

ILLINOIS STATE CHARTER SCHOOL COMMISSION

100 West Randolph, Suite 4-300, Chicago, IL 60601 • (312) 814-1258 • State.Charter.Commission@illinois.gov

Commission School Leaders:

The following Audit Preparation Guidance provides details pertinent to the completion and submission of your school's Annual Independent Audit Report (AIR). The AIR is due to the Illinois State Charter School Commission (the Commission) and the Illinois State Board of Education (ISBE) on or before November 1st. This Guidance should be provided to the firm/individual conducting the independent audit.

The audit report submitted to the Commission should include three distinct components:

- Independent Auditor's Report – described on pages 2 and 3 of this Guidance
- Management Letter – described on page 3 of this Guidance
- Independent Auditor's Report on Compliance – described on pages 3 and 4 of this Guidance

Annual Audit Submission Date:

Please submit your AIR electronically along with a signed Board Affidavit no later than **November 1st** to State.CommissionSchools@illinois.gov. If you will not be able to submit your audit report by November 1st, please inform the Commission no later than **October 15th** by email directed to State.CommissionSchools@illinois.gov with a request for an extension. Please keep in mind that even if an extension is granted, the audit report will still be considered late.

Annual IRS Form 990 Submission:

In addition to submission of an independent annual audit, charter schools are required to submit to the Commission annual IRS Form 990s. Please submit your IRS Form 990 electronically no later than **December 1st** to State.CommissionSchools@illinois.gov. If you are not able to submit the IRS Form 990 by December 1st, and have requested a filing extension from the IRS, please inform the Commission as early as possible but no later than **November 15th**. Copies of the applicable IRS extension should be attached in the email.

Please note that the IRS Form 990 is also due to the Illinois State Board of Education (ISBE) on December 1st. You are responsible for submitting directly to ISBE. If you are not able to submit the IRS Form 990 by December 1st, please inform ISBE as early as possible but no later than November 15th.

Questions or Clarification

If you have any questions or would like to discuss the independent audit submission requirements or deadlines, please email Teresa Diaz at Teresa.Diaz@illinois.gov.

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1) Independent Auditor's Report (i.e., Audited Financial Statements Accompanied by an Independent Auditor's Opinion)

The independent auditor's report must contain an opinion from your independent auditor on your school's financial statements (and supplementary schedule of expenditures of federal awards, if applicable). The opinion must state whether the financial statements are presented in accordance with GAAP accounting principles accepted in the United States.

The audit report should, at minimum, include:

- a) Independent Auditor's Report
- b) Statements of Financial Position (Balance Sheet and Income Statement)
- c) Statements of Activities
- d) Statements of Cash Flow
- e) Notes to Financial Statements
- f) Independent Auditor's Report on Supplemental Information
- g) Schedule of Expenditure of Federal Awards
- h) Notes to the Schedule of Expenditures of Federal Awards
- i) Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards
- j) Schedule of Findings and Questioned Costs
- k) Schedule of Prior Findings and Questioned Costs

Your independent auditor should follow the American Institute of Certified Public Accountant's Audit and Account Guide for Not-for-Profit organizations. For audit and accounting purposes, charter schools do not meet the definition of a governmental entity and must therefore provide financial statements using the accrual basis of accounting. In preparing the audit, your independent auditor should adhere to the following guidelines:

- 1) In-kind contributions should be recorded in total in the Statement of Activities and disclosed in the footnotes by category with amounts (e.g. rent, food services, etc.).
- 2) Current assets and current liabilities must be broken out and subtotaled in the Statement of Financial Position (i.e., Balance Sheet).
- 3) A comparison of budgeted enrollment and actual enrollment for the FY must be included in the Statement of Financial Position (i.e., Income Statement).
- 4) Retirement Plans/Chicago Teachers' Pension Fund (CTPF) footnote disclosure. Notes to the Statements of Financial Position must disclose the total annual employer's pension expense recorded to the CTPF. This should be the total pensionable salaries for fiscal year 2018 multiplied by the employer annual cost percentage of 11.16%. It should be noted that the total annual employer's pension expense includes an amount of in-kind services. The footnote should disclose the amount of this portion of the total annual employer's pension expense. This amount is calculated by taking the reimbursable pensionable special education salaries for fiscal year 2018 multiplied by the annual employer cost percentage of 11.16%. Please also

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include this figure in the footnote for in-kind contributions. Additionally, if the charter school picks up a portion of the employees' withholding (9%), the related expense should also be disclosed in the footnote.

