

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

RIVER FOREST COMMUNITY SCHOOL CORPORATION

LAKE COUNTY, INDIANA

July 1, 2013 to June 30, 2015



FILED
07/15/2016

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Brenda McCormack Lynne M. Styx	07-01-13 to 06-30-14 07-01-14 to 06-30-16
Superintendent of Schools	Dr. James H. Rice Dr. Steven C. Disney	07-01-13 to 06-30-14 07-01-14 to 06-30-16
President of the School Board	H. Marshall Gilliana, II	07-01-13 to 06-30-16



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

This report is supplemental to our audit report of the River Forest Community School Corporation (School Corporation), for the period from July 1, 2013 to June 30, 2015. It has been provided as a separate report so that the reader may easily identify any Federal Findings and Audit Results and Comments that pertain to the School Corporation. It should be read in conjunction with our Financial Statement and Federal Single Audit Report of the School Corporation, which provides our opinions on the School Corporation's financial statement and federal program compliance. This report may be found at www.in.gov/sboa/.

The Federal Findings, identified in the above referenced audit report, are included in this report and should be viewed in conjunction with the Audit Results and Comments as described below.

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

Any Corrective Action Plan for the Federal Findings and Official Response to the Audit Results and Comments, incorporated within this report, were not verified for accuracy.

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

March 28, 2016

RIVER FOREST COMMUNITY SCHOOL CORPORATION
FEDERAL FINDINGS

FINDING 2015-001 - FINANCIAL TRANSACTIONS AND REPORTING

There were several deficiencies in the internal control system of the School Corporation related to financial transactions and reporting that constitute material weaknesses.

1. **Lack of Segregation of Duties:** The School Corporation had not separated incompatible activities related to receipts. The failure to establish these controls could enable material misstatements or irregularities to remain undetected.

One employee is responsible for issuing, recording, reporting, and depositing receipts without evidence of oversight, review, or approval. Segregation of duties was not evident; nor was there adequate oversight, review, or approval of the transactions or reports generated based on the transactions.

2. **Preparing Financial Statement:** The School Corporation had not identified risks to the preparation of a reliable financial statement and as a result had failed to design effective controls over the preparation of the financial statement to prevent, or detect and correct, material misstatements.

The Form 9, Financial Activity Reports, which include financial activity of all funds and are the basis for the financial statement, were signed by the Treasurer, Superintendent of Schools, and President of the School Board. Although the reports contained all required certifications, there was no evidence of an adequate oversight or review process prior to submission.

3. **Monitoring of Controls:** An evaluation of the School Corporation's system of internal controls had not been conducted. The failure to monitor the internal control system places the School Corporation at risk that controls may not be designed properly or operating effectively to provide reasonable assurance that controls will prevent, or detect and correct, material misstatements in a timely manner. Additionally, the School Corporation had no process to identify or communicate corrective actions to improve controls.

While the payroll disbursement process had separated the duties for initiating, approving, recording, and reconciling payroll, the process lacked adequate oversight and approval of the transactions or reports generated based on the transactions.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets, and all forms of information processing are necessary for proper internal control.

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements, and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

RIVER FOREST COMMUNITY SCHOOL CORPORATION
FEDERAL FINDINGS
(Continued)

FINDING 2015-002 - PREPARATION OF THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The School Corporation did not have a proper system of internal control in place to prevent, or detect and correct, errors on the Schedule of Expenditures of Federal Awards (SEFA). The School Corporation should have proper controls in place over the preparation of the SEFA to ensure accurate reporting of federal awards. Without a proper system of internal control in place that operates effectively, material misstatements of the SEFA could remain undetected.

The internal controls established by the School Corporation over the preparation and review of the SEFA were not properly implemented. The SEFA was not reviewed by someone other than the preparer. A proper system of internal controls would include segregation of duties by having a proper oversight, review, or approval process and would allow the School Corporation to prevent, or detect, and correct errors on the SEFA in a timely manner.

During the audit of the SEFA, we noted the following deficiencies:

1. The following grant activity was not properly reported:
 - a. Child Nutrition Cluster expenditures were understated by \$723,905 and \$532,458 for 2013-2014 and 2014-2015 school years, respectively.
 - b. Child and Adult Care Food Program expenditures were understated by \$4,883 and \$71 for 2013-2014 and 2014-2015 school years, respectively.
 - c. Special Education Cluster expenditures were understated by \$345,914 and \$331,048 for 2013-2014 and 2014-2015 school years, respectively.
 - d. Title I Grants to Local Educational Agencies expenditures were understated by \$105,262 and \$285,277 for 2013-2014 and 2014-2015 school years, respectively.
 - e. English Language Acquisition State Grants expenditures were understated by \$4,544 for the 2014-2015 school year.
 - f. Improving Teacher Quality State Grants expenditures were understated by \$41,688 for the 2013-2014 school year.

These errors resulted in an understatement of federal expenditures of \$2,375,050.

2. Some nonfederal grant activity for the 2013-2014 and 2014-2015 school years was reported in error on the SEFA totaling \$18,766 and \$37,521, respectively. The inclusion of these non federal grants resulted in an overstatement of the federal expenditures of \$56,287.

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

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets, and all forms of information processing are necessary for proper internal control.

RIVER FOREST COMMUNITY SCHOOL CORPORATION
FEDERAL FINDINGS
(Continued)

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

OMB Circular A-133, Subpart C, section .300 states in part: "The auditee shall: . . . (d) Prepare appropriate financial statements, including the schedule of expenditures of Federal Awards in accordance with section .310."

OMB Circular A-133, Subpart C, section .310(b) states in part:

"Schedule of expenditures of Federal awards. The auditee shall also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements. 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 award years, the auditee may list the amount of Federal awards expended for each award year separately. At a minimum, the schedule shall:

- (1) List individual Federal programs by Federal agency. For Federal programs included in a cluster of programs, list individual Federal programs within a cluster of programs. For R&D, total Federal awards expended shall be shown either by individual 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 shall be included.
- (3) Provide total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available. . . . "

Section III - Federal Award Findings and Questioned Costs

FINDING 2015-003 - ACTIVITIES ALLOWED OR UNALLOWED, ALLOWABLE COSTS/COST PRINCIPLES, SPECIAL TESTS AND PROVISIONS - SCHOOL FOOD ACCOUNTS

Federal Agency: Department of Agriculture

Federal Programs: School Breakfast Program, National School Lunch Program,
Summer Food Service Program for Children

CFDA Numbers: 10.553, 10.555, 10.559

Federal Award Years: FY 2013-14, FY 2014-15

Pass-Through Entity: Indiana Department of Education

Management of the School Corporation had not established an effective internal control system related to the grant agreement and the following compliance requirements: Activities Allowed or Unallowed, Allowable Costs/Cost Principles, and Special Tests and Provisions - School Food Accounts. There was no process to ensure that expenditures of program funds were only for allowable activities, allowable costs, and operation of the food service program. An adequate oversight, review, or approval process had not been established.

