

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

RIVER FOREST COMMUNITY SCHOOL CORPORATION

LAKE COUNTY, INDIANA

July 1, 2015 to June 30, 2017



**FILED**  
04/20/2018



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SCHEDULE OF OFFICIALS

| <u>Office</u>                    | <u>Official</u>           | <u>Term</u>          |
|----------------------------------|---------------------------|----------------------|
| Treasurer                        | Lynne M. Styx             | 07-01-15 to 06-30-18 |
| Superintendent<br>of Schools     | Dr. Steven C. Disney, Jr. | 07-01-15 to 06-30-18 |
| President of the<br>School Board | H. Marshall Gilliana, II  | 07-01-15 to 12-31-18 |



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TO: THE OFFICIALS OF THE RIVER FOREST COMMUNITY  
SCHOOL CORPORATION, LAKE COUNTY, INDIANA

This report is supplemental to our audit report of the River Forest Community School Corporation (School Corporation), for the period from July 1, 2015 to June 30, 2017. 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/](http://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

March 6, 2018

RIVER FOREST COMMUNITY SCHOOL CORPORATION  
FEDERAL FINDINGS

***FINDING 2017-001***

Subject: Financial Transactions  
Audit Finding: Material Weakness

*Repeat Finding*

This is a repeat finding from the immediate prior audit. The prior audit finding number was 2015-001.

*Condition*

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

1. **Lack of Segregation of Duties:** The School Corporation had not separated incompatible activities related to receipts, vendor disbursements, and payroll disbursements.

Receipts - One employee issued, recorded, reconciled, and reported receipts without evidence of an oversight, review, or approval process.

Vendor Disbursements - One employee prepared and recorded the accounts payable vouchers without evidence of a proper system of oversight or review to ensure that vendor disbursements were accurately recorded in the proper funds.

Payroll Disbursements - One employee entered the wages for the salaried employees into the computerized accounting system upon hiring without evidence of a proper system of oversight or review to ensure that salaried employees were paid the correct amounts from the proper funds. One employee initiated, approved, recorded, and reconciled payroll transactions. The process lacked adequate oversight and approval of the transactions and reports generated based on the transactions.

2. **Monitoring of Controls:** An evaluation of the School Corporation's system of internal controls had not been conducted. Additionally, the School Corporation had no process to identify or communicate corrective actions to improve controls.

*Context*

The lack of controls and monitoring of controls were systemic issues during the second year of the audit period, coinciding with the conversion to a new computerized accounting system.

*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:

RIVER FOREST COMMUNITY SCHOOL CORPORATION  
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."

*Cause*

Management of the School Corporation had not established a proper system of internal control. An evaluation of the School Corporation's system of internal control had not been conducted.

*Effect*

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

*Recommendation*

We recommended that the School Corporation establish and properly monitor the system of internal controls to ensure that financial transactions are properly recorded.

*Views of Responsible Officials*

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

**FINDING 2017-002**

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

*Repeat Finding*

This is a repeat finding from the immediate prior audit. The prior audit finding number was 2015-002.

RIVER FOREST COMMUNITY SCHOOL CORPORATION  
FEDERAL FINDINGS  
(Continued)

*Condition*

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

The School Corporation failed to properly review the federal grant information prepared and submitted in the Indiana Gateway for Government Units financial reporting system, which was the source of the SEFA. One employee prepared the grant information for the federal awards without a system of oversight or review to detect and correct errors before submission.

*Context*

Due to the lack of controls, the following errors resulted in the understatement of the SEFA by \$614,705 and \$515,357 as of June 30, 2016 and 2017, respectively.

1. The School Breakfast Program and National School Lunch Program expenditures were understated by \$59,652 and \$175,634, respectively, for the 2015-2016 school year.
2. The Special Education\_Grants to States program was omitted from the SEFA which, understated the federal expenditures by \$327,792 and \$390,917 for the 2015-2016 and 2016-2017 school years, respectively. The Special Education\_Preschool Grants program was omitted from the SEFA, which understated the federal expenditures by \$11,220 and \$11,052 for the 2015-2016 and 2016-2017 school years, respectively.
3. The Title I Grants to Local Educational Agencies expenditures were understated by \$41,656 and \$136,129 for the 2015-2016 and 2016-2017 school years, respectively.
4. The English Language Acquisition State Grants expenditures were understated by \$27,881 for the 2015-2016 school year.
5. The Supporting Effective Instruction State Grant expenditures were understated by \$128 and \$8,469 for the 2015-2016 and 2016-2017 school years, respectively.
6. Some nonfederal grant activity for the 2015-2016 and 2016-2017 school years was reported in error on the SEFA totaling \$29,258 and \$31,210, respectively.
7. Three of the federal programs did not have the correct program title and one grant had the wrong CFDA number.

