



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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STATE EXAMINER DIRECTIVE 2020-04

Date: November 30, 2020

Subject: Independent Public Accountants' Qualifications to Serve as a Private Examiner

Authority: IC 5-11-1-7; IC 5-11-1-24

Application: This Directive applies to all political subdivisions, entities, and private examiners/independent public accountants.

From: Paul D. Joyce, CPA, State Examiner

All independent public accountants (IPAs) engaged by the State Examiner or allowed to be engaged in accordance with IC 5-11-1-7(b) and other laws, must meet the following qualifications:

1. Be a certified public accountant (CPA) and licensed to practice in the State of Indiana or have a CPA license from a state that has been determined to be in substantial equivalence with the CPA licensure requirements of the State of Indiana in accordance with IC 25-2.1-4-10(a);
2. Meet independence requirements of the American Institute of Certified Public Accountants (AICPA) and the Generally Accepted Government Auditing Standards (GAGAS) issued by the Comptroller General of the United States, as applicable;
3. If performing audits under GAGAS, meet continuing professional education requirements in accordance with Government Auditing Standards issued by the Comptroller General of the United States;
4. Obtain an external peer review at least once every three years and attain a rating of Pass, or Pass with Deficiencies;
5. Have no record of performing substandard audits;
6. Understand and comply with applicable uniform compliance guidelines, policies, and directives established by the State Board of Accounts;
7. Understand the role of the State Board of Accounts in the audit process and that the IPA is acting as an agent for the State Examiner;
8. For hospitals, be experienced in hospital matters in accordance with IC 16-22-3-12(c).

The Director of Procured Audits, acting under the authority of the State Examiner, can determine that an IPA has failed to meet any of the qualifications listed above based on any of the following:

1. Information received from professional licensing agencies, other governmental agencies, professional organizations, and audit entity personnel;
2. Results of quality control reviews of the IPA's reports and workpapers conducted by State Board of Accounts personnel;
3. Results of external peer reviews;


4. Results of a review of the IPA's history of compliance with uniform compliance guidelines, policies, and directives established by the State Board of Accounts;
5. Interactions between the IPA and State Board of Accounts personnel that demonstrate that the IPA does not understand the State Board of Accounts' role in the audit process and that the IPA is acting as an agent for the State Examiner; or
6. Any other matter as determined at the sole discretion of the State Examiner.

The IPA will be informed in writing of the determination with a provided explanation, and that future contracts for audits that are the statutory responsibility of the State Examiner will not be approved. Further actions may include removing the IPA's audit reports from the State Board of Accounts website and notifying federal and state agencies of the revocation of the IPA's status as a private examiner.

The IPA may provide documentation to demonstrate its qualification to perform as a private examiner and/or that the issue resulting in its disqualification has been resolved. The State Examiner will inform the IPA in writing that the IPA may be engaged as a private examiner, the actions needed to return to the status of private examiner, or affirmation of the revocation of private examiner status.

The State Board of Accounts will inform a political subdivision or entity that has contracted with an IPA whose status as a private examiner has been revoked that a future contract will not be approved with such individual or firm.

This Directive may be amended from time to time and may be rescinded at any time in writing by the State Examiner or a Deputy State Examiner.


Paul D. Joyce, CPA
State Examiner