

AN ACT concerning government.

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

Section 5. The State Comptroller Act is amended by changing Section 9 as follows:

(15 ILCS 405/9) (from Ch. 15, par. 209)

Sec. 9. Warrants; vouchers; preaudit.

(a) No payment may be made from public funds held by the State Treasurer in or outside of the State treasury, except by warrant drawn by the Comptroller and presented by him to the treasurer to be countersigned except for payments made pursuant to Section 9.03 or 9.05 of this Act.

(b) No warrant for the payment of money by the State Treasurer may be drawn by the Comptroller without the presentation of itemized vouchers indicating that the obligation or expenditure is pursuant to law and authorized, and authorizing the Comptroller to order payment.

(b-1) An itemized voucher for under \$5 that is presented to the Comptroller for payment shall not be paid except through electronic funds transfer. This subsection (b-1) does not apply to (i) vouchers presented by the legislative branch of State government or (ii) vouchers presented by the State Treasurer's Office for the payment of unclaimed property claims authorized

under the Uniform Disposition of Unclaimed Property Act.

(c) The Comptroller shall examine each voucher required by law to be filed with him and determine whether unencumbered appropriations or unencumbered obligational or expenditure authority other than by appropriation are legally available to incur the obligation or to make the expenditure of public funds. If he determines that unencumbered appropriations or other obligational or expenditure authority are not available from which to incur the obligation or make the expenditure, the Comptroller shall refuse to draw a warrant.

(d) The Comptroller shall examine each voucher and all other documentation required to accompany the voucher, and shall ascertain whether the voucher and documentation meet all requirements established by or pursuant to law. If the Comptroller determines that the voucher and documentation do not meet applicable requirements established by or pursuant to law, he shall refuse to draw a warrant. As used in this Section, "requirements established by or pursuant to law" includes statutory enactments and requirements established by rules and regulations adopted pursuant to this Act.

(e) Prior to drawing a warrant, the Comptroller may review the voucher, any documentation accompanying the voucher, and any other documentation related to the transaction on file with him, and determine if the transaction is in accordance with the law. If based on his review the Comptroller has reason to believe that such transaction is not in accordance with the

law, he shall refuse to draw a warrant.

(f) Where the Comptroller refuses to draw a warrant pursuant to this Section, he shall maintain separate records of such transactions.

(g) State agencies shall have the principal responsibility for the preaudit of their encumbrances, expenditures, and other transactions as otherwise required by law.

(Source: P.A. 97-969, eff. 8-16-12.)

Section 10. The State Prompt Payment Act is amended by changing Section 3-2 as follows:

(30 ILCS 540/3-2)

Sec. 3-2. Beginning July 1, 1993, in any instance where a State official or agency is late in payment of a vendor's bill or invoice for goods or services furnished to the State, as defined in Section 1, properly approved in accordance with rules promulgated under Section 3-3, the State official or agency shall pay interest to the vendor in accordance with the following:

(1) Any bill, except a bill submitted under Article V of the Illinois Public Aid Code and except as provided under paragraph (1.05) of this Section, approved for payment under this Section must be paid or the payment issued to the payee within 60 days of receipt of a proper bill or invoice. If payment is not issued to the payee

within this 60-day period, an interest penalty of 1.0% of any amount approved and unpaid shall be added for each month or fraction thereof after the end of this 60-day period, until final payment is made. Any bill, except a bill for pharmacy or nursing facility services or goods, and except as provided under paragraph (1.05) of this Section, submitted under Article V of the Illinois Public Aid Code approved for payment under this Section must be paid or the payment issued to the payee within 60 days after receipt of a proper bill or invoice, and, if payment is not issued to the payee within this 60-day period, an interest penalty of 2.0% of any amount approved and unpaid shall be added for each month or fraction thereof after the end of this 60-day period, until final payment is made. Any bill for pharmacy or nursing facility services or goods submitted under Article V of the Illinois Public Aid Code, except as provided under paragraph (1.05) of this Section, and approved for payment under this Section must be paid or the payment issued to the payee within 60 days of receipt of a proper bill or invoice. If payment is not issued to the payee within this 60-day period, an interest penalty of 1.0% of any amount approved and unpaid shall be added for each month or fraction thereof after the end of this 60-day period, until final payment is made.

