

**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, 2015 to June 30, 2017



**FILED**

05/11/2018



## TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials .....	2
Transmittal Letter .....	3
Federal Findings:	
Finding 2017-001	
Financial Transactions .....	4-5
Finding 2017-002	
School Breakfast Program, National School Lunch Program - Program Income .....	5-6
Finding 2017-003	
Child Nutrition Cluster - Reporting .....	7-8
Finding 2017-004	
School Breakfast Program and National School Lunch Program - Cash Management and Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP) and National School Lunch Program - Special Tests and Provisions - Paid Lunch Equity .....	9-10
Finding 2017-005	
Child Nutrition Cluster - Procurement .....	10-12
Finding 2017-006	
Title I Grants to Local Educational Agencies - Internal Controls .....	13-14
Finding 2017-007	
Title I Grants to Local Educational Agencies - Special Tests and Provisions - Comparability .....	14-16
Corrective Action Plan .....	17-23
Audit Result and Comment:	
Adoption of and Certification on Internal Control Standards .....	24
Official Response .....	25
Exit Conference .....	26

### SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Kathleen Dowling	07-01-15 to 06-30-16
	(Vacant)	07-01-16 to 07-24-16
	Sandra Gross (interim)	07-25-16 to 08-09-16
	Meghan Damron	08-10-16 to 12-31-18
Superintendent of Schools	Dr. Peter Morikis	07-01-15 to 02-09-18
	Michele Riise	02-10-18 to 12-31-18
President of the School Board	Raymond White	07-01-15 to 12-31-15
	Gerald Potacki	01-01-16 to 12-31-16
	Gary Sutton	01-01-17 to 12-31-17
	Leah Powell-Dumezich	01-01-18 to 12-31-18



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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

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

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, 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 Result and Comment 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 Result and Comment contained herein describes the identified reportable instance 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 Result and Comment, incorporated within this report, were not verified for accuracy.

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

April 26, 2018

GRIFFITH PUBLIC SCHOOLS  
FEDERAL FINDINGS

***FINDING 2017-001***

Subject: Financial Transactions  
Audit Finding: Significant Deficiency

*Repeat Finding*

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

*Condition*

There was a deficiency in the internal control system of the School Corporation related to Financial Transactions. The School Corporation had not designed or implemented proper segregation of duties related to receipts. One employee issued and recorded receipts without evidence of an oversight or approval process to ensure the accuracy and classification of the receipt to the proper fund and account.

*Context*

This was a systemic issue throughout the audit period.

*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:

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

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

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

*Cause*

Management of the School Corporation had not established a proper system of internal control that segregated key functions.

*Effect*

The failure to establish controls could have enabled misstatements or irregularities to remain undetected.

GRIFFITH PUBLIC SCHOOLS  
FEDERAL FINDINGS  
(Continued)

*Recommendation*

We recommended that the School Corporation establish a system of internal controls related to financial transactions.

*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: School Breakfast Program, National School Lunch Program - Program Income  
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 2016, FY 2017  
Pass-Through Entity: Indiana Department of Education  
Compliance Requirement: Program Income  
Audit Findings: Material Weakness, Modified Opinion

*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 Program Income compliance requirement.

One individual prepared and recorded receipts with no evidence of a review or approval process to ensure that receipts generated from cafeteria sales were properly recorded.

Program income was not properly recorded in accordance with grant requirements. Program income was generated through sales of meals or a la carte to students and adults who were deemed to be paid or reduced price status. The School Corporation included a portion of federal reimbursements in its program income from local sources, which caused its program income to be overstated by \$75,396 and \$27,917 for the 2015-2016 and 2016-2017 fiscal years, respectively.

*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. . . ."

GRIFFITH PUBLIC SCHOOLS  
FEDERAL FINDINGS  
(Continued)

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

2 CFR 200.302(b) states in part:

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

- (2) Accurate, current, and complete, disclosure of the financial results of each Federal award or program in accordance with the reporting requirements set forth in §§ 200.327 Financial reporting and 200.328 Monitoring and reporting program performance. . . .
- (3) Records that identify adequately the source and application of funds for federally-funded activities. These records must contain information pertaining to Federal awards, authorizations, obligations, unobligated balances, assets, expenditures, income and interest and be supported by source documentation. . . ."

