



97TH GENERAL ASSEMBLY

State of Illinois

2011 and 2012

SB3323

Introduced 2/7/2012, by Sen. Tim Bivins

SYNOPSIS AS INTRODUCED:

50 ILCS 310/2	from Ch. 85, par. 702
50 ILCS 310/3	from Ch. 85, par. 703
55 ILCS 5/6-31003	from Ch. 34, par. 6-31003
60 ILCS 1/80-20	
65 ILCS 5/8-8-3	from Ch. 24, par. 8-8-3

Amends the Governmental Account Audit Act, the Counties Code, the Township Code, and the Illinois Municipal Code. Requires the governing board of each governmental unit, county board, township board, or corporate authorities of a municipality, as applicable, to review specified audit and financial reports and report any suspected criminal activity or fraud to the appropriate State's Attorney's office. Effective immediately.

LRB097 19784 KMW 65051 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 2 and 3 as follows:

6 (50 ILCS 310/2) (from Ch. 85, par. 702)

7 Sec. 2. Except as otherwise provided in Section 3, the
8 governing body of each governmental unit shall cause an audit
9 of the accounts of the unit to be made by a licensed public
10 accountant. Such audit shall be made annually and shall cover
11 the immediately preceding fiscal year of the governmental unit.
12 The audit shall include all the accounts and funds of the
13 governmental unit, including the accounts of any officer of the
14 governmental unit who receives fees or handles funds of the
15 unit or who spends money of the unit. The audit shall begin as
16 soon as possible after the close of the last fiscal year to
17 which it pertains, and shall be completed and the audit report
18 filed with the Comptroller within 6 months after the close of
19 such fiscal year unless an extension of time is granted by the
20 Comptroller in writing. An audit report which fails to meet the
21 requirements of this Act shall be rejected by the Comptroller
22 and returned to the governing body of the governmental unit for
23 corrective action. The licensed public accountant making the

1 audit shall submit not less than 3 copies of the audit report
2 to the governing body of the governmental unit being audited.

3 The governing board of each governmental unit shall review
4 the annual audit report prior to submission to the Comptroller
5 and shall report any suspected criminal activity or fraud to
6 the State's Attorney's office of the county or counties where
7 the governmental unit is located.

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

9 (50 ILCS 310/3) (from Ch. 85, par. 703)

10 Sec. 3. Any governmental unit receiving revenue of less
11 than \$850,000 for any fiscal year shall, in lieu of complying
12 with the requirements of Section 2 for audits and audit
13 reports, file with the Comptroller a financial report
14 containing information required by the Comptroller. In
15 addition, a governmental unit receiving revenue of less than
16 \$850,000 may file with the Comptroller any audit reports which
17 may have been prepared under any other law. Any governmental
18 unit receiving revenue of \$850,000 or more for any fiscal year
19 shall, in addition to complying with the requirements of
20 Section 2 for audits and audit reports, file with the
21 Comptroller the financial report required by this Section. Such
22 financial reports shall be on forms so designed by the
23 Comptroller as not to require professional accounting services
24 for its preparation.

25 The governing board of each governmental unit shall review

1 the annual audit report or any financial reports, as the case
2 may be, prior to submission to the Comptroller and shall report
3 any suspected criminal activity or fraud to the State's
4 Attorney's office of the county or counties where the
5 governmental unit is located.

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

7 Section 10. The Counties Code is amended by changing
8 Section 6-31003 as follows:

9 (55 ILCS 5/6-31003) (from Ch. 34, par. 6-31003)

10 Sec. 6-31003. Annual audits and reports. In counties having
11 a population of over 10,000 but less than 500,000, the county
12 board of each county shall cause an audit of all of the funds
13 and accounts of the county to be made annually by an accountant
14 or accountants chosen by the county board or by an accountant
15 or accountants retained by the Comptroller, as hereinafter
16 provided. In addition, each county having a population of less
17 than 500,000 shall file with the Comptroller a financial report
18 containing information required by the Comptroller. Such
19 financial report shall be on a form so designed by the
20 Comptroller as not to require professional accounting services
21 for its preparation.

