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### **1. SEGREGATION OF DUTIES RELATING TO FINANCIAL CONTROLS**

The school Principal will be responsible for all aspects of school operations within the scope of operating policy and budgetary approval by the Governing Board. The school's onsite administration/faculty and staff will report directly to the Principal, who then reports to the Governing Board. A Certified Public Accountant, contracted by the Board, will provide bookkeeping and financial forecasting services to the Governing Board for its oversight and approval.

The Board, at minimum, will be responsible for:

- reviewing and approving a preliminary annual budget prior to the beginning of the fiscal year;
- reviewing quarterly or monthly financial statements, which include a balance sheet and statement of revenue, expenditures and changes in fund balance, at each public Board meeting;
- annually adopting and maintaining operating budget for the school;
- retaining the services of a certified public accountant/auditor to conduct the annual independent financial audit;
- reviewing and approving the audit report, including audit findings and recommendations;
- reporting to all applicable legal agencies including the Illinois Department of Education.
- overseeing the school's Principal and all financial matters delegated to the Principal and management organization.
- The Principal will ensure that the bookkeeper and the person collecting monies related to the school will, together, count money collected in the accounting office and sign off on the total received; the bookkeeper maintains the ledger and reconciles the bank accounts, and is not a signor on checks; and that the Principal will review and approve each bank deposit and cash receipt reconciliation.

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### **2. RECORDS AND ACCOUNTS**

#### **A. Chart of Accounts**

Illinois Prep shall utilize the uniform chart of accounts, as required by the State of Illinois, as a means of codifying all transactions pertaining to its operations.

##### (1) Bank Accounts

The Board of Directors shall approve all banking and financial institutions used by the school. The Chairman of the Board of Directors, Principal or designee is authorized to conduct all financial transactions in accordance with the policies set by the Board of Directors. The school shall establish two (2) bank accounts, which shall include an operating account and internal funds account and any other accounts deemed necessary by the Board of Directors.

##### a. Operating Account

All state funds received from per pupil funding and other revenue shall be deposited into the operating account for the school. The operating account shall be used to fund all operating expenses of the school, as approved in the school's budget, including but not limited to, facility costs, payroll and supplies.

##### b. Internal Funds Account

All funds generated by school personnel are for the benefit of the school or a school-based activity. The internal funds account shall be used to fund school expenses as determined by the Principal or designee.

##### (2) Petty Cash

The school will maintain a maximum of \$200.00 in its petty cash fund.

a. Prior approval from the Principal or designee must be obtained before expenses will be reimbursed. All disbursements must be recorded on a petty cash disbursement form and a receipt must be attached. Funds spent without the approval of the Principal or designee may not be reimbursed.

b. Only reimbursements with proof of receipts of \$100.00 or less may be reimbursed from petty cash. Petty cash expenditures may not exceed \$20.00 without written approval from the Principal, or designee.

c. Reimbursements over \$100.00 shall be handled through a purchase requisition form.

d. The Financial Manager/designee shall write a purchase requisition form for petty cash at the beginning of each fiscal year. The Financial Manager/designee shall be responsible for all petty cash disbursements and receipts.

e. The Financial Manager/designee shall reconcile petty cash quarterly, or when the fund is less than \$25.00. The Financial Manager/designee shall replenish the fund by issuing a purchase requisition with all expenses listed and properly coded.

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f. No loans, temporary or otherwise, are to be made to employees from petty cash funds.

g. The Principal shall randomly audit the petty cash account at least twice per fiscal year.

### (3) Check Signing Authority

a. Authorized signatories on all bank accounts shall be:

(1) President of the Board of Directors

(2) Treasurer of the Board of Directors

(3) Principal

(4) Assistant Principal

(5) Or other designee approved by the Board of Directors

b. Check Signatures

(1) Operating Accounts - All checks over \$1,000.00 require any two (2) of the above named authorized signatories. No check may be signed by an individual who is also the payee.

