

1 AN ACT concerning government.

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

4 Section 5. The State Comptroller Act is amended by changing
5 Section 9 as follows:

6 (15 ILCS 405/9) (from Ch. 15, par. 209)

7 Sec. 9. Warrants; vouchers; preaudit.

8 (a) No payment may be made from public funds held by the
9 State Treasurer in or outside of the State treasury, except by
10 warrant drawn by the Comptroller and presented by him to the
11 treasurer to be countersigned except for payments made pursuant
12 to Section 9.03 or 9.05 of this Act.

13 (b) No warrant for the payment of money by the State
14 Treasurer may be drawn by the Comptroller without the
15 presentation of itemized vouchers indicating that the
16 obligation or expenditure is pursuant to law and authorized,
17 and authorizing the Comptroller to order payment.

18 (b-1) An itemized voucher for under \$5 that is presented to
19 the Comptroller for payment shall not be paid except through
20 electronic funds transfer. This subsection (b-1) does not apply
21 to (i) vouchers presented by the legislative branch of State
22 government or (ii) vouchers presented by the State Treasurer's
23 Office for the payment of unclaimed property claims authorized

1 under the Uniform Disposition of Unclaimed Property Act.

2 (c) The Comptroller shall examine each voucher required by
3 law to be filed with him and determine whether unencumbered
4 appropriations or unencumbered obligational or expenditure
5 authority other than by appropriation are legally available to
6 incur the obligation or to make the expenditure of public
7 funds. If he determines that unencumbered appropriations or
8 other obligational or expenditure authority are not available
9 from which to incur the obligation or make the expenditure, the
10 Comptroller shall refuse to draw a warrant.

11 (d) The Comptroller shall examine each voucher and all
12 other documentation required to accompany the voucher, and
13 shall ascertain whether the voucher and documentation meet all
14 requirements established by or pursuant to law. If the
15 Comptroller determines that the voucher and documentation do
16 not meet applicable requirements established by or pursuant to
17 law, he shall refuse to draw a warrant. As used in this
18 Section, "requirements established by or pursuant to law"
19 includes statutory enactments and requirements established by
20 rules and regulations adopted pursuant to this Act.

21 (e) Prior to drawing a warrant, the Comptroller may review
22 the voucher, any documentation accompanying the voucher, and
23 any other documentation related to the transaction on file with
24 him, and determine if the transaction is in accordance with the
25 law. If based on his review the Comptroller has reason to
26 believe that such transaction is not in accordance with the

1 law, he shall refuse to draw a warrant.

2 (f) Where the Comptroller refuses to draw a warrant
3 pursuant to this Section, he shall maintain separate records of
4 such transactions.

5 (g) State agencies shall have the principal responsibility
6 for the preaudit of their encumbrances, expenditures, and other
7 transactions as otherwise required by law.

8 (Source: P.A. 97-969, eff. 8-16-12.)

9 Section 10. The State Prompt Payment Act is amended by
10 changing Section 3-2 as follows:

11 (30 ILCS 540/3-2)

12 Sec. 3-2. Beginning July 1, 1993, in any instance where a
13 State official or agency is late in payment of a vendor's bill
14 or invoice for goods or services furnished to the State, as
15 defined in Section 1, properly approved in accordance with
16 rules promulgated under Section 3-3, the State official or
17 agency shall pay interest to the vendor in accordance with the
18 following:

19 (1) Any bill, except a bill submitted under Article V
20 of the Illinois Public Aid Code and except as provided
21 under paragraph (1.05) of this Section, approved for
22 payment under this Section must be paid or the payment
23 issued to the payee within 60 days of receipt of a proper
24 bill or invoice. If payment is not issued to the payee