*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 Program Income 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.

*Recommendation*

We recommended that the School Corporation's management establish controls to ensure compliance and comply with the Program Income compliance requirement.

*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 2017-003***

Subject: Child Nutrition Cluster - Reporting  
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 2016, FY 2017  
Pass-Through Entity: Indiana Department of Education  
Compliance Requirement: Reporting  
Audit Findings: Material Weakness, Modified Opinion

*Repeat Finding*

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

*Condition*

An effective internal control system was not in place at the School Corporation in order to ensure compliance with the grant agreement and the Reporting compliance requirement.

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 to ensure the accuracy of the report.

The School Corporation did not have controls in place to ensure the accuracy of the Annual Financial Report (AFR). The revenues reported in the AFR for the 2016 fiscal year understated the Federal Reimbursements and overstated the Sales to Children and Other Income totals for a net variance of \$1,710. The 2017 fiscal year AFR overstated the Federal Reimbursements and Other Income by \$176,458.

The expenditures reported in the AFR for the 2016 fiscal year were understated by \$500,365. The expenditures reported in the AFR for the 2017 fiscal year were overstated by \$677,845. The School Corporation failed to report the consolidated expenditure totals for the School Lunch and the Food Service Payroll clearing fund to ensure the proper reporting of the related direct labor costs.

*Context*

The lack of controls and the noncompliance over the AFR 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. . . ."

GRIFFITH PUBLIC SCHOOLS  
FEDERAL FINDINGS  
(Continued)

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

2 CFR 200.302(b) states in part:

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

- (2) Accurate, current, and complete, disclosure of the financial results of each Federal award or program in accordance with the reporting requirements set forth in §§ 200.327 Financial reporting and 200.328 Monitoring and reporting program performance. . . .
- (3) Records that identify adequately the source and application of funds for federally-funded activities. These records must contain information pertaining to Federal awards, authorizations, obligations, unobligated balances, assets, expenditures, income and interest and be supported by source documentation. . . ."

*Cause*

The School Corporation's management had not developed a system of internal controls that would have ensured compliance with the Reporting 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.

*Recommendation*

We recommended that the School Corporation management establish controls to ensure compliance and comply with the grant agreement and the Reporting compliance requirement.

*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 2017-004***

Subject: School Breakfast Program and National School Lunch Program - Cash Management, Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP); National School Lunch Program - Special Tests and Provisions - Paid Lunch Equity

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 2016, FY 2017

Pass-Through Entity: Indiana Department of Education

Compliance Requirements: Cash Management, Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP), Special Tests and Provisions - Paid Lunch Equity

Audit Finding: Material Weakness

*Repeat Finding*

This is a repeat finding from the immediate prior audit. The prior audit finding numbers were 2015-002 and 2015-003.

*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, Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP), and Special Tests and Provisions - Paid Lunch Equity compliance requirements.

*Cash Management*

The School Corporation established a process to monitor the School Lunch fund monthly cash balances; however, documentation was not retained providing evidence of the review.

*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.

*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. . . ."

GRIFFITH PUBLIC SCHOOLS  
FEDERAL FINDINGS  
(Continued)

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 listed 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.

*Recommendation*

We recommended that the School Corporation's management establish controls to ensure compliance with the Cash Management, Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP), 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 2017-005**

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 2016, FY 2017

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Procurement and Suspension and Debarment

Audit Findings: Material Weakness, Modified Opinion

GRIFFITH PUBLIC SCHOOLS  
FEDERAL FINDINGS  
(Continued)

*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 procurement requirements of the Procurement and Suspension and Debarment compliance requirement.

The School Corporation did not have internal controls in place to ensure that the purchasing methods used complied with 2 CFR 200.320.