(2) Internal Accounts – All internal funds checks must be signed with two (2) signatures. No check may be signed by an individual who is also the payee.

c. Except as noted below, all checks and contractual agreements for \$25,000 and more require specific approval of the Board of Directors. Checks for \$25,000 and more require the signature of an authorized board member and the Principal. Notwithstanding the above, normal recurring operating expenses which are reflected in the school's annual budget shall be exempt from requiring specific Board approval. Examples of expenses include, but are not limited to mortgage and insurance payments.

## **B. Reports**

### (1) Quarterly

Illinois Prep shall provide quarterly financial statements to the authorizer, as defined in Illinois law, which shall include a balance sheet, a statement of revenues and expenditures and changes in fund balance prepared in accordance with Generally Accepted Accounting Principles and in a format to include a detail of all revenue and expenditure activities compared to budgeted amounts relating to its operations. At the conclusion of each quarter the Financial Manager shall prepare the quarterly report and provide it to the Board of Directors for review

### (2) Yearly

#### a. Program Cost Accounting Report

The schools shall provide to the Illinois State Board of Education cost report information in the state-required formats for inclusion in district reporting in compliance with Illinois Prep Charter School law. This

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report shall be submitted to the respective Illinois State Board of Education on or before the contractual date required by each district.

### b. Un-audited Statements

Certain districts may require its schools to submit un-audited financial reports for the period of July 1 – June 30 of each year. In the event a district may require un-audited financial reports, the report shall be formatted by revenue source and expenditures, and detailed by function object, and submitted to the Illinois State Board of Education no later than the date due each year. At the conclusion of each fiscal year the Financial Manager shall prepare the un-audited statements and provide them to the Board of Directors for review. Following review by the Board of Directors, the Financial Manager shall provide the report to the Illinois State Board of Education.

### c. Audited Statements

Each year Illinois Prep, Inc. shall retain an independent auditor to conduct an annual audit of each school's financial statements. The audit shall be submitted to the Illinois State Board of Education on or before the contractual date required by each district.

On or before April 1st of each year each school shall establish an audit committee.

The audit committee shall:

- a. Establish factors to use for the evaluation of audit services to be provided by a licensed certified public accounting firm qualified to conduct audits in accordance with government auditing standards as adopted by the Illinois Board of Accountancy. Such factors shall include, but are not limited to, ability of personnel, experience, ability to furnish the required services, and such other factors as may be determined by the committee to be applicable to its particular requirements.
- b. Publicly announce requests for proposals. Public announcements must include, at a minimum, a brief description of the audit and indicate how interested firms can apply for consideration.
- c. Provide interested firms with a request for proposal. The request for proposal shall include information on how proposals are to be evaluated and such other information the committee determines is necessary for the firm to prepare a proposal.
- d. Evaluate proposals provided by qualified firms. If compensation is one of the evaluation factors, it shall not be the sole or predominant factor used to evaluate proposals.
- e. Rank and recommend in order of preference no fewer than three firms deemed to be the most highly qualified to perform the required services after considering all of the evaluation factors. If fewer than three firms respond to the request for proposal, the committee shall recommend such firms as it deems to be the most highly qualified.
- f. The Board of Directors shall inquire of qualified firms as to the basis of compensation, select one of the firms recommended by the audit committee, and negotiate a contract; using one of the following methods (a Board of Directors may allow a designee to conduct negotiations on its behalf): a) highest rank (based upon scoring rubric; b) overall value proposal; or c) documented criteria clearly defined within the RFP process

### C. Annual Budget

- (1) Every year a budget for each school shall be developed in accordance with Financial and Business Services of the Illinois Prep Department of Public Instruction and presented to

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the Board of Directors. The proposed budget shall cover projected revenue and expenses needed to operate the school on a day-to-day basis.

- (2) The Board of Directors shall meet during any regular meeting, special meeting or workshop to review, discuss and/or approve the budget.
- (3) After the budget is approved by the Board of Directors, the Board Liaison shall forward a copy of the approved budget to the School's Illinois State Board of Education by their respective contractual due date.
- (4) Following adoption of the annual budget by the Board of Directors, all amendments to the budget must be approved by the Board of Directors.

