

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, 2013 to June 30, 2015



FILED
08/02/2017

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Jeannette E. Bapst	07-01-13 to 06-30-15
	Kathleen Dowling	07-01-15 to 06-30-16
	(Vacant)	07-01-16 to 07-24-16
	Sandra Goss (interim)	07-25-16 to 08-09-16
	Meghan Damron	08-10-16 to 12-31-17
Superintendent of Schools	Dr. Peter Morikis	07-01-11 to 12-31-17
President of the School Board	John Dudlicek	01-01-13 to 12-31-13
	Raymond White	01-01-14 to 12-31-15
	Gerald Potacki	01-01-16 to 12-31-16
	Gary Sutton	01-01-17 to 12-31-17



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

This report is supplemental to our audit report of the Griffith Public Schools (School Corporation), for the period from July 1, 2013 to June 30, 2015. It has been provided as a separate report so that the reader may easily identify any Federal Findings and Audit Results and Comments that pertain to the School Corporation. It should be read in conjunction with our Financial Statement and Federal Single Audit Report of the School Corporation, which provides our opinions on the School Corporation's financial statement and federal program compliance. This report may be found at www.in.gov/sboa/.

The Federal Findings, identified in the above referenced audit report, are included in this report and should be viewed in conjunction with the Audit Results and Comments as described below.

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 Corrective Action Plan for the Federal Findings and Official Response to the Audit Results and Comments, incorporated within this report, were not verified for accuracy.

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

May 17, 2017

GRIFFITH PUBLIC SCHOOLS
FEDERAL FINDINGS

FINDING 2015-001 - INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

Condition

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

1. Lack of Segregation of Duties: The School Corporation had not separated incompatible activities related to the following functions:

Cash and Investment Balances: Bank reconciliations were performed by the Treasurer; however, a proper system of oversight or review was not evidenced.

Receipts: Documentation that receipts were reviewed and had been properly recorded in the correct fund and account and for the correct amount, was not evidenced.

Vendor Disbursements:

- a. The Treasurer's signature was on most of the Accounts Payable Vouchers via the use of a signature stamp. The signature stamp was maintained by the Accounts Payable Clerk who processed the Accounts Payable Vouchers.

- b. Various checks were written manually that were not posted to the School Corporation's ledger and, subsequently, were not listed on the Accounts Payable Voucher registers that were approved by the Treasurer and the School Board.

Payroll Disbursements: The Payroll Clerk who processed and prepared all payroll checks, also entered all individual pay rates, including her own, without a proper system of oversight or review. In addition, the School Corporation used an electronic time clock to track actual hours worked by employees. Supervisors' were assigned the appropriate employee's time for approval within the time clock software. Documentation was not provided to verify managements' approval of hours worked for employees whose Supervisors were no longer employed by, or had changed location within, the School Corporation.

Adjusting Entries: Adjusting entries lacked supporting documentation and were created by one individual without a proper system of oversight or review.

Schedule of Expenditures of Federal Awards (SEFA): The School Corporation did not have a proper system of oversight or review in place to prevent, or detect and correct, errors on the SEFA.

2. Monitoring of Controls: The School Corporation had no process to identify or communicate corrective actions to improve controls. Effective internal controls over financial reporting required the School Corporation to monitor and assess the quality of the system of internal control.

Criteria

The Indiana State Board of Accounts (SBOA) is required under Indiana Code 5-11-1-27(e) to define the acceptable minimum level of internal control standards. To provide clarifying guidance, the State Examiner compiled the standards contained in the manual, *Uniform Internal Control Standards for Indiana Political Subdivisions*. All political subdivisions subject to audit by SBOA are expected to adhere to these standards. The standards include adequate control activities. According to this manual:

GRIFFITH PUBLIC SCHOOLS
FEDERAL FINDINGS
(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. . . ."

"Evaluations are used to determine whether each of the five components of internal control is present and functioning. These evaluations may be conducted on an ongoing or periodic basis. The criteria used are developed by the oversight body, elected officials, management, governing boards, or recognized standard-setting bodies or regulators. . . .

