Operational Services

Accounting and Audits

NKEC'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 CEO or designee, in addition to other assigned financial responsibilities, shall report monthly on NKEC'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 CEO or designee shall arrange an audit of the NKEC 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 CEO or designee.

Annual Financial Report

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

Inventories

The CEO 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 NKEC 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 CEO or designee shall establish procedures for the management of property acquired by NKEC 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 $2,500 and have an estimated useful life greater than one year.

Disposition of NKEC Property

The CEO or designee shall notify the Board, as necessary, of the following so that the Board may consider its disposition:(1) NKEC personal property (property other than buildings and land) that is no longer needed for school purposes, and (2) school site, building, or other real estates that is unnecessary, unsuitable, or inconvenient. Notwithstanding the above, the CEO or designee may unilaterally dispose of personal property of diminutive value. The CEO or designee shall establish procedures for the disposition of property acquired by NKEC under grant awards that comply with federal and state law.

Taxable Fringe Benefits

The CEO or designee shall:(1) require that all NKEC property or equipment by employees is for the NKEC'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 NKEC's property or equipment as taxable compensation.

Controls for Revolving Funds and Petty Cash

The CEO or designee shall: (1) designate a custodian for each revolving fund and petty cash fund, (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. 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 CEO 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 NKEC's name or with the NKEC's Federal Employer Identification Number. All checks issued by the NKEC must be signed by either the Treasurer, CEO or Board Chair, 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. Any check issued by NKEC for $1000.00 or more and checks written to employees must require two signatures.

Internal Controls

The CEO or designee is primarily responsible for establishing and implementing a system of internal controls for safeguarding the NKEC'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, and misrepresentation by third parties, or other imprudent employee action.

The CEO or designee shall annually audit the School'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.

Board Adoption Date: October 10, 2022

Revised: August 24, 2022, and September 2, 2022.

Legal Reference: 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 Part100.