

NOTICE OF PROPOSED REGULATION AMENDMENT

OFFICE OF THE AUDITOR GENERAL

JUNE 2025

The Office of the Auditor General, hereby makes notice of its intention to amend its Code of Regulations, pursuant to the Section 3-7 of the Illinois State Auditing Act. *See* 30 ILCS 5/3-7(b).

The annual Regulatory Agenda in which this change is being published, also includes a rule change, which does not require the same notice. However, in an attempt to be as transparent and efficient as possible, the Office is including both proposed changes in its proposed language in this notice.

If you would like to comment, please send your comment to:
AudGen@auditor.illinois.gov by the end of the 60 day comment period.

The comment period shall close on 12:00 a.m., Monday August 11, 2025.

Parts (Headings and Code Citations): Code of Regulations (74 Ill. Adm. Code 420); Code of Rules (74 Ill. Adm. Code 440).

Description: Updating the reference to Government Auditing Standards (GAS), also known as the “Yellow Book” in Section 420.320 of our Code of Regulations to incorporate the 2024 Revision of the generally accepted government auditing standards, as embodied in Government Auditing Standards (GAS) issued by the Comptroller General of the United States; updates the website for the American Institute of Certified Public Accountants (AICPA) standards. Also updates our mailing address for the Fraud hotline in Section 440.910 of our Code of Rules to our current address.

Statutory Authority: Sections 3-6 and 2-15 of the Illinois State Auditing Act [30 ILCS 5/3-6] and [30 ILCS 5/2-15].

The changes to Section 420.320(b) are to incorporate the 2024 Update to the Government Auditing Standards (GAS) by the United States Government Accountability Office (GAO). Per the GAO’s website: the 2018 Yellow Book is effective until implementation of the 2024 Yellow Book. The 2024 Yellow Book is effective for financial audits, attestation engagements, and reviews of financial statements for periods beginning on or after December 15, 2025, and for performance audits beginning on or after December 15, 2025. A system of quality management that complies with the Yellow Book is required to be designed and implemented by December 15, 2025, and an audit organization should complete an evaluation of the system of quality management by December 15, 2026.

Proposed Amendments:

74 Ill. Adm. Code 420.320 General Provisions

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General Standards

a) Scope

- 1) The full scope of an audit and/or attestation engagement conducted by the Auditor General may encompass:
 - A) An examination of financial transactions, accounts and reports;
 - B) An examination of compliance with applicable laws and regulations and conformity with applicable fiscal and business practices;
 - C) A review of efficiency and economy in the use of resources and soundness of managerial and other operational aspects;
 - D) A review to determine whether intended program results are effectively achieved; and
 - E) A review of the controls and integrity associated with computerized information systems.
- 2) The scope for a particular audit and/or attestation engagement conducted by the Auditor General shall include:
 - A) That prescribed by Section 1-13 of the ISAA for compliance audits and other attestation engagements conducted pursuant to the provisions of Sections 3-1 and 3-2 of the ISAA;
 - B) That prescribed by Section 1-13.5 of the ISAA for financial audits conducted pursuant to the provisions of Sections 3-1 and 3-2 of the ISAA;
 - C) That specified by an authorizing resolution approved by the Legislative Audit Commission or by either house of the General Assembly for engagements conducted pursuant to the provisions of Sections 3-2 and 3-4 of the ISAA;

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- D) That specified by the terms of the agreement for reimbursable federal audits conducted pursuant to the provisions of Section 3-3A of the ISAA;
 - E) That specified by the Auditor General in a notice provided to the Legislative Audit Commission for engagements conducted pursuant to Section 3-3 of the ISAA;
 - F) That prescribed by Section 1-13.5 of the ISAA for engagements conducted pursuant to Section 2-3.17a of the School Code [105 ILCS 5/2-3.17a]; and
 - G) That specified by the terms of the engagement for change-over engagements conducted pursuant to Section 3-2.1 of the ISAA.
- 3) The scope for a particular audit or attestation engagement conducted by a State agency (other than the Office of the Auditor General) of a local or private agency shall be that specified by the terms of the agreement making the grant or award of funds to the local or private recipient agency.
- b) General, Fieldwork and Reporting Standards. All audits and attestation engagements subject to the provisions of the ISAA and regulations issued under that Act shall be conducted in accordance with current standards applicable to the engagement, which may include: generally accepted auditing standards (GAAS) issued by the American Institute of Certified Public Accountants, Inc. (AICPA) and other relevant clarified Statements on Auditing Standards (SAS) and Statements on Standards for Attestation Engagements (SSAE) promulgated by the Auditing Standards Board; generally accepted government auditing standards, as embodied in Government Auditing Standards (2024 ~~2018~~ Revision for financial audits, attestation engagements, and reviews of financial statements for periods ~~beginning ending~~ on or after December 15, 2025 ~~June 30, 2020~~, and for performance audits beginning on or after December 15, 2025 ~~July 1, 2019~~; for all others, the 2018 ~~2014~~ Revision) (GAS) issued by the Comptroller General of the United States; and 2 CFR 200 (Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards) (commonly referred to as the Uniform Guidance) issued pursuant to the Single Audit Act Amendments of 1996 (31 USC 7501 through 7507) by the Office of Management and Budget (OMB). Copies of GAAS, SSAE and SAS may be ordered on the internet at <https://www.aicpa-cima.com/resources/landing/audit-attest-and-quality-control->