A baseline of the current state of the internal control system is compared against the original design of the internal control system. The baseline consists of issues and deficiencies identified in the internal control system. The results of the monitoring process are evaluated and documented. . . .

Management remediates identified issues. . . ."

Indiana Code 5-11-10-2(a) states:

"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."

Cause

Management of the School Corporation had not established a proper system of internal control.

Effect

The failure to establish controls could have enabled material misstatements or irregularities to remain undetected. The failure to monitor the internal control system placed the School Corporation at risk that controls may not have been either designed properly or operating effectively to provide reasonable assurance that controls would have prevented, or detected and corrected, material misstatements in a timely manner.

Views of Responsible Officials

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

GRIFFITH PUBLIC SCHOOLS
FEDERAL FINDINGS
(Continued)

FINDING 2015-002 - INTERNAL CONTROLS OVER CASH MANAGEMENT, ELIGIBILITY, PROCUREMENT AND SUSPENSION AND DEBARMENT, REPORTING, AND SPECIAL TESTS AND PROVISIONS - VERIFICATION OF FREE AND REDUCED PRICE APPLICATIONS (NSLP)

Federal Agency: Department of Agriculture

Federal Programs: School Breakfast Program, National School Lunch Program,
Summer Food Service Program for Children

CFDA Numbers: 10.553, 10.555, 10.559

Federal Award Numbers and Years (or Other Identifying Numbers): FY 2014, FY 2015

Pass-Through Entity: Indiana Department of Education

Condition

An effective internal control system was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the Cash Management, Eligibility, Procurement and Suspension and Debarment, Reporting, and Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP) compliance requirements.

Cash Management

The School Corporation had not designed or implemented adequate policies and procedures to ensure that the School Lunch fund monthly cash balances (Net Cash Resources) were limited to the three months average expenditures in compliance with Cash Management requirements. A proper system of oversight, review, or monitoring of the cash balances (Net Cash Resources) was not evidenced.

Eligibility and Special Tests and Provisions - Verifications of Free and Reduced Price Applications (NSLP)

The School Corporation had not designed or implemented adequate policies or procedures to ensure that students' eligibility for free and reduced price lunches was properly determined or that the applications for free and reduced price lunches were verified in compliance with program requirements. One employee was solely responsible for the eligibility determinations and verifications.

A computer software program was used to determine eligibility; however, one employee manually entered family information into the computer software program without a proper system of oversight or review to ensure correct information was entered. In addition, the School Corporation did not have any procedures in place to ensure the eligibility guidelines in the software program were accurate.

Procurement and Suspension and Debarment

The School Corporation hired a third-party provider to administer their food service program. Controls or procedures were not in place to ensure that the provider was not suspended or debarred from doing business with the federal government.

Reporting

The School Corporation had not properly designed controls over the Reporting requirements. One contracted person completed and submitted the monthly Sponsor Claim (claim for reimbursement), the Annual Financial Reports, and the School Food Authority (SFA) Verification Collection Reports without a proper system of oversight or review.

GRIFFITH PUBLIC SCHOOLS
FEDERAL FINDINGS
(Continued)

Context

This is a systemic problem. There were no documented internal controls for these compliance requirements during the audit period.

Criteria

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs. . . ."

Cause

The School Corporation failed to establish a proper internal control structure to ensure compliance with requirements associated with the Cash Management, Eligibility, Procurement and Suspension and Debarment, Reporting, and Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP) compliance requirements.

Effect

The failure to establish internal controls could have enabled material noncompliance to go undetected. Noncompliance with the grant agreement or the compliance requirements could have resulted in the loss of federal funds to the School Corporation.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls related to the grant agreement and the Cash Management, Eligibility, Procurement and Suspension and Debarment, Reporting, and Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP) compliance requirements.

Views of Responsible Officials

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

FINDING 2015-003 - PROGRAM INCOME AND SPECIAL TESTS AND PROVISIONS - PAID LUNCH EQUITY

Federal Agency: Department of Agriculture

Federal Program: National School Lunch Program

CFDA Number: 10.555

Federal Award Numbers and Years (or Other Identifying Numbers): FY 2014, FY 2015

Pass-Through Entity: Indiana Department of Education

GRIFFITH PUBLIC SCHOOLS
FEDERAL FINDINGS
(Continued)

Condition

The School Corporation had not established an effective internal control system related to the grant agreement and the requirements for Program Income and Special Tests and Provisions - Paid Lunch Equity.