- 2) **A Management Letter, also known as an internal control letter, directed to your school's governing board and communicating to the extent applicable reportable conditions, specifically significant deficiencies in operating practices or internal controls that could adversely affect your school's ability to fulfill future obligations and/or the satisfaction of liabilities.**
- 3) **Independent Auditor's Report on Compliance with requirements of applicable laws and regulations prescribed by the administering agency**

This audit report component includes testing compliance for the following statutory requirements and charter school agreement provisions. Please see the Attachment titled "Compliance with Requirements of Applicable Laws and Regulations Prescribed by Administering Agency," for further information and guidance. *If your independent auditor is unable to perform an audit on Statutory Compliance, please contact the Commission office to schedule an on-site audit performed by an independent expert.*

A. Statutory Requirements

- a) Open Meetings Act (5 ILCS 120/1 et seq.)
- b) Fingerprint-based Criminal Background Investigations and Checks of the Statewide Sex Offender Database & Statewide Child Murderer and Violent Offender Against Youth Database (105 ILCS 5/10-21.9 & 105 ILCS 5/34-18.5)
- c) Illinois School Student Records Act (105 ILCS 10/1 et seq.)
- d) Administering Medication (105 ILCS 5/10-22.21b)
- e) Hazardous Materials Training (105 ILCS 5/10-20.17a)
- f) School Safety Drill Act (105 ILCS 128/1 et seq.)
- g) Abused and Neglected Child Reporting Act (325 ILCS 5/1 et seq.)
- h) Eye Protection in Schools Act (105 ILCS 115/0.01 et seq.)
- i) Toxic Art Supplies in School Act (105 ILCS 135/1 et seq.)
- j) Infectious Disease Policies and Rules (105 ILCS 5/10-21.11)
- k) Physical Fitness Facility Medical Emergency Preparedness Act (210 ILCS 74/1 et seq.)
- l) All applicable health and safety regulations of the State of Illinois and the local municipalities, including without limitation those laws specifically identified by the Commission or the State Board as being applicable to charter schools
([https://www.isbe.net/Documents/Non-Curricular Health and Safety 2017.pdf](https://www.isbe.net/Documents/Non-Curricular_Health_and_Safety_2017.pdf))

B. Charter School Agreement

- a) Attendance: Accurate attendance record keeping
- b) Enrollment: An open enrollment process and lottery
- c) Governance and Operation: The school's governance structure
- d) Maintenance of Corporate Status and Good Standing

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- e) Pension Payments
- f) Facility: The school's facility and ADA compliance
- g) Management and Financial Controls
- h) Insurance: Maintenance of required insurance coverage
- i) Single Audit Act Amendments of 1996 (31 U.S.C. 7501-07), OMB Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and OMB Compliance Supplements. This report should be issued as an attestation report in accordance with the Statement on Standards for Attestation Engagements No. 10.

Compliance with Requirements of Applicable Laws and Regulations Prescribed by Administering Agency

Open Meetings Act (5 ILCS 120/1) (Condensed)

Charter schools are required to have meetings that are open to the public. In order for people to stay informed, the General Assembly finds and declares that the intent of this Act is to ensure that the actions of public bodies be taken openly and that their deliberations be conducted openly. The General Assembly further declares it to be the policy of this State that its citizens shall be given advanced notice of and the right to attend all meetings in which any business of the public body is discussed or acted upon.

Audit Program

1) Statutes

- a. Read and become familiar with the applicable statutes related to this Act

2) Time and Place

- a. Determine if all meetings are scheduled to be held at specific times and places which are convenient to the public. Meetings are not to be scheduled on legal holidays

3) Public Notice

- a. Determine if the charter school has provided public notice of the schedule of regular meetings at the beginning of each school year that included the following information:
 - i. Dates of regular meetings
 - ii. Times of regular meetings
 - iii. Locations of regular meetings
- b. Determine if notice of the regular meetings were posted at the principal's office and at the location where the meeting is to be held at least 48 hours in advance of the meeting
- c. Determine if a change in any regular scheduled meeting occurred, and if so, determine if the change was published in the newspaper of general circulation in the area in which the school operates

4) Written Minutes

- a. Determine if the school keeps written minutes of all meetings and determine if the minutes include the following information:
 - i. Time, date, and place of meeting
 - ii. Members of the charter school (board or other authorized officials) either present or absent
 - iii. Summary of proposals, deliberations, and any votes taken
- b. Confirm if the school semi-annually reviewed minutes of all of their closed meetings. At these meetings, a determination should have been made and reported in an open session that the need for confidentiality still exists as to all or part of these minutes OR that the minutes no longer require confidential treatment and are available for public inspection

5) Requested Items

- a. Schedule of meetings held and to be held
- b. Documentation of the public notice of the schedule of regular meetings at the beginning of each school year

Compliance with Requirements of Applicable Laws and Regulations Prescribed by Administering Agency