For the 2016-2017 fiscal year, the School Corporation renewed a contract with a third-party purchasing service for food products, materials, and supplies. The Food Service Director indicated a price analysis comparison was performed at the beginning of the year; however, documentation of the analysis was not retained. In addition, the School Board did not approve the contract with the purchasing service.

An oversight or approval process had not been established to ensure compliance with the applicable local, state, and federal laws regarding procurement requirements.

The School Corporation did not obtain price or rate quotes for purchases of produce exceeding \$3,500, which fell under the small purchase procedures. The Food Service Director indicated that an assessment and quotes were done at the time of the purchase; however, documentation of the quotes and assessment made was not retained.

*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). . . ."

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."

GRIFFITH PUBLIC SCHOOLS  
FEDERAL FINDINGS  
(Continued)

2 CFR 200.320 states in part:

"The non-Federal Entity must use one of the following methods of procurement.

- (a) Procurement by micro-purchases. Procurement by micro-purchase is the acquisition of supplies or services, the aggregate dollar amount of which does not exceed the micro-purchase threshold (§ 200.67 Micro-purchase). To the extent practicable, the non-Federal entity must distribute micro-purchases equitably among qualified suppliers. Micro-purchases may be awarded without soliciting competitive quotations if the non-Federal entity considers the price to be reasonable.
- (b) Procurement by small purchase procedures. Small purchase procedures are those relatively simple and informal procurement methods for securing services, supplies, or other property that do not cost more than the Simplified Acquisition Threshold. If small purchase procedures are used, price or rate quotations must be obtained from an adequate number of qualified sources. . . ."

The School Corporation Bylaws and policies, Policy 6440 - COOPERATIVE PURCHASING states in part: "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.

*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.

GRIFFITH PUBLIC SCHOOLS  
FEDERAL FINDINGS  
(Continued)

***FINDING 2017-006***

Subject: Title I Grants to Local Educational Agencies - Internal Controls  
Federal Agency: Department of Education  
Federal Program: Title I Grants to Local Educational Agencies  
CFDA Number: 84.010  
Federal Award Numbers and Years (or Other Identifying Numbers): FY14-15, FY15-16, FY16-17  
Pass-Through Entity: Indiana Department of Education  
Compliance Requirements: Period of Performance, Reporting, Special Tests  
and Provisions - Schoolwide Programs  
Audit Finding: Material Weakness

*Repeat Finding*

This is a partial repeat finding from the immediate prior audit. The prior audit finding numbers were 2015-004 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 Period of Performance, Reporting, and Special Tests and Provisions - Schoolwide Programs compliance requirements.

*Period of Performance*

The School Corporation had not established an effective internal control system to ensure that adjustments recorded in the grant funds were within the period of performance during the audit period. A proper system of oversight or review was not documented.

*Reporting*

A proper system of oversight or review was not documented that someone other than the preparer reviewed the Annual Expenditure Report prior to its submission.

*Special Tests and Provisions - Schoolwide Programs*

A proper system of oversight or review was not documented that someone reviewed the School Improvement Plans before submission or that School Corporation officials were involved in preparing the plan.

*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. . . ."

GRIFFITH PUBLIC SCHOOLS  
FEDERAL FINDINGS  
(Continued)

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 a system of internal controls to ensure compliance with the grant agreement and the compliance requirements listed 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 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 compliance requirements listed above.

*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 - Special Tests and Provisions - Comparability  
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): FY14-15, FY15-16, FY16-17  
Pass-Through Entity: Indiana Department of Education  
Compliance Requirement: Special Tests and Provisions - Comparability  
Audit Findings: Material Weakness, Modified Opinion

GRIFFITH PUBLIC SCHOOLS  
FEDERAL FINDINGS  
(Continued)

*Repeat Finding*

This is a repeat finding from the immediate prior audit. The prior audit finding number was 2015-004.

*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 Special Tests and Provisions - Comparability compliance requirement.

The School Corporation was required to file a Comparability Report every two years with the Indiana Department of Education (IDOE), which documented the full-time equivalent (FTE) of staff to students by school. The information reported by the School Corporation was used by the IDOE to determine if services provided with state and local funds, when taken as a whole, were substantially comparable at each school.

