

CHAMPAIGN COUNTY BOARD
COMMITTEE MINUTES

**POLICY, PERSONNEL, & APPOINTMENTS COMMITTEE
PUBLIC HEARING ELECTED OFFICIAL VS. APPOINTED OFFICIAL FOR THE
AUDITOR**

Wednesday, June 10, 2009

**Brookens Administrative Center, Lyle Shields Meeting Room
1776 E. Washington St., Urbana**

6:00 p.m.

MEMBERS PRESENT: Tom Betz (Chair), Matthew Gladney, Brendan McGinty, Alan Nudo, C. Pius Weibel

MEMBERS ABSENT: Carol Ammons, Kevin Hunt, Greg Knott, Jonathan Schroeder

OTHERS PRESENT: Jan Anderson (County Board Member), Kat Bork (Administrative Secretary), Deb Busey (County Administrator of Finance & HR Management), Brad Jones (County Board Member), Alan Kurtz (County Board Member), Ralph Langenheim (County Board Member), Steve Moser (County Board Member), Michael Richards (County Board Member), Amanda Tucker (HR Generalist), Barbara Wysocki (County Board Member)

CALL TO ORDER

Betz called the public hearing to order at 6:06 p.m.

ROLL CALL

Bork called the roll. Betz, Gladney, McGinty, Nudo, and Weibel were present at the time of the roll call, establishing the presence of a quorum.

APPROVAL OF AGENDA/ADDENDUM

Betz asked that Robert Rich be allowed to speak before the presentation because he had to leave early. There were no objections from the committee.

MOTION by McGinty to approve the agenda; seconded by Nudo. **Motion carried with all eyes.**

Robert Rich, Director of the Institute of Government & Public Affairs at the University of Illinois, said the authors of the proposed resolution are concerned that the Auditor's job has not been properly performed, at least in recent history. There is a question of whether the Auditor's job, as currently structured, is required and should be elected. He urged the County Board members

to not judge the office based on the performance of a single Auditor. He encouraged the Board to ask and document whether the Auditor's job is required in the County. In Rich's opinion, the Auditor's job was required. Whether the Auditor should be appointed or elected, Rich agreed the job requires a certain level of professionalism and professional skills. He concurred the Auditor should be a professional as opposed to being a politician. Rich thought this could be achieved by the County Board requiring certain professional education standards and continuing education standards of the Auditor, regardless if the position is appointed or elected. Rich was strong believed that the voters should be ones to elect County officials. He urged the Board to study the issue more to specify what the Auditor should be on the basis of professional standards as opposed to being unhappy with a particular Auditor. He thanked Betz for letting him speak first.

PRESENTATION IN SUPPORT OF ELECTED AUDITOR

Fabri commenced with a PowerPoint presentation and distributed hard copies of the presentation. Fabri has found that people have strong opinions about whether Champaign County needs an elected Auditor without having strong understanding of what the office actually does. He wanted to describe the functions of the Auditor's Office. The office formerly handled payroll for the County, but this function was removed from the office. He felt this has turned out to be a good change though he was opposed it as a County Board member. The most significant task of the Auditor's job is fraud prevention and a large part of the accounting systems are set up to maintain internal controls. By putting accounting systems in place, the likelihood of successfully committing fraud is lowered and the risk of committing fraud is increased. For example, checks have pre-printed numbers so they are in sequence. Fabri estimated the staff in the Auditor's Office spends the most time on accounts payable. The office acts as the County's comptroller and writes the checks. Fabri stated two and a half accountants in the office write checks weekly. The office performs a continuous audit and an annual audit. Fabri noted the last two audits he has been involved in have been recognized by Government Finance Officers Association for excellence in financial recording. The County's budget procedures also received the excellence in budgeting award from GFOA and this was noted at the Finance Committee. Fabri stated he could take credit for the last two years, but the Auditor's Office had a long history of excellence in financial recording. In Fabri's opinion, the authority and independence associated with an elected official overseeing the office makes everything work better. Some department heads might not want to follow all of the procedures, so the County needs an elected official with the authority to enforce the internal control rules. Fabri noted the office is governed by a state statute and offered to show any interested party the statute. Only Illinois counties with populations over 75,000 are allowed to have elected Auditors. He thought there were only 17 elected Auditors in Illinois. Every elected auditor is required to complete 20 hours of continuing education per year. The statutory duties of the Auditor include auditing all claims against the County and recommending to the County Board payment or rejection of all claims presented. This is represented in the payment of claims resolution. The accountants in the Auditor's Office put the payment of claims document together for the County Board. Other responsibilities of the Auditor's Office include collecting, analyzing, and preserving statistical and financial information with respect to the cost of operation of the various institutions and facilities maintained, operated, or owned by the County. Fabri said this information is published every year in the annual audit. The Auditor's Office approves all orders for supplies issued by the various County offices and is supposed to maintain a file of all contracts authorized by the County Board and County officers. Fabri noted the County Administrator

