

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

GRIFFITH PUBLIC SCHOOLS

LAKE COUNTY, INDIANA

July 1, 2021 to June 30, 2023



FILED

03/19/2024

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Transmittal Letter	3
Audit Results and Comments:	
Internal Controls - Financial Transactions and Reporting	4-6
Overdrawn Cash Balances.....	6-7
Bank Reconciliations	7
Annual Financial Report - Other Information.....	8-10
Monthly and Annual Uploads.....	10-11
Errors on Claims.....	11-13
Prepaid School Meal Accounts.....	13
Capital Assets.....	14
Training on Internal Control Standards	14
Certification on Internal Control Standards	14-15
Official Response	16-18
Exit Conference.....	19

SCHEDULE OF OFFICIALS

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



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

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

This report is supplemental to the audit report of the Griffith Public Schools (School Corporation), for the period from July 1, 2021 to June 30, 2023. It has been provided as a separate report so that the reader may easily identify any Audit Results and Comments that pertain to the School Corporation. It should be read in conjunction with the Financial Statement Audit Report of the School Corporation, which provides our opinions on the School Corporation's financial statement. This report may be found at www.in.gov/sboa.

As authorized under Indiana Code 5-11-1, we performed procedures to determine compliance with applicable Indiana laws and uniform compliance guidelines established by the Indiana State Board of Accounts. The Audit Results and Comments contained herein describe the identified reportable instances of noncompliance found as a result of these procedures. Our tests were not designed to identify all instances of noncompliance; therefore, noncompliance may exist that is unidentified.

Any Official Response to the Audit Results and Comments, incorporated within this report, was not verified for accuracy.

Beth Kelley, CPA, CFE
Deputy State Examiner

March 7, 2024

GRIFFITH PUBLIC SCHOOLS
AUDIT RESULTS AND COMMENTS

INTERNAL CONTROLS - FINANCIAL TRANSACTIONS AND REPORTING

A similar comment also appeared in prior Reports B54404, entitled *FINANCIAL TRANSACTIONS*; and B59381, entitled *FINANCIAL TRANSACTIONS AND REPORTING*.

Condition and Context

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

The School Corporation had not separated incompatible activities related to cash and investments, receipts, disbursements, other financing sources and uses, and financial reporting. Segregation of duties for each of these areas had not been properly designed or implemented to prevent, or detect and correct, errors.

Cash and Investments (Bank Reconciliations)

Internal controls had not been designed 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 properly 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

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. This resulted in the lack of documentation of an adequate oversight or review process ensuring the accuracy, completeness, and presentation of vendor disbursements.

GRIFFITH PUBLIC SCHOOLS
AUDIT RESULTS AND COMMENTS
(Continued)

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.

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 did not have a system of internal control over the preparation of the Annual Financial Report (AFR) entered into the Indiana Gateway for Government Units financial reporting system, which is the source of the financial statement. The AFR was submitted without evidence of an oversight or review process to ensure the accuracy and completeness of the financial information submitted.

Due to the lack of internal controls, the financial statement presented for audit omitted the Prepaid Food, Food Service Federal Reimbursement, and 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 5-11-1-4(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](#)."

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
 AUDIT RESULTS AND COMMENTS
 (Continued)

"Control activities are the actions and tools established through policies and procedures that help to detect, prevent, or reduce the identified risks that interfere with the achievement of objectives. Detection activities are designed to identify unfavorable events in a timely manner whereas prevention activities are designed to deter the occurrence of an unfavorable event. Examples of these activities include reconciliations, authorizations, approval processes, performance reviews, and verification processes.

An integral part of the control activity component is segregation of duties. . . .

There is an expectation of segregation of duties. If compensating controls are necessary, documentation should exist to identify both the areas where segregation of duties are not feasible or practical and the compensating controls implemented to mitigate the risk. . . ."

OVERDRAWN CASH BALANCES

The same comment also appeared in prior Reports B54404 and B59381.

