OFFICE OF AUDITOR OF STATE

STATE OF IOWA

State Capitol Building
Des Moines, Iowa 50319-0006

Telephone (515) 281-5834
www.auditor.iowa.gov

Rob Sand
Auditor of State

NEWS RELEASE

FOR RELEASE: August 20, 2026

Contact: Brian Brustkern – (515) 281-5834

Auditor of State Rob Sand today released a report on the Iowa Department of Revenue for the year ended June 30, 2025.

The Iowa Department of Revenue collects taxes and fees imposed by the General Assembly, enforces state revenue statutes to assure taxpayer compliance and apportions revenue collections for distribution to various state funds and local governments.

AUDIT FINDINGS:

Sand reported one finding related to the Department. The finding is on page 3 of this report. Sand recommended that the Department should develop and adhere to additional procedures to ensure accurate financial reporting.

The finding discussed above is repeated from the prior year. Management of the Iowa Department of Revenue has a fiduciary responsibility to provide oversight of the Department's operations and financial transactions. Oversight is typically defined as the "watchful and responsible care" management exercises in its fiduciary capacity.

A copy of the audit report is available for review on the Auditor of State's website at Audit Reports – Auditor of State.

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REPORT OF RECOMMENDATIONS TO THE IOWA DEPARTMENT OF REVENUE

JUNE 30, 2025

2660-6250-0R00

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Rob Sand
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August 19, 2026

To Mary Mosiman, Director
of the Iowa Department of Revenue:

I am pleased to submit to you this Report of Recommendations for the Iowa Department of Revenue for the year ended June 30, 2025. The report includes a finding pertaining to the Department's internal control from the fiscal year 2025 audit. The report also includes data provided by Department Personnel related to individual income tax refunds.

I appreciate the cooperation and courtesy extended by the officials and employees of Iowa Department of Revenue throughout the audit. If I or this office can be of any further assistance, please contact me or my staff at 515-281-5834.

Sincerely,

Rob Sand
Auditor of State

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August 19, 2026

To Mary Mosiman, Director
of the Iowa Department of Revenue:

The Iowa Department of Revenue is a part of the State of Iowa and, as such, has been included in our audit of the State's Annual Comprehensive Financial Report (ACFR) for the year ended June 30, 2025.

In addition to this report, we also prepare a separate report of recommendations pertaining to each Department's internal control, compliance with statutory requirements and other matters when our audit discloses findings we believe should be brought to your attention.

In conducting our audit, we became aware of a certain aspect concerning the Department's operations for which we believe corrective action is necessary. As a result, we have developed a recommendation which is reported on the following page. We believe you should be aware of this recommendation, which includes the finding reported in the State's Report on Internal Control. This recommendation has been discussed with Department personnel and their response to this recommendation is included in this report. While we have expressed our conclusion on the Department's response, we did not audit the Iowa Department of Revenue's response and, accordingly, we express no opinion on it.

We have included certain unaudited financial and other information on page 5 and 6 of this report to report information related to individual income tax refunds for the three calendar years ended December 31, 2025 and to report taxes owed but unpaid to the Iowa Department of Revenue at the end of fiscal year 2025.

This report, a public record by law, is intended solely for the information and use of the officials and employees of the Department, citizens of the State of Iowa and other parties to whom the Department may report. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the Department during the course of our audit. Should you have questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience. Individuals who participated in our audit of the Department are listed on page 4 and they are available to discuss these matters with you.

Brian R. Brustkern, CPA
Deputy Auditor of State

cc: Honorable Kim Reynolds, Governor
Kraig Paulsen, Director, Department of Management
Timothy McDermott, Director, Legislative Services Agency

Findings Reported in the States's Report on Internal Control:

(A) Financial Reporting

Criteria – A deficiency in internal control over financial reporting exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements of the financial statements on a timely basis. Properly designed policies and procedures and implementation of the policies and procedures are an integral part of ensuring the reliability and accuracy of the State's financial statements.