RIVER FOREST COMMUNITY SCHOOL CORPORATION
FEDERAL FINDINGS
(Continued)

An internal control system should be designed and operate effectively to provide reasonable assurance that material noncompliance with the grant agreement or a compliance requirement of a federal program will be prevented, or detected and corrected, on a timely basis. This is accomplished by making sure proper oversight, reviews, and approvals take place and to have a separation of functions over certain activities related to the programs.

The School Corporation operated a food service program, which was the recipient of federal funding. All transactions related to the food service program were recorded in the School Lunch fund. This includes, but was not limited to: salaries and benefits, food purchases, supplies, and all revenue generated by the food service program.

The School Corporation employed playground aides that supervised children in the lunchroom as well as on the playground. The playground aides were paid exclusively from the School Lunch fund; however, not all duties of the playground aides were related to food service. The playground aides did not maintain personnel activity reports to support the distribution of their time between playground supervision activities, and lunchroom supervision activities.

Each aide spent one hour of the day on playground supervision, costs that should have been paid from the General fund. The \$31,614.16 of playground supervision salaries and related employer costs paid from the School Lunch fund and charged to the federal program are considered questioned costs.

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs."

7 CFR 210.2 states in part:

"*Nonprofit school food service* means all food service operations conducted by the school food authority principally for the benefit of schoolchildren, all of the revenue from which is used solely for the operation or improvement of such food services."

7 CFR 210.14 states in part:

"(a) *Nonprofit school food service*. School food authorities shall maintain a nonprofit school food service. Revenues received by the nonprofit school food service are to be used only for the operation or improvement of such food service, *except that*, such revenues shall not be used to purchase land or buildings, unless otherwise approved by FNS, or to construct buildings. Expenditures of nonprofit school food service revenues shall be in accordance with the financial management system established by the State agency under §210.19(a) of this part. School food authorities may use facilities, equipment, and personnel supported with nonprofit school food revenues to support a nonprofit nutrition program for the elderly, including a program funded under the Older Americans Act of 1965 (42 U.S.C. 3001 *et seq.*)."

RIVER FOREST COMMUNITY SCHOOL CORPORATION
FEDERAL FINDINGS
(Continued)

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

- "(4) Where employees work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports or equivalent documentation which meets the standards in subsection (5) unless a statistical sampling system (see subsection (6)) or other substitute system has been approved by the cognizant Federal agency. Such documentary support will be required where employees work on:
- (a) More than one Federal award,
 - (b) A Federal award and a non Federal award,
 - (c) An indirect cost activity and a direct cost activity,
 - (d) Two or more indirect activities which are allocated using different allocation bases, or
 - (e) An unallowable activity and a direct or indirect cost activity. . . . "

The failure to establish internal controls enabled material noncompliance to go undetected. The failure to comply with the compliance requirements could result in the loss of federal funds to the School Corporation.

We recommended that the School Corporation's management establish controls to ensure compliance and comply with the Activities Allowed or Unallowed, Allowable Costs/Cost Principles, and Special Tests and Provisions - School Food Accounts requirements of the programs.

FINDING 2015-004 - ELIGIBILITY

Federal Agency: Department of Agriculture
Federal Programs: School Breakfast Program, National School Lunch Program,
Summer Food Service Program for Children
CFDA Numbers: 10.553, 10.555, 10.559
Federal Award Years: FY 2013-14, FY 2014-15
Pass-Through Entity: Indiana Department of Education

Management of the School Corporation had not established an effective internal control system related to the grant agreement and the Eligibility compliance requirement. There was no process to ensure that supporting documentation was retained and available for audit. Adequate oversight of the Food Service Department had not been established.

An internal control system should be designed and operate effectively to provide reasonable assurance that material noncompliance with the grant agreement or a compliance requirement of a federal program will be prevented, or detected and corrected, on a timely basis. This is accomplished by making sure proper oversight, reviews, and approvals take place and to have a separation of functions over certain activities related to the programs.

RIVER FOREST COMMUNITY SCHOOL CORPORATION
FEDERAL FINDINGS
(Continued)

The School Corporation did not retain the free and reduced price applications for the 2013-2014 and 2014-2015 school years. The Food Service Department used a web-based program to store and manage applications during the audited school years. However, the School Corporation changed software vendors for the 2015-2016 school year and could no longer access the web-based program without payment of an additional access cost.

Due to the lack of access to the applications, a test of the eligibility determinations could not be conducted. Based on the Verification Collection Report the School Corporation provided, 555 of the 1,074 eligible students, or 51.7 percent, were directly certified in the 2013-2014 school year; 567 of the 1,196 eligible students, or 47.4 percent, were directly certified in the 2014-2015 school year.

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs."

7 CFR 245.6(e) states:

"*Recordkeeping.* The local educational agency must maintain documentation substantiating eligibility determinations on file for 3 years after the date of the fiscal year to which they pertain, except that if audit findings have not been resolved, the documentation must be maintained as long as required for resolution of the issues raised by the audit."

The failure to establish internal controls could enable material noncompliance to go undetected. The failure to comply with the compliance requirements could result in the loss of federal funds to the School Corporation.

We recommended that the School Corporation's management establish controls to ensure compliance and comply with the Eligibility requirements of the programs.

FINDING 2015-005 - SPECIAL TESTS AND PROVISIONS - PAID LUNCH EQUITY

Federal Agency: Department of Agriculture
Federal Programs: National School Lunch Program
CFDA Numbers: 10.555
Federal Award Years: FY 2013-14, FY 2014-15
Pass-Through Entity: Indiana Department of Education

Management of the School Corporation had not established an effective internal control system related to the grant agreement and the Special Tests and Provisions - Paid Lunch Equity compliance requirement.

The School Corporation had not designed or implemented adequate policies or procedures to ensure compliance with the Special Tests and Provisions - Paid Lunch Equity. There were no procedures in place to ensure that documentation of the calculations was maintained or that the lunch prices charged were approved by the School Board. An oversight, review, or approval process had not been established.

