

Who's Watching the Watchers?

By now most everyone who tracks the news is aware of the Enron story. Equally interesting is the story of Arthur Andersen, Enron's accountants. Andersen, like the other big houses, is one of the official "watchers" of American business. As auditors and advisors they are the eyes, ears, and minds of government, stockholders, and other stakeholders.

But what kind of eyes, ears, and minds are they?

In a January 2002 article entitled "Arthur Andersen Knew of 'Fraud' Risk at Enron" the *Wall Street Journal* reported that a recently released document indicated that Andersen analysts determined during the fall that there was significantly "heightened risk of financial-statement fraud" at Enron.¹

It appears that Andersen failed in their duty to all of us. Worse, it appears that they failed in the failure. That conclusion is based on the shredding orders followed by the executive bobbing and weaving (outlawed by the NFL in the infamous St. Louis Rams' excess end-zone celebration conviction).

Hence the question: who's watching the watchers?

Recent news indicates that the same people who brought us the Andersen role in the Enron and who thought that documents should be shredded are designing the strategy to deal with it.

National Public Radio did a story on the Andersen situation. In an interview Andersen's chairman reported that in response to the Enron event, Andersen has done two things:

- Hired a public relations firm
- Hired more lobbyists

I'm reminded of the Saturday Night Live character whose tag line was: "Isn't that special?"

Form over substance.

If you can't be it, look it.

Come on, folks. What's wrong with this picture?

This is not a public relations problem although there are surely image impacts. This is not a legislative problem . . . we have all the laws we need (but that won't stop Congress from trying to make more—hence, the lobbyists).

But who among us is surprised? The same issue of the WSJ cited above (page A1) said: "Speaking of unpopular: The accounting profession ranks last among institutions in terms of public confidence—behind bottom-dwellers Congress and the media."

This looks, sounds, and smells a lot like a question of fundamental values, of ethical standards, and of translating standards to behavior that others would judge as ethical. If that is the case, then neither the PR firms nor the lobbyists will even be in the same book, let alone be on the same page, with the rest of us.

Why not hire a priest (for absolution)?

Or the Dali Lama (for perspective on right alignment)?

Who wouldn't we hire? The people who are (over?) paid to make things look different than they might really be in the eyes and minds of a rational, ethical populous. I think a master shape-shifter is in order.

¹ January 25, 2002, page A3