

## **4:80 Accounting and Audits**

KASEC'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 Director, in addition to other assigned financial responsibilities, shall report monthly on KASEC'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 Director shall arrange an audit of KASEC 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 Director. The Director shall annually, on or before October 15, submit an original and one copy of the audit to the Regional Executive Director of Schools.

### **Annual Financial Report**

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

### **Inventories**

The 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.

### **Disposition of KASEC Property**

The Director or designee shall notify the Board, as necessary, of the following so that the Board may consider its disposition: (1) KASEC 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 Director or designee may unilaterally dispose of personal property of a diminutive value.

### **Taxable Fringe Benefits**

The Director or designee shall: (1) require that all use of KASEC property or equipment by employees is for KASEC'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 KASEC 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 Director 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. Each revolving fund shall be maintained in a bank that has been approved by the Board and established in an amount approved by the Director consistent with the annual budget. 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 Director 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 KASEC's or a KASEC school's name or with KASEC's Federal Employer Identification Number. All checks issued by KASEC must be signed by both the Director and Treasurer, except that checks from an account containing student activity funds and revolving accounts may be signed by the respective account custodian.

### **Internal Controls**

The Director is primarily responsible for establishing and implementing a system of internal controls for safeguarding KASEC'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 Director or designee shall annually audit KASEC'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.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)

ADOPTED: November 14, 2019