### 3. PURCHASING AND EXPENDITURES

- A. The Principal shall be responsible for the management and accountability of all school funds. Accurate records of all transactions shall be kept and reports on expenditures shall be given to the Board of Directors on a quarterly basis.
- B. Every purchase shall be recorded on a requisition form. All requisition forms must be approved by the Principal or designee prior to being ordered. In the sole discretion of the Principal,
- C. Emergency purchases may be made with verbal permission, but must be followed up with the appropriate requisition form.
- D. Checks will be issued for invoices. Invoices must be attached to a purchase requisition form and are approved by the Principal or designee.
- E. A copy of every purchase requisition shall be maintained on file and shall be matched to the order when items are received. All packing slips shall be verified against purchase orders when items arrive.
- F. Contracts

#### (1) Consultant Agreements

The Principal is authorized to enter into agreements with consultants to provide training and advisory services, so long as such amount is in accordance with the school's annual budget. The form of said agreement shall be approved by the Board of Directors and shall provide for payment of the consultant at a maximum of \$750 per day. Travel and expenses for consultants shall be paid in accordance with the Travel and Transportation Fees Policy. No payment shall be made to the consultant until all services and supportive documentations have been completed.

### 4. INTERNAL LOANS

As a general rule, each Illinois Prep, Inc. school is responsible for maintaining its own solvency and for paying its own operating expenses. However, it is appropriate for one Illinois Prep, Inc. school to loan funds to another Illinois Prep, Inc. school in order to accommodate cash flow and to avoid incurring debt to a third party. The Board expressly authorizes such internal loans between Illinois Prep, Inc. schools as

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follows: Written notice of Loans between schools should be given to the President of the Board when made; Loans in excess of \$25,000.00 shall be authorized in writing by the President of the Board before they are made, and in the absence of the President then by the Vice President;

### 5. SCHOOL FUNDRAISING

- A. All fundraising projects conducted by students and/or parents shall be for the direct benefit of the students and shall contribute to the educational and extracurricular experiences of students. All fundraising projects must be approved by the Principal or designee prior to starting.
- B. Money derived from any school fundraising project or activity shall be deposited in each respective school's internal funds account and accurate accounting records shall be maintained.
- C. The determination of the fundraising projects and activities for school shall be the responsibility of the Principal, and shall conform to the following conditions:
  - (1) Fundraising activities and projects shall be kept within a reasonable limit. When presenting a fundraising idea to the Principal, students and staff shall explain the need and propose how the funds may be expended.
  - (2) All fundraising requests shall be submitted to the Principal in writing.
- D. The parent-teacher organization may Illinois State Board of Education fundraising activities provided school-work and class time are not adversely affected.

### 6. STUDENT FEES

The school may charge Student Fees normally charged by Chicago Public Schools and all Student Fees shall be approved by the Board of Directors. All fees will be collected based upon a student's ability to pay. Teachers may request students to purchase classroom materials that are deemed critical to teach the standard course of study. Students responsible for vandalizing or destroying school property, including textbooks, shall be assessed a fee to repair or replace the property.

Fees charged by outside vendors for student uniforms or equipment, including musical instruments, shall be paid for by the student. The cost of providing student food services shall be paid for by the student.

### 7. FIELD TRIP FUNDS

All arrangements for payment of expenses incurred by individual students, student groups and their chaperones on school related trips shall be the responsibility of the teacher supervising the field trip. All such arrangements shall have prior approval of the Principal. Payments for field trips may include funds from fundraising.

All money collected from students and/or revenue generated from student club activities will be submitted to the school finance director to fund school-sponsored field trips accounted for through the school's internal fund.

- 1. Members of school-allied organizations may not independently collect and deposit money from students in their organization's checking account to subsequently pay for a school-sponsored field trip.