RIVER FOREST COMMUNITY SCHOOL CORPORATION
FEDERAL FINDINGS
(Continued)

An internal control system should be designed and operate effectively to provide reasonable assurance that material noncompliance with the grant agreement or a compliance requirement of a federal program will be prevented, or detected and corrected, on a timely basis. This is accomplished by making sure proper oversight, reviews, and approvals take place and to have a separation of functions over certain activities related to the programs.

The School Corporation did not retain its paid lunch equity calculations from the Indiana Department of Education or other locally produced documents; therefore, we could not determine if they were in compliance with the Paid Lunch Equity requirements. Beginning in the 2010-2011 school year, the officials put a plan into place to raise lunch prices by ten cents each year from the 2010-2011 to the 2018-2019 school year in order to be in compliance with these requirements. However, the School Board did not publically adopt the breakfast and lunch prices for each school year.

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal Programs."

7 CFR 210.14(e) states:

"*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.

(1) *Calculation procedures.* Each school food authority shall:

(i) Determine the average price of paid lunches. The average shall be determined based on the total number of paid lunches claimed for the month of October in the previous school year, at each different price charged by the school food authority.

(ii) Calculate the difference between the per meal Federal reimbursement for paid and free lunches received by the school food authority in the previous school year (*i.e.*, the reimbursement difference);

(iii) Compare the average price of a paid lunch under paragraph (e)(1)(i) of this section to the difference between reimbursement rates under paragraph (e)(1)(ii) of this section."

7 CFR 210.15(b) states in part:

"*Recordkeeping summary.* In order to participate in the Program, a school food authority or a school, as applicable, must maintain records to demonstrate compliance with Program requirements. These records include but are not limited to: . . .

(6) Records to document compliance with the requirements in §210.14(e); . . ."

The failure to establish internal controls could enable material noncompliance to go undetected. The failure to comply with the compliance requirement could result in the loss of federal funds to the School Corporation.

RIVER FOREST COMMUNITY SCHOOL CORPORATION
FEDERAL FINDINGS
(Continued)

We recommended that the School Corporation's management establish controls to ensure compliance and comply with the Special Tests and Provisions - Paid Lunch Equity requirements of the programs.

FINDING 2015-006 - EQUIPMENT AND REAL PROPERTY MANAGEMENT

Federal Agency: Department of Agriculture

Federal Programs: School Breakfast Program, National School Lunch Program,
Summer Food Service Program for Children

CFDA Numbers: 10.553, 10.555, 10.559

Federal Award Years: FY 2013-14, FY 2014-15

Pass-Through Entity: Indiana Department of Education

Management of the School Corporation had not established an effective internal control system related to the grant agreement and the Equipment and Real Property Management compliance requirement.

The School Corporation had not designed or implemented adequate policies or procedures to ensure that equipment purchased with food service funds was properly accounted for in the capital asset records, or maintain other property records. An oversight, review, or approval process had not been established.

An internal control system should be designed and operate effectively to provide reasonable assurance that material noncompliance with the grant agreement or a compliance requirement of a federal program will be prevented, or detected and corrected, on a timely basis. This is accomplished by making sure proper oversight, reviews, and approvals take place and to have a separation of functions over certain activities related to the programs.

The School Corporation failed to include all applicable equipment purchased with food service funds in their capital assets records, or maintain other property records. These assets included a \$40,140 walk-in freezer, a \$14,094 dishwasher, and a \$5,000 dish machine exhaust. The School Corporation also did not maintain capital asset records or other property records that were up to date; the asset list that was provided for audit had not been updated since June 2013. In addition, assets purchased with federal funds were not distinguished from assets purchased with nonfederal funds in the School Corporation's records.

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs."

7 CFR 3016.32 states in part:

"(b) States. A State will use, manage, and dispose of equipment acquired under a grant by the State in accordance with State laws and procedures. Other grantees and subgrantees will follow paragraphs (c) through (e) of this section. . . ."

RIVER FOREST COMMUNITY SCHOOL CORPORATION
FEDERAL FINDINGS
(Continued)

(d) *Management requirements.* Procedures for managing equipment (including replacement equipment), whether acquired in whole or in part with grant funds, until disposition takes place will, as a minimum, meet the following requirements:

- (1) Property records must be maintained that include a description of the property, a serial number or other identification number, the source of property, who holds title, the acquisition date, and cost of the property, percentage of Federal participation in the cost of the property, the location, use and condition of the property, and any ultimate disposition data including the date of disposal and sale price of the property.
- (2) A physical inventory of the property must be taken and the results reconciled with the property records at least once every two years.
- (3) A control system must be developed to ensure adequate safeguards to prevent loss, damage, or theft of the property. Any loss, damage, or theft shall be investigated."

The failure to establish internal controls enabled material noncompliance to go undetected. The failure to comply with the compliance requirement could result in the loss of federal funds to the School Corporation.

We recommended that the School Corporation's management establish controls to ensure compliance and comply with the Equipment Management requirements of the programs.

FINDING 2015-007 - LEVEL OF EFFORT - MAINTENANCE OF EFFORT

Federal Agency: Department of Education
Federal Program: Special Education - Grants to States
CFDA Number: 84.027
Federal Award Numbers: 14213-047-PN01, 14214-047-PN01, 4215-047-PN01
Pass-Through Entity: Indiana Department of Education

Management of the School Corporation had not established an effective internal control system, which would include segregation of duties, related to the grant agreement and the Level of Effort - Maintenance of Effort compliance requirement.

The School Corporation had not designed or implemented effective policies or procedures to ensure compliance with the program requirements of Level of Effort - Maintenance of Effort. An oversight, review, or approval process had not been established to ensure compliance with maintenance of effort amounts reported to the pass-through entity.

An internal control system should be designed and operate effectively to provide reasonable assurance that material noncompliance with the grant agreement or a compliance requirement of a federal program will be prevented, or detected and corrected, on a timely basis. This is accomplished by making sure proper oversight, reviews, and approvals take place and to have a separation of functions over certain activities related to the program.

RIVER FOREST COMMUNITY SCHOOL CORPORATION
FEDERAL FINDINGS
(Continued)

The failure to establish an effective internal control system places the School Corporation at risk of noncompliance with the grant agreement and the compliance requirement noted above. A lack of segregation of duties within an internal control system could also allow noncompliance with compliance requirements and allow the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the programs.

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs."

The failure to establish internal controls could enable material noncompliance to go undetected. Non-compliance with the grant agreement or the compliance requirement could result in the loss of federal funds to the School Corporation.

We recommended that the School Corporation establish controls, including segregation of duties, related to the grant agreement and the Level of Effort - Maintenance of Effort compliance requirement.

