**Section 653.430 State Review**

a) The Department shall perform a reconciliation, known as the State reconciliation, of the participant's financial records and the audit performed by the independent auditor submitted by the participant with its own forces or by contracting with an independent licensed certified public accountant solely at the expense of the Department. Any reconciliation under this Section shall begin no later than three years following the last day of the fiscal year that is being audited. The Department will perform a State reconciliation on all grants. The State reconciliation will be done after the Department receives the independent audit. The Department will give written notice to the participant of the dates scheduled for the State reconciliation, which shall be a time agreed upon by the grantee and the Department.

b) The independent auditor and the participant shall work with the Department in resolving any issues raised by the State reconciliation. Any issues that cannot be resolved to the mutual agreement of the Department, the participant and/or independent auditor shall be decided by the Department consistent with the Act, this Part and the Department's application and interpretation of generally accepted accounting principles adopted by the AICPA.

c) Upon resolution of the issues according to the procedures provided in subsection (b), the Department will issue a final State reconciliation report to the participant. Except for cases of fraud, the final State reconciliation report shall represent the final decision of the Department.

(Source: Amended at 47 Ill. Reg. 1718, effective January 20, 2023)