



101ST GENERAL ASSEMBLY

State of Illinois

2019 and 2020

SB1806

Introduced 2/15/2019, by Sen. Dale A. Righter

SYNOPSIS AS INTRODUCED:

50 ILCS 310/1	from Ch. 85, par. 701
50 ILCS 310/2	from Ch. 85, par. 702
50 ILCS 310/4	from Ch. 85, par. 704
50 ILCS 310/5	from Ch. 85, par. 705
50 ILCS 310/6	from Ch. 85, par. 706
55 ILCS 5/6-31002	from Ch. 34, par. 6-31002
55 ILCS 5/6-31003	from Ch. 34, par. 6-31003
55 ILCS 5/6-31004	from Ch. 34, par. 6-31004
55 ILCS 5/6-31005	from Ch. 34, par. 6-31005
55 ILCS 5/6-31006	from Ch. 34, par. 6-31006
55 ILCS 5/6-31008	from Ch. 34, par. 6-31008
65 ILCS 5/8-8-2	from Ch. 24, par. 8-8-2
65 ILCS 5/8-8-3	from Ch. 24, par. 8-8-3
65 ILCS 5/8-8-3.5	
65 ILCS 5/8-8-4	from Ch. 24, par. 8-8-4
65 ILCS 5/8-8-5	from Ch. 24, par. 8-8-5
65 ILCS 5/8-8-7	from Ch. 24, par. 8-8-7
65 ILCS 5/8-8-8	from Ch. 24, par. 8-8-8

Amends the Governmental Account Audit Act, the Counties Code, and the Illinois Municipal Code. Removes definitions of "licensed public accountant" and "accountant". Adds a definition for "generally accepted auditing standards". Modifies the definition of "auditor" to also include a substantially-equivalent licensed CPA that operates out-of-state. Replaces references to licensed public accountants and accountants with references to auditors. Removes audit report requirements for fiscal years prior to 2019. Modifies audit report requirements for fiscal year 2019 and beyond. Changes various terminology throughout.

LRB101 10244 AWJ 55348 b

1 AN ACT concerning local government.

2 **Be it enacted by the People of the State of Illinois,**
3 **represented in the General Assembly:**

4 Section 5. The Governmental Account Audit Act is amended by
5 changing Sections 1, 2, 4, 5, and 6 as follows:

6 (50 ILCS 310/1) (from Ch. 85, par. 701)

7 Sec. 1. Definitions. As used in this Act, unless the
8 context otherwise indicates:

9 "Governmental unit" or "unit" includes all municipal
10 corporations in and political subdivisions of this State that
11 appropriate more than \$5,000 for a fiscal year, with the amount
12 to increase or decrease by the amount of the Consumer Price
13 Index (CPI) as reported on January 1 of each year, except the
14 following:

15 (1) School districts.

16 (2) Cities, villages, and incorporated towns subject
17 to the Municipal Auditing Law, as contained in the Illinois
18 Municipal Code, and cities that file a report with the
19 Comptroller under Section 3.1-35-115 of the Illinois
20 Municipal Code.

21 (3) Counties with a population of 1,000,000 or more.

22 (4) Counties subject to the County Auditing Law.

23 (5) Any other municipal corporations in or political

1 subdivisions of this State, the accounts of which are
2 required by law to be audited by or under the direction of
3 the Auditor General.

4 (6) (Blank).

5 (7) A drainage district, established under the
6 Illinois Drainage Code (70 ILCS 605), that did not receive
7 or expend any moneys during the immediately preceding
8 fiscal year or obtains approval for assessments and
9 expenditures through the circuit court.

10 (8) Public housing authorities that submit financial
11 reports to the U.S. Department of Housing and Urban
12 Development.

13 "Governing body" means the board or other body or officers
14 having authority to levy taxes, make appropriations, authorize
15 the expenditure of public funds or approve claims for any
16 governmental unit.

17 "Comptroller" means the Comptroller of the State of
18 Illinois.

19 "Consumer Price Index" means the Consumer Price Index for
20 All Urban Consumers for all items published by the United
21 States Department of Labor.

22 ~~"Licensed public accountant" means the holder of a valid~~
23 ~~certificate as a public accountant under the Illinois Public~~
24 ~~Accounting Act.~~

25 "Audit report" means the written report of the auditor
26 ~~licensed public accountant~~ and all appended statements and

1 schedules relating to that report, presenting or recording the
2 findings of an examination or audit of the financial
3 transactions, affairs, or conditions of a governmental unit.

4 "Auditor" means a licensed certified public accountant, as
5 that term is defined in Section 0.03 of the Illinois Public
6 Accounting Act, or the substantial equivalent of a licensed
7 CPA, as provided under Section 5.2 of the Illinois Public
8 Accounting Act, who performs an audit of governmental unit
9 financial statements and records and expresses an assurance or
10 disclaims an opinion on the audited financial statements.

11 "Report" includes both audit reports and reports filed
12 instead of an audit report by a governmental unit receiving
13 revenue of less than \$850,000 during any fiscal year to which
14 the reports relate.

15 "Generally accepted auditing standards" means Audit
16 Standards Generally Accepted in the United States of America.

17 (Source: P.A. 100-837, eff. 8-13-18.)

