

## **Operational Services**

### Accounting and Audits

The District's accounting and audit services shall comply with the *Requirements for Accounting, Budgeting, Financial Reporting, and Auditing*, as adopted by the Illinois State Board of Education, (ISBE) State and federal laws and regulations, and generally accepted accounting principles. Determination of liabilities and assets, prioritization of expenditures of governmental funds, and provisions for accounting disclosures shall be made in accordance with government accounting standards as directed by the auditor designated by the Board. The Superintendent, in addition to other assigned financial responsibilities, shall report monthly on the District's financial performance, both income and expense, in relation to the financial plan represented in the budget.

### Annual Audit

At the close of each fiscal year, the Superintendent shall arrange an audit of the District funds, accounts, statements, and other financial matters. The audit shall be performed by an independent certified public accountant designated by the Board and be conducted in conformance with prescribed standards and legal requirements. A complete and detailed written audit report shall be provided to each Board member and to the Superintendent. The Superintendent shall annually, after Board approval of the audit, on or before October 15, submit an original and one copy of the audit to the Regional Superintendent of Schools.

The scope of the audit shall be agreed to by the Board and must include a determination of completeness, accuracy and timeliness for the monthly reporting provided to the Board for Revenue, Expenditures, Fund Balances and Cash & Investments; and a Proof of Cash analysis for each month being audited (the Board may consider less frequency). The validated cash basis reporting should be directly tied to the Accrual Basis accounting by a clear and concise bridge. Board acceptance by vote of the auditor's report is required after issues have been reviewed and resolved. Management cannot accept the report before acceptance by the Board.

### Annual Financial Report

The Superintendent or designee shall annually prepare and submit the Annual Financial Report on a timely basis using the form adopted by the ISBE. The Superintendent shall review and discuss the Annual Financial Report with the Board before it is submitted.

### Inventories

The Superintendent or designee is responsible for establishing and maintaining accurate inventory records. The inventory record of supplies and equipment shall include a description of each item, quantity, location, purchase date, and cost or estimated replacement cost unless the supplies and equipment are acquired by the District pursuant to a federal or State grant award, in which case the inventory record shall also include the information required by 2 C.F.R. 200.313, if applicable. The Superintendent shall establish procedures for the management of property acquired by the District under grant awards that comply with federal and State law.

### Capitalization Threshold

To be considered a capital asset for financial reporting purposes, a capital item must be at or above a capitalization threshold of \$5,000 and have an estimated useful life greater than one year.

Disposition of District Property

The Superintendent or designee shall notify the Board, as necessary, of the following so that the Board may consider its disposition:

1. District personal property (property other than buildings and land) that is no longer needed for school purposes, and
2. school site, building, or other real estate that is unnecessary, unsuitable, or inconvenient.

Notwithstanding the above, the Superintendent or designee may unilaterally dispose of personal property of a diminutive value. The Superintendent shall establish procedures for the disposition of property acquired by the District under grant awards that comply with federal and State law.

Taxable Fringe Benefits

The Superintendent or designee shall:

1. require that all use of District property or equipment by employees is for the District's convenience and best interests unless it is a Board-approved fringe benefit, and
2. ensure compliance with the Internal Revenue Service regulations regarding when to report an employee's personal use of District property or equipment as taxable compensation.

Controls for Revolving Funds and Petty Cash

Revolving funds and the petty cash system are established in Board policy 4:50, *Payment Procedures*. The Superintendent shall:

1. designate a custodian for each revolving fund and petty cash fund,
2. obtain a bond for each fund custodian, and
3. maintain the funds in compliance with this policy, State law, and ISBE rules.

A check for the petty cash fund may be drawn payable to the designated petty cash custodian. Bank accounts for revolving funds are limited to a maximum balance of \$500.00. All expenditures from these bank accounts must be directly related to the purpose for which the account was established and supported with documentation, including signed invoices or receipts. All deposits into these bank accounts must be accompanied with a clear description of their intended purpose. The Superintendent or designee shall include checks written to reimburse revolving funds on the Board's monthly listing of bills indicating the recipient and including an explanation.

A check for the Imprest cash fund may be drawn payable to the designated Imprest cash fund custodian. Bank accounts for revolving funds are limited to a maximum balance of \$6,000.00. All expenditures from these bank accounts must be directly related to the purpose for which the account was established and supported with documentation, including signed invoices or receipts. All deposits into these bank accounts must be accompanied with a clear description of their intended purpose. The Superintendent or designee shall include checks written to reimburse revolving funds on the Board's monthly listing of bills indicating the recipient and including an explanation.

Control Requirements for Checks

The Board must approve all bank accounts opened or established in the District's or a District school's name or with the District's Federal Employer Identification Number. All checks issued by the District must be signed by either the Treasurer or Board President, except that checks from accounts containing student

activity funds or fiduciary funds and checks from revolving accounts may be signed by the respective account custodian.

Internal Controls

The Superintendent is primarily responsible for establishing and implementing a system of internal controls for safeguarding the District's financial condition; the Board, however, will oversee these safeguards. The control objectives are to ensure efficient business and financial practices, reliable financial reporting, and compliance with State law and Board policies, and to prevent losses from fraud, employee error, misrepresentation by third parties, or imprudent employee action.

The Superintendent or designee shall annually audit the District's financial and business operations for compliance with established internal controls and provide the results to the Board. The Board shall determine annually the need to engage a third-party to audit internal controls in addition to the annual audit, unless the Board waives this requirement.

LEGAL REF.: 2 C.F.R. §200 et seq.  
30 ILCS 708/, Grant Accountability and Transparency Act, implemented by 44 Ill. Adm. Code 7000 et seq.  
105 ILCS 5/2-3.27, 5/2-3.28, 5/3-7, 5/3-15.1, 5/5-22, 5/10-21.4, 5/10-20.19, 5/10-22.8, and 5/17-1 et seq.  
23 Ill. Admin. Code Part 100.

CROSS REF.: 4:10 (Fiscal and Business Management), 4:50 (Payment Procedures), 4:55 (Use of Credit and Procurement Cards), 4:90 (Student Activity and Fiduciary Funds)

ADOPTED: January 18, 2022