**Section 208.120 Audits**

a) Each recipient shall have an annual audit performed at the close of its fiscal year. This audit is to be performed in accordance with generally accepted auditing standards by an independent certified public accountant registered by the State of Illinois. The resulting audit report is to be prepared in accordance with the American Institute of Certified Public Accountants (AICPA) (2011).

b) Audit Report

1) A copy of the applicant's audited financial statements for the preceding calendar year shall be included in the applicant's application. A request for an extension of time to file an audit report must be submitted in writing 30 days prior to the deadline for filing the application. A request for an extension of time to file an audit report shall only be granted when the auditor submits a signed statement certifying that the audit cannot be completed in the designated time due to circumstances beyond the control of the auditor and the recipient. The auditor's statement must also detail the circumstances that form the basis for this request.

2) The report shall contain the basic financial statements presenting the financial position of the agency, the results of its operations and changes in fund balances.

3) The reports shall contain a schedule of income by source. Individual sources of income should not be combined (e.g., funds received from several State or federal agencies should not be combined into one classification, such as "State of Illinois" or "Federal Government").

4) The report shall contain a schedule of operating expenses by program - operating fund. The term "operating fund" includes all funds a recipient may have in its accounting records except those in a capital fund or contingency fund.

5) The report shall also contain the auditor's opinion regarding the financial statements taken as a whole, or an assertion to the effect that an opinion cannot be expressed. If the auditor expresses a qualified opinion, a disclaimer of opinion, or an adverse opinion, the reason for that opinion must be stated. The auditor shall communicate any material weakness in the recipient's internal controls.

c) Recipients shall also be subject to audit by Board personnel to determine whether the funds awarded by the Board are being used in accordance with proposed budget contained in the application.

(Source: Amended at 36 Ill. Reg. 320, effective January 1, 2012)