FINDING 2015-008 - REPORTING

Federal Agency: Department of Agriculture
Federal Programs: School Breakfast Program, National School Lunch Program,
Summer Food Service Program for Children
CFDA Numbers: 10.553, 10.555, 10.559
Federal Award Years: FY 2013-14, FY 2014-15
Pass-Through Entity: Indiana Department of Education

Management of the School Corporation had not established an effective internal control system related to the grant agreement and the Reporting compliance requirement.

The School Corporation had not designed or implemented adequate policies and procedures to ensure that the monthly claims for reimbursement or the Annual Financial Report were properly supported by the financial records and/or submitted by the due dates. An oversight or review process had not been established.

An internal control system should be designed and operate effectively to provide reasonable assurance that material noncompliance with the grant agreement or a compliance requirement of a federal program will be prevented, or detected and corrected, on a timely basis. This is accomplished by making sure proper oversight, reviews, and approvals take place and to have a separation of functions over certain activities related to the programs.

The School Corporation failed to review and ensure the accuracy of the monthly Claims for Reimbursement and retain the proper supporting documentation. Monthly summary reports of the lunch counts were not provided for audit. A verification of the monthly claims for reimbursement, by comparing the total of the daily sales reports to the number of meals claimed, revealed meals claimed in excess of the monthly sales total. However, not all daily sales reports were provided for audit.

RIVER FOREST COMMUNITY SCHOOL CORPORATION
FEDERAL FINDINGS
(Continued)

The School Corporation must submit an Annual Financial Report within 30 days after June 30. As of February 8, 2016, the School Corporation has not submitted the report for the 2014-2015 school year.

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . .(b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal Programs."

7 CFR 210.8(a) states in part:

"(2) *School food authority claims review process.* Prior to the submission of a monthly Claim for Reimbursement, each school food authority shall review the lunch count data for each school under its jurisdiction to ensure the accuracy of the monthly Claim for Reimbursement. The objective of this review is to ensure that monthly claims include only the number of free, reduced price and paid lunches served on any day of operation to children currently eligible for such lunches. . . .

(5) *Recordkeeping.* School food authorities shall maintain on file, each month's Claim for Reimbursement and all data used in the claims review process, by school. Records shall be retained as specified in §210.23(c) of this part. School food authorities shall make this information available to the Department and the State agency upon request."

7 CFR 3016.20(b) states in part:

"The financial management systems of other grantees and subgrantees must meet the following standards:

(1) *Financial reporting.* Accurate, current, and complete disclosure of the financial results of financially assisted activities must be made in accordance with the financial reporting requirements of the grant or subgrant."

The failure to establish internal controls enabled material noncompliance to go undetected. The failure to comply with the compliance requirements could result in the loss of federal funds to the School Corporation.

We recommended that the School Corporation's management establish controls to ensure compliance and comply with the Reporting requirements of the programs.

FINDING 2015-009 - CHILD NUTRITION CLUSTER

Federal Agency: Department of Agriculture

Federal Programs: School Breakfast Program, National School Lunch Program,
Summer Food Service Program for Children

CFDA Numbers: 10.553, 10.555, 10.559

Federal Award Years: FY 2013-14, FY 2014-15

Pass-Through Entity: Indiana Department of Education

RIVER FOREST COMMUNITY SCHOOL CORPORATION
FEDERAL FINDINGS
(Continued)

Management of the School Corporation had not established an effective internal control system, which would include segregation of duties, related to the grant agreement and the Cash Management, Procurement and Suspension and Debarment, and Special Tests and Provisions - Verification of Free and Reduced Price Applications compliance requirements.

Cash Management

The School Corporation had not designed or implemented adequate policies and procedures to ensure that the School Lunch fund monthly cash balances are limited to the average expenditures for three months. An oversight or review process had not been established to document the monitoring of the cash balances.

Procurement and Suspension and Debarment

The School Corporation utilized a third-party for Food Service bids. The third-party administered the bidding process as well as verified that the vendors were not suspended or debarred. The third-party made a recommendation to the School Corporation for the winning bids. However, there were no controls in place to ensure that the School Corporation and School Board formally approved the bids or awarded the contracts to the successful bidders. An oversight, review, or approval process had not been established.

Special Tests and Provisions - Verification of Free and Reduced Price Applications

Each School Corporation that participates in the National School Lunch Program must verify the current free and reduced price eligibility of households selected from a sample of applications that it has approved for free and reduced price meals. The School Corporation performed the verifications; however, there was no documentation that an oversight or review process had been established to ensure the accuracy of the verifications performed.

An internal control system should be designed and operate effectively to provide reasonable assurance that material noncompliance with the grant agreement or a compliance requirement of a federal program will be prevented, or detected and corrected, on a timely basis. This is accomplished by making sure proper oversight, reviews, and approvals take place and to have a separation of functions over certain activities related to the programs.

The failure to establish an effective internal control system places the School Corporation at risk of noncompliance with the grant agreement and the listed compliance requirements. A lack of segregation of duties within an internal control system could also allow noncompliance with compliance requirements and allow the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the programs.

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs."

The failure to establish internal controls could enable material noncompliance to go undetected. Noncompliance with the grant agreement or the compliance requirements could result in the loss of federal funds to the School Corporation.

RIVER FOREST COMMUNITY SCHOOL CORPORATION
FEDERAL FINDINGS
(Continued)

We recommended that the School Corporation's management establish controls, including segregation of duties, related to the grant agreement and compliance requirements listed above.

FINDING 2015-010 - TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES

Federal Agency: Department of Education
Federal Program: Title I Grants to Local Educational Agencies
CFDA Number: 84.010
Federal Award Numbers: 13-4590, 14-4590, 15-4590
Pass-Through Entity: Indiana Department of Education

Management of the School Corporation had not established an effective internal control system, which would include segregation of duties, related to the grant agreement and the following compliance requirements: Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Level of Effort, Reporting, Specials Tests and Provisions - Comparability. The failure to establish an effective internal control system placed the School Corporation at risk of noncompliance with the grant agreement and the compliance requirements. A lack of segregation of duties within an internal control system could also allow noncompliance with compliance requirements and allow the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the program.

Activities Allowed or Unallowed, Allowable Costs/Cost Principles

The School Corporation did not properly document segregation of duties related to the payment of payroll. One employee was responsible for the generation and payment of payroll. The School Corporation failed to properly document a review of payroll costs associated with their various grants, which would include a review by someone familiar with the respective grant requirements. The initiation, approval, recording, and reconciliation duties were segregated, but were not properly monitored. The School Corporation did not have controls in place to ensure that payroll expenditures charged to the program were for allowable activities and for allowable costs.

