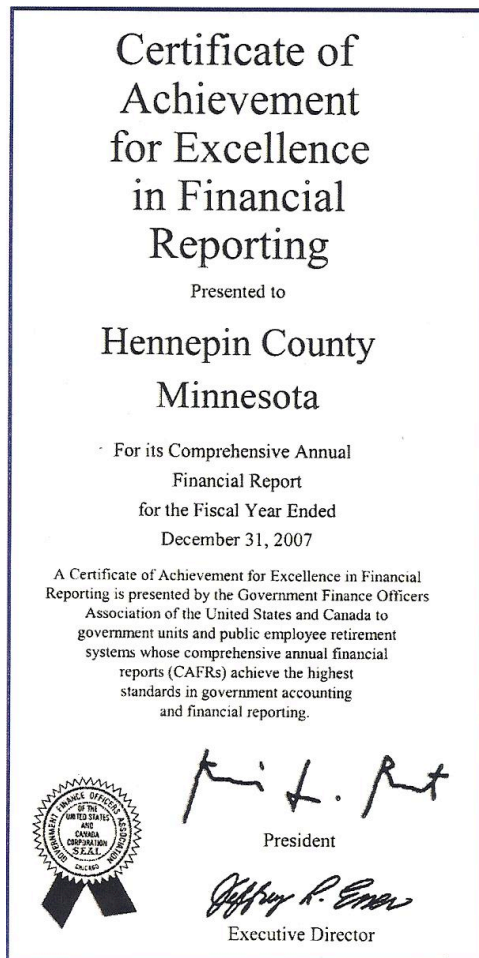


## Chapter 7

### Government Finance Officers Association (GFOA) Certificate Deadline

Chapter 6 discussed the main cause of delayed audit reports and management letters issued by the Office of the State Auditor (OSA). That cause is staffing (See Chapter 6, *It's All About Staffing*). An additional cause of late issuance is preferential treatment for large municipalities that apply for the Government Finance Officers Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting. Everyone likes to receive a gold star and the GFOA Certificate is the governmental entity's rendition of a gold star. The GFOA requires all GFOA Certificate audits to be issued within 6 months of fiscal year-end. For fiscal year-end December 31 that deadline would be June 30.



Members of the GFOA can apply for an extension; however, each extension has to be accompanied with an explanation. An explanation that the OSA could not get their audit done on a timely basis would probably not be accepted by the GFOA; and there is a limit on the number of times a GFOA member can apply for an extension.

So, OSA puts GFOA members ahead in line at the expense of smaller non-GFOA counties. This is a political decision. All past elected officials have not wanted to upset GFOA members because of their many constituents and legislators. By front-end loading the GFOA members, the elected officials have been able to minimize the pressure on the unfunded OSA mandate (See Chapter 5, *Covert Bi-partisan Politics*, for explanation of the unfunded OSA mandate).

The 6-month deadline is rapidly becoming the industry standard for governmental audits. The federal government is considering moving the Single Audit deadline from 9 months to 6 months in H.R. 2182. The Single Audit is also known as the OMB A-133 audit and involves the expenditure of a half million or more of federal money. I'll share more regarding the Single Audit deadline in

Chapter 8.

The credit and bond ratings of municipalities by Moody's and/or Standard & Poor's can also be affected by delayed audits. This is one reason why GFOA has set a 6-month deadline. This disadvantages non-GFOA counties. For audit year 2007,

nineteen small counties had audits issued by the OSA after 12 months of fiscal year-end with two audits, Lincoln and Pine Counties, issued April 28, 2009, with opinion dates of April 21, 2009 and April 22, 2009, respectively. That is 16 months after fiscal year-end. That should be considered malfeasance, or at the very least, nonfeasance.

One of my goals is to get politics out of local governmental audits. I can do this by privatizing the Audit Division of the OSA; however, there has to be government oversight because of the higher fiduciary responsibility of tax dollars. Small municipalities **will be** treated the same as big municipalities by privatizing the audit function. The conditions would need to be that all audits are completed by June 30 and randomly selected by a peer review administered by the OSA.

During the 2008 audit cycle, the City of St. Paul and the City of Minneapolis did not meet the GFOA June 30 deadline. The OSA issued the audits on July 23 and July 28, respectively. If the OSA decided to audit Hennepin County, the OSA would have to complete an audit of another GFOA member by June 30. If the OSA cannot meet the current deadline, how would it meet the deadline with another GFOA member the size of Hennepin County? The answer is *even more poorly*. And, if the OSA hired enough governmental auditors to meet the June 30 deadline, what would they do with the surplus auditors during the second half of the year?

As you can see, a GFOA audit of Hennepin County by the OSA would compound the staffing problem described in Chapter 6 ([See Chapter 6, It's All About Staffing](#)). McGladrey & Pullen issued the Independent Auditor's Report on Hennepin County with opinion date June 18, 2009.

## [Ask Jeff A Question](#)

This chapter's selected question is from Sandy in Minnetonka. Sandy asks, "Will you please explain your management philosophy?"

Jeff's Answer: God gave everyone a set of "Gifts." Ronald Reagan had the "Gift of Management." He surrounded himself with talent and competence. Jimmy Carter did not. Jimmy Carter tried to micro-manage the White House. If elected State Auditor, my plan is to follow the Reagan model.

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

**Blog Spot Links** related story on my campaign by

[Speed Gibson](#)

## Family



One day when I came home from work, Sandy told me that she wanted to sell the cake shop and go back to school. So, after seven years of running a small business, we sold the cake shop and Sandy went back to school. I passed the CPA exam that same year.

Shortly after we sold the cake shop, Sandy became pregnant with our first child and Krysti was born on March 26, 1991. You could say that we were very busy trying to get our feet on the ground from 1983 to 1991.

While Sandy was going to school, I found myself playing another role. This time I was called "Mr. Mom." I worked full-time and raised a little girl while Sandy studied to become a medical doctor. After eight years of schooling and a three-year residency in St. Cloud, Sandy became a practicing physician in St. Louis Park. During that time we had our second child, Kayti, who was born on March 16, 1997.

The time for government accountability has come.

Sincerely,

Jeff Wiita, CPA

Prepared and paid for by Jeff Wiita, CPA for State Auditor  
[http://www.jeffforstateauditor.com/Home\\_Page.html](http://www.jeffforstateauditor.com/Home_Page.html)

**Contact Jeff**