March 8, 2023

To Whom It May Concern:

As President of the National State Auditors Association, I, and other independent state auditors from around the country are writing to express our concerns with Iowa Senate File 478.

This bill will negatively impact Auditor Sand’s ability to independently and sufficiently perform his audit work. State auditors should have unfettered access to confidential records to ensure that state agencies are following their policies and procedures and state and federal law. This is also necessary to ensure that we prevent waste, fraud, and abuse of state programs and funds. State auditors also have the immense responsibility to guard against disclosure of any confidential information. It is a responsibility we take seriously.

We are concerned that this bill will negatively impact the auditor’s ability to independently and sufficiently perform his audit work. According to professional auditing standards from the U.S. Government Accountability Office and the American Institute of Certified Public Accountants, auditors must be independent and have the ability to obtain sufficient, appropriate audit evidence to achieve audit objectives. Independence is a foundational requirement and is embedded in professional auditing standards.

In addition, Uniform Guidance (2 CFR Part 200) requirements prescribed by the U.S. Office of Management and Budget require that auditors adhere to Government Auditing Standards, including those standards pertaining to independence. The audit requirements in the Uniform Guidance that are used to conduct audits of federal grant funds include the issuance of an opinion on compliance with the laws and regulations of major federal grant programs.

If the auditor cannot obtain sufficient, appropriate evidence due to externally imposed limitations such as those outlined in this bill, they may disclaim an opinion on the state’s financial statements and its compliance with the laws and regulations of major federal grant programs. This means that these limitations are so severe that the auditor is unable to issue an opinion. This should not be the desired outcome of any audit and would lead to significant concerns for the federal grant-awarding agencies and could result in a loss of federal funds. A disclaimer on the financial statements could also negatively impact the state’s bond rating.

Auditor independence is an essential element for the proper oversight of public funds. Therefore, we respectfully request that you eliminate the limitations in Iowa Senate File 478.

Should you wish to discuss in further detail, please contact me at (860) 240-8651 or Kinney Poynter, CPA, Executive Director, National Association of State Auditors, Comptrollers and Treasurers (NASACT) at (859) 276-1147.

Respectfully,

John C. Geragosian, President
Connecticut State Auditor
Other State Auditors (including Washington, DC, and Puerto Rico) in support of this letter:

Kris Curtis, Alaska Legislative Auditor
Roger Norman, Arkansas Legislative Auditor
Grant Parks, California State Auditor
Clark J. Chapin, Connecticut State Auditor
Kathy Patterson, District of Columbia Auditor
Greg Griffin, Georgia State Auditor
Rakesh Mohan, Idaho Office of Performance Evaluations Director
April Renfro, Idaho Legislative Auditor
Frank Mautino, Illinois Auditor General
Chris Clarke, Kansas Legislative Post Auditor
Matt Dunlap, Maine State Auditor
Judy Randall, Minnesota Legislative Auditor
Shad White, Mississippi State Auditor
Angus Maciver, Montana Legislative Auditor
Daniel Crossman, Nevada Legislative Auditor
David J. Kaschak, New Jersey State Auditor
Tina Kim, New York Deputy Comptroller for State Government Accountability
Beth A. Wood, North Carolina State Auditor
Josh Gallion, North Dakota State Auditor
Kip Memmott, Oregon Director of Audits
Yesmin M. Valdivieso, Puerto Rico Comptroller of the Commonwealth
David Bergantino, Rhode Island Interim Auditor General
K. Earle Powell, South Carolina Director of Legislative Audit Council
John Dougall, Utah State Auditor
Doug Hoffer, Vermont State Auditor
Pat McCarthy, Washington State Auditor