Susana A. Mendoza
COMPTROLLER

December 5, 2018

Mr. Bryan Smith
Executive Director
Township Officials of Illinois
3217 Northfield Drive
Springfield, Illinois 62702

Dear Mr. Smith:

Following up on our recent conversation, this letter addresses the Illinois Office of the Comptroller’s implementation of the Governmental Account Audit Act as it pertains to townships. Specifically, it outlines our Office’s plan to comply with and enforce existing law while working with the individual townships impacted by the statutory requirement that road funds be included as revenue for the purposes of determining township audit requirements.

Two separate and distinct statutory authorities govern township audit requirements: the Township Code (60 ILCS 1) and the Governmental Account Audit Act (50 ILCS 310). The Township Code statutorily requires townships with revenues of over $850,000 per year - exclusive of road funds - to complete annual audits (50 ILCS 310/2). Our office does not have jurisdiction over these audits. However, the Township Code also requires townships to comply with the Governmental Account Audit Act (60 ILCS 1/80-65). As required by the Governmental Account Audit Act, all governments, including townships, with an annual revenue of more than $850,000 must file an annual audit with the Comptroller’s Office. Unlike the Township Code, the Governmental Account Audit Act does not allow townships to exclude road funds when determining whether they are subject to an annual audit requirement.

Prior Comptroller administrations incorrectly applied the revenue threshold for annual audits by allowing for the exclusion of road funds from annual revenues. The Comptroller is required to enforce and comply with the law as written, but she understands that annual audits have associated costs that townships need time to prepare and budget for. Therefore, using the tools available in statute, our office will exercise its discretion and grant extensions to the affected townships allowing additional time to plan and budget for annual audits when their revenue totals trigger the requirement. We plan to work with affected townships on a case by case basis.
to determine the appropriate extension and will proactively reach out to townships we believe to be impacted based on historical data.

If your organization receives questions, comments or concerns on this topic and you would like to refer them to our office for assistance please direct them to Compliance Manager June Canello at 312-814-4780.

Sincerely,

John Gay
Chief Legal Counsel
Illinois Office of the Comptroller