

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

FEDERAL COMPLIANCE AUDIT REPORT

OF

GRIFFITH PUBLIC SCHOOLS

LAKE COUNTY, INDIANA

July 1, 2019 to June 30, 2021



**FILED**  
06/28/2022



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Meghan Damron	07-01-19 to 06-30-21
	Sherie Breitenbach	07-01-21 to 12-02-21
	(Vacant)	12-03-21 to 01-02-22
	Terri Chance	01-03-22 to 06-30-22
Superintendent of Schools	Michele Riise	07-01-19 to 07-08-21
	Leah Dumezich	07-09-21 to 06-30-22
President of the School Board	Gary Sutton	07-01-19 to 08-27-19
	Jennifer Dildine	08-28-19 to 12-31-19
	Kathy Ruesken	01-01-20 to 01-12-22
	Emily Conner	01-13-22 to 06-30-22



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL  
STATEMENT PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statement of the Griffith Public Schools (School Corporation), for the period of July 1, 2019 to June 30, 2021, and the related notes to the financial statement, which collectively comprise the School Corporation's financial statement and have issued our report thereon dated May 26, 2022, wherein we noted the School Corporation followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

***Internal Control over Financial Reporting***

In planning and performing our audit of the financial statement, we considered the School Corporation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the School Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the School Corporation's financial statement will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as items 2021-001 and 2021-002, that we consider to be material weaknesses.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL  
STATEMENT PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*  
(Continued)

***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the School Corporation's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2021-002.

***Griffith Public Schools' Response to Findings***

The School Corporation's response to the findings identified in our audit is described in the accompanying Corrective Action Plan. The School Corporation's response was not subjected to the auditing procedures applied in the audit of the financial statement, and, accordingly, we express no opinion on it.

***Purpose of This Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School Corporation's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Beth Kelley, CPA, CFE  
Deputy State Examiner

May 26, 2022



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

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

**Report on Compliance for Each Major Federal Program**

We have audited the Griffith Public Schools' (School Corporation) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the period of July 1, 2019 to June 30, 2021. The School Corporation's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the School Corporation's major federal programs based on our audit of the types of compliance requirements referred to above. Except as discussed below, we conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School Corporation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the School Corporation's compliance.

***Basis for Qualified Opinion on Child Nutrition Cluster***

As described in items 2021-004 and 2021-006 in the accompanying Schedule of Findings and Questioned Costs, we were unable to obtain sufficient appropriate audit evidence supporting compliance of the School Corporation with the Child Nutrition Cluster regarding Eligibility and Program Income. Consequently, we were unable to determine whether the School Corporation complied with those requirements applicable to the program.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE  
(Continued)

***Basis for Qualified Opinion on Special Education Cluster (IDEA)***

As described in item 2021-009 in the accompanying Schedule of Findings and Questioned Costs, the School Corporation did not comply with requirements regarding Procurement, Suspension and Debarment that are applicable to its Special Education Cluster (IDEA). Compliance with such requirements is necessary, in our opinion, for the School Corporation to comply with the requirements applicable to that program.

***Qualified Opinion on Child Nutrition Cluster***

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion on Child Nutrition Cluster* paragraph the School Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the Child Nutrition Cluster for the period of July 1, 2019 to June 30, 2021.

***Qualified Opinion on Special Education Cluster (IDEA)***

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinion on Special Education Cluster (IDEA)* paragraph, the School Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the Special Education Cluster (IDEA) for the period of July 1, 2019 to June 30, 2021.

***Other Matters***

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2021-003 and 2021-008. Our opinion on each major federal program is not modified with respect to these matters.

The School Corporation's response to the noncompliance findings identified in our audit is described in the accompanying Corrective Action Plan. The School Corporation's response was not subjected to the auditing procedures applied in the audit of compliance, and, accordingly, we express no opinion on the response.

**Report on Internal Control over Compliance**

Management of the School Corporation is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School Corporation's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control over compliance.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE  
(Continued)

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies, and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as items 2021-003, 2021-004, 2021-005, 2021-006, 2021-007, 2021-008, and 2021-009, that we consider to be material weaknesses.

The School Corporation's response to the internal control over compliance findings identified in our audit is described in the accompanying Corrective Action Plan. The School Corporation's response was not subjected to the auditing procedures applied in the audit of compliance, and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

**Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the financial statement of the School Corporation, as of and for the period of July 1, 2019 to June 30, 2021, and the related notes to the financial statement. We issued our report thereon dated May 26, 2022, which contained a dual opinion on the financial statement. An adverse opinion was issued regarding the presentation in accordance with U.S. Generally Accepted Accounting Principles, and an unmodified opinion was issued regarding the presentation in accordance with the Regulatory Basis of Accounting. Our audit was conducted for the purpose of forming an opinion on the financial statement as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the financial statement as a whole.

  
Beth Kelley, CPA, CFE  
Deputy State Examiner

May 26, 2022

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## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

The Schedule of Expenditures of Federal Awards and accompanying notes presented were approved by management of the School Corporation. The schedule and notes are presented as intended by the School Corporation.