22 The audit shall commence as soon as possible after the
23 close of each fiscal year and shall be completed within 6
24 months after the close of such fiscal year, unless an extension

1 of time is granted by the Comptroller in writing. Such
2 extension of time shall not exceed 60 days. When the accountant
3 or accountants have completed the audit a full report thereof
4 shall be made and not less than 2 copies of each audit report
5 shall be submitted to the county board. Each audit report shall
6 be signed by the accountant making the audit and shall include
7 only financial information, findings and conclusions that are
8 adequately supported by evidence in the auditor's working
9 papers to demonstrate or prove, when called upon, the basis for
10 the matters reported and their correctness and reasonableness.
11 In connection with this, each county board shall retain the
12 right of inspection of the auditor's working papers and shall
13 make them available to the Comptroller, or his designee, upon
14 request.

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

24 The county board shall review the annual audit report and
25 each financial report prior to submission to the Comptroller
26 and shall report any suspected criminal activity or fraud to

1 the State's Attorney's office of that county.

2 (Source: P.A. 86-962.)

3 Section 15. The Township Code is amended by changing
4 Section 80-20 as follows:

5 (60 ILCS 1/80-20)

6 Sec. 80-20. Independent audit of accounts.

7 (a) All accounts audited under this Article (and those
8 rejected, if any) shall be delivered with the certificate of
9 the trustees (or a majority of them) to the township clerk, who
10 shall keep them on file for the inspection of any of the
11 inhabitants of the township. They shall also be produced by the
12 township clerk at the next annual meeting and shall be read at
13 the meeting by the clerk.

14 (b) In townships that receive revenue of \$850,000 or more
15 during any fiscal year, exclusive of road funds, the township
16 board shall have the accounts and all records of the township
17 thoroughly audited by a certified public accountant within 6
18 months after the close of each fiscal year. The board shall
19 have a copy of the accountant's report and recommendations
20 filed with the township clerk and another copy filed with the
21 county clerk for public inspection.

22 (c) In townships that receive revenue of less than \$850,000
23 during any fiscal year, exclusive of road funds, the township
24 board shall have the accounts and all records of the township

1 audited and inspected by an independent auditing committee
2 composed of 3 township electors chosen by the board. The audit
3 shall be completed within 6 months after the close of each
4 fiscal year. A copy of the auditing committee's report and
5 recommendations shall be filed with the township clerk and
6 another copy shall be filed with the county clerk for public
7 inspection. The auditing committee shall not contain any member
8 of the township board or any person related to a trustee.
9 Members of the auditing committee shall be proficient in
10 accounting principles and practices and shall be compensated at
11 a rate determined by the township board but not to exceed \$50
12 per day. In addition to the other audit requirements imposed by
13 law, in townships subject to this subsection, the township
14 board shall have the accounts and all records of the township
15 thoroughly audited by a certified public accountant within 6
16 months after (i) the end of each term of office of the township
17 supervisor and (ii) a vacancy occurs in the office of township
18 supervisor. A copy of the accountant's report and
19 recommendations shall be filed with the township clerk and
20 another copy shall be filed with the county clerk for public
21 inspection.

22 (d) The township board shall review the annual audit report
23 prior to submission to the township clerk and shall report any
24 suspected criminal activity or fraud to the State's Attorney's
25 office of the county where the township is located.

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

1 Section 20. The Illinois Municipal Code is amended by
2 changing Section 8-8-3 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

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

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

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

18 (e) Notwithstanding any provision of law to the contrary,
19 if a municipality (i) has a population of less than 200, (ii)
20 has bonded debt in the amount of \$50,000 or less, and (iii)
21 owns or operates a public utility, then the municipality shall
22 cause an audit of the funds and accounts of the municipality to
23 be made by an accountant employed by the municipality or
24 retained by the Comptroller for fiscal year 2011 and every
25 fourth fiscal year thereafter or until the municipality has a
26 population of 200 or more, has bonded debt in excess of

1 \$50,000, or no longer owns or operates a public utility.
2 Nothing in this subsection shall be construed as limiting the
3 municipality's duty to file an annual financial report with the
4 Comptroller or to comply with the filing requirements
5 concerning the county clerk.

6 (f) The corporate authorities of each municipality shall
7 review the annual audit report prior to submission to the
8 Comptroller and shall report any suspected criminal activity or
9 fraud to the State's Attorney's office of the county or
10 counties where the municipality is located.

11 (Source: P.A. 96-1309, eff. 7-27-10.)

12 Section 99. Effective date. This Act takes effect upon
13 becoming law.