

Chapter 3

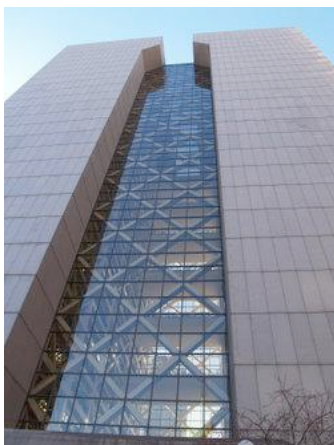
Overt Partisan Politics Rears its Ugly Head

I am both humbled and encouraged by the growing list of BPOUs with which I've visited during my campaign for State Auditor. I've been explaining that the State Auditor's Office has an unfunded mandate to audit all first class cities and counties, except for Hennepin County. During my 26 years in the State Auditor's Office, we have never audited Hennepin County. The 800-pound question in the room is, of course, *what's with Hennepin County?*

Before I tackle the *Hennepin County anomaly*, it is significant to note that 28 counties were released from this auditing mandate in the audit years 2006 to 2008. This means that the Office of the State Auditor allowed these 28 counties to privatize the auditing of their books. This free-market approach to auditing saves these counties serious money through competitive bidding by accounting firms.

Back to the remarkable story of why Hennepin County plays by its own rules as documented by my 1994 Research Report. Rolland Hatfield took office as State Auditor in 1971 and served until 1975.

As the story goes, Hennepin County was in the development stages of the monumental, 403-foot tall, 2,000,000 ft² Hennepin County Government Center. Hatfield, a member of the Conservative Caucus (See Chapter 2 *Strange But True*), took issue with the expansive Hennepin County building that was dedicated in 1973 and completed in 1974.



The Office of the State Auditor should not only be apolitical, it must also *appear* apolitical. In the accounting world this standard is called *independence of appearance*.

Yet, Hatfield seems to have used his elected office to wield his opinions regarding Hennepin County's grand plan for a shrine to county government.

One might argue that the State Auditor is not the most qualified arbiter of the sincere plans of any county; even if those plans seem a little bloated for the times. One could also conclude that Hatfield violated the *independence in appearance* standard.

There is the possibility that Hatfield enjoyed the publicity that the controversy brought to his, otherwise, obscure state office, and Hennepin County was not inclined to give the luxury of that kind of publicity to Arne Carlson when he took office in 1979. (Read more on Arne Carlson here)

The considerable political influence of the state's most populous county was brought to bear on the legislature. The State Legislature amended Minn. Statute 383B.119 to pull the annual auditing of Hennepin County away from the Office of the State Auditor when Arne was elected State Auditor in November of 1978.

The amendment stated, *"Annually, the board of commissioners shall engage a firm of independent certified public accountants to audit the books, accounts, and financial statements for the County of Hennepin, in accordance with generally accepted auditing standards."*

In November of 1990, Mark Dayton was elected State Auditor. The Democrats now knew they had a marionette, so they repealed subd. 2 of Minn. Statute 383B.119 at the request of State Auditor Mark Dayton.

If ever there was a significant breach of independence within the State Auditor's Office, it was reported on August 29, 1993, when the Star Tribune issued a special investigative report on the State Auditor's Office and the Minneapolis Employee Retirement Fund (MERF). In the report, the newspaper accused State Auditor Arne Carlson of allowing MERF and its executive director to virtually rewrite two critical audit reports to their liking.

The newspaper reported a close relationship between the executive director and the State Auditor. The paper also reported on pressure placed on field auditors, and on the acceptance of campaign contributions from the fund's political arm.

Shenanigans with MERF are no small matter. The money involved in MERF is sizable; the average benefit of all 4,600 retirees and survivors is \$31,800 per year as of June 30, 2008.

To understand the full damage of this special investigative report upon the State Auditor's Office, one should read the report in its entirety. An archive copy of the MERF special investigative report, August 29, 1993, can be purchased at StarTribune.com.

I'll provide more information on what is and what is not under the purview of the Office of State Auditor in subsequent Chapters. Minnesota has 87 counties, Hennepin, as explained, isn't audited by the State Auditor and an additional 27 counties are now audited by the private sector. Watch for my plans for the release of the remaining 59 counties and our 3 first class cities that are also under the purview of the Auditor.

The time for government accountability has come.

Sincerely,

Jeff Wiita, CPA

http://www.jeffforstateauditor.com/Home_Page.html

Contact Jeff