(1.05) For State fiscal year 2012 and future fiscal years, any bill approved for payment under this Section

must be paid or the payment issued to the payee within 90 days of receipt of a proper bill or invoice. If payment is not issued to the payee within this 90-day period, an interest penalty of 1.0% of any amount approved and unpaid shall be added for each month, or 0.033% (one-thirtieth of one percent) ~~00.0033% (1/30%)~~ of any amount approved and unpaid for each day, after the end of this 90-day period, until final payment is made.

(1.1) A State agency shall review in a timely manner each bill or invoice after its receipt. If the State agency determines that the bill or invoice contains a defect making it unable to process the payment request, the agency shall notify the vendor requesting payment as soon as possible after discovering the defect pursuant to rules promulgated under Section 3-3; provided, however, that the notice for construction related bills or invoices must be given not later than 30 days after the bill or invoice was first submitted. The notice shall identify the defect and any additional information necessary to correct the defect. If one or more items on a construction related bill or invoice are disapproved, but not the entire bill or invoice, then the portion that is not disapproved shall be paid.

(2) Where a State official or agency is late in payment of a vendor's bill or invoice properly approved in accordance with this Act, and different late payment terms

are not reduced to writing as a contractual agreement, the State official or agency shall automatically pay interest penalties required by this Section amounting to \$50 or more to the appropriate vendor. Each agency shall be responsible for determining whether an interest penalty is owed and for paying the interest to the vendor. Except as provided in paragraph (4), an individual interest payment amounting to \$5 or less shall not be paid by the State. Interest due to a vendor that amounts to greater than \$5 and less than \$50 shall not be paid but shall be accrued until all interest due the vendor for all similar warrants exceeds \$50, at which time the accrued interest shall be payable and interest will begin accruing again, except that interest accrued as of the end of the fiscal year that does not exceed \$50 shall be payable at that time. In the event an individual has paid a vendor for services in advance, the provisions of this Section shall apply until payment is made to that individual.

(3) The provisions of Public Act 96-1501 reducing the interest rate on pharmacy claims under Article V of the Illinois Public Aid Code to 1.0% per month shall apply to any pharmacy bills for services and goods under Article V of the Illinois Public Aid Code received on or after the date 60 days before January 25, 2011 (the effective date of Public Act 96-1501) except as provided under paragraph (1.05) of this Section.

(4) Interest amounting to less than \$5 shall not be paid by the State, except for claims (i) to the Department of Healthcare and Family Services or the Department of Human Services, (ii) pursuant to Article V of the Illinois Public Aid Code, the Covering ALL KIDS Health Insurance Act, or the Children's Health Insurance Program Act, and (iii) made (A) by pharmacies for prescriptive services or (B) by any federally qualified health center for prescriptive services or any other services.

(Source: P.A. 96-555, eff. 8-18-09; 96-802, eff. 1-1-10; 96-959, eff. 7-1-10; 96-1000, eff. 7-2-10; 96-1501, eff. 1-25-11; 96-1530, eff. 2-16-11; 97-72, eff. 7-1-11; 97-74, eff. 6-30-11; 97-348, eff. 8-12-11; 97-813, eff. 7-13-12; 97-932, eff. 8-10-12.)

Section 15. The Governmental Account Audit Act is amended by changing Sections 2, 3, and 4 as follows:

(50 ILCS 310/2) (from Ch. 85, par. 702)

Sec. 2. Except as otherwise provided in Section 3, the governing body of each governmental unit shall cause an audit of the accounts of the unit to be made by a licensed public accountant. Such audit shall be made annually and shall cover the immediately preceding fiscal year of the governmental unit. The audit shall include all the accounts and funds of the governmental unit, including the accounts of any officer of the

governmental unit who receives fees or handles funds of the unit or who spends money of the unit. The audit shall begin as soon as possible after the close of the last fiscal year to which it pertains, and shall be completed and the audit report filed with the Comptroller within 6 months after the close of such fiscal year unless an extension of time is granted by the Comptroller in writing. An audit report which fails to meet the requirements of this Act shall be rejected by the Comptroller and returned to the governing body of the governmental unit for corrective action. The licensed public accountant making the audit shall submit not less than 3 copies of the audit report to the governing body of the governmental unit being audited.

