

4:80-AP1 Administrative Procedure - Checklist for Internal Controls

The District's system of internal controls shall include the following:

1. All financial transactions must be properly authorized and documented. This includes:

- ☐ No check is issued without pre-approved documentation for the expenditure pursuant to the Local Government Travel Expense Control Act, [50 ILCS 150/10](#), e.g., 2:125-E1, *Board Member Expense Reimbursement Form*; 2:125-E2, *Board Member Estimated Expense Approval Form*; 5:60-E1, *Employee Expense Reimbursement Form*; and 5:60-E2, *Employee Estimated Expense Approval Form*.
- ☐ No bank account is opened or established in the District's or a District school's name or with the District's Federal Employer Identification Number without pre-approved documentation.
- ☐ No credit or procurement card is assigned to an individual without pre-approved documentation. All use of a credit or procurement card must be in compliance with Board policy 4:55, *Use of Credit and Procurement Cards*, and administrative procedure 4:55-AP, *Controls for the Use of District Credit and Procurement Cards*.
- ☐ Every receipt to and expenditure from a revolving fund and a petty cash fund are supported with clear documentation and otherwise comply with Board policies 4:50, *Payment Procedures*, and 4:80, *Accounting and Audits*.
- ☐ A record is made of all checks issued and all payments made by credit or procurement cards that includes descriptive information sufficient to allow assignment of the appropriate code.

2. Financial records and data must be accurate and complete. This includes:

- ☐ Data entries are timely made.
- ☐ Cash handling is properly recorded.
- ☐ Checks are sequentially numbered and missing checks are accounted for.
- ☐ Financial reporting deadlines are followed.

3. Accounts payable must be accurate and punctual. This includes:

- ☐ Payments are made on a timely basis.
- ☐ A thorough explanation is provided for any over/underpayments.
- ☐ Payroll and benefits are reviewed and continually updated.

4. District assets must be protected from loss or misuse.

- ☐ The District implements a Fraud, Waste, and Abuse Awareness Program. See 4:80-AP2, *Fraud, Waste and Abuse Awareness Program*.
- ☐ Valuable technology assets are safeguarded from theft or loss.
- ☐ A backup and recovery system is developed for electronic systems.
- ☐ Only authorized individuals have access to various systems.
- ☐ Passwords are kept secure and frequently changed.
- ☐ Keys are kept secure and accounted for.
- ☐ District property is not *borrowed* or otherwise used for private purposes.
- ☐ District personal property having a monetary value (excluding, for example, trash, out-dated equipment, consumed consumables, and spoilage) is discarded only with the Board's prior approval.

5. Incompatible duties should be segregated, if possible. This includes:

- ☐ Transaction approval is separated from disbursement approval duties, as well as record-keeping duties so that no single individual or two individuals control all phases of the claim payment process.
- ☐ Reconciliation of checking accounts and credit cards is performed by an individual who does not have check-writing authority, and if possible, by someone who does not record checks and credit card payments in the District's books.
- ☐ Other controls are used if segregation of duties is impossible.

6. Accounting records are periodically reconciled. This includes:

- ☐ All accounts are balanced monthly.

- ☐ All statements from checking accounts and credit cards are reconciled monthly.
- ☐ Expenses are verified against receipts.
- ☐ Out-of-balance conditions are investigated.

7. Equipment and supplies must be safeguarded. This includes:

- ☐ Inventories are periodically taken and inspections are frequently made.
- ☐ A reliable record is kept identifying what technology assets have been provided to specific employees.
- ☐ Access to supplies is limited and controlled.

8. Staff members with financial or business responsibilities must be properly trained and supervised, and must perform their responsibilities with utmost care and competence.

- ☐ Responsibilities match job descriptions.
- ☐ If required by State law, staff members are appropriately bonded.
- ☐ Staff members are held accountable for complying with Board policies and administrative processes or procedures that have been established to safeguard the District's financial condition.
- ☐ Staff members are appropriately trained and evaluated.
- ☐ Staff members are encouraged to notify their supervisors or the Superintendent of risks, losses, and/or concerns.

9. Any unnecessary weaknesses or financial risks must be promptly corrected. This includes:

- ☐ Internal control concerns raised by the District's independent auditor in connection with the annual financial audit or by the Ill. State Board of Education in connection with its administration of the Grant Accountability and Transparency Act or a monitoring visit are properly addressed.
- ☐ Internal or external auditors are annually engaged to assess risk and/or test existing internal controls for those areas not included within the scope of the annual financial audit; concerns are promptly addressed.

Approved: October 10, 2023

Harlem School District 122