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 School Board of the Administrative Agent. The Director, 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 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 Executive Committee and be conducted in conformance with prescribed standards and legal requirements. A complete and detailed written audit report shall be provided to each Executive Committee 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 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 Executive Committee 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 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 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 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 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 Cooperative under grant awards that comply with federal and State law.

Taxable Fringe Benefits

The 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 Executive Committee -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 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. Bank accounts for revolving funds are limited to a maximum balance of $2,000 for the Imprest Fund, $200 for maintenance, and $100 for petty cash. 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 Executive Committee's monthly listing of bills indicating the recipient and including an explanation.

Control Requirements for Checks

The Board of the Administering Agent 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 the Director and Treasurer, 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 Director is primarily responsible for establishing and implementing a system of internal controls for safeguarding the Cooperative's financial condition; the Executive Committee , 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 Cooperative 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 the Cooperative's financial and business operations for compliance with established internal controls and provide the results to the Executive Committee. The Board of the Administrative Agent 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)

EXECUTIVE COMMITTEE APPROVAL: January 13, 2021

POLICY BOARD APPROVAL: August 12, 2020

Tazewell-Mason Counties Special Ed Association