Controls were not in place to ensure that the School Corporation charged the school lunch prices that were approved by the School Board.

On March 13, 2014, the School Board approved a meal price increase for the 2014-2015 school year in order to meet Paid Lunch Equity requirements. All elementary school paid lunches were to be increased by \$0.10, secondary paid lunches were to be increased by \$0.05, adult breakfast and lunches were to be increased by \$0.05 and \$0.10, respectively. However, the actual amount charged and collected for the elementary school paid lunches and the adult breakfast and lunches did not include the approved increase. The loss of program income to the School Corporation for the elementary school paid lunches and adult meals was \$4,592.70 and \$285.60, respectively.

Context

This is a systemic problem since the approved increased prices were not properly updated in the software system. School Board approved rates were not properly charged or collected for all schools during the 2014-2015 school year.

Criteria

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs. . . ."

7 CFR 210.14(e) states in part:

"*Pricing paid lunches.* For each school year beginning July 1, 2011, school food authorities shall establish prices for paid lunches in accordance with this paragraph.

(1) *Calculation procedures.* Each school food authority shall:

- (i) Determine the average price of paid lunches. The average shall be determined based on the total number of paid lunches claimed for the month of October in the previous school year, at each different price charged by the school food authority.
- (ii) Calculate the difference between the per meal Federal reimbursement for paid and free lunches received by the school food authority in the previous school year (*i.e.*, the reimbursement difference);
- (iii) Compare the average price of a paid lunch under paragraph (e)(1)(i) of this section to the difference between reimbursement rates under paragraph (e)(1)(ii) of this section. . . ."

GRIFFITH PUBLIC SCHOOLS
FEDERAL FINDINGS
(Continued)

7 CFR 210.15(b) states in part:

"Recordkeeping summary. In order to participate in the Program, a school food authority or a school, as applicable, must maintain records to demonstrate compliance with Program requirements. These records include but are not limited to:

(6) Records to document compliance with the requirements in §210.14(e); . . ."

Cause

The School Corporation had not developed a system of internal controls to ensure compliance with Program Income and Special Tests and Provisions - Paid Lunch Equity compliance requirements.

Effect

The failure to establish an effective internal control system enabled noncompliance to go undetected. Noncompliance with the grant agreement and the compliance requirements resulted in the loss of program income and could have resulted in the loss of federal funds to the School Corporation.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls to ensure compliance and comply with the Program Income and Special Tests and Provisions - Paid Lunch Equity compliance requirements.

Views of Responsible Officials

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

FINDING 2015-004 - INTERNAL CONTROLS OVER ELIGIBILITY, PERIOD OF AVAILABILITY, REPORTING, AND SPECIAL TESTS AND PROVISIONS - COMPARABILITY, HIGHLY QUALIFIED TEACHERS AND PARAPROFESSIONALS, AND ASSESSMENT SYSTEM SECURITY

Federal Agency: Department of Education

Federal Program: Title I Grants to Local Educational Agencies

CFDA Number: 84.010

Federal Award Numbers and Years (or Other Identifying Numbers): 13-4700, 14-4700, 15-4700

Pass-Through Entity: Indiana Department of Education

Condition

An effective internal control system was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the following compliance requirements: Eligibility, Period of Availability, Reporting, and Special Tests and Provisions - Comparability, Special Tests and Provisions - Highly Qualified Teachers and Paraprofessionals, and Special Tests and Provisions - Assessment System Security.

GRIFFITH PUBLIC SCHOOLS
FEDERAL FINDINGS
(Continued)

Eligibility

The grant application included the Eligible School Summary report which included the data used to make the schools eligibility determination. Evidence that an official verified the poverty numbers and student counts or non-public enrollment numbers used in the Eligible School Summary was not documented.

Period of Availability, Reporting, Special Tests and Provisions - Comparability

Documentation was not provided that someone other than the Treasurer reviewed activities and transactions for compliance with the Period of Availability requirements.

