

Senate File 2152 - Introduced

SENATE FILE 2152

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A BILL FOR

1 An Act relating to employer recordkeeping and auditing
2 requirements for purposes of unemployment insurance and
3 including applicability provisions.
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 96.11, subsection 6, paragraph a, Code
2 2024, is amended to read as follows:

3 a. An employing unit shall keep true and accurate work
4 records, containing information required by the department.
5 The records shall be open to inspection and copying by an
6 authorized representative of the department at any reasonable
7 time and as often as necessary. For each employee, the
8 employing unit shall keep such records for three years after
9 a calendar year in which remuneration that the records relate
10 to was paid to the employee. If the employing unit did not
11 pay remuneration, but remuneration was due, the employer shall
12 keep such records for three years after the calendar year in
13 which remuneration was due. An authorized representative of
14 the department may require from an employing unit a sworn or
15 unsworn report, with respect to individuals employed by the
16 employing unit, which the department deems necessary for the
17 effective administration of [this chapter](#).

18 Sec. 2. **NEW SECTION. 96.22 Employer field audits.**

19 1. The department shall conduct field audits of employers
20 by examining employer records to determine compliance with
21 this chapter. Such audits shall be carried out by employer
22 field auditors employed by the department. Procedures for
23 such audits shall be in accordance with this section. The
24 department may establish additional procedures for employer
25 field audits consistent with this section by rule.

26 2. Prior to an employer field audit, the department shall
27 give the employer reasonable notice of the intent to audit and
28 conduct an in-person preaudit interview with the employer or
29 a designated representative of the employer at the employer's
30 place of business or an alternative location mutually agreed
31 upon by the employer and the department. The employer and
32 the department may mutually agree to conduct the preaudit
33 interview through alternative means, including but not limited
34 to telephone, facsimile, electronic mail, or video conference.

35 3. Employer records subject to an employer field audit,

1 if such records are maintained by the employer, may include
2 individual pay records, federal internal revenue service forms
3 W-2 and 1099, cash disbursement journals and check registers
4 or the electronic equivalent thereof, federal and state tax
5 returns, and other records required by this section.

6 4. To verify the correct business entity is listed in
7 department files, the employer field auditor may examine
8 business licenses of the employer or legal documents related
9 to the initial establishment of the business entity or to
10 any employee to whom the applicability of this chapter is in
11 question.

12 5. To verify proper compliance by the employer with
13 reporting requirements of the department, an employer field
14 auditor shall conduct and document a detailed audit of check
15 stubs, weekly time cards, the electronic equivalent of such
16 documents, or other maintained source documents for at least
17 one employee for at least one quarter. The detailed audit may
18 be more comprehensive than provided in this subsection if the
19 employer field auditor finds discrepancies in such records.

20 6. The department shall establish procedures for an
21 employer to contest an employer field auditor's decision
22 regarding the applicability of this chapter to an employee.
23 In any disputed case, the employer field auditor may, at the
24 discretion of the presiding officer, be granted access to
25 records to determine the remuneration paid for any calendar
26 quarter at issue occurring within three years prior to the
27 department's issuance to the employer of a notice of intent to
28 audit.

29 Sec. 3. APPLICABILITY. The section of this Act enacting
30 section 96.22 applies to audits conducted by the department of
31 workforce development pursuant to chapter 96 commencing on or
32 after the effective date of this Act.

33

EXPLANATION

34 The inclusion of this explanation does not constitute agreement with
35 the explanation's substance by the members of the general assembly.

1 This bill relates to employer recordkeeping and auditing
2 requirements for purposes of unemployment insurance under Code
3 chapter 96. Current requirements for these matters are largely
4 set out in rules of the department of workforce development.

5 The bill requires that an employing unit keep records
6 regarding an employee that are required for purposes of
7 unemployment compensation for three years after a calendar
8 year in which remuneration that the records relate to was
9 paid to the employee. If the employing unit did not pay
10 remuneration, but remuneration was due, the employer shall keep
11 records regarding an employee that are required for purposes of
12 unemployment compensation for three years after the calendar
13 year in which remuneration was due.

14 The bill requires the department to conduct field audits of
15 employers by examining employer records to determine compliance
16 with Code chapter 96 and establishes procedures for such
17 audits. Such audits shall be carried out by employer field
18 auditors employed by the department. The bill authorizes the
19 department to establish additional procedures for employer
20 field audits by rule.

21 The bill requires the department to give the employer
22 reasonable notice of the intent to audit and provides
23 procedures for a preaudit interview with the employer.

24 The bill provides that records that may be subject to audit
25 include individual pay records, W-2 and 1099 forms, cash
26 disbursement journals and check registers or the electronic
27 equivalent thereof, federal and state tax returns, business
28 licenses of the employer, and legal documents related to the
29 initial establishment of the business entity or to any employee
30 to whom the applicability of Code chapter 96 is in question.

31 The bill requires an employer field auditor to conduct
32 and document a detailed audit of check stubs, weekly time
33 cards, the electronic equivalent of such documents, or
34 other maintained source documents for at least one employee
35 for at least one quarter. The detailed audit may be more

1 comprehensive if the employer field auditor finds discrepancies
2 in such records.

3 The bill requires the department to establish procedures for
4 an employer to contest an employer field auditor's decision
5 regarding the applicability of Code chapter 96 to an employee.
6 The bill provides that in any disputed case, the employer field
7 auditor may, at the discretion of the presiding officer, be
8 granted access to records to determine the remuneration paid
9 for any calendar quarter at issue occurring within three years
10 prior to the department's issuance to the employer of a notice
11 of intent to audit.

12 The provision of the bill relating to audits applies to
13 audits conducted by the department of workforce development
14 pursuant to Code chapter 96 commencing on or after the
15 effective date of the bill.