Condition and Context

The financial statement presented for audit included the following funds with overdrawn cash balances at June 30, 2022 and 2023:

Fund	Amount Overdrawn As of June 30,	
	2022	2023
Pension Debt Cb Exempt	\$ 45,487	\$ 155,263
Textbook Rental Fund	-	647,564
Donations Gifts And Trusts	-	993
Special Ed Excessive Cost Funding	-	28,967
Fund 3790	-	1,351
Payroll Clearing	213,924	479,493

Funds with overdrawn cash balances as a result of grant expenditures awaiting reimbursement were not included in the list above.

Prior to a change in the statute in 2023, Indiana Code 20-40-9-7 permitted a school corporation to use debt service funds for "all unreimbursed costs of curricular materials for the school corporation's students who were eligible for free or reduced lunches in the previous school year." The School Corporation budgeted for this in the Debt Service Fund in budget year 2021 and made the related transfer. The School Corporation budgeted \$153,771 in budget year 2022 in the Debt Service Fund but did not make the related transfer to the Textbook Rental Fund.

The Payroll Clearing fund reported on the financial statement is a combination of several clearing subaccounts. The clearing accounts fund report included the following funds with overdrawn cash balances at June 30, 2022 and 2023:

GRIFFITH PUBLIC SCHOOLS
AUDIT RESULTS AND COMMENTS
(Continued)

Fund	Amount Overdrawn As of June 30,	
	2022	2023
Federal Withholding Taxes	\$ 94,775	\$ 94,775
F.I.C.A - Non Teaching	4,745	4,745
Ind State Teachers' Retirement	-	1,458
BC/BS Health	128,285	382,716
Tmark	1,653	3,827
Vision Insurance	4,794	3,022
Am Family Life Assur/Cancer Ins	758	758
Allstate Cancer	447	447
Technology	20,804	21,350

Criteria

The cash balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the unit. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 1)

BANK RECONCILIATIONS

Condition and Context

Monthly bank reconcilements were prepared and approved by the Treasurer and School Board; however, monthly variances were noted without further explanation or investigation.

From December 2022 through June 2023, the monthly adjusted bank balance to ledger balance comparison noted variances ranging from a bank long of \$574,498 to a bank short of \$812,990 for the operating bank account. Upon inquiry of officials, it was determined that the prepared monthly reconciliation did not always include the cash management bank account balance.

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.

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."

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance must agree. If the reconciled bank balance is less than the subsidiary or control ledgers, the amount needed to balance may be the personal obligation of the responsible official or employee. (Accounting and Uniform Guidelines Compliance Manual for Indiana Public School Corporations, Chapter 1)

GRIFFITH PUBLIC SCHOOLS
AUDIT RESULTS AND COMMENTS
(Continued)

ANNUAL FINANCIAL REPORT - OTHER INFORMATION

Condition and Context

Financial and other information are required to be entered annually into the Annual Financial Report (AFR) via the Indiana Gateway for Government Units (Gateway) financial reporting system.

The School Corporation did not have a system of internal control over the preparation of the AFR entered into Gateway. The AFR was submitted without evidence of an oversight or review process to ensure the accuracy and completeness of the financial and other information submitted.

Due to the lack of internal controls, the AFR information entered into Gateway included the following errors:

Combining Schedules of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances

The School Corporation omitted the Prepaid Food, Food Service Federal Reimbursement, and 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 Combining Schedules of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances presented as Other Information in the Financial Statement Audit Report for the School Corporation.

Grants

The School Corporation failed to properly review the federal grant information prepared and submitted in Gateway, which was the source of the Schedule of Expenditures of Federal Awards (SEFA). 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 that control process. The internal control was deemed not effective and did not detect or allow correction of errors prior to submission.

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

- The largest understatement of expenditures was \$1,563,806 for the COVID-19 - Education Stabilization Fund grant.
- 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.
- Other errors included incorrect program names, pass-through entities, federal Assistance Listings Numbers, and identifying numbers.

GRIFFITH PUBLIC SCHOOLS
AUDIT RESULTS AND COMMENTS
(Continued)

Adjustments were proposed, accepted by the School Corporation, and made to the SEFA presented in the Federal Compliance Audit Report for the School Corporation.

