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Recommendation*

We recommended that management of the School Corporation design and implement a proper system of internal controls, including policies and procedures that would provide segregation of duties to ensure appropriate reviews, approvals, and oversight are taking place to ensure compliance.

*Views of Responsible Officials*

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

**FINDING 2023-007**

Subject: Title I Grants to Local Educational Agencies - Allowable Costs/Cost Principles

Federal Agency: Department of Education

Federal Program: Title I Grants to Local Educational Agencies

Assistance Listings Number: 84.010

Federal Award Numbers and Years (or Other Identifying Numbers): S010A190014, S010A200014,  
S010A210014, S010A220014

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Allowable Costs/Cost Principles

Audit Findings: Material Weakness, Modified Opinion

*Condition and Context*

The School Corporation had not properly designed or implemented a system of internal controls, which would include appropriate segregation of duties, that would likely be effective in preventing, or detecting and correcting, noncompliance.

Due to the lack of internal controls, the School Corporation had the following errors for payroll expenditures:

1. Two employees' gross payroll and benefits were reimbursed from the grant; however, their duties were not for the Title I program which resulted in questioned costs of \$61,266.
2. One employee's gross payroll was split-funded between Title I and another School Corporation fund. There were no time and effort records to substantiate the gross payroll amount charged to the grant which resulted in questioned costs of \$60,121.
3. One employee was overpaid per the contracted amount which resulted in questioned costs of \$8,945.

The School Corporation determined in May 2023 that the two employees' payroll and benefits were being charged to the grant when they should not have been and corrected the issue in its financial software system, making the correction back to July 1, 2022. The School Corporation, however, failed to notify the Indiana Department of Education that the School Corporation had been over reimbursed.

The School Corporation received reimbursement for several gross payroll expenditures from one Title I grant fund. The School Corporation later made journal entries to move these gross payroll expenditures to another grant fund and received reimbursement again for those same gross payroll expenditures. As the School Corporation received reimbursement twice for the same gross payroll expenditures, the second reimbursement of the expenditures was considered questioned costs. The total amount of questioned costs was \$99,117.

GRIFFITH PUBLIC SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

Total known questioned costs of \$229,449 as detailed above represent 25 percent of the total federal expenditures for Title I.

The lack of internal controls and noncompliance were systemic issues throughout the audit period.

*Criteria*

2 CFR 200.303 states in part:

"The non-Federal entity must:

(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

2 CFR 200.403 states in part:

"Except where otherwise authorized by statute, costs must meet the following general criteria in order to be allowable under Federal awards:

(a) Be necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles.

(b) Conform to any limitations or exclusions set forth in these principles or in the Federal award as to types or amount of cost items. . . .

(g) Be adequately documented. . . ."

34 CFR 76.700 states: "A State and a subgrantee shall comply with § 76.500, the State plan, applicable statutes, regulations, and approved applications, and shall use Federal funds in accordance with those statutes, regulations, plan, and applications."

*Cause*

A proper system of internal controls was not designed by management of the School Corporation, which would include segregation of key functions. Embedded within a properly designed and implemented internal control system should be internal controls consisting of policies and procedures. Policies reflect the School Corporation's management statements of what should be done to effect internal controls, and procedures should consist of actions that would implement these policies.

*Effect*

Without the proper implementation of an effectively designed system of internal controls, the internal control system cannot be capable of effectively preventing, or detecting and correcting, material noncompliance. As a result, costs were reimbursed that were not for Title I purposes, not supported by time and effort logs, overpaid, and reimbursed twice for the same expenditures. In addition, overpayment of reimbursements received were retained by the School Corporation.

Noncompliance with the grant agreement and the compliance requirement could result in the loss of future federal funds to the School Corporation.

GRIFFITH PUBLIC SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Questioned Costs*

Known questioned costs of \$229,449 were identified in the *Condition and Context*.

*Recommendation*

We recommended that management of the School Corporation design and implement a proper system of internal controls, including policies and procedures that would provide segregation of duties to ensure appropriate reviews, approvals, and oversight are taking place to ensure compliance.

*Views of Responsible Officials*

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

**FINDING 2023-008**

Subject: Title I Grants to Local Educational Agencies - Matching, Level of Effort, Earmarking  
Federal Agency: Department of Education  
Federal Program: Title I Grants to Local Educational Agencies  
Assistance Listings Number: 84.010  
Federal Award Numbers and Years (or Other Identifying Numbers) S010A190014, S010A200014,  
S010A210014, S010A220014  
Pass-Through Entity: Indiana Department of Education  
Compliance Requirement: Matching, Level of Effort, Earmarking  
Audit Findings: Material Weakness, Modified Opinion

*Condition and Context*

The School Corporation had not properly designed or implemented a system of internal controls, which would include appropriate segregation of duties, that would likely be effective in preventing, or detecting and correcting, noncompliance.

