



H.B. 209

124th General Assembly
(As Introduced)

Rep. Driehaus

BILL SUMMARY

- Authorizes a county auditor to request the Auditor of State to conduct an audit of county programs or expenditures.
- Requires the Auditor of State to conduct the requested audit or authorize the county auditor to do it.

CONTENT AND OPERATION

Current law

Currently, the Auditor of State is required to audit each "public office," which includes all political subdivisions such as counties, *at least* once every two fiscal years.¹ For counties, those audits look at (1) the methods, accuracy, and legality of the county's accounts, financial reports, records, files, and reports, (2) whether relevant laws, rules, and orders have been observed, and (3) whether the Auditor of State's requirements and rules have been complied with.² If unable to conduct such an audit, the Auditor of State must provide written notice to the county, and, then, within six months after receipt of that notice, the board of county commissioners may engage an independent certified public accountant (CPA) to conduct an audit. County auditors are not authorized to perform the audit. (Secs. 117.01(D) and 117.11(A) and (C)(1).)

¹ *The Auditor of State must audit a public office each fiscal year, however, if that public office is required to be audited on an annual basis by federal law--The Single Audit Act of 1984.*

² *The principles of law discussed in this portion of the analysis generally apply to all political subdivisions and annual audits as well.*

In addition to that required audit, when there is reasonable cause to believe an additional audit is in the public interest, the Auditor of State may conduct an audit of a county at any time either upon the Auditor of State's own initiative or upon the county's request. Also, if the county auditor notifies the Auditor of State that an audit is required at any time prior to the county's next regularly scheduled audit, the Auditor of State can either do an earlier audit or authorize the board of county commissioners to hire an independent CPA to conduct the audit. (Sec. 117.11(B) and (C)(2).)

Changes proposed by the bill

The bill permits county auditors, when authorized by the Auditor of State, to perform audits of county programs or expenditures. Under the bill, a county auditor may notify the Auditor of State that an audit of some or all county programs or expenditures is "required" before the Auditor of State's next regularly scheduled audit of the county office associated with those programs or expenditures. Upon notice, the Auditor of State must conduct an earlier audit or authorize the county auditor to conduct the earlier audit. The Auditor of State must authorize the scope of such an audit conducted by a county auditor. Upon its completion, the audit report must be filed in the Auditor of State's office. (Secs. 117.11(C)(3) and 117.23.)

If a county auditor conducts the audit, that auditor must do so pursuant to the Auditor of State's standards, procedures, and guidelines. Like the Auditor of State's audits, a county auditor will inquire into the methods, accuracy, and legality of the accounts, records, files, and reports pertaining to the county programs or expenditures being audited, and note whether the laws, rules, and orders pertaining to them, in the county auditor's opinion, have been complied with. However, the county auditor has no authority to make formal findings of illegality, malfeasance, or gross neglect. (Sec. 117.12.)

The Auditor of State must have access to all work papers, documents, and materials prepared by the county auditor in the course of the audit. Upon request, the Auditor of State and certain of the Auditor of State's employees may issue subpoenas and other compulsory legal process to compel the attendance of witnesses and the production of records to assist the county auditor's audit. If the county auditor determines that the county programs or expenditures cannot be audited because relevant accounts, records, files, or reports have been improperly maintained, the county auditor may declare them unauditible, and the "public office associated with [the] county programs or expenditures declared to be unauditible" must follow the Auditor of State's procedures to bring those matters into auditible condition or, for failure to make reasonable efforts and continuing progress to do so within 90 days after the declaration, the Auditor of State must take legal action to compel them to do so. (Secs. 117.21, 117.22, and 117.41.)

Once the Auditor of State receives the county auditor's audit report, the Auditor of State must analyze it (1) to determine if any public money has been illegally expended, any public money collected has not been accounted for, any public money due has not been collected, or any public property has been converted or misappropriated, and (2) to determine whether any officer or employee associated with the audited county programs or expenditures has committed any malfeasance or gross neglect of duty. The county auditor's audit report together with the Auditor of State's analysis constitutes the Auditor of State's audit report for purposes of the Auditor of State's duty to perform an audit.³ (Secs. 117.24 and 117.25.)

HISTORY

ACTION	DATE	JOURNAL ENTRY
Introduced	04-10-01	p. 301

H0209-I/ejs

³ Clarification may be necessary in section 117.25 to make it clear that the Auditor of State's duty that is met by this report is limited to only those county programs or expenditures that are the subject of the county auditor's audit, and not the Auditor of State's duty to audit the county in general.