

SENATE/HOUSE FILE _____
BY (PROPOSED AUDITOR OF STATE
BILL)

A BILL FOR

1 An Act relating to audits of governmental subdivisions by the
2 state auditor concerning suspected embezzlement, theft, or
3 other significant financial irregularities.
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 11.6, Code 2021, is amended by adding the
2 following new subsection:

3 NEW SUBSECTION. 7A. Upon notification of any suspected
4 misuse of public funds as described in subsection 7, the
5 governmental subdivision and the certified public accountant
6 shall cooperate with the auditor of state to establish
7 procedures to investigate the suspected embezzlement, theft,
8 or other significant financial irregularities. The auditor
9 of state shall determine if subsequent further procedures are
10 required. The governmental subdivision shall reimburse the
11 auditor of state for any actions taken by the auditor of state
12 to investigate the suspected embezzlement, theft, or other
13 significant financial irregularities. The costs assessed shall
14 not exceed the amount of the public funds misused as determined
15 by the auditor.

16

EXPLANATION

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

19 This bill relates to audits of governmental subdivisions
20 concerning suspected embezzlement, theft, or other significant
21 financial irregularities.

22 The bill provides that upon notification to the auditor
23 of state by a certified public accountant and a governmental
24 subdivision of any misuse of public funds involving any
25 suspected embezzlement, theft, or other significant financial
26 irregularities of a governmental subdivision of this state, the
27 governmental subdivision and the certified public accountant
28 shall cooperate with the auditor of state to establish
29 procedures to investigate the suspected embezzlement, theft,
30 or other significant financial irregularities. The auditor
31 of state shall determine if subsequent further procedures are
32 required. The governmental subdivision shall reimburse the
33 auditor of state for any actions taken by the auditor of state
34 to investigate the reported embezzlement, theft, or other
35 significant financial irregularities. The costs assessed shall

1 not exceed the amount of the public funds misused as determined
2 by the auditor.

3 "Governmental subdivision" is defined in Code section 11.1
4 as cities and administrative agencies established by cities,
5 hospitals or health care facilities established by a city,
6 counties, county hospitals organized under Code chapters 347
7 and 347A, memorial hospitals organized under Code chapter 37,
8 entities organized under Code chapter 28E, community colleges,
9 area education agencies, and school districts.