School Corporation officials indicated that one employee prepared and submitted the Final Expenditure Report without oversight or review.

Documentation was not provided that someone other than the preparer reviewed the comparability report or the data contained in the comparability report prior to its submission.

Special Tests and Provisions - Highly Qualified Teachers and Paraprofessionals

Controls were not in place to ensure that all Title I paraprofessionals were highly qualified before they were hired.

Special Tests and Provisions - Assessment System Security

The appropriate administration and building personnel certified the Indiana Testing Security and Integrity Agreement that documented their understanding of the School Corporation's test security measures and policies. However, the control was not properly implemented since not all certifications were provided.

Context

It was determined that these were systemic problems. There was no evidence of controls over Eligibility, Period of Availability, Reporting, and Special Tests and Provisions - Comparability, Special Tests and Provisions - Highly Qualified Teachers and Paraprofessionals, and Special Tests and Provisions - Assessment System Security during the audit period.

Criteria

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs. . . ."

Cause

The School Corporation failed to establish an effective internal control structure to ensure compliance with the requirements noted above.

GRIFFITH PUBLIC SCHOOLS
FEDERAL FINDINGS
(Continued)

Effect

The failure to establish an effective internal control system placed the School Corporation at risk of noncompliance with the grant agreement and the compliance requirements. A lack of segregation of duties within an internal control system could have also allowed noncompliance with the compliance requirements and allowed the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the program.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls related to the grant agreement and the Eligibility, Period of Availability, Reporting, and Special Tests and Provisions - Comparability, Special Tests and Provisions - Highly Qualified Teachers and Paraprofessionals, and Special Tests and Provisions - Assessment System Security compliance requirements.

Views of Responsible Officials

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

FINDING 2015-005 - SPECIAL TESTS AND PROVISIONS - SCHOOLWIDE PROGRAMS

Federal Agency: Department of Education

Federal Program: Title I Grants to Local Educational Agencies

CFDA Number: 84.010

Federal Award Numbers and Years (or Other Identifying Numbers): 13-4700, 14-4700, 15-4700

Pass-Through Entity: Indiana Department of Education

Condition

The School Corporation had not established an effective internal control system related to the grant agreement and the requirements for Special Tests and Provisions - Schoolwide Programs.

The School Corporation could not provide documentation that the required needs assessments or schoolwide plans for the 2013-2014 or 2014-2015 school years were created, developed, reviewed, and annually evaluated.

Context

This was a systemic problem. Documentation was not provided to support the Special Tests and Provisions - Schoolwide Programs requirements.

GRIFFITH PUBLIC SCHOOLS
FEDERAL FINDINGS
(Continued)

Criteria

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs. . . ."

34 CFR 74.53(b) states in part:

"Financial records, supporting documents, statistical records, and all other records pertinent to an award shall be retained for a period of three years from the date of submission of the final expenditure report or, for awards that are renewed quarterly or annually, from the date of the submission of the quarterly or annual financial report, as authorized by the Secretary. . . ."

Cause

The School Corporation had not developed a system of internal controls to ensure that documentation was maintained and made available for audit relating to the Special Tests and Provisions - Schoolwide Programs compliance requirement.

Effect

The failure to retain or provide appropriate supporting documentation prevented the determination of the School Corporation's compliance with the Special Tests and Provisions - Schoolwide Program requirements.

Questioned Costs

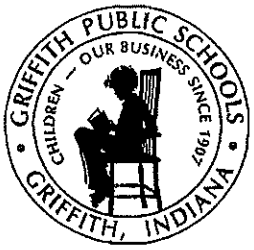
There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls to ensure that documentation was maintained and made available for audit relating to the Special Tests and Provisions - Schoolwide Programs requirements.

Views of Responsible Officials

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



Griffith Public Schools

Superintendent of Schools
Peter Morikis, Ph.D.

Board of School Trustees
Gary J Sutton, President
Leah Dumezich, First Vice President
Raymond White, Second Vice President
Lisa Megquier, Secretary
Jennifer Dildine, Assistant Secretary

CORRECTIVE ACTION PLAN

FINDING 2015-001

Contact Person Responsible for Corrective Action: George Jerome and Meghan Damron
Contact Phone Number: 219-924-4250

Views of Responsible Official: We agree with the finding.