*Earmarking*

A portion of the School Corporation's Title I allocation was required to be set aside for parental involvement and homeless reservation. The required amount to be set aside was indicated in the Title I grant application. The School Corporation is responsible for monitoring each required set aside throughout the life of the grant to ensure the obligation is met.

There was no oversight or review process in place to ensure monitoring of each required set aside. The School Corporation did not provide documentation to show that the obligation was met, or not met, to service all the homeless students in the School Corporation and did not transfer the unused funds to the next grant award.

*Level of Effort - Individual Transactions (Vendor and Payroll)*

Form 9 (financial) data was submitted by the School Corporation to the Indiana Department of Education (IDOE) semi-annually. The data reported included the School Corporation's expenditures recorded during that period. The IDOE calculated Maintenance of Effort based on the expenditure information submitted on the Form 9 for that fiscal year. To verify amounts used by the IDOE in its computation were derived from the records of the School Corporation, costs were reviewed to ensure they were recorded properly as to account and object code and reported correctly on the Form 9.

GRIFFITH PUBLIC SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

The School Corporation did not have an oversight process in place to ensure that expenditures for payroll and vendor were posted to the correct fund, account, and object codes.

*Level of Effort - Maintenance of Effort*

The financial information submitted by the School Corporation to the IDOE through the Form 9 report, was used by the IDOE to calculate the School Corporation's Level of Effort - Maintenance of Effort.

There was an oversight or review process at the School Corporation level over vendor and payroll expenditures; however, the oversight and review process was not documented to ensure the data used to complete the Form 9 was reported accurately in the correct fund, account, and object code.

*Level of Effort - Supplementing Not Supplanting*

The School Corporation may use Title I funds only to supplement the funds that would, in the absence of the Title I funds, be made available from state and local sources for the education of students participating in a Title I program. To demonstrate compliance, the School Corporation must demonstrate that it has a methodology (through written procedures) and followed the methodology to allocate state and local funds to each Title I school. They also must ensure that the Title I school received all the state and local funds it would otherwise receive if it were not receiving Title I funds.

The School Corporation did not provide written procedures for the methodology used for the FY 2021 and FY 2022 Title I applications. The School Corporation had not developed written procedures for methodology; therefore, we were not able to determine how the School Corporation allocated funding per each school.

The lack of internal controls and noncompliance were systemic throughout the audit period.

*Criteria*

2 CFR 200.303 states in part:

"The non-Federal entity must:

- (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

20 USC 6313(c)(3)(A) states::

"A local educational agency shall reserve such funds as are necessary under this part, determined in accordance with subparagraphs (B) and (C), to provide services comparable to those provided to children in schools funded under this part to serve—

- (i) homeless children and youths, including providing educationally related support services to children in shelters and other locations where children may live;

GRIFFITH PUBLIC SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

(ii) children in local institutions for neglected children; and

(iii) if appropriate, children in local institutions for delinquent children, and neglected or delinquent children in community day programs."

20 USC 6691 states: "Funds made available under this subchapter shall be used to supplement, and not supplant, non-Federal funds that would otherwise be used for activities authorized under this subchapter."

*Cause*

A proper system of internal controls was not designed by management of the School Corporation which would include segregation of key functions. Embedded within a properly designed and implemented internal control system should be internal controls consisting of policies and procedures. Policies reflect the School Corporation's management statements of what should be done to effect internal controls, and procedures should consist of actions that would implement these policies.

*Effect*

Without the proper implementation of an effectively designed system of internal controls, the internal control system cannot be capable of effectively preventing, or detecting and correcting, material noncompliance. As a result, proper documentation was not maintained to ensure the obligation to service homeless students was met or unmet. In addition, a written methodology of the allocation of state and local funds to each Title I school was not provided.

Noncompliance with the grant agreement and the compliance requirement could result in the loss of future federal funds to the School Corporation.

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that management of the School Corporation design and implement a proper system of internal controls, including policies and procedures that would provide segregation of duties to ensure appropriate reviews, approvals, and oversight are taking place to ensure compliance.