Leases and Debt

The following errors were noted in the information submitted into Gateway for the year ended June 30, 2023:

- For the General Obligation Bond 2022, the principal due within one year was understated by \$1,020,000.
- For the Ad Valorem Property Tax First Mortgage Bonds Series 2022 lease, the annual lease payment was overstated by \$337,350.
- For the 2018 bond lease, the annual lease payment was understated by \$409,000.
- For the 2021 bond lease, the annual lease payment was understated by \$1,240,000.
- The Beiriger Elementary School Corporation lease was omitted which understated the annual lease payment by \$788,000.
- Other errors totaling \$90,843 were noted for the Pension Bonds and Common School Loans for ending principal balance and principal due within one year, and the Ad Valorem Property Tax First Mortgage Bonds Series 2013 annual lease payment.

Adjustments were proposed, accepted by the School Corporation, and made to the Schedule of Leases and Debt presented as Other Information in the Financial Statement Audit Report for the School Corporation.

In addition, numerous understatements of ending principal balance, principal due within one year, and annual lease payment amounts were reported as of June 30, 2022.

Capital Assets

The School Corporation prepared and submitted the capital asset information into Gateway. However, the amounts reported as of June 30, 2022 and 2023, were not supported by a detailed listing of capital assets.

The School Corporation approved the omission of the Schedule of Capital Assets from the Financial Statement Audit Report for the School Corporation.

Accounts Receivable and Accounts Payable

The School Corporation was unable to provide records to support the accounts receivable and accounts payable amounts reported in the AFR for 2022 and 2023.

The School Corporation approved the omission of the Schedule of Payables and Receivables from the Financial Statement Audit Report.

GRIFFITH PUBLIC SCHOOLS
AUDIT RESULTS AND COMMENTS
(Continued)

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](#)."

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:

"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. . . ."

MONTHLY AND ANNUAL UPLOADS

This same comment appeared in a Management Letter addressed to the School Board for the audit period ending June 30, 2021.

Criteria

The School Corporation is required to upload into the Indiana Gateway for Government Units financial reporting system monthly and annual files and governmental unit information.

The files and governmental unit information that are required to be uploaded monthly include bank reconciliations, bank statements, outstanding check lists, approved School Board minutes, and funds ledgers. Annual files required include detailed receipt and disbursement ledger, approved salary schedule for noncertified employees and amendments, annual vendor and payroll history reports, annual funds ledger, and the school lunch prepaid account balance report.

GRIFFITH PUBLIC SCHOOLS
AUDIT RESULTS AND COMMENTS
(Continued)

The School Corporation did not comply with the State Examiner Directive and failed to upload the following:

Monthly Uploads

1. Six of the twelve months of bank reconciliations, bank statements, outstanding check lists, and funds ledgers for the fiscal year from July 1, 2021 to June 30, 2022.
2. The approved School Board minutes for July to December 2022.
3. All other required monthly uploaded documents for the fiscal year from July 1, 2022 to June 30, 2023, were not uploaded until December 5 and 6, 2023, the start of the audit.

Annual Uploads

The School Corporation failed to upload any of the required annual information for the fiscal years ending June 30, 2022 and 2023.

Criteria

The upload of December 2020 monthly files will be due February 15, 2021, and by the 15th of each month thereafter unless the State Board of Accounts (SBOA) establishes a different date. This is effective for 2020 annual files which will be due for upload March 1, 2021, for calendar year end units. For schools and extra-curricular accounts, this is effective for year ending June 30, 2021, which will be due August 29, 2021. Thereafter, annual files must be uploaded no later than March 1st (August 29th for schools and extra-curricular accounts) for the prior year end unless the SBOA establishes a different date.

All counties, cities, towns, townships, libraries, schools and special districts will use the Engagement Uploads to upload files containing financial and governmental unit information on Gateway to allow the SBOA to conduct audit planning and audit processes prior to on-site work at a unit. This remote process will provide for more efficient data processing and save audit costs for our clients.

