

Republicans Kicking LAB Oversight of UW Out the Window

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Sen. Kathleen Vinehout writes about action by the Legislature’s majority party to eliminate the non-partisan Legislative Audit Bureau (LAB) annual financial audit of the UW System. The action is a recipe for corruption and is akin to eliminating the watchdog over the taxpayers’ money.

MADISON - “Suspend current law...requiring the Legislative Audit Bureau to conduct an annual financial audit of the UW System. Instead, require the UW System to contract with an independent accounting firm,” read the motion introduced by Senator Harsdorf and Representative Schraa.

Recent action by a majority of the state’s budget writing committee not only kicked the nonpartisan Legislative Audit Bureau (LAB) out of the UW System but also approved a process to get rid of state purchasing laws at the UW and waive the state’s bidding process for some UW building projects.

The motion effectively throws Wisconsin taxpayer controls out the window for a significant portion of the state budget. The UW System 2-year budget is over \$11 billion – about a 7th of the entire state budget.

To justify suspending the LAB’s annual UW audit, the Harsdorf/Schraa motion required UW officials to contract with a private accounting firm.

This action kicked out the watchdog and replaced it with a goldfish.

Private accounting firms count things. They can tell us money was spent and the books were balanced. But their reports won't tell us about how the money was spent and whether or not the spending was in students' and taxpayers' best interest.

Since its creation in 1966, financial audits are a primary responsibility of the Legislative Audit Bureau. In the past two years, the LAB completed 26 financial audits – including the audit opinion of the Comprehensive Annual Financial Report (CAFR) of state operations.

In a recent letter to the Co-Chairs of the Legislative Audit Committee, State Auditor Joe Chrisman explained: “In conducting financial audits, LAB follows professional auditing standards issued by the American Institute of Certified Public Accountants, as well as generally accepted government auditing standards issued by the Comptroller General of the United States.”

The LAB financial auditors adhere to the same standards as private firms. They are required to be independent and sharpen their skills and knowledge through continuing education. Every three years the National State Auditors Association subjects the LAB to peer review. State law prohibits any meddling or outside influence with audit investigations and protects whistleblowers with strong confidentiality rules.

The LAB has extensive experience auditing the over \$6 billion annual UW System budget.

Over the last 8 years or so the LAB reported on the following: how the UW allocates state tax money and tuition to campuses; the process followed to assess the financial reporting of entities like the UW Foundation and the Wisconsin Alumni Research Foundation (WARF); overpayments for retirement contributions and health insurance (some of the health insurance contributions were for employees no longer with the UW); audit differences including financial reporting errors by the UW System; changes in financial activities of the UW including an increase in unrestricted net assets; and internal controls.

The UW does not hire the LAB. Auditors answer to the State Auditor who answers to the

Legislature, who answers to the people. No private firm involved.

The LAB answers questions my colleagues, taxpayers and I most often ask: What's going on? How is it working? Can we do things better?

Kick out the LAB? Doing away with state procurement policies on contracting and hiring private firms? Doing away with some bidding rules? Contracting with a private auditing firm who knows nothing about the complex accounting and operations of the UW?

When I reviewed the Harsdorf/Schraa motion, I was left with a serious question: Why?

Recently Representatives Craig (R-Waukesha) and Jarchow (R-Balsam Lake) drafted a bill to entirely eliminate the Legislative Audit Bureau and the Legislative Audit Committee. They want to create an Inspector General for each state agency over 100 employees. They transfer all legislative oversight of the executive branch and the fraud, waste and abuse hotline to two partisan leaders. Their bill imbeds auditors in the agencies making them ripe for corruption by executive staff and partisan leaders.

The breadth of the Representatives' ignorance of LAB activities and processes is staggering. Their bill shows a complete unfamiliarity with the skills of auditors, the efficiencies in government LAB staff helped created and the fraud, waste and abuse auditors discovered and further prevented through their oversight. All I can ask is why would legislators want do away with the LAB?

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