An oversight or review process was not established for the Comparability Report prior to submission. Sufficient appropriate audit evidence could not be obtained to verify the accuracy and completeness of the 2015-2016 Comparability Report.

In addition, although the 2017 fiscal year report was not required to be submitted to IDOE, proper supporting documentation was not provided to verify the FTE counts.

*Context*

The lack of controls was a systemic issue throughout the audit period that prevented the determination of the School Corporation's compliance with the Special Tests and Provisions - Comparability compliance requirement.

*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). . . ."

GRIFFITH PUBLIC SCHOOLS  
FEDERAL FINDINGS  
(Continued)

20 US Code § 6321(c)(3) states:

"Each local educational agency assisted under this part shall—

(A) develop procedures for compliance with this subsection; and

(B) maintain records that are updated biennially documenting such agency's compliance with this subsection."

*Cause*

The School Corporation's management had not developed a system of internal controls that would have ensured that records related to the Special Tests and Provisions - Comparability compliance requirement were maintained and made available for audit.

*Effect*

The failure to retain appropriate documentation prevented the determination of the School Corporation's compliance with the Special Tests and Provisions - Comparability compliance requirement.

*Questioned Costs*

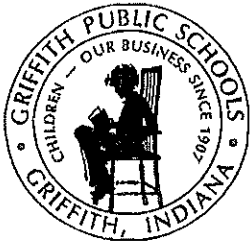
There were no questioned costs identified.

*Recommendation*

We recommended that the School Corporation's management establish effective controls to ensure supporting documentation related to the Special Tests and Provisions - Comparability compliance requirement is maintained for audit.

*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, District Discipline Advisor  
Michele Riise

Board of School Trustees  
Leah Powell-Domezich, President  
Kathy Ruesken, First Vice President  
Jennifer Dildine, Second Vice President  
Gary J. Sutton, Secretary  
Richard Leber, Assistant Secretary

## CORRECTIVE ACTION PLAN

### **FINDING 2017-001**

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

Views of Responsible Official: We take exception to the categorization of 2017-001 as a full repeat of Finding 2015-001. It is true that the Corrective Action Plan for Finding 2015-001 is not fully implemented, however, all deficiencies other than the receipting procedure have been completed. When identifying root causes of the deficiencies noted in Finding 2015-001, it was determined that our current financial software made implementation of an effective receipting procedure cumbersome. A decision was made to maintain the status quo until the current financial software could be replaced. Given the 12 months between audits, we have not yet been able to effect that change.

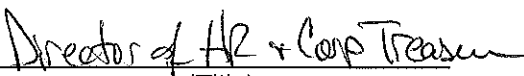
Description of Corrective Action Plan: The administrative personnel in the central office will continue to receipt into our financial system incoming revenues for our district. Starting in April of 2018 once the treasurer or Director of Finance finalizes end of month account reviews, they will then print the official receipts and review those printed receipts by initialing the pages reviewed and signing the last page noting that all receipts were viewed. Following this the treasurer or Director will run a revenue report and update financial cash flow statements as a third review of the receipting process.


Starting in January of 2019 we will convert to a new financial software system that we believe will help in implementing further controls in this process. As we move forward in our conversion process we will review the receipting process and put into place more controls that will be paperless in the system to identify those who approve and reviews the transactions.

Monitoring of Controls: The Director of Finance and Treasurer will review that these steps will take place going forward.

Anticipated Completion Date: The anticipated completion date is April of 2018.

  
(Signature)

  
(Title)

  
(Date)



# Griffith Public Schools

Superintendent of Schools  
Michele Riise

Board of School Trustees  
Leah Powell-Dumezich, President  
Kathy Ruesken, First Vice President  
Jennifer Dildine, Second Vice President  
Gary J. Sutton, Secretary  
Richard Leber, Assistant Secretary

## **FINDING 2017-002**

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

Views of Responsible Official: We agree with the finding. There was some change over in personnel in the Director of Food Service position during this audit period. Some adjustments were made by the new Director of Food Service and District Treasurer to bring the grant procedures into compliance with federal requirements. Going forward reports will be reviewed on a monthly basis to ensure any necessary adjustments will be made in a timely manner.