maintains all contracts on the County's website and his office uses this website to meet their statutory requirement instead of maintaining paper copies of the contracts. Fabri continued to describe the duties of the Auditor's Office, including the monthly report to the Finance Committee and auditing the recipients of all County departments presented for deposit with the County Treasurer. Fabri stated he was empowered by state law to get whatever information he needs to do the job of Auditor. He did not know if an appointed Auditor would have the same statutory authority that an elected Auditor has. In counties with populations of 275,000 or less, the Auditor is the general accountant of the county. Recently the Auditor's Office wanted to be included in any discussions about the new Nursing Home accrual accounting system because it is the office required by state statute to devise the system of financial records.

Regarding the reasons why an elected auditor is needed, Fabri offered several arguments. The first was the principle of checks and balances because an elected official is accountable directly to the voters. As an elected official, Fabri is not beholden to the County Board or the County Administrator and can perform his job the best way he knows how. He is on an even footing with the County Board and the other elected officials. He does not answer to the appointed department heads or their supervisor. Fabri was not sure what system would replace the elected Auditor. In his proposed organizational chart, the County Administrator would oversee the appointed Auditor along with other appointed department heads. Fabri indicated this would drastically change the relationship between the Auditor and the other officials whose finances the Auditor oversees. He compared this with situations without a checks and balances system, such as Enron, where auditors had a financial incentive to give the answers management wanted. Fabri spoke about the situation a couple of years ago at the Champaign-Urbana Public Health District where an internal auditor reported directly to the person who was misusing CUPHD's credit cards, thereby creating a conflict of interest. Fabri said these situations could happen in Champaign County government, but it does not because the County has systems in place. Fabri thought eliminating the elected Auditor would weaken the financial control system.

Fabri stated an elected Auditor saves money. He has a law degree, but is not an accountant. The Auditor's Office has three and a half accountants on staff. The Chief Deputy Auditor is a CPA and the other accountants in the office possess accounting degrees. These professionals prevent fraud, loss, and misspending of taxpayers funds by auditing the County's expenditures. The Auditor's Office accountants do not report to the individuals they must audit. Fabri stated this is not about him or his reelection; he wanted to convince the County Board that the system of an elected Auditor is important to Champaign County, regardless of the individual in the position. Fabri said if he is entirely taken out of the equation, the accountants in the office do a phenomenal job. No one questions the professionalism and the results of the staff in the Auditor's Office. He emphasized that his authority and independence as an elected official who is not accountable to the County Board or County Administrator allows the accountants to do their job. Fabri has joked to a frustrated department head that he is one paid to get yelled and fight the battles of the Auditor's Office. When one of the accountants flags a voucher and cannot resolve the problem with the department in question, an elected Auditor has the authority to get the receipt or the bids. An elected official has the independence to go directly to public or County Board if something does not look right. Fabri stated he did not care if he ruffles feathers as Auditor because he does not have to worry about making another department head or the County Board angry at him as an elected official. Fabri gave some examples of his actions as Auditor that a lot of the County Board