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2. At the Principal's discretion, members of school-allied organizations may be allowed to assist school staff in collecting money from students for school-sponsored field trips as long as all internal fund procedures are adhered to and all collections are submitted to the school finance director for deposit.
3. School-allied organizations are welcomed to make monetary donations to the school, accompanied by a donation letter specifying the intent to fund entirely or partially subsidize the cost of school-sponsored student field trips; however,
  - a. All field trip arrangements (i.e., transportation, admission, lodging, etc.) and respective payments for school-sponsored student field trips must be made by the school in accordance with all applicable School Board policies and procedures.
  - b. School-allied organizations may not independently make travel arrangements or respective payments to vendors for school-sponsored field trips.
4. The amount collected from students for a field trip must only include actual expenses for the trip (i.e., admission fees, transportation, lodging, when applicable), including a provision to cover the expenses of chaperones accompanying the students. The amount may be rounded to the nearest dollar, thus preventing excessive balances to accumulate in Field Trip functions as a result of extra charges imposed on students for field trips.

### 7. PUBLIC FEES

Fees charges to the public shall be approved by the Board of Directors. Fees may be charged to the public for copying records and materials, renting or leasing equipment or facilities, in-service and other training, or as deemed necessary by the Principal.

### 8. TRAVEL AND TRANSPORTATION

#### A. General Conditions

- (1) All travel (whether in-county or out-of-county) by faculty and/or staff must be authorized and approved by the Principal. The Principal shall not authorize or approve any travel request unless it is accompanied by a signed statement by the requestor stating the purpose of the travel and that such travel is directly related to the official business of the school.
- (2) When more than one employee is going to the same destination, travel shall be pooled whenever practical.
- (3) Employees will be reimbursed for actual expenses incurred, including mileage, tolls, parking lodging, airfare, rental car, registration fees and parking. Employees must present receipts for all expenses.
- (4) All requests for travel reimbursement must be submitted on the appropriate form and must be submitted within thirty days of travel. Failure to submit reimbursement requests in a timely manner may cause the reimbursement to be forfeited by the employee.

#### B. In-County Travel



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Expenses for authorized travel by an employee may be paid for the use of his or her personal car while used during travel on school business. Travel conducted inside the county shall be reimbursed at the maximum rate allowed by Illinois Prep statute.

### C. Out-of-County Travel

#### (1) One Day Trips

Expenses for authorized travel by employees which does not require an overnight stay shall be reimbursed at the maximum mileage rate established by Illinois Prep statute.

#### (2) Overnight Trips

Expenses for authorized travel by employees requiring absence in excess of one day shall be reimbursed for travel expenses noted in A(3) above.

### D. Student Travel

Student travel outside of the state requires approval from the Board of Directors. Student travel inside the state must be approved by the Principal. A travel plan should be submitted that includes a specific agenda of activities, costs, chaperones, transportation and travel time.

## 9. USE OF TITLE 1 FUNDS

- Use Title I funds to supplement other fund sources, not to provide school-adopted textbooks, teacher editions, or basic items that are found in classrooms as part of a new classroom equipment and supply setup.
- Avoid using Title I funds for the following:
  - Copier payment
  - Items for teachers (selected items)
  - Food **can only be used** for a Title I Parent Involvement activity. In such case, **an agenda and a dated sign-in sheet for the activity must be attached to the food invoice)**
  - Memberships in organizations
  - Payment for professional development activities not identified in Title 1 Plan or included as part of a district initiative
  - Phone payment (unless for Parent Involvement or at-risk activities)
  - Postage (Not to pay for school's basic operational postage; can pay postage for
  - at-risk student activities or designated Parent Involvement plan activities)
- **Reminder:** Items purchased with Title I funds should be for the targeted grade levels: K-5 or 6-8 (student list should be available for review).

### **Prior Approvals/Purchase Orders**

- All prior approvals and purchase orders for Title I funds must be approved by the Principal.
- Purchase Orders for payment and/or reimbursement should include the following information:
  - Name and address of person, school, or business to which payment is due
  - Budget Code Number
  - Memo identifying item and/or title and date of event (if applicable)
  - Name of person(s) (if Purchase Order is for workshop or staff development session)
  - Principal signature

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### Work Verification Sheets

- The Principal or his/her designee (Finance Director) will review and sign a semi-annual certification of employees paid from Title I funds in January and June of each year.
- If a staff member who works in the school is paid partially from Title I funds and partially from a state or local fund source, the school may still certify that this person works 100% in the schoolwide program.
- If a staff member works only part-time at the school and at no other school, the school may certify that this person works 100% in the schoolwide program.

