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Washington, DC 20548

March 10, 2023

Auditor of State Rob Sand  
Iowa State Audit Office  
Room 111, State Capitol Building  
Des Moines, Iowa 50319

Dear Mr. Sand:

This letter is in response to your inquiry regarding issues relating to generally accepted government auditing standards (GAGAS) as established by the U.S. Government Accountability Office (GAO) on the topics of auditor independence and access to information and records. These standards make it clear independence and access to information are critical aspects of any audit.

With GAGAS, GAO provides standards for performing high-quality audits of government organizations, programs, activities, and functions and of government assistance received by contractors, nonprofit organizations, and other nongovernment organizations with competence, integrity, objectivity, and independence.<sup>[1]</sup> These standards are to be followed by auditors and audit organizations when required by law, regulation, agreement, contract, or policy.

GAGAS discusses independence in paragraph 3.19. That provision states, “Auditors and audit organizations should avoid situations that could lead reasonable and informed third parties to conclude that the auditors and audit organizations are not independent and thus are not capable of exercising objective and impartial judgment on all issues associated with conducting the engagement and reporting on the work.”

Following the conceptual framework of independence laid out in GAGAS paragraphs 3.27-3.34, auditors are also required to identify threats to their independence, evaluate the significance of the threats, and apply appropriate safeguards to either eliminate the risks or reduce them to an acceptable level.

If there is a significant threat to independence for audit work performed due to access restrictions, the auditor may reach out to governmental entities requiring GAGAS-compliant audits to determine the impact on current and future funding of sponsored programs. A modified GAGAS audit opinion or a withdrawn audit opinion could result in reduced or withdrawn funds from the sponsoring government entity.

In addition, we note that there are several requirements under the Single Audit Act of 1984, as amended, that are relevant to auditor independence. 31 U.S.C. § 7501 et seq. The Single Audit Act is intended to improve accountability, including effective internal control over federal awards administered by state and local governments and nonprofit organizations. The Single Audit Act, along with implementing guidance by the Office of Management and Budget (OMB), requires each non-federal entity that receives awards from multiple federal programs with a total equal to

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<sup>[1]</sup>GAO, *Government Auditing Standards: 2018 Revision*, [GAO-18-568G](#) (Washington, D.C.: July 2018).

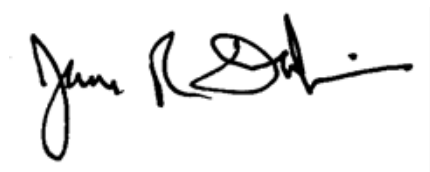
or in excess of a threshold amount to have a single audit for a fiscal year. Single audits must be “conducted by an independent auditor in accordance with generally accepted government auditing standards.” 31 U.S.C. § 7502(c). Furthermore, under OMB’s implementing guidance at 2 C.F.R. § 200.508(d), “The auditee must ... [p]rovide the auditor with access to personnel, accounts, books, records, supporting documentation, and other information as needed for the auditor to perform the audit required by this part.”

Auditing is essential in providing accountability for government activities and for preserving the public trust. Audits performed under GAGAS standards provide to the public an independent, objective, nonpartisan assessment of the stewardship, performance, and cost of government policies and programs. GAGAS audits require that government audit offices have the ability to access information and records from other governmental entities so that the audit’s conclusions are based on sufficient, appropriate evidence.

In conclusion, GAGAS defines the public interest in paragraph 3.07 as “the collective well-being of the community of people and entities that the auditors serve. Observing integrity, objectivity, and independence in discharging their professional responsibilities helps auditors serve the public interest and honor the public trust. The principle of the public interest is fundamental to the responsibilities of auditors and critical in the government environment.” Any action that would impair auditor independence risks impairing the public interest.

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Thank you for allowing us the opportunity to share our considerations on these important issues. If you have questions about this letter or would like to discuss any of the matters it addresses, please contact me at (202) 512-3133 or [dalkinj@gao.gov](mailto:dalkinj@gao.gov).



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