

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

TOWN OF GRIFFITH

LAKE COUNTY, INDIANA

January 1, 2019 to December 31, 2020



**FILED**  
11/16/2021



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	John Volkmann Gina Smith	01-01-19 to 12-31-19 01-01-20 to 12-31-21
President of the Town Council	Rick Ryfa	01-01-19 to 12-31-21



**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 TOWN OF GRIFFITH, LAKE COUNTY, INDIANA

This report is supplemental to our audit report of the Town of Griffith (Town), for the period from January 1, 2019 to December 31, 2020. It has been provided as a separate report so that the reader may easily identify any Audit Results and Comments that pertain to the Town. It should be read in conjunction with our Financial Statement Audit Report of the Town, which provides our opinions on the Town's financial statement. This report may be found at [www.in.gov/sboa/](http://www.in.gov/sboa/).

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

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

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

November 1, 2021

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CLERK-TREASURER  
TOWN OF GRIFFITH

CLERK-TREASURER  
TOWN OF GRIFFITH  
AUDIT RESULT AND COMMENT

**INTERNAL CONTROLS**

The same comment also appeared in prior Report B53527.

*Condition and Context*

There were deficiencies in the internal control system for the Town related to financial transactions. The Town had not separated incompatible activities related to payroll disbursements.

A review process had been established to ensure that payroll disbursements were posted properly and accurately; however, this process took place before the payroll disbursements were posted to the financial accounting system. A review or oversight process was not in place to ensure the accuracy, completeness, and classification of the payroll disbursements after posting to the financial accounting system occurred.

*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. . . ."

**COUNCIL MEMBERS**

**James Marker**  
1st Ward

**Lawrence Ballah**  
2nd Ward

**Rick Ryfa**  
3rd Ward

**Melissa Robbins**  
4th Ward

**Tony Hobson**  
5th Ward



*Town of Griffith*

111 N. Broad St., Griffith, IN. 46319-2294

**CLERK-TREASURER**

**Gina Smith**

gina.smith@griffith.in.gov

Phone (219) 924-7500

Fax (219) 922-3072

www.griffith.in.gov

November 11, 2021


State Board of Accounts  
302 Washington St. Room E418  
Indianapolis IN 46204

**RE: OFFICIAL RESPONSE**

Dear State Board of Accounts,

We are in receipt of the exit conference and acknowledge the findings from the 2019-2020 Audit period.

Sincerely,

  
Gina Smith  
Clerk Treasurer  
Town of Griffith

CLERK-TREASURER  
TOWN OF GRIFFITH  
EXIT CONFERENCE

The contents of this report were discussed on November 1, 2021, with Gina Smith, Clerk-Treasurer; Rick Ryfa, President of the Town Council; Lawrence Ballah, Town Council member; James Marker, Town Council member; John Volkmann, former Clerk-Treasurer; and Michelle Sims, Deputy Clerk-Treasurer.

SANITARY DISTRICT  
TOWN OF GRIFFITH

SANITARY DISTRICT  
TOWN OF GRIFFITH  
AUDIT RESULTS AND COMMENTS

**SANITARY DISTRICT BOARD**

The same comment also appeared in prior Report B53527.

*Condition and Context*

The Town established a Sanitary District Board of Commissioners (Sanitary District Board), but did not hold regular meetings. Once established, the Sanitary District Board shall hold regular meetings to manage and control all sewage works of the Town, and account for all money and property under the Sanitary District Board's control in accordance with Indiana Code.

Sanitary District Board minutes for the months of January through October 2019 indicated that the Sanitary District Board could not meet due to the lack of a quorum or agenda items. Sanitary District Board minutes for the months of November 2019 through January 2020 indicated that the Sanitary District Board meetings were canceled. Lastly, the Sanitary District Board did not meet in February 2020 through September 2021 and documentation could not be provided for the cancelation of those meetings.

*Criteria*

Indiana Code 36-9-25-6(b) states:

"A majority of the members of the board constitutes a quorum, and the concurrence of a majority is necessary for any action of the board. The board shall hold regular meetings at the times it fixes and may call special meetings at the times and upon the notice that it fixes by rule or resolution. All meetings must be open to the public. The board may adopt the rules that it considers necessary to conduct its meetings and business and to control and manage the property under its jurisdiction."