Description of Corrective Action Plan:

Griffith Public School is in the process of establishing oversight and segregation of duties in bank reconciliations, receipts, vendor disbursements, payroll and adjusting entries. We will be creating spreadsheets and checklists that will be our checks and balances and provide signatures of the person inputting as well as the Treasurer and/or the Director of Finance as a final review.

To show oversight in the creation of the Schedule of Expenditures of Federal Awards (SEFA) the Director of Finance and the Treasurer will review and sign off on a summary of the documents used to create the report.

Monitoring of Controls

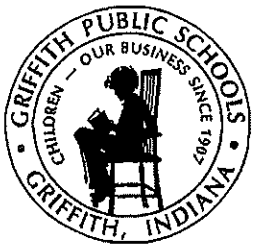
Once the aforementioned internal controls are implemented, the next step will be for the district to review the effectiveness of these controls. This will involve a separate administrator who is not involved in the Business Department control structure to evaluate.

Anticipated Completion Date: Some findings have been corrected since the new Director of Finance and Treasurer were hired in August and September of 2016. All other findings will be corrected immediately.

Meghan Damron
(Signature)

Corporation Treasurer
(Title)

5-15-17
(Date)



Griffith Public Schools

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Peter Morikis, Ph.D.

Board of School Trustees
Gary J Sutton, President
Leah Dumezich, First Vice President
Raymond White, Second Vice President
Lisa Megquier, Secretary
Jennifer Dildine, Assistant Secretary

FINDING 2015-002

Contact Person Responsible for Corrective Action: Britney McCray
Contact Phone Number: 219-924-4250

Views of Responsible Official: We agree with the finding.

Description of Corrective Action Plan:

Cash Management

The school district has a new bank for food service. This allows us to use online banking that facilitates monitoring procedures. The account will be evaluated on a monthly basis. If there is an excess of funds the corporation will look into updating outdated equipment and improving the quality, quantity and selections of meal items offered.

Eligibility and Special Tests and Provisions-Verifications

Randomly and periodically throughout the year the Food Service Director pulls a sample of applications from all eligibilities and double checks the results.

Suspension and Debarment

A clause regarding suspension and debarment is included in all RFP information sent to vendors. The vendors are required to sign that they have not been suspended or debarred. The third party company used to procure foods and other services requires all companies to provide them with information noting that the manufacturer has not been suspended or debarred.

Reporting

The Administrative Secretary initially compiles all information needed to complete the claim for reimbursement. Once that is finished the Food Service Director will compile their own information needed and double check all entries and officially submit the claim to state. Both parties will sign that it has been completed and reviewed. The Food Service Director will compile all information needed for the annual financial report and verification. Once all information is compiled the District Treasurer will review the information before it is submitted to state. Both parties will sign that it has been completed and reviewed.

Anticipated Completion Date:

All criteria for cash management, eligibility and special tests, suspension and debarment, and reporting claims for reimbursement have been implemented.

Fall 2017 when the next annual financial report and verification needs to be completed is when the corrective action will take place.



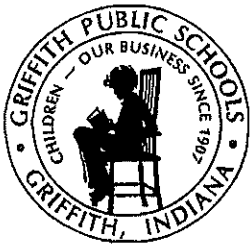
(Signature)

Food Service Director

(Title)

May 15, 2017

(Date)



Griffith Public Schools

Superintendent of Schools
Peter Morikis, Ph.D.

Board of School Trustees
Gary J Sutton, President
Leah Dumezich, First Vice President
Raymond White, Second Vice President
Lisa Megquier, Secretary
Jennifer Dildine, Assistant Secretary

FINDING 2015-003

Contact Person Responsible for Corrective Action: Britney McCray
Contact Phone Number: 219-924-4250

Views of Responsible Official: We agree with the finding.

