

## Chapter 4

### A Young Accountant Gets a Reality Check

**W**hen I visit BPOUs, I am usually given five minutes to address the group. On those occasions when I am given more time, I can better develop the stories that define the State Auditor's Office, the need for the Office to be independent, and how a series of remarkable events has compromised that independence.

An instructive story that powerfully defines the situation involves a circumstance where only Arne Carlson and I were in a room; no one else. It is unknown whether Carlson remembers the conversation, but the words are robustly etched in my memory because of their relevance to the independence of the Office of the State Auditor.



I started with the Office on June 25, 1983. Sometime during that first year, I visited Arne in his office. At that time, Carlson was in the 4<sup>th</sup> year of his 1<sup>st</sup> term as State Auditor; he was my boss. During the visit, I asked Arne whether he thought that the State Auditor should be a CPA. He said, and let me paraphrase his words:

*If the CPAs ever got a hold of this Office and I was Governor, I would do everything in my powers to eliminate the elected position of State Auditor.*

This is Arne Carlson, not me, CPA.

Although the conversation was 26 years ago, I am confident that those are his exact words. Think about this statement's implications to governance and to the Constitutional Office of the State Auditor. I left the room that day with the epiphany that the Office of the State Auditor operated under elements of both independence *and* politics; a transforming moment.

A tenet of the auditing universe is that the practice of auditing is independent and free of political impact. This is what I was taught, this is how all auditors are trained; but here we have a conflict. At a glance, I can understand how and why Hennepin County got itself exempted from the unfunded State audit mandate during Carlson's tenure in Office (See Chapter 3 *Overt Partisan Politics Rears its Ugly Head*).

This important concept of independence is an evolving concept. The idea arose out of the need to account for the revenues of remote operations of the British Empire during



This is me, CPA, not Arne.

the 18<sup>th</sup> century. The ascension of large American corporations caused a redefinition in accounting independence.

The New Deal era brought the Securities and Exchange Commission and accounting standards that codified independence in auditing. A monumental failure of independence known as the Enron fiasco further refined the need for independence and ethics. A fascinating brief history of the independence of accounting can be [read here](#).

It is important to never lose track of the fact that the Office of the State Auditor is a group of CPAs and others who work collectively as the State's auditor. Yet, the head of this office, the State Auditor, is *elected* and has never been a CPA. That's why, much to the likely horror of Arne Carlson, my campaign, and my goal of becoming the State's first CPA Auditor is so important.

## New Feature: [Ask Jeff A Question](#)

This chapter's selected question is from Gale in Zimmerman.

Gale asks, "What follow-up is provided to assure that county commissioners in the 'released' counties don't use their position and influence to 'buy' themselves a favorable audit at the taxpayer's expense?"

Jeff's Answer: Currently, there is none. Of the 28 counties that have been released from the unfunded mandate, they are peer reviewed by the CPA profession, not the State Auditor's Office. This self-policing peer review program worked well for Enron and Arthur Andersen. Didn't it? ([Enron](#)) The danger of this answer is this. The State Auditor's Office does not have any oversight of school districts' audits, either. By making the release program conditional to a peer review program policed by the State Auditor's Office, taxpayers can be assured that county commissioners are not buying a favorable audit.

Address all your questions directly to me at [Contact Jeff](#). Please include name and town.

New Feature: [Blog Spot Links](#) related story on my campaign by

[Speed Gibson](#)

The time for government accountability has come.

Sincerely,

Jeff Wiita, CPA

Prepared and paid for by Jeff Wiita, CPA for State Auditor  
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**Contact Jeff**