



## 97TH GENERAL ASSEMBLY

### State of Illinois

### 2011 and 2012

### SB3508

Introduced 2/8/2012, by Sen. Pamela J. Althoff

#### SYNOPSIS AS INTRODUCED:

50 ILCS 310/3	from Ch. 85, par. 703
50 ILCS 310/4	from Ch. 85, par. 704
55 ILCS 5/6-31003	from Ch. 34, par. 6-31003
55 ILCS 5/6-31004	from Ch. 34, par. 6-31004
65 ILCS 5/8-8-3	from Ch. 24, par. 8-8-3
65 ILCS 5/8-8-4	from Ch. 24, par. 8-8-4

Amends the Governmental Account Audit Act, Counties Code, and Illinois Municipal Code. Provides that all specified governmental units, counties, and municipalities must submit specified reports with the Comptroller electronically, and the Comptroller must post the reports on the internet no later than 45 days after they are received. Provides that the county board of any county (now, counties having a population of over 10,000 but less than 500,000) shall be required to perform an annual audit on funds and accounts of the county, which shall be filed with the Office of the Comptroller. Provides that the requirement concerning electronic filing may be waived if sufficient evidence is provided to the Comptroller that the report cannot be filed electronically. Sets forth posting requirements and penalties for delinquent reports. Limits the concurrent exercise of home rule units. Effective immediately.

LRB097 18502 KMW 63733 b

FISCAL NOTE ACT  
MAY APPLY

A BILL FOR

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 3 and 4 as follows:

6 (50 ILCS 310/3) (from Ch. 85, par. 703)

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

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

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

9 (50 ILCS 310/4) (from Ch. 85, par. 704)

10 Sec. 4. Overdue report.

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

24 (b) The Comptroller may decline to order an audit and the  
25 preparation of an audit report (i) if an initial examination of

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

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

15 (Source: P.A. 92-191, eff. 8-1-01.)

16 Section 10. The Counties Code is amended by changing  
17 Sections 6-31003 and 6-31004 as follows:

18 (55 ILCS 5/6-31003) (from Ch. 34, par. 6-31003)

19 Sec. 6-31003. Annual audits and reports. ~~The In counties~~  
20 ~~having a population of over 10,000 but less than 500,000, the~~  
21 county board of each county shall cause an audit of all of the  
22 funds and accounts of the county to be made annually by an  
23 accountant or accountants chosen by the county board or by an  
24 accountant or accountants retained by the Comptroller, as

1 hereinafter provided. In addition, each county ~~having a~~  
2 ~~population of less than 500,000~~ shall file with the Comptroller  
3 a financial report containing information required by the  
4 Comptroller. Such financial report shall be on a form so  
5 designed by the Comptroller as not to require professional  
6 accounting services for its preparation. All reports to be  
7 filed with the Comptroller under this Section must be submitted  
8 electronically and the Comptroller must post the reports on the  
9 internet no later than 45 days after they are received. If the  
10 county provides the Comptroller's Office with sufficient  
11 evidence that the report cannot be filed electronically, the  
12 Comptroller may waive this requirement. The Comptroller must  
13 also post a list of counties that are not in compliance with  
14 the reporting requirements set forth in this Section.

15 The audit shall commence as soon as possible after the  
16 close of each fiscal year and shall be completed within 6  
17 months after the close of such fiscal year, unless an extension  
18 of time is granted by the Comptroller in writing. Such  
19 extension of time shall not exceed 60 days. When the accountant  
20 or accountants have completed the audit a full report thereof  
21 shall be made and not less than 2 copies of each audit report  
22 shall be submitted to the county board. Each audit report shall  
23 be signed by the accountant making the audit and shall include  
24 only financial information, findings and conclusions that are  
25 adequately supported by evidence in the auditor's working  
26 papers to demonstrate or prove, when called upon, the basis for

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

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

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

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

20 (55 ILCS 5/6-31004) (from Ch. 34, par. 6-31004)

21 Sec. 6-31004. Overdue reports.

22 (a) In the event the required reports for a county are not  
23 filed with the Comptroller in accordance with Section 6-31003  
24 within 6 months after the close of the fiscal year of the  
25 county, the Comptroller shall notify the county board in

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

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

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

21 (Source: P.A. 90-104, eff. 7-11-97.)

