

**House Study Bill 549 - Introduced**

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

**A BILL FOR**

1 An Act relating to the auditor of state concerning legislative  
2 requests for auditor reviews, applications for certain city  
3 or township audits, and retention of certain repayments for  
4 auditor services.

5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. NEW SECTION. 11.5C Legislative request for  
2 auditor review — reimbursement.

3 1. The auditor of state, at the request of a member of the  
4 general assembly, may review the records covering the receipt  
5 and expenditure of state or federal funds by a state department  
6 to determine if the receipt and expenditure of those funds by  
7 the department is consistent with the laws, rules, regulations,  
8 and contractual agreements governing those funds.

9 2. a. If the state department that is the subject of the  
10 review is listed in section 11.5B, the state department shall  
11 reimburse the auditor of state for the cost of the review and  
12 any subsequent assistance provided by the auditor of state.

13 b. If the state department that is the subject of the review  
14 is not listed in section 11.5B, the cost of the review and any  
15 subsequent assistance provided by the auditor of state may be  
16 paid as an expense from the appropriations addressed in section  
17 7D.29, if authorized by the executive council.

18 Sec. 2. Section 11.6, subsection 3, Code 2018, is amended  
19 to read as follows:

20 3. A township or city for which audits are not required  
21 under subsection 1 may contract with or employ the auditor  
22 of state or certified public accountants for an audit or  
23 examination of its financial transactions and condition of its  
24 funds. ~~An audit is mandatory on~~ Upon receipt of an application  
25 requesting an audit by one hundred or more taxpayers, or if  
26 there are fewer than six hundred sixty-seven taxpayers in the  
27 township or city, then by fifteen percent of the taxpayers, the  
28 township or city shall forward a copy of the application to the  
29 auditor of state for a determination of whether the auditor of  
30 state will require an audit or examination. If the auditor of  
31 state determines that an examination may be conducted instead  
32 of an audit, the auditor of state shall determine the scope of  
33 the examination. Payment for the audit or examination shall be  
34 made from the proper public funds of the township or city.

35 Sec. 3. Section 11.21, Code 2018, is amended by adding the

1 following new subsection:

2 NEW SUBSECTION. 3. Payments made by a political subdivision  
3 to the auditor of state under this section as a result of  
4 services performed by the auditor of state may be retained by  
5 the auditor of state in the fiscal year in which the payment is  
6 received and shall remain available for use in that fiscal year  
7 for the purposes of the auditor of state.

8 EXPLANATION

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

11 This bill concerns the auditor of state.

12 New Code section 11.5C provides that the auditor of state, at  
13 the request of a member of the general assembly, may conduct  
14 a review concerning the receipt and expenditure of state or  
15 federal funds provided to a state department. Costs for the  
16 review shall be reimbursed by the applicable department if the  
17 department is listed as a department required to reimburse  
18 costs under Code section 11.5B. If the department is not  
19 required to reimburse costs under Code section 11.5B, the  
20 auditor may request reimbursement of the cost as an expense  
21 from the appropriations addressed in Code section 7D.29, if  
22 authorized by the executive council.

23 Code section 11.6(3), concerning an application by taxpayers  
24 for an audit for a city or township not otherwise required to  
25 conduct an audit, is amended. The bill provides that upon  
26 application for an audit by a sufficient number of taxpayers,  
27 the city or township shall forward a copy of the application to  
28 the auditor of state for a determination of whether the auditor  
29 will require an audit or examination. If the auditor of state  
30 determines that an examination may be conducted instead of  
31 an audit, the auditor of state shall determine the scope of  
32 the examination. Current law requires that upon application  
33 for an audit by a sufficient number of taxpayers, an audit is  
34 mandatory.

35 Code section 11.21, concerning the payment of certain audit

1 expenses by a political subdivision, is amended. The bill  
2 provides that any payments made by a political subdivision to  
3 the auditor of state may be retained by the auditor of state  
4 in the fiscal year in which the payment is received and shall  
5 remain available for use in that fiscal year for the purposes  
6 of the auditor of state.