Indiana Code 36-9-25-9 states in part: "The board shall manage and control all sewage works of the district. The board has concurrent power with the works board of the municipality to construct, reconstruct, maintain, repair, and regulate the use of all connecting and intercepting sewers. . . ."

**APPROVAL OF ACCOUNTS PAYABLE VOUCHERS**

The same comment also appeared in prior Report B53527.

*Condition and Context*

The claims or accounts payable vouchers that supported disbursements of the Sanitary District, which included the Wastewater Utility funds, were not approved for payment by the Sanitary District Board of Commissioners as required by Indiana Code. The claims or accounts payable vouchers for the Sanitary District funds were approved by the Town Council.

SANITARY DISTRICT  
TOWN OF GRIFFITH  
AUDIT RESULTS AND COMMENTS  
(Continued)

*Criteria*

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

"Claims against a political subdivision of the state must be approved by the officer or person receiving the goods or services, be audited for correctness and approved by the disbursing officer of the political subdivision, and, where applicable, be allowed by the governing body having jurisdiction over allowance of such claims before they are paid. . . ."

***SANITARY DISTRICT COMMISSIONERS SURETY BOND***

The same comment also appeared in prior Report B53527.

*Condition and Context*

The Sanitary District Commissioners were not bonded for faithful performance of their duties in accordance with Indiana Code.

*Criteria*

Indiana Code 36-9-25-3(d) states:

"Each commissioner shall also execute a bond in the penal sum of five thousand dollars (\$5,000) payable to the state and conditioned upon the faithful performance of the commissioner's duties and the faithful accounting for all money and property that comes under the commissioner's control. The bond must be approved by the municipal executive."

**COUNCIL MEMBERS**

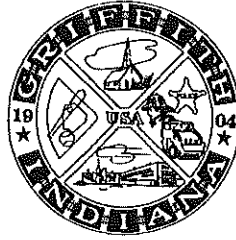
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**CLERK-TREASURER**

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Sincerely,

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Town of Griffith

SANITARY DISTRICT  
TOWN OF GRIFFITH  
EXIT CONFERENCE

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STORM WATER BOARD OF DIRECTORS  
TOWN OF GRIFFITH

STORM WATER BOARD OF DIRECTORS  
TOWN OF GRIFFITH  
AUDIT RESULTS AND COMMENTS

**STORM WATER BOARD OF DIRECTORS**

The same comment also appeared in prior Report B53527.

*Condition and Context*

The Town established a Storm Water Board of Directors in accordance with Indiana Code 8-1.5-5. The Storm Water Board of Directors did not meet at any time during 2019 or 2020. The Storm Water Board of Directors did not hold a meeting from January to September 2021.

*Criteria*

Indiana Code 8-1.5-5-4(b) states: "If the legislative body of a municipality adopts the provisions of this chapter by ordinance, a department of storm water management is established and is controlled by a board of directors."

Indiana Code 8-1.5-3-4(a) states in part: "The board has general supervisory powers over the utilities under its control, with responsibility for the detailed supervision of each utility to be vested in its superintendent, who is responsible to the board for the business and technical operation of the utility. . . ."

**APPROVAL OF ACCOUNTS PAYABLE VOUCHERS**

The same comment also appeared in prior Report B53527.

*Condition and Context*

The claims or accounts payable vouchers that supported disbursements of the Storm Water District were not approved for payment by the Storm Water Board of Directors as required by Indiana Code. The claims or accounts payable vouchers for the Storm Water District funds were approved by the Town Council.

*Criteria*

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

"Claims against a political subdivision of the state must be approved by the officer or person receiving the goods or services, be audited for correctness and approved by the disbursing officer of the political subdivision, and, where applicable, be allowed by the governing body having jurisdiction over allowance of such claims before they are paid. . . ."

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November 11, 2021

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Sincerely,

Gina Smith  
Clerk Treasurer  
Town of Griffith

STORM WATER BOARD OF DIRECTORS  
TOWN OF GRIFFITH  
EXIT CONFERENCE

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