

CHAPTER 26
CERTIFICATION OF ACCOUNTING SYSTEMS

[Originally Ch 11, renumbered Ch 26 IAC 2/4/81]

[Prior to 5/6/87, see Auditor of State[130], Ch 26]

81—26.1(17A,7A) Application. The governor or any state agency, prior to awarding a grant or purchase of services contract to a private agency who is to be awarded grants exceeding \$150,000 in the aggregate during the fiscal year, shall obtain from the auditor of state, a certification stating that the grantee or contractor has an accounting system adequate to effect compliance with the terms and conditions of the grant or contract.

81—26.2(17A,7A) Requests to auditor.

26.2(1) All requests for certification of the accounting system shall be made in writing to the auditor of state on Form P.S.1, provided by the auditor, or facsimile.

26.2(2) Requests for certification of the accounting system may originate from either the grantee, contractor or the awarding agency.

81—26.3(17A,7A) Investigation.

26.3(1) The investigation shall be conducted by the auditor of state or under the supervision of the auditor of state in accordance with the AU Sections 641 and 9641 of the Codification of Statements of Auditing Standards, issued by the American Institute of Certified Public Accountants, as effective January 22, 1980.

26.3(2) Wherever the grantee or contractor has retained a CPA, the auditor shall rely to the fullest extent possible on the work of the certified public accountant.

81—26.4(17A,7A) Approval.

26.4(1) The auditor of state will make the final determination whether or not an accounting system shall be approved.

26.4(2) The auditor of state shall advise the requesting agency of approval or disapproval within 30 days from the filing of the request.

81—26.5(17A,7A) Appeals.

26.5(1) The grantee or contractor may appeal the decision of the auditor of state to the auditor within ten days of the auditor's notification. The appeal will be reviewed with the grantor and grantee within ten days.

26.5(2) The auditor shall certify the adequacy of the accounting system after the grantee or contractor has corrected the specific deficiencies noted in the disapproval.

26.5(3) The auditor shall not impose any unreasonable record-keeping requirements on the grantee or contractor, nor require additional personnel for improved internal controls whenever the costs would exceed the benefits derived from such controls.

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