18 (50 ILCS 310/2) (from Ch. 85, par. 702)

19 Sec. 2. Except as otherwise provided in Section 3, the
20 governing body of each governmental unit shall cause an audit
21 of the accounts of the unit to be made by an auditor or
22 auditors ~~a licensed public accountant~~. Such audit shall be
23 performed ~~made~~ annually and shall cover the immediately
24 preceding fiscal year of the governmental unit. The audit shall
25 include all the accounts and funds of the governmental unit,

1 including the accounts of any officer of the governmental unit
2 who receives fees or handles funds of the unit or who spends
3 money of the unit. The audit shall begin as soon as possible
4 after the close of the last fiscal year to which it pertains,
5 and shall be completed and the audit report filed with the
6 Comptroller within 180 days after the close of such fiscal year
7 unless an extension of time is granted by the Comptroller in
8 writing. An audit report which fails to meet the requirements
9 of this Act shall be rejected by the Comptroller and returned
10 to the governing body of the governmental unit for corrective
11 action. The auditor or auditors performing ~~licensed public~~
12 ~~accountant making~~ the audit shall submit not less than 3 copies
13 of the audit report to the governing body of the governmental
14 unit being audited.

15 All audits to be filed with the Comptroller under this
16 Section must be submitted electronically and the Comptroller
17 must post the audit reports on the Internet no later than 45
18 days after they are received. If the governmental unit provides
19 the Comptroller's Office with sufficient evidence that the
20 audit report cannot be filed electronically, the Comptroller
21 may waive this requirement. The Comptroller must also post a
22 list of governmental units that are not in compliance with the
23 reporting requirements set forth in this Section.

24 Any financial report under this Section shall include the
25 name of the purchasing agent who oversees all competitively bid
26 contracts. If there is no purchasing agent, the name of the

1 person responsible for oversight of all competitively bid
2 contracts shall be listed.

3 (Source: P.A. 99-459, eff. 8-25-15.)

4 (50 ILCS 310/4) (from Ch. 85, par. 704)

5 Sec. 4. Overdue report.

6 (a) If the required report for a governmental unit is not
7 filed with the Comptroller in accordance with Section 2 or
8 Section 3, whichever is applicable, within 180 days after the
9 close of the fiscal year of the governmental unit, the
10 Comptroller shall notify the governing body of that unit in
11 writing that the report is due and may also grant a 60 day
12 extension for the filing of the audit report. If the required
13 report is not filed within the time specified in such written
14 notice, the Comptroller shall cause an audit to be made by a
15 auditor ~~licensed public accountant~~, and the governmental unit
16 shall pay to the Comptroller actual compensation and expenses
17 to reimburse him for the cost of preparing or completing such
18 report.

19 (b) The Comptroller may decline to order an audit and the
20 preparation of an audit report (i) if an initial examination of
21 the books and records of the governmental unit indicates that
22 the books and records of the governmental unit are inadequate
23 or unavailable due to the passage of time or the occurrence of
24 a natural disaster or (ii) if the Comptroller determines that
25 the cost of an audit would impose an unreasonable financial

1 burden on the governmental unit.

2 (c) The State Comptroller may grant extensions for
3 delinquent audits or reports. The Comptroller may charge a
4 governmental unit a fee for a delinquent audit or report of \$5
5 per day for the first 15 days past due, \$10 per day for 16
6 through 30 days past due, \$15 per day for 31 through 45 days
7 past due, and \$20 per day for the 46th day and every day
8 thereafter. These amounts may be reduced at the Comptroller's
9 discretion. All fees collected under this subsection (c) shall
10 be deposited into the Comptroller's Administrative Fund.

11 (Source: P.A. 98-922, eff. 8-15-14; 99-459, eff. 8-25-15.)

12 (50 ILCS 310/5) (from Ch. 85, par. 705)

13 Sec. 5. (a) (Blank). ~~Prior to fiscal year 2019, the audit~~
14 ~~report shall contain statements that conform with generally~~
15 ~~accepted accounting principles or other comprehensive basis of~~
16 ~~accounting and that set forth the financial position and~~
17 ~~results of financial operations for each fund of the~~
18 ~~governmental unit. Each audit report shall include only~~
19 ~~financial information, findings, and conclusions that are~~
20 ~~adequately supported by evidence in the auditor's working~~
21 ~~papers to demonstrate or prove, when called upon, the basis for~~
22 ~~the matters reported and their correctness and reasonableness.~~
23 ~~In connection with this, each governmental unit shall retain~~
24 ~~the right of inspection of the auditor's working papers and~~
25 ~~shall make them available to the Comptroller, or his or her~~

1 ~~designee, upon request. The audit report shall also include the~~
2 ~~professional opinion of the auditor or auditors with respect to~~
3 ~~the financial statements or, if an opinion cannot be expressed,~~
4 ~~a declaration that he or she is unable to express such opinion~~
5 ~~and an explanation of the reasons he or she cannot do so. Each~~
6 ~~audit report shall include the certification of the auditor or~~
7 ~~auditors making the audit that the audit has been performed in~~
8 ~~compliance with generally accepted auditing standards.~~

9 (b) For fiscal year 2019 and each fiscal year thereafter,
10 the audit report shall contain statements that set forth the
11 financial position and results of financial operations for
12 financial statements for governmental activities,
13 business-type activities, discretely presented component
14 units, and each major fund and aggregated nonmajor fund ~~each~~
15 ~~fund of the governmental unit~~. Each audit report shall include
16 only financial information, findings, and conclusions that are
17 adequately supported by evidence in the auditor's working
18 papers to demonstrate or prove, when called upon, the basis for
19 the matters reported and their correctness and reasonableness.
20 In connection with this, each governmental unit shall retain
21 the right of inspection of the auditor's working papers and
22 shall make them available to the Comptroller, or his or her
23 designee, upon request. The audit report shall also include the
24 professional opinion of the auditor or auditors with respect to
25 the financial statements or, if an opinion cannot be expressed,
26 a declaration that he or she is unable to express an opinion

1 and an explanation of the reasons he or she cannot do so. Each
2 audit report shall include a representation by ~~the~~
3 ~~certification~~ of the auditor or auditors conducting ~~making~~ the
4 audit that the audit has been performed in accordance
5 ~~compliance~~ with generally accepted auditing standards.