Audit adjustments were proposed, approved by the School Corporation, and made to the SEFA.

*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:



RIVER FOREST COMMUNITY SCHOOL CORPORATION  
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. . . .

The Green Book identifies a list of control activity categories that are meant only to illustrate the range and variety of control activities. . . .

- Accurate and timely recording of transactions. . . ."

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 financial statements. . . ."

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 Basis for determining Federal awards expended. 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 Federal 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 CFDA number or other identifying number when the CFDA 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.

RIVER FOREST COMMUNITY SCHOOL CORPORATION  
FEDERAL FINDINGS  
(Continued)

- (5) For loan or loan guarantee programs described in § 200.502 Basis for determining Federal awards expended, paragraph (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 Indirect (F&A) costs."

*Cause*

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

*Effect*

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

*Recommendation*

We recommended that the School Corporation establish a system of internal controls to ensure that federal expenditures are properly reported on the SEFA.

*Views of Responsible Officials*

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

**FINDING 2017-003**

Subject: Child Nutrition Cluster - Cash Management, Eligibility, Reporting, Special Tests and Provisions - School Food Accounts, School Breakfast Program, National School Lunch Program - Program Income, National School Lunch Program - Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP), Special Tests and Provisions - Paid Lunch Equity

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 16 and 17

Pass-Through Entity: Indiana Department of Education

Compliance Requirements: Cash Management, Eligibility, Program Income, Reporting, Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP), Special Tests and Provisions - School Food Accounts, Special Tests and Provisions - Paid Lunch Equity

Audit Finding: Material Weakness

RIVER FOREST COMMUNITY SCHOOL CORPORATION  
FEDERAL FINDINGS  
(Continued)

*Repeat Finding*

This is a repeat finding from the immediate prior audit regarding the Cash Management, Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP), Reporting, and Special Tests and Provisions - Paid Lunch Equity compliance requirements. The prior audit finding numbers were 2015-009, 2015-008, and 2015-005.

*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, Program Income, Reporting, and Special Tests and Provisions- Verification of Free and Reduced Price Applications (NSLP), Special Tests and Provisions - School Food Accounts, and Special Tests and Provisions - Paid Lunch Equity compliance requirements.

*Cash Management*

The School Corporation had not established procedures to monitor the School Lunch fund monthly cash balances to ensure that they were limited to three months average expenditures. A review process was not established to document the monitoring of the cash balances.

*Eligibility*

The School Corporation used a food service software which automatically made the eligibility determinations dependent upon the information entered into the software. The Food Service Director manually entered the federal income guidelines parameters into the food service software system without a proper system of oversight or review.

*Program Income*

The School Corporation had no evidence of controls to ensure that receipts generated from the cafeteria sales were properly recorded.

*Reporting*

The Food Service Director and the Treasurer worked together to prepare the Annual Financial Report. An oversight or review process had not been established to ensure the final report amounts were accurate prior to submission.

The Food Service Director prepared the School Food Authority (SFA) Verification Collection Report after completing the verification process without a proper system of oversight or review process to ensure the accuracy of the report.

*Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP)*

There was no documentation that an oversight or review process had been established to ensure the accuracy of the verifications performed.

RIVER FOREST COMMUNITY SCHOOL CORPORATION  
FEDERAL FINDINGS  
(Continued)

*Special Tests and Provisions - School Food Accounts*

A school food account had been established for the School Corporation; however, an oversight or review process of the amounts recorded in the school food account had not been established.

*Special Tests and Provisions - Paid Lunch Equity*

The Food Service Director completed the paid lunch equity calculation without an oversight or review process to ensure the accuracy of the calculation.

*Context*

The lack of controls was a systemic issue throughout 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. . . ."

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*

The School Corporation's management had not developed or implemented a system of internal controls to ensure compliance with the grant agreement and the compliance requirements noted above.

*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 programs.

*Questioned Costs*

There were no questioned costs identified.

