

729-147AX-22

Bill No. HB 1979, 1st Eng.

Amendment No. ____ (for drafter's use only)

	<u>Senate</u>	CHAMBER ACTION	<u>House</u>
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ORIGINAL STAMP BELOW

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Representative(s) Sorensen offered the following:

Amendment (with title amendment)

On page 43, between lines 23 and 24, of the bill

insert:

Section 42. Effective July 1, 2002, section 215.195, Florida Statutes, is amended to read:

215.195 Agency deposits relating to the Statewide Cost Allocation Plan.--

(1) APPLICATION FOR ALLOCABLE STATEWIDE OVERHEAD.--Each state agency, and the judicial branch, making application for federal grant or contract funds shall, in accordance with the Statewide Cost Allocation Plan(SWCAP), include in its application a prorated share of the cost of services provided by state central service agencies which are reimbursable to the state pursuant to the provisions of Office of Management and Budget Circular A-87. Preparation of the Statewide Cost Allocation Plan and coordination thereof with all applicable parties is the responsibility of the Comptroller. The Comptroller shall ensure that the SWCAP

1 presents the most favorable allocation of central services
2 cost allowable to the state by the Federal Government.

3 (2) DEPOSIT OF OVERHEAD IN THE GENERAL REVENUE
4 FUND.--If an application for federal grant or contract funds
5 is approved, the state agency or judicial branch receiving the
6 federal grant or contract shall identify that portion
7 representing reimbursement of allocable statewide overhead and
8 deposit that amount into the General Revenue Fund unallocated
9 as directed by the Comptroller Executive Office of the
10 Governor. The Comptroller shall be responsible for monitoring
11 agency compliance with this section.

12 Section 43. Effective July 1, 2002, section 215.97,
13 Florida Statutes, is amended to read:

14 215.97 Florida Single Audit Act.--

15 (1) The purposes of the section are to:

16 (a) Establish uniform state audit requirements for
17 state financial assistance provided by state agencies to
18 nonstate entities to carry out state projects.

19 (b) Promote sound financial management, including
20 effective internal controls, with respect to state financial
21 assistance administered by nonstate entities.

22 (c) Promote audit economy and efficiency by relying to
23 the extent possible on already required audits of federal
24 financial assistance provided to nonstate entities.

25 (d) Provide for identification of state financial
26 assistance transactions in the appropriations act, state
27 accounting records, and recipient organization records.

28 (e) Promote improved coordination and cooperation
29 within and between affected state agencies providing state
30 financial assistance and nonstate entities receiving state
31 assistance.

1 (f) Ensure, to the maximum extent possible, that state
2 agencies monitor, use, and followup on audits of state
3 financial assistance provided to nonstate entities.

4 (2) Definitions; as used in this section, the term:

5 (a) "Audit threshold" means the threshold amount used
6 to determine ~~to use in determining~~ when a state single audit
7 of a nonstate entity shall be conducted in accordance with
8 this section. Each nonstate entity that expends a total amount
9 of state financial assistance equal to or in excess of
10 \$300,000 in any fiscal year of such nonstate entity shall be
11 required to have a state single audit for such fiscal year in
12 accordance with the requirements of this section. Every 2
13 years the Auditor General, after consulting with the Executive
14 Office of the Governor, the Comptroller, and all state
15 awarding agencies ~~that provide state financial assistance to~~
16 ~~nonstate entities~~, shall review the threshold amount for
17 requiring audits under this section and may adjust such
18 threshold ~~dollar~~ amount consistent with the purposes ~~purpose~~
19 of this section.

20 (b) "Auditing standards" means the auditing standards
21 as stated in the rules of the Auditor General as applicable to
22 for-profit organizations, nonprofit organizations, or local
23 governmental entities.