6 (c) For fiscal year 2019 and each fiscal year thereafter,
7 audit reports shall contain financial statements prepared in
8 accordance ~~conformity~~ with generally accepted accounting
9 principles and audited in accordance ~~conformity~~ with generally
10 accepted auditing standards if the last audit report filed
11 preceding fiscal year 2019 expressed an unmodified or modified
12 opinion by the ~~independent~~ auditor pertaining to ~~that~~ the
13 financial statements that were prepared ~~presented~~ in
14 accordance ~~conformity~~ with generally accepted accounting
15 principles.

16 (d) For fiscal year 2019 and each fiscal year thereafter,
17 audit reports containing financial statements prepared in
18 accordance ~~conformity~~ with an other comprehensive basis of
19 accounting may follow the best practices and guidelines as
20 outlined by the American Institute of Certified Public
21 Accountants and shall be audited in accordance ~~conformity~~ with
22 generally accepted auditing standards. If the governing body of
23 a governmental unit submits an audit report containing
24 financial statements prepared in accordance ~~conformity~~ with
25 generally accepted accounting principles, thereafter all
26 future audit reports shall also contain financial statements

1 ~~prepared presented~~ in accordance ~~conformity~~ with generally
2 accepted accounting principles.

3 (e) Audits may be performed ~~made~~ on financial statements
4 prepared using either an accrual or cash basis of accounting,
5 depending upon the system followed by the governmental unit,
6 and audit reports shall comply with this Section.

7 (Source: P.A. 100-837, eff. 8-13-18.)

8 (50 ILCS 310/6) (from Ch. 85, par. 706)

9 Sec. 6. When the audit is completed the auditor licensed
10 ~~public accountant~~ making such audit shall make and sign at
11 least 3 copies of the report of the audit and immediately file
12 them with the governmental unit audited. Governmental units
13 receiving revenue of \$850,000 or more for any fiscal year shall
14 immediately make one copy of the audit report and one copy of
15 the financial report required by Section 3 of this Act a part
16 of its public record. Governmental units receiving revenue of
17 less than \$850,000 shall immediately make one copy of the audit
18 report, or one copy of the report authorized by Section 3 of
19 this Act to be filed instead of the audit report, a part of its
20 public record. These copies shall be open to public inspection.
21 In addition, the governmental unit shall file one copy of the
22 report with the Comptroller and with the county clerk of the
23 county in which the principal office of the governmental unit
24 is located. A governmental unit may, in filing its audit report
25 with the Comptroller, transmit with such report any comment or

1 explanation that it wishes to make concerning the report.

2 (Source: P.A. 92-582, eff. 7-1-02.)

3 Section 10. The Counties Code is amended by changing
4 Sections 6-31002, 6-31003, 6-31004, 6-31005, 6-31006, and
5 6-31008 as follows:

6 (55 ILCS 5/6-31002) (from Ch. 34, par. 6-31002)

7 Sec. 6-31002. Definitions. As used in this Division, unless
8 the context otherwise requires:

9 1. "Comptroller" means the Comptroller of the State of
10 Illinois;

11 2. (Blank); ~~"Accountant" or "accountants" means and~~
12 ~~includes all persons authorized to practice public accounting~~
13 ~~under the laws of this State;~~

14 3. "Funds and accounts" means all funds of a county derived
15 from property taxes and all funds and accounts derived from
16 sources other than property taxes, including the receipts and
17 expenditures of the fee earnings of each county fee officer;

18 4. "Audit report" means the written report of the auditor
19 or auditors ~~accountant or accountants~~ and all appended
20 statements and schedules relating thereto, presenting or
21 recording the findings of an examination or audit of the
22 financial transactions, affairs and condition of a county;

23 5. "Population" means the number of persons residing in a
24 county according to the last preceding federal decennial

1 census;

2 6. "Auditor" means a licensed certified public accountant,
3 as that term is defined in Section 0.03 of the Illinois Public
4 Accounting Act, or the substantial equivalent of a licensed
5 CPA, as provided under Section 5.2 of the Illinois Public
6 Accounting Act, who performs an audit of county financial
7 statements and records and expresses an assurance or disclaims
8 an opinion on the audited financial statements; "auditor" does
9 not include a county auditor elected or appointed under
10 Division 3-1 of the Counties Code.

11 (Source: P.A. 100-837, eff. 8-13-18.)

12 (55 ILCS 5/6-31003) (from Ch. 34, par. 6-31003)

13 Sec. 6-31003. Annual audits and reports. The county board
14 of each county shall cause an audit of all of the funds and
15 accounts of the county to be performed ~~made~~ annually by an
16 auditor or auditors ~~accountant or accountants~~ chosen by the
17 county board or by an auditor or auditors ~~accountant or~~
18 ~~accountants~~ retained by the Comptroller, as hereinafter
19 provided. In addition, each county shall file with the
20 Comptroller a financial report containing information required
21 by the Comptroller. Such financial report shall be on a form so
22 designed by the Comptroller as not to require professional
23 accounting services for its preparation. All audits and reports
24 to be filed with the Comptroller under this Section must be
25 submitted electronically and the Comptroller must post the

1 audits and reports on the Internet no later than 45 days after
2 they are received. If the county provides the Comptroller's
3 Office with sufficient evidence that the audit or report cannot
4 be filed electronically, the Comptroller may waive this
5 requirement. The Comptroller must also post a list of counties
6 that are not in compliance with the reporting requirements set
7 forth in this Section.

8 Any financial report under this Section shall include the
9 name of the purchasing agent who oversees all competitively bid
10 contracts. If there is no purchasing agent, the name of the
11 person responsible for oversight of all competitively bid
12 contracts shall be listed.