RIVER FOREST COMMUNITY SCHOOL CORPORATION  
FEDERAL FINDINGS  
(Continued)

*Recommendation*

We recommended that the School Corporation's management establish controls to ensure compliance with Cash Management, Eligibility, Program Income, Reporting, Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP), Special Tests and Provisions - School Food Accounts, 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 2017-004**

Subject: Child Nutrition Cluster - Activities Allowed or Unallowed, Allowable Costs/Cost Principles  
Federal Agency: Department of Agriculture  
Federal Programs: School Breakfast Program, National School Lunch Program  
CFDA Numbers: 10.553, 10.555  
Federal Award Numbers and Years (or Other Identifying Numbers): FY 16 and 17  
Pass-Through Entity: Indiana Department of Education  
Compliance Requirements: Activities Allowed or Unallowed, Allowable Costs/Cost Principles  
Audit Findings: Material Weakness, Modified Opinion

*Repeat Finding*

This is a repeat finding from the immediate prior audit. The prior audit finding number was 2015-003.

*Condition*

The School Corporation had not established an effective internal control system related to the grant agreement and the Activities Allowed or Unallowed and Allowable Costs/Cost Principles compliance requirements.

The Food Service Director prepared and signed the accounts payable vouchers indicating that the purchase was for an allowable activity and met the requirements for an allowable costs/costs principles. In addition, the Food Service Director reviewed and approved the food service employees' hours worked prior to the Deputy Treasurer processing and posting of payroll costs.

However, a review or oversight process was not established to ensure that only those accounts payable vouchers or food service employees' payroll approved by the Food Service Director were recorded in the School Lunch fund.

The following disbursements recorded in the School Lunch fund, which accounted for the Child Nutrition Cluster Programs, failed to comply with Activities Allowed or Unallowed and Allowable Costs/Costs Principles.

RIVER FOREST COMMUNITY SCHOOL CORPORATION  
FEDERAL FINDINGS  
(Continued)

The School Corporation employed playground aides that supervised children in the lunchroom as well as on the playground. In March of 2016, the School Corporation split the salary of the playground aides; 80 percent charged to the School Lunch fund and 20 percent charged to the General fund. There was no supporting documentation to document how the School Corporation determined the percentages for these employees. The playground aides' timesheets did not indicate the actual time spent in the lunchroom.

In addition, there was no supporting documentation for a custodian's salary paid from the School Lunch fund for time spent cleaning the lunchroom. The custodian's timesheet reflected time split between playground and custodian class 1, which was the time spent cleaning other parts of the school but not the lunchroom.

These errors resulted in known questioned costs of \$36,441. When the sample errors noted above were projected to the population as a whole, additional likely errors of \$129,322 were identified.

*Context*

The lack of controls and the noncompliance were systemic issues throughout 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. . . ."

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). . . ."

OMB Circular A-87, Attachment A, Part C. states in part:

"1. Factors affecting allowability of costs. To be allowable under Federal awards, costs must meet the following general criteria:

a. Be necessary and reasonable for proper and efficient performance and administration of Federal awards.

b. Be allocable to Federal awards under the provisions of this Circular. . . ."

RIVER FOREST COMMUNITY SCHOOL CORPORATION  
FEDERAL FINDINGS  
(Continued)

OMB Circular A-87, Attachment B, section 8h(4) states in part:

"Where employees work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports or equivalent documentation which meets the standards in subsection (5) unless a statistical sampling system (see subsection (6)) or other substitute system has been approved by the cognizant Federal agency. Such documentary support will be required where employees work on:

- (a) More than one Federal award,
- (b) A Federal award and a non-Federal award, . . ."

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. . . ."

2 CFR 200.430(i) states in part:

"*Standards for Documentation of Personnel Expenses* (1) Charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed. These records must:

- (i) Be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated;
- (ii) Be incorporated into the official records of the non-Federal entity;
- (iii) Reasonably reflect the total activity for which the employee is compensated by the non-Federal entity, not exceeding 100% of compensated activities (for IHE, this per the IHE's definition of IBS); . . .
- (vii) Support the distribution of the employee's salary or wages among specific activities or cost objectives if the employee works on more than one Federal award; a Federal award and non-Federal award; an indirect cost activity and a direct cost activity; two or more indirect activities which are allocated using different allocation bases; or an unallowable activity and a direct or indirect cost activity. . . ."

*Cause*

The School Corporation's management had not developed or implemented a system of internal controls to ensure compliance with the grant agreement and the Activities Allowed or Unallowed and Allowable Costs/Cost Principles compliance requirements.

RIVER FOREST COMMUNITY SCHOOL CORPORATION  
FEDERAL FINDINGS  
(Continued)

*Effect*

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

*Questioned Costs*

Known questioned costs of \$36,441 were identified as detailed in the *Condition*.