24 (c) "Catalog of State Financial Assistance" means a
25 comprehensive listing of state projects. The Catalog of State
26 Financial Assistance shall be issued by the Comptroller
27 ~~Executive Office of the Governor~~ after conferring with the
28 ~~Comptroller~~ and all state awarding agencies ~~that provide state~~
29 ~~financial assistance to nonstate entities~~. The Catalog of
30 State Financial Assistance shall include for each listed state
31 project: the responsible state awarding agency; standard state

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1 project number identifier; official title; legal
2 authorization; and description of the state project, including
3 objectives, restrictions, application and awarding procedures,
4 and other relevant information determined necessary.

5 (d) "Coordinating agency" means the state awarding
6 agency that provides the predominant amount of state financial
7 assistance expended by a recipient, as determined by the
8 recipient's Schedule of Expenditures of State Financial
9 Assistance. To provide continuity, the determination of the
10 predominant amount of state financial assistance shall be
11 based upon state financial assistance expended in the
12 recipient's fiscal years ending in 2003, 2006, and 2009, and
13 every third year thereafter.

14 (e)~~(d)~~ "Financial reporting package" means the
15 nonstate entities' financial statements, Schedule of
16 Expenditures of State Financial Assistance, auditor's reports,
17 management letter, auditee's written responses or corrective
18 action plan, correspondence on followup of prior years'
19 corrective actions taken, and such other information
20 determined by the Auditor General to be necessary and
21 consistent with the purposes of this section.

22 (f)~~(e)~~ "Federal financial assistance" means financial
23 assistance from federal sources passed through the state and
24 provided to nonstate organizations ~~entities~~ to carry out a
25 federal program. "Federal financial assistance" includes all
26 types of federal assistance as defined in applicable United
27 States Office of Management and Budget circulars.

28 (g)~~(f)~~ "For-profit organization" means any
29 organization or sole proprietor that ~~but~~ is not a local
30 governmental entity or a nonprofit organization.

31 (h)~~(g)~~ "Independent auditor" means an external state

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1 or local governmental ~~government~~ auditor or a certified public
2 accountant who meets the independence standards.

3 (i)~~(h)~~ "Internal control over state projects" means a
4 process, effected by a nonstate ~~an~~ entity's management and
5 other personnel, designed to provide reasonable assurance
6 regarding the achievement of objectives in the following
7 categories:

- 8 1. Effectiveness and efficiency of operations.
- 9 2. Reliability of financial operations.
- 10 3. Compliance with applicable laws and regulations.

11 (j)~~(i)~~ "Local governmental entity" means a county
12 ~~agency~~, municipality, or special district or any other entity
13 (other than a district school board, charter school, ~~or~~
14 community college, or public university), however styled,
15 which independently exercises any type of governmental
16 function within the state.

17 (k)~~(j)~~ "Major state project" means any state project
18 meeting the criteria as stated in the rules of the Comptroller
19 ~~Executive Office of the Governor~~. Such criteria shall be
20 established after consultation with all ~~the Comptroller and~~
21 ~~appropriate~~ state awarding agencies ~~that provide state~~
22 ~~financial assistance~~ and shall consider the amount of state
23 project expenditures and ~~or~~ expenses or inherent risks. Each
24 major state project shall be audited in accordance with the
25 requirements of this section.

26 (l)~~(k)~~ "Nonprofit organization" means any corporation,
27 trust, association, cooperative, or other organization that:

- 28 1. Is operated primarily for scientific, educational
29 service, charitable, or similar purpose in the public
30 interest;
- 31 2. Is not organized primarily for profit;

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1 3. Uses net proceeds to maintain, improve, or expand
2 the operations of the organization; and

3 4. Has no part of its income or profit distributable
4 to its members, directors, or officers.

5 ~~(m)(1)~~ "Nonstate entity" means a local governmental
6 entity, nonprofit organization, or for-profit organization
7 that receives state financial assistance ~~resources~~.

8 ~~(n)~~ "Nonstate organization" means a local governmental
9 entity, nonprofit organization, or for-profit organization
10 that receives state resources.

11 ~~(o)(m)~~ "Recipient" means a nonstate entity that
12 receives state financial assistance directly from a state
13 awarding agency.