GRIFFITH PUBLIC SCHOOLS  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 For the Years Ended June 30, 2020 and 2021

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Assistance Listings Number	Pass-Through Entity (or Other) Identifying Number	Passed Through to Subrecipient 06-30-20	Total Federal Awards Expended 06-30-20	Passed Through to Subrecipient 06-30-21	Total Federal Awards Expended 06-30-21
<u>Department of Agriculture</u>							
Child Nutrition Cluster							
School Breakfast Program	Indiana Department of Education	10.553	FY 2019-2020	\$ -	\$ 147,447	\$ -	\$ -
School Breakfast Program							
COVID-19 - School Breakfast Program	Indiana Department of Education	10.553	FY 2019-2020	-	10,179	-	-
School Breakfast Program							
Total - School Breakfast Program				-	157,626	-	-
National School Lunch Program							
National School Lunch Program	Indiana Department of Education	10.555	FY 2019-2020	-	512,856	-	-
National School Lunch Program			FY 2020-2021	-	-	-	7,160
National School Lunch Program - Commodities			FY 2019-2020	-	84,231	-	-
National School Lunch Program - Commodities			FY 2020-2021	-	-	-	99,048
Total - National School Lunch Program				-	597,087	-	106,208
COVID-19 - National School Lunch Program	Indiana Department of Education	10.555	FY 2019-2020	-	35,092	-	-
National School Lunch Program							
Total - National School Lunch Program				-	632,179	-	106,208
Summer Food Service Program for Children							
Summer Food Program	Indiana Department of Education	10.559	FY 2019-2020	-	19,279	-	-
			FY 2020-2021	-	-	-	413,829
COVID-19 - Summer Food Service Program for Children	Indiana Department of Education	10.559	FY 2020-2021	-	-	-	270,872
Summer Food Program							
Total - Summer Food Program for Children				-	19,279	-	684,701
Total - Child Nutrition Cluster				-	809,084	-	790,909
Total - Department of Agriculture				-	809,084	-	790,909
<u>Department of Education</u>							
Special Education Cluster (IDEA)							
Special Education Grants to States	Indiana Department of Education	84.027	18611-045-PN01	-	5,670	-	-
FY18 Federal Part B 611 Grant			19611-045-PN01	-	114,757	-	1,551
FY19 Federal Part B 611 Grant			20611-148-PN01	-	444,294	-	148,330
FY 20 Federal Part B 611 Grant			21611-148-PN01	-	-	-	511,165
FY 21 Federal Part B 611 Grant							
Total - Special Education Grants to States				-	564,721	-	661,046
Special Education Preschool Grants	Indiana Department of Education	84.173	19619-045-PN01	-	9,543	-	-
FY 19 Federal Preschool 619 Grant							

GRIFFITH PUBLIC SCHOOLS  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 For the Years Ended June 30, 2020 and 2021

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Assistance Listings Number	Pass-Through Entity (or Other) Identifying Number	Passed Through to Subrecipient 06-30-20	Total Federal Awards Expended 06-30-20	Passed Through to Subrecipient 06-30-21	Total Federal Awards Expended 06-30-21
FY 20 Federal Preschool 619 Grant			20619-148-PN01	-	18,825	-	-
FY 21 Federal Preschool 619 Grant			21619-148-PN01	-	-	-	18,525
Total - Special Education Preschool Grants				-	28,368	-	18,525
Total - Special Education Cluster (IDEA)				-	593,089	-	679,571
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010					
Title I Basic Grant			S010A180014	-	126,726	-	-
Title I Basic Grant			S010A190014	-	352,955	-	65,358
Title I Basic Grant			S010A200014	-	-	-	247,925
Total - Title I Grants to Local Educational Agencies				-	479,681	-	313,283
Supporting Effective Instruction State Grants	Indiana Department of Education	84.367					
Supporting Effective Instruction State Grants			S367A170013	-	541	-	-
Supporting Effective Instruction State Grants			S367A180013	-	72,324	-	1,000
Supporting Effective Instruction State Grants			S367A190013	-	2,795	-	76,620
Total - Supporting Effective Instruction State Grants				-	75,660	-	77,620
Student Support and Academic Enrichment Program	Indiana Department of Education	84.424					
Student Support and Academic Enrichment Program			S424A180015	-	31,472	-	-
Student Support and Academic Enrichment Program			S424A190015	-	32,582	-	-
Student Support and Academic Enrichment Program			S424A200015	-	-	-	53,607
Total - Student Support and Academic Enrichment Program				-	64,054	-	53,607
Education Stabilization Fund	Indiana Department of Education	84.425					
Elementary and Secondary School Emergency Relief (ESSER) Fund			S425D200013	-	-	-	356,175
Total - Department of Education				-	1,212,484	-	1,480,256
<u>Department of Health and Human Services</u>							
Medicaid Cluster							
Medical Assistance Program	Indiana Family and Social Services Administration	93.778					
Medicaid - IEP			FY2020	-	55,187	-	-
Medicaid - IEP			FY2021	-	-	-	24,394
Total - Medical Assistance Program				-	55,187	-	24,394
Total - Medicaid Cluster				-	55,187	-	24,394
Total - Department of Health and Human Services				-	55,187	-	24,394
Total federal awards expended				\$ -	\$ 2,076,755	\$ -	\$ 2,295,559

The accompanying notes are an integral part of the Schedule of Expenditures of Federal Awards.

GRIFFITH PUBLIC SCHOOLS  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

**Note 1. Summary of Significant Accounting Policies**

**A. Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards (SEFA) includes the federal grant activity of the School Corporation under programs of the federal government for the years ended June 30, 2020 and 2021. The information in the SEFA is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the SEFA presents only a select portion of the operations of the School Corporation, it is not intended to and does not present the financial position of the School Corporation.

The Uniform Guidance requires an annual audit of nonfederal entities expending a total amount of federal awards equal to or in excess of \$750,000 in any fiscal year unless by constitution or statute a less frequent audit is required. In accordance with Indiana Code (IC 5-11-1-25), audits of school corporations shall be conducted biennially. Such audits shall include both years within the biennial period.