13 The audit shall commence as soon as possible after the
14 close of each fiscal year and shall be completed within 180
15 days after the close of such fiscal year, unless an extension
16 of time is granted by the Comptroller in writing. Such
17 extension of time shall not exceed 60 days. When the auditor or
18 auditors ~~accountant or accountants~~ have completed the audit a
19 full report thereof shall be made and not less than 2 copies of
20 each audit report shall be submitted to the county board. Each
21 audit report shall be signed by the auditor performing
22 ~~accountant making~~ the audit and shall include only financial
23 information, findings and conclusions that are adequately
24 supported by evidence in the auditor's working papers to
25 demonstrate or prove, when called upon, the basis for the
26 matters reported and their correctness and reasonableness. In

1 connection with this, each county board shall retain the right
2 of inspection of the auditor's working papers and shall make
3 them available to the Comptroller, or his designee, upon
4 request.

5 Within 60 days of receipt of an audit report, each county
6 board shall file one copy of each audit report and each
7 financial report with the Comptroller and any comment or
8 explanation that the county board may desire to make concerning
9 such audit report may be attached thereto. An audit report
10 which fails to meet the requirements of this Division shall be
11 rejected by the Comptroller and returned to the county board
12 for corrective action. One copy of each such report shall be
13 filed with the county clerk of the county so audited.

14 This Section is a limitation under subsection (i) of
15 Section 6 of Article VII of the Illinois Constitution on the
16 concurrent exercise by home rule counties of powers and
17 functions exercised by the State.

18 (Source: P.A. 99-459, eff. 8-25-15.)

19 (55 ILCS 5/6-31004) (from Ch. 34, par. 6-31004)

20 Sec. 6-31004. Overdue reports.

21 (a) In the event the required reports for a county are not
22 filed with the Comptroller in accordance with Section 6-31003
23 within 180 days after the close of the fiscal year of the
24 county, the Comptroller shall notify the county board in
25 writing that the reports are due, and may also grant an

1 extension of time of up to 60 days for the filing of the
2 reports. In the event the required reports are not filed within
3 the time specified in such written notice, the Comptroller
4 shall cause the audit to be performed ~~made~~ and the audit report
5 prepared by an auditor or auditors ~~accountant or accountants~~.

6 (b) The Comptroller may decline to order an audit and the
7 preparation of an audit report if an initial examination of the
8 books and records of the governmental unit indicates that the
9 books and records of the governmental unit are inadequate or
10 unavailable due to the passage of time or the occurrence of a
11 natural disaster.

12 (c) The State Comptroller may grant extensions for
13 delinquent audits or reports. The Comptroller may charge a
14 county a fee for a delinquent audit or report of \$5 per day for
15 the first 15 days past due, \$10 per day for 16 through 30 days
16 past due, \$15 per day for 31 through 45 days past due, and \$20
17 per day for the 46th day and every day thereafter. These
18 amounts may be reduced at the Comptroller's discretion. All
19 fees collected under this subsection (c) shall be deposited
20 into the Comptroller's Administrative Fund.

21 (Source: P.A. 98-922, eff. 8-15-14; 99-459, eff. 8-25-15.)

22 (55 ILCS 5/6-31005) (from Ch. 34, par. 6-31005)

23 Sec. 6-31005. Funds managed by county officials. In
24 addition to any other audit required by this Division, the
25 County Board shall cause an audit to be made of all funds and

1 accounts under the management or control of a county official
2 as soon as possible after such official leaves office for any
3 reason. The audit shall be filed with the county board not
4 later than 180 days after the official leaves office. The audit
5 shall be performed ~~conducted~~ and the audit report shall be
6 prepared and filed with the Chairman of the County Board by an
7 auditor ~~a person lawfully qualified to practice public~~
8 ~~accounting as regulated by "An Act to regulate the practice of~~
9 ~~public accounting and to repeal certain acts therein named",~~
10 ~~approved July 22, 1943 as amended.~~

11 As used in this Section, "county official" means any
12 elected county officer or any officer appointed by the county
13 board who is charged with the management or control of any
14 county funds; and "audit" means a post facto examination of
15 books, documents, records, and other evidence relating to the
16 obligation, receipt, expenditure or use of public funds of the
17 county, including governmental operations relating to such
18 obligations, receipt, expenditure or use.

19 (Source: P.A. 99-459, eff. 8-25-15.)

20 (55 ILCS 5/6-31006) (from Ch. 34, par. 6-31006)

21 Sec. 6-31006. Audit report.

22 (a) (Blank). ~~Prior to fiscal year 2019, the audit report~~
23 ~~shall contain statements that are in conformity with generally~~
24 ~~accepted public accounting principles or other comprehensive~~
25 ~~basis of accounting and shall set forth the financial position~~

1 ~~and the results of financial operations for each fund, account,~~
2 ~~and office of the county government. The audit report shall~~
3 ~~also include the professional opinion of the auditor or~~
4 ~~auditors with respect to the financial status and operations~~
5 ~~or, if an opinion cannot be expressed, a declaration that such~~
6 ~~auditor is unable to express such opinion and an explanation of~~
7 ~~the reasons he or she cannot do so. Each audit report shall~~
8 ~~include the certification of the auditor or auditors making the~~
9 ~~audit that the audit has been performed in compliance with~~
10 ~~generally accepted auditing standards. Each audit report filed~~
11 ~~with the Comptroller shall be accompanied by a copy of each~~
12 ~~official statement or other offering of materials prepared in~~
13 ~~connection with the issuance of indebtedness of the county~~
14 ~~since the filing of the last audit report.~~