14 ~~(p)(m)~~ "Schedule of Expenditures of State Financial
15 Assistance" means a document prepared in accordance with the
16 rules of the Comptroller and included in each financial
17 reporting package required by this section.

18 ~~(q)(o)~~ "State awarding agency" means a ~~the~~ state
19 agency, as defined in s. 216.011, ~~that provides~~ provided state
20 financial assistance to a ~~the~~ nonstate entity.

21 ~~(r)(p)~~ "State financial assistance" means ~~financial~~
22 ~~assistance from~~ state resources, not including federal
23 financial assistance and state matching on federal programs,
24 provided to a nonstate entity ~~entities~~ to carry out a state
25 project. "State financial assistance" shall include the
26 ~~includes all types of state resources~~ ~~assistance as~~ as stated in
27 the rules of the Comptroller ~~Executive Office of the Governor~~
28 established in consultation with all ~~the Comptroller and~~
29 ~~appropriate~~ state awarding agencies ~~that provide state~~
30 ~~financial assistance. It includes~~ State financial assistance
31 may be provided directly by state awarding agencies or

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1 indirectly by nonstate entities ~~recipients of state awards or~~
2 ~~subrecipients.~~ State financial assistance ~~it~~ does not include
3 procurement contracts used to buy goods or services from
4 vendors and. ~~Audits of such procurement contracts with vendors~~
5 ~~are outside of the scope of this section.~~ Also, ~~audits of~~
6 contracts to operate state-owned ~~state-government-owned~~ and
7 contractor-operated facilities ~~are excluded from the audit~~
8 ~~requirements of this section.~~

9 (s)(q) "State matching" means state resources provided
10 to a nonstate entity ~~entities to be used~~ to meet federal
11 financial participation matching requirements ~~of federal~~
12 ~~programs.~~

13 (t) "State program" means a set of special purpose
14 activities undertaken to realize identifiable goals and
15 objectives in order to achieve a state agency's mission and
16 legislative intent requiring accountability for state
17 resources.

18 (u)(r) "State project" means a state program that
19 provides all state financial assistance to a nonstate
20 organization and that must be ~~entity~~ assigned a ~~single~~ state
21 project number identifier in the Catalog of State Financial
22 Assistance.

23 (v)(s) "State Projects Compliance Supplement" means a
24 document issued by the Comptroller ~~Executive Office of the~~
25 ~~Governor~~, in consultation with ~~the Comptroller~~ and all state
26 awarding agencies that provide state financial assistance. The
27 State Projects Compliance Supplement shall identify state
28 projects, the significant compliance requirements, eligibility
29 requirements, matching requirements, suggested audit
30 procedures, and other relevant information determined
31 necessary.

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1 ~~(w)(t)~~ "State project-specific audit" means an audit
2 of one state project performed in accordance with the
3 requirements of subsection~~(10)(9)~~.

4 ~~(x)(u)~~ "State single audit" means an audit of a
5 nonstate entity's financial statements and state financial
6 assistance. Such audits shall be conducted in accordance with
7 the auditing standards as stated in the rules of the Auditor
8 General.

9 ~~(y)(v)~~ "Subrecipient" means a nonstate entity that
10 receives state financial assistance through another nonstate
11 entity.

12 ~~(z)(w)~~ "Vendor" means a dealer, distributor, merchant,
13 or other seller providing goods or services that are required
14 for the conduct of a state project. These goods or services
15 may be for an organization's own use or for the use of
16 beneficiaries of the state project.

