

Operational Services

Accounting and Audits

The School District's accounting and audit services shall comply with the Illinois Program Accounting Manual, as adopted by the Illinois State Board of Education, and State law. The Superintendent, or designee, 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 of Education 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 that, at a minimum, comply with the Illinois Program Accounting Manual. The inventory record of supplies and equipment shall include a description of each item, quantity, location, date of purchase, and cost or the estimated replacement cost.

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.

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 Imprest Funds Accounts and Petty Cash

Imprest fund accounts and the petty cash system are established in Board policy 4:50, *Payment Procedures*. The Superintendent shall: (1) designate a custodian for each imprest 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 account balances for imprest fund accounts are established in Policy 4:92 (Imprest Fund Accounts). 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 imprest 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, except that checks from an account containing student activity funds and imprest fund accounts may be signed by the respective account custodian.

Capital Assets

Capital assets are defined as assets of land, buildings, building improvements, equipment, and infrastructure assets (e.g., land improvement, sidewalks, etc.) with an individual initial cost of \$2,500 or greater and an estimated useful life greater than one year. Capital assets are recorded at cost or estimated historical cost and depreciated over their estimated useful lives (excluding salvage value). Donated capital assets are recorded at their estimated fair value at the date of donation. Land and construction in progress are not depreciated by the District. Estimated useful life is management's estimate of how long the asset is expected to meet service demands.

The District reviews its capital assets to evaluate prominent events or changes in circumstances affecting them to determine whether impairment of a capital asset has occurred. A capital asset generally should be considered impaired if there is a decline in service of the capital asset of a large magnitude.

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, 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.

LEGAL REF.: 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), 4:92 (Imprest Fund Accounts)

ADOPTED: November 6, 2001

AMENDED: May 23, 2011