(Amended State Examiner Directive 2018-1, Updated November 9, 2020, and effective with uploads due February 15, 2021)

Units are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings, court decisions, and filing requirements concerning reports and other procedural matters of federal and state agencies. Units must file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 1)

ERRORS ON CLAIMS

Condition and Context

All disbursements of the School Corporation must be audited and certified by the fiscal officer and allowed by the governing board prior to payment. Disbursements are to be supported by a fully itemized invoice and a claim, which is also called an Accounts Payable Voucher (APV). The APV is the required prescribed form to document the fiscal officer certification and governing board allowance. The fiscal officer and governing board have the choice to either sign each APV individually or an APV register.

GRIFFITH PUBLIC SCHOOLS
AUDIT RESULTS AND COMMENTS
(Continued)

Disbursements submitted to the School Board for allowance were not included on an APV register nor did the School Board sign each APV individually. Instead, the School Board was provided a summary of disbursements to allow. This summary did not include the required details of an APV register such as vendor name, check number, or amount by transaction. This resulted in the School Corporation's disbursements to not being properly allowed by the governing board as required by the Indiana Code.

Additionally, the Treasurer did not consistently audit and certify all disbursements prior to payment since the APVs were not prepared for all disbursements.

Furthermore, vendor disbursements were prepared without sufficient detailed invoices or accounts payable vouchers to support the vendor payments. Of the 25 vendor payments tested, 5 (20 percent) of the claims had errors due to supporting invoices not agreeing to the amount disbursed. This resulted in a projected misstatement of \$36,225 across all vendor disbursements. The financial statement was not adjusted for these errors.

Criteria

Indiana Code 5-11-10-1.6 states in part:

". . . (b) As used in this section, 'claim' means a bill or an invoice submitted to a governmental entity for goods or services.

(c) The fiscal officer of a governmental entity may not draw a warrant or check for payment of a claim unless:

- (1) there is a fully itemized invoice or bill for the claim;
- (2) the invoice or bill is approved by the officer or person receiving the goods and services;
- (3) the invoice or bill is filed with the governmental entity's fiscal officer;
- (4) the fiscal officer audits and certifies before payment that the invoice or bill is true and correct; and
- (5) payment of the claim is allowed by the governmental entity's legislative body or the board or official having jurisdiction over allowance of payment of the claim. . . ."

Indiana Code 5-11-10-2 states in part:

"(a) Claims against a political subdivision of the state must be approved by the officer or person receiving the goods or services, be audited for correctness and approved by the disbursing officer of the political subdivision, and, where applicable, be allowed by the governing body having jurisdiction over allowance of such claims before they are paid. If the claim is against a governmental entity (as defined in section 1.6 of this chapter), the claim must be certified by the fiscal officer.

(b) The state board of accounts shall prescribe a form which will permit claims from two (2) or more claimants to be listed on a single document and, when such list is signed by members of the governing body showing the claims and amounts allowed each claimant and the total claimed and allowed as listed on such document, it shall not be necessary for the members to sign each claim . . .

GRIFFITH PUBLIC SCHOOLS
AUDIT RESULTS AND COMMENTS
(Continued)

(d) The form prescribed under this section shall be prepared by or filed with the disbursing officer of the political subdivision, together with:

- (1) the supporting claims if payment is made under section 1 of this chapter; or
- (2) the supporting invoices or bills if payment is made under section 1.6 of this chapter.

All such documents shall be carefully preserved by the disbursing officer as a part of the official records of the office. . . ."

PREPAID SCHOOL MEAL ACCOUNTS

The same comment also appeared in prior Reports B54404 and B59381.

Condition and Context

Monthly reconcilements of the students' individual meal account balances to the Prepaid Food fund (clearing account) were not performed. A comparison of the Prepaid Food balance to the students' individual meal account balances as of June 30, 2022 and 2023, is as follows:

Description	As of June 30,	
	2022	2023
Prepaid Food fund - cash balance	\$ 29,719	\$ 225,920
All Students' Individual Meal Account Balances	4,838	257,839
Variance due to Unreconciled Funds	\$ 24,881	\$ (31,919)

Criteria

Units are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings, court decisions, and filing requirements concerning reports and other procedural matters of federal and state agencies. Units must file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 1)