17 (3) The Executive Office of the Governor shall be
18 responsible for notifying the Comptroller of any actions
19 during the budgetary process that impact the Catalog of State
20 Financial Assistance.+

21 ~~(a) Upon conferring with the Comptroller and all state~~
22 ~~awarding agencies, adopt rules necessary to provide~~
23 ~~appropriate guidance to state awarding agencies, recipients~~
24 ~~and subrecipients, and independent auditors of state financial~~
25 ~~assistance relating to the requirements of this section,~~
26 ~~including:~~

27 ~~1. The types or classes of financial assistance~~
28 ~~considered to be state financial assistance which would be~~
29 ~~subject to the requirements of this section. This would~~
30 ~~include guidance to assist in identifying when the state~~
31 ~~agency or recipient has contracted with a vendor rather than~~

1 ~~with a recipient or subrecipient.~~

2 ~~2. The criteria for identifying a major state project.~~

3 ~~3. The criteria for selecting state projects for~~

4 ~~audits based on inherent risk.~~

5 ~~(b) Be responsible for coordinating the initial~~

6 ~~preparation and subsequent revisions of the Catalog of State~~

7 ~~Financial Assistance after consultation with the Comptroller~~

8 ~~and all state awarding agencies.~~

9 ~~(c) Be responsible for coordinating the initial~~

10 ~~preparation and subsequent revisions of the State Projects~~

11 ~~Compliance Supplement, after consultation with the Comptroller~~

12 ~~and all state awarding agencies.~~

13 (4) The Comptroller shall:

14 (a) Upon conferring with the Executive Office of the

15 Governor and all state awarding agencies, adopt rules

16 necessary to provide appropriate guidance to state awarding

17 agencies, nonstate entities, and independent auditors of state

18 financial assistance relating to the requirements of this

19 section, including:

20 1. The types or classes of state resources considered

21 to be state financial assistance that would be subject to the

22 requirements of this section. This would include guidance to

23 assist in identifying when the state awarding agency or a

24 nonstate entity has contracted with a vendor rather than with

25 a recipient or subrecipient.

26 2. The criteria for identifying a major state project.

27 3. The criteria for selecting state projects for

28 audits based on inherent risk.

29 (b) Be responsible for coordinating revisions to the

30 Catalog of State Financial Assistance after consultation with

31 the Executive Office of the Governor and all state awarding

1 agencies.

2 (c) Be responsible for coordinating with the Executive
3 Office of the Governor actions affecting the budgetary process
4 under paragraph (b).

5 (d) Be responsible for coordinating revisions to the
6 State Projects Compliance Supplement, after consultation with
7 the Executive Office of the Governor and all state awarding
8 agencies.

9 (e)~~(a)~~ Make enhancements to the state's accounting
10 system to provide for the:

11 1. Recording of state financial assistance and federal
12 financial assistance appropriations and expenditures within
13 the state awarding agencies' operating funds.

14 2. Recording of state project number identifiers, as
15 provided in the Catalog of State Financial Assistance, for
16 state financial assistance.

17 3. Establishment and recording of an identification
18 code for each financial transaction, including state awarding
19 agencies' disbursements of state financial assistance and
20 federal financial assistance, as to the corresponding type or
21 organization that is party to the transaction (e.g., other
22 governmental agencies, nonprofit organizations, and for-profit
23 organizations), and disbursements of federal financial
24 assistance, as to whether the party to the transaction is or
25 is not a nonstate entity ~~recipient or subrecipient.~~

26 (f)~~(b)~~ Upon conferring with the Executive Office of
27 the Governor and all state awarding agencies, adopt rules
28 necessary to provide appropriate guidance to state awarding
29 agencies, nonstate entities ~~recipients and subrecipients~~, and
30 independent auditors of state financial assistance relating to
31 the format for the Schedule of Expenditures of State Financial

1 Assistance.

2 ~~(g)(c)~~ Perform any inspections, reviews,
3 investigations, or audits of state financial assistance
4 considered necessary in carrying out the Comptroller's legal
5 responsibilities for state financial assistance or to comply
6 with the requirements of this section.

7 (5) Each state awarding agency shall:

8 (a) Provide to each a recipient information needed by
9 the recipient to comply with the requirements of this section,
10 including:

11 1. The audit and accountability requirements for state
12 projects as stated in this section and applicable ~~rules of the~~
13 ~~Executive Office of the Governor~~, rules of the Comptroller,
14 and rules of the Auditor General.

15 2. Information from the Catalog of State Financial
16 Assistance, including the standard state project number
17 identifier; official title; legal authorization; and
18 description of the state project including objectives,
19 restrictions, and other relevant information determined
20 necessary.