Level of Effort - Maintenance of Effort

Maintenance of Effort calculations were prepared by the Indiana Department of Education (IDOE) when allocating Title I funding to each school district. The IDOE used the expenditure information submitted by schools on their Form 9, Financial Activity Report (Form 9) to calculate maintenance of effort. The Form 9s, which included financial activity of all funds and were the basis for the financial statement, were signed by the Treasurer, Superintendent of Schools, and President of the School Board. Although the reports were signed by the appropriate individuals, there were no reviews or other controls in place to ensure the accuracy of the reports prior to submission.

Reporting

The School Corporation was responsible for providing information that is used to compile the State's Per Pupil Expenditure (SPPE) report. This information was provided to the IDOE via the financial information in the Form 9s. In order to ensure accurate reporting of the Form 9, it was signed by the President of the School Board and the Superintendent of Schools. Although the reports were signed by the appropriate individuals, there were no reviews or other controls in place to ensure the accuracy of the reports prior to submission.

RIVER FOREST COMMUNITY SCHOOL CORPORATION
FEDERAL FINDINGS
(Continued)

Special Tests and Provisions - Comparability

The comparability reports were prepared and submitted by the Title I Consultant. There was no evidence of adequate oversight or review before submission.

An internal control system, including segregation of duties, should be designed and operate effectively to provide reasonable assurance that material noncompliance with the grant agreement or a compliance requirement of a federal program will be prevented, or detected and corrected, on a timely basis. In order to have an effective internal control system, it is important to have proper segregation of duties. This is accomplished by making sure proper oversight, reviews, and approvals take place and to have a separation of functions over certain activities related to the program. The fundamental premise of segregation of duties is that an individual or small group of individuals should not be in a position to initiate, approve, undertake, and review the same activity.

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs."

The failure to establish internal controls could enable material noncompliance to go undetected. Noncompliance with the grant agreement or the compliance requirements could result in the loss of federal funds to the School Corporation.

We recommended that the School Corporation's management establish controls, including segregation of duties, related to the grant agreement and compliance requirements listed above.

FINDING 2015-011 - ELIGIBILITY

Federal Agency: Department of Education
Federal Program: Title I Grants to Local Educational Agencies
CFDA Number: 84.010
Federal Award Numbers: 13-4590, 14-4590, 15-4590
Pass-Through Entity: Indiana Department of Education

Management of the School Corporation had not established an effective internal control system related to the grant agreement and the Eligibility compliance requirement.

The School Corporation had not designed or implemented adequate policies and procedures to ensure that the State of Indiana's pre-populated public and poverty enrollment figures reported on Eligible Schools Summary page of the Title I application were reflective of the School Corporation's records. An oversight or review process over the reported enrollment had not been established.

An internal control system should be designed and operate effectively to provide reasonable assurance that material noncompliance with the grant agreement or a compliance requirement of a federal program will be prevented, or detected and corrected, on a timely basis. This is accomplished by making sure proper oversight, reviews, and approvals take place and to have a separation of functions over certain activities related to the program.

RIVER FOREST COMMUNITY SCHOOL CORPORATION
FEDERAL FINDINGS
(Continued)

To be in compliance with the Eligibility requirements, the public enrollment as well as the public poverty data on the Eligible School Summary page of the Title I application must agree to the School Corporation records.

The State of Indiana pre-populates the public and poverty enrollment based upon data previously collected as of October 1 of a school year. The School Corporation did not maintain supporting documentation to support the public enrollment reported. In addition, the Food Service Department did not maintain copies of the free and reduced eligibility applications to document poverty enrollment. The food service software was changed after the audit period so the School Corporation no longer had access to the eligibility applications or poverty data. Therefore, the public and poverty enrollment used to determine eligibility for Title I could not be verified to School Corporation records.

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs."

34 CFR 200.78(a)(1) states:

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

The failure to establish internal controls could enable material noncompliance to go undetected. The failure to comply with the compliance requirement could result in the loss of federal funds to the School Corporation.

We recommended that the School Corporation's management establish controls to ensure compliance and comply with the Eligibility requirements of the program.

FINDING 2015-012 - SPECIAL TESTS AND PROVISIONS - SCHOOLWIDE PROGRAMS

Federal Agency: Department of Education
Federal Program: Title I Grants to Local Educational Agencies
CFDA Number: 84.010
Federal Award Numbers: 13-4590, 14-4590, 15-4590
Pass-Through Entity: Indiana Department of Education

Management of the School Corporation had not established an effective internal control system related to the grant agreement and the Special Tests and Provisions - Schoolwide Programs compliance requirement.

The School Corporation had not designed or implemented adequate policies and procedures to ensure compliance with the Schoolwide Programs requirements. School Corporations operating a schoolwide program must verify that they were eligible to do so by ensuring that each school met the 40 percent poverty requirements and that the schoolwide programs included a plan that included the required components.

RIVER FOREST COMMUNITY SCHOOL CORPORATION
FEDERAL FINDINGS
(Continued)

An internal control system should be designed and operate effectively to provide reasonable assurance that material noncompliance with the grant agreement or a compliance requirement of a federal program will be prevented, or detected and corrected, on a timely basis. This is accomplished by making sure proper oversight, reviews, and approvals take place and to have a separation of functions over certain activities related to the program.

The Food Service Department did not maintain copies of the free and reduced price applications to document poverty percentages. The food service software was changed after the audit period so the School Corporation no longer had access to the applications or poverty counts. Therefore, compliance with the eligibility requirements for poverty could not be verified. However, based on the School Corporation's Verification Collection Report that was provided, the School Corporation did have 32.9 percent and 37.1 percent of the total number of students directly certified for eligibility for the 2013-2014 and 2014-2015 school years, respectively.

Furthermore, the schoolwide plans presented for audit did not include the required annual evaluations of the results achieved by the program. Therefore, they also did not include any revisions of the schoolwide plans based upon an evaluation.

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs."

34 CFR 200.25(b)(1) states:

"A school may operate a schoolwide program if—

- (i) The school's LEA determines that the school serves an eligible attendance area or is a participating school under section 1113 of the ESEA; and
- (ii) For the initial year of the schoolwide program—
 - (A) The school serves a school attendance area in which not less than 40 percent of the children are from low-income families; or
 - (B) Not less than 40 percent of the children enrolled in the school are from low-income families."

