

April 8, 2025

The Honorable Dan Dawson  
Iowa Senate  
1007 East Grand Avenue  
Des Moines, IA 50319

The Honorable Gary M. Mohr  
Iowa House of Representatives  
1007 East Grand Avenue  
Des Moines, IA 50319

***RE: IIA Comments Regarding Iowa House File 757***

Dear Senator Dawson and Representative Mohr:

On behalf of The Institute of Internal Auditors (The IIA), the international professional organization representing more than 260,000 internal auditors, I write to express concern with Iowa House File 757 (HF 757) which was recently introduced by the Committee on Health and Human Services.

Although the core elements of HF 757 address important policy matters at the Department of Health and Human Services (HHS) – such as child foster care and mental health services – the legislation also contains a seemingly non-germane provision restricting the agency’s internal audit function. For example, Section 40 of the proposal states<sup>1</sup>:

1. *Information created or received by the department in the course of an internal audit or examination, including any allegations of misconduct or noncompliance, and all audit or examination workpapers, shall be treated as confidential.*
2. *Information maintained as confidential under subsection 1 may be disclosed for any of the following reasons:*
  - a. *As necessary to complete the audit or examination.*
  - b. *To the extent the department’s auditor is required by law to report the same or to testify in court.*

While the legislative intent of Section 40 attempts to codify internal audit confidentiality, The IIA is concerned that the proposal establishes three substantial limitations on the internal audit function at HHS:

- Legally mandating the confidentiality of **all** audit material undermines internal audit’s ability to promote transparency and accountability on behalf of Iowa taxpayers
- Development of two narrow exemptions for the disclosure of audit information prevents internal audit from effectively communicating risk with the Iowa Legislature and/or other appropriate governance entities
- Creates a dangerous precedent that the professional judgement and independence of internal audit may be subordinated by external stakeholders

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<sup>1</sup> House File 757, (2025). <https://www.legis.iowa.gov/legislation/BillBook?ba=HF757>

The preservation of audit confidentiality is a foundational aspect of the internal audit profession. For instance, the [Global Internal Audit Standards](#) (Standards) – the principles-based framework governing the performance of internal audit – requires, in part, that “Internal auditors **must not disclose confidential information to unauthorized parties** unless there is a legal or professional responsibility to do so,”<sup>2</sup> (emphasis added).

In addition to the previously noted concerns with Section 40, The IIA also views the proposal as duplicative and unnecessary given the requirements set forth by the Standards. However, to the extent that the Iowa Legislature seeks to emphasize the importance of audit confidentiality, The IIA would support a *limited* compromise amendment to Section 40 that states:

*The Auditor shall not disclose information created by or received from the Department of Health and Human Services pursuant to an internal audit, as described by Section 217.31A, to any part of the department unless one of the following conditions apply:*

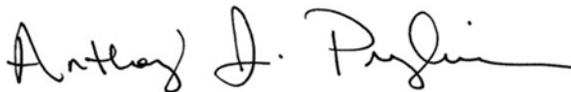
- 1) The information is contained in a final audit report; or,*
- 2) The Director of Health and Human Services otherwise grants the Auditor authority to disclose the information*

The IIA believes this amendment is a commonsense solution designed to balance the need for confidentiality with existing internal audit requirements. Such a modification will also mitigate the potential threats to audit independence that are inadvertently implied in the current version of HF 757.

Should you have any questions regarding these comments, please contact Michael Downing, IIA Senior Director for North American Advocacy, at [Michael.Downing@TheIIA.org](mailto:Michael.Downing@TheIIA.org).

Thank you for your consideration of our comments.

Sincerely,



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

cc: The Honorable Rob Sand, Auditor of State  
The Honorable Kelly Garcia, Director of the Iowa Department of Health and Human Services

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<sup>2</sup> The Institute of Internal Auditors (IIA), *Global Internal Audit Standards*, January 9, 2024.  
[https://www.theiia.org/globalassets/site/standards/editable-versions/globalinternalauditstandards\\_2024january9\\_editable.pdf](https://www.theiia.org/globalassets/site/standards/editable-versions/globalinternalauditstandards_2024january9_editable.pdf)