*Views of Responsible Officials*

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

**FINDING 2023-009**

Subject: COVID-19 - Education Stabilization Fund - Activities Allowed or Unallowed, Allowable Costs/Cost Principles

Federal Agency: Department of Education

Federal Program: COVID-19 - Education Stabilization Fund

Assistance Listings Number: 84.425D

Federal Award Numbers and Years (or Other Identifying Numbers): S425D200013, S425D210013

Pass-Through Entity: Indiana Department of Education

Compliance Requirements: Activities Allowed or Unallowed, Allowable Costs/Cost Principles

Audit Finding: Material Weakness

GRIFFITH PUBLIC SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Condition and Context*

The Elementary and Secondary School Emergency Relief (ESSER) Fund provided funding to states and school districts to help safely reopen and sustain the safe operation of schools and to address the impact of the coronavirus pandemic on the nation's students. States were required to subgrant a portion of their ESSER allocation to Local Educational Agencies (LEA). Prior to the LEAs receiving their respective subgrants, the LEAs were required to complete an application for ESSER funding, which was submitted to the Indiana Department of Education, the pass-through entity for approval. The application included a district level budget identifying how the LEA intended to spend program funds.

The School Corporation had not properly designed or implemented a system of internal controls, which would include appropriate segregation of duties, that would likely be effective in preventing, or detecting and correcting, noncompliance related to the vendor, payroll, and payroll benefit costs charged to the grant.

The Accounts Payable Specialist entered all the grant disbursement information into the financial software system from invoices to process vendor payments. Prior to checks being issued, the financial software system required approval by the Treasurer to complete the disbursement process. However, documentation of the approval process could not be provided. In addition, an oversight or review after disbursements were processed was not performed.

The payroll distribution reports reviewed by the Superintendent of Schools and the Treasurer for accuracy did not contain the fund or account number to ensure the classification and presentation of the payroll disbursements posted to the grant funds.

The lack of internal controls was a systemic issue throughout the audit period.

*Criteria*

2 CFR 200.303 states in part:

"The non-Federal entity must:

- (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

*Cause*

A proper system of internal controls was not implemented by management of the School Corporation, which would include segregation of key functions. Embedded within a properly designed and implemented internal control system should be internal controls consisting of policies and procedures. Policies reflect the School Corporation's management statements of what should be done to effect internal controls, and procedures should consist of actions that would implement these policies.

*Effect*

Without the proper implementation of an effectively designed system of internal controls, the internal control system cannot be capable of effectively preventing, or detecting and correcting, material noncompliance.

GRIFFITH PUBLIC SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Questioned Costs*

There were no known questioned costs.

*Recommendation*

We recommended that management of the School Corporation design and implement a proper system of internal controls, including policies and procedures that would provide segregation of duties to ensure appropriate reviews, approvals, and oversight are taking place to ensure compliance.

*Views of Responsible Officials*

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

**FINDING 2023-010**

Subject: COVID-19 - Education Stabilization Fund - Reporting  
Federal Agency: Department of Education  
Federal Program: COVID-19 - Education Stabilization Fund  
Assistance Listings Number: 84.425D  
Federal Award Number and Year (or Other Identifying Number): S425D210013  
Pass-Through Entity: Indiana Department of Education  
Compliance Requirement: Reporting  
Audit Findings: Material Weakness, Modified Opinion

*Condition and Context*

The School Corporation had not properly designed or implemented a system of internal controls, which would include appropriate segregation of duties, that would likely be effective in preventing, or detecting and correcting, noncompliance.

The School Corporation was required to submit an annual data report to the Indiana Department of Education (IDOE). Data to be submitted included, but was not limited to, current period expenditures, prior period expenditures, and expenditures per activity.

During the audit period, the School Corporation submitted a total of four reports: two ESSER I reports, one ESSER II report, and one ESSER III report. The annual data reports were prepared and submitted to the IDOE by the Chief Financial Officer without an oversight or review process to prevent, or detect and correct, errors.

Due to the lack of controls the following errors occurred. The ESSER II, Year 2 report, which covered the period of July 2021 to June 30, 2022, was not supported by the School Corporation's records. \$1,555,604 in Expenditures for personnel services - salaries was reported as \$1,555,604; however, this amount should have been split between Personnel Services - salaries of \$1,062,376, and Personnel Services - Benefits of \$493,228 according to the School Corporation's records provided.

The lack of internal controls was a systemic issue throughout the audit period and noncompliance was isolated to the ESSER II, Year 2 report.

GRIFFITH PUBLIC SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Criteria*

2 CFR 200.303 states in part:

"The non-Federal entity must:

(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

2 CFR 200.302(b) states in part:

"The financial management system of each non-Federal entity must provide for the following:  
. . .

(2) Accurate, current, and complete disclosure of the financial results of each Federal award or program in accordance with the reporting requirements set forth in §§ 200.328 and 200.329. . . ."

34 CFR 76.722 states: "A State may require a subgrantee to submit reports in a manner and format that assists the State in complying with the requirements under 34 CFR 76.720 and in carrying out other responsibilities under the program."