members probably did not want to see. In 2007, he did not release money to pay for a pedestrian bridge in front of the new Highway Facility from funds intended for bridge construction and maintenance. The pedestrian bridge cost \$50,000 and does not seem to go anywhere. Fabri thought it was fine that the County Board wanted to spend that money, but not from the County Bridge Fund because state statutes define this fund will be used for bridge maintenance and construction. Fabri said if he worked for a County Administrator and was a colleague of the County Engineer then he would not have been as free to make the judgment he did because he would not have been directly responsible to the voters. Another example that Fabri thought some County Board members would not like concerned the Champaign County Nursing Home. He presented a memo to the County Board and public in 2007 about the contract nursing expenditure, which seemed to be going out of control. County Board members told Fabri it was not issue and he should go away. Two years later, a report on the Nursing Home from Management Performance Associates identified contract nursing as an issue they are desperately trying to tackle. Since then Fabri has made presentations about the Nursing Home's finances that the information received from other sources painted a much rosier picture than the information the Auditor's Office was seeing. There was a time in early 2008 when the Nursing Home Administrator told the County Board the Nursing Home had a \$200,000 deficit for the year while Fabri said the deficit was \$1.4 million. He hoped the County Board appreciated receiving information from different sources. As an elected official, he has no stake in the Nursing Home and is only interested in presenting accurate information to the decisions-makers for the Nursing Home. As an example involving another elected official, Fabri described how the County Clerk believed he was exempt from the County ordinance regarding purchases and it was the only relevant ordinance to open bidding. Fabri and the County Clerk amicably worked it out after the Auditor's Office said the County Clerk was not following state law. Fabri said individuals can think the voters make bad decisions, but the voters have a right to elect the officials that oversee their money. This choice should not be taken away from the voters because some individuals do not like the choice the voters happen to make. Regarding accountability, Fabri knows he has to stand before the voters and he will be out of a job if they do not like the job he has done. He was free to not care what the County Board or other department heads think, but he did care what the voters think. This is an accountability that an appointed official does not face. If the question of changing to an appointed Auditor goes on the ballot in 2010, the voters could be denied any input on who their Auditor is ever again. Fabri said putting the question on the ballot would be a vote to take away a right the voters currently have.

For the benefit of newer County Board members, Fabri stated the idea of eliminating the elected Auditor has been considered several times and each time the Board decided this reform would not improve County government. He described times when the issue was considered in the past. Fabri encouraged the County Board to not think it was blazing a new trail and to look at the experiences of previous Board members who decided it was not a fruitful path. In conclusion, Fabri stated Champaign County has a strong record of financial management and oversight. He thought a big part of that was a history of a strong and active elected Auditor's Office.

MOTION by McGinty to receive and place on file the materials distributed by Fabri; seconded by Nudo. **Motion carried with all ayes.**

PRESENTATION IN SUPPORT OF APPOINTED AUDITOR

No presentation was made.

PUBLIC COMMENT

Betz asked the public to be concise because a number of people had requested to speak.

Rick Winkel from the Institute of Government & Public Affairs issued a disclaimer that he comes from family that has been involved in local government. He spoke about his father's experience as Kankakee County Auditor for 29 years. Winkel said there was independence exhibited by the Champaign County Auditor's Office in the 1990's and the office enjoyed the prestige and authority endowed by being elected. He felt it was important to have an elected Auditor and encouraged the County Board to review the Auditor's duties to see the position needs someone with the independent footing of an elected official. Winkel urged the County Board to not put the question of changing to an appointed Auditor on the ballot. He asked if the Board was talking about a specific elected official or a changed structure in County government. He encouraged the Board to not take away the people's prerogative to choose their government. He presented a document entitled "Multiplicity of Governments; Paucity of Money A Look at Options of Local Government Consolidation & Streamlining in Illinois" for the Board's review.

MOTION by Weibel to receive and place on file the document presented by Winkel; seconded by Nudo. **Motion carried with all ayes.**

Rick Faccin, President of State Auditors' Association and the Madison County Auditor, described how the Association of Clerks, Recorders, Election Officials, & Treasurers commissioned a survey by the Gallup Group for the purpose of determining the general public's preferences towards electing or appointing officials. Two out of three people preferred to elect local officials rather than having them appointed. Faccin said the outcome of past referenda in Illinois have supported elected officials over appointments. He believed elected positions should be independent, whereas appointing an official strikes the independence. An appointed Auditor would be answerable to those who made the appointment. An elected official is responsible to the voters, who can choose to not re-elect an official. Faccin stated the question before the County Board is bigger than the individual because the Auditor's Office is responsible to the citizens of Champaign County. He urged the County Board to not endorse the idea appointing an Auditor.

Eva Jehle stated the Auditor's Office is the one office that should not be appointed; otherwise there will always be a whiff of "I wonder what's going on?"