All audits to be filed with the Comptroller under this Section must be submitted electronically and the Comptroller must post the audit reports on the Internet no later than 45 days after they are received. If the governmental unit provides the Comptroller's Office with sufficient evidence that the audit report cannot be filed electronically, the Comptroller may waive this requirement. The Comptroller must also post a list of governmental units that are not in compliance with the reporting requirements set forth in this Section.

Any financial report under this Section shall include the name of the purchasing agent who oversees all competitively bid contracts. If there is no purchasing agent, the name of the person responsible for oversight of all competitively bid contracts shall be listed.

(Source: P.A. 97-932, eff. 8-10-12.)

(50 ILCS 310/3) (from Ch. 85, par. 703)

Sec. 3. Any governmental unit receiving revenue of less than \$850,000 for any fiscal year shall, in lieu of complying with the requirements of Section 2 for audits and audit reports, file with the Comptroller a financial report containing information required by the Comptroller. In addition, a governmental unit receiving revenue of less than \$850,000 may file with the Comptroller any audit reports which may have been prepared under any other law. Any governmental unit receiving revenue of \$850,000 or more for any fiscal year shall, in addition to complying with the requirements of Section 2 for audits and audit reports, file with the Comptroller the financial report required by this Section. Such financial reports shall be on forms so designed by the Comptroller as not to require professional accounting services for its preparation. All reports to be filed with the Comptroller under this Section must be submitted electronically and the Comptroller must post the reports on the Internet no later than 45 days after they are received. If the governmental unit provides the Comptroller's Office with sufficient evidence that the report cannot be filed electronically, the Comptroller may waive this requirement. The Comptroller must also post a list of governmental units ~~municipalities~~ that are not in compliance with the reporting

requirements set forth in this Section.

Any financial report under this Section shall include the name of the purchasing agent who oversees all competitively bid contracts. If there is no purchasing agent, the name of the person responsible for oversight of all competitively bid contracts shall be listed.

(Source: P.A. 97-890, eff. 8-2-12.)

(50 ILCS 310/4) (from Ch. 85, par. 704)

Sec. 4. Overdue report.

(a) If the required report for a governmental unit is not filed with the Comptroller in accordance with Section 2 or Section 3, whichever is applicable, within 6 months after the close of the fiscal year of the governmental unit, the Comptroller shall notify the governing body of that unit in writing that the report is due and may also grant a 60 day extension for the filing of the audit report. If the required report is not filed within the time specified in such written notice, the Comptroller shall cause an audit to be made by a licensed public accountant, and the governmental unit shall pay to the Comptroller actual compensation and expenses to reimburse him for the cost of preparing or completing such report.

(b) The Comptroller may decline to order an audit and the preparation of an audit report (i) if an initial examination of the books and records of the governmental unit indicates that

the books and records of the governmental unit are inadequate or unavailable due to the passage of time or the occurrence of a natural disaster or (ii) if the Comptroller determines that the cost of an audit would impose an unreasonable financial burden on the governmental unit.

(c) The State Comptroller may grant extensions for delinquent audits or reports. The Comptroller may charge a governmental unit a fee for a delinquent audit or report of \$5 per day for the first 15 days past due, \$10 per day for 16 through 30 days past due, \$15 per day for 31 through 45 days past due, and \$20 per day for the 46th day and every day thereafter. All fees collected under this subsection (c) shall be deposited into the Comptroller's Administrative Fund.

(Source: P.A. 97-890, eff. 8-2-12.)

Section 20. The Counties Code is amended by changing Sections 6-31003 and 6-31004 as follows:

(55 ILCS 5/6-31003) (from Ch. 34, par. 6-31003)

Sec. 6-31003. Annual audits and reports. The county board of each county shall cause an audit of all of the funds and accounts of the county to be made annually by an accountant or accountants chosen by the county board or by an accountant or accountants retained by the Comptroller, as hereinafter provided. In addition, each county shall file with the Comptroller a financial report containing information required

by the Comptroller. Such financial report shall be on a form so designed by the Comptroller as not to require professional accounting services for its preparation. All audits and reports to be filed with the Comptroller under this Section must be submitted electronically and the Comptroller must post the audits and reports on the Internet no later than 45 days after they are received. If the county provides the Comptroller's Office with sufficient evidence that the audit or report cannot be filed electronically, the Comptroller may waive this requirement. The Comptroller must also post a list of counties that are not in compliance with the reporting requirements set forth in this Section.

