



April 7, 2023

The Honorable Pat Grassley
Iowa House of Representatives
1007 East Grand Avenue
Des Moines, IA 50319

RE: Concerns Regarding Amendment H-1177 to Senate File 478

Dear Speaker Grassley:

On behalf of The Institute of Internal Auditors (The IIA), the international professional association representing approximately 230,000 internal auditors, including more than 70,000 members in the United States, I write to express additional concern with Iowa Senate File 478 (SF478), as amended, by the Iowa House State Government Committee.

The amendment recently adopted in committee seemingly exacerbates the challenges confronted by the Iowa Auditor of State in performing audits consistent with the *International Standards for the Professional Practice of Internal Auditing* and the *Government Auditing Standards* promulgated by the U.S. Government Accountability Office. As The IIA stated in our previous letter, SF478 – both the original legislation and amended version – could impede the independence of the Auditor of State by granting the auditee certain rights to withhold potentially relevant information.

Furthermore, The IIA is particularly concerned with the amended language contained in Sec. 4. Section 11.42, subsection 3, which states:

The auditor shall not disclose information listed in section 11.41, subsection 4, paragraph "a" in a report without the express written consent of the individual identified, or, in instances of embezzlement, theft, or other significant financial irregularity, without the express written consent of the audited or examined entity.

This provision fundamentally restricts the independence of the audit process and denies Iowa taxpayers' appropriate transparency on the actions of state government. The Auditor of State should not, unless otherwise prohibited by law, require permission of the auditee to disclose "instances of embezzlement, theft, or other significant financial irregularit[ies]." Such a concept not only violates the purpose of an audit but may indirectly promote unethical behavior because an agency can withhold consent from publicizing any identified wrongdoing.

Since SF478, as amended, continues to raises significant and troubling questions about its impact on the government audit function, The IIA renews its request that the Iowa House of Representatives suspend any consideration of the bill until such time that legislative leaders and the Office of the Auditor of State can sit down together and develop compromise legislation that addresses the underlying concerns of lawmakers while protecting the independence and effectiveness of the government audit function.



The Institute of
Internal Auditors

Elevating Impact

Should you have any questions regarding The IIA's concerns or if we can serve as a resource to you in these deliberations, please contact Mat Young, Vice President of Global Advocacy, Policy, and Government Affairs, at Mat.Young@TheIIA.org.

Thank you for your consideration of our views.

Sincerely,

Anthony J. Pugliese, CIA, CPA, CGMA, CITP
President and Chief Executive Officer
The Institute of Internal Auditors

cc: The Honorable Kim Reynolds, Governor
The Honorable Rob Sand, Auditor of State
The Honorable Matt W. Windschitl, House Majority Leader
The Honorable Jennifer Konfrst, House Minority Leader
The Honorable Jack Whitver, Senate Majority Leader
The Honorable Zach Wahls, Senate Democratic Leader