

MEMORANDUM

To: Catherine Metsker, Chairperson, and Members of the McLean County Board
From: Cassy Taylor, County Administrator
Re: Resolution to Eliminate the Office of County Auditor

As requested, this memorandum has been prepared for the County Board Chair to provide information for consideration regarding functions of the County Auditor position and to provide information on redundancies and antiquated practices. The Office of County Auditor was created by an act of the Illinois General Assembly in 1911, but only as a default option for counties with a population between 75,000 and 3,000,000. As a result, the vast majority of Illinois counties are excluded from the Act and the office of County Auditor was never established in those counties. Even counties that do have a population within the statutory range for a County Auditor may elect to eliminate the office.

The office of County Auditor predates the Illinois Constitution, but it was not among the county offices established by the Constitution in 1970 and therefore its existence is permissive. As a permissive office, voters may decide to eliminate the office by referendum. In 2022, voters in Peoria County eliminated the office of County Auditor by a margin of 70% to 30%, and there are now 16 elected County Auditors in the State of Illinois.

The office of County Auditor also predates the statewide county auditing requirements established under the County Auditing Law in 1963. The law establishes a statewide set of auditing requirements for counties by an auditor or auditors chosen by the County Board, and establishes the professional qualifications necessary to do so. Specifically, the law provides that an “auditor” means, “a licensed certified public accountant ... or the substantial equivalent of a licensed CPA who performs an audit of county financial statements and records and expresses an assurance or disclaims an opinion on the audited financial statements,” and, the statute explicitly excludes holding the office of

County Auditor as a basis for qualification. As a result, **counties with a County Auditor are required to support the costs of the internal office, even though the office is not legally qualified to perform audits for the County, in addition to contracting with external auditors with the necessary credentials.**

Notably, **in Illinois, there are no professional qualifications required to serve as a County Auditor.** Model legislation developed by the Association of Local Government Auditors (ALGA) suggests imposing proficiency requirements, which could be demonstrated by relevant certifications such as a Certified Internal Auditor (CIA), Certified Public Accountant (CPA), or Chartered Accountant (CA).” By way of contrast, the State imposes professional eligibility qualifications on County officials including, but are not limited to, the following:

County Office	Required Qualification
County Engineer	Certification as Registered Professional Engineer
Nursing Home Administrator	Licensed Nursing Home Administrator
Public Defender	Licensed attorney-at-law
State’s Attorney	Licensed attorney-at-law
Supervisor of Assessments	Either an active Certified Illinois Assessing Officer designation, or other designation from relevant professional association

The McLean County Auditor’s salary for FY 2025 is budgeted for \$90,324. Elimination of the internal office of County Auditor would generate immediate savings for taxpayers because, as discussed below, many of the functions assigned to the County Auditor by statute are performed by other officials in McLean County. Those duties not otherwise performed by other County offices could be eliminated or distributed among existing county officials.

Statutory Duties

In jurisdictions the size of McLean County, there are eleven (11) statutory duties of the County Auditor. Of these eleven functions, some are already performed by other county officers or by the County Board, some are performed by the County’s external auditors, and others are not performed, or performed inconsistently. Modern finance software automates

several of these functions, whereas the statute creating the office of County Auditor is based on antiquated paper processes.

55 ILCS 5/3-1005 (a) Audit all claims against the county, and recommend to the county board the payment or rejection of all claims presented.

Under current practices, the County Auditor does not recommend the rejection of claims presented for payment. Instead, claims are approved by authorized county officials, reviewed by the County Auditor, and then processed for payment through the Treasurer's Office. The County Board typically provides retroactive approval of payments based on the County Auditor's recommendation. This arrangement has resulted in inefficiencies and late fees when the County Auditor believes that a claim should not be paid. The County could maintain a necessary system of internal controls without the role currently performed by the County Auditor. If voters were to eliminate the office of County Auditor, every expenditure would still require department head authorization, review by accounts payable staff in the office of the County Treasurer, approval by the County Board, and examination by external auditors.

55 ILCS 5/3-1005 (b) Collect, analyze and preserve statistical and financial information with respect to the cost of operation of the various institutions and facilities maintained, operated or owned by the county.

This is a function that is not provided by the County Auditor in McLean County. It is among the functions that are performed by modern accounting software.

55 ILCS 5/3-1005 (c) Approve all orders for supplies issued by the various county officers, before the orders are to be placed with the parties to whom the same are to be given.

This function is not provided by the County Auditor in McLean County. Once the County Board has budgeted for supplies in any given department, authorized department heads approve orders for supplies.

55 ILCS 5/3-1005 (d) Maintain a file of all contracts entered into by the county board and all authorized county officers, for or on behalf of the county.

This function is currently performed by the office of the County Administrator, and will be partially automated by a planned Enterprise Resource Planning (ERP) system that is in development. The new ERP system will allow department heads to upload contracts directly into the database, which will store them after approval by the County Board.

