

Senate File 2245 - Introduced

SENATE FILE 2245

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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:

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1 Section 1. Section 11.6, Code 2026, 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 procedures
7 to investigate the suspected embezzlement, theft, or other
8 significant financial irregularities. The auditor of state
9 shall determine if the auditor of state will perform further
10 procedures. The governmental subdivision shall reimburse the
11 auditor of state for any actions taken by the auditor of
12 state 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 certified public accountant and the governmental subdivision
28 shall cooperate with the auditor of state to establish procedures
29 to investigate the suspected embezzlement, theft, or other
30 significant financial irregularities. The auditor of state
31 shall determine if the auditor of state will perform further
32 procedures. The governmental subdivision shall reimburse the
33 auditor of state for any actions taken by the auditor of
34 state 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.

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