*Cause*

A proper system of internal controls was not designed by management of the School Corporation. Embedded within a properly designed and implemented internal control system should be internal controls consisting of policies and procedures. Policies reflect the School Corporation's management statements of what should be done to effect internal controls, and procedures should consist of actions that would implement these policies.

*Effect*

Without the proper implementation of an effectively designed system of internal controls, the internal control system cannot be capable of effectively preventing, or detecting and correcting, material noncompliance. As a result, reports were not accurately submitted to the IDOE.

Noncompliance with the provisions of federal statutes, regulations, and the terms and conditions of the federal award could result in the loss of future federal funding to the School Corporation.

*Questioned Costs*

There were no questioned costs identified.

GRIFFITH PUBLIC SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Recommendation*

We recommended that management of the School Corporation establish a proper system of internal controls, including policies and procedures, that would provide segregation of duties to ensure reviews, approvals, and oversight are taking place to ensure reports are submitted accurately.

*Views of Responsible Officials*

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

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#### AUDITEE-PREPARED DOCUMENTS

The subsequent documents were provided by management of the School Corporation. The documents are presented as intended by the School Corporation.



# Griffith Public Schools

Superintendent of Schools, Leah Dumezich

## Board of School Trustees

Jesse Adduci, President  
Emily Conner, First Vice President  
Jason Jaques, Second Vice President  
Kathy Ruesken, Secretary  
Tina Adams, Assistant Secretary

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

### **FINDING 2021-001**

**Fiscal year in which the finding initially occurred: 2021**

**Current Audit Period: 2021-2023**

**Finding Subject: Financial Transactions and Reporting**

**Summary of Finding: Material Weakness**

### **Status of Audit Finding:**

*Partially Corrected*

### **Response Comments:**

The original action to establish internal controls, including segregation of duties of and final review was developed in April 2022. Multi-faceted process includes CFO providing requested transfer documentation to Accounts Payable Specialist who begins the process by creating, signing, and dating the accounts payable voucher then creating the placeholder check once reviewed and approved by CFO. This check is given to the administrative assistant to receipt into the correct fund in the accounting system. The CFO provides a final review when completing the bank reconciliations and end of month report ensuring correctness.

The above internal controls have continued to develop as we work through process improvements and new personnel. The multi-faceted process now includes CFO providing requested transfer documentation to Deputy Treasurer who begins the process by creating, signing, and dating the accounts payable voucher. The voucher goes to the Accounts Payable specialist who processes and prepares the transfer check. Upon completion the transfer check along with the voucher and supporting documentation is returned to the CFO for final review, approval, and signature.

Currently Accounts Payable deposits the check and the Executive Assistant receipts the funds into the appropriate receipt account under the direction of the Deputy Treasurer. This process changes once the Low Associates, Inc., financial conversion is complete.

Once conversion is complete, the receipt process changes in the following way.

Accounts Payable will deposit the check and the Deputy Treasurer receipts funds into the appropriate receipt account in the software. Deputy Treasurer provides Receipt Register (Form 370) to CFO for approval.

Establish internal controls, including segregation of duties between creating and reviewing financial reports input into Gateway. Once the report is fully reviewed and approved it will be signed and dated by the preparer and reviewer.

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Tina Adams, Assistant Secretary

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

### **FINDING 2021-002**

**Fiscal year in which the finding initially occurred: 2021.**

**Current Audit Period: 2021-2023**

**Finding Subject: Preparation of the Schedule of Expenditure of Federal Awards**

**Summary of Finding: Material Weakness, Noncompliance**

### **Status of Audit Finding:**

*Not Corrected.*

### **Response Comments:**

Original action plan was to establish internal controls that included segregation of duties between creating and reviewing financial reports input into Gateway. Once the report was fully reviewed and approved it would be signed and dated by the preparer and reviewer.

The above internal controls have continued to develop as we work through process improvements and new personnel. The multi-faceted process now includes the Deputy Treasurer providing oversight and a continuous review of the entire grant process, including all federal awards, beginning with the proposal process and throughout the life cycles of the grants.

The Deputy Treasurer will work with the Superintendent and CFO on increased oversight and quality assurance by establishing a checklist of key compliance requirements and ensure allowable line-item expenditures based on approvals and amendments. Payroll registers of personnel expenditures will be provided to supervisors monthly by our payroll specialist for signature verification and then returned to the Deputy Treasurer. CFO and Deputy Treasurer will review all grant expenditures and receivables frequently to ensure continuous execution of grant is occurring. The Deputy Treasurer will establish a reporting framework with the CFO and Superintendent to ensure clear communication, collaboration, and regular meetings will occur with essential personnel and documented.