Laurel Prussing, the Urbana Mayor and former County Auditor for 16 years, gave a history of financial disasters in Champaign County, including a State's Attorney who went to prison for embezzlement. She thought Fabri's Enron example was good because Enron hired auditors from Arthur Anderson and the company failed because those auditors were not truly independent. Prussing stated the County Auditor's duties were not just financial auditing, but included compliance auditing. She thought someone who is an attorney could be good at compliance auditing. Prussing's background was in economics, but she was not a CPA when she was the Auditor. She hired the first CPA in Champaign County. Prussing described how the Auditor's

Office saved the County \$200,000 a year by changing to self-funded workers' compensation insurance in the late 1970's. She agreed with the previous speakers that it would be a mistake to remove the independence of the office.

Marilyn Query had a letter from herself and her husband that she asked to be included in the record and read the letter aloud. The Querrys were pleased the County Board is studying ways to save taxpayers' dollars and described their positive personal experiences with the Recorder's and Coroner's Offices. They felt combining either of those offices with others would not result in savings for taxpayers. Query stated the Auditor's Office is different. It has been shown an elected Auditor is not needed since the present Auditor seldom goes to the office. She credited Laurel Prussing for being of a different political party than the County Board while she was Auditor. The current Auditor and County Board majority belong to the same political party. Query stated the actual auditing work is done by professionals and favored placing a question on the ballot. She suggested other areas the County Board should consider, such as reducing the size of the County Board because it is cumbersome to communicate with a group containing 27 members. She said there were varying responses from Board members to the same question about the Nursing Home's budget problems. She felt costs would be reduced with smaller Board and communication would improve. Query wanted to see a question to privatize the Nursing Home on the ballot because the County Board has proven such a business cannot be run by committee. She described responses from Board members about the Nursing Home privatization issue that included a Board member who cursed at her then later sent a tepid letter of apology. In summary, the Querrys favored keeping the Recorder and Coroner as elected positions, placing a question on the ballot about appointing the Auditor, and public discussion about privatizing the Nursing Home and reducing the County Board's size.

MOTION by Nudo to receive and place on file the Querrys' written statement; seconded by Weibel. **Motion carried with all ayes.**

Andrew Flach, Public Policy Manager for the Champaign Chamber of Commerce, read a statement about the recent local media calling the Auditor's performance into question. The Chamber Board voted to support the resolution placing the question of eliminating the elected office of County Auditor on the November 2, 2010 ballot. The Chamber's support is not targeted at the Auditor's Office; it is about giving the taxpayers the right to have their voice heard on how its government is structured and how their tax dollars are used.

Al Klein opposed putting the question of whether to have an appointed or elected Auditor on the ballot because it would be more than just asking the voters' opinion on a form of government. He believed placing the question on the ballot was a commitment to a position on the issue.

Dianna Visek, Champaign County Libertarian Party Chair, spoke about the importance of maintaining an elected Auditor position because the public needs an independent watchdog to keep an eye on County funds. She likened giving the County Board direct control over the Auditor to allowing a wolf to guard the chicken coop. She said the County Board has an unfortunate record of safeguarding public monies and gave examples of the Board allowing the Champaign County Nursing Home to continue losing \$100,000 a month until faced with imminent loss of state licensure, the Facilities Committee and the administrative staff allowing moldy wood to be installed during construction of the new Nursing Home facility, and in October 2004 the Board paying

\$130,000 to Isaksen Glerum for the east campus master plan and yet no plan has been delivered. The County Board promised first ten years ago and then five years ago to determine whether offering early retirement actually saves money, but no analysis has ever been done. Visek thought an independent, elected Auditor was needed because the County Board has abdicated responsibility in financial matters. The last few Auditors have all been either Democratic Party Chairs or a Democrat with higher political aspirations. Visek accused the Democrat Party of using the Auditor position to provide for those giving political service to the party. If the party wanted a stronger or more competent Auditor, they could have nominated someone else. The fact that key County Board Democrats now have a beef with the Auditor they appointed a few years ago and nominated to run last fall does not mean the Auditor should no longer be elected. It just means that a better candidate should be found and the public should no longer blindly vote along party lines. Visek suggested having an independent, bipartisan mechanism to investigate issues as they arise and provide backup for the Auditor, like the Nursing Home Board of Directors. She felt too much emphasis has been placed on getting along together rather than asking hard questions and holding people accountable, while the media no longer seems interested in pursuing the kind of investigative reporting that would get to the bottom of problems such as the moldy wood. Visek suggested the County Board release documents related to the arbitration proceedings with the Nursing Home contractors and emails from County staff pertaining to the moldy wood installation if it was serious about accountability.

