**Section 1260.260 Audits**

a) Audit

The Department shall have access for purpose of audit and examination to all books, documents, papers, and records of the grantee, as required by this Part.

1) All records will be subject to audits by the Department of State Police or private accounting firms hired by the State of Illinois.

2) For purpose of audit, expenditures and in-kind match will be supported by both the supporting records and intermediate records.

b) The grantee shall be audited for each grant period, but no less than once every two years.

Audits must include, on a test basis, a sufficient review of the underlying or supporting documentation to enable the auditor to render an opinion on the allowability and appropriateness of receipts and expenditures. It also shall include a review of:

1) Managerial policy, procedures, organizational structure and functional alignment, delegations of authority, and compliance with applicable State and local laws and regulations;

2) Technical monitoring and audit of contractual obligations to assure that State and matching funds are properly and reliably recorded and expended for the purposes agreed upon;

3) Custody, use, and control over non-financial resources such as property, equipment, and supplies;

4) Costs not allocated to or included as a cost of any other State financed program;

5) Net costs reflecting all discounts, rebates, returns, and sales.