The procurement process for grants will adhere to board policy po6110 (I.C. 20-26-5-4) and align with district purchasing procedures. The accounts payable procedure for managing purchase orders follows a systematic approach to ensure efficiency and accuracy in our financial processes. All orders will require a requisition form to be filled out and must be accompanied by supporting documentation, then signatures from the ordering party and the principal or administrator. The district AP Specialist will review each request for accuracy and compliance with purchasing policies. Upon the receipt of goods or services, we perform a three-way match by reconciling the purchase order, goods/services receipt, and supplier invoice. This will assist with promptly identifying and resolve discrepancies to ensure payments are made only for verified and received goods or services. The Deputy Treasurer is in the final approval stage before payments are issued. This provides an added layer of internal controls, ensuring accuracy in fund allocation and compliance with organizational policies. This procedure shows our commitment to effective financial management and continuous improvement.

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### **FINDING 2021-003**

**Fiscal year in which the finding initially occurred: 2020-2021**

**Current Audit Period: 2021-2023**

**Finding Subject:** Child Nutrition Cluster – Allowable Costs/Cost Principles  
Federal Agency: Department of Agriculture

**Summary of Finding:** National School Lunch Program, COVID-19 - Summer Food Service Program for Children, Summer Food Service Program for Children  
CFDA Number: 10.555, 10.559  
Federal Award Numbers and Years (or Other Identifying Numbers): FY 2020-2021  
Pass-Through Entity: Indiana Department of Education  
Compliance Requirement: Allowable Costs/Cost Principles  
Audit Finding: Material Weakness, Other Matters

### **Status of Audit Finding:**

*Not Corrected.*

### **Response Comments:**

Internal controls were not sufficient over gross payroll and payroll benefits.

There has been a change in process whereby food service payroll is charged directly to Fund 800 and no longer using Fund 810.

The district is implementing internal controls.

This action will be fully implemented by June 30, 2025.

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### **FINDING 2021-004 & 2019-003**

**Fiscal year in which the finding initially occurred: 2019-2020**

**Current Audit Period: 2021-2023**

**Finding Subject:** Child Nutrition Cluster - Eligibility Federal Agency: Department of Agriculture

**Summary of Finding:** Federal Program: School Breakfast Program, COVID-19 - School Breakfast Program, National School Lunch Program, COVID-19 - National School Lunch Program, COVID-19 - Summer Food Service Program

CFDA Number: 10.553, 10.555, 10.559

Federal Award Numbers and Years (or Other Identifying Numbers): FY 2019-2020 Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Eligibility

**Status of Audit Finding:** Not Corrected: Controls were still in the process of being implemented.

**Response Comments:** Establish post award internal controls we will implement a proper system of oversight or review to ensure that the federal income guidelines entered into the software program are correct. Moving forward I will retain the direct certification information that is downloaded from the IDOE. Myself and food service secretary will sign and document.

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Tina Adams, Assistant Secretary

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

### **FINDING 2021-005**

**Fiscal year in which the finding initially occurred: 2019-2020**

**Current Audit Period: 2021-2023**

**Finding Subject:** Child Nutrition Cluster - Procurement, Suspension and Debarment  
Federal Agency: Department of Agriculture

**Summary of Finding:** Federal Program: School Breakfast Program, COVID-19 - School Breakfast Program, National School Lunch Program, COVID-19 - National School Lunch Program, COVID-19 - Summer Food Service Program

CFDA Number: 10.553, 10.555, 10.559

Federal Award Numbers and Years (or Other Identifying Numbers): FY 2019-2020

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Procurement and Suspension and Debarment

Audit Finding: Material Weakness

### **Status of Audit Finding:**

*Partially Corrected*

### **Response Comments:**

Griffith Public Schools implemented a Debarment and Suspension Procedure, however, upon discussion during this audit discovered that the review method used on SAM.gov was not providing reasonable assurance. This procedure is being amended to require the signed Indiana Department of Education Certification Regarding Debarment, Suspension, Ineligibility, and Voluntary Exclusion from vendors at the time of W9 submission and annual resubmission.

Griffith Public Schools enforces the procedure that requires three quotes for all purchases of goods or services greater than \$10,000 and retains appropriate supporting documentation of the three quotes.

In addition, documentation is retained if:

- (1) The item is available only from a single source.
- (2) The public exigency or emergency for the requirement will not permit a delay resulting from competitive solicitation.
- (3) The Federal awarding agency or pass-through entity expressly authorizes noncompetitive proposals in response to a written request from the non-Federal entity.

or

- (4) After solicitation of a number of sources, competition is determined inadequate that the quotes were obtained, the item is available only from a single source.

While this procedure was enforced during the audit period, a documented procedure had not been finalized.