COUNTY BOARD MEMBER COMMENTS

McGinty said he has been on the County Board for five years and that was probably the best public comments he has encountered, especially those that focused on the issue of the office, not the individual. This is first time he has seen the Board reach this level of analysis with these offices. He has learned more about the offices as a result of these hearings. He was undecided on the issue, but did believe true independence is the best case scenario. The reality of the situation and why some discussion has turned personal is known. The County Board's Administrative Structure Committee has discussed a number of issues and he has found the discussion healthy. This sort of session allows the Board to make informed decisions.

Kurtz reiterated McGinty's statements on the public participation and thanked the elected officials for their comprehensive and educational presentations. He was not in favor of appointed officials because it would become a political football.

Wysocki noted the County hires an outside auditing firm to perform the annual audit and asked if it was redundant or complimentary to do so when there is an elected Auditor. Fabri said it was complimentary because the Auditor's Office produces an annual audit and this work is then audited by the outside auditor. He confirmed there is no duplication of effort at all. The outside auditor is an extra safeguard they must have. Wysocki asked if the other 101 counties in Illinois follow a similar procedure. Rick Faccin said the outside audit is mandated by law and the County Auditor has no choice. Wysocki understood that every County department, whether headed by an elected or appointed official, performed an annual evaluation of its employees. Busey said an annual review is required of appointed officials and it is up to elected officials whether or not they annually evaluate employees. Wysocki asked if Fabri performed annual evaluations of his office staff. Fabri said he has not done a formal review of his staff in the past two years. It is something

he would like to do. Wysocki believed all of the Auditor's staff were veteran staff and inquired if they basically did their jobs as they have always done. She wondered if there was any discussion or interaction that suggested ways to improve the office's functions or efficiency. Fabri stated the only staffing change he made involved the receptionist position and that was not of his choosing because it was a union bumping rights situation. The direct supervision of the accountants on a day-to-day basis is performed by the Chief Deputy Auditor. He did not want to change the office's operation from the way it has been run for many years. All other staff in the Auditor's Office were hired by previous Auditors. Fabri confirmed he has not made any change to how the accountants do their jobs. He stated the accountants in the office are stretched thin and do phenomenal job with a heavy workload. Wysocki asked what the Auditor's Office would contribute to the anticipated 6% budget reduction for the next fiscal year. Fabri said the Auditor's Office is a small office that would be hurt by an across the board cut. All of the office's expenses are personnel costs except for less than \$20,000. Fabri did not know how he would accomplish a 6% cut.

Nudo credited Winkel as a former State Senator for speaking out on the issue, but wanted to address some of his statements. The state constitution allows for a referendum so the voters can decide and some speakers are arguing the County Board should not let the voters have that option. The majority of counties do not have elected Auditors, though the larger counties do, and they manage to function. Nudo emphasized the idea of shades of gray in an issue that involves the will of the voters. Fabri's predecessor Michael Frerichs was initially appointed by the Democrats to the Auditor position, and then elected. The position was used as springboard by Frerichs to reach another elected office in the state legislature. Frerichs resigned as Auditor midterm after he was elected as a State Senator and Fabri was appointed as Auditor to complete Frerichs's term. Nudo asked Fabri what his position was at the time he was appointed as Auditor. Fabri confirmed he was Democratic Party Chair and a County Board member at the time of his appointment. Nudo wondered if the County Board was thwarting the will of the voters when these types of situations happen and the person appointed to the position does not have the greatest qualifications. Regarding concerns that have been expressed that an appointed Auditor might be subservient to the County Board or County Administrator, Nudo asked about a former Democratic Chair addressing issues to a County Board dominated by Democrats. Nudo was not advocating that it would happen, he was just pointing out that there will be faults with both situations. He thought there were a lot of Board members who wanted the voters to look at the issue objectively and have the opportunity to vote on the issue. He asked why the County Board should prejudge the issue just because it failed in other counties. Nudo was going to reserve some other questions because he was not persuaded that elected, appointed, or outsourced is the best way. He did want to discuss outsourcing the day-to-day functions as well.