When a student puts money into their individual meal account, it should not be considered income to the child nutrition program until that student goes through the lunch line and charges a meal to their account. Therefore, while money is in the student's individual account, the balance should not be included in Fund 800 School Lunch. A school should set up a clearing account with the fund number of 8400 Prepaid School Lunch Accounts which is included in Chapter 4 of the State Board of Accounts Uniform Compliance Guidelines for Indiana Public School Corporations. When a student brings in a deposit the receipt should be recorded to Fund 8400 using receipt account 1630 Special Functions. After the student has charged meals, you should disburse the amount charged from Fund 8400 using expenditure account 31900 Other Food Services and receipt this into Fund 800 using the Food Services receipt accounts 1611-1623 at the time established in a written school policy to ensure accurate monthly reporting. At this point the receipts are considered program income and should be included on any reports that are required to be completed. Also, on a monthly basis it is required that the balance of Fund 8400 be reconciled with the total of the individual meal accounts. (The School Bulletin and Uniform Compliance Guidelines, February 2019)

GRIFFITH PUBLIC SCHOOLS
AUDIT RESULTS AND COMMENTS
(Continued)

CAPITAL ASSETS

This same comment appeared in a Management Letter addressed to the School Board for the audit period ending June 30, 2021.

Condition and Context

The School Corporation did not have an updated, complete detailed listing of all capital assets owned. The listing provided did not contain any values for the assets listed, and was missing significant assets, such as buildings and land.

The School Corporation did not conduct a physical inventory of capital assets as required.

Criteria

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

TRAINING ON INTERNAL CONTROL STANDARDS

Condition and Context

The School Corporation failed to provide training to all applicable personnel on internal control standards as required. Of the seven applicable personnel tested, two did not have the required training. In addition, teachers who handle extra-curricular funds did not receive the training.

Criteria

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

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

- (2) personnel receive training concerning the internal control standards and procedures adopted by the political subdivision."

CERTIFICATION OF INTERNAL CONTROL STANDARDS

Condition and Context

The School Corporation incorrectly certified on the Indiana Gateway for Government Units financial reporting system for fiscal years 2021-2022 and 2022-2023 that appropriate personnel were trained on internal control standards. However, there were required personnel who did not receive the internal control training as required.

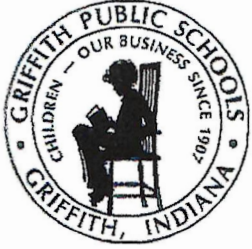
GRIFFITH PUBLIC SCHOOLS
AUDIT RESULTS AND COMMENTS
(Continued)

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](#)."

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

OFFICIAL RESPONSE

State Board of Accounts
302 Washington St., Room E418
Indianapolis, Indiana 46204-2765

March 16, 2024

RE: **2021 – 2023 State Board of Accounts Audit**

Dear Auditors,

Thank you for your time and examination of the financial records and documents of the Griffith Public School District for the two (2) year period from July 1, 2021 through June 30, 2023.

In response to our most recent audit report, which was for the period ending on June 30, 2023, we would like to provide an update on the steps we are taking to enhance transparency, strengthen internal controls, and improve overall operations within Griffith Public Schools. These efforts highlight our commitment to advancing excellence and surpassing the benchmarks set by our past accomplishments.

Please note that during the prior audit period from July 1, 2019, to June 30, 2021, we observed that employees responsible for corrective action plans associated with repeat findings either retired or left the corporation. Below is a comprehensive listing of the positions and names of positions that impacted our audit findings. Griffith Public School Corporation experienced personnel changes in critical positions between June 2021 through December 2023, which impacted the efficiency and effectiveness of the internal control processes throughout the corporation.

