

## Document Status: Draft Update

### OPERATIONAL SERVICES

#### 4:80 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 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 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 ISBE. 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. 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. [PRESSPlus1](#) 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 [PRESSPlus2](#)

To be considered a capital asset for financial reporting purposes, a capital item must be at or above a capitalization threshold of \$5,000 and have an estimated useful life greater than one year.

##### 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. The Superintendent shall establish procedures for the disposition 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 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 policy 4:50, *Payment Procedures*. The Superintendent 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 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 \$125.00. 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 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 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 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 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.:

[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 (Activity Funds)

**ADOPTED: January 28, 2019**

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#### **PRESSPlus Comments**

PRESSPlus 1. Updated in response to the Ill. State Board of Education's *Equipment and Inventory Checklist* (ISBE Checklist) and the Grant Accountability and Transparency Act (GATA) (30 ILCS 708/). See [www.isbe.net/Pages/Audit-and-Monitoring-Review-Requirements-and-Tools.aspx](http://www.isbe.net/Pages/Audit-and-Monitoring-Review-Requirements-and-Tools.aspx). The uniform federal rules that govern federal grant awards in 2 C.F.R. Part 200 apply to State grant awards through GATA, unless exempted in whole or in part by the Governor's Office of Management of Budget. See [www.isbe.net/gata](http://www.isbe.net/gata) for further information about the scope of GATA's application to federal awards and State-funded grant programs administered by ISBE. See 4:80-AP3, *Inventory Management for Federal and State Awards* (available at PRESS Online by logging in at [iasb.com](http://iasb.com)).

Additional ISBE guidance is available at: [www.isbe.net/Documents/fiscal\\_procedure\\_handbk.pdf](http://www.isbe.net/Documents/fiscal_procedure_handbk.pdf). **Issue 102, October 2019**

PRESSPlus 2. Optional. 23 Ill.Admin.Code §100.60 requires school boards to adopt a capitalization threshold, which can be done through policy. The capitalization threshold is a dollar figure above which the cost of an item will be included on financial statements and depreciated. A minimum threshold of \$5,000 and useful life greater than one year complies with the definition of *equipment* under federal grant rules, but may be adjusted, and/or multiple thresholds can be established, for different categories of capital assets. See Government Accounting Standards Board (GASB) Statement 34 and *Guide to Implementation of GASB Statement 34 on Basic Financial Statements* (p.28), both available at [www.gasb.org](http://www.gasb.org). There are no specific requirements for such policies; however, district auditors may require or recommend a district have a more comprehensive capitalization policy and/or procedure. Such an accounting policy or procedure should be developed in consultation with the district's accounting professional(s) and tailored to reflect local conditions.

To delete or edit this section, strike text or type the edits and select "Adopted with Additional District Edits" as the Save Status. Edits will be automatically tracked in blue. **Issue 102, October 2019**