- c. List of locations where meeting notices are posted
- d. Documentation of a change in any regular scheduled meeting
- e. Written minutes of all meetings

Compliance with Requirements of Applicable Laws and Regulations Prescribed by Administering Agency

Fingerprint-based Criminal Background Investigations and Check of the Statewide Sex Offender Database & Statewide Child Murderer and Violent Offender Against Youth Database (105 ILCS 5/10- 21.9 & 105 ILCS 5/34-18.5) (Condensed)

Charter schools are required to conduct a criminal background check on applicants for employment. The charter school shall furnish information to the State Police on these applicants. If the State Police identified an applicant as being convicted of a crime described in subsection "C" of the statute, the charter school cannot hire the applicant.

Audit Program

1) Statutes

- a. Read and become familiar with the applicable statutes related to this Act

2) Applicant Testing

- a. Select a random sample of applicants considered for employment and determine if the following steps were completed:
 - i. The school obtained authorization from the applicant to conduct a criminal background investigation
 - ii. After approval was granted, the school submitted the applicant's name, sex, race, date of birth, and social security number to the State Police on the forms prescribed by the State Police
 - iii. Upon receipt of information from the State Police identifying an applicant as being a convicted criminal as identified in subsection "C" of this statute, the school provided a copy of the record of conviction obtained from the State Police to the applicant

3) Confidential Information of Applicant

- a. Determine if the school has sufficient internal control procedures to ensure that any confidential information concerning any criminal convictions of an applicant is not released

4) Responsibilities

- a. Select a random sample of employees hired during the year and determine the following:
 - i. If the school employed a person for who a criminal background investigation was not initiated
 - ii. The school knowingly employed a person who has been convicted of a criminal offense

5) Requested Items

- a. List of applicants applying for employment during the year
- b. List of employees hired during the year
- c. Copies of applicant forms submitted to State Police
- d. Documentation notifying applicant of a record of conviction obtained from the State Police
- e. Location of the storage of applicant files

Compliance with Requirements of Applicable Laws and Regulations Prescribed by Administering Agency

Illinois School Student Records Act (et seq.) (Condensed) 105 ILCS 10/1

The State Board of Education shall issue regulations to govern the contents of school student records, to implement and assure compliance with the provisions of the Act, and to prescribe appropriate procedures and forms for all administration proceedings, notices, and consents required or permitted under the Act. All such regulations adopted by any school relating to the maintenance of, access to, dissemination of, or challenge to school student records shall be available to the general public.

Audit Program

1) Statutes

- a. Read and become familiar with the applicable statutes related to this Act

2) Custodian

- a. Determine if the school has designated an official records custodian who is responsible for the maintenance, care, and security of all school student records
- b. Determine if the custodian has internal controls in place to prevent unauthorized access to or dissemination of school student records

3) Sample Selection Testing

- a. Select a random sample of student records and determine the following:
 - i. If information in the file contains any information that is not of relevance to the education of the student
 - ii. If information in the record(s) include the name, signature, and position of the person who has added such information and the date of its entry into the records
 - iii. The school is able to identify student permanent record information and is maintaining this student permanent record information, regardless of record format, for not less than 60 years after the student has permanently withdrawn from the school (105 ILCS 10/4 [e]). According to 105 ILCS 10/2€, the “Student Permanent Record” means the minimum personal information necessary to a school in the education of the student and contained in a school student record which may include student name, birth date, address, grades, grade level, parents’ name and addresses, and attendance records. In addition to this information, 23 Ill. Admin. Code 375.10 includes, but is not limited to, class rank, graduation date, and scores on college entrance exams, accident reports, health records, and high school State assessment test scores
 - iv. The school is able to identify student temporary record information and is maintaining this student temporary record information, regardless of record format, for not less than 5 years after the student has permanently withdrawn from the school (105 ILCS 10/4 [f]). According to 105 ILCS 10/2 (f), the “Student Temporary Record” means all information contained in a school student record, but not contained in the student permanent record and may include family background information, intelligence test scores, aptitude test scores, psychological and personality test results, teacher evaluations, and other information of clear relevance

Compliance with Requirements of Applicable Laws and Regulations Prescribed by Administering Agency

to the education of the student. This record shall also include information provided under Section 8.6 of the Abused and Neglected Child Reporting Act (325 ILCS 5/8.6) and information on serious disciplinary infractions that resulted in expulsion, suspension, or the imposition of punishment or sanction. In addition to this information, 23 Ill. Admin. Code 375.10 includes, but is not limited to, elementary school level State assessment test scores