Description of Corrective Action Plan:

Paid Lunch Equity

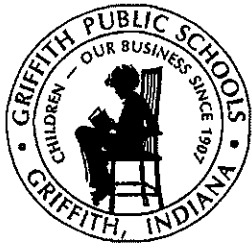
All updates of changes to meal prices were submitted to the school board for approval. All copies of PLEs completed will be saved on the Food Service Director's computer as well as filed in each school year's paperwork and submitted to state. Each year on or around July 1st all meal prices will be reviewed and updated in the point of sale software to reflect the findings from the PLE that were board approved.

Anticipated Completion Date:
July 1, 2017

B. McCray
(Signature)

Food Service Director
(Title)

May 15, 2017
(Date)



Griffith Public Schools

Superintendent of Schools
Peter Morikis, Ph.D.

Board of School Trustees
Gary J Sutton, President
Leah Dumezich, First Vice President
Raymond White, Second Vice President
Lisa Megquier, Secretary
Jennifer Dildine, Assistant Secretary

FINDING 2015-004

Contact Person Responsible for Corrective Action: Meghan Damron
Contact Phone Number: 219-924-4250

Views of Responsible Official: We agree with this finding.

Description of Corrective Action Plan:

Griffith Public Schools employee responsible for the Title I grant left the corporation June 30, 2015. Her replacement was not familiar with how everything needed to be organized to stay in compliance with this grant. Upon these internal control deficiencies being brought to our attention we are taking the steps to train all involved to follow all the grants rules and regulations. Specifically, the Corporation Treasurer now maintains a spreadsheet that keeps track of the grants. This spreadsheet is updated on a monthly basis. Also, grant reimbursements are now requested monthly. By requesting the reimbursements on a monthly basis, the Treasurer reviews the grant activity in a timely manner and notices if any inappropriate expenditures have been charged to the grant. The Treasurer will then have the Title I administrator review the expenditure report and sign off on the review before submitting for the reimbursement. The Treasurer and the Title I administrator will continue to have open communication to ensure that all grant activity and organization of documentation is completed. The school district will continue to improve on our internal control procedures and implement others if any weaknesses are later discovered.

Anticipated Completion Date: We are implementing better internal controls effective immediately.

Meghan Damron
(Signature)

Corporation Treasurer
(Title)

5-15-17
(Date)



Griffith Public Schools

Superintendent of Schools
Peter Morikis, Ph.D.

Board of School Trustees
Gary J Sutton, President
Leah Dumezich, First Vice President
Raymond White, Second Vice President
Lisa Megquier, Secretary
Jennifer Dildine, Assistant Secretary

FINDING 2015-005

Contact Person Responsible for Corrective Action: Meghan Damron
Contact Phone Number: 219-924-4250

Views of Responsible Official: We agree with the finding.

Description of Corrective Action Plan:

The Treasurer and Title I Administrators will be attending a Title I seminar on May 23, 2017 to better familiarize ourselves with the proper compliance requirements that are needed for the grant. This will also help us to implement the internal controls that we are working to establish for all grants in our district. We will continue to utilize all resources available to us to put these procedures in place and implement others in the areas needed now and for future weaknesses discovered.

Anticipated Completion Date: May 23, 2017

Meghan Damron
(Signature)

Corporation Treasurer
(Title)

5-15-17
(Date)

GRIFFITH PUBLIC SCHOOLS
AUDIT RESULTS AND COMMENTS

PREPAID SCHOOL LUNCH ACCOUNT

The School Corporation recorded all school lunch collections directly into the School Lunch fund. The School Corporation posted the prepaid activity under a separate account number within the School Lunch fund. A separate clearing account for the prepaid food account activity had not been established as prescribed.

Clearing Account Number 8400 - Prepaid Food has been established to account for prepaid food. The collections are to be receipted to 8410 with 8420 representing the transfers out of the clearing account and recognition in the appropriate revenue classifications (1611 to 1614 series) in the School Lunch Fund. The transfer should be made periodically and at the end of each month to appropriately classify meals (breakfast, lunch, etc.) when known (charged by student). Subsidiary records by student should be routinely reconciled to the cash balance and at month end. (The School Administrator and Uniform Compliance Guidelines, Volume 183)

ANNUAL FINANCIAL REPORT

The 2015 School Corporation's Annual Financial Report did not include \$751,208 in Accounts Payable as of June 30, 2015.

