

Document Status: Draft Update

OPERATIONAL SERVICES

4:80 Accounting and Audits

The Cooperative'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), 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 or designee, in addition to other assigned financial responsibilities, shall report monthly on the Cooperative'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 shall arrange an audit of the Cooperative funds, accounts, statements, and other financial matters. The audit shall be performed by an independent certified public accountant designated by the Advisory and Administrative Agent Boards 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 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 or designee shall review and discuss the Annual Financial Report with the Advisory Board before it is submitted.

Inventories

The Executive Director or designee is responsible for establishing and maintaining accurate inventory records.

Disposition of Cooperative Property

The Executive Director or designee shall notify the Advisory and Administrative Agent Boards, as necessary, of the following so that the Board may consider its disposition: (1) Cooperative 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 Executive Director or designee may unilaterally dispose of personal property of a diminutive value.

Taxable Fringe Benefits

The Executive Director or designee shall: (1) require that all use of Cooperative property or equipment by employees is for the Cooperative'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 Cooperative 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 Executive Director or designee 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. 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 Advisory or Administrative Agent Board's monthly listing of bills indicating the recipient and including an explanation.

Control Requirements for Checks

The Advisory or Administrative Agent Board must approve all bank accounts opened or established in the Cooperative's or a Cooperative school's name or with the Cooperative's Federal Employer Identification Number. All checks issued by the Cooperative must be signed by either the Treasurer or Board Chairperson, except that checks from an account containing

student activity funds and 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 Cooperative'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. PRESSPlus1

The Executive Director or designee shall annually audit the Cooperative's financial and business operations for compliance with established internal controls and provide the results to the Advisory or Administrative Agent Board. The Advisory 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. 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)

ADOPTED: February 1, 2012

PRESSPlus Comments

PRESSPlus 1. Updated in response to ISBE best practice recommendations concerning the prevention of fraud, waste, and abuse in the administration of grants covered by the Grant Accountability and Transparency Act (GATA), 30 ILCS 708/. **Issue 98, May/June, 2018**