

## **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 Ill. 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, on or before October 15, submit one copy of the audit to the Regional Superintendent of Schools. The Superintendent shall also ensure the District's auditing firm files the District's audit with ISBE annually on or before October 15.

#### **Annual Financial Report**

The Superintendent or designee shall annually prepare and submit the Annual Financial Report (AFR) on a timely basis using the form adopted by ISBE. The Superintendent shall review and discuss the AFR with the Board before it is submitted and submit one copy of the AFR to the Regional Superintendent of Schools annually on or before October 15. The Superintendent shall also ensure the District's auditing firm files the District's AFR with ISBE annually on or before October 15.

#### **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 \$10,000 and have an estimated useful life greater than one year.

#### **Authorized Use of School-Owned Equipment**

District equipment may not be used for other than district purposes. The Executive Board shall permit school equipment to be loaned to staff members when such use is related to their employment, and to students when the equipment is to be used in connection with their studies or extracurricular activities. Proper controls shall be established to assure the lender's responsibility for and return of all such equipment.

#### **Disposition of District Property**

The Superintendent or designee shall notify the Executive Board, as necessary, of the following so that the Executive Board may consider its disposition: (1) District personal property (property other

than buildings and land) that is no longer needed for district purposes, and (2) school site, buildings, 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 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 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 an Executive 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 Executive Board policy 4:50, *Payment Procedures*. The Superintendent shall: (1) designate a custodian for each revolving fund and petty cash fund and (2) 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 Executive Board's monthly listing of bills indicating the recipient and including an explanation.

#### Control Requirements for Checks

The Executive 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 Superintendent, except 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 Executive 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 Executive 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 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 Executive Board. The Executive Board 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., 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 (Activity Funds)

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