

## 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 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 Township Treasurer, 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 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 Executive Director. The Executive Director 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 annual auditor 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 arrange for the auditor to review and discuss the Annual Financial Report with the Board before it is submitted.

#### Inventories

The Executive Director 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 Cooperative 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 Executive Director shall establish procedures for the management of property acquired by the Cooperative 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 \$5,000 and have an estimated useful life greater than one year.

#### Disposition of Cooperative Property

The Executive Director or designee shall notify the Board, 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. The Executive Director shall establish procedures for the disposition of property acquired by the Cooperative under grant awards that comply with federal and State law.

## 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 Imprest and Petty Cash Accounts

The Imprest account and petty cash accounts are established in Board policy 4:50, *Payment Procedures*. The Executive Director shall: (1) designate a custodian for each Imprest account and petty cash accounts and (2) maintain the funds in compliance with this policy, State law, and ISBE rules. The amount of each account shall be established by a Governing Board resolution. A check for the petty cash account 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 Imprest and petty cash 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 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 two of the following individuals: Executive Director, Business Manager or Assistant Director, 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.

## 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, employee error, misrepresentation by third parties, or imprudent employee action.

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 Board. The Board may from time-to-time engage a third-party to audit internal controls in addition to the annual audit.

## Reporting to the Governing Board

The Executive Director or designee shall provide the Governing Board and the Executive Board with financial reports and data as may be appropriate and/or requested.

## 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 (Student Activity and Fiduciary Funds)

Adopted: August 21, 2024

**Proviso Area for Exceptional Children (P.A.E.C.)**

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