This will be completed no later than December 31, 2024.

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# Griffith Public Schools



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### **FINDING 2021-006**

**Fiscal year in which the finding initially occurred: 2019-2020**

**Current Audit Period: 2021-2023**

**Finding Subject:** Child Nutrition Cluster - Program Income

**Summary of Finding:** Federal Agency: Department of Agriculture

Federal Program: School Breakfast Program, COVID-19 - School Breakfast Program, National School Lunch Program, COVID-19 - National School Lunch Program, COVID-19 - Summer Food Service Program, Summer Food Service Program

CFDA Number: 10.553, 10.555, 10.559

Federal Award Numbers and Years (or Other Identifying Numbers): FY 2019-2020, FY 2020-2021 Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Program Income

Audit Finding: Material Weakness, Modified Opinion

CNC

**Status of Audit Finding:** *Fully Corrected and the original corrective action was implemented*

**Response Comments:**

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# Griffith Public Schools



Superintendent of Schools, Leah Dumezich

## Board of School Trustees

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Jesse Adduci, Assistant Secretary

### **FINDING 2021-007**

**Fiscal year in which the finding initially occurred: 2019-2020**

**Current Audit Period: 2021-2023**

**Finding Subject:** Child Nutrition Cluster Special Tests and Provisions Verification of Free and Reduced Price Applications (NSLP)

**Summary of Finding:** Federal Agency: Department of Agriculture  
Federal Program: School Breakfast Program, COVID-19 - School Breakfast Program, National School Lunch Program, COVID-19 - National School Lunch Program, COVID-19 - Summer Food Service Program, Summer Food Service Program

CFDA Number: 10.553, 10.555, 10.559

Federal Award Numbers and Years (or Other Identifying Numbers): FY 2019-2020 Pass-Through Entity:  
Indiana Department of Education

Compliance Requirement: Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP)

**Status of Audit Finding:** *Fully Corrected and the original corrective action was implemented*

**Response Comments:**

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Jesse Adduci, Assistant Secretary

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

### **FINDING 2021-008**

**Fiscal year in which the finding initially occurred: 2021**

**Current Audit Period: 2021-2023**

**Finding Subject: Allowable Costs/Cost Principles**

**Summary of Finding: Material Weakness, Noncompliance**

### **Status of Audit Finding:**

*Fully Corrected and the original corrective action was implemented*

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Jesse Adduci, Assistant Secretary

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

### **FINDING 2021-009**

**Fiscal year in which the finding initially occurred: 2021**

**Current Audit Period: 2021-2023**

**Finding Subject: Procurement and Suspension and Debarment Compliance Requirement**

**Summary of Finding: Material Weakness, Modified Opinion**

### **Status of Audit Finding:**

*Partially Corrected.*

### **Response Comments:**

Griffith Public Schools implemented a Debarment and Suspension Procedure, however, upon discussion during this audit discovered that the review method used on SAM.gov was not providing reasonable assurance. This procedure is being amended to require the signed Indiana Department of Education Certification Regarding Debarment, Suspension, Ineligibility, and Voluntary Exclusion from vendors at the time of W9 submission and annual resubmission.

Griffith Public Schools enforces the procedure that requires three quotes for all purchases of goods or services greater than \$10,000 and retains appropriate supporting documentation of the three quotes.

In addition, documentation is retained if:

(1) The item is available only from a single source.

(2) The public exigency or emergency for the requirement will not permit a delay resulting from competitive solicitation.

(3) The Federal awarding agency or pass-through entity expressly authorizes noncompetitive proposals in response to a written request from the non-Federal entity.

or

(4) After solicitation of a number of sources, competition is determined inadequate that the quotes were obtained, the item is available only from a single source.

While this procedure was enforced during the audit period, a documented procedure had not been finalized.

This will be completed no later than December 31, 2024.

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## CORRECTIVE ACTION PLAN

### **FINDING 2023-001**

**Finding Subject:** Financial Transactions and Reporting

**Summary of Finding:**

There were deficiencies in the internal control system of the School Corporation related to financial transactions.

**Contact Person Responsible for Corrective Action:** Terri Chance

**Contact Phone Number and Email Address:** 219-924-4250 [tchance@griffith.k12.in.us](mailto:tchance@griffith.k12.in.us)

**Views of Responsible Officials:**

*We concur with the finding.*

**Description of Corrective Action Plan:**

Griffith Public Schools will be developing, implementing, and documenting, a system of internal controls, including policies and procedures that provide segregation of duties to ensure appropriate reviews, approvals and oversight are taking place.