*Recommendation*

We recommended that the School Corporation's management establish controls to ensure compliance and comply with Activities Allowed or Unallowed and Allowable Costs/Cost Principles 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 2017-005**

Subject: Child Nutrition Cluster - Procurement  
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 16 and 17  
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 immediate prior audit. The prior audit finding number was 2015-009.

*Condition*

The School Corporation had not established an effective internal controls system related to the grant agreement and the procurement requirements of the Procurement and Suspension and Debarment compliance requirement.

For the 2015-2016 and 2016-2017 fiscal years, the School Corporation contracted with a third-party purchasing service for food products, materials, and supplies. The School Board did not approve the contract with the purchasing service. An oversight, review, or approval process had not been established to ensure compliance with the applicable local, state, and federal laws regarding procurement requirements.

*Context*

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



RIVER FOREST COMMUNITY SCHOOL CORPORATION  
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. . . ."

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 use its own documented procurement procedures which reflect applicable State, local, and tribal laws and regulations, provided that the procurements conform to applicable Federal law and the standards identified in this part."

7 CFR 3016.36(b) states in part:

*Procurement standards.* (1) Grantees and subgrantees will use their own procurement procedures which reflect applicable State and local laws and regulations, provided that the procurements conform to applicable Federal law and the standards identified in this section. . . ."

The School Corporation Bylaws and Policies, Policy 6440 – COOPERATIVE PURCHASING states: "Cooperative or joint purchases require an agreement approved by the Board and the participating contracting body(ies) which shall specify the categories of equipment and supplies to be purchased; . . ."

*Cause*

The School Corporation's management had not developed a system of internal controls that would have ensured compliance with the procurement requirements of the Procurement and Suspension and Debarment compliance requirement.

*Effect*

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

*Questioned Costs*

There were no questioned costs identified.

RIVER FOREST COMMUNITY SCHOOL CORPORATION  
FEDERAL FINDINGS  
(Continued)

*Recommendation*

We recommended that the School Corporation's management establish controls to ensure compliance and comply with the Procurement and Suspension and Debarment compliance requirement.

*Views of Responsible Officials*

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

**FINDING 2017-006**

Subject: Title I Grants to Local Educational Agencies - Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Special Tests and Provisions - Comparability, Special Tests and Provisions - Highly Qualified Teachers and Paraprofessionals, Special Tests and Provisions - 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): 15-4590, 16-4590, 17-4590

Pass-Through Entity: Indiana Department of Education

Compliance Requirements: Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Special Tests and Provisions - Comparability, Special Tests and Provisions - Highly Qualified Teachers and Paraprofessionals, Special Tests and Provisions - Assessment System Security

Audit Finding: Material Weakness

*Repeat Finding*

This is a repeat finding from the immediate prior audit regarding the Activities Allowed or Unallowed, Allowable Costs/Cost Principles, and Special Tests and Provisions - Comparability compliance requirements. The prior audit finding number was Finding 2015-010.

*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: Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Special Tests and Provisions - Comparability, Special Tests and Provisions - Highly Qualified Teachers and Paraprofessionals, and Special Tests and Provisions - Assessment System Security.

*Activities Allowed or Unallowed, Allowable Costs/Cost Principles*

One individual prepared the accounts payable vouchers without a proper system of oversight or review to ensure that the disbursements recorded in the grant funds were only for allowable activities and were for allowable costs per the grant agreement.

A proper system of oversight or review was not established to ensure that the payroll and related benefits recorded in the grant funds were only for allowable activities and for allowable costs per the grant agreement.

RIVER FOREST COMMUNITY SCHOOL CORPORATION  
FEDERAL FINDINGS  
(Continued)

*Special Tests and Provisions - Comparability*

The Comparability Report was compiled and submitted by one individual without evidence of a proper system of oversight or review before submission.

*Special Tests and Provisions - Highly Qualified Teachers and Paraprofessionals*

The School Corporation used a "New Teacher" checklist along with a "Highly Qualified" form to verify that the newly-hired teachers and paraprofessionals were highly qualified. However, the control was not effective since the checklists and/or forms were not completed consistently.

*Special Tests and Provisions - Assessment System Security*

The School Corporation had a chain of custody checklist which was initialed once test documents were transferred between individuals. However, the control was not effective since not all checklist forms were completed or provided.

*Context*

The lack of controls was a systemic issue throughout 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. . . ."

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*

The School Corporation's management had not developed an effective system of internal controls to ensure compliance with the grant agreement and the compliance requirements noted above.

