

**RULES
OF THE
AUDITOR GENERAL**



**CHAPTER 10.700
AUDITS OF
CERTAIN NONPROFIT ORGANIZATIONS
EFFECTIVE 06-30-15**

RULES OF THE AUDITOR GENERAL
CHAPTER 10.700

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PREFACE TO RULES

Auditors are cautioned that, in general, these Rules do not repeat nor paraphrase the various laws, rules, and regulations governing the operations of direct-support organizations, citizen-support organizations, scholarship-funding organizations, Enterprise Florida, Inc., Florida Is For Veterans, Inc., and the Scripps Florida Funding Corporation. Hence, knowledge of legal and regulatory requirements governing these organizations is the responsibility of individual auditors.

These Rules are intended to and do implement, interpret, or make specific, certain statutory provisions that are within the authority of the Auditor General to implement, interpret, or make specific. However, the Rules are not intended to supersede, nor to impinge on, the authority of the Board of Accountancy in the regulation of the practice of accountancy as authorized by Chapter 473, Florida Statutes.

Note: Unless otherwise indicated, all statutory references are to 2015 Florida Statutes.

10.710 PURPOSE

- (1) Direct-support organizations and citizen-support organizations are subject to varying legal, regulatory, and contractual requirements. Each direct-support organization and citizen-support organization required by Sections 215.981(1), 1001.453(4), 1004.28(5), or 1004.70(6), Florida Statutes, to provide for an annual financial audit of its accounts and records by an independent certified public accountant shall do so in accordance with rules adopted by the Auditor General. Section 215.981(1), Florida Statutes, provides that audits of direct-support and citizen-support organizations created, approved, or administered by a State agency, other than a university, community college, or district school board, are also subject to rules adopted by the State agency that created, approved, or administers the direct-support or citizen-support organization. Section 1001.453(4), Florida Statutes, provides that audits of district school board direct-support organizations are also subject to rules adopted by the Commissioner of Education, and Section 1004.28(5), Florida Statutes, provides that audits of university direct-support organizations are also subject to rules adopted by the university boards of trustees. It is the intent of this rule to supplement audit requirements, if any, promulgated by other governmental entities that have authority over direct-support and citizen-support organizations.

- (2) Scholarship-funding organizations shall comply with eligibility and other requirements as prescribed by Section 1002.395¹, Florida Statutes, and by State Board of Education rules promulgated pursuant to Section 1002.395(12)(d), Florida Statutes. Enterprise Florida, Inc., shall comply with the requirements of Chapter 288, Part VIII, Florida Statutes. Florida Is For Veterans, Inc., shall comply with the requirements of Section 295.21, Florida Statutes. The Scripps Florida Funding Corporation shall comply with the requirements of Section 288.955, Florida Statutes. Sections 1002.395(6)(m), 288.906(1)(h), 295.21(8)(f), and 288.955(14)(g), Florida Statutes, require scholarship-funding organizations, Enterprise Florida, Inc., Florida Is For Veterans, Inc., and the Scripps Florida Funding Corporation, respectively, to provide for audits in accordance with rules adopted by the Auditor General. It is the intent of this rule to promulgate audit requirements for scholarship-funding organizations, Enterprise Florida, Inc., Florida Is For Veterans, Inc., and the Scripps Florida Funding Corporation.

General Authority and Law Implemented – Sections 11.45, 215.981(1), 295.21(8)(f), 1002.395(6)(m), 288.906(1)(h), 288.955(14)(g), 1001.453(4), 1004.28(5), and 1004.70(6), Florida Statutes.

