OFFICE OF THE COMPTROLLER
ONE ASHBURTON PLACE, 9TH FLOOR
BOSTON, MASSACHUSETTS 02108
(617) 727-5000
MACOMPTROLLER.ORG

Auditor Independence Policy

Effective: July 1, 2004
Last Updated: February 23, 2026

Executive Summary

Under the U.S. General Accounting Office's auditor independence standard, auditors must not perform management functions, make management decisions, audit their own work, or provide non-audit services in situations where the services are material to the subject matter of the audit. Independence issues could arise if departments contract with the same outside firm for both auditing and consulting services.

Considerations

The independence standard makes Comptroller of the Commonwealth notification critical so that the Office of the Comptroller (CTR) can ensure that the standard is met, and that the audit work does not impact the statewide audit managed by CTR and conducted by its audit firm.

Policy

To ensure that the Statewide Single Audit does not conflict with the auditor independence standards, and in accordance with the CTR Protocols for Audits, Audit Follow-up, Department Initiated Audit Activity Policy, all departments must notify the Assistant Comptrollers of Accounting and Financial Reporting of all plans to hire any audit firms for any reason, or any plans to hire the current Statewide Single Audit firm for any reason. In addition, departments should consult with CTR whenever they plan to engage any consulting firm for services if that firm is also providing audit work for that department. Instances may arise where that firm's work is relied upon for the Statewide Single Audit.

For example, an independence issue would arise if a firm performs a consulting engagement where the eligibility system for clients is modified. The same firm then performs an audit of the program, where eligibility is tested. In this instance, the firm would be auditing its own work, because the eligibility of clients, the subject of the audit, is material to the audit.

An example of a situation where there is no independence issue would be if a firm performs a consulting engagement to construct a web portal with no financial transactions being performed through that portal. The same firm may then conduct a financial audit of the department with no independence issues.

In an effort to support department compliance with this standard, CTR placed a number of firms on the statewide contract for Audit Accounting and Revenue Maximization Services, where routine financial services are made available to users. Examples of these financial services include ancillary accounting, tax services, rate reviews, certain operational audits mandated by the Office of the State Auditor, and utility audits. The statewide contract requires CTR review of all engagements to ensure auditor independence.

Internal Controls

In order to ensure statewide compliance with state and federal law, department procedures for engaging management and fiscal consultants should include a requirement to notify CTR.

Information Sources

Related Procedure

- None

Legal Authority

- M.G.L. c. 7A
- U.S. General Accounting Office Standards

Links

- CTR Protocols for Audits, Audit Follow-up, Department Initiated Audit Activity Policy

Contact

- CTR Solution Desk
- MAComptroller.org