1 within this 60-day period, an interest penalty of 1.0% of
2 any amount approved and unpaid shall be added for each
3 month or fraction thereof after the end of this 60-day
4 period, until final payment is made. Any bill, except a
5 bill for pharmacy or nursing facility services or goods,
6 and except as provided under paragraph (1.05) of this
7 Section, submitted under Article V of the Illinois Public
8 Aid Code approved for payment under this Section must be
9 paid or the payment issued to the payee within 60 days
10 after receipt of a proper bill or invoice, and, if payment
11 is not issued to the payee within this 60-day period, an
12 interest penalty of 2.0% of any amount approved and unpaid
13 shall be added for each month or fraction thereof after the
14 end of this 60-day period, until final payment is made. Any
15 bill for pharmacy or nursing facility services or goods
16 submitted under Article V of the Illinois Public Aid Code,
17 except as provided under paragraph (1.05) of this Section,
18 and approved for payment under this Section must be paid or
19 the payment issued to the payee within 60 days of receipt
20 of a proper bill or invoice. If payment is not issued to
21 the payee within this 60-day period, an interest penalty of
22 1.0% of any amount approved and unpaid shall be added for
23 each month or fraction thereof after the end of this 60-day
24 period, until final payment is made.

25 (1.05) For State fiscal year 2012 and future fiscal
26 years, any bill approved for payment under this Section

1 must be paid or the payment issued to the payee within 90
2 days of receipt of a proper bill or invoice. If payment is
3 not issued to the payee within this 90-day period, an
4 interest penalty of 1.0% of any amount approved and unpaid
5 shall be added for each month, or 0.033% (one-thirtieth of
6 one percent) ~~00.0033% (1/30%)~~ of any amount approved and
7 unpaid for each day, after the end of this 90-day period,
8 until final payment is made.

9 (1.1) A State agency shall review in a timely manner
10 each bill or invoice after its receipt. If the State agency
11 determines that the bill or invoice contains a defect
12 making it unable to process the payment request, the agency
13 shall notify the vendor requesting payment as soon as
14 possible after discovering the defect pursuant to rules
15 promulgated under Section 3-3; provided, however, that the
16 notice for construction related bills or invoices must be
17 given not later than 30 days after the bill or invoice was
18 first submitted. The notice shall identify the defect and
19 any additional information necessary to correct the
20 defect. If one or more items on a construction related bill
21 or invoice are disapproved, but not the entire bill or
22 invoice, then the portion that is not disapproved shall be
23 paid.

24 (2) Where a State official or agency is late in payment
25 of a vendor's bill or invoice properly approved in
26 accordance with this Act, and different late payment terms

1 are not reduced to writing as a contractual agreement, the
2 State official or agency shall automatically pay interest
3 penalties required by this Section amounting to \$50 or more
4 to the appropriate vendor. Each agency shall be responsible
5 for determining whether an interest penalty is owed and for
6 paying the interest to the vendor. Except as provided in
7 paragraph (4), an individual interest payment amounting to
8 \$5 or less shall not be paid by the State. Interest due to
9 a vendor that amounts to greater than \$5 and less than \$50
10 shall not be paid but shall be accrued until all interest
11 due the vendor for all similar warrants exceeds \$50, at
12 which time the accrued interest shall be payable and
13 interest will begin accruing again, except that interest
14 accrued as of the end of the fiscal year that does not
15 exceed \$50 shall be payable at that time. In the event an
16 individual has paid a vendor for services in advance, the
17 provisions of this Section shall apply until payment is
18 made to that individual.

19 (3) The provisions of Public Act 96-1501 reducing the
20 interest rate on pharmacy claims under Article V of the
21 Illinois Public Aid Code to 1.0% per month shall apply to
22 any pharmacy bills for services and goods under Article V
23 of the Illinois Public Aid Code received on or after the
24 date 60 days before January 25, 2011 (the effective date of
25 Public Act 96-1501) except as provided under paragraph
26 (1.05) of this Section.

1 (4) Interest amounting to less than \$5 shall not be
2 paid by the State, except for claims (i) to the Department
3 of Healthcare and Family Services or the Department of
4 Human Services, (ii) pursuant to Article V of the Illinois
5 Public Aid Code, the Covering ALL KIDS Health Insurance
6 Act, or the Children's Health Insurance Program Act, and
7 (iii) made (A) by pharmacies for prescriptive services or
8 (B) by any federally qualified health center for
9 prescriptive services or any other services.

10 (Source: P.A. 96-555, eff. 8-18-09; 96-802, eff. 1-1-10;
11 96-959, eff. 7-1-10; 96-1000, eff. 7-2-10; 96-1501, eff.
12 1-25-11; 96-1530, eff. 2-16-11; 97-72, eff. 7-1-11; 97-74, eff.
13 6-30-11; 97-348, eff. 8-12-11; 97-813, eff. 7-13-12; 97-932,
14 eff. 8-10-12.)