### 10. FOOD SERVICES

#### A. Food Services

The Principal or designee shall be responsible for procuring food services for students from the district or outside vendor. The source of food service for students must be from a certified and licensed vendor. Students shall be charged fees based upon the cost of the service. Free and reduced food services shall be provided by the district to qualified students.

#### B. School Food Service Funds

- 1) School food service funds shall be considered part of the funds of each school and shall be subject to all requirements applicable to the funds of each school such as budgeting, accounting, reporting, and purchasing.
- 2) All money collected must be deposited intact to a depository as frequently as feasible and as dictated by sound business practices. IN ANY EVENT, FUNDS COLLECTED MUST BE DEPOSITED WITHIN FIVE (5) WORKING DAYS AFTER RECEIPT.
- 3) Revenue from the sale of all items handled by the Food Service Personnel shall be considered school food service income. This includes income from sale of cans, bottles, jars, rice bags, swill, and similar items. Such funds shall not be expended as cash.
- 4) All payments from school food service funds shall be made by check unless noted differently in written procedures.
- 5) School food service funds shall be used only to pay regular operating costs.
- 6) Any loss of records, cash, or supplies through theft or otherwise shall be reported immediately to the Principal's office. Such losses shall be itemized and a copy of the report submitted with the regular reports. Suspected theft must be reported to law enforcement authorities.
- 7) Funds shall be collected and expended in compliance with United States Department of Agriculture and State Board of Education rules.
- 8) The Board of Directors shall annually adopt prices for regular meals charged to students and adults who participate in the food service program.
- 9) The Principal or designee shall develop written procedures for conducting the School's food service program.

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### 11. INVENTORY AND PROPERTY RECORDS

- 1) The word "property" as used in this section means fixtures and other tangible personal property of a non-consumable nature the value of which is \$2,000 or more and the normal expected life of which is 2 years or more. These assets are posted in the record of capitalized property and depreciated over an estimated useful life rather than expenses in the year of acquisition.
- 2) On occasion, items may be acquired as a group of multiple components with the intention that the group of components will be used together for one purpose. In these cases the group of items, which meet the above definition of property, may be recorded in the property records as the group rather than individually. This group of assets then will be utilized, accounted for and depreciated as one item rather than as individual items.
- 3) The Principal shall be responsible for the care, custody, safekeeping and accounting of all school property. He/she may designate a School employee as the Property Clerk for the day-to-day management of School property and property records.
- 4) Each item of property shall be marked or identified by each School.
- 5) The Principal or his/her designated representative shall:
  - a) Establish and maintain an adequate and accurate record of items of tangible personal property consisting of furniture, fixtures, equipment, audio-visual materials, and computer software having a value of two thousand dollars (\$2,000) or more.
  - b) See that a physical inventory of all such property is conducted annually by a person other than the custodian of the property. Any items or property which cannot be located or accounted for shall be reported to the Board of Directors for official action. The completed and reconciled inventory shall be presented to the Board of Directors.
  - c) Serve as the disposal officer for surplus property in compliance with State Board of Education Rules.
- 6) Each school employee shall be responsible to take those measures necessary to properly safeguard property under his/her control against loss, damage, or undue depreciation and shall do what is necessary to insure the proper maintenance and safekeeping of the school property. The Principal shall also be responsible for initiating any requests for the use or disposal of school property. He/she shall be responsible for providing information pertaining to school property records. He/she shall report, when received, property acquired from sources other than the School funds such as from the parent organization and similar sources.
- 7) In the event the school incurs a loss or theft of property, a written report identifying specific property damaged or lost shall be submitted to the Principal. If theft is suspected, the loss must be reported to law enforcement authorities and insurance claim be filed.
- 8) The Principal shall report to the Board any property that has been lost or stolen in not recovered within thirty (30) days after the discovery of the loss or theft except major losses shall be reported to the Board immediately. Such report shall include a recommendation that the

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property record be made inactive and any information applicable to personal liability shall also be reported.

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