History: New 06-30-93

Last Amended 06-30-15

10.720 DEFINITIONS

- (1) As used in these Rules, the term:
- (a) "Certified public accountant" means a person licensed to practice public accounting under Chapter 473, Florida Statutes.
 - (b) "Citizen-support organization" means a Florida corporation not-for-profit incorporated under the provisions of Chapter 617 of the Florida Statutes and authorized by Florida law to exist as a citizen-support organization to benefit or to provide assistance to a governmental entity.
 - (c) "Compliance audit" means an audit of an organization's compliance with applicable compliance requirements.
 - (d) "Direct-support organization" means a Florida corporation not-for-profit incorporated under the provisions of Chapter 617 of the Florida Statutes and authorized by Florida law to exist as a direct-support organization to benefit or provide assistance to a governmental entity.
 - (e) "Enterprise Florida, Inc." refers to the organization created pursuant to Section 288.901(1), Florida Statutes.
 - (f) "Financial audit" means an examination of financial statements to express an opinion on the fairness with which they are presented in conformity with generally accepted accounting principles as defined by the Financial Accounting Standards Board *Accounting Standards Codification*, Topic 105 *Generally Accepted Accounting Principles* or Governmental Accounting Standards Board *Codification of Governmental Accounting and Financial Reporting Standards*, Section 1000 *The Hierarchy of Generally Accepted Accounting Principles*, as applicable. Financial audits shall be conducted in accordance with generally accepted auditing standards as contained in the applicable *AICPA Professional Standards* promulgated by the American Institute of Certified Public Accountants. For direct-support and citizen-support organizations, financial audits shall also include an examination to determine whether operations are properly conducted in accordance with legal and regulatory requirements, and shall be conducted in accordance with *Government Auditing Standards*.
 - (g) "Florida Is For Veterans, Inc." refers to the organization created pursuant to Section 295.21(1), Florida Statutes.
 - (h) *Government Auditing Standards* are those audit standards set forth in the publication *Government Auditing Standards (2011 Revision)* issued by the Comptroller General of the United States.

- (i) "Governmental entity" means a State agency, a county agency, or any other entity, however styled, that independently exercises any type of State or local governmental function.
- (j) "Scholarship-funding organization" refers to an eligible nonprofit scholarship funding organization as defined by Section 1002.395(2)(f), Florida Statutes.
- (k) "Scripps Florida Funding Corporation" refers to the not-for-profit corporation registered, incorporated, organized, and operated under Chapter 617, Florida Statutes, and created pursuant to Section 288.955(2), Florida Statutes.
- (l) "Scripps Research Institute" means a not-for-profit benefit corporation authorized by Section 288.955(3), Florida Statutes, to establish a state-of-the-art biomedical research institution and campus in the State of Florida.

General Authority and Law Implemented – Sections 11.45, 215.981(1), 295.21(8)(f), 1002.395 (6)(m), 288.906(7), 288.955(14)(g), 1001.453(4), 1004.28(5), and 1004.70(6), Florida Statutes.

History: New 06-30-93
Last Amended 06-30-15

10.730 AUDIT REQUIREMENTS

- (1) Financial audits of direct-support organizations, citizen-support organizations, and scholarship-funding organizations and financial and compliance audits of Enterprise Florida, Inc., Florida Is For Veterans, Inc., and the Scripps Florida Funding Corporation, conducted by independent certified public accountants in accordance with this Rule are to be conducted as specified by, and in accordance with, applicable laws, regulations, and contractual requirements. Where applicable, the audit shall also be made in accordance with the requirements of the Federal *Single Audit Act Amendments of 1996*; United States Office of Management and Budget (OMB) Circular No. A-133; the *Florida Single Audit Act*; and Chapter 10.650, Rules of the Auditor General.
- (2) Financial audits of direct-support organizations, citizen-support organizations, scholarship-funding organizations, Enterprise Florida, Inc., Florida Is For Veterans, Inc., and the Scripps Florida Funding Corporation conducted by independent certified public accountants in accordance with this Rule will include a report on financial statements which are to be presented in accordance with the reporting standards set forth in *Accounting Standards Codification* promulgated by the Financial Accounting Standards Board effective for the fiscal year subject to audit, as applicable, including industry guidance applicable to *Not-For-Profit Entities*. However, if the direct-support organization, the citizen-support organization, the scholarship-funding organization, Enterprise Florida, Inc., or the Scripps Florida Funding Corporation is determined to be a governmental organization based on the guidance provided in the American Institute of Certified Public Accountants *Audit and Accounting Guide – Not-for-Profit Entities*, the audit will instead include a report on financial statements presented in accordance with reporting standards established by the Governmental Accounting Standards Board.
- (3) The scope of the audit shall include the following:
 - (a) An examination of the financial statements to determine whether they are presented fairly, in all material respects, in conformity with generally accepted accounting principles and an examination of any financial information necessary to comply with generally accepted accounting principles.
 - (b) For direct-support and citizen-support organizations, scholarship-funding organizations, Enterprise Florida, Inc., Florida Is For Veterans, Inc., and the Scripps Florida Funding Corporation, a determination of compliance with requirements prescribed by the sections of law that created and govern such organizations, and any rules promulgated pursuant to law, to the extent necessary to comply with *Government Auditing Standards*.