34 CFR 200.26(c) states:

"Evaluation. A school operating a schoolwide program must—

- (1) Annually evaluate the implementation of, and results achieved by, the schoolwide program, using data from the State's annual assessments and other indicators of academic achievement;
- (2) Determine whether the schoolwide program has been effective in increasing the achievement of students in meeting the State's academic standards, particularly for those students who had been furthest from achieving the standards; and

RIVER FOREST COMMUNITY SCHOOL CORPORATION
FEDERAL FINDINGS
(Continued)

- (3) Revise the plan, as necessary, based on the results of the evaluation, to ensure continuous improvement of students in the schoolwide program."

The failure to establish internal controls enabled material noncompliance to go undetected. The failure to comply with the compliance requirement could result in the loss of federal funds to the School Corporation.

We recommended that the School Corporation's management establish controls to ensure compliance and comply with the Special Tests and Provisions - Schoolwide Programs requirements of the program.

River Forest Community School Corporation

3250 Michigan Street
Hobart, Indiana 46342
Telephone: (219) 962-2909 Fax: (219) 962-4951
Dr. Steven C. Disney, Jr., Superintendent
Dr. James L. Thorne, Assistant Superintendent

Corrective Action Plan

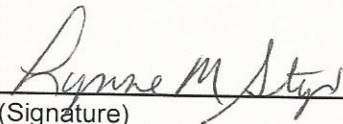
FINDING 2015-001 – Financial Transactions and Reporting

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

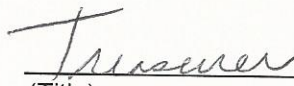
Management has put additional internal controls in place to ensure that adequate oversight has been noted by initials on both Form 9 and the receipt audit, providing evidence that a review was done by someone other than the preparer.

Management has put into place where the corporation Treasurer will review the electronic file of the payroll distribution report and sign off on said report via e-mail.

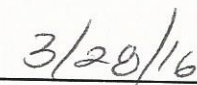
Completed February 2016 and March 2016



(Signature)



(Title)



(Date)

River Forest Community School Corporation

3250 Michigan Street
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Telephone: (219) 962-2909 Fax: (219) 962-4951
Dr. Steven C. Disney, Jr., Superintendent
Dr. James L. Thorne, Assistant Superintendent

Corrective Action Plan

FINDING 2015-002 – Preparation of the Schedule of Expenditures of Federal Awards

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

While preparing the Annual Financial Reports for the 2013-2014 and 2014-2015 fiscal years I was not familiar with the reporting requirements for the SEFA. During the audit, I was made aware of my errors and omissions and will properly report only grants that should be included. In addition, management will put into place an internal control procedure whereas the Assistant Superintendent/Grant Supervisor will verify the accuracy of the SEFA and indicate he has done so by a signature.

Anticipated Completion: August 2016

Lynne M Styx
(Signature)

Treasurer
(Title)

3/28/16
(Date)

River Forest Community School Corporation

3250 Michigan Street

Hobart, Indiana 46342

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

Dr. Steven C. Disney, Jr., Superintendent

Dr. James L. Thorne, Assistant Superintendent

Corrective Action Plan

FINDING 2015-003 – Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Special Tests and Provisions School Food Accounts

Federal Agency: U.S. Department of Agriculture

Federal Programs: School Breakfast Program, National School Lunch Program, Summer Food Service Program for Children

CFDA Numbers: 10.553, 10.555, 10.559

Federal Award Years: FY 2013-2014 and FY 2014-2015

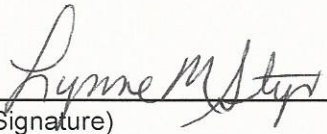
Pass Through Entity: Indiana Department of Education

Contact Person Responsible for Corrective Action: **Lynne Styx, Treasurer**

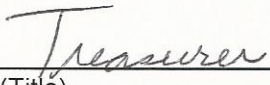
Contact Phone Number: **219-962-2909**

Management has evaluated staffing in regards to time spent for student nutrition duties and general supervisory duties and has separated such in each employees time reporting and cost distribution via payroll. In addition, the corporation Treasurer will review and sign off each payroll prepared by the Deputy Treasurer as evidence of proper internal control procedures.

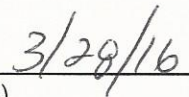
Completed: March 2016



(Signature)



(Title)



(Date)

River Forest Community School Corporation

3250 Michigan Street
Hobart, Indiana 46342
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Dr. Steven C. Disney, Jr., Superintendent
Dr. James L. Thorne, Assistant Superintendent

Corrective Action Plan

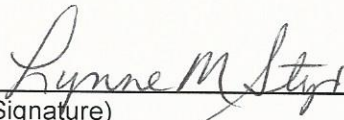
FINDING 2015-004 – Eligibility

Federal Agency: U.S. Department of Agriculture
Federal Programs: School Breakfast Program, National School Lunch Program, Summer Food Service Program for Children
CFDA Numbers: 10.553, 10.555, 10.559
Federal Award Years: FY 2013-2014 and FY 2014-2015
Pass Through Entity: Indiana Department of Education

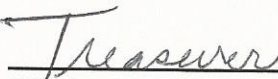
Contact Person Responsible for Corrective Action: **Lynne Styx, Treasurer**
Contact Phone Number: **219-962-2909**

Management has put into place internal controls whereas free and reduced applications are processed and verified by at least two food service employees. In addition all approvals or denials are reviewed and verified by the Food Service Director. Management has also established an effective recordkeeping system to ensure that applications and verifications are available for audit.

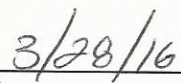
Completed: November 2015



(Signature)



(Title)



(Date)

River Forest Community School Corporation

3250 Michigan Street

Hobart, Indiana 46342

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

Dr. Steven C. Disney, Jr., Superintendent

Dr. James L. Thorne, Assistant Superintendent

Corrective Action Plan

FINDING 2015-005 – Special Tests and Provisions – Paid Lunch Equity

Federal Agency: U.S. Department of Agriculture

Federal Programs: School Breakfast Program, National School Lunch Program, Summer Food Service Program for Children

CFDA Numbers: 10.553, 10.555, 10.559

Federal Award Years: FY 2013-2014 and FY 2014-2015

Pass Through Entity: Indiana Department of Education

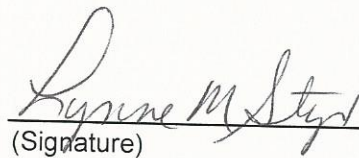
Contact Person Responsible for Corrective Action: **Lynne Styx, Treasurer**

Contact Phone Number: **219-962-2909**

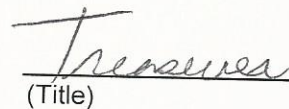
Management has put into place a software system which accurately records and reports paid lunch process for each price level (elementary and middle/high school). In addition, yearly school lunch prices will be approved by the school board.