### Description of Corrective Action Plan:

#### Program Income

More training shall be provided to the employee receipting federal reimbursements and program income from local sources into the district financial management system.

#### Monitoring of Controls

Monthly a copy of the food service receipting log from the financial management system will be ran and reviewed for any inconsistencies for the prior month. The document will be signed and dated after review.

#### Anticipated Completion Date:

The district treasurer and food service director have reviewed the receipting procedures with the employee. As of April 30, 2018 all monthly financial management system reports will be signed.

BR  
(Signature)

Food Service Director  
(Title)

April 26, 2018  
(Date)



# Griffith Public Schools

Superintendent of Schools  
Michele Riise

Board of School Trustees  
Leah Powell-Dumezich, President  
Kathy Ruesken, First Vice President  
Jennifer Dildine, Second Vice President  
Gary J. Sutton, Secretary  
Richard Leber, Assistant Secretary

## **FINDING 2017-003**

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

Views of Responsible Official: We take exception to the categorization of 2017-003 as a full repeat of Finding 2015-002. The Corrective Action Plan for Finding 2015-002 were fully implemented as the food service director's work being audited was no longer working for the district. However, when identifying root causes of the deficiencies noted in Finding 2015-002 there needed to be a separation of duties between creating monthly claim reimbursement reports and submitting them. Those steps were taken but there were no additional edit checks of data entry once the verification collection report was created. The AFR was corrected to the best of my ability. Moving forward digital and hard copies of all edit checks will be retained for future review. We will continue to audit and improve our internal control procedures and processes as weaknesses are identified.

### Description of Corrective Action Plan:

#### Reporting- Verification

Once state mandated reports are completed an edit check of data entry will be performed by someone other than the person creating the report. Once an edit check has been completed the report will be sent to the state designated office.

#### Reporting-AFR

Monthly financial management reports will be reviewed to ensure accuracy when receipting transactions. This will ensure the correct revenue and expenditure amounts are reported on the AFR in the correct fund.

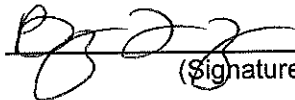
#### Monitoring Controls

Edit checks of data entry will be performed by someone other than the person creating the report.

#### Anticipated Completion Date:

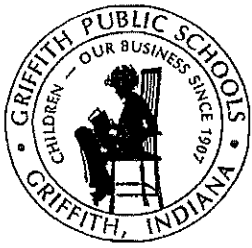
Verification will be adjusted October 2018 when the next report is due.

The monitoring of monthly receipting is currently being done. It will be documented that edit checks have been performed.

  
(Signature)

Food Service Director  
(Title)

April 26, 2018  
(Date)



# Griffith Public Schools

Superintendent of Schools  
Michele Riise

Board of School Trustees  
Leah Powell-Domezich, President  
Kathy Ruesken, First Vice President  
Jennifer Dildine, Second Vice President  
Gary J. Sutton, Secretary  
Richard Leber, Assistant Secretary

## **FINDING 2015-004**

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

Views of Responsible Official: We agree with this finding. All updates of changes to meal prices were submitted to the school board for approval. However no edit checks of data entry were performed, submitted or saved by the previous director before board approval. Moving forward digital and hard copies of all edit checks will be retained for future review. We will continue to audit and improve our internal control procedures and processes as weaknesses are identified.

### Description of Corrective Action Plan:

#### Cash Management

Documentation was retained for the review of monthly cash balances however it was not signed indicating that it had been reviewed. Moving forward each month's financial report will be signed and dated indicating review.

#### Special Tests and Provisions-Eligibility Verifications


Edit checks of data entry will be performed by someone other than the person creating the verification report before submitting to state.


