



# Audit Frequency Considerations for Illinois Municipalities

Best Practices from Lauterbach & Amen

Prepared By: **Lauterbach & Amen**

## BACKGROUND

The **Illinois Municipal League (IML)** recently issued a fact sheet updating audit requirements for municipalities. Local governments should carefully consider both regulatory compliance and practical implications for financial oversight.

## OUR PERSPECTIVE

From a best-practice standpoint, **we recommend annual audits.** Benefits include:

- Timely assurance over financial statements
- Enhanced transparency for elected officials and stakeholders
- Reduced risk of errors or omissions in accounting records

Annual audits strengthen financial controls and governance, even if not legally mandated each year.

## IMPLICATIONS OF LESS FREQUENT AUDITS

Municipalities opting for audits **every four years** should consider:

- **Increased audit fees** – Additional procedures are required to verify opening balances.
- **Higher risk exposure** – Reduced oversight can delay detection of misstatements or compliance issues.
- **Stakeholder confidence** – Annual audits provide ongoing assurance, reinforcing public and investor trust.

## CONCLUSION

Audit frequency decisions should be evaluated within the broader context of financial management and public accountability.

Lauterbach & Amen works closely with municipalities to evaluate compliance requirements and implement audit strategies aligned with leading practices in public sector financial oversight.

## KEY CONSIDERATIONS FROM IML GUIDANCE

- Municipalities may elect audit frequency options
- Compliance requirements vary by population and fund structure
- Evaluate cost, risk, and transparency trade-offs

Source: [Illinois Municipal League](#)

## KEY INSIGHT

### Annual Audit

- ✓ Continuous oversight
- ✓ Earlier issue detection
- ✓ Stronger stakeholder trust

### Four-Year Cycle

- ⚠ Higher engagement complexity
- ⚠ Delayed issue detection
- ⚠ Increased opening balance testing

## BEST PRACTICE RECOMMENDATION

We advise **annual audits** to:

- Ensure consistent financial control
- Reduce long-term audit costs
- Provide reliable, timely information to stakeholders

