

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

GRIFFITH PUBLIC SCHOOLS

LAKE COUNTY, INDIANA

July 1, 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



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

This report is supplemental to our audit report of the Griffith Public Schools (School Corporation), for the period from July 1, 2019 to June 30, 2021. It has been provided as a separate report so that the reader may easily identify any Audit Results and Comments that pertain to the School Corporation. It should be read in conjunction with our Financial Statement Audit Report of the School Corporation, which provides our opinions on the School Corporation's financial statement. This report may be found at 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.

Beth Kelley, CPA, CFE
Deputy State Examiner

May 26, 2022

GRIFFITH PUBLIC SCHOOLS
AUDIT RESULTS AND COMMENTS

FINANCIAL TRANSACTIONS AND REPORTING

A similar comment also appeared in prior Report B54404, entitled *FINANCIAL TRANSACTIONS*.

Condition and Context

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

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 fiscal year 2020-2021. 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. . . ."

GRIFFITH PUBLIC SCHOOLS
AUDIT RESULTS AND COMMENTS
(Continued)

OVERDRAWN CASH BALANCES

This same comment also appeared in prior Report B54404.

Condition and Context

The financial statement presented for audit included the following funds with overdrawn cash balances at June 30, 2020 and 2021.

Fund	Amount Overdrawn	
	As of June 30, 2020	2021
Pension Debt Cb Exempt	\$ 46,988	\$ -
Curricular Materials Rental Fund	59,998	-
Special Ed Part B 611	-	58,645
Title Iia	-	69,299
Education Stabilization Relief	-	300
Payroll Clearing	-	28,902

The table above excluded overdrawn grant funds awaiting reimbursement as required by the Indiana Department of Education. The primary factor for overdrawn funds was disbursements in excess of receipts.

Criteria

The cash balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the unit. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 1)

PREPAID SCHOOL MEAL ACCOUNTS

This same comment appeared in prior Report B54404.

Condition and Context

Monthly reconciliations of the students' individual meal account balances to the Prepaid Food fund (clearing account) were not performed. A comparison of the Prepaid Food fund balance to the students' individual meal account balances at June 30, 2020 and 2021, is as follows:

Description	As of June 30,	
	2020	2021
Prepaid Meals fund - cash balance	\$ 23,437	\$ 25,493
All Students' Individual Meal Account Balances	<u>14,570</u>	<u>19,852</u>
Variance due to Unreconciled Funds	<u>\$ 8,867</u>	<u>\$ 5,641</u>

GRIFFITH PUBLIC SCHOOLS
AUDIT RESULTS AND COMMENTS
(Continued)

Criteria

When a student puts money into their individual meal account, it should not be considered income to the child nutrition program until that student goes through the lunch line and charges a meal to their account. Therefore, while money is in the student's individual account, the balance should not be included in Fund 800 School Lunch. A school should set up a clearing account with the fund number of 8400 Prepaid School Lunch Accounts which is included in Chapter 4 of the State Board of Accounts Uniform Compliance Guidelines for Indiana Public School Corporations. When a student brings in a deposit the receipt should be recorded to Fund 8400 using receipt account 1630 Special Functions. After the student has charged meals, you should disburse the amount charged from Fund 8400 using expenditure account 31900 Other Food Services and receipt this into Fund 800 using the Food Services receipt accounts 1611-1623 at the time established in a written school policy to ensure accurate monthly reporting. At this point the receipts are considered program income and should be included on any reports that are required to be completed. Also, on a monthly basis it is required that the balance of Fund 8400 be reconciled with the total of the individual meal accounts. (The School Bulletin and Uniform Compliance Guidelines, February 2019)

GRIFFITH PUBLIC SCHOOLS
EXIT CONFERENCE

The contents of this report were discussed on May 26, 2022, with Terri Chance, Treasurer; Leah Domezich, Superintendent of Schools; Emily Conner, President of the School Board; and Meghan Damron, former Treasurer.