15 (b) For fiscal year 2019 and each fiscal year thereafter,
16 the audit report shall contain statements that set forth the
17 financial position and the results of financial operations for
18 financial statements for governmental activities,
19 business-type activities, discretely presented component
20 units, and each major fund and aggregated nonmajor funds for
21 each fund, account, and office of the county government. The
22 audit report shall ~~also~~ include the professional opinion or
23 opinions of an auditor or auditors with respect to the
24 financial status and statements ~~operations~~ or, if an opinion
25 cannot be expressed, a declaration that the auditor is unable
26 to express an opinion and an explanation of the reasons he or

1 she cannot do so. Each auditor's ~~audit~~ report shall include the
2 representation ~~certification~~ of the auditor or auditors
3 conducting ~~making~~ the audit that the audit has been performed
4 in accordance ~~compliance~~ with generally accepted auditing
5 standards. Each audit report filed with the Comptroller shall
6 be accompanied by a copy of each official statement or other
7 offering of materials prepared in connection with the issuance
8 of indebtedness of the county since the filing of the last
9 audit report.

10 (c) For fiscal year 2019 and each fiscal year thereafter,
11 audit reports shall contain financial statements prepared in
12 accordance ~~conformity~~ with generally accepted accounting
13 principles and audited in conformity with generally accepted
14 auditing standards if the last audit report filed preceding
15 fiscal year 2019 expressed an unmodified or modified opinion by
16 the ~~independent~~ auditor that the financial statements were
17 presented in accordance ~~conformity~~ with generally accepted
18 accounting principles.

19 (d) For fiscal year 2019 and each fiscal year thereafter,
20 audit reports containing financial statements prepared in
21 accordance ~~conformity~~ with an other comprehensive basis of
22 accounting may follow the best practices and guidelines
23 outlined by the American Institute of Certified Public
24 Accountants and shall be audited in accordance ~~conformity~~ with
25 generally accepted auditing standards. If the county board of a
26 county submits an audit report containing financial statements

1 prepared in accordance ~~conformity~~ with generally accepted
2 accounting principles, thereafter all future audit reports
3 shall also contain financial statements prepared in accordance
4 ~~presented in conformity~~ with generally accepted accounting
5 principles.

6 (e) Audits may be made on financial statements prepared
7 using either an accrual or cash basis of accounting, depending
8 upon the system followed by the county, and audit reports shall
9 comply with this Section.

10 (Source: P.A. 100-837, eff. 8-13-18.)

11 (55 ILCS 5/6-31008) (from Ch. 34, par. 6-31008)

12 Sec. 6-31008. Expenses of audit. The expenses of conducting
13 the audit and making the required audit report or financial
14 statement for each county, whether ordered by the county board
15 or the Comptroller, shall be paid by the county and the county
16 board shall make provisions for such payment. If the audit is
17 made by an auditor or auditors ~~accountant or accountants~~
18 retained by the Comptroller, the county, through the county
19 board, shall pay to the Comptroller reasonable compensation and
20 expenses to reimburse him for the cost of making such audit.
21 Moneys paid to the Comptroller pursuant to the preceding
22 sentence shall be deposited into the Comptroller's Audit
23 Expense Revolving Fund.

24 Such expenses shall be paid from the general corporate fund
25 of the county.

1 Contracts for the performance of audits required by this
2 Division may be entered into without competitive bidding.

3 (Source: P.A. 88-280.)

4 Section 15. The Illinois Municipal Code is amended by
5 changing Sections 8-8-2, 8-8-3, 8-8-3.5, 8-8-4, 8-8-5, 8-8-7,
6 and 8-8-8 as follows:

7 (65 ILCS 5/8-8-2) (from Ch. 24, par. 8-8-2)

8 Sec. 8-8-2. The following terms shall, unless the context
9 otherwise indicates, have the following meanings:

10 (1) "Municipality" or "municipalities" means all cities,
11 villages and incorporated towns having a population of less
12 than 500,000 as determined by the last preceding Federal
13 census.

14 (2) "Corporate authorities" means a city council, village
15 board of trustees, library board, police and firemen's pension
16 board, or any other body or officers having authority to levy
17 taxes, make appropriations, or approve claims for any
18 municipality.

19 (3) "Comptroller" means the Comptroller of the State of
20 Illinois.

21 (4) (Blank). ~~"Accountant" or "accountants" means all~~
22 ~~persons licensed to practice public accounting under the laws~~
23 ~~of this State.~~

24 (5) "Audit report" means the written report of the auditor

1 or auditors ~~accountant or accountants~~ and all appended
2 statements and schedules relating thereto, presenting or
3 recording the findings of an examination or audit of the
4 financial transactions, affairs, or condition of a
5 municipality.

6 (6) "Annual report" means the statement filed, in lieu of
7 an audit report, by the municipalities of less than 800
8 population, which do not own or operate public utilities and do
9 not have bonded debt.

10 (7) "Supplemental report" means the annual statement
11 filed, in addition to any audit report provided for herein, by
12 all municipalities, except municipalities of less than 800
13 population which do not own or operate public utilities and do
14 not have bonded debt.

15 (8) "Auditor" means a licensed certified public
16 accountant, as that term is defined in Section 0.03 of the
17 Illinois Public Accounting Act, or the substantial equivalent
18 of a licensed CPA, as provided under Section 5.2 of the
19 Illinois Public Accounting Act, who performs an audit of
20 municipal financial statements and records and expresses an
21 assurance or disclaims an opinion on the audited financial
22 statements.

23 (9) "Generally accepted auditing standards" means Audit
24 Standards Generally Accepted in the United States of America.

25 (Source: P.A. 100-837, eff. 8-13-18.)

