



# National State Auditors Association

April 7, 2008

Regulations Division  
Office of General Counsel  
Department of Housing and Urban Development  
451 Seventh Street, SW, Room 10276  
Washington, D.C. 20410

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To whom it may concern:

Thank you for allowing us the opportunity to respond to the proposed rule, *Independent Public Accountant Roster* (Docket No. FR-5054-P-01). We understand that HUD is attempting to improve single audit quality and we support the efforts. However, we have the following concerns regarding the proposed rule:

- Many state auditors are statutorily required to audit the individuals or entities identified in 24 CFR 5.801. However, the requirements under 5.812(b)(2)—Denial and 5.814—Removal from the IPA Roster allow HUD to exclude a state auditor from being the auditor of an entity for the referenced audit services. We are uncertain as to how HUD could refuse to let a state auditor perform the referenced audits if they have statutory authority to perform such audits.
- The proposed rule represents a piecemeal approach to dealing with the issue of audit quality. If HUD proceeds with an IPA roster, will other federal agencies do the same? If so, IPAs wishing to perform federal audits will have to meet a variety of requirements to be on each federal agency's IPA roster. In the event that the U.S. Office of Management and Budget develops government wide policies to address auditor qualifications or a uniform roster for auditors that would cover all federal departments, we trust that HUD would modify this rule to comply with OMB's requirements.

In addition to the above, we are concerned with the lack of interest by IPAs to bid for this work. In one state, only 15 of 160 registered IPA firms actively bid for Public Housing Agency contracts. This state's objective is to increase the number of firms bidding. Requiring the IPA firms to be certified by HUD prior to bidding only seems to add another layer of bureaucracy to the audit process and may hinder some firms from bidding for this type of work.

We would also like clarification on the eligibility requirements for being listed on the IPA roster. The first paragraph under item "II. This Proposed Rule," states that IPAs include individuals employed by public accounting firms or a state auditor's office who are licensed by a regulatory authority of a state or other political subdivision of the United States. The second paragraph under "A. IPA Roster Placement Procedure," indicates that to be eligible for listing on the IPA roster, an IPA would be required to be licensed **or authorized** to practice in each of the specific jurisdictions for which the IPA is to be listed. This same inconsistency occurs in the definition of an IPA under section 5.802 and the eligibility requirements under section 5.810. We believe the proposed rule should be consistent in its definition of eligible IPAs and suggest the definition require the IPA to be licensed **or authorized** to practice.

We appreciate the opportunity to respond to such an important document. Should you have any questions concerning our response, please contact Sherri Rowland at (859) 276-1147.

Sincerely,

Bruce Myers  
NSAA President

cc: Gilbert Tran, U.S. Office of Management and Budget