**B. Other Significant Accounting Policies**

Expenditures reported on the SEFA are reported on the cash basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement. When federal grants are received on a reimbursement basis, the federal awards are considered expended when the reimbursement is received.

**Note 2. Indirect Cost Rate**

The School Corporation has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

**Note 3. Special Education Cooperative**

The School Corporation was a member of a special education cooperative (Cooperative). As a result, some of the activity for the Special Education Cluster (IDEA) for fiscal year 2017-2018 and 2018-2019 grant awards that is presented on the SEFA is not presented as receipts and disbursements in the financial statement for the School Corporation. This activity is presented in the financial statement of the Cooperative's fiscal agent.

As of April 2018, the School Corporation approved to withdraw from the Cooperative effective June 30, 2019.

GRIFFITH PUBLIC SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**Section I - Summary of Auditor's Results**

Financial Statement:

Type of auditor's report issued:	Adverse as to GAAP; Unmodified as to Regulatory Basis
Internal control over financial reporting:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
Noncompliance material to financial statement noted?	yes

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	yes

Identification of Major Programs and type of auditor's report issued on compliance for each:

<u>Name of Federal Program or Cluster</u>	<u>Opinion Issued</u>
Child Nutrition Cluster	Qualified
Special Education Cluster (IDEA)	Qualified
Dollar threshold used to distinguish between Type A and Type B programs: \$750,000	
Auditee qualified as low-risk auditee?	no

**Section II - Financial Statement Findings**

**FINDING 2021-001**

Subject: Financial Transactions and Reporting  
Audit Findings: Material Weakness

Repeat Finding

This is a repeat finding from the immediately prior audit report. The prior audit finding number was 2019-001.

*Condition and Context*

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

GRIFFITH PUBLIC SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Transfers Between Funds - Receipts and Disbursements*

The School Corporation had not properly designed or implemented internal controls over transfers between funds. The Treasurer recorded the transfers between funds to the financial system without a documented system of oversight or review to ensure the accuracy of the funds.

*Financial Close and Reporting*

The School Corporation prepared and submitted the financial information into the Indiana Gateway for Government Units financial reporting system, which was the source for the financial statement for the year ended June 30, 2021. The financial information was submitted without evidence of an oversight or review process to ensure the accuracy and completeness of the financial information.

*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 had not established or implemented a proper system of internal control over financial transactions and reporting.

*Effect*

The failure to properly implement a system of internal control over financial transactions and reporting 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 will prevent, or detect and correct, material misstatements in a timely manner.

*Views of Responsible Officials*

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

GRIFFITH PUBLIC SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

**FINDING 2021-002**

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

*Condition and Context*

The School Corporation had not established internal controls over the federal award information entered into the Indiana Gateway for Government Units (Gateway) financial reporting system, which was the source of the School Corporation's Schedule of Expenditures of Federal Awards (SEFA).

The School Corporation failed to properly review the federal grant information prepared and submitted in Gateway. The SEFA was submitted by one individual without evidence of an oversight or review process to ensure the accuracy and completeness of the federal award information.

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

1. Several grants had individually immaterial errors that resulted in total overstatements of expenditures of \$857,687, and total understatements of expenditures of \$754,424.
2. Other errors included incorrect program names, pass-through entities, federal assistance listings numbers, and identifying numbers.

Audit adjustments were proposed, accepted by the School Corporation, and made to the SEFA presented in this report.

*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. . . ."

2 CFR 200.303 states in part:

"The non-Federal entity must:

- (a) Establish and maintain effective internal control . . ."

GRIFFITH PUBLIC SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

2 CFR 200.1 states in part:

". . . *Internal controls* for non-Federal entities means:

- (1) Processes designed and implemented by non-Federal entities to provide reasonable assurance regarding the achievement of objectives in the following categories:
  - (i) Effectiveness and efficiency of operations;
  - (ii) Reliability of reporting for internal and external use; . . ."

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. . . ."

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. 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 Assistance Listings Number or other identifying number when the Assistance Listings 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.
- (5) For loan or loan guarantee programs described in § 200.502(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."

GRIFFITH PUBLIC SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Cause*

Management had not established an effective 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 *Condition and Context*.

*Views of Responsible Officials*

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

**Section III - Federal Award Findings and Questioned Costs**

**FINDING 2021-003**

Subject: Child Nutrition Cluster - Allowable Costs/Cost Principles  
Federal Agency: Department of Agriculture  
Federal Programs: National School Lunch Program, COVID-19 - Summer Food Service Program for Children, Summer Food Service Program for Children  
Assistance Listings Numbers: 10.555, 10.559  
Federal Award Number and Year (or Other Identifying Number): FY 2020-2021  
Pass-Through Entity: Indiana Department of Education  
Compliance Requirement: Allowable Costs/Cost Principles  
Audit Findings: Material Weakness, Other Matters

*Condition and Context*

An effective internal control system was not in place at the School Corporation to ensure compliance with requirements related to the grant agreement and the Allowable Costs/Cost Principles compliance requirement.

In fiscal year 2020-2021, the Food Service Director was assigned an additional role which included additional compensation paid out of non-grant funds. The Food Service Director did not maintain documentation of time spent on federal program and non-federal program activities. Therefore, all salary costs charged to the Child Nutrition Cluster while the Food Service Director was performing both roles were considered questioned costs. Total questioned costs were \$54,754.

The lack of internal controls and noncompliance were isolated to 2020-2021.