Moser stated he has been on the County Board longer than anyone and commended Prussing for hiring Carol Wadleigh. As Chief Deputy Auditor, Wadleigh has been the one who actually sniffs out any problems, even though the County Auditor presents the information to the County Board. He did not think it was necessary for the Auditor to be elected. The County is in dire financial straits and the Board needs to find a way to save money. He acknowledged there were plenty of times when the Republicans were in power that they appointed someone to a vacant position so the same person could later be elected. Moser wished it was not so political because an Auditor should at least understand cash accounting, accrual accounting, and be able to figure out

what is going on by reading a financial statement. Moser said the staff in the Auditor's Office are a lot more important than Fabri is. Fabri agreed.

Anderson learned a lot from the presentations and public comment at the hearing. However, she noted the meeting room is not full, even though a number of groups were invited. She wished more County Board members had attended the hearings. Regarding the political parties, she noted the Republicans have the same problems the Democrats do in trying to find a candidate to run for office. The parties go with what they have. She hoped the public would be inspired to read the media accounts and look closer at County issues.

Jones reminded the Board that one of reasons for examining these County offices, particularly the Auditor, is the County's dire financial straits. It should be examined at a time when *The News-Gazette* reports in an article based on phone records from March 1, 2008 through February 28, 2009 that the elected County Auditor was only in his office 75 of 250 working days. The question Jones has been asked as a Board member is why the County should be paying the Auditor \$80,000 if the functions of the Auditor's Office are being done without the Auditor's contributions for two-thirds of the time, especially during a time when the County Board is looking at 6% budget cuts to departments which could mean furloughing County employees. Many claims have been made about the accountability of an elected Auditor when the Auditor has only been in his office a third of the time. Jones said this is an ongoing problem and it should be addressed.

In response to Anderson's comments about how hard it was to find qualified people in a position like the Auditor, Nudo noted the job descriptions for the Coroner and Recorder are generic. The County can say they prefer experience in accounting and finance for the Auditor because state law does not mandate any qualifications. Nudo felt the Recorder and Coroner come to work every day and work hard to be responsive and effective in their positions. He felt the Auditor should be required to have a more technical background. Because the state does not provide an effective job qualification for the Auditor, he felt the County would be better served by appointing or outsourcing the Auditor position in order to have a qualified individual in the position.

McGinty wanted to focus on the position, but it is difficult in this particular case because of the amount of exposure there has been about Fabri. He asked Fabri to respond to the issue of job qualifications and the issue of attendance. Regarding job qualifications, Fabri stated there is no requirement that the Auditor be an accountant. Neither party put forward candidates who were accountants in the past two elections. The Auditor's Office must have accountants, but he pointed out Prussing raised the issue of compliance auditing. Fabri has found his legal background to be very useful as Auditor. Regarding his attendance, Fabri did not want to address that particular issue because of what has been in the media. He did not think the media reports were accurate; however, he acknowledged there are things that needed to change with his personal conduct in the office. He is hoping to address this conduct with the voters, who he is accountable to. Fabri stated it is fine if they all think he is a horrible Auditor, but this is about the office. Even if the worst things they think are true, the fact the County has an Auditor with the authority and independence that comes from being elected directly by the voter allows the professional staff to do an excellent job. He emphasized that this is not about him; it is about allowing the staff to do what they need to do and the elected office gives them that freedom.

Richards said the County Board should look at the office and did not think the current office holder was relevant in this discussion. The current Auditor has not said whether he would run for reelection. Richards noted some recent Illinois Comptrollers have legal backgrounds instead of financial backgrounds. The County Board and voters should think about how the County does not need less accountability because the Nursing Home is under federal investigation. He would like an explanation as to how the County would keep just as many checks and balances in place if an appointed Auditor is brought in who is accountable to the County Administrator or County Board.

ADJOURNMENT

The public hearing was adjourned at 8:05 p.m.

Respectfully submitted,

Kat Bork
Administrative Secretary

Secy's note: The minutes reflect the order of the agenda and may not necessarily reflect the order of business conducted at the meeting.