21 3. Information from the State Projects Compliance
22 Supplement, including the significant compliance requirements,
23 eligibility requirements, matching requirements, suggested
24 audit procedures, and other relevant information determined
25 necessary.

26 (b) Require the recipient, as a condition of receiving
27 state financial assistance, to allow the state awarding
28 agency, the Comptroller, and the Auditor General access to the
29 recipient's records and the recipient's independent auditor's
30 working papers as necessary for complying with the
31 requirements of this section.

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1 (c) Notify the recipient that this section does not
2 limit the authority of the state awarding agency to conduct or
3 arrange for the conduct of additional audits or evaluations of
4 state financial assistance or limit the authority of any state
5 awarding agency inspector general, the Auditor General, or any
6 other state official.

7 (d) Be provided one copy of each financial reporting
8 package prepared in accordance with the requirement of this
9 section.

10 (e) Review the recipient's ~~recipient~~ financial
11 reporting package, including the management letters and
12 corrective action plans, to the extent necessary to determine
13 whether timely and appropriate corrective action has been
14 taken with respect to audit findings and recommendations
15 pertaining to state financial assistance that is specific to
16 ~~provided by~~ the state awarding agency.

17 (f) Designate within the state awarding agency a
18 division, bureau, or other organizational unit that will be
19 responsible for reviewing financial reporting packages
20 pursuant to paragraph (e).

21
22 If the state awarding agency is not the coordinating agency as
23 defined in paragraph (2)(d), the state awarding agency's
24 designated division, bureau, or other organizational unit
25 shall communicate to the coordinating agency the state
26 awarding agency's approval of the recipient's corrective
27 action plan with respect to findings and recommendations that
28 are not specific to the state awarding agency.

29 (6) Each coordinating agency shall:

30 (a) Review the recipient's financial reporting
31 package, including the management letter and corrective action

1 plan, to identify audit findings and recommendations that
2 affect state financial assistance that is not specific to a
3 particular state awarding agency.

4 (b) For any such findings and recommendations
5 determine:

6 1. Whether timely and appropriate corrective action
7 has been taken.

8 2. Promptly inform the state awarding agency's
9 contact, as designated pursuant to paragraph (5)(f), of
10 actions taken by the recipient to comply with the approved
11 corrective action plan.

12 (c) Maintain records of followup actions taken for the
13 use of any succeeding coordinating agency.

14 (7)(6) As a condition of receiving state financial
15 assistance, each nonstate entity recipient that provides state
16 financial assistance to a subrecipient shall:

17 (a) Provide to each a subrecipient information needed
18 by the subrecipient to comply with the requirements of this
19 section, including:

20 1. Identification of the state awarding agency.
21 2. The audit and accountability requirements for state
22 projects as stated in this section and applicable ~~rules of the~~
23 ~~Executive Office of the Governor,~~ rules of the Comptroller,
24 and rules of the Auditor General.

25 3. Information from the Catalog of State Financial
26 Assistance, including the standard state project number
27 identifier; official title; legal authorization; and
28 description of the state project, including objectives,
29 restrictions, and other relevant information.

30 4. Information from the State Projects Compliance
31 Supplement including the significant compliance requirements,

1 eligibility requirements, matching requirements, and suggested
2 audit procedures, and other relevant information determined
3 necessary.

4 (b) Review the financial reporting package of the
5 subrecipient ~~audit reports~~, including the management letter
6 and corrective action plan letters, to the extent necessary to
7 determine whether timely and appropriate corrective action has
8 been taken with respect to audit findings and recommendations
9 pertaining to state financial assistance provided by a the
10 state awarding agency or nonstate entity.

11 (c) Perform such other procedures as specified in
12 terms and conditions of the written agreement with the state
13 awarding agency or nonstate entity including any required
14 monitoring of the subrecipient's use of state financial
15 assistance through onsite visits, limited scope audits, or
16 other specified procedures.