- v. Student records have not been damaged, deleted, or destroyed except as provided by the Illinois School Student Records Act
- vi. The school is granting parent, student, and/or designated representative requests to inspect and copy records no later than 15 school days after the date of receipt of such request by the school's official records custodian (105 ILCS 10/5 [c]). (This should be evident if the school is maintaining a release of record information in "vii" below)
- vii. The school is maintaining a record of any release of record information, including:
 - 1. The nature and substance of the information released
 - 2. Name and signature of the school's official records custodian
 - 3. Name and title of person requesting the record
 - 4. Purpose of the request
 - 5. Date of record release
 - 6. Copy of any consent to release records (105 ILCS 10/6 [c])
 - 7. Date of request
- viii. No school student records of information contained therein has been released, transferred, disclosed, or otherwise disseminated, except to authorized individuals (see 105 ILCS 10/6 for authorized individuals).

4) Review of Temporary Records

- a. Determine if the principal or his/her designee has performed periodic reviews of each student's temporary record for verification of entries and elimination or correction of all inaccurate, misleading, unnecessary, or irrelevant information

5) Requested Items

- a. Availability of the school's designated official records custodian who is responsible for the maintenance, care, and security of all school student records
- b. Access to student records documentation of controls on access, maintenance, and dissemination at place at the school
- c. Documentation of periodic reviews of student records
- d. School's records of release of student record information
- e. Documentation of years maintained in offsite storage for both Student Permanent Record and Student Temporary Record, where applicable
- f. If school is not storing all records on school premises, request the name and address of the offsite storage facility the school is using to store inactive records
- g. If school has Student Temporary Records eligible for disposal, request the name and address of the company the school is using to properly dispose of records. Also, if the school has records eligible for disposal, request school's records disposal procedures and documentation of any student records previously disposed

Compliance with Requirements of Applicable Laws and Regulations Prescribed by Administering Agency

Administering Medication (105 ILCS 5/10-22.21b) (Condensed)

It is the policy of the State of Illinois that the administration of medication to students during regular school hours and during school-related activities should be discouraged unless absolutely necessary for the critical health and well-being of the student. Under no circumstances shall teachers or other non-administrative school employees, except qualified nurses, be required to administer medications to students.

Audit Program

1) Statutes

- a. Read and become familiar with the applicable statutes related to this Act

2) Internal Controls

- a. Determine if the charter school has formal written procedures that outline the policy concerning the administering of medication to students during regular school hours and during school related activities and review the procedures for adequacy

3) Testing

- a. Review nursing records and make a determination as to whether or not the nursing staff is administering medicine only when the critical health and well-being of the student is at stake
 - i. Conduct interview(s) with nursing staff regarding the above. If no nursing staff are present at the time, conduct interviews with teachers to determine if medication is administered by non-nursing staff
- b. Interview a random sample of students and determine if any school employee other than the school nurse has provided any type of medication to that student or any other student
- c. Examine personnel files to determine if employees are required to sign a form stating that they are aware of the school's administering medication policy

4) Requested Items

- a. Documentation of formal written procedures that outline the policy concerning the administration of medication to students during regular school hours and during school-related activities
- b. Access to nursing records, student files, and personnel files

Compliance with Requirements of Applicable Laws and Regulations Prescribed by Administering Agency

Hazardous Materials Training (105 ILCS 5/10-20.17a) (Condensed)

Hazardous materials training should be used to enhance the safety of pupils and staff by providing in- service training programs on the safe handling and use of hazardous or toxic materials for personnel in the charter school who work with such materials on a regular basis. Such programs shall be approved by the State Board of Education in consultation with the Illinois Department of Public Health.

Audit Program

- 1) Statutes**
 - a. Read and become familiar with the applicable statutes related to this act
- 2) Employee Identification**
 - a. Determine if the charter school has identified employees who handle hazardous or toxic material during the course of their job assignments
- 3) Training Program**
 - a. Determine if the charter school has identified personnel that handle toxic or hazardous material, has the charter school provided in-service training programs to these employees
- 4) Authorization**
 - a. Determine if the training program developed by the school has been approved by the State Board of Education in consultation with the Illinois Department of Public Health
- 5) Requested Items**
 - a. List of employees who handle hazardous or toxic materials during the course of their job assignments
 - b. Documentation of in-service training programs, if any
 - c. A copy of the approval of the training programs by the State Board of Education in consultation with the Illinois Department of Public Health

Compliance with Requirements of Applicable Laws and Regulations Prescribed by Administering Agency

School Safety Drill Act (105 ILCS 128/1 et seq.) (Condensed)

In this act “first responder” means and includes all fire departments and districts, law enforcement, agencies and officials, emergency medical responders, and emergency management officials involved in the execution and documentation of the drills administered under this Act. “School” means a public or private facility that offers elementary or secondary education to students under the age of 21. “School safety drill” means a pre-planned exercise conducted by a school in accordance with the drills and requirements set forth in this Act.