22 Section 15. The Illinois Municipal Code is amended by  
23 changing Sections 8-8-3 and 8-8-4 as follows:

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

1           Sec. 8-8-3. Audit requirements.

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

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

26           (c) Municipalities of less than 800 population which do not



1 own or operate public utilities and do not have bonded debt,  
2 shall file annually with the Comptroller a financial report  
3 containing information required by the Comptroller. Such  
4 annual financial report shall be on forms devised by the  
5 Comptroller in such manner as to not require professional  
6 accounting services for its preparation.

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

13 (e) Notwithstanding any provision of law to the contrary,  
14 if a municipality (i) has a population of less than 200, (ii)  
15 has bonded debt in the amount of \$50,000 or less, and (iii)  
16 owns or operates a public utility, then the municipality shall  
17 cause an audit of the funds and accounts of the municipality to  
18 be made by an accountant employed by the municipality or  
19 retained by the Comptroller for fiscal year 2011 and every  
20 fourth fiscal year thereafter or until the municipality has a  
21 population of 200 or more, has bonded debt in excess of  
22 \$50,000, or no longer owns or operates a public utility.  
23 Nothing in this subsection shall be construed as limiting the  
24 municipality's duty to file an annual financial report with the  
25 Comptroller or to comply with the filing requirements  
26 concerning the county clerk.

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

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

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

15           (65 ILCS 5/8-8-4) (from Ch. 24, par. 8-8-4)

16           Sec. 8-8-4. Overdue reports.

17       (a) In the event the required audit report for a  
18       municipality is not filed with the Comptroller in accordance  
19       with Section 8-8-7 within 6 months after the close of the  
20       fiscal year of the municipality, the Comptroller shall notify  
21       the corporate authorities of that municipality in writing that  
22       the audit report is due, and may also grant an extension of  
23       time of 60 days, for the filing of the audit report. In the  
24       event the required audit report is not filed within the time  
25       specified in such written notice, the Comptroller shall cause

1 such audit to be made by an accountant or accountants. In the  
2 event the required annual or supplemental report for a  
3 municipality is not filed within 6 months after the close of  
4 the fiscal year of the municipality, the Comptroller shall  
5 notify the corporate authorities of that municipality in  
6 writing that the annual or supplemental report is due and may  
7 grant an extension in time of 60 days for the filing of such  
8 annual or supplemental report.

9 (b) In the event the annual or supplemental report is not  
10 filed within the time extended by the Comptroller, the  
11 Comptroller shall cause such annual or supplemental report to  
12 be prepared or completed and the municipality shall pay to the  
13 Comptroller reasonable compensation and expenses to reimburse  
14 him for the cost of preparing or completing such annual or  
15 supplemental report. Moneys paid to the Comptroller pursuant to  
16 the preceding sentence shall be deposited into the  
17 Comptroller's Audit Expense Revolving Fund.

18 (c) The Comptroller may decline to order an audit or the  
19 completion of the supplemental report if an initial examination  
20 of the books and records of the municipality indicates that  
21 books and records of the municipality are inadequate or  
22 unavailable to support the preparation of the audit report or  
23 the supplemental report due to the passage of time or the  
24 occurrence of a natural disaster.

25 (d) The State Comptroller may grant extensions for  
26 delinquent reports. The Comptroller may charge a municipality a

1 fee for a delinquent audit of \$5 per day for the first 15 days  
2 past due, \$10 per day for 16 through 30 days past due, \$15 per  
3 day for 31 through 45 days past due, and \$20 per day for the  
4 46th day and every day thereafter. All fees collected under  
5 this subsection (d) shall be deposited into the Comptroller's  
6 Administrative Fund.

7 (Source: P.A. 90-104, eff. 7-11-97.)

8 Section 99. Effective date. This Act takes effect upon  
9 becoming law.