**Section 100.110 Annual Audit Requirements**

Pursuant to Section 2-3.17a of the School Code [105 ILCS 5/2-3.17a], audits of regional offices of education and intermediate service centers are the responsibility of the Auditor General. Each annual audit of any other entity subject to this Part shall be conducted in accordance with generally accepted governmental auditing standards, and each audit report shall state that the audit was performed in accordance with those standards.

a) Joint Agreements and Class I or Class IIA School Districts

The scope of each audit performed with respect to a joint agreement or a Class I or Class IIA school district shall encompass at least:

1) all funds established by the school board, including any revolving or petty cash funds (see Section 100.70 of this Part);

2) all student activity funds (see Section 100.80 of this Part);

3) the statements and schedules described in Section 100.100(a)(1)-(8), (10), and (11) of this Part;

4) compliance with applicable laws and regulations; and

5) review and testing of the internal control structure.

b) Class IIB School Districts

1) The scope of each audit performed with respect to a Class IIB school district shall encompass at least:

A) all funds established by the school board;

B) the statements and schedules described in Section 100.100(a)(1)-(8), (10), and (11) of this Part;

C) compliance with applicable laws and regulations; and

D) review and testing of the internal control structure.

2) If the scope of an audit does not include all the district's revolving funds and student activity funds, the school board shall secure a separate audit of these funds, which shall be performed in accordance with generally accepted government auditing standards.

c) In determining the adequacy of audits, the State Superintendent of Education shall consider:

1) the qualifications of the individual who prepared the audit report;

2) whether the responsible auditor has affirmed that the audit was performed in accordance with the applicable standards;

3) whether the scope of the audit conforms to the requirements of subsection (a) or (b) of this Section, as applicable;

4) whether the audit report submitted covers the entire scope of the audit, as reflected in the engagement letter;

5) whether the audit report includes a signed opinion and notes, provided that, if the opinion rendered is other than unqualified, the report shall include a written explanation of the qualifications or disclaimer; and

6) whether the report includes an audit questionnaire completed and signed by the individual who conducted the audit.