



PERSPECTIVE

The Importance of Protecting Auditor Independence

BY KATHERINE BARRETT AND RICHARD GREENE



At a time when trust in government is a fragile commodity, the role of state and local auditors has become even more important. These people, whether through auditing financial statements or creating performance reports, help taxpayers believe that there is somebody, somewhere trying to ensure that their dollars are being spent wisely and well. As Kymber Waltnunson, auditor for King County,

Washington, said, “I have always felt that a primary goal of my work is to help promote trust in government, showing people that there’s a watchdog out there looking out for the public’s interest.”

But for auditors to be able to accomplish this goal, they must be able to function independently, free from interference by outside forces in government. That’s why multiple attacks on auditor independence are such a significant issue. “Increasingly, truth, integrity, facts, and reality are in shorter and shorter supply,” said Josh Winfrey, director of the National State Auditors Association (NSAA). You must have someone you can trust, but for people to trust the results of an audit shop, it has to have independence.”

Amanda Noble, auditor for the City of Atlanta, Georgia, said, “While I don’t have any hard data, it’s my impression as chair of the Association of Local Government

Auditors’ advocacy committee that we may have seen an increase in threats over the past year, which is unexpected, given the relatively strong economy.”

Carolyn Smith was the longest-serving auditor of the City of Columbus, Ohio, School District when she confronted a threat to her independence that was intolerable to her. “We were doing an audit of building conditions, which had been approved by the board of education,” she explained. “And we intended to use a survey of people who worked in the schools to gather information. It was a sensitive topic at the time, because the teachers’ union had just gone out on strike, and one of the things they were concerned about were building conditions, like cleanliness and problems with the air conditioning system.”

But the survey was attacked by the union that represents the district’s custodial staff, which felt that its members

were being blamed for the condition of the schools. Recalls Smith, “The union leadership reached out to the board, and the board president reached out to me to ask me to pull the survey back and not to discuss it. I was told that they were going to conduct an investigation. I kept trying to get information as to what was being investigated and asked if I was being targeted. The answer from the attorneys was that they wanted to be sure I had followed best practices. I viewed this as intimidation, particularly because of the discussion of an investigation into our work. I felt like if I had to walk on eggshells, how effective could I be? So, I gave notice.”

For the last several years there have been numerous attempts on the part of the State of North Dakota Legislature to inhibit their auditor’s independence. None have been successful, but the attempts continue. The Legislature is pressing the auditor to stop producing press releases and to cut back on the transparency of its audits through social media and its website. “They want both the auditor’s social media outreach and the public disclosure on the website to go away,” said State Auditor Joshua Gallion. “But I argue that this stuff needs to be more readily available. Information needs to be out there and as timely as possible. It can’t just gather dust on a shelf.”

The elected auditor continues to resist the Legislature’s pressure. “I’m ex-military,” he says, “and I have no problem standing my ground.”

Some communities, especially smaller ones like the cities of Palo Alto, California; Beverly Hills, California; and Glendale, Arizona; along with Snohomish County, Washington, have turned to contract auditors to take the place of appointed auditors. Experts in the field fear that this, too, can jeopardize the independence of the position as well as the quality of the work produced.

The big question here is whether the individual or group hiring the consultant has a potentially hidden agenda pertaining to the audit results. If an auditor is working directly for the management whose performance is being evaluated, it’s hard to ignore the possibility that a consultant might put too great a priority on trying to please the people who are signing the contracts.



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Waltmunson said, “There are concerns that consulting firms cut corners and their primary interest is their bottom line rather than the quality of the work. They dilute the influence and the impact of the audit function as well as the independence of the work done.”

This phenomenon is vividly illustrated by the experience of one former auditor in a large local government on the West Coast. “In 2022, after a year, I left the audit shop in which I was working to find some room for advancement,” the auditor recalled. “I moved to a consulting firm where I was working on anywhere from 16 to 18 projects, mostly a mix of internal audits and performance audits.”

Disappointing experiences quickly emerged. “Sometimes, for example, you’d go to do a broad assessment, which was supposed to be independent,” he recalls. “But you’d be trying to sell other products as well. There was a limited process for checking for independence. This was particularly true when we would report directly to someone in management for whom you might be doing the other work as well, as opposed to reporting to an

independent body. If you’re working for management often, they didn’t want a critical audit. In consulting there was an implicit understanding that you really wanted to please the client, and that influenced the quality of the work. People would try to influence what you were saying. I was there for a year and recently left for a public sector entity.”

Frequently, elected officials who aim to reduce auditor independence, either through contracting out or other means, cite budgetary reasons for their actions. But this is a short-sighted approach, particularly now. As Winfrey said, “As trust in government declines, the auditor role is more important than it’s ever been.”

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