Under this Act, the following school safety drills shall be instituted by all schools in this State:

1. School evacuation drills
2. Bus evacuation drills
3. Law enforcement drills
4. Severe weather and shelter-in-place drills

Audit Program

1) Statutes

- a. Read and become familiar with the applicable statutes related to this Act

2) School Safety Drill Program

- a. Determine if the school has a formal school safety drill program or plan in place that meets the criteria set forth in the “School Safety Drill Act” (105 ILCS 128/1 et seq.) noted above

3) Determine the following:

- a. During each academic year, schools must conduct a minimum of 3 school evacuation drills to address and prepare students and school personnel for fire incidents. These drills must meet the following criteria:
 - i. One of the 3 school evacuation drills shall require the participation of the appropriate local fire department
 - ii. Schools may conduct additional school evacuation drills to account for other evacuation incidents, including without limitation suspicious items or bomb threats
 - iii. All drills shall be conducted at each school building that houses school children
- b. During each academic year, schools must conduct a minimum of one bus evacuation drill. This drill shall be accounted for in the curriculum in all public schools and in all other educational institutions in this State that are supported or maintained, in whole or in part, by public funds and that provide instruction in any of the grades kindergarten through 12. This curriculum shall include instruction in safe bus riding practices for all students. Schools may conduct additional bus evacuation drills. All drills shall be conducted at each school building that houses school children
- c. During each academic year, schools may conduct strongly encouraged law enforcement drills to address and prepare students and school personnel for incidents, including without limitation reverse evacuations, lock-downs, shootings, bomb threats, or hazardous materials. If conducted, a law enforcement drill must meet the following criteria:

Compliance with Requirements of Applicable Laws and Regulations Prescribed by Administering Agency

- i. During each calendar year, the appropriate local law enforcement agency shall contact the appropriate school administrator to request to participate in a law enforcement drill and may actively participate on-site in a drill
- ii. Upon participation of a local law enforcement agency in a law enforcement drill, the appropriate local law enforcement official shall certify that the law enforcement drill was conducted
- iii. Schools may conduct additional law enforcement drills at their discretion
- d. During each academic year, schools must conduct a minimum of one severe weather and shelter-in-place drill to address and prepare students and school personnel for possible tornado incidents and may conduct additional severe weather and shelter-in-place drills to account for other incidents, including without limitation earthquakes or hazardous materials. All drills shall be conducted at each school building that houses school children

4) Requested Items

- a. Copy of the Emergency Management Plan
- b. Documentation of drills held during the academic year
- c. State Fire Marshall review report, if any

Compliance with Requirements of Applicable Laws and Regulations Prescribed by Administering Agency

Abused and Neglected Child Reporting Act (325 ILCS 5/1 et seq.) (Condensed)

Any educational personnel having reasonable cause to believe a child known to them in their professional or official capacity may be an abused or neglected child shall immediately report or cause a report to be made to the Illinois Department of Children and Family Services.

Audit Program

- 1) Statutes**
 - a. Read and become familiar with the applicable statutes related to this Act
- 2) Employee Notification**
 - a. Select a random sample of all school employee files and determine if there is a signed statement by the employee acknowledging their understanding of their requirement under this state statute
 - b. Ensure that this statement was signed before the employee started employment (this statement should be on a prescribed form from DCFS)
- 3) Notification of Instances of Abuse**
 - a. Obtain a listing from the school of all reported cases that occurred during the fiscal year, specifically addressing allegations of abuse by staff members, whether a hotline call was made, DCFS's finding, and whether the principal took disciplinary action
 - b. Confirm cases filed with DCFS during the year
 - c. During the audit, note any potential cases of possible child abuse observed and follow up to determine if these situations have been reported in accordance with the Act
- 4) Requested Items**
 - a. Access to employee records

Compliance with Requirements of Applicable Laws and Regulations Prescribed by Administering Agency

Eye Protection in School Act (105 ILCS 115/0.01 et seq.) (Condensed)

Every student, teacher, and visitor is required to wear an industrial quality eye protective device when participating in or observing any of the following courses in schools, colleges, or universities: vocational or industrial art shops or laboratories involving milling, sawing, turning, shaping, cutting, grinding, or stamping of any solid materials, and welding, repairing, or servicing of other materials, and chemical or combined chemical-physical laboratories involving caustic or explosive chemicals, hot liquids, or solids.