RIVER FOREST COMMUNITY SCHOOL CORPORATION  
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 to ensure compliance with the Activities Allowed or Unallowed, Allowable Costs/Cost Principles, 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 2017-007**

Subject: Title I Grants to Local Educational Agencies - Eligibility

Federal Agency: Department of Education

Federal Program: Title I Grants to Local Educational Agencies

CFDA Number: 84.010

Federal Award Numbers or Years (or Other Identifying Numbers): 15-4590, 16-4590, 17-4590

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Eligibility

Audit Findings: Material Weakness, Modified Opinion

*Repeat Finding*

This is a repeat finding from the immediate prior audit. The prior audit finding number was Finding 2015-011.

*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 Eligibility compliance requirement.

An oversight or review process was not established for the targeted assistance eligibility determinations for the Middle School for the 2015-2016 fiscal year. Sufficient appropriate audit evidence could not be obtained to verify that only eligible students were provided services for the Middle School for the 2015-2016 fiscal year.

RIVER FOREST COMMUNITY SCHOOL CORPORATION  
FEDERAL FINDINGS  
(Continued)

The School Corporation did not have an effective system of internal controls over the eligibility summary portion of the Title I grant application. The School Corporation had not retained the supporting documentation for the eligibility summary to support the public poverty data for the 2015-2016 grant application. For the 2016-2017 grant application, the supporting documentation of the public poverty data provided did not materially agree to the public poverty data for each school within the grant application.

*Context*

The lack of controls was a systemic issue throughout the audit period. The failure to provide evidence of compliance with targeted assistance determinations was isolated to the 2015-2016 fiscal year for the Middle School only. The lack of supporting documentation for the eligibility summary applied to the 2015-2016 grant year. The noncompliance with the eligibility summary applied to the 2016-2017 grant 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. . . ."

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). . . ."

34 CFR 80.42 states in part:

"(a) *Applicability.*

(1) This section applies to all financial and programmatic records, supporting documents, statistical records, and other records of grantees or subgrantees which are:

(i) Required to be maintained by the terms of this part, program regulations or the grant agreement, or

(ii) Otherwise reasonably considered as pertinent to program regulations or the grant agreement. . . ."

(b) *Length of retention period.*

(1) Except as otherwise provided, records must be retained for three years from the starting date . . ."

RIVER FOREST COMMUNITY SCHOOL CORPORATION  
FEDERAL FINDINGS  
(Continued)

34 CFR 200.78(a) states in part:

"(1) An LEA must allocate funds under subpart A of this part to school attendance areas and schools, identified as eligible and selected to participate under section 1113(a) or (b) of the ESEA, in rank order on the basis of the total number of children from low-income families in each area or school.

(2)

(i) In calculating the total number of children from low-income families, the LEA must include children from low-income families who attend private schools.

(ii) To obtain a count of private school children, the LEA may—

(A) Use the same poverty data the LEA uses to count public school children; . . ."

*Cause*

The School Corporation had not developed a system of internal controls that would have ensured that records were maintained and made available for audit and would have ensured compliance with the Eligibility compliance requirement.

*Effect*

The failure to retain appropriate documentation prevented the determination of the School Corporation's compliance with the eligibility requirements of the program for the 2015-2016 grant year. The failure to establish an effective internal control system enabled material noncompliance to go undetected. Noncompliance with the grant agreement or the compliance requirement 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 that eligibility records are maintained and available for audit, and ensure compliance with the Eligibility compliance requirement.

*Views of Responsible Officials*

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

# **River Forest Community School Corporation**

3250 Michigan Street

Hobart, Indiana 46342

Telephone: (219) 962-2909 Fax: (219) 962-4951

Dr. Steven C. Disney, Jr., Superintendent

Mr. Kevin Trezak, Assistant Superintendent

## **Audit Period July 1, 2015 through June 30, 2017 Corrective Action Plan**

### **FINDING 2017-001 - Financial Transactions**

Contact Person Responsible for Corrective Action: Lynne Styx, Treasurer

Contact Phone Number: 219-962-2909

Management will put into place a system for segregation of duties whereas further documentation will be provided as evidence of the oversight and review process for receipts, disbursements and payroll expenditures. In addition, an approval process will be put into place and will be properly documented.

Estimated Completion: June 2018

Management will implement guidelines for the periodic monitoring of internal controls and will provide evidence thereof.