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[standards www.aiepa.org/research/standards](http://www.aiepa.org/research/standards). Copies of GAS may be downloaded from the internet at <https://www.gao.gov/yellowbook/overview>. Print copies may be obtained by contacting the U.S. Government Publishing Office (GPO) online or by calling 202-512-1800 or 1-866-512-1800. Copies of the Uniform Guidance may be obtained from the Office of Federal Financial Management, Office of Management and Budget, Washington, D.C. 20503 or downloaded from the internet at www.grants.gov/web/grants/learn-grants/grant-policies/omb-uniform-guidance-2014.html. These incorporations by reference do not include any later amendments or editions.

- c) Specific standards for audits of regional offices of education and educational service centers conducted pursuant to Section 2-3.17a of the School Code [105 ILCS 5/2-3.17a]. By statute, this Section does not apply to an educational service center serving a school district in a city having a population exceeding 500,000.
 - 1) "Books and records" as used in this subsection (c) means all financial statements, fiscal documents, vouchers for distributions, records of cash receipts, records of obligation and expenditure of funds, records of accounts and funds, journals, ledgers and subsidiary records of the ledgers, computer programs and data files integral to records of funds and accounts in the care, custody or control of the regional superintendent of schools or educational service center, and required for the purpose of enabling the Auditor General to perform the audits required by Section 2-3.17a of the School Code. The regional office of education and educational service center shall maintain records in accordance with this subsection (c), as applicable. Financial records shall be maintained on either a cash or accrual basis of accounting. However, supporting information must be maintained to allow preparation of an accrual statement as required by this subsection (c)(2).
 - 2) For audit purposes, each regional office of education and educational service center subject to audit by the Auditor General shall make available to the Auditor General or its designee all books and records during regular business hours on such days in each fiscal year as the Auditor General or its designee shall deem necessary to make and complete the required audits. The records shall be completed in auditable form by August 15 of the succeeding fiscal year. Financial reports are to be available no later than August 31 in order that the annual audit may be done by an independent auditor selected by the Auditor General.

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- 3) Each regional office of education and educational service center subject to audit by the Auditor General shall make available the books and records necessary to make the required audit by providing to the Auditor General or its designee full, complete and unrestricted access to those books and records and to those persons who may have prepared, reviewed, reported on or otherwise have knowledge of them.
- 4) Each regional office of education and educational service center subject to audit by the Auditor General shall retain all books and records for a period of five years or until each required audit is resolved. This provision shall not be construed to shorten any record retention requirement otherwise applicable to the records.

(Source: Amended at 46 Ill. Reg. 1619, effective January 4, 2022)

74 Ill. Adm. Code 440.910 Methods of Receiving Fraud Allegations

- a) *The Office of the Auditor General shall operate a toll-free telephone hot line for the public to report allegations of fraud in the executive branch of State government* [30 ILCS 5/2-15].
- b) Fraud allegations should be reported:
 - 1) by toll free telephone to the Auditor General's Hotline at 855-217-1895 or (TTY) at 888-261-2887; or
 - 2) by submitting the on-line form on the Auditor General's website at www.auditor.illinois.gov.
- c) Fraud allegations may also be reported by U.S. Mail to Fraud Hotline, Auditor General's Office, 400 West Monroe, Suite 306, Springfield, Illinois 62704 ~~740 E. Ash St., Springfield, Illinois 62703~~.

(Source: Added at 36 Ill. Reg. 8246, effective May 18, 2012)