Any financial report under this Section shall include the name of the purchasing agent who oversees all competitively bid contracts. If there is no purchasing agent, the name of the person responsible for oversight of all competitively bid contracts shall be listed.

The audit shall commence as soon as possible after the close of each fiscal year and shall be completed within 6 months after the close of such fiscal year, unless an extension of time is granted by the Comptroller in writing. Such extension of time shall not exceed 60 days. When the accountant or accountants have completed the audit a full report thereof shall be made and not less than 2 copies of each audit report shall be submitted to the county board. Each audit report shall be signed by the accountant making the audit and shall include

only financial information, findings and conclusions that are adequately supported by evidence in the auditor's working papers to demonstrate or prove, when called upon, the basis for the matters reported and their correctness and reasonableness. In connection with this, each county board shall retain the right of inspection of the auditor's working papers and shall make them available to the Comptroller, or his designee, upon request.

Within 60 days of receipt of an audit report, each county board shall file one copy of each audit report and each financial report with the Comptroller and any comment or explanation that the county board may desire to make concerning such audit report may be attached thereto. An audit report which fails to meet the requirements of this Division shall be rejected by the Comptroller and returned to the county board for corrective action. One copy of each such report shall be filed with the county clerk of the county so audited.

This Section is a limitation under subsection (i) of Section 6 of Article VII of the Illinois Constitution on the concurrent exercise by home rule counties of powers and functions exercised by the State.

(Source: P.A. 97-890, eff. 8-2-12; 97-932, eff. 8-10-12; revised 8-23-12.)

(55 ILCS 5/6-31004) (from Ch. 34, par. 6-31004)
Sec. 6-31004. Overdue reports.

(a) In the event the required reports for a county are not filed with the Comptroller in accordance with Section 6-31003 within 6 months after the close of the fiscal year of the county, the Comptroller shall notify the county board in writing that the reports are due, and may also grant an extension of time of up to 60 days for the filing of the reports. In the event the required reports are not filed within the time specified in such written notice, the Comptroller shall cause the audit to be made and the audit report prepared by an accountant or accountants.

(b) The Comptroller may decline to order an audit and the preparation of an audit report if an initial examination of the books and records of the governmental unit indicates that the books and records of the governmental unit are inadequate or unavailable due to the passage of time or the occurrence of a natural disaster.

(c) The State Comptroller may grant extensions for delinquent audits or reports. The Comptroller may charge a county a fee for a delinquent audit or report of \$5 per day for the first 15 days past due, \$10 per day for 16 through 30 days past due, \$15 per day for 31 through 45 days past due, and \$20 per day for the 46th day and every day thereafter. All fees collected under this subsection (c) shall be deposited into the Comptroller's Administrative Fund.

(Source: P.A. 97-890, eff. 8-2-12.)

Section 25. The Illinois Municipal Code is amended by changing Sections 8-8-3 and 8-8-4 as follows:

(65 ILCS 5/8-8-3) (from Ch. 24, par. 8-8-3)

Sec. 8-8-3. Audit requirements.

(a) The corporate authorities of each municipality coming under the provisions of this Division 8 shall cause an audit of the funds and accounts of the municipality to be made by an accountant or accountants employed by such municipality or by an accountant or accountants retained by the Comptroller, as hereinafter provided.

(b) The accounts and funds of each municipality having a population of 800 or more or having a bonded debt or owning or operating any type of public utility shall be audited annually. The audit herein required shall include all of the accounts and funds of the municipality. Such audit shall be begun as soon as possible after the close of the fiscal year, and shall be completed and the report submitted within 6 months after the close of such fiscal year, unless an extension of time shall be granted by the Comptroller in writing. The accountant or accountants making the audit shall submit not less than 2 copies of the audit report to the corporate authorities of the municipality being audited. Municipalities not operating utilities may cause audits of the accounts of municipalities to be made more often than herein provided, by an accountant or accountants. The audit report of such audit when filed with the

Comptroller together with an audit report covering the remainder of the period for which an audit is required to be filed hereunder shall satisfy the requirements of this section.