GRIFFITH PUBLIC SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Criteria*

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 200.430 states in part:

"(i) *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 costs activity. . . ."

*Cause*

Management had not developed a system of internal control that would have ensured compliance with the grant agreement and the Allowable Costs/Cost Principles compliance requirement.

*Effect*

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

*Questioned Costs*

Known questioned costs of \$54,754 were identified as described in the *Condition and Context*.

GRIFFITH PUBLIC SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Recommendation*

We recommended that the School Corporation's management establish a system of internal control to ensure compliance and comply with the grant agreement and the Allowable Costs/Cost Principles 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 2021-004**

Subject: Child Nutrition Cluster - Eligibility  
Federal Agency: Department of Agriculture  
Federal Programs: School Breakfast Program, COVID-19 - School Breakfast Program, National School Lunch Program, COVID-19 - National School Lunch Program  
Assistance Listings Numbers: 10.533, 10.555  
Federal Award Number and Year (or Other Identifying Number): FY 2019-2020  
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 immediately prior audit. The prior audit finding number was 2019-003.

*Condition and Context*

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

The School Corporation used a food software program to store, manage, and automatically make eligibility determinations dependent upon the information entered into the software by the parents, guardians, or school lunch employees. The School Corporation did not have a proper system of oversight or review to ensure that the federal income guidelines entered into the software program were accurate for fiscal year 2019-2020.

The School Corporation was required to download direct certification information from the Indiana Department of Education for students who automatically qualified for free or reduced meals. The School Corporation was not able to provide this documentation for 20 direct certification students and 2 categorically eligible students tested. As a result, we were unable to verify the eligibility for these students for the 2019-2020.

The lack of internal controls and noncompliance were isolated to 2019-2020.

*Criteria*

2 CFR 200.303 states in part:

"The non-Federal entity must:

GRIFFITH PUBLIC SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

(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 200.333 states in part:

"Financial records, supporting documents, statistical records, and all other non-Federal entity records pertinent to a Federal award must be retained for a period of three years from the date of submission of the final expenditure report or, for Federal awards that are renewed quarterly or annually, from the date of the submission of the quarterly or annual financial report, respectively, as reported to the Federal awarding agency or pass-through entity in the case of a subrecipient. . . ."

*Cause*

Management had not developed a system of internal control that would have ensured compliance, or that supporting documentation would have been maintained and made available for audit, related to the Eligibility compliance requirement.

*Effect*

The failure to establish an effective system of internal control and retain appropriate supporting documentation prevented the determination of the School Corporation's compliance with the Eligibility compliance requirement.

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the School Corporation's management establish a system of internal control, as well as maintain and make available for audit, documentation to ensure compliance with the grant agreement and 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.

GRIFFITH PUBLIC SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

**FINDING 2021-005**

Subject: Child Nutrition Cluster - Procurement, Suspension and Debarment  
Federal Agency: Department of Agriculture  
Federal Programs: School Breakfast Program, COVID-19 - School Breakfast Program, National School Lunch Program, COVID-19 - National School Lunch Program, Summer Food Service Program for Children  
Assistance Listings Numbers: 10.533, 10.555, 10.559  
Federal Award Number and Year (or Other Identifying Number): FY 2019-2020  
Pass-Through Entity: Indiana Department of Education  
Compliance Requirement: Procurement and Suspension and Debarment  
Audit Finding: Material Weakness

*Condition and Context*

An effective internal control system was not in place at the School Corporation to ensure compliance with requirements related to the grant agreement and the Procurement and Suspension and Debarment compliance requirement.

The School Corporation had a system of internal control in place for the acquisition of property and services that exceeded the simplified acquisition threshold; however, the internal control was determined not to be effective for the one vendor that exceeded the simplified acquisition threshold.

The School Corporation had a system of internal control in place to ensure that vendors were not suspended or debarred or otherwise excluded from participation in federal assistance programs prior to entering into contracts that exceeded \$25,000; however, the internal control was determined to not be effective for one of the three vendors tested.

The lack of effective internal controls was isolated to fiscal year 2019-2020.

*Criteria*

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*

Management had not established an effective system of internal control that would have ensured compliance with the Procurement and Suspension and Debarment compliance requirement.

GRIFFITH PUBLIC SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Effect*

The failure to establish an effective system of internal control could have enabled material noncompliance to go undetected. Noncompliance with the grant agreement and the Procurement and Suspension and Debarment 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 a system of internal control related to the grant agreement and 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 2021-006**

Subject: Child Nutrition Cluster - Program Income  
Federal Agency: Department of Agriculture  
Federal Programs: School Breakfast Program, COVID-19 - School Breakfast Program, National School Lunch Program, COVID-19 - National School Lunch Program, Summer Food Service Program for Children  
Assistance Listings Numbers: 10.533, 10.555, 10.559  
Federal Award Number and Year (or Other Identifying Number): FY 2019-2020  
Pass-Through Entity: Indiana Department of Education  
Compliance Requirement: Program Income  
Audit Findings: Material Weakness, Modified Opinion

*Condition and Context*

An effective internal control system was not in place at the School Corporation to ensure compliance with requirements related to the grant agreement and the Program Income compliance requirement.

The School Corporation approved meal prices for fiscal year 2019-2020, but there was no documentation of the approved meal prices. Due to the lack of documentation, we could not determine that program income was correctly charged for any of the four months tested.

Program income was not properly recorded for two of the four months tested. The amounts recorded did not agree to the amounts from the point-of-sale system reports. Handwritten notes documented the variances existed, but there was no documentation to support the notations.