1 (65 ILCS 5/8-8-3) (from Ch. 24, par. 8-8-3)

2 Sec. 8-8-3. Audit requirements.

3 (a) The corporate authorities of each municipality coming
4 under the provisions of this Division 8 shall cause an audit of
5 the funds and accounts of the municipality to be made by an
6 auditor or auditors ~~accountant or accountants~~ employed by such
7 municipality or by an auditor or auditors ~~accountant or~~
8 ~~accountants~~ retained by the Comptroller, as hereinafter
9 provided.

10 (b) The accounts and funds of each municipality having a
11 population of 800 or more or having a bonded debt or owning or
12 operating any type of public utility shall be audited annually.
13 The audit herein required shall include all of the accounts and
14 funds of the municipality. Such audit shall be begun as soon as
15 possible after the close of the fiscal year, and shall be
16 completed and the report submitted within 180 days after the
17 close of such fiscal year, unless an extension of time shall be
18 granted by the Comptroller in writing. The auditor or auditors
19 perform ~~accountant or accountants making~~ the audit shall submit
20 not less than 2 copies of the audit report to the corporate
21 authorities of the municipality being audited. Municipalities
22 not operating utilities may cause audits of the accounts of
23 municipalities to be made more often than herein provided, by
24 an auditor or auditors ~~accountant or accountants~~. The audit
25 report of such audit when filed with the Comptroller together
26 with an audit report covering the remainder of the period for

1 which an audit is required to be filed hereunder shall satisfy
2 the requirements of this section.

3 (c) Municipalities of less than 800 population which do not
4 own or operate public utilities and do not have bonded debt,
5 shall file annually with the Comptroller a financial report
6 containing information required by the Comptroller. Such
7 annual financial report shall be on forms devised by the
8 Comptroller in such manner as to not require professional
9 accounting services for its preparation.

10 (d) In addition to any audit report required, all
11 municipalities, except municipalities of less than 800
12 population which do not own or operate public utilities and do
13 not have bonded debt, shall file annually with the Comptroller
14 a supplemental report on forms devised and approved by the
15 Comptroller.

16 (e) Notwithstanding any provision of law to the contrary,
17 if a municipality (i) has a population of less than 200, (ii)
18 has bonded debt in the amount of \$50,000 or less, and (iii)
19 owns or operates a public utility, then the municipality shall
20 cause an audit of the funds and accounts of the municipality to
21 be performed ~~made~~ by an auditor ~~accountant~~ employed by the
22 municipality or retained by the Comptroller for fiscal year
23 2011 and every fourth fiscal year thereafter or until the
24 municipality has a population of 200 or more, has bonded debt
25 in excess of \$50,000, or no longer owns or operates a public
26 utility. Nothing in this subsection shall be construed as

1 limiting the municipality's duty to file an annual financial
2 report with the Comptroller or to comply with the filing
3 requirements concerning the county clerk.

4 (f) All audits and reports to be filed with the Comptroller
5 under this Section must be submitted electronically and the
6 Comptroller must post the audits and reports on the Internet no
7 later than 45 days after they are received. If the municipality
8 provides the Comptroller's Office with sufficient evidence
9 that the audit or report cannot be filed electronically, the
10 Comptroller may waive this requirement. The Comptroller must
11 also post a list of municipalities that are not in compliance
12 with the reporting requirements set forth in this Section.

13 (g) Subsection (f) of this Section is a limitation under
14 subsection (i) of Section 6 of Article VII of the Illinois
15 Constitution on the concurrent exercise by home rule
16 municipalities of powers and functions exercised by the State.

17 (h) Any financial report under this Section shall include
18 the name of the purchasing agent who oversees all competitively
19 bid contracts. If there is no purchasing agent, the name of the
20 person responsible for oversight of all competitively bid
21 contracts shall be listed.

22 (Source: P.A. 99-459, eff. 8-25-15.)

23 (65 ILCS 5/8-8-3.5)

24 Sec. 8-8-3.5. Tax Increment Financing Report. The reports
25 filed under subsection (d) of Section 11-74.4-5 of the Tax

1 Increment Allocation Redevelopment Act and the reports filed
2 under subsection (d) of Section 11-74.6-22 of the Industrial
3 Jobs Recovery Law in the Illinois Municipal Code must be
4 separate from any other annual report filed with the
5 Comptroller. The Comptroller must, in cooperation with
6 reporting municipalities, create a format for the reporting of
7 information described in paragraphs (1.5) and (5) and in
8 subparagraph (G) of paragraph (7) of subsection (d) of Section
9 11-74.4-5 of the Tax Increment Allocation Redevelopment Act and
10 the information described in paragraphs (1.5) and (5) and in
11 subparagraph (G) of paragraph (7) of subsection (d) of Section
12 11-74.6-22 of the Industrial Jobs Recovery Law that facilitates
13 consistent reporting among the reporting municipalities. The
14 Comptroller may allow these reports to be filed electronically
15 and may display the report, or portions of the report,
16 electronically via the Internet. All reports filed under this
17 Section must be made available for examination and copying by
18 the public at all reasonable times. A Tax Increment Financing
19 Report must be filed electronically with the Comptroller within
20 180 days after the close of the municipal fiscal year or as
21 soon thereafter as the audit for the redevelopment project area
22 for that fiscal year becomes available. If the Tax Increment
23 Finance administrator provides the Comptroller's office with
24 sufficient evidence that the report is in the process of being
25 completed by an auditor, the Comptroller may grant an
26 extension. If the required report is not filed within the time