17 (d) Require subrecipients, as a condition of receiving
18 state financial assistance, to permit the independent auditor
19 of the nonstate entity recipient, the state awarding agency,
20 the Comptroller, and the Auditor General access to the
21 subrecipient's records and the subrecipient's independent
22 auditor's working papers as necessary to comply with the
23 requirements of this section.

24 ~~(8)(7)~~ Each recipient or subrecipient of state
25 financial assistance shall comply with the following:

26 (a) Each nonstate entity that ~~receives state financial~~
27 ~~assistance and~~ meets the audit threshold requirements, in any
28 fiscal year of the nonstate entity, as stated in the rules of
29 the Auditor General, shall have a state single audit conducted
30 for such fiscal year in accordance with the requirements of
31 this act and with additional requirements established in ~~rules~~

1 ~~of the Executive Office of the Governor,~~ rules of the
2 Comptroller, and rules of the Auditor General. If only one
3 state project is involved in a nonstate entity's fiscal year,
4 the nonstate entity may elect to have only a state
5 project-specific audit ~~of the state project for that fiscal~~
6 ~~year.~~

7 (b) Each nonstate entity that ~~receives state financial~~
8 ~~assistance~~ and does not meet the audit threshold requirements,
9 in any fiscal year of the nonstate entity, as stated in this
10 law or the rules of the Auditor General is exempt for such
11 fiscal year from the state single audit requirements of this
12 section. However, such nonstate entity must meet terms and
13 conditions specified in the written agreement with the state
14 awarding agency or nonstate entity.

15 (c) Regardless of the amount of ~~the~~ state financial
16 assistance, the provisions of this section do not exempt a
17 nonstate entity from compliance with provisions of law
18 relating to maintaining records concerning state financial
19 assistance to such nonstate entity or allowing access and
20 examination of those records by the state awarding agency,
21 nonstate entity, the Comptroller, or the Auditor General.

22 (d) Audits conducted pursuant to this section shall be
23 performed annually.

24 (e) Audits conducted pursuant to this section shall be
25 conducted by independent auditors in accordance with auditing
26 standards as stated in rules of the Auditor General.

27 (f) Upon completion of the audit as required by this
28 section, a copy of the recipient's financial reporting package
29 shall be filed with the state awarding agency and the Auditor
30 General. Upon completion of the audit as required by this
31 section, a copy of the subrecipient's financial reporting

1 package shall be filed with the nonstate entity recipient that
2 provided the state financial assistance and the Auditor
3 General. The financial reporting package shall be filed in
4 accordance with the rules of the Auditor General.

5 (g) All financial reporting packages prepared pursuant
6 to the requirements of this section shall be available for
7 public inspection.

8 (h) If an audit conducted pursuant to this section
9 discloses any significant audit findings relating to state
10 financial assistance, including material noncompliance with
11 individual state project compliance requirements or reportable
12 conditions in internal controls of the nonstate entity, the
13 nonstate entity shall submit as part of the financial
14 reporting audit package to the state awarding agency or
15 nonstate entity a plan for corrective action to eliminate such
16 audit findings or a statement describing the reasons that
17 corrective action is not necessary.

18 (i) An audit conducted in accordance with this section
19 is in addition to any audit of federal awards required by the
20 federal Single Audit Act and other federal laws and
21 regulations. To the extent that such federally required audits
22 provide the state awarding agency or nonstate entity with
23 information it requires to carry out its responsibilities
24 under state law or other guidance, the a state awarding agency
25 or nonstate entity shall rely upon and use that information.

26 (j) Unless prohibited by law, the costs cost of audits
27 pursuant to this section are is allowable charges to state
28 projects. However, any charges to state projects should be
29 limited to those incremental costs incurred as a result of the
30 audit requirements of this section in relation to other audit
31 requirements. The nonstate entity should allocate such

1 incremental costs to all state projects for which it expended
2 state financial assistance.