The lack of internal controls and noncompliance was isolated to 2019-2020.

GRIFFITH PUBLIC SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Criteria*

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). . . ."

7 CFR 220.7(e) states in part:

"Each school food authority approved to participate in the program shall enter into a written agreement with the State agency or the Department through the FNSRO, as applicable, that may be amended as necessary. . . . Such agreements shall provide that the School Food Authority shall, with respect to participating schools under its jurisdiction: . . ."

(3) Price the breakfast as a unit; . . .

(12) Maintain a financial management system as prescribed by the State agency, or FNSRO where applicable; . . ."

7 CFR 210.14(e) states in part: "*Pricing paid lunches.* For each school year beginning July 1, 2011, school food authorities shall establish prices for paid lunches in accordance with this paragraph . . ."

7 CFR 210.14(f)(3) states: "All revenue from the sale of nonprogram foods shall accrue to the nonprofit school food service account of a participating school food authority."

7 CFR 225.6(e) states in part:

"State-Sponsor Agreement. A sponsor approved for participation in the Program must enter into a permanent written agreement with the State agency. All sponsors must agree in writing to: . . ."

(12) Maintain a financial management system as prescribed by the State agency; . . ."

2 CFR 200.333 states in part:

"Financial records, supporting documents, statistical records, and all other non-Federal entity records pertinent to a Federal award must be retained for a period of three years from the date of submission of the final expenditure report or, for Federal awards that are renewed quarterly or annually, from the date of the submission of the quarterly or annual financial report, respectively, as reported to the Federal awarding agency or pass-through entity in the case of a subrecipient. . . ."

*Cause*

Management had not established a system of internal control that would have ensured compliance with the Program Income compliance requirement.

GRIFFITH PUBLIC SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Effect*

The failure to establish an effective system of internal control, as well as retain supporting documentation, prevented the determination of the School Corporation's compliance with the Program Income compliance requirement.

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the School Corporation's management establish a system of internal control, as well as retain supporting documentation, to ensure compliance with the grant agreement and 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.

**FINDING 2021-007**

Subject: Child Nutrition Cluster - Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP)  
Federal Agency: Department of Agriculture  
Federal Programs: School Breakfast Program, COVID-19 - School Breakfast Program, National School Lunch Program, COVID-19 - National School Lunch Program  
Assistance Listings Numbers: 10.553, 10.555  
Federal Award Number and Year (or Other Identifying Number): FY 2019-2020  
Pass-Through Entity: Indiana Department of Education  
Compliance Requirement: Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP)  
Audit Finding: Material Weakness

*Repeat Finding*

This is a repeat finding from the immediately prior audit. The prior audit finding number was 2019-002.

*Condition and Context*

An effective internal control system was not in place at the School Corporation to ensure compliance with requirements related to the grant agreement and the Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP) compliance requirement.

There was no documentation that an oversight or review process had been established to ensure the accuracy of the verifications performed during fiscal year 2019-2020.

The lack of internal controls was isolated to 2019-2020.

GRIFFITH PUBLIC SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Criteria*

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*

Management had not established an effective system of internal control that would have ensured compliance with the Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP) compliance requirement.

*Effect*

The failure to establish an effective system of internal control could have enabled material noncompliance to go undetected. Noncompliance with the grant agreement and the Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP) 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 a system of internal control related to the grant agreement and the Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP) 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 2021-008**

Subject: Special Education Cluster (IDEA) - Allowable Costs/Cost Principles

Federal Agency: Department of Education

Federal Programs: Special Education Grants to States, Special Education Preschool Grants

Assistance Listings Numbers: 84.027, 84.173

Federal Award Numbers and Years (or Other Identifying Numbers): 20611-148-PN01, 20619-148-PN01,  
21611-148-PN01, 21619-148-PN01

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Allowable Costs/Cost Principles

Audit Findings: Material Weakness, Other Matters

GRIFFITH PUBLIC SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Condition and Context*

An effective system of internal control was not in place at the School Corporation to ensure compliance with requirements related to the grant agreement and the Allowable Costs/Cost Principles compliance requirement.

Two Special Education employee contracts were not provided for audit. Therefore, it could not be determined if the employees' compensation was properly paid. Additionally, one of the two employee's compensation was paid from federal program and non-federal program funds. That employee did not maintain documentation of time spent on the federal program and non-federal program activities. The total compensation recorded as program disbursements and paid to the two employees during the audit period was \$61,949. The \$61,949 is considered questioned costs.

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

*Criteria*

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 200.333 states in part:

"Financial records, supporting documents, statistical records, and all other non-Federal entity records pertinent to a Federal award must be retained for a period of three years from the date of submission of the final expenditure report or, for Federal awards that are renewed quarterly or annually, from the date of the submission of the quarterly or annual financial report, respectively, as reported to the Federal awarding agency or pass-through entity in the case of a sub-recipient. . . ."

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. . . ."

GRIFFITH PUBLIC SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

2 CFR 200.430 states in part:

"(i) *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 costs activity. . . ."

*Cause*

Management had not developed a system of internal control that would have ensured compliance with the grant agreement and the Allowable Costs/Cost Principles 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 Allowable Costs/Cost Principles compliance requirement could have resulted in the loss of federal funds to the School Corporation.

*Questioned Costs*

Known questioned costs of \$61,949 were identified, as described in the *Condition and Context*.