- (c) For Enterprise Florida, Inc., a determination of compliance with requirements prescribed by Chapter 288, Part VIII, Florida Statutes; any rules promulgated pursuant to law; and the provisions of contracts or grant agreements.
 - (d) For Florida Is For Veterans, Inc., a determination of compliance with requirements prescribed by Sections 295.21 and 295.22, Florida Statutes; any rules promulgated pursuant to law; and the provisions of contracts or grant agreements.
 - (e) For the Scripps Florida Funding Corporation, a determination of compliance with applicable law, including the requirements prescribed by Section 288.955(2), Florida Statutes; the board membership and meeting requirements prescribed by Sections 288.955(4) and (5), Florida Statutes; the investment requirements prescribed by Section 288.955(7), Florida Statutes; the contracting requirements prescribed by Sections 288.955(8), (9), (10), and (11), Florida Statutes; the expenditure or disbursement requirements prescribed by Sections 288.955(6), (11), and (12), Florida Statutes; the reporting requirements prescribed by Sections 288.955(6)(h) and (14), Florida Statutes; any rules promulgated pursuant to law; and the provisions of contracts or grant agreements. The audit shall also include a determination of the Scripps Florida Funding Corporation's compliance with the monitoring requirements prescribed by Section 288.955(6)(g), Florida Statutes, including a determination of the adequacy of the Corporation's efforts to verify compliance by the Scripps Research Institute with the provisions of Section 288.955, Florida Statutes, and contractual requirements, either through the Corporation's own efforts or through the review of audits of the Institute conducted pursuant to Section 288.955(8)(b)16., Florida Statutes.
 - (f) When applicable, additional activities necessary to establish compliance with the Federal *Single Audit Act Amendments of 1996*, Public Law 104-156 (31 USC, ss. 7501 to 7507); United States OMB Circular No. A-133; the *Florida Single Audit Act*, Chapter 10.650, Rules of the Auditor General; and other applicable Federal and State law.
- (4) Each audit report submitted pursuant to law and this Chapter shall be a single document and contain at least the following:
- (a) A table of contents.
 - (b) The auditor's report on the financial statements.
 - (c) A report on internal control and compliance based on an audit of the financial statements in accordance with auditing standards

generally accepted in the United States of America and *Government Auditing Standards*.

- (d) Any other auditor's report and related financial information required pursuant to the Federal *Single Audit Act Amendments of 1996*, Public Law 104-156 (31 USC, ss. 7501 to 7507); United States OMB Circular No. A-133; the *Florida Single Audit Act*, Chapter 10.650, Rules of the Auditor General; and other applicable Federal and State law.
 - (e) The basic financial statements and required supplementary information required by generally accepted accounting principles.
- (5) Audit reports of direct-support and citizen-support organizations shall be submitted as required by Sections 215.981(1), 1001.453(4), 1004.28(5), and 1004.70(6), Florida Statutes. Audit reports of scholarship-funding organizations shall be submitted to the Department of Education and the Auditor General no later than 180 days after completion of the scholarship-funding organization's fiscal year. Audit reports of Enterprise Florida, Inc., shall be submitted to the Executive Office of the Governor and the Auditor General, within 45 days after delivery of the audit report but no later than 9 months after the end of its fiscal year. Audit reports of Florida Is For Veterans, Inc., shall be submitted to the Executive Office of the Governor, the President of the Senate, the Speaker of the House of Representatives, and the Auditor General, within 45 days after delivery of the audit report but no later than December 1 after the end of its fiscal year. Audit reports of the Scripps Florida Funding Corporation shall be submitted to the Executive Office of the Governor, the President of the Senate, the Speaker of the House of Representatives, and the Auditor General, within 45 days after delivery of the audit report but no later than 9 months after the end of its fiscal year.
- (6) Direct-support and citizen-support organizations, scholarship-funding organizations, Enterprise Florida, Inc., Florida Is For Veterans, Inc., and the Scripps Florida Funding Corporation, if such organizations are component units, as defined by generally accepted accounting principles, of a governmental entity, shall also comply with any other audit report submittal deadlines that exist for the governmental entity and that are prior to the deadline established by this rule.

General Authority and Law Implemented – Sections 11.45, 215.981(1), 295.21(8)(f), 1002.395 (6)(m), 288.906(7), 288.955(14)(g), 1001.453(4), 1004.28(5), and 1004.70(6), Florida Statutes.

History: New 06-30-93
Last Amended 06-30-15

10.740 EFFECTIVE DATE

These Rules, as amended, shall take effect for fiscal years ending June 30, 2015, and thereafter.

General Authority and Law Implemented – Sections 11.45, 215.981(1), 295.21(8)(f), 1002.395 (6)(m), 288.906(7), 288.955(14)(g), 1001.453(4), 1004.28(5), and 1004.70(6), Florida Statutes.

History: New 06-30-93
 Last Amended 06-30-15