15 Section 15. The Governmental Account Audit Act is amended
16 by changing Sections 2, 3, and 4 as follows:

17 (50 ILCS 310/2) (from Ch. 85, par. 702)

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

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

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

22 Any financial report under this Section shall include the
23 name of the purchasing agent who oversees all competitively bid
24 contracts. If there is no purchasing agent, the name of the
25 person responsible for oversight of all competitively bid
26 contracts shall be listed.

1 (Source: P.A. 97-932, eff. 8-10-12.)

2 (50 ILCS 310/3) (from Ch. 85, par. 703)

3 Sec. 3. Any governmental unit receiving revenue of less
4 than \$850,000 for any fiscal year shall, in lieu of complying
5 with the requirements of Section 2 for audits and audit
6 reports, file with the Comptroller a financial report
7 containing information required by the Comptroller. In
8 addition, a governmental unit receiving revenue of less than
9 \$850,000 may file with the Comptroller any audit reports which
10 may have been prepared under any other law. Any governmental
11 unit receiving revenue of \$850,000 or more for any fiscal year
12 shall, in addition to complying with the requirements of
13 Section 2 for audits and audit reports, file with the
14 Comptroller the financial report required by this Section. Such
15 financial reports shall be on forms so designed by the
16 Comptroller as not to require professional accounting services
17 for its preparation. All reports to be filed with the
18 Comptroller under this Section must be submitted
19 electronically and the Comptroller must post the reports on the
20 Internet no later than 45 days after they are received. If the
21 governmental unit provides the Comptroller's Office with
22 sufficient evidence that the report cannot be filed
23 electronically, the Comptroller may waive this requirement.
24 The Comptroller must also post a list of governmental units
25 ~~municipalities~~ that are not in compliance with the reporting

1 requirements set forth in this Section.

2 Any financial report under this Section shall include the
3 name of the purchasing agent who oversees all competitively bid
4 contracts. If there is no purchasing agent, the name of the
5 person responsible for oversight of all competitively bid
6 contracts shall be listed.

7 (Source: P.A. 97-890, eff. 8-2-12.)

8 (50 ILCS 310/4) (from Ch. 85, par. 704)

9 Sec. 4. Overdue report.

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

23 (b) The Comptroller may decline to order an audit and the
24 preparation of an audit report (i) if an initial examination of
25 the books and records of the governmental unit indicates that

1 the books and records of the governmental unit are inadequate
2 or unavailable due to the passage of time or the occurrence of
3 a natural disaster or (ii) if the Comptroller determines that
4 the cost of an audit would impose an unreasonable financial
5 burden on the governmental unit.

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

14 (Source: P.A. 97-890, eff. 8-2-12.)

15 Section 20. The Counties Code is amended by changing
16 Sections 6-31003 and 6-31004 as follows:

17 (55 ILCS 5/6-31003) (from Ch. 34, par. 6-31003)

18 Sec. 6-31003. Annual audits and reports. The county board
19 of each county shall cause an audit of all of the funds and
20 accounts of the county to be made annually by an accountant or
21 accountants chosen by the county board or by an accountant or
22 accountants retained by the Comptroller, as hereinafter
23 provided. In addition, each county shall file with the
24 Comptroller a financial report containing information required

1 by the Comptroller. Such financial report shall be on a form so
2 designed by the Comptroller as not to require professional
3 accounting services for its preparation. All audits and reports
4 to be filed with the Comptroller under this Section must be
5 submitted electronically and the Comptroller must post the
6 audits and reports on the Internet no later than 45 days after
7 they are received. If the county provides the Comptroller's
8 Office with sufficient evidence that the audit or report cannot
9 be filed electronically, the Comptroller may waive this
10 requirement. The Comptroller must also post a list of counties
11 that are not in compliance with the reporting requirements set
12 forth in this Section.

13 Any financial report under this Section shall include the
14 name of the purchasing agent who oversees all competitively bid
15 contracts. If there is no purchasing agent, the name of the
16 person responsible for oversight of all competitively bid
17 contracts shall be listed.