**Anticipated Completion Date:**

June 30, 2025

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## CORRECTIVE ACTION PLAN

### **FINDING 2023-002**

**Finding Subject:** Preparation of the Schedule of Expenditures of Federal Awards

**Summary of Finding:** Material Weakness, Noncompliance

This is a repeat finding from the immediately prior audit report. The prior audit finding number was 2021-002..

**Contact Person Responsible for Corrective Action:** Terri Chance

**Contact Phone Number and Email Address:** 219-924-4250 [tchance@griffith.k12.in.us](mailto:tchance@griffith.k12.in.us)

### **Views of Responsible Officials:**

*We concur with the finding.*

### **Description of Corrective Action Plan:**

Griffith Public Schools will be developing, implementing, and documenting, a system of internal controls, including policies and procedures that provide segregation of duties to ensure appropriate reviews, approvals and oversight are taking place.

### **Anticipated Completion Date:**

June 30, 2025

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## CORRECTIVE ACTION PLAN

### **FINDING 2023-003**

Subject: Child Nutrition Cluster - Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Special Tests and Provisions - Non-Profit School Food Service Accounts

Federal Agency: Department of Agriculture

Federal Programs: School Breakfast Program, National School Lunch Program, COVID-19 National School Lunch Program; Summer Food Service Program for Children

Assistance Listings Numbers: 10.553, 10.555, 10.559

Federal Award Number and Year (or Other Identifying Numbers): FY2021-2022, FY2022-2023

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Special Tests and Provisions - Non-Profit School Food Service Accounts

Audit Finding: Material Weakness, Modified Opinion

**Summary of Finding:** Material Weakness, Modified Opinion

Repeat Finding

This is a repeat finding from the immediately prior audit report. The prior audit finding number was 2021-003.

**Contact Person Responsible for Corrective Action:** Terri Chance

**Contact Phone Number and Email Address:** 219-924-4250 [tchance@griffith.k12.in.us](mailto:tchance@griffith.k12.in.us)

### **Views of Responsible Officials:**

*We concur with the finding.*

### **Description of Corrective Action Plan:**

Griffith Public Schools will be developing, implementing, and documenting, a system of internal controls, including policies and procedures that provide segregation of duties to ensure appropriate reviews, approvals and oversight are taking place to ensure compliance.

### **Anticipated Completion Date:**

June 30, 2025

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### **FINDING 2023-004**

**Finding Subject:** Child Nutrition Cluster - Eligibility

**Summary of Finding:** Federal Agency: Department of Agriculture  
Federal Programs: School Breakfast Program, National School Lunch Program, Summer Food Service Program for Children  
Assistance Listings Numbers: 10.553, 10.555, 10.559  
Federal Award Number and Year (or Other Identifying Numbers): FY2021-2022, FY2022-2023 Pass-Through  
Entity: Indiana Department of Education  
Compliance Requirement: Eligibility  
Audit Finding: Material Weakness

**Contact Person Responsible for Corrective Action:** Tiffany Ulman

**Contact Phone Number and Email Address:** 219-924-4250 [tulman@griffith.k12.in.us](mailto:tulman@griffith.k12.in.us)

### **Views of Responsible Officials:**

*We concur with the finding*

### **Description of Corrective Action Plan:**

Establish post award internal controls surrounding grant management including, but not limited to, Eligibility.

**Anticipated Completion Date:** 3/5/2024

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### **FINDING 2023-005**

**Finding Subject:** Child Nutrition Cluster - Procurement and Suspension and Debarment

**Summary of Finding:** Federal Agency: Department of Agriculture  
Federal Programs: School Breakfast Program, National School Lunch Program, COVID-19 National School Lunch Program; Summer Food Service Program for Children  
Assistance Listings Numbers: 10.553, 10.555, 10.559  
Federal Award Number and Year (or Other Identifying Numbers): FY2021-2022, FY2022-2023  
Pass-Through Entity: Indiana Department of Education  
Compliance Requirement: Procurement and Suspension and Debarment  
Audit Finding: Material Weakness, Modified Opinion

**Contact Person Responsible for Corrective Action:** Tiffany Ulman

**Contact Phone Number and Email Address:** 219-924-4250 [tulman@griffith.k12.in.us](mailto:tulman@griffith.k12.in.us)

### **Views of Responsible Officials:**

*We concur with the finding.*

### **Description of Corrective Action Plan:**

Establish post award internal controls surrounding grant management including, but not limited to, Procurement and Suspension and Debarment.

