



## **Operational Services**

### **Accounting and Audits**

The School 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 (GAAP) set by the Government Accounting Standards Board (GASB). 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, on or before October 15, submit an original and one copy of the audit to the Regional Superintendent of Schools.

### **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 Illinois State Board of Education. 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 \$1,000 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. Each revolving fund shall be maintained in a bank that has been approved by the Board and established in an amount approved by the Superintendent consistent with the annual budget. 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 School District must be signed by either the Treasurer or Board President, with the exception that checks from an account containing student activity funds and 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, waste, and abuse, as well as 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 may from time-to-time engage a third-party to audit internal controls in addition to the annual audit.

*(Note – the following is unique to D27 and shall be maintained)*

All district accounting records shall be reconciled via monthly reports that are submitted by the Assistant School Treasurer to the Northfield Township School Treasurer to verify the accuracy of the records. Such reports shall be submitted to the Board of Education at least once each month. The Board also shall receive monthly statements showing revenues received, disbursements by fund categories, fund balances, and investment reports. The Superintendent shall provide the Board with such other financial reports and data, as it deems appropriate.

#### Assistant School Treasurer to Northfield Township School Treasurer

The accounting system and procedures for District 27 shall conform to all requirements of the *Illinois School Code* and Illinois State Board of Education as contained in the "Illinois Program Accounting Manual", the generally accepted accounting principles (GAAP) as set by the Governmental Accounting Standards Board (GASB), or such other document as specified by the *Illinois School Code*, providing for the appropriate separation of accounts, funds, special monies, and all activity accounts.

LEGAL REF.: 2 C.F.R. §200 et seq.  
30 ILCS 708/, Grant Accountability and Transparency Act, implemented by 44  
Ill.Admin.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)

REVIEWED: 1987, 2002, 2011, 2016, January 2021