Audit Program

1) Statutes

- a. Read and become familiar with the applicable statutes related to this Act

2) Work Areas

- a. Conducting interviews with appropriate charter school personnel and determine the locations of the areas that are covered by the Eye Protection Act. Some examples include the science lab, work shop areas, and car repair areas
- b. Conduct an unannounced walk-through of the work areas identified and verifies that all the required individuals are wearing eye protection equipment

3) Eye Protection

- a. The school is to provide protective eye wear for students, teachers, and visitors involved in the activities previously mentioned. Examine the protective eye wear and determine if:
 - i. The eye wear appears adequate to protect students and teachers in the normal course of activity that occurs. The eye wear should be of industrial quality
 - ii. The school has an adequate supply of eye wear to be furnished to everyone who is in need of this eye wear

4) Interviews

- a. Interview a representative test size of students and determine if teachers consistently and adequately enforce the guidelines established by this state statute

5) Requested Items

- a. Documentation indicating school areas requiring eye protection
- b. Access to areas that are covered by the Eye Protection Act
- c. Students and teachers who use the eye wear
- d. The eyewear itself

Compliance with Requirements of Applicable Laws and Regulations Prescribed by Administering Agency

Toxic Art Supplies in Schools Act (105 ILCS 135/1 et seq.) (Condensed)

Art supplies that contain toxic substances or that are potential human carcinogens pose a significant danger to the health and safety of school children. School children are not sufficiently protected by present health laws in so far as materials that may be seriously harmful are not labeled, and therefore, children are not properly warned as to the dangers inherent in the use of those materials.

Audit Program

1) Statutes

- a. Read and become familiar with the applicable statutes related to this Act as well as the definition of toxic substance identified in the Toxic Art Supplies in Schools Act

2) Internal Controls

- a. Review policies and procedures that the school has in place to ensure that the charter school is not using toxic art supplies. Grades Kindergarten through 6 cannot have any toxic art supplies on their premises. For grades 7-12, however, these supplies must meet the labeling requirements established by 105 ILCS 135/5 of this statute
- b. Determine who is in charge of ordering art supplies and interview this individual to establish whether this person(s) is aware of that statutory requirement

3) Sample Selection

- a. Select a random sample of art supplies which are available for grades Kindergarten through 6 and determine if any of the items selected contain any toxic material as defined by this act
- b. Select a random sample of art supplies which are available for grades 7-12 and identify which supplies are toxic as defined by 105 ILCS 135/5 of this statute

4) Requested Items

- a. Documentation of formal written procedures that ensure the school is not using toxic art supplies, and for grades 7-12, that these supplies meet the labeling requirements established by 105 ILCS 135/5 of this statute
- b. Access to art supplies

Compliance with Requirements of Applicable Laws and Regulations Prescribed by Administering Agency

Infectious Disease Policies and Rules (105 ILCS 5/10-21.11) (Condensed)

The charter school shall develop policies and adopt rules relating to the appropriate manner of managing children with chronic infectious diseases, not inconsistent with guidelines published by the State Board of Education and the Illinois Department of Public Health. Such policies and rules must include evaluation of students with a chronic infectious disease on an individual, case-by-case basis and may include different provisions for different age groups, classes of instruction, types of educational institution, and other reasonable classifications as the school board may find appropriate.

Audit Program

- 1) Statutes**
 - a. Read and become familiar with the applicable statutes related to this Act.
- 2) Policies and Procedures**
 - a. Determine if the charter school has developed policies and procedures concerning the management of children with chronic infectious diseases
 - b. Determine if the policies and procedures developed by the school include an evaluation of students on an individual, case-by-case basis
 - c. Select a sample of students with infectious diseases and determine if each student selected has a personalized plan and evaluation
- 3) Evaluation of the plan**
 - a. Policies and procedures must be consistent with guidelines published by the State Board of Education and the Illinois Department of Public Health. Review these guidelines and note any discrepancies to the policies and procedures of the charter school
 - b. Evaluate the overall plan for appropriateness and completeness
- 4) Requested Items**
 - a. A copy of the policies and procedures concerning the management of children with chronic infectious diseases developed by the school
 - b. Access to the files of students with infectious diseases

Compliance with Requirements of Applicable Laws and Regulations Prescribed by Administering Agency

Physical Fitness Facility Medical Emergency Preparedness Act (210 ILCS 74/1 et seq.) (Condensed)

A physical fitness facility must have an Automated External Defibrillator (AED) if it is (i) indoors, (ii) supervised by at least one employee other than maintenance or security, and (iii) serves more than 100 individuals.