*Recommendation*

We recommended that the School Corporation's management establish a system of internal control to ensure compliance and comply with the grant agreement and the Allowable Costs/Cost Principles 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  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

***FINDING 2021-009***

Subject: Special Education Cluster (IDEA) - Procurement and Suspension and Debarment  
Federal Agency: Department of Education  
Federal Program: Special Education Grants to States  
Assistance Listings Number: 84.027  
Federal Award Numbers and Years (or Other Identifying Numbers): 20611-148-PN01, 21611-148-PN01  
Pass-Through Entity: Indiana Department of Education  
Compliance Requirement: Procurement and Suspension and Debarment  
Audit Findings: Material Weakness, Modified Opinion

*Condition and Context*

An effective system of internal control was not in place at the School Corporation to ensure compliance with requirements related to the grant agreement and the Procurement and Suspension and Debarment compliance requirement.

*Procurement*

The School Corporation did not obtain price or rate quotes for purchases of goods or services which exceeded \$10,000 from an adequate number of sources, which fell under the small purchase procedures. Procurement transactions tested did not comply.

When a noncompetitive proposal method was used, the School Corporation did not document the rationale for the method of procurement.

*Suspension and Debarment*

The School Corporation did not verify that vendors with contracts over \$25,000 were not excluded or disqualified from participation in federal awards programs.

The lack of effective internal controls and noncompliance were systemic issues during the audit period.

*Criteria*

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 states in part:

"(a) 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  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

(i) The non-Federal entity must maintain records sufficient to detail the history of procurement. These records will include, but are not necessarily limited to the following: Rationale for the method of procurement, selection of contract type, contractor selection or rejection, and the basis for the contract price. . . ."

2 CFR 200.319(b) states:

"The non-Federal entity must conduct procurements in a manner that prohibits the use of statutorily or administratively imposed state, local, or tribal geographical preferences in the evaluation of bids or proposals, except in those cases where applicable Federal statutes expressly mandate or encourage geographic preference. Nothing in this section preempts state licensing laws. When contracting for architectural and engineering (A/E) services, geographic location may be a selection criterion provided its application leaves an appropriate number of qualified firms, given the nature and size of the project, to compete for the contract."

2 CFR 200.320 states in part:

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

(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. . . .

(f) Procurement by noncompetitive proposals. Procurement by noncompetitive proposals is procurement through solicitation of a proposal from only one source and may be used only when one or more of the following circumstances apply:

- (1) The item is available only from a single source;
- (2) The public exigency or emergency for the requirement will not permit a delay resulting from competitive solicitation;
- (3) The Federal awarding agency or pass-through entity expressly authorizes non-competitive proposals in response to a written request from the non-Federal entity; or
- (4) After solicitation of a number of sources, competition is determined inadequate."

2 CFR 180.300 states:

"When you enter into a covered transaction with another person at the next lower tier, you must verify that the person with whom you intend to do business is not excluded or disqualified. You do this by:

- (a) Checking SAM Exclusions; or
- (b) Collecting a certification from that person; or
- (c) Adding a clause or condition to the covered transaction with that person."

GRIFFITH PUBLIC SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Cause*

Management had not established an effective system of internal control that would have ensured compliance with the grant agreement and the Procurement and Suspension and Debarment compliance requirement.

*Effect*

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

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

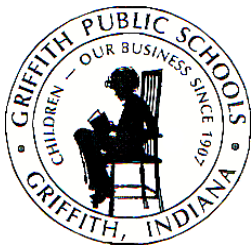
We recommended that the School Corporation's management establish a system of internal control to ensure compliance and comply with the Procurement and Suspension and Debarment compliance requirement.

*Views of Responsible Officials*

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

#### AUDITEE-PREPARED DOCUMENTS

The subsequent documents were provided by management of the School Corporation. The documents are presented as intended by the School Corporation.



# Griffith Public Schools

Superintendent of Schools, Leah Dumezich

## Board of School Trustees

Emily Conner, President  
Jason Jaques, First Vice President  
John Volkmann, Second Vice President  
Kathy Ruesken, Secretary  
Donald McCarter, Assistant Secretary

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

### ***Finding 2019-001***

Fiscal year in which the finding initially occurred: 2019

Internal Control Deficiencies related to Financial Transactions

Contact Person Responsible for Corrective Action: Meghan Damron (Terri Chance as of 1/3/2022) Contact Phone Number: 219-924-4250

### **Status of Audit Finding:**

Transfers of funds are recorded properly every time in the ledgers. This is accomplished with internal controls, including separation of duties. As of April 2022, the CFO provides the requested transfer documentation to the Accounts Payable Clerk who begins the process by creating, signing, and dating the accounts payable voucher, and then creating the placeholder check. This check is given to the administrative assistant to receipt into the system. The CFO is a third reviewer when completing bank reconciliations and end of month report that this was done correctly.

Bank reconciliation was corrected, and in addition the Director of Business Services meets annually with the School Board on how they can validate work is done correctly. Sections have been added to Bank Reconciliation Summary showing fund balance plus clearing account balance, and differences from the bank to the ledgers.

The employer benefit costs have been corrected and expenditures get booked to the correct account and moved to the clearing account for monthly invoices to be paid. Monthly audits occur verifying the process is being done correctly.

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John Volkmann, Second Vice President  
Kathy Ruesken, Secretary  
Donald McCarter, Assistant Secretary

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

### ***Finding 2019-002***

Fiscal year in which the finding initially occurred: 2019

Verification Process

Contact Person Responsible for Corrective Action: Joseph Blisset (Tiffany Ulman as of 2/15/2022)



Contact Phone Number: 219-924-4250

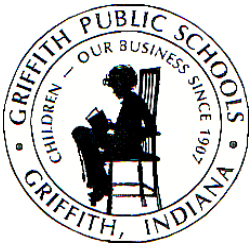
### **Status of Audit Finding:**

Corrective action completed January, 2021.

