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), and 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 Executive Director, in addition to other assigned financial responsibilities, shall report 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 Executive Director or designee 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 of Control and be conducted in conformance with prescribed standards and legal requirements. A complete and detailed written audit report shall be provided to each Board of Control member and to the Executive Director.

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

Inventories

The Executive Director 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 Executive Director 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 $10,000 and have an estimated useful life greater than one year.

Disposition of District Property

The Executive Director or designee shall notify the Board of Control, 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, buildings, or other real estate that is unnecessary, unsuitable, or inconvenient. Notwithstanding the above, the Executive Director or designee may unilaterally dispose of personal property of a diminutive value. The Executive Director shall establish procedures for the disposition and, when permitted by the

terms and conditions of the award, the retention of property acquired by the District under grant awards that comply with federal and State law.

Taxable Fringe Benefits

The Executive Director 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 of Control policy 4:50, *Payment Procedures*. The Executive Director 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 Illinois State Board of Education 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 $1,000.00. 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 Executive Director or designee shall include checks written to reimburse revolving funds on the Board of Control's monthly listing of bills indicating the recipient and including an explanation.

Control Requirements for Checks

The Board of Control 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 Executive Director, except that checks from an account containing student activity funds or fiduciary funds and checks from revolving accounts may be signed by the respective account custodian.

Internal Controls

The Executive Director is primarily responsible for establishing and implementing a system of internal controls for safeguarding the District's financial condition; the Board of Control, 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 of Control policies, and to prevent losses from fraud, waste, and abuse, as well as employee error, misrepresentation by third parties, or imprudent employee action.

The Executive Director 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 of Control. The Board of Control may from time-to-time engage a third-party to audit internal controls in addition to the annual audit.

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)

UPDATED: October 16, 2025