Completed: August 2015

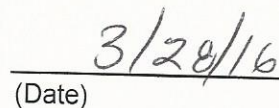
Anticipated Completion: June 2016



(Signature)



(Title)



(Date)

River Forest Community School Corporation

3250 Michigan Street

Hobart, Indiana 46342

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

Dr. Steven C. Disney, Jr., Superintendent

Dr. James L. Thorne, Assistant Superintendent

Corrective Action Plan

FINDING 2015-006 – Equipment Management

Federal Agency: U.S. Department of Agriculture

Federal Programs: School Breakfast Program, National School Lunch Program, Summer Food Service Program for Children

CFDA Numbers: 10.553, 10.555, 10.559

Federal Award Years: FY 2013-2014 and FY 2014-2015

Pass Through Entity: Indiana Department of Education

Contact Person Responsible for Corrective Action: **Lynne Styx, Treasurer**

Contact Phone Number: **219-962-2909**

Management will conduct an audit of all equipment and property and maintain records to accurately track the disposition of such. In addition, the corporation Treasurer will compare the records maintained by the Food Service Director and those collected by an external Fixed Asset Auditor to ensure they accurately reflect each other.

Anticipated Completion: June 2016

Lynne M Styx
(Signature)

Treasurer
(Title)

3/28/16
(Date)

River Forest Community School Corporation

3250 Michigan Street

Hobart, Indiana 46342

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

Dr. Steven C. Disney, Jr., Superintendent

Dr. James L. Thorne, Assistant Superintendent

Corrective Action Plan

FINDING 2015-07 – Level of Effort – Maintenance of Effort

Federal Agency: U.S. Department of Education

Federal Program: Special Education – Grants to States

CFDA Number: 84.027

Federal Award Numbers: 14213-047-PN01, 14214-047-PN01, 4215-047-PN01

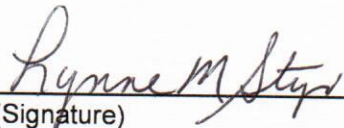
Pass Through Entity: Indiana Department of Education

Contact Person Responsible for Corrective Action: **Lynne Styx, Treasurer**

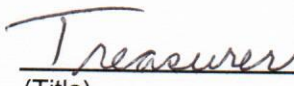
Contact Phone Number: **219-962-2909**

Management has put into place an internal control system to verify the accuracy of reporting Form 9 to the Special Education Cooperative. In addition, management will verify all additional information requested by the cooperative.

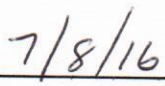
Completed: February 2016



(Signature)



(Title)



(Date)

River Forest Community School Corporation

3250 Michigan Street

Hobart, Indiana 46342

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

Dr. Steven C. Disney, Jr., Superintendent

Dr. James L. Thorne, Assistant Superintendent

Corrective Action Plan

FINDING 2015-008 - Reporting

Federal Agency: U.S. Department of Agriculture

Federal Programs: School Breakfast Program, National School Lunch Program, Summer Food Service Program for Children

CFDA Numbers: 10.553, 10.555, 10.559

Federal Award Years: FY 2013-2014 and FY 2014-2015

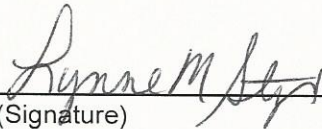
Pass Through Entity: Indiana Department of Education

Contact Person Responsible for Corrective Action: **Lynne Styx, Treasurer**


Contact Phone Number: **219-962-2909**

Management will put into place and internal control procedure where the corporation Treasurer will verify and sign off on the claims for reimbursement on a monthly basis. In addition, the corporation Treasurer will work with the Food Service Director to ensure the Annual Financial Report is submitted in a timely manner. Internal controls are in place to provide evidence that the Form 9 report is verified.

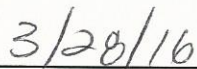
Anticipated Completion: July 2016



(Signature)



(Title)



(Date)

River Forest Community School Corporation

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

Dr. Steven C. Disney, Jr., Superintendent

Dr. James L. Thorne, Assistant Superintendent

Corrective Action Plan

FINDING 2015-009 – Child Nutrition Cluster

Federal Agency: U.S. Department of Agriculture

Federal Programs: School Breakfast Program, National School Lunch Program, Summer Food Service Program for Children

CFDA Numbers: 10.553, 10.555, 10.559

Federal Award Years: FY 2013-2014 and FY 2014-2015

Pass Through Entity: Indiana Department of Education

Contact Person Responsible for Corrective Action: **Lynne Styx, Treasurer**

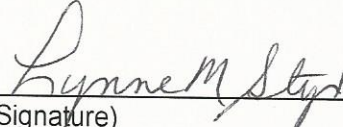
Contact Phone Number: **219-962-2909**

Management will put into place an internal control procedure to monitor cash balances for the School Lunch Fund. The corporation Treasurer will test such levels on a quarterly basis and will ensure compliance when reporting on the Form 9. Internal controls are already in place to verify Form 9 has been reviewed by someone other than the preparer.

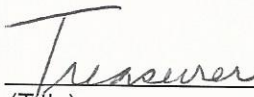
Management will obtain School Board Approval for all bids awarded by the Food Service Director and Northwest Indiana Educational Service Center.

Management has put into place an internal control procedure to review and verify for accuracy the 3% eligibility test and will work with the Food Service Director to ensure the report is submitted in a timely manner.

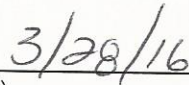
Anticipated Completion: March 2016, July 2016 and October 2016



(Signature)



(Title)



(Date)

River Forest Community School Corporation

3250 Michigan Street

Hobart, Indiana 46342

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

Dr. Steven C. Disney, Jr., Superintendent

Dr. James L. Thorne, Assistant Superintendent

Corrective Action Plan

FINDING 2015-10 – Title I Grants to Local Educational Agencies

Federal Agency: U.S. Department of Education

Federal Program: Title I Grants to Local Educational Agencies

CFDA Number: 84.010

Federal Award Numbers: 13-4590, 14-4590, 15-4590

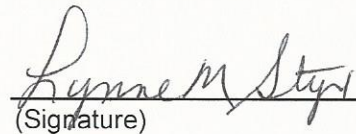
Pass Through Entity: Indiana Department of Education

Contact Person Responsible for Corrective Action: **Lynne Styx, Treasurer**

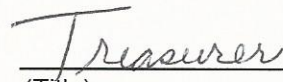
Contact Phone Number: **219-962-2909**

Management has put an internal control procedure in place for Title I compliance whereas the Assistant Superintendent/Grant Supervisor communicates accurate staffing levels to the corporation Treasurer. The corporation Treasurer reviews payroll distributions created by the Deputy Treasurer and verifies the accuracy for compliance. Segregation of duties is maintained by having a three-step approval process for purchasing and expenditures of federal funds. In addition, internal controls are in place to verify the accuracy of reporting on Form 9.

