



96TH GENERAL ASSEMBLY

State of Illinois

2009 and 2010

HB4905

Introduced 1/15/2010, by Rep. Richard P. Myers

SYNOPSIS AS INTRODUCED:

110 ILCS 205/9.33 new

Amends the Board of Higher Education Act. Requires the Board to establish an audit committee to examine any plan by a public university to increase tuition from the previous academic year by more than 10%. Provides that the committee shall consist of no less than 3 members, designated by the Chairperson of the Board, to assist in the oversight of the financial reporting and audit processes of those universities whose rate of tuition is being increased from the previous academic year by more than 10%. Provides that the committee shall assist the Board in retaining an auditor through the Office of the Auditor General to conduct audits. Sets forth additional duties of the committee. Effective immediately.

LRB096 04526 NHT 14642 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 Board of Higher Education Act is amended by
5 adding Section 9.33 as follows:

6 (110 ILCS 205/9.33 new)

7 Sec. 9.33. Audit committee on tuition increases.

8 (a) In this Section:

9 "Committee" means the audit committee established under
10 this Section.

11 "University" means a public university in this State.

12 (b) The Board shall establish an audit committee to examine
13 any plan by a university to increase tuition from the previous
14 academic year by more than 10%.

15 (c) The Committee shall consist of no less than 3 members,
16 designated by the Chairperson of the Board, to assist in the
17 oversight of the financial reporting and audit processes of
18 those universities whose rate of tuition is being increased
19 from the previous academic year by more than 10%. At least 2 of
20 the members must be members of the Board. At least one member
21 must have accounting or related financial expertise. In the
22 event that the Board does not have sufficient members qualified
23 or available to serve on the Committee or wishes to broaden the

1 expertise of the Committee, the Board may request that the
2 State Treasurer recommend one or more qualified individuals to
3 sit on the Committee.

4 (d) The Committee shall assist the Board in retaining an
5 auditor through the Office of the Auditor General to conduct
6 audits under this Section. The auditor selected by the Board
7 shall report directly to the Committee or the Board. At least
8 twice each year and after final budget submissions by the
9 universities, the Committee shall hold a private meeting with
10 the auditor. One of these meetings shall be held prior to
11 commencement of the audit and the other upon issuance of the
12 final audit report. Additional meetings shall be held upon the
13 request of a Committee member, a Board member, or the auditor
14 and may include such staff members as the Committee or Board
15 determines necessary.

16 (e) In carrying out its duties, the Committee shall
17 proactively assist the Board in overseeing (i) the integrity
18 and quality of the financial documents of the universities,
19 (ii) the auditor's performance and ability to perform, and
20 (iii) the performance of each university's own internal audit
21 and internal control functions. In addition, the Committee
22 shall do all of the following:

23 (1) Review and evaluate audit fees.

24 (2) If the Committee believes that the auditor's
25 performance is not adequate in quality, recommend such
26 steps as may be necessary to elicit appropriate

1 performance, including replacement of the auditor.

2 (3) Regularly review with the auditor any audit
3 problems, any risks of material statements due to fraud,
4 any difficulties with a university's response (including
5 restrictions or attempts to restrict the auditor's
6 activities, restrictions on access to information, and
7 significant disagreements with a university's personnel)
8 and the responsibilities, budget, and staffing of each
9 university's internal audit and control functions.

10 (4) Review the audited financial statements and
11 interim statements and discuss them with the universities
12 and internal auditors. These discussions shall include a
13 review of particularly sensitive accounting estimates,
14 reserves, and accruals, judgmental areas, audit
15 adjustments (recorded or not) and other such matters as the
16 Committee or auditor deems appropriate.

17 Section 99. Effective date. This Act takes effect upon
18 becoming law.