1 extended by the Comptroller, the Comptroller shall notify the
2 corporate authorities of that municipality that the audit
3 report is past due. The Comptroller may charge a municipality a
4 fee of \$5 per day for the first 15 days past due, \$10 per day
5 for 16 through 30 days past due, \$15 per day for 31 through 45
6 days past due, and \$20 per day for the 46th day and every day
7 thereafter. These amounts may be reduced at the Comptroller's
8 discretion. In the event the required audit report is not filed
9 within 60 days of such notice, the Comptroller shall cause such
10 audit to be made by an auditor or auditors ~~accountant or~~
11 ~~accountants~~. The Comptroller may decline to order an audit and
12 the preparation of an audit report if an initial examination of
13 the books and records of the municipality indicates that books
14 and records of the municipality are inadequate or unavailable
15 to support the preparation of the audit report or the
16 supplemental report due to the passage of time or the
17 occurrence of a natural disaster. All fees collected pursuant
18 to this Section shall be deposited into the Comptroller's
19 Administrative Fund. In the event the Comptroller causes an
20 audit to be made in accordance with the requirements of this
21 Section, the municipality shall pay to the Comptroller
22 reasonable compensation and expenses to reimburse her for the
23 cost of preparing or completing such report. Moneys paid to the
24 Comptroller pursuant to the preceding sentence shall be
25 deposited into the Comptroller's Audit Expense Revolving Fund.
26 (Source: P.A. 98-497, eff. 8-16-13; 98-922, eff. 8-15-14.)

1 (65 ILCS 5/8-8-4) (from Ch. 24, par. 8-8-4)

2 Sec. 8-8-4. Overdue reports.

3 (a) In the event the required audit report for a
4 municipality is not filed with the Comptroller in accordance
5 with Section 8-8-7 within 180 days after the close of the
6 fiscal year of the municipality, the Comptroller shall notify
7 the corporate authorities of that municipality in writing that
8 the audit report is due, and may also grant an extension of
9 time of 60 days, for the filing of the audit report. In the
10 event the required audit report is not filed within the time
11 specified in such written notice, the Comptroller shall cause
12 such audit to be made by an auditor or auditors ~~accountant or~~
13 ~~accountants~~. In the event the required annual or supplemental
14 report for a municipality is not filed within 6 months after
15 the close of the fiscal year of the municipality, the
16 Comptroller shall notify the corporate authorities of that
17 municipality in writing that the annual or supplemental report
18 is due and may grant an extension in time of 60 days for the
19 filing of such annual or supplemental report.

20 (b) In the event the annual or supplemental report is not
21 filed within the time extended by the Comptroller, the
22 Comptroller shall cause such annual or supplemental report to
23 be prepared or completed and the municipality shall pay to the
24 Comptroller reasonable compensation and expenses to reimburse
25 him for the cost of preparing or completing such annual or

1 supplemental report. Moneys paid to the Comptroller pursuant to
2 the preceding sentence shall be deposited into the
3 Comptroller's Audit Expense Revolving Fund.

4 (c) The Comptroller may decline to order an audit or the
5 completion of the supplemental report if an initial examination
6 of the books and records of the municipality indicates that
7 books and records of the municipality are inadequate or
8 unavailable to support the preparation of the audit report or
9 the supplemental report due to the passage of time or the
10 occurrence of a natural disaster.

11 (d) The State Comptroller may grant extensions for
12 delinquent audits or reports. The Comptroller may charge a
13 municipality a fee for a delinquent audit or report of \$5 per
14 day for the first 15 days past due, \$10 per day for 16 through
15 30 days past due, \$15 per day for 31 through 45 days past due,
16 and \$20 per day for the 46th day and every day thereafter.
17 These amounts may be reduced at the Comptroller's discretion.
18 All fees collected under this subsection (d) shall be deposited
19 into the Comptroller's Administrative Fund.

20 (Source: P.A. 98-922, eff. 8-15-14; 99-459, eff. 8-25-15.)

21 (65 ILCS 5/8-8-5) (from Ch. 24, par. 8-8-5)

22 Sec. 8-8-5. (a) (Blank). ~~Prior to fiscal year 2019, the~~
23 ~~audit shall be made in accordance with generally accepted~~
24 ~~auditing standards. Reporting on the financial position and~~
25 ~~results of financial operations for each fund of the~~

1 ~~municipality shall be in accordance with generally accepted~~
2 ~~accounting principles or other comprehensive basis of~~
3 ~~accounting. Each audit report shall include only financial~~
4 ~~information, findings, and conclusions that are adequately~~
5 ~~supported by evidence in the auditor's working papers to~~
6 ~~demonstrate or prove, when called upon, the basis for the~~
7 ~~matters reported and their correctness and reasonableness. In~~
8 ~~connection with this, each municipality shall retain the right~~
9 ~~of inspection of the auditor's working papers and shall make~~
10 ~~them available to the Comptroller, or his or her designee, upon~~
11 ~~request. The audit report shall consist of the professional~~
12 ~~opinion of the auditor or auditors with respect to the~~
13 ~~financial statements or, if an opinion cannot be expressed, a~~
14 ~~declaration that the auditor is unable to express such opinion~~
15 ~~and an explanation of the reasons he or she cannot do so.~~
16 ~~Municipal authorities shall not impose limitations on the scope~~
17 ~~of the audit to the extent that the effect of such limitations~~
18 ~~will result in the qualification of the opinion of the auditor~~
19 ~~or auditors. Each audit report filed with the Comptroller shall~~
20 ~~be accompanied by a copy of each official statement or other~~
21 ~~offering of materials prepared in connection with the issuance~~
22 ~~of indebtedness of the municipality since the filing of the~~
23 ~~last audit report.~~

24 (b) For fiscal year 2019 and each fiscal year thereafter,
25 the audit shall be made in accordance with generally accepted
26 auditing standards. Each audit report shall include only