**Anticipated Completion Date:** 3/5/2024

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## CORRECTIVE ACTION PLAN

### **FINDING 2023-006**

**Subject:** Title I Grants to Local Educational Agencies – Internal Controls

Federal Agency: Department of Education

Federal Program: Title I Grants to Local Educational Agencies

Assistance Listing Number: 84.010

Federal Award Numbers and Years (or Other Identifying Numbers): S010A190014, S010A200014, S010A210014, S010A220014

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Eligibility, Reporting, Special Tests and Provisions - Assessment System Security

**Summary of Finding:** Material Weakness

**Contact Person Responsible for Corrective Action:** Terri Chance

**Contact Phone Number and Email Address:** 219-924-4250 [tchance@griffith.k12.in.us](mailto:tchance@griffith.k12.in.us)

### **Views of Responsible Officials:**

*We concur with the finding.*

### **Description of Corrective Action Plan:**

Griffith Public Schools will be developing, implementing, and documenting, a system of internal controls, including policies and procedures that provide segregation of duties to ensure appropriate reviews, approvals and oversight are taking place.

### **Anticipated Completion Date:**

June 30, 2025

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## CORRECTIVE ACTION PLAN

### **FINDING 2023-007**

**Subject:** Title I Grants to Local Educational Agencies - Allowable Costs/Cost Principles

Federal Agency: Department of Education

Federal Program: Title I Grants to Local Educational Agencies

Assistance Listing Number: 84.010

Federal Award Numbers and Years (or Other Identifying Numbers): S010A190014, S010A200014, S010A210014, S010A220014

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Allowable Costs/Cost Principles

**Summary of Finding:** Material Weakness, Modified Opinion

**Contact Person Responsible for Corrective Action:** Terri Chance

**Contact Phone Number and Email Address:** 219-924-4250 [tchance@griffith.k12.in.us](mailto:tchance@griffith.k12.in.us)

### **Views of Responsible Officials:**

*We concur with the finding.*

### **Description of Corrective Action Plan:**

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## CORRECTIVE ACTION PLAN

### **FINDING 2023-008**

**Subject:** Title I Grants to Local Educational Agencies – Matching, Level of Effort, Earmarking  
**Federal Agency:** Department of Education  
**Federal Program:** Title I Grants to Local Educational Agencies  
**Assistance Listing Number:** 84.010  
**Federal Award Numbers and Years (or Other Identifying Numbers):** S010A190014, S010A200014, S010A210014, S010A220014  
**Pass-Through Entity:** Indiana Department of Education  
**Compliance Requirement:** Matching, Level of Effort, Earmarking

**Summary of Finding:** Material Weakness, Modified Opinion

**Contact Person Responsible for Corrective Action:** Terri Chance

**Contact Phone Number and Email Address:** 219-924-4250 [tchance@griffith.k12.in.us](mailto:tchance@griffith.k12.in.us)

### **Views of Responsible Officials:**

*We concur with the finding.*

### **Description of Corrective Action Plan:**

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## CORRECTIVE ACTION PLAN

### **FINDING 2023-009**

**Subject:** COVID-19 - Education Stabilization Fund - Activities Allowed or Unallowed and Allowable Costs/Cost Principles

Federal Agency: Department of Education

Federal Program: COVID-19 - Education Stabilization Fund

Assistance Listings Number: 84.425D

Federal Award Numbers and Years (or Other Identifying Numbers): S425D200013, S425D210013

Pass-Through Entity: Indiana Department of Education

Compliance Requirements: Activities Allowed or Unallowed and Allowable Costs/Cost Principles

**Summary of Finding:** Material Weakness

**Contact Person Responsible for Corrective Action:** Terri Chance

**Contact Phone Number and Email Address:** 219-924-4250 tchance@griffith.k12.in.us

### **Views of Responsible Officials:**

*We concur with the finding.*



### **Description of Corrective Action Plan:**

Griffith Public Schools will be developing, implementing, and documenting, a system of internal controls, including policies and procedures that provide segregation of duties to ensure appropriate reviews, approvals and oversight are taking place.

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## CORRECTIVE ACTION PLAN

### **FINDING 2023-010**

**Subject:** COVID-19 - Education Stabilization Fund - Reporting

Federal Agency: Department of Education

Federal Program: COVID-19 - Education Stabilization Fund

Assistance Listings Number: 84.425D

Federal Award Numbers and Years (or Other Identifying Numbers): S425D200013, S425D210013

Pass-Through Entity: Indiana Department of Education

Compliance Requirements: Reporting

**Summary of Finding:** Material Weakness, Modified Opinion

**Contact Person Responsible for Corrective Action:** Terri Chance

**Contact Phone Number and Email Address:** 219-924-4250 [tchance@griffith.k12.in.us](mailto:tchance@griffith.k12.in.us)

### **Views of Responsible Officials:**

*We concur with the finding.*

### **Description of Corrective Action Plan:**

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## OTHER REPORTS

In addition to this report, other reports may have been issued for the School Corporation. All reports can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>.