



101ST GENERAL ASSEMBLY

State of Illinois

2019 and 2020

HB5636

by Rep. Tony McCombie

SYNOPSIS AS INTRODUCED:

105 ILCS 5/2-3.17a

from Ch. 122, par. 2-3.17a

Amends the School Code. Relative to the financial audits made annually by the Auditor General of the financial statements of all accounts, funds, and other moneys in the care, custody, or control of a regional superintendent of schools or educational service region, provides that the regional office of education or educational service center may utilize a cash basis, modified cash basis, or generally accepted accounting principles (GAAP) basis of accounting in the preparation of the financial statements. Makes changes to require audit reports to be published on the Auditor General's website and distributed in accordance with the Illinois State Auditing Act. Effective immediately.

LRB101 18535 CMG 67988 b

FISCAL NOTE ACT
MAY APPLY

A BILL FOR

1 AN ACT concerning education.

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

4 Section 5. The School Code is amended by changing Section
5 2-3.17a as follows:

6 (105 ILCS 5/2-3.17a) (from Ch. 122, par. 2-3.17a)

7 Sec. 2-3.17a. Financial audits by Auditor General. The
8 Auditor General shall annually cause an audit to be made, as of
9 June 30th of each year, of the financial statements of all
10 accounts, funds and other moneys in the care, custody or
11 control of the regional superintendent of schools of each
12 educational service region in the State and of each educational
13 service center established under Section 2-3.62 of this Code
14 other than an educational service center serving a school
15 district in a city having a population exceeding 500,000. The
16 audit shall be conducted in accordance with Generally Accepted
17 Governmental Auditing Standards and shall include an
18 examination of supporting books and records and a
19 representative sample of vouchers for distributions and
20 expenditures. A regional office of education or educational
21 service center may utilize a cash basis, modified cash basis,
22 or generally accepted accounting principles (GAAP) basis of
23 accounting to prepare the financial statements for the audit.

1 On February 15 of each year, the Auditor General shall notify
2 the Legislative Audit Commission in writing of the completion
3 or of the reasons for the noncompletion of each audit required
4 by this Section to be made as of the preceding June 30. An
5 audit report shall be prepared for each audit made pursuant to
6 this Section, and all such audit reports shall be kept on file
7 in the office of the Auditor General, published on the Auditor
8 General's website, and distributed in accordance with Section
9 3-14 of the Illinois State Auditing Act. ~~Within 60 days after~~
10 ~~each audit report required to be prepared under this Section is~~
11 ~~completed, the Auditor General: (i) shall furnish a copy of~~
12 ~~such audit report to each member of the General Assembly whose~~
13 ~~legislative or representative district includes any part of the~~
14 ~~educational service region served by the regional~~
15 ~~superintendent of schools with respect to whose financial~~
16 ~~statements that audit report was prepared or any part of the~~
17 ~~area served by the educational service center that is the~~
18 ~~subject of the audit; and (ii) shall publish in a newspaper~~
19 ~~published in that educational service region or area served by~~
20 ~~the educational service center that is the subject of the audit~~
21 ~~a notice that the audit report has been prepared and is~~
22 ~~available for inspection during regular business hours at the~~
23 ~~office of the regional superintendent of schools of that~~
24 ~~educational service region or at the administrative office of~~
25 ~~the educational service center.~~ Each audit shall be made in
26 such manner as to determine, and each audit report shall be

1 prepared in such manner as to state:

2 (1) The balances on hand of all accounts, funds and
3 other moneys in the care, custody or control of the
4 regional superintendent of schools or educational service
5 center at the beginning of the fiscal year being audited;

6 (2) the amount of funds received during the fiscal year
7 by source;

8 (3) the amount of funds distributed or otherwise paid
9 by the regional superintendent of schools or educational
10 service center to each school treasurer in his or her
11 educational service region or area, including the purpose
12 of such distribution or payment and the fund or account
13 from which such distribution or payment is made;

14 (4) the amounts paid or otherwise disbursed by the
15 regional superintendent of schools or educational service
16 center -- other than the amounts distributed or paid by the
17 regional superintendent of schools or educational service
18 center to school treasurers as described in paragraph (3)
19 above -- for all other purposes and expenditures, including
20 the fund or account from which such payments or
21 disbursements are made and the purpose thereof; and

22 (5) the balances on hand of all accounts, funds and
23 other moneys in the care, custody or control of the
24 regional superintendent of schools or educational service
25 center at the end of the fiscal year being audited.

26 The Auditor General shall adopt rules and regulations

1 relative to the time and manner by which the regional
2 superintendent of schools or educational service center shall
3 present for inspection or make available to the Auditor
4 General, or to the agents designated by the Auditor General to
5 make an audit and prepare an audit report pursuant to this
6 Section, all financial statements, books, records, vouchers
7 for distributions and expenditures, and records of accounts,
8 funds and other moneys in the care, custody or control of the
9 regional superintendent of schools or educational service
10 center and required for purposes of making such audit and
11 preparing an audit and preparing an audit report. All rules and
12 regulations adopted by the State Board of Education under this
13 Section before the effective date of this amendatory Act of the
14 92nd General Assembly shall continue in effect as the rules and
15 regulations of the Auditor General, until they are modified or
16 abolished by the Auditor General.

17 The Auditor General shall require the regional
18 superintendent of schools of each educational service region or
19 administrator of each educational service center to promptly
20 implement all recommendations based on audit findings
21 resulting from a violation of law made in audits prepared
22 pursuant to this Section, unless the Auditor General, upon
23 review, determines, with regard to any such finding, that
24 implementation of the recommendation is not appropriate.

25 (Source: P.A. 92-544, eff. 6-12-02.)

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

1 becoming law.