#### Special Tests and Provisions-Paid Lunch Equity

Copies of all documents used to complete the PLE will be submitted with the board approval request for the following year's meal prices. In the board approval request it will indicate that the approval of the request also indicates that they have reviewed all data entry as accurate.

Anticipated Completion Date: We are implementing better internal controls effective immediately with a review of effectiveness to occur as the reports become due to the state.

  
(Signature)

  
(Title)

  
(Date)



# Griffith Public Schools

Superintendent of Schools  
Michele Riise

Board of School Trustees  
Leah Powell-Domezich, President  
Kathy Ruesken, First Vice President  
Jennifer Dildine, Second Vice President  
Gary J. Sutton, Secretary  
Richard Leber, Assistant Secretary

**FINDING 2015-005**

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

Views of Responsible Official: We agree with the finding. We will continue to audit and improve our internal control procedures and processes as weaknesses are identified.

Description of Corrective Action Plan:

Procurement

All documentation of price comparisons and quotes will be retained in the food service physical files for the year.

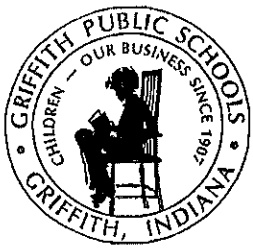
All contract agreements be it new or a renewal/extension will be submitted for board approval.

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

  
(Signature)

Food Service Director  
(Title)

April 29, 2018  
(Date)



# Griffith Public Schools

Superintendent, District Discipline Advisor  
Michele Riise

Board of School Trustees  
Leah Powell-Dumezich, President  
Kathy Ruesken, First Vice President  
Jennifer Dildine, Second Vice President  
Gary J. Sutton, Secretary  
Richard Leber, Assistant Secretary

## **FINDING 2017-006**

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

Views of Responsible Official: We agree with this finding. As of April of 2018, Griffith Public Schools is in the midst of reviewing and implementing strengthened internal controls that will comply with federal requirements. Each of the personnel listed below are aware of his/her responsibilities within the internal processes described below; however, we have not had the opportunity to ensure that these internal controls are sound and ensure compliance. We will continue to audit and improve our internal control procedures and processes as weaknesses are identified.

Description of Corrective Action Plan:

Period of Performance:

There was some change over in personnel in the Director of Finance position during this audit period. Some adjustments were made by the new Director of Finance and Treasurer to bring the grant procedures into compliance with federal requirements. Going forward will be reviewed on a monthly basis to ensure any necessary adjustments will be made in a timely manner.

Reporting:

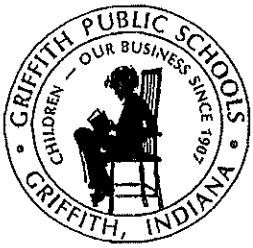
Documentation will be provided as the following internal control is utilized for future submissions of the compliance with the Annual Final Expenditure:

1. The Treasurer or Director of Finance will run final expenditure reports and review with the Title I Director and both parties will sign off on the final report run for submission.
2. Title I Administrator will provide documentation and each report and/or requirement will be verified and signed by the Superintendent.
3. Title I Administrator will submit the report and/or requirement to Title 1.
4. Title I Administrator will upload the documentation along with the report and/or requirement to Yellow Folder, our web-based filing system (paperless file system) for future audits.

Special Tests and Provisions – Schoolwide Programs

In regards to School-wide Plans, Building Administrators are responsible for the following:

1. Building Administrators will create a stakeholder group to annually review, develop, and create school-wide plans for his/her building.
2. Building Administrators will ensure that the documentation of meeting agendas, participant sign in/out sheets, and final plans are uploaded to Yellow Folder, our web-based filing system. AdvancEd will be the software utilized during this process.
3. Annually, Building Administrator will ensure that the Griffith Public Schools' Board of Trustees publicly approves the school-wide plan.
4. Annually, Building Administrator will ensure that the plan is submitted to the IDOE.
5. Superintendent will verify plan is submitted to the IDOE when he/she signs off on the DOE-Online report.