Estimated Completion: August 2018

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## **Audit Period July 1, 2015 through June 30, 2017 Corrective Action Plan**

### **FINDING 2017-002 - Preparation of the Schedule of Expenditures of Federal Awards**

Contact Person Responsible for Corrective Action: Lynne Styx, Treasurer

Contact Phone Number: 219-962-2909

The Treasurer has gained further understanding of the specific grants that need to be reported on the SEFA, this, as well as the typographical errors, have been corrected for the 2016-2017 SEFA on Gateway.

Completed February 2018

For some grants, the accounting periods stretched over two accounting software systems, making it difficult to accurately obtain and report receipts and expenditures. Going into the next audit period, this should correct itself.

Management will put into place a system of internal controls whereas segregation of duties will be allowed for preparing the SEFA. In addition, a plan will be put into place where there will be oversight of data entry. Once prepared, an approval process will be followed and evidence of such will be maintained.

Estimated Completion: August 2018



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## **Audit Period July 1, 2015 through June 30, 2017 Corrective Action Plan**

### ***FINDING 2017-003***

Subject: Child Nutrition Cluster - Cash Management, Eligibility, Reporting, Special Tests and Provisions – School Food Accounts School Breakfast Program, National School Lunch Program – Program Income National School Lunch Program- Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP), Special Tests and Provisions - Paid Lunch Equity

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 16, FY 17

Pass-Through Entity: Indiana Department of Education

Compliance Requirements: Cash Management, Eligibility, Program Income, Reporting, Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP), Special Tests and Provisions - School Food Accounts, Special Tests and Provisions - Paid Lunch Equity

Contact Person Responsible for Corrective Action: Lynne Styx, Treasurer

Contact Phone Number: 219-962-2909

Cash Management: The Treasurer shall provide the Director of Student Nutrition with a quarterly accounting of receipts and expenditures from the School Lunch Fund (0800). Verification of review will be evidenced by way of a signature.

Estimated Completion: March 2018

Eligibility: Management has put into place an internal control system whereas data entry is reviewed by another employee and evidenced by way of signatures.

Completed: February 2018

Program Income: Management will put into place an internal control in which the Treasurer will provide the Director of Student Nutrition a monthly accounting of receipts entered into the financial system. This will be evidenced by way of signatures.

Estimated Completion: April 2018

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## **Finding 2017-003 continued**

**Reporting:** Management will put into place a review and approval process when reporting the Annual Financial Report and this will be evidenced by way of signatures.

**Estimated Completion:** September 2018

Management will put into place a review process for preparing the SFA Verification Collection Report by having someone other than the Director of Student Nutrition sign the report.

**Estimated Completion:** September 2018

## **Special Tests and Provisions**

**Verification of Free and Reduced Price Applications:** Management will put into place an internal control whereas oversight and review regarding verification of accuracy of Free and Reduced Applications and will be evidenced by signatures.

**Estimated Completion:** October 2018

**School Food Accounts:** Management will put into place an internal control in which the Treasurer will provide the Director of Student Nutrition a monthly accounting of receipts entered into the financial system. This will be evidenced by way of signatures.

**Estimated Completion:** April 2018

**Paid Lunch Equity:** Management has put into place an internal control system in which the PLE Tool is reviewed for accuracy; this is evidenced by signatures.

**Completed:** March 2018

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Mr. Kevin Trezak, Assistant Superintendent

## **Audit Period July 1, 2015 through June 30, 2017 Corrective Action Plan**

### ***FINDING 2017-004***

Subject: Child Nutrition Cluster - Activities Allowed or Unallowed, Allowable Costs/Cost Principles

Federal Agency: Department of Agriculture

Federal Programs: School Breakfast Program, National School Lunch Program

CFDA Numbers: 10.553, 10.555 Federal Award Numbers and Years (or Other Identifying Numbers): FY 16, FY 17

Pass-Through Entity: Indiana Department of Education

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

Contact Person Responsible for Corrective Action: Lynne Styx, Treasurer

Contact Phone Number: 219-962-2909

Management will put into place better internal controls while maintaining separation of duties between non-food service duties and those allowed by the grant. This will be accounted for by removing the percentage calculation in the payroll system and by providing separate time records for each area and will be reviewed by the Director of Student Nutrition. In addition, a payroll accounting will be sent back to the Director for review. This will be evidenced by way of signature(s).

Estimated Completion: June 2018

The Treasurer will review payments to vendors by signing an accounts payable voucher report generated by the Deputy Treasurer after the docket is run.