(c) Municipalities of less than 800 population which do not own or operate public utilities and do not have bonded debt, shall file annually with the Comptroller a financial report containing information required by the Comptroller. Such annual financial report shall be on forms devised by the Comptroller in such manner as to not require professional accounting services for its preparation.

(d) In addition to any audit report required, all municipalities, except municipalities of less than 800 population which do not own or operate public utilities and do not have bonded debt, shall file annually with the Comptroller a supplemental report on forms devised and approved by the Comptroller.

(e) Notwithstanding any provision of law to the contrary, if a municipality (i) has a population of less than 200, (ii) has bonded debt in the amount of \$50,000 or less, and (iii) owns or operates a public utility, then the municipality shall cause an audit of the funds and accounts of the municipality to be made by an accountant employed by the municipality or retained by the Comptroller for fiscal year 2011 and every fourth fiscal year thereafter or until the municipality has a population of 200 or more, has bonded debt in excess of \$50,000, or no longer owns or operates a public utility.

Nothing in this subsection shall be construed as limiting the municipality's duty to file an annual financial report with the Comptroller or to comply with the filing requirements concerning the county clerk.

(f) All audits and reports to be filed with the Comptroller under this Section must be submitted electronically and the Comptroller must post the audits and reports on the Internet no later than 45 days after they are received. If the municipality provides the Comptroller's Office with sufficient evidence that the audit or report cannot be filed electronically, the Comptroller may waive this requirement. The Comptroller must also post a list of municipalities that are not in compliance with the reporting requirements set forth in this Section.

(g) Subsection (f) of this Section is a limitation under subsection (i) of Section 6 of Article VII of the Illinois Constitution on the concurrent exercise by home rule municipalities of powers and functions exercised by the State.

(h) ~~(f)~~ Any financial report under this Section shall include the name of the purchasing agent who oversees all competitively bid contracts. If there is no purchasing agent, the name of the person responsible for oversight of all competitively bid contracts shall be listed.

(Source: P.A. 96-1309, eff. 7-27-10; 97-890, eff. 8-2-12; 97-932, eff. 8-10-12; revised 8-23-12.)

Sec. 8-8-4. Overdue reports.

(a) In the event the required audit report for a municipality is not filed with the Comptroller in accordance with Section 8-8-7 within 6 months after the close of the fiscal year of the municipality, the Comptroller shall notify the corporate authorities of that municipality in writing that the audit report is due, and may also grant an extension of time of 60 days, for the filing of the audit report. In the event the required audit report is not filed within the time specified in such written notice, the Comptroller shall cause such audit to be made by an accountant or accountants. In the event the required annual or supplemental report for a municipality is not filed within 6 months after the close of the fiscal year of the municipality, the Comptroller shall notify the corporate authorities of that municipality in writing that the annual or supplemental report is due and may grant an extension in time of 60 days for the filing of such annual or supplemental report.

(b) In the event the annual or supplemental report is not filed within the time extended by the Comptroller, the Comptroller shall cause such annual or supplemental report to be prepared or completed and the municipality shall pay to the Comptroller reasonable compensation and expenses to reimburse him for the cost of preparing or completing such annual or supplemental report. Moneys paid to the Comptroller pursuant to the preceding sentence shall be deposited into the

Comptroller's Audit Expense Revolving Fund.

(c) The Comptroller may decline to order an audit or the completion of the supplemental report if an initial examination of the books and records of the municipality indicates that books and records of the municipality are inadequate or unavailable to support the preparation of the audit report or the supplemental report due to the passage of time or the occurrence of a natural disaster.

(d) The State Comptroller may grant extensions for delinquent audits or reports. The Comptroller may charge a municipality a fee for a delinquent audit or report of \$5 per day for the first 15 days past due, \$10 per day for 16 through 30 days past due, \$15 per day for 31 through 45 days past due, and \$20 per day for the 46th day and every day thereafter. All fees collected under this subsection (d) shall be deposited into the Comptroller's Administrative Fund.

(Source: P.A. 97-890, eff. 8-2-12.)

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