

1 AN ACT concerning State government.

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

4 Section 1. Short title. This Act may be cited as the
5 Financial Reporting Standards Board Act.

6 Section 5. Definitions. As used in this Act:

7 "Board" means the Financial Reporting Standards Board
8 created under Section 10 of this Act.

9 "CAFR" means the Comprehensive Annual Financial Report
10 required under Section 19.5 of the State Comptroller Act.

11 "Comptroller" means the Comptroller of the State of
12 Illinois.

13 "GAAP Coordinator" means a designated representative,
14 employed by a State agency or component unit of the State, who
15 is responsible for submission to the Office of the Comptroller
16 all required documentation, as determined by the Office of the
17 Comptroller, necessary for the preparation of the
18 Comprehensive Annual Financial Report.

19 "Internal auditor" means an auditor employed by a State
20 agency under the Fiscal Control and Internal Auditing Act.

21 "Licensed Certified Public Accountant" has the meaning
22 provided in Section 0.03 of the Illinois Public Accounting Act.

23 "Registered Certified Public Accountant" has the meaning

1 provided in Section 0.03 of the Illinois Public Accounting Act.

2 "Schedule of Expenditures of Federal Awards" and "SEFA"
3 mean the supplemental information required by the federal
4 Office of Management and Budget, Circular A-133.

5 "State agency" means all departments, officers,
6 commissions, boards, authorities, institutions, universities,
7 foundations, and bodies politic and corporate of the State that
8 are required to submit financial reporting information to the
9 Office of the Auditor General, the Office of the Comptroller,
10 or the federal government.

11 Section 10. Financial Reporting Standards Board; creation.

12 (a) There is created the Financial Reporting Standards
13 Board. The Board shall assist the State in improving the
14 timeliness, quality, and processing of financial reporting for
15 the State.

16 (b) The Board shall consist of 3 members appointed by the
17 Comptroller and 2 members appointed by the Governor, all with
18 the advice and consent of the Senate.

19 (c) Each member shall be licensed or registered as a
20 certified public accountant.

21 (d) Of the initial members appointed to the Board: one
22 member appointed by the Comptroller shall be appointed for a
23 2-year term; one member appointed by the Comptroller and one
24 member appointed by the Governor shall be appointed for a
25 3-year term; and one member appointed by the Comptroller and

1 one member appointed by the Governor shall be appointed for a
2 4-year term. Those members may be reappointed for 4-year terms.
3 Their successors shall be appointed for 4-year terms and may be
4 reappointed. A vacancy on the Board shall be filled for the
5 remainder of the unexpired term, in the same manner and by the
6 same officer who made the original appointment.

7 (e) The Comptroller and the Governor shall each designate
8 one of their appointed members as co-chairperson of the Board.

9 (f) The Board shall meet at least 2 times each year and at
10 other times at the call of the chairpersons. Meetings of the
11 Board shall be subject to the provisions of the Open Meetings
12 Act.

13 (g) The members of the Board shall serve without
14 compensation, but may be reimbursed for expenses.

15 Section 15. Powers. The Board has the following powers:

16 (1) to have a corporate seal, and to alter that seal at
17 pleasure, and to use it by causing it or a facsimile to be
18 affixed or impressed or reproduced in any other manner;

19 (2) to use the services of the Office of the
20 Comptroller and the Office of the Governor as necessary to
21 carry out the Board's purposes;

22 (3) to receive and expend funds appropriated to it by
23 the General Assembly;

24 (4) to assist State agencies with being timely and
25 accurate in the processing of financial reporting for the

1 State by:

2 (A) establishing minimum qualifications for all
3 new GAAP Coordinators, in cooperation with the
4 Comptroller's Division of Financial Reporting;

5 (B) establishing minimum training requirements for
6 GAAP Coordinators, in cooperation with the
7 Comptroller's Division of Financial Reporting;

8 (C) establishing continuing education requirements
9 for GAAP Coordinators, in cooperation with the
10 Comptroller's Division of Financial Reporting;

11 (D) establishing best practice guidelines for GAAP
12 package submissions, in cooperation with the
13 Comptroller's Division of Financial Reporting; and

14 (E) providing assistance during the GAAP cycle, in
15 cooperation with the Comptroller's Financial Reporting
16 Division;

17 (5) to request information, and to make any inquiry,
18 investigation, survey, audit, or study that the Board may
19 deem necessary to enable it effectively to carry out the
20 provisions of this Act;

21 (6) to engage in any activity or operation that is
22 incidental to and in furtherance of efficient operation to
23 accomplish the Board's purposes;