Audit Program

- 1) Statutes**
 - a. Read and become familiar with the applicable statutes related to this Act
- 2) Automated External Defibrillators (AED)**
 - a. Determine that the facility has at least one operable AED on premises at all times
 - b. Determine that the AED is maintained and tested according to the manufacturer's guidelines
- 3) Training**
 - a. Determine that the facility has at least one trained AED user on staff during staffed business hours, and also ensure that appropriate numbers of facility staff and applicable supervisors are trained
 - b. A list of trained responders for each building has been updated annually to include persons on staff who are trained in CPR/AED usage
- 4) Requested Items**
 - a. Access to facility AED
 - b. A copy of the AED maintenance and testing manual
 - c. Access to employee files

Compliance with Requirements of Applicable Laws and Regulations Prescribed by Administering Agency

Accurate Attendance Record Keeping

Attendance should be accurately taken on a daily basis in the student information system. In addition, schools must submit annual aggregate attendance to the Illinois State Board of Education (ISBE).

Audit Program

1) Employee Identification

- a. Identify employee(s) at the charter school who are responsible for ensuring attendance is entered accurately on a daily basis
- b. Identify employee(s) at the charter school who are responsible for the administration of the attendance taking policy at the school
- c. Identify employee(s) at the charter school who are responsible for completing and submitting annual aggregate attendance to ISBE

2) Policy and Procedures

- a. Determine if appropriate employees as identified above are familiar with the Attendance Section of the Charter School Agreement
- b. Determine if the school is maintaining accurate enrollment data and daily records of student attendance in the student information system
- c. Through a headcount within individual classrooms, determine if correct attendance records are entered in the student information system for that day on the classroom level
- d. Determine if the charter school submitted annual attendance to ISBE by the end of the fiscal year.

3) Requested Items

- a. Access to the student information system
- b. Access to classroom attendance records
- c. Access to classrooms in order to conduct headcounts
- d. Access to confirmation that annual attendance was submitted to ISBE

Compliance with Requirements of Applicable Laws and Regulations Prescribed by Administering Agency

Open Enrollment Process and Lottery (Condensed)

Enrollment in the Charter School shall be open to any pupil who resides within the district. If there are more eligible applicants for enrollment in the Charter School than there is space available, successful applicants shall be selected by public lottery that shall be open to all applicants.

Audit Program

1) Charter School Agreement

- a. Read and become familiar with the Enrollment Section of the Charter School Agreement

2) Employee Identification

- a. Identify employee(s) at the charter school who are responsible for development of student enrollment policy
- b. Identify employee(s) at the charter school who are responsible for the administration of the student enrollment policy at the school

3) Policies and Procedures

- a. Determine if appropriate employee(s) as identified above are familiar with the Enrollment Section of the Charter School Agreement
- b. Determine if the open enrollment policy is being appropriately communicated to those who inquire and documented in school marketing materials, student application, and admissions procedures
- c. Determine if enrollment is open to any pupil who resides within the district
- d. Determine if the application form inquired about any unallowable items such as social security number, information relating to academic aptitude, special education needs, or English language proficiency
- e. Determine if the enrollment process was held earlier than the date specified in the Charter School Agreement
- f. Determine if a lottery was held to select successful applicants in the event that more applications were received than spaces are available

4) Lottery Process

- a. If a manual lottery was held, determine if the school ensured that all eligible applicants were included into the population from which the successful applicants will be selected
- b. If a computer automated lottery was held, conduct the test detailed in section 5 of the Lottery Program Test below
- c. Determine if the lottery was videotaped
- d. Determine if the lottery was held earlier than the date specified in the Charter School Agreement
- e. Determine if lottery procedures, especially for manual lotteries, were conducted fairly and conform to the enrollment section of the Charter School Agreement
- f. Determine if sibling preferences were accommodated in the lottery. If more siblings apply than there are spaces available, a sibling lottery should be conducted

Compliance with Requirements of Applicable Laws and Regulations Prescribed by Administering Agency

- g. Determine if any unallowable intake activities after enrollment and before the first day of school occurred, such as a mandatory open house, essay, or parental or student contracts that act as a barrier to registration or enrollment at the school

5) Lottery Program Test (Computer Automated Only)

- a. Determine if the school ensured the completeness of the population in order to make sure all applicants were entered into the population from which the computer will pick
- b. Through a test of the program, determine if applicants were truly selected at random
- c. Through a test of the program, ensure the start of the lottery is random and does not automatically exclude any applicant

6) Requested Items

- a. Copy of student application and enrollment procedures as communicated to students, parents, guardians, and the public at large
- b. Copy of the school's policy and procedures for conducting lotteries
- c. Copy of the letter (signed by a representative of the school and an independent third party auditor if no videotape provided) submitted to the Commission verifying this year's lottery and including the following components which includes:
 - i. Date that lottery was held
 - ii. Time that lottery was held
 - iii. Location of lottery
 - iv. Description of key steps in your lottery process
 - v. A statement of adherence to Illinois School Code
 - vi. Access to computer automated lottery program, if applicable