1 ~~financial information, findings, and conclusions that are~~
2 ~~adequately supported by evidence in the auditor's working~~
3 ~~papers to demonstrate or prove, when called upon, the basis for~~
4 ~~the matters reported and their correctness and reasonableness.~~
5 ~~In connection with this, each municipality shall retain the~~
6 ~~right of inspection of the auditor's working papers and shall~~
7 ~~make them available to the Comptroller, or his or her designee,~~
8 ~~upon request.~~ The audit report shall include the financial
9 statements for governmental activities, business-type
10 activities, discretely presented component units, and each
11 major fund and aggregated nonmajor fund. The audit report shall
12 also include ~~also consist of~~ the professional opinion or
13 opinions of the ~~an~~ auditor or auditors with respect to the
14 financial statements or, if an opinion cannot be expressed, a
15 declaration that the auditor is unable to express an opinion
16 and an explanation of the reasons he or she cannot do so. Each
17 auditor's report shall include a representation by the auditor
18 or auditors conducting the audit has been performed in
19 accordance with generally accepted auditing standards.
20 Municipal authorities shall not impose limitations on the scope
21 of the audit to the extent that the effect of the limitations
22 will result in the modification ~~qualification~~ of the opinion or
23 opinions of the auditor or auditors. Each audit report filed
24 with the Comptroller shall be accompanied by a copy of each
25 official statement or other offering of materials prepared in
26 connection with the issuance of indebtedness of the

1 municipality since the filing of the last audit report.

2 (c) For fiscal year 2019 and each fiscal year thereafter,
3 audit reports shall contain financial statements prepared in
4 accordance with generally accepted accounting principles and
5 audited in accordance with generally accepted auditing
6 standards if the last audit report filed preceding fiscal year
7 2019 expressed an unmodified or modified opinion by the
8 ~~independent~~ auditor that the financial statements were
9 prepared ~~presented~~ in accordance with generally accepted
10 accounting principles.

11 (d) For fiscal year 2019 and each fiscal year thereafter,
12 audit reports containing financial statements prepared in
13 accordance with an other comprehensive basis of accounting may
14 follow the best practices and guidelines outlined by the
15 American Institute of Certified Public Accountants and shall be
16 audited in accordance with generally accepted auditing
17 standards. If the corporate authority of a municipality submits
18 an audit report containing financial statements prepared in
19 accordance with generally accepted accounting principles,
20 thereafter all future audit reports shall also contain
21 financial statements prepared ~~presented~~ in accordance with
22 generally accepted accounting principles.

23 (e) Audits may be made on financial statements prepared
24 using either an accrual or cash basis of accounting, depending
25 upon the system followed by the municipality, and audit reports
26 shall comply with this Section.

1 (Source: P.A. 100-837, eff. 8-13-18.)

2 (65 ILCS 5/8-8-7) (from Ch. 24, par. 8-8-7)

3 Sec. 8-8-7. When the auditor or auditors ~~accountant or~~
4 ~~accountants~~ have completed the audit, not less than 2 copies of
5 a report of the audit shall be made and signed by the
6 ~~accountant~~ making such audit, and shall immediately be filed
7 with the municipality audited. Each audit report shall include
8 the certification of the auditor or auditors ~~accountant or~~
9 ~~accountants~~ making the audit that the audit has been performed
10 in compliance with generally accepted auditing standards. The
11 municipality shall immediately make one copy of the report, or
12 one copy of the report authorized by this Division 8 in lieu of
13 an audit report, a part of its public records and at all times
14 thereafter this copy shall be open to public inspection. In
15 addition, the municipality shall file one copy of the report
16 with the Comptroller. An audit report which fails to meet the
17 requirements of this Act shall be rejected by the Comptroller
18 and returned to the municipal authorities for corrective
19 action. Nothing in this section shall be construed as
20 preventing a municipality, in filing its audit report with the
21 Comptroller, from transmitting with such report any comment or
22 explanation that it may desire to make concerning that report.
23 The audit report filed with the Comptroller, together with any
24 accompanying comment or explanation, shall immediately become
25 a part of his public records and shall at all times thereafter

1 be open to public inspection. It shall be unlawful for the
2 auditor ~~accountant~~ to make any disclosure of the result of any
3 examination of any public account excepting as he does so
4 directly to the corporate authorities of the municipality
5 audited.

6 (Source: P.A. 85-1000.)

7 (65 ILCS 5/8-8-8) (from Ch. 24, par. 8-8-8)

8 Sec. 8-8-8. The expenses of the audit and investigation of
9 public accounts provided for in Division 8, whether ordered by
10 the corporate authorities or the Comptroller, shall be paid by
11 the municipality for which the audit is made. Payment shall be
12 ordered by the corporate authorities out of the funds of the
13 municipality and it shall be the duty of such authorities to
14 make provisions for payment. Contracts for the performance of
15 audits required by this Division 8 may be entered into without
16 competitive bidding. If the audit is made by an auditor or
17 auditors ~~accountant or accountants~~ retained by the
18 Comptroller, the municipality shall pay to the Comptroller
19 reasonable compensation and expenses to reimburse him for the
20 cost of making such audit.

21 The corporate authorities of all municipalities coming
22 under the provisions of this Division 8 shall have the power to
23 annually levy a "Municipal Auditing Tax" upon all of the
24 taxable property of the municipalities at the rate on the
25 dollar which will produce an amount which will equal a sum

1 sufficient to meet the cost of all auditing and reports
2 thereunder. Such municipal auditing tax shall be held in a
3 special fund and used for no other purpose than the payment of
4 expenses occasioned by this Division 8.

5 The tax authorized by this Section shall be in addition to
6 taxes for general corporate purposes authorized under Section
7 8-3-1 of this Act.

8 (Source: P.A. 81-824.)