

## Accounting and Audits

### Section A - Introduction

It shall be policy of the Board of Education that 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, 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 Chief School Business Official, 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.

### Section B - Annual Audit

It shall be the policy of the Board of Education to employ an independent auditor to audit all financial records of the school district on an annual basis, in accordance with applicable statutes and regulations. It shall be the practice of the district to rotate the lead auditor no less frequently than every five years. It shall be the practice of the district to require a management letter as a part of the audit.

Upon conclusion of the audit, and before submission to the Illinois State Board of Education, the Chief School Business Official shall make available a complete and detailed final report to the Board and community. Each member of the Board of Education, shall also be provided with a copy of the management letter and any other reports issued by the auditor.

### Section C - 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 or designee shall review and discuss the Annual Financial Report with the Board before it is submitted.

### Section D - 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 or designee shall establish procedures for the management of property acquired by the District under grant awards that comply with federal and State law.

### Section E - Capitalization Threshold

To be considered a capital asset for financial reporting purposes, an individual capital item must be at or above a cost of \$5,000 and have an estimated useful life of at least five years, unless otherwise required by state or federal guidelines.

### Section F - 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.

#### Section G - Control Requirements for the Revolving Fund

It is the policy of the Board of Education to establish a Revolving Fund. The purpose of this fund shall be to allow immediate payment for budgeted items and/or fiduciary disbursements that require prompt attention. Each June, the Board of Education shall establish an amount for the Revolving Fund for the following year.

The Treasurer and custodian of the Revolving Fund shall be the Chief School Business Official. The custodian shall be properly bonded according to State law.

All expenditures from the Revolving Fund shall be chargeable to a specific budgetary item and/or fiduciary disbursements. A report of all expenditures shall be submitted to the Board of Education for approval at the Board's next regularly scheduled meeting.

The Board of Education shall approve and direct the Chief School Business Official to make a monthly reimbursement to the Revolving Fund equal to the total expenditures of the previous month.

#### Section H - Control Requirements for Petty Cash

The Chief School Business Official shall designate a custodian for each petty cash fund and maintain the funds in compliance with this policy, state law, and Illinois State Board of Education rules.

Petty cash funds shall solely be utilized in the school district for district-approved events that involve the collection of cash from patrons.

Petty cash loans and repayments shall be recorded in the general ledger. Petty cash funds shall be reconciled monthly.

#### Section I - 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 the Treasurer, except that checks from accounts containing student activity funds or fiduciary funds and checks from revolving accounts may be signed by their respective account custodians.

#### Section J - Internal Controls

The Chief School Business Official 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 other imprudent employee action.

The Chief School Business Official 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.

Approved: May 22, 2023