

## **Operational Services**

### **Accounting and Audits**

The fiscal affairs of the Joint Agreement are managed by the Administrative Agent District. Therefore, the Administrative Agent District is responsible for handling the annual audit, and the business office of the Administrative Agent District is responsible for managing the Joint Agreement's accounting system. The below policy is consistent with Decatur Public School's policy 4:80.

The Joint Agreement'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 Administrative Agent District, in addition to other assigned financial responsibilities, shall report monthly on the Joint Agreement'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 Administrative Agent District shall arrange an audit of the Joint Agreement 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 and/or Administrative Agent District 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 Administrative Agent District 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, unless the supplies and equipment are acquired by the Joint Agreement 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 Director shall establish procedures for the management of property acquired by the Joint Agreement 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 \$10,000 and have an estimated useful life greater than one year.

### Disposition of Joint Agreement Property

The Administrative Agent District shall notify the Board, as necessary, of the following so that the Board may consider its disposition: (1) Joint Agreement 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. The Director shall establish procedures for the disposition of property acquired by the Joint Agreement under grant awards that comply with federal and State law.

### Taxable Fringe Benefits

The Administrative Agent District shall: (1) require that all use of Joint Agreement property or equipment by employees is for the Joint Agreement'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 Joint Agreement 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 Administrative Agent District 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 \$1,000.00. 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 Administrative Agent District 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 Joint Agreement's or a Joint Agreement school's name or with the Joint Agreement's Federal Employer Identification Number. All checks issued by the Joint Agreement must be signed by the Board Chair, except that checks from an account containing student activity funds and revolving accounts may be signed by the respective account custodian.

### Internal Controls

The Administrative Agent District is primarily responsible for establishing and implementing a system of internal controls for safeguarding the Joint Agreement'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 Joint Agreement's system of internal controls shall include the following:

1. All financial transactions must be properly authorized and documented.
2. Financial records and data must be accurate and complete.
3. Accounts payable must be accurate and punctual.
4. Cooperative assets must be protected from loss or misuse.
5. Incompatible duties should be segregated, if possible.
6. Accounting records must be periodically reconciled.
7. Equipment and supplies must be safeguarded.
8. Staff members with financial or business responsibilities must be properly trained and supervised, and must perform their responsibilities with utmost care and competence.
9. Any unnecessary weaknesses or financial risks must be promptly corrected.

The Administrative Agent District shall annually audit the Joint Agreement'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), 4:90 (Student Activity and Fiduciary Funds)

ADOPTED: March 19, 2026