Director of Food Services confirms the verification process is completed, correct, is reviewed by another knowledgeable person, and verify the PLE calculations are correct, and document this step has been completed.

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# Griffith Public Schools

Superintendent of Schools, Leah Dumezich

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Jason Jaques, First Vice President  
John Volkmann, Second Vice President  
Kathy Ruesken, Secretary  
Donald McCarter, Assistant Secretary

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

### ***Finding 2019-003***

Fiscal year in which the finding initially occurred: 2019

Retention and Completeness of Records

Contact Person Responsible for Corrective Action: Joseph Blisset (Tiffany Ulman as of 2/15/2022)

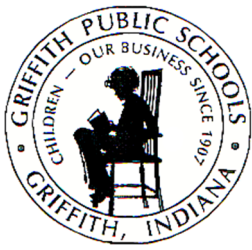
Contact Phone Number: 219-924-4250

### **Status of Audit Finding:**

This item has not yet been corrected. The School Corporation will put an internal control system in place to ensure the federal income guidelines entered into the software program are correct beginning with the 2022-2023 school year.

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# Griffith Public Schools

Superintendent of Schools, Leah Dumezich

## Board of School Trustees

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Jason Jaques, First Vice President  
John Volkmann, Second Vice President  
Kathy Ruesken, Secretary  
Donald McCarter, Assistant Secretary

## CORRECTIVE ACTION PLAN

### **FINDING 2021-001**

**Subject:** Financial Transactions and Reporting

**Audit Findings:** Material Weakness

**Contact Person Responsible for Corrective Action:** Terri Chance

**Contact Phone Number:** 219-924-4250

### **Views of Responsible Official:**

We concur with the finding.

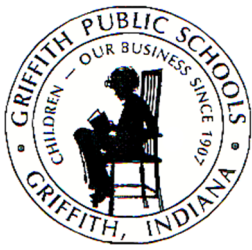
### **Description of Corrective Action Plan:**

Establish Internal Controls, including segregation of duties of and final review was developed in April, 2022. Multi-faceted process includes CFO providing requested transfer documentation to Accounts Payable Specialist who begins the process by creating, signing, and dating the accounts payable voucher then creating the placeholder check once reviewed and approved by CFO. This check is given to administrative assistant to receipt into the correct fund in the accounting system. The CFO provides a final review when completing the bank reconciliations and end of month report ensuring correctness.

Establish internal controls, including segregation of duties between creating and reviewing financial reports input into Gateway. Once report is fully reviewed and approved it will be signed and dated by preparer and reviewer.

### **Anticipated Completion Date:**

8/30/2022



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## CORRECTIVE ACTION PLAN

### **FINDING 2021-002**

**Subject:** Preparation of the Schedule of Expenditures of Federal Awards

**Audit Findings:** Material Weakness, Noncompliance

**Contact Person Responsible for Corrective Action:** Terri Chance

**Contact Phone Number:** 219-924-4250

### **Views of Responsible Official:**

We concur with the finding.

### **Description of Corrective Action Plan:**

Establish internal controls, including segregation of duties between creating and reviewing financial reports input into Gateway. Once report is fully reviewed and approved it will be signed and dated by preparer and reviewer.

### **Anticipated Completion Date:**

August 30, 2022

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## CORRECTIVE ACTION PLAN

### **FINDING 2021-003**

**Subject:** Subject: Child Nutrition Cluster - Allowable Costs/Cost Principles

Federal Agency: Department of Agriculture

Federal Program: School Breakfast Program, COVID-19 - School Breakfast Program, National School Lunch Program, COVID-19 - National School Lunch Program, COVID-19 - Summer Food Service

Program, Summer Food Service Program

CFDA Number: 10.533, 10.555, 10.559

Federal Award Numbers and Years (or Other Identifying Numbers): FY 2020-2021

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Allowable Costs / Cost Principles

**Audit Finding:** Material Weakness, Other Matters

**Contact Person Responsible for Corrective Action:** Tiffany Ullman

**Contact Phone Number:** 219-924-4250

### **Views of Responsible Official:**

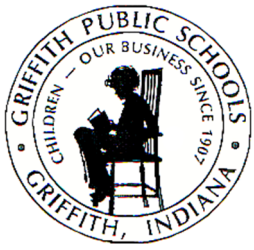
We concur with the finding.

### **Description of Corrective Action Plan:**

Establish post award internal controls surrounding grant management including, but not limited to, Allowable Costs/Cost Principles.

### **Anticipated Completion Date:**

January 1, 2023



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## CORRECTIVE ACTION PLAN

### FINDING 2021-004

Subject: Child Nutrition Cluster - Eligibility Federal Agency: Department of Agriculture

Federal Program: School Breakfast Program, COVID-19 - School Breakfast Program, National School Lunch Program, COVID-19 - National School Lunch Program, COVID-19 - Summer Food Service Program  
CFDA Number: 10.533, 10.555, 10.559

Federal Award Numbers and Years (or Other Identifying Numbers): FY 2019-2020 Pass-Through Entity:  
Indiana Department of Education  
Compliance Requirement: Eligibility  
**Audit Finding:** Material Weakness, Modified Opinion

**Contact Person Responsible for Corrective Action:** Tiffany Ulman  
**Contact Phone Number:** 219-924-4250

**Views of Responsible Official:**  
We concur with the finding.

### Description of Corrective Action Plan:

Establish post award internal controls we will implement a proper system of oversight or review to ensure that the federal income guidelines entered into the software program are correct. Moving forward I will retain the direct certification information that is downloaded from the IDOE