Estimated Completion: June 2018

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Mr. Kevin Trezak, Assistant Superintendent

**Audit Period July 1, 2015 through June 30, 2017  
Corrective Action Plan**

## ***FINDING 2017-005***

Subject: Child Nutrition Cluster – Procurement

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 16, FY 17

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Procurement and Suspension and Debarment

Contact Person Responsible for Corrective Action: Lynne Styx, Treasurer

Contact Phone Number: 219-962-2909

After an established compliance review process, management will bring forth for board approval ALL bids awarded by the N.W. Indiana Educational Service Center. In addition, all procurements will be reviewed and approved as necessary by policy. This will be evidenced by way of recommendations by the Director of Student Nutrition and a designee appointed by the Superintendent.

Estimated Completion: August 2018

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Mr. Kevin Trezak, Assistant Superintendent

## **Audit Period July 1, 2015 through June 30, 2017 Corrective Action Plan**

### ***FINDING 2017-006***

Subject: Title I Grants to Local Educational Agencies - Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Special Tests and Provisions - Comparability, Special Tests and Provisions - Highly Qualified Teachers and Paraprofessionals, Special Tests and Provisions - 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): 15-4590, 16-4590, 17-4590  
Pass-Through Entity: Indiana Department of Education  
Compliance Requirements: Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Special Tests and Provisions - Comparability, Special Tests and Provisions - Highly Qualified Teachers and Paraprofessionals, Special Tests and Provisions - Assessment System Security

Contact Person Responsible for Corrective Action: Lynne Styx, Treasurer  
Contact Phone Number: 219-962-2909

Activities Allowed or Unallowed, Allowable Costs/Cost Principals: Management will put into place an internal control procedure whereas someone other than the Deputy Treasurer reviews the accounts payable voucher after the docket is complete. A control is already in place to ensure funds are properly appropriated as allowable costs. This will be evidenced by way of a signature.

Estimated Completion: June 2018

### **Special Tests and Provisions**

Comparability: Management will put into place an internal control which evidences an oversight and review procedure by way of signatures.

Estimated Completion: August 2018

Highly Qualified Teachers and Paraprofessionals: Management will place better internal controls to properly track evidence that credentials are properly obtained, recorded and maintained.

Estimated Completion: August 2018

Assessment System Security: Management has put into place better internal controls to maintain evidence of the chain of security.

Completed: March 2018

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Mr. Kevin Trezak, Assistant Superintendent

**Audit Period July 1, 2015 through June 30, 2017  
Corrective Action Plan**

## ***FINDING 2017-007***

Subject: Title I Grants to Local Educational Agencies – Eligibility

Federal Agency: Department of Education

Federal Program: Title I Grants to Local Educational Agencies

CFDA Number: 84.010 Federal Award Numbers or Years (or Other Identifying Numbers): 15-4590, 16-4590, 17-4590

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Eligibility

Contact Person Responsible for Corrective Action: Lynne Styx, Treasurer

Contact Phone Number: 219-962-2909

Management will put into place an internal control system with proper review and oversight to ensure compliance data and documentation is properly maintained.

Estimated Completion: August 2018

RIVER FOREST COMMUNITY SCHOOL CORPORATION  
AUDIT RESULTS AND COMMENTS

**OVERDRAWN CASH BALANCES**

The financial statement presented in the Financial Statement and Federal Single Audit Report included the following funds with overdrawn cash balances at June 30, 2016 and 2017:

| Fund   | Amount Overdrawn<br>as of June 30, |           |
|--|------------------------------------|-----------|
|  | 2016                               | 2017      |
| School Transportation                            | \$ -                               | \$ 17,507 |
| Construction, Remodeling and Equipping Buildings | -                                  | 2,630     |
| Performance Based Awards                         | 4,698                              | 4,698     |
| Fringe Benefit Clearing                          | 2,367                              | -         |

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)

**TRAINING ON INTERNAL CONTROLS STANDARDS**

Training over internal control standards was not provided by the School Corporation as required by Indiana Code 5-11-1-27(g).

Indiana 5-11-1-27(g) states:

"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."

**RECORD OF HOURS WORKED**

Time records of actual hours worked for all certified employees were not maintained or approved by an appropriate official, department head, or fiscal officer for the entire audit period.

The Payroll Schedule and Voucher (General Form 99) should be used to prepare all payrolls from the attendance records of the employees listed thereon. The attendance information should be supplied to the business office by the school principal or by the department head for all employees under his jurisdiction or supervision.

