

Separate CPA Duties

9 February '02

One plus one can yield a negative result when an accounting firm combines two conflicting roles. At least that's how Albuquerque accountants figure it in the wake of the collapse of Enron, a corporation audited by the same firm that consulted in the design of its arcane financial structure.

The city's chapter of the New Mexico Society of Certified Public Accountants this week urged the state Board of Accountancy or the Legislature to rule out such conflicting dual roles.

In consulting, accounting firms provide a valuable service for — and are accountable to — management. In auditing, accountants watch-dog management for the owners — in the case of publicly traded companies, the investing public.

Stephen A. Avery, vice president of the Albuquerque chapter, summed up the underlying logic of the resolution: "We hold a public trust, and that's the most important thing we have as a profession."

The local chapter's resolution is patterned from the American Institute of Certified Public Accountants call for national regulatory changes. But there's no need to wait for action from the federal level or other state capitals. Santa Fe should comply with the CPAs' recommendations and put firewalls between the two functions with inherent potential for conflicts.

Separate Accounting Functions

14 February '02

RE THE ACCOUNTING scandal surrounding the actions of Arthur Andersen and their client Enron.

At the same time we scream about Andersen's "Duncan Shredder," let us remember Andersen's former employee "Waters the Writer" who attempted to bring to light and address the very issues Duncan Avery is vice president of the Albuquerque chapter of the New Mexico Society of Certified Public Accountants.

Both came out of the same Andersen Houston audit office, one to find shame the other to

February '02 Local CPAs Ask for Tougher Rules

Public Trust Cited as Reason

By AARON BACA
Journal Staff Writer

Accounting practices called into question in the wake of the financial collapse of Enron Corp. have prompted Albuquerque certified public accountants to call for new reg-

ulations in the accounting industry.

The Albuquerque Chapter of the New Mexico Society of Certified Public Accountants issued a statement Tuesday asking the state Board of Accountancy or the state Legislature to adopt new rules that would prohibit state-licensed accountants from providing certain consulting services.

Specifically, the Abu-

querque chapter is calling for state rules that would ban auditors from also designing and implementing financial accounting systems for the same companies for which they do audits.

"If you design a system for a company, you don't want that same person to be the one who goes in (for an audit) and say afterward that everything is good," said CPA Stephen A. Avery. Avery is also vice presi-

dent of the Albuquerque chapter. "There should be more separation. That makes more sense form a control point."

The Albuquerque chapter of New Mexico CPAs adopted a resolution that mirrors one drafted by the American Institute of Certified Public Accountants that calls for similar regulatory changes nationally.

The Albuquerque chapter represents about 150 accoun-

ants.

The proposed regulations would do much to help restore public confidence in accounting, Avery said.

"We want people to know that New Mexico CPAs want to fast-track this," Avery said. "We hold a public trust and that's the most important thing we have as a profession."

On a national level, big accounting firms are dropping

their long-held opposition to the measures being proposed in New Mexico.

A ban on certain consulting services, like what is being proposed here, would likely not have prevented the collapse of Enron. But such bans would give more credibility to the independent auditing process to which publicly traded companies are subjected, industry groups say.