Departments record receipts and disbursements in the Iowa Advantage system throughout the year, including the accrual period. Activity not recorded in the Iowa Advantage system is reported to the Iowa Department of Administrative Services – State Accounting Enterprise (DAS–SAE) in a GAAP package. Departments submit their GAAP packages to DAS–SAE by the first week of September each year.

Condition – The Department understated amounts reported on the GAAP package for Subscription-Based Information Technology Arrangements (SBITA). The SBITA current year amortization was understated by $2,206,531. This amount was properly adjusted for reporting purposes.

Cause – Amortization costs for one of the SBITA's was left off of the GAAP package. Although policies and procedures are in place to review GAAP package information, the review did not identify the misstatements.

Effect – The amount reported for SBITA current year amortization was misstated.

Recommendation – The Department should implement effective policies and procedures to ensure information reported on the GAAP package is accurate.

Response – The Department worked with the GAAP Team to correct accounting practices for future years and has implemented corrective actions.

Conclusion – Response accepted.

Other Findings Related to Internal Control:

No matters were reported.

Findings Related to Statutory Requirements and Other Matters:

No matters were reported.

Staff:

Questions or requests for further assistance should be directed to:

Brian R. Brustkern, CPA, Deputy
Alexander N. Kawamura, CPA, Manager
Luke M Bormann, CPA, Senior Auditor II

Other individuals who participated in the audits include:

Erin J. Sietstra, Senior Auditor II
Enoch Duval, Senior Auditor
Brandon L. Weddell, CPA, Senior Auditor
Aria G. Puetsch, Staff Auditor
Jennifer H. Wagner, Staff Auditor
Jason A. Weuve, Staff Auditor

Iowa Department of Revenue

Individual Income Tax Refund Data

(Unaudited)

Calendar year ended December 31, 2025
with comparative information for the two preceding years

Calendar Year	Method of Return Filing	Count of Refunds	Total Refunds Issued	Average Refund Issued	Average Days between Return Receipt and Refund Issuance
2025	Electronic	954,131	$ 779,054,327	816.51	22.00
2025	Paper	37,816	30,872,964	816.40	46.00
2024	Electronic	983,359	$ 914,683,392	930.16	27.58
2024	Paper	43,160	53,467,009	1,238.81	61.76
2023	Electronic	934,476	$ 884,502,545	946.52	27.68
2023	Paper	50,153	54,466,211	1,086.00	51.92

Iowa Department of Revenue

Tax Receivable

(Unaudited)

June 30, 2025

Tax Type	Number of Accounts	Unpaid Tax as of 6/30/25
Cigarette Distributor	3	$ 7,520
Composite	1,692	11,890,858
Corporation	2,479	164,995,527
Device Retailer	1	1,500
Device Retailer Excise	1	11
Drug Stamp	217	31,116,634
Electric Fuel - User/Dealer	1	101
Fee for New Reg	398	1,036,131
Fiduciary	628	3,807,624
Franchise	37	20,720,389
Motor Fuel - Retailer	80	30,462
Motor Fuel - Supplier/Distributor	3	1,245,368
Motor Fuel - Transportation	3	34,921
Motor Fuel - User/Dealer	1	1,357
Household Hazardous Materials	8	200
Individual Income	110,926	395,071,155
Inheritance	111	3,039,374
Partnership	1,400	5,429,169
Refund Claim	1	14
Retail Tobacco	1	100
S Corporation	2,388	11,249,075
Sales and Use	13,509	691,817,831
Sales and Use Consumers	461	17,988,912
Sales and Use Retailers	1,511	121,578,322
Tobacco Distributor	13	514,320
Utility Replacement	1	22
Vehicle Lease	4	117,868
Water Service Excise	33	1,406,582
Withholding	6,505	50,090,185
Total	142,416	$ 1,533,191,532