18 The audit shall commence as soon as possible after the
19 close of each fiscal year and shall be completed within 6
20 months after the close of such fiscal year, unless an extension
21 of time is granted by the Comptroller in writing. Such
22 extension of time shall not exceed 60 days. When the accountant
23 or accountants have completed the audit a full report thereof
24 shall be made and not less than 2 copies of each audit report
25 shall be submitted to the county board. Each audit report shall
26 be signed by the accountant making the audit and shall include

1 only 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 county board shall retain the
6 right of inspection of the auditor's working papers and shall
7 make them available to the Comptroller, or his designee, upon
8 request.

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

18 This Section is a limitation under subsection (i) of
19 Section 6 of Article VII of the Illinois Constitution on the
20 concurrent exercise by home rule counties of powers and
21 functions exercised by the State.

22 (Source: P.A. 97-890, eff. 8-2-12; 97-932, eff. 8-10-12;
23 revised 8-23-12.)

24 (55 ILCS 5/6-31004) (from Ch. 34, par. 6-31004)

25 Sec. 6-31004. Overdue reports.

1 (a) In the event the required reports for a county are not
2 filed with the Comptroller in accordance with Section 6-31003
3 within 6 months after the close of the fiscal year of the
4 county, the Comptroller shall notify the county board in
5 writing that the reports are due, and may also grant an
6 extension of time of up to 60 days for the filing of the
7 reports. In the event the required reports are not filed within
8 the time specified in such written notice, the Comptroller
9 shall cause the audit to be made and the audit report prepared
10 by an accountant or accountants.

11 (b) The Comptroller may decline to order an audit and the
12 preparation of an audit report if an initial examination of the
13 books and records of the governmental unit indicates that the
14 books and records of the governmental unit are inadequate or
15 unavailable due to the passage of time or the occurrence of a
16 natural disaster.

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

25 (Source: P.A. 97-890, eff. 8-2-12.)

1 Section 25. The Illinois Municipal Code is amended by
2 changing Sections 8-8-3 and 8-8-4 as follows:

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

4 Sec. 8-8-3. Audit requirements.

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

11 (b) The accounts and funds of each municipality having a
12 population of 800 or more or having a bonded debt or owning or
13 operating any type of public utility shall be audited annually.
14 The audit herein required shall include all of the accounts and
15 funds of the municipality. Such audit shall be begun as soon as
16 possible after the close of the fiscal year, and shall be
17 completed and the report submitted within 6 months after the
18 close of such fiscal year, unless an extension of time shall be
19 granted by the Comptroller in writing. The accountant or
20 accountants making the audit shall submit not less than 2
21 copies of the audit report to the corporate authorities of the
22 municipality being audited. Municipalities not operating
23 utilities may cause audits of the accounts of municipalities to
24 be made more often than herein provided, by an accountant or
25 accountants. The audit report of such audit when filed with the

1 Comptroller together with an audit report covering the
2 remainder of the period for which an audit is required to be
3 filed hereunder shall satisfy the requirements of this section.

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

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

17 (e) Notwithstanding any provision of law to the contrary,
18 if a municipality (i) has a population of less than 200, (ii)
19 has bonded debt in the amount of \$50,000 or less, and (iii)
20 owns or operates a public utility, then the municipality shall
21 cause an audit of the funds and accounts of the municipality to
22 be made by an accountant employed by the municipality or
23 retained by the Comptroller for fiscal year 2011 and every
24 fourth fiscal year thereafter or until the municipality has a
25 population of 200 or more, has bonded debt in excess of
26 \$50,000, or no longer owns or operates a public utility.

1 Nothing in this subsection shall be construed as limiting the
2 municipality's duty to file an annual financial report with the
3 Comptroller or to comply with the filing requirements
4 concerning the county clerk.

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

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

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

23 (Source: P.A. 96-1309, eff. 7-27-10; 97-890, eff. 8-2-12;
24 97-932, eff. 8-10-12; revised 8-23-12.)

25 (65 ILCS 5/8-8-4) (from Ch. 24, par. 8-8-4)

1 Sec. 8-8-4. Overdue reports.

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

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

1 Comptroller's Audit Expense Revolving Fund.

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

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

17 (Source: P.A. 97-890, eff. 8-2-12.)

18 Section 99. Effective date. This Act takes effect upon
19 becoming law.