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Approved February 1, 1979

I hereby certify that the foregoing Act, House File 23, was published in The Red Oak Express, Red Oak, Iowa on February 8, 1979, and in the Urbandale News, Urbandale, Iowa on February 8, 1979 and republished March 8, 1979.

MELVIN D. SYNHORST, *Secretary of State*

CHAPTER 22

ACCOUNTING SYSTEM AUDIT REQUIREMENT

S. F. 456

AN ACT requiring private agencies receiving grants or contracts from the state to submit to an audit prior to the receipt of funds.

Be It Enacted by the General Assembly of the State of Iowa:

Section 1. Chapter seven A (7A), Code 1979, is amended by adding the following new section:

NEW SECTION. ACCOUNTING SYSTEM. The governor or a state agency, prior to awarding a grant or purchase of service contract to a private agency, shall obtain from the auditor of state or the auditor's designee 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. The certification shall include an evaluation of internal controls in the accounting system to determine whether the system provides reliable information and promotes efficient operation of the agency. A private agency awarded a grant or purchase of service contract by or through the governor or a state agency shall submit to the audit required by this section prior to the actual transfer of funds and shall pay for the audit under chapter eleven (11) of the Code. The auditor of state may accept an audit report by an independent certified public accountant as evidence of adequacy. To the extent possible, the auditor of state shall use existing records on file in the auditor's office to make a determination of adequacy. This section shall apply only when the grant or contract exceeds one hundred fifty thousand dollars or when the grant or contract together with other grants or contracts awarded by the governor or a state agency during the fiscal year exceeds one hundred fifty thousand dollars in the aggregate.

Sec. 2. This Act is effective January first following enactment.

Approved May 3, 1979