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## **OFFICE OF THE AUDITOR** CHAMPAIGN COUNTY, ILLINOIS

### **MEMORANDUM**

**DATE :** March 18, 2021  
**TO :** Finance Chair Stephanie Fortado, Finance Vice-Chair Jim Goss and County Board Members  
**FROM :** George P. Danos, County Auditor  
**RE :** Auditor's Update on activities with an emphasis on events after denial of the Stop Pay order

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### **Remedies pursued by the County Auditor**

1. I was able to get hold of an associate at the federal Office of Management and Budget (OMB). He was shocked that any state had such a harsh—and he used the word “harsh” many times—procedure to enforce their (federal) audit deadline. I seek written language from him that might enable the DCEO to suspend Stop Pay. OMB may issue another memo overriding the earlier rescission of three 2020 memoranda that had provided for “flexibilities”, i.e., extensions.
2. I have open and consistent communications with the Chief Accountability Officer at the Illinois DCEO, the relevant cognizant agency. He has identified a partial remedy to loosening grant cash flow. The grantee must ask the grantor for a “**Payment Justification**” for monies which address “public health or safety”. Recognition for this “compelling reason” will release all LIHEAP and CSBG funds and many other grants. Agencies have total enforcement latitude.

GATU has affirmed that all forty million dollars promised to Champaign County from the American Rescue Plan Act (ARPA) already qualify under payment justification.

3. Once an entity is off the Stop Pay List the debilities end. No scoring disadvantage occurs because of the archive. I confirmed that this afternoon with the director of Illinois' GATU.

### **County alleviation of RPC Cash Flow – Auditor Perspective**

4. RPC states that their unrestricted funds cover sixty days of administrative costs, including payroll. The \$5.3M they request for client services is designed to keep their entire reserve intact.
5. The \$2M the county will make available from its own reserves plus the \$3.9M RPC has in restricted reserves can cover social services through June 1 even without use of payment justification. Payment justification cushions those reserves even further and should be fully utilized. By signaling a willingness to borrow at interest, the county demonstrates its commitment to RPC and its service mission.

## Commentary on the law and its enforcement

6. Illinois deploys the draconian stop-pay order to fulfill its own statute and administrative code:

30 ILCS 708/105 Stop payment procedures

(a) On or before July 1, 2019, the Governor's Office of Management and Budget shall adopt rules pertaining to the following:

(1) factors to be considered in determining whether to issue a stop payment order shall include whether or not a stop payment order is in the best interests of the State.

The federal government is getting ready to distribute another \$1.9 TRILLION dollars under the American Rescue Plan Act (ARPA) to recipients that include state and local governments.

How can it be in the best interests of the *state*—at this or at any time—to impede the flow of *federal* dollars to *local* communities and governments? **Stop Pay** needs judicial, legislative, and executive agency review.

### History

7. In mid-2019, the Republican caucus leader opined in my office that the 2019 Treasurer, let us call her Treasurer A, had problems that would throw off the county's 2018 audit. What neither of us could at that time forecast was that the 2020 Treasurer, let us call her Treasurer B, would compound rather than relieve problems from 2019.
8. To avert a recurrence of the tardy submission of needed documents from either Treasurer or Circuit Clerk, the Auditor scheduled biweekly internal audit meetings with these two departmental partners.
9. It is not reasonable to expect from the newly elected Circuit Clerk and Treasurer delivery of documents within *one* month (i.e., by the 12/31/2020 universal audit due date) which proved too difficult for their predecessors to deliver in the preceding *eleven* months. The departmental partners have agreed that the target date for submissions by the current Treasurer and Circuit Clerk to Baker Tilly is April 7.
10. Meanwhile, as stated in the January Auditor's Update, we had already reached out to DCEO and IDHS to see whether and when enforcement procedures (suspended in 2020) would renew. That PowerPoint presentation also included my proposed Audit Timetable and since that time I have heard no critical feedback from the Board.