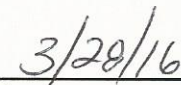
Completed: August 2015 and February 2016



(Signature)



(Title)



(Date)

River Forest Community School Corporation

3250 Michigan Street

Hobart, Indiana 46342

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

Dr. Steven C. Disney, Jr., Superintendent

Dr. James L. Thorne, Assistant Superintendent

Corrective Action Plan

FINDING 2015-11 - Eligibility

Federal Agency: U.S. Department of Education

Federal Program: Title I Grants to Local Educational Agencies

CFDA Number: 84.010

Federal Award Numbers: 13-4590, 14-4590, 15-4590

Pass Through Entity: Indiana Department of Education

Contact Person Responsible for Corrective Action: **Lynne Styx, Treasurer**

Contact Phone Number: **219-962-2909**

Management has put into place an internal control system to verify eligibility requirements are accurately reported and can be verified by maintaining proper recordkeeping.

Anticipated Completion: October 2016

Lynne M Styx
(Signature)

Treasurer
(Title)

3/28/16
(Date)

River Forest Community School Corporation

3250 Michigan Street

Hobart, Indiana 46342

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

Dr. Steven C. Disney, Jr., Superintendent

Dr. James L. Thorne, Assistant Superintendent

Corrective Action Plan

FINDING 2015-12 – Special Tests and Provisions – School Wide Programs

Federal Agency: U.S. Department of Education

Federal Program: Title I Grants to Local Educational Agencies

CFDA Number: 84.010

Federal Award Numbers: 13-4590, 14-4590, 15-4590

Pass Through Entity: Indiana Department of Education

Contact Person Responsible for Corrective Action: **Lynne Styx, Treasurer**

Contact Phone Number: **219-962-2909**

Management has put into place proper internal controls to verify accurate and complete recordkeeping is maintained so verification can be determined for school wide program eligibility. Management has also put into place a system to ensure annual evaluations of results achieved by the Title I program are recorded and that program revisions are made based on the evaluations.

Completed: August 2015

Lynne M Styx
(Signature)

Treasurer
(Title)

3/28/16
(Date)

RIVER FOREST COMMUNITY SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS

CURRICULAR MATERIALS RENTAL CHARGES AND EDUCATIONAL FEES

The School Board did not annually adopt curricular materials rental charges and other educational fees for all grade levels for either the 2013-2014 or 2014-2015 school years. Sufficient audit evidence could not be provided to determine if the curricular materials rental fees charged comply with Indiana Code 20-26-12-2.

Educational fees were charged to students, but no written opinion of an attorney was not retained to document whether or not these fees were appropriate in regards to Constitutional reviews.

Indiana Code 20-26-12-2 stated in part during the audit period:

"(a) A governing body may purchase from a publisher any curricular material selected by the proper local officials. The governing body may rent the curricular materials to students enrolled in any public or nonpublic school . . . The annual rental rate may not exceed twenty-five percent (25%) of the retail price of the curricular materials.

(b) Notwithstanding subsection (a), the governing body may not assess a rental fee of more than fifteen percent (15%) of the retail price of curricular materials that have been:

- (1) extended for usage by students under section 24(e) of this chapter; and
- (2) paid for through rental fees previously collected."

Fees should only be collected as specifically authorized by statute or properly authorized resolutions or ordinances, as applicable, which are not contrary to statutory or Constitutional provisions. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

The School Corporation Attorney should provide written guidance concerning whether fees are appropriate in regards to Constitutional provisions. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 6)

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

ANNUAL FINANCIAL REPORT

The Annual Financial Report due on August 29, 2014, was filed electronically on December 29, 2014, which was 122 days past the due date.

Indiana Code 5-11-1-4(a) states:

"The state examiner shall require from every municipality and every state or local governmental unit, entity, or instrumentality financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner not later than sixty (60) days after the close of each fiscal year. The reports must be in the form and content prescribed by the state examiner and filed electronically in the manner prescribed under IC 5-14-3.8-7."

POLICY ON PREPAID SCHOOL LUNCH ACCOUNT BALANCES

The School Corporation does not have a formal policy that addresses prepaid student lunch account negative balances.

The governing body of a governmental unit should have a written policy concerning a procedure for the writing off of bad debts, uncollectible accounts receivable, or any adjustments to record balances.

Documentation should exist for all efforts made by the governmental unit to collect amounts owed prior to any write-offs.

Officials or employees authorizing, directing or executing write-offs or adjustments to records which are not documented or warranted may be held personally responsible. (Accounting and Uniform Compliance Guidelines Manual for Indiana School Corporations, Chapter 9)

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OFFICIAL RESPONSE

April 4, 2016

Paul Joyce, CPA, State Examiner
State Board of Accounts
302 West Washington Street
Room E 418
Indianapolis, IN 46204-2765

Dear Mr. Joyce:

This is the official response to the State Board of Accounts audit report of River Forest Community School Corporation for the period of July 1, 2013 to June 30, 2015.

Curricular Materials Rental Charges and Educational Fees

River Forest Community Schools acknowledges that the Board of School Trustees did not publicly approve curricular materials and associated fees during the audit period. As of July 2015 and moving forward, the district will continue to annually approve materials and fees and obtain necessary guidance from the district attorney.

Annual Financial Report

River Forest Community School Corporation acknowledges the late filing of the Annual Financial Report for the period ending June 30, 2014. The district has since filed the Annual Financial Report in a timely manner and management is confident that subsequent filings will be done in a timely manner.

Policy on Prepaid Lunch Account Balances

River Forest Community School Corporation acknowledges that policies regarding delinquent lunch balances need to be updated. The district is in the process of reviewing and updating all policies.



Lynne M. Styx
Treasurer

Mission: Given time and appropriate instructions, all students can learn what schools want them to learn

RIVER FOREST COMMUNITY SCHOOL CORPORATION
EXIT CONFERENCE

The contents of this report were discussed on March 28, 2016, with Lynne M. Styx, Treasurer; Dr. Steven C. Disney, Superintendent of Schools; and Linda L. Trezak, member of the School Board.

The contents of this report were discussed on March 28, 2016, with Brenda McCormack, former Treasurer.