Compliance with Requirements of Applicable Laws and Regulations Prescribed by Administering Agency

School Agreement Audit Program

1) Governance and Operation

- a. Determine if the school has met its threshold of the number of members
- b. Determine if the Board of Directors has met its threshold of the number of meetings

2) Maintenance of Corporate Status and Good Standing

- a. Determine if the school continues to maintain Illinois general not-for-profit corporation status

3) Facility

- a. Determine if the school has maintained all leases, occupancy, and health and safety permits
- b. Determine if the school is in compliance with the Americans with Disabilities Act (ADA)

4) Pension Payments

- a. Determine if the school has made payments directly to the Chicago Teacher's Pension Fund on behalf of any staff member employed at the school that is certified under the law governing certification of teachers

5) Management and Financial Controls

- a. Determine if the school maintains appropriate governance and managerial procedures and financial controls by checking:
 - i. Accounting principles in accordance with U.S. GAAP
 - ii. Appropriately authorized checking account
 - iii. Adequate payroll procedures
 - iv. Updated bylaws
 - v. Updated organizational chart
 - vi. Procedures for the creation and review of monthly and quarterly financial reports, which procedures shall specifically identify the individual who will be responsible for preparing such financial reports
 - vii. Internal control procedures for cash receipts, cash disbursements, and purchases
- b. Confirm that the school does not charge tuition to any student unless the student would be liable for tuition under the School Code
- c. Determine if fees for textbooks, instructional materials, and student activities were reasonably charged
- d. Determine if the school has prepared and sent quarterly financial statements to the Commission on a timely basis
- e. Determine if the current year's budget was successfully implemented and properly filed with the Commission
- f. Determine if the following year's budget is realistic and was properly filed with the Commission
- g. Determine if there were any significant prior year compliance audit findings
- h. Determine if the school provided donors with a written acknowledgement of such donation, if applicable
- i. If the school held any fundraising events, determine if there were ticket sales for which quid-pro quo guidelines were necessary and if the guidelines were properly followed

Compliance with Requirements of Applicable Laws and Regulations Prescribed by Administering Agency

6) Insurance

- a. Determine if the school, at its own expense, purchased and maintained insurance coverage of all of its operations
- b. Confirm that all insurers are licensed by the State of Illinois and rated A-VII or better by A.M Best (or a comparable rating service)

Compliance with Requirements of Applicable Laws and Regulations Prescribed by Administering Agency

Single Audit Act Amendments of 1996 (31 U.S.C. 7501-07), OMB Circular Uniform Administrative Requirements, Cost Principals, and Audit Requirements and OMB Compliance Supplements (Condensed)

The Single Audit Act Amendments of 1996 and Office of Management and Budget Uniform Administrative Requirements, Cost Principals, and Audit Requirements for Federal Awards established new single audit procedures for all types of grant recipients including local governments, colleges and universities, and nonprofit organizations. If the charter school is a not-for-profit corporation and has expended federal funds totaling \$750,000 or more during its fiscal year, it must submit an audit conducted in accordance with the Single Audit Act Amendments of 1996 (31 U.S.C. 7501-07), OMB Uniform Administrative Requirements, Cost Principals, and Audit Requirements for Federal Awards, the compliance requirements set forth in OMB Compliance Supplement, and any additional testing and reporting required by the Commission.

The charter school acknowledges that the Commission may perform, or cause to be performed, various monitoring procedures relating to awards of federal funds, including, but not limited, to, “limited scope audits” of specific compliance areas. Charter schools must submit the audit reports by December 30, 2019. The charter school must send one copy to each of the following locations within the time frame:

Illinois State Charter School Commission
100 West Randolph, Suite 4-300
Chicago, Illinois 60601

Illinois State Board of Education
100 West Randolph, Suite 14-300
Chicago, Illinois 60601

Further, charter schools must submit, with the audit, a report which comments on the findings and recommendations in the audit, including corrective action planned or taken. If no action is planned or taken, an explanation must be included. If the charter school is found in non-compliance with any of these audit requirements by either the Commission, a pass thru entity, or federal agency, the charter school may be required to refund financial assistance received from the State of Illinois.

The most current version of 2 CFR part 200 is in the Electronic Code of Federal Regulations (eCFR) at http://www.ecfr.gov/cgi-bin/text-idx?tpl=/ecfrbrowse/Title02/2cfr200_main_02.tpl

Please note: This audit is required for schools that have expended federal funds totaling \$750,000 or more during FY19. This is a separate report due on or before **December 30, 2019**. The annual audit is still due to the Commission by **November 1, 2019**.