

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 2025, 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 certified public accountant and the governmental subdivision
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 the auditor of state will perform
10 subsequent further procedures. The governmental subdivision
11 shall reimburse the auditor of state for any actions taken by
12 the auditor of state to investigate the suspected embezzlement,
13 theft, or other significant financial irregularities. The
14 costs assessed shall not exceed the amount of the public funds
15 misused as determined 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 certified public accountant and the governmental subdivision
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 the auditor of state will perform
32 subsequent further procedures. The governmental subdivision
33 shall reimburse the auditor of state for any actions taken by
34 the auditor of state to investigate the reported embezzlement,
35 theft, or other significant financial irregularities. The

1 costs assessed shall not exceed the amount of the public funds
2 misused as determined 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.