Personnel changes during this period include:

June 2021: Resignation of Superintendent M. Riise

June 2021: Hired Interim Superintendent L. Dumezich, who retained responsibility for Federal Grants and Director of Special Education

June 2021: Resignation of Chief Financial Officer M. Damron

June 2021: Hiring of Accounts Payable Specialist S. Heins

July 2021: Hiring of Chief Financial Officer S. Breitenbach

July 2021: Hiring of Director of Curriculum, Federal Grants and HR: T. Whitman

602 N Raymond Street • Griffith, IN 46319 • 219-924-4250 • www.griffith.k12.in.us

Achieving Success ★ **Academic Excellence** ★ **Panther Pride**

October 2021: Resignation of Payroll Specialist T. Loomis
December 2021: Resignation of Accounts Payable K. Carter
December 2021: Resignation of Chief Financial Officer S. Breitenbach
January 2022: Hiring of Chief Financial Officer T. Chance
February 2022: Resignation of Director of Operations and Food Services J. Blissett
March 2022: Hiring of Superintendent L. Dumezich
March 2022: Hiring of Payroll Specialist K. Elkins
March 2022: Hiring of Director of Food Services T. Ulman
March 2022: Hiring of Director of Building & Grounds G. Smith
March 2022: Hiring of Director of Special Education N. Stork
March 2023: Hiring of Deputy Treasurer L. Zaborowski
April 2023: Resignation of Bookkeeper L. Bishop
August 2023: Resignation of Director of Curriculum, Federal Grants & HR T. Whitman
August 2023: Resignation of Accounts Payable S. Heins
September 2023: Hiring of Accounts Payable D. Brewer
October 2023: Hiring of Bookkeeper A. Ochoa
December 2023: Resignation of Payroll K. Elkins
December 2023: Hiring of Payroll & Benefits Specialist D. Magallanes

Despite financial constraints in 2019 that led to the reduction of some positions, and the tremendous turn-over of key positions, a crucial replacement for the Chief Financial Officer position was made in January 2022, resulting in positive changes within the district. This new leadership conducted a comprehensive evaluation of district financial operations which included past audit findings. The inefficiencies noted in internal controls lead to the creation of a Deputy Treasurer position. With this position added it has and will continue to provide the State Board of Accounts with the internal controls needed for compliancy with state, federal, and school board requirements. Subsequently, in late January 2022, we discovered financial transaction weaknesses and reporting discrepancies, prompting us to take immediate corrective action. Since then, significant progress has been made, and we are diligently reviewing all documents to ensure accuracy and compliance, making this our top priority. Our dedication to enhancing internal control activities is geared towards achieving complete transparency and promptly identifying/reporting any variances to the key entities. We are continuously striving to improve efficiencies within our corporation, firmly committed to establishing a more controlled environment for all financial transactions.

602 N Raymond Street • Griffith, IN 46319 • 219-924-4250 • www.griffith.k12.in.us

Achieving Success  **Academic Excellence**  **Panther Pride**

Throughout the evaluation process that was conducted one of our newly hired directors who services as the director food Service identified inefficiencies in the student lunch program which prompted a thorough evaluation of our processes, procedures, and accountability. This evaluation resulted in the implementation of a comprehensive system of internal controls with a diligent segregation of duties to ensure adherence to federal, state, and school board policies.

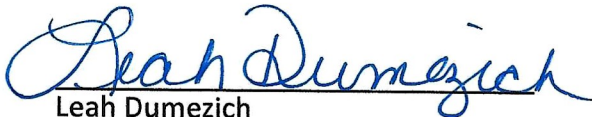
The corporation has committed to the extensive training of all new hires to ensure compliance with state and federal requirements. Griffith Public Schools is increasingly dedicated to hiring and retaining well-qualified staff committed to ensuring our continued success. We deeply appreciate your understanding and support as we diligently work to improve our operations and accountability.

In conclusion, we remain steadfast in our commitment to transparency, accountability, and operational excellence within Griffith Public Schools. Our ongoing efforts to strengthen internal controls, address personnel changes, and implement comprehensive systems are aimed at ensuring compliance with state and federal requirements while enhancing the overall efficiency of our operations. We are grateful for your understanding and support as we continue to strive for excellence and work tirelessly to provide the best possible educational experience for our students.

Thank you for your continued partnership.



Terri Chance
Chief Financial Officer



Leah Dumezich
Superintendent

GRIFFITH PUBLIC SCHOOLS
EXIT CONFERENCE

The contents of this report were discussed on March 7, 2024, with Terri Chance, Treasurer; Leah Dumezich; Superintendent of Schools; Emily Conner, School Board member; Tina Adams, School Board member; and Linda Zaborowski, Deputy Treasurer.