Upon completion of the payroll claim by the business office, the certificate must be executed by the superintendent of schools or the business manager of the school corporation (provided the business manager is not also the treasurer) and the attest or approval signed by the treasurer of the school corporation. The payroll claim should then be processed, numbered, allowed by the school board and filed in numerical sequence with other claims. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporation, Chapter 3)

RIVER FOREST COMMUNITY SCHOOL CORPORATION  
AUDIT RESULTS AND COMMENTS  
(Continued)

The federal Fair Labor Standards Act (FLSA) requires that records of wages paid, daily and weekly hours of work, and the time of day and day of week on which the employee's work week begins be kept for all employees. These requirements can be met by use of the following prescribed general forms:

General Form 99A, Employee's Service Record  
General Form 99B, Employee's Earnings Record  
General Form 99C, Employee's Weekly Earnings Record

General Form 99C is required only for employees who are not exempt from FLSA, are not on a fixed work schedule, and are not paid weekly.

Additional information regarding FLSA rules and regulations may be obtained from the Department of Labor.

(Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporation, Chapter 1)

**CAPITAL ASSETS**

The School Corporation had not properly updated their inventory of capital assets owned since June 30, 2014.

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)

**ANNUAL FINANCIAL REPORT**

The same comment also appeared in the prior Report B46656.

The Annual Financial Report (AFR) due August 31, 2016, was filed on January 23, 2017, which was 145 days late. The AFR due August 31, 2017, was filed on November 2, 2017, which was 62 days late.

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 . . ."



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Dr. Steven C. Disney, Jr., Superintendent

Mr. Kevin Trezak, Assistant Superintendent

March 12, 2018

State Board of Accounts  
301 W. Washington St.  
Room E418  
Indianapolis, IN 46204-2738

Please let this letter serve as our official response from River Forest Community School Corporation concerning the recent audit for the school years 2015-2016 and 2016-2017.

First, we'd like to thank the field representatives Samantha Berrier and Lauryn Alyea for their professionalism while reviewing our documentation for the audit years listed above. Requests to administration and staff members were courteous, and care was taken to explain any deficiencies that were found.

Shown below is our response to the Audit Results and Comments for the audit period referenced above.

## **OVERDRAWN CASH BALANCES**

Cash balances shown for the June 30, 2017 were the result of the following:

**School Transportation:** The Treasurer did not make an inter-fund transfer until the end of the budget year, December 31, 2017.

**Construction Remodeling:** Reimbursements from the construction project had not yet been received from U.S. Bank, it was a timing issue.

**Performance Based Awards:** The Treasurer did not make an inter-fund transfer until the end of the budget year, December 31, 2017.

## **TRAINING ON INTERNAL CONTROL STANDARDS**

Management concurs with the comment that a training program has not been implemented and acknowledges that this needs to be completed as soon as possible.

## **RECORD OF HOURS WORKED**

Management was unaware that the current tracking system for certificated staff was not adequate. Management will work with RFTA to develop a system acceptable to all involved. The Deputy Treasurer will ensure that unique identifying numbers are given to payroll claims.

**CAPITAL ASSETS**

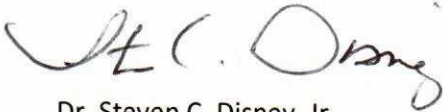
Management is aware that capital assets need to be reviewed and inventoried biennially, and prior to the audit, had started the process of obtaining quotes.

**ANNUAL FINANCIAL REPORT**

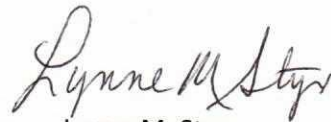
During the transition from one financial software system to another, several discrepancies were noted and the Treasurer had worked with the D.O.E. to correct these. Once the Bi-annual Financial Reports were accepted by the D.O.E the Treasurer felt comfortable filing the Annual Financial Report. This should not be an issue moving forward.

In closing, it is the desire of River Forest Community School Corporation to fully comply with all requirements pertaining to the administration of all funds entrusted to the Corporation.

Respectfully submitted,



Dr. Steven C. Disney, Jr.  
Superintendent



Lynne M. Styx  
Treasurer

RIVER FOREST COMMUNITY SCHOOL CORPORATION  
EXIT CONFERENCE

The contents of this report were discussed on March 6, 2018, with Lynne M. Styx, Treasurer; Dr. Steven C. Disney, Jr., Superintendent of Schools; H. Marshall Gilliana, II, President of the School Board; Kevin Trezak, Assistant Superintendent of Schools; Michelle Martin, Secretary of the School Board; and Steve Kissel, School Board member.