



## 102ND GENERAL ASSEMBLY

### State of Illinois

2021 and 2022

HB1934

Introduced 2/17/2021, 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.

LRB102 05065 CMG 15084 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  
13 educational service center established under Section 2-3.62 of  
14 this Code other than an educational service center serving a  
15 school district in a city having a population exceeding  
16 500,000. The audit shall be conducted in accordance with  
17 Generally Accepted Governmental Auditing Standards and shall  
18 include an 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~~  
11 ~~is 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~~  
14 ~~the 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~~  
21 ~~audit 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  
7 year 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  
17 the regional superintendent of schools or educational  
18 service center to school treasurers as described in  
19 paragraph (3) above -- for all other purposes and  
20 expenditures, including the fund or account from which  
21 such payments or disbursements are made and the purpose  
22 thereof; and

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

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

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

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

1           Section 99. Effective date. This Act takes effect upon  
2           becoming law.