# Griffith Public Schools

Superintendent, District Discipline Advisor  
Michele Rilse

Board of School Trustees  
Leah Powell-Dumezich, President  
Kathy Ruesken, First Vice President  
Jennifer Dildine, Second Vice President  
Gary J. Sutton, Secretary  
Richard Leber, Assistant Secretary

## **FINDING 2017-007**

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

Views of Responsible Official: We agree with this finding. As of April of 2018, Griffith Public Schools is in the midst of reviewing and implementing strengthened internal controls that will comply with federal requirements. Each of the personnel listed below are aware of his/her responsibilities within the internal processes described below; however, we have not had the opportunity to ensure that these internal controls are sound and ensure compliance. We will continue to audit and improve our internal control procedures and processes as weaknesses are identified.

Description of Corrective Action Plan:

Special tests and Provisions - Comparability

Documentation will be provided as the following internal control is utilized for future submissions of the compliance with the Comparability Reports:

1. Title 1 Administrator will complete reports and comply with the Comparability requirements.
2. Title 1 Administrator will provide documentation with each report and requirement to be signed by the Superintendent. The documentation and each report and/or requirement will be verified and signed by the Superintendent.
3. Title 1 Administrator will submit the report and/or requirement to Title 1.
4. Title 1 Administrator will upload the documentation along with the report and/or requirement to Yellow Folder, our web-based filing system (paperless file system) for future audits.

Anticipated Completion Date: We are implementing better internal controls effective immediately with a review of effectiveness to occur by September 30, 2018.

Meghan Damron  
(Signature)

Director of HR & Corp. Treasurer  
(Title)

4-26-18  
(Date)

GRIFFITH PUBLIC SCHOOLS  
AUDIT RESULT AND COMMENT

***ADOPTION OF AND CERTIFICATION ON INTERNAL CONTROL STANDARDS***

The School Corporation failed to adopt internal control standards as required by Indiana Code 5-11-1-27(g). Yet, the School Corporation certified on Indiana's Gateway for Governmental Units (Gateway) financial reporting system that the School Corporation had adopted internal control standards.

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

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

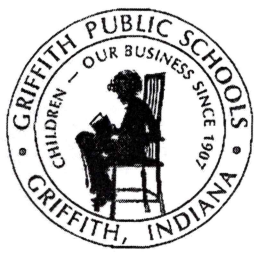
- (1) the internal control standards and procedures developed under subsection (e) are adopted by the political subdivision; and . . ."

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

"After June 30, 2016, the fiscal officer of a political subdivision shall certify in writing that:

- (1) the minimum internal control standards and procedures defined under subsection (e) have been adopted by the political subdivision; and . . .

The certification shall be filed with the state board of accounts at the same time as the annual financial report required by section 4(a) of this chapter is filed. The certification shall be filed electronically in the manner prescribed under IC 5-14-3.8-7."



# Griffith Public Schools

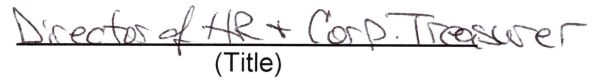
**Superintendent, District Discipline Advisor**  
Michele Riise

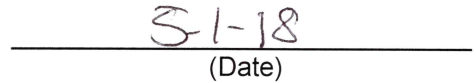
**Board of School Trustees**  
Leah Powell-Dumezich, President  
Kathy Ruesken, First Vice President  
Jennifer Dildine, Second Vice President  
Gary J. Sutton, Secretary  
Richard Leber, Assistant Secretary

## Official Response

This has been rectified and the policy was board approved on March 27, 2018.

  
(Signature)

  
(Title)

  
(Date)

GRIFFITH PUBLIC SCHOOLS  
EXIT CONFERENCE

The contents of this report were discussed on April 26, 2018, with Meghan Damron, Treasurer; Gary Sutton, Secretary of the School Board; Kathy Ruesken, 1<sup>st</sup> Vice President of the School Board; and Britney McCray, Food Service Director.

The federal findings in this report were sent on April 24, 2018, to Kathleen Dowling, former Treasurer.