

## **An Auditor Who Doesn't Audit**

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It may be that the phrase, “You just can’t make this stuff up!” is used more often in government than in any other field. As such, it has come to be expected. Case in point is the recent decision by Hillsborough County to no longer require their performance auditor to actually audit performance.

The internal performance auditor is an appointed position that was created by voters in 2002. The auditor reports directly to the Hillsborough County Commission, and his responsibility is to find ways of making county government more efficient and less wasteful.

This recent move comes after an interesting history of the office. To start off, the first auditor left after the Commission lost confidence in her managerial skills. The current occupant, James Barnes, has come under more varied criticism. Among other things, he has been criticized for asking for higher pay for staff members and himself while performing relatively few audits. He also has: run into conflict with County Administrator Pat Bean, mistakenly reported to the Commission that the county was losing more federal affordable-housing grant money than it actually was, come under fire for taking what some viewed as an unnecessary trip to Las Vegas, and been accused of staying tied down with pet projects assigned to him by commissioners rather than staying focused on important auditing projects.

On June 3, the Commission voted to essentially relegate the position to an overseer role. Commissioners decided to hire private companies to do the performance audits, with Barnes remaining to make sure the recommendations from those audits are implemented. He will also continue to act as a budget analyst.

What makes this interesting is that before the creation of the internal performance auditor position earlier this decade, the county still had audits, but they were carried out by privately contracted companies. And, according to reporting from the St. Petersburg Times, there were actually more audits performed regularly under the old private-contract system than there were under the performance auditor’s tenure. At the time this was written, the auditor’s Web site only displayed one report (from 2008), despite allowing visitors to view their “work products” since 2005.

The goal of the 2002 referendum was to better find a way to cut government waste; the result was the opposite. But no one should really be surprised. The cynic should have seen this one coming. So, what accounts for this?

To go from the old system of audits performed by the private, profit-seeking sector to the new regime with government employees monitoring efficiency of government was destined to be problematic. The term “the fox guarding the hen house” comes to mind. It is an age-old adage that government is not efficient. It stands to reason that attempts by government itself to find ways to be more efficient will not reach the same results as a profit-seeking business attempting to

do the same with its operations.

The profit motive is something that should not be taken for granted. Economist Milton Friedman noted: “Nobody uses somebody else's resources as carefully as he uses his own. So if you want efficiency and effectiveness, if you want knowledge to be properly utilized, you have to do it through the means of private property.”

This was evidenced by the fact that auditing was done more often when private firms were acquired to perform them. These businesses had a strong motive to ensure that their audits were completed on time and with care. That motive was profit.

This is not to diminish the good intentions of either the auditor, his staff, voters or the county government as a whole. Rather, the point is to recall attention to the realities of basic economics. Government is a monopoly, it has no natural incentive to behave more efficiently. Try as it may, government cannot escape this fact.

The county really worked hard to create this waste of an office. Political satirist P.J. O'Rourke called it “a popular delusion” that government waste is a result of inefficiency. “Enormous effort and elaborate planning are required to waste this much money.” The money and time spent by the county in the last seven years shows as much.

Taxpayers in the county are now stuck paying a six-figure salary to an auditor who doesn't audit. In government, you don't have to make this stuff up. It happens naturally.