**Anticipated Completion Date:**  
August 2022



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## CORRECTIVE ACTION PLAN

### FINDING 2021-005

Subject: Child Nutrition Cluster - Procurement, Suspension and Debarment  
Federal Agency: Department of Agriculture  
Federal Program: School Breakfast Program, COVID-19 - School Breakfast Program, National School Lunch Program, COVID-19 - National School Lunch Program, COVID-19 - Summer Food Service Program  
CFDA Number: 10.533, 10.555, 10.559  
Federal Award Numbers and Years (or Other Identifying Numbers): FY 2019-2020  
Pass-Through Entity: Indiana Department of Education  
Compliance Requirement: Procurement and Suspension and Debarment  
Audit Finding: Material Weakness

**Contact Person Responsible for Corrective Action:** Tiffany Ulman  
**Contact Phone Number:** 219-924-4250

**Views of Responsible Official:**  
We concur with the finding.

### **Description of Corrective Action Plan:**

We will establish a system of internal controls to ensure compliance and comply with the grant agreement and the Procurement and Suspension and Debarment compliance requirement..

**Anticipated Completion Date:**  
August 2022

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## CORRECTIVE ACTION PLAN

### FINDING 2021-006

**Subject:** Child Nutrition Cluster - Program Income

Federal Agency: Department of Agriculture

Federal Program: School Breakfast Program, COVID-19 - School Breakfast Program, National School Lunch Program, COVID-19 - National School Lunch Program, COVID-19 - Summer Food Service Program, Summer Food Service Program

CFDA Number: 10.533, 10.555, 10.559

Federal Award Numbers and Years (or Other Identifying Numbers): FY 2019-2020, FY 2020-2021 Pass-

Through Entity: Indiana Department of Education

Compliance Requirement: Program Income

Audit Finding: Material Weakness, Modified Opinion

**Contact Person Responsible for Corrective Action:** Tiffany Ulman

**Contact Phone Number:** 219-924-4250

### Views of Responsible Official:

We concur with the finding.



### Description of Corrective Action Plan:

We will establish a system of internal controls to ensure compliance and comply with the grant agreement and the Program Income compliance requirement.

### Anticipated Completion Date:

August 2022

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## CORRECTIVE ACTION PLAN

### FINDING 2021-007

Subject: Child Nutrition Cluster – Special Tests and Provisions – Verification of Free and Reduced Price Applications (NSLP)  
Federal Agency: Department of Agriculture  
Federal Program: School Breakfast Program, COVID-19 - School Breakfast Program, National School Lunch Program, COVID-19 - National School Lunch Program, COVID-19 - Summer Food Service Program, Summer Food Service Program

CFDA Number: 10.553, 10.555, 10.559

Federal Award Numbers and Years (or Other Identifying Numbers): FY 2019-2020 Pass-Through Entity:  
Indiana Department of Education

Compliance Requirement: Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP)

Audit Finding: Material Weakness, Modified Opinion

**Contact Person Responsible for Corrective Action:** Tiffany Ulman

**Contact Phone Number:** 219-924-4250

### **Views of Responsible Official:**

We concur with the finding.

### **Description of Corrective Action Plan:**

We will review our system of internal controls as noted in Summary Schedule of Prior Audit Findings 2019-002, including segregation of duties, to ensure compliance related to the grant agreement and Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP) compliance requirement.

### **Anticipated Completion Date:**

August 2022

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## CORRECTIVE ACTION PLAN

### **FINDING 2021-008**

**Subject:** Special Education Cluster (IDEA) - Allowable Costs/Cost Principles

Federal Agency: Department of Education

Federal Programs: Special Education Grants to States, Special Education Preschool Grants

CFDA Number: 84.027, 84.173

Federal Award Numbers and Years (or Other Identifying Numbers): 20611-148-PN01, 20619-148-PN01, 21611-148-PN01, 21619-148-PN01

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Allowable Costs/Cost Principles

**Audit Findings:** Material Weakness, Other Matters

**Contact Person Responsible for Corrective Action:** Terri Chance

**Contact Phone Number:** 219-924-4250

### **Views of Responsible Official:**

We concur with the finding.

### **Description of Corrective Action Plan:**

Establish post award internal controls surrounding grant management including, but not limited to, Allowable Costs/Cost Principles.

### **Anticipated Completion Date:**

January 1, 2023



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## CORRECTIVE ACTION PLAN

### **FINDING 2021-009**

**Subject:** Special Education Cluster (IDEA) - Procurement and Suspension and Debarment

**Federal Agency:** Department of Education

**Federal Programs:** Special Education Grants to States

**CFDA Number:** 84.027

**Federal Award Numbers and Years (or Other Identifying Numbers):** 20611-148-PN01 and 21611-148-

**PN01**

**Pass-Through Entity:** Indiana Department of Education

**Compliance Requirement:** Procurement and Suspension and Debarment

**Audit Findings:** Material Weakness, Modified Opinion

**Contact Person Responsible for Corrective Action:** Terri Chance

**Contact Phone Number:** 219-924-4250

### **Views of Responsible Official:**

We concur with the finding.

### **Description of Corrective Action Plan:**

Establish a Procurement Process, including a Suspension and Debarment component, that meets federal compliance requirements.

### **Anticipated Completion Date:**

January 1, 2023

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## OTHER REPORTS

In addition to this report, other reports may have been issued for the School Corporation. All reports can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>.