24 (7) to adopt, revise, amend, and repeal rules with
25 respect to its operations, properties, and facilities as
26 may be necessary or convenient to carry out the purposes of

1 this Act, subject to the provisions of the Illinois
2 Administrative Procedure Act;

3 (8) to consult with other states and private businesses
4 that have successfully modernized and streamlined their
5 financial reporting systems;

6 (9) to use current State resources that are already
7 available inside of State government, and to use current
8 financial reporting principles and practices, including,
9 but not limited to, principles and practices of the Auditor
10 General and the Comptroller;

11 (10) to issue reports to the General Assembly
12 concerning State agencies that are deficient in their GAAP
13 submission responsibilities; and

14 (11) to participate in the development of a statewide
15 GAAP-compliant financial reporting system.

16 Section 20. Audits.

17 (a) Within 12 months after the effective date of this Act,
18 the Internal Auditor of every State agency that submits a GAAP
19 package must submit a completed initial audit to the Board.

20 The audit shall include, but is not limited to, the
21 following:

22 (1) the identity, tenure, and qualifications of the
23 agency's GAAP Coordinator;

24 (2) whether the agency is or has been delinquent in the
25 submission of any GAAP packages or forms and the number of

1 days during which the submission was delinquent;

2 (3) whether the agency is or has been delinquent in the
3 submission of any Schedule of Expenditures of Federal
4 Awards (where applicable); and

5 (4) any errors in any financial statements published by
6 the agency (where applicable).

7 (b) In addition, the Internal Auditor of every State agency
8 that submits a GAAP package must submit an annual audit of its
9 GAAP and financial statement process, if applicable, to the
10 Board.

11 (c) The Board shall submit the reports created under
12 subsections (a) and (b) to the Comptroller and the Governor.

13 Section 25. Responsibilities of other parties.

14 (a) The Comptroller's Division of Financial Reporting
15 shall assist State agencies during the GAAP process and shall
16 review GAAP packages and preparation of the CAFR. In addition,
17 the Comptroller's Division of Financial Reporting shall
18 cooperate with the Board in the following matters:

19 (1) the development of a GAAP training program for
20 State agencies;

21 (2) the development of continuing education for
22 employees of State agencies; and

23 (3) the development of detailed standards for GAAP
24 reporting by State agencies.

25 (b) The Governor's Office has the following

1 responsibilities under this Act:

2 (1) to ensure that State agencies maintain the minimum
3 standards for qualifications, training and education for
4 GAAP Coordinators;

5 (2) to ensure that State agencies complete an initial
6 audit on the GAAP process;

7 (3) to ensure that State agencies complete an annual
8 audit on the GAAP process; and

9 (4) to ensure that proper resources are allocated to
10 the State agencies to meet their GAAP and Financial
11 Statement reporting responsibilities.

12 (c) State agencies have the following responsibilities
13 under this Act:

14 (1) to perform an initial audit of the GAAP process;

15 (2) to perform annual audits of the GAAP process;

16 (3) to ensure that proper resources are allocated to
17 meet their GAAP and Financial Statement reporting
18 responsibilities; and

19 (4) to adhere to the Board's guidance in regards to
20 GAAP package processing and maintaining minimum standards
21 for qualifications, training, and education for GAAP
22 Coordinators.

23 Section 30. Cooperation. All State agencies must render
24 full cooperation to the Board and its employees.

1 Section 65. The State Finance Act is amended by adding
2 Sections 5.811 and 6z-93 as follows:

3 (30 ILCS 105/5.811 new)

4 Sec. 5.811. The Financial Reporting Standards Revolving
5 Fund.

6 (30 ILCS 105/6z-93 new)

7 Sec. 6z-93. The Financial Reporting Standards Revolving
8 Fund; creation. The Financial Reporting Standards Revolving
9 Fund is hereby created as a revolving Fund in the State
10 treasury. The Fund may receive moneys or transfers for
11 GAAP-related services provided to State agencies. State
12 agencies shall reimburse the Comptroller for the cost of
13 training, education, assistance, audits, studies, and other
14 costs incurred on their behalf as a result of the Financial
15 Reporting Standards Board Act. The Comptroller may advance bill
16 for services for the upcoming GAAP cycle. The Comptroller shall
17 adjust any future billings for any advance billing
18 inaccuracies. The State agency may voucher the payments to the
19 Comptroller or they may initiate a fund transfer to the
20 Comptroller. State moneys may be appropriated from the Fund for
21 the expenses of the Financial Reporting Standards Board and for
22 the operations of the Comptroller's Division of Financial
23 Reporting.

24 Section 99. Effective date. This Act takes effect upon

1 becoming law.