The Pension Bond outstanding on the Schedule of Leases and Debt was overstated \$235,000 as of June 30, 2015. In addition, the amount of Principal and Interest Due within One Year of \$409,052 was not reported as required.

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

"The state examiner shall require from every municipality and every state or local governmental unit, entity, or instrumentality 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."

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)



Griffith Public Schools

Superintendent of Schools
Peter Morikis, Ph.D.

Board of School Trustees
Gary J Sutton, President
Leah Dumezich, First Vice President
Raymond White, Second Vice President
Lisa Megquier, Secretary
Jennifer Dildine, Assistant Secretary

Griffith Public Schools would like to thank the State Board of Accounts for giving us the chance to reply to the Audit results and comments.

Food Service Monthly Sales and Prepaid Summary Procedure

Effective July 1, 2017, each day bank deposits will be made by individual school managers. The following business day the deposit bags and tickets will be picked up from the bank by the District/FS secretary. All deposit tickets will be receipted into the 0840/8400 account on the FMS system daily by the secretary. Weekly deposits are made into the FS bank account from The CLM group that handles all parental online payments. The District/FS secretary is also responsible for receipting those payments into the 0840/8400 account once they are cleared.

At the end of each month the FS director will complete the Monthly Sales and Prepaid Summary report. The information used to complete the report will be gathered from Mealtimes MPower (POS) and Mealtimes Online (online deposits). The information will be entered into an End of the Month Prepaid Summary spreadsheet to be used as a check and balance between accounts.

Once the report is balanced it is given to the District Treasurer to review and approve along with a signature checklist for all to sign and date once their portion is completed. The report is then given to the Accounts Payable Specialist to input the expenditures out of the 0840/8400 account. From there the Accounts Payable Specialist will give the information to the District/FS Secretary to receipt the entries into their respective fund account (i.e. Lunch-1611, Breakfast-1612, etc).

When all entries are receipted into the FMS system the summary report is given to the District Treasurer to file with the corresponding month's bank records for further reconciliation. The District/FS Secretary will also provide copies to all parties involved (FS Director, Accounts Payable Specialist, District Treasurer and District/FS Secretary) to file with their corresponding paperwork.

Annual Report

Effective immediately the Annual Report will be reviewed by the Director of Finance & Operations and the Corporation Treasurer. We will create a checklist to verify that each section of the annual report has been completed and verified in its entirety.

Nutrition Services Monthly Sales/Prepaid Summary

MONTH:

	Beiriger 001	Ready 003	Wads 004	GMS 005	GHS 006	
0800.1611 Lunch						
0800.1612 Breakfast						
0800.1621 Adult						
0800.1623 Ala Carte						
TOTAL	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

GR TOTAL
\$0.00

8400.25191.880.5255 Refunds:

POS / LIVE INFO

	Starting Balance	<input type="text"/>		
	LIVE Online Payments Total	<input type="text"/>		
8400.1999.00	Daily Cash/Check Deposits Total	<input type="text"/>		
0800.1610.90	Misc Adjustments	<input type="text"/>		
8400.1999.01	Misc Adjustments	<input type="text"/>		
8400.1999.01	NSF Adjustments	<input type="text"/>		
8400.31900.910.000	Sales Total	\$0.00	Expected POS Balance	<input type="text"/>
	Ending Balance	\$0.00	Difference	<input type="text"/>

BANK

8400.1999.00 Online Deposits-Credit Card

8400	Starting Balance	<input type="text"/>
8400	Ending Balance	\$0.00
	Difference (actual vs. live)	\$0.00

Initial Entry	FS Director	_____	Date	_____
Ledger Entry	Secretary	_____	Date	_____
Ledger Entry	Accounts Payable	_____	Date	_____
Record Filling	Treasurer	_____	Date	_____

GRIFFITH PUBLIC SCHOOLS
EXIT CONFERENCE

The contents of this report were discussed on May 17, 2017, with Jeannette E. Bapst, former Treasurer; Kathleen Dowling, former Treasurer; Meghan Damron, Treasurer; Dr. Peter Morikis, Superintendent of Schools; Gary Sutton, President of the School Board; and George Jerome, Director of Finance and Operations.