55 ILCS 5/3-1005 (e) Report quarterly to the county board the entire financial operations of the county including revenues anticipated and received, expenditures estimated and paid, obligations unpaid, the condition of all funds and appropriations and other pertinent information. The county auditor shall cause to be published in at least one newspaper of general circulation in the county, a notice of the availability of the quarterly report for public inspection in the office of the county auditor. Such notice shall be published within 30 days of the date of the scheduled release of the report.

This function is not performed by the office of the County Auditor on a consistent basis. Reports on revenues are provided by the County Treasurer. The County Auditor's office does not publish quarterly reports.

55 ILCS 5/3-1005 (f) Audit the receipts of all county officers and departments presented for deposit with the county treasurer.

This function is not performed by the County Auditor in McLean County, as the accounts receivable function is provided by the County Treasurer's Office. However, external auditors examine revenues received and deposited.

55 ILCS 5/3-1005 (g) Maintain a continuous internal audit of the operations and financial records of the officers, agents or divisions of the county. The county auditor shall have access to all records, documents, and resources necessary for the discharge of this responsibility.

While the County Auditor is provided access to all records, documents, and resources of the County, the Office does not maintain a continuous internal audit of the operations and financial records of the County. Multiple departments have reported that cash drawer and petty cash funds that were previously subject to internal audit are now unaudited.

55 ILCS 5/3-1005 (h) Audit the inventory of all real and personal property owned by the county under the control and management of the various officers and departments of the county.

The County Auditor's Office maintains a listing of property owned by the County, but auditing of the inventory has become inconsistent. This function can be shifted to staff assigned to risk and records management.

55 ILCS 5/3-1005 (i) Audit the documentation, records, and bases for the amounts billed to the county, as maintained by county vendors, under agreements between the county and its vendors, when those agreements provide that the amounts billed to the county are based upon actual costs incurred by the vendor, or when those agreements include the requirement that the county provide a reimbursement for out-of-pocket costs incurred by the vendors [...]

This function is performed by the office of the County Auditor on an irregular basis. Other vendor functions, such as 1099 documentation and adding/removing Vendors to software, are completed by the County Treasurer.

55 ILCS 5/3-1006 (a) Be the general accountant of the county and keep its general accounts.

The definition of a "general accountant" is not defined under the statute, but generally accepted accounting functions include accounts receivable, accounts payable, payroll, financial reporting, and financial analysis. In McLean County, accounts receivable, accounts payable, and payroll functions are all performed by the elected County Treasurer's office. The County Auditor does provide assistance with financial reporting and analysis, along with the County Treasurer, County Administration, and the external auditors.

The offices of both the County Treasurer and County Auditor post journal entries and maintain the general ledger of accounts.

55 ILCS 5/3-1006 (b) Devise and install a system of financial records in the offices and divisions of the county, to be followed in such offices and divisions. Such a system shall be suitable to the needs of the office and in accordance with generally accepted principles of accounting for governmental bodies.

This is a statutory power also assigned to the County Board and can be implemented through new ERP system.

For the reasons established above, it is my opinion that elimination of the internal office of County Auditor would result in cost savings to the County through reorganization and more efficient use of funds. For those that argue the elimination of the elected County Auditor creates the opportunity for fraudulent activities, there are several checks and balances that already exist today that manage risk. These include having an external auditor, which is required by law in Illinois, and internal controls from department heads through accounts payable in the Treasurer's Office, and ultimately, the County Board. Our policies and procedures are also consistent in content and in execution of generally accepted accounting practices (GAAP), guidelines from the Government Finance Officers Association (GFOA), and satisfy the standards of our external auditors, who routinely give the County an unqualified opinion (the highest rating possible) of the county's financial statements. This means that the county's financial statements are consistent with GAAP and meet the Government Accounting Standards as established and maintained by the Comptroller General of the United States, and free from fraud or error.

**RESOLUTION OF THE McLEAN COUNTY BOARD
 APPROVING A REFERENDUM TO ELIMINATE
 THE OFFICE OF COUNTY AUDITOR**

WHEREAS, Article VII, Section 4 of the Illinois Constitution permits the McLean County Board to authorize a referendum that eliminates the office of County Auditor, and;

WHEREAS, Article VII, Section 11 of the Illinois Constitution requires that such a referendum be on the ballot in a general election, and;

WHEREAS, the next scheduled general election will occur on November 5, 2024, and;

WHEREAS, the McLean County Board believes that the people of the County of McLean are entitled to decide whether the office of County Auditor shall be eliminated.

NOW, THEREFORE, BE IT RESOLVED that the McLean County Board submits the following referendum to be placed on the ballot for the General Election to be held on November 5, 2024:

Referendum Title: Eliminate the Office of County Auditor

Shall McLean County eliminate the elected office of County Auditor when McLean County already contracts an external Auditor as required by state law? Process improvements and the elimination of redundant functions would be a cost savings to the County.	<input type="checkbox"/> YES
	<input type="checkbox"/> NO

ADOPTED by the McLean County Board this 13th day of June, 2024.

ATTEST:

APPROVED:

 Kathy Michael, Clerk of the County Board,
 McLean County, Illinois

 Catherine Metsker, Chairman
 McLean County Board