3 (k) Audit costs may not be charged to state projects
4 when audits required by this section have not been made or
5 have been made but not in accordance with this section. If a
6 nonstate entity fails to have an audit conducted consistent
7 with this section, a state awarding agency or nonstate entity
8 ~~agencies~~ may take appropriate corrective action to enforce
9 compliance.

10 (l) This section does not prohibit the state awarding
11 agency or nonstate entity from including terms and conditions
12 in the written agreement which require additional assurances
13 that state financial assistance meets the applicable
14 requirements of laws, regulations, and other compliance rules.

15 (m) A state awarding agency or nonstate entity that
16 ~~provides state financial assistance to nonstate entities and~~
17 conducts or arranges for audits of state financial assistance
18 that are in addition to the audits conducted under this act,
19 including audits of nonstate entities that do not meet the
20 audit threshold requirements, shall, consistent with other
21 applicable law, arrange for funding the full cost of such
22 additional audits.

23 ~~(9)(8)~~ The independent auditor when conducting a state
24 single audit of a nonstate entity ~~recipients or subrecipients~~
25 shall:

26 (a) Determine whether the nonstate entity's financial
27 statements are presented fairly in all material respects in
28 conformity with generally accepted accounting principles.

29 (b) Determine whether state financial assistance shown
30 on the Schedule of Expenditures of State Financial Assistance
31 is presented fairly in all material respects in relation to

1 the nonstate entity's financial statements taken as a whole.

2 (c) With respect to internal controls pertaining to
3 each major state project:

4 1. Obtain an understanding of internal controls;

5 2. Assess control risk;

6 3. Perform tests of controls unless the controls are
7 deemed to be ineffective; and

8 4. Determine whether the nonstate entity has internal
9 controls in place to provide reasonable assurance of
10 compliance with the provisions of laws and rules pertaining to
11 state financial assistance that have a material effect on each
12 major state project.

13 (d) Determine whether each major state project
14 complied with the provisions of laws, rules, and guidelines as
15 identified in the State Projects Compliance Supplement, or
16 otherwise identified by the state awarding agency, which have
17 a material effect on each major state project. When major
18 state projects are less than 50 percent of the nonstate
19 entity's total expenditures for all state financial
20 assistance, the auditor shall select and test additional state
21 projects as major state projects as necessary to achieve audit
22 coverage of at least 50 percent of the expenditures for all
23 state financial assistance provided to the nonstate entity.
24 Additional state projects needed to meet the 50-percent
25 requirement may be selected on an inherent risk basis as
26 stated in the rules of the Comptroller ~~Executive Office of the~~
27 ~~Governor~~.

28 (e) Report on the results of any audit conducted
29 pursuant to this section in accordance with the ~~rules of the~~
30 ~~Executive Office of the Governor~~, rules of the Comptroller,
31 and rules of the Auditor General. Financial reporting packages

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1 ~~Audit reports~~ shall include summaries of the auditor's results
2 regarding the nonstate entity's financial statements; Schedule
3 of Expenditures of State Financial Assistance; internal
4 controls; and compliance with laws, rules, and guidelines.

5 (f) Issue a management letter as prescribed in the
6 rules of the Auditor General.

7 (g) Upon notification by the nonstate entity, make
8 available the working papers relating to the audit conducted
9 pursuant to the requirements of this section to the state
10 awarding agency, the Comptroller, or the Auditor General for
11 review or copying.

12 (10)~~(9)~~ The independent auditor, when conducting a
13 state project-specific audit of a nonstate entity recipients
14 ~~or subrecipients~~, shall:

15 (a) Determine whether the nonstate entity's Schedule
16 of Expenditures of State Financial Assistance is presented
17 fairly in all material respects in conformity with stated
18 accounting policies.

19 (b) Obtain an understanding of internal controls
20 ~~control~~ and perform tests of internal controls ~~control~~ over
21 the state project consistent with the requirements of a major
22 state project.

23 (c) Determine whether or not the auditee has complied
24 with applicable provisions of laws, rules, and guidelines as
25 identified in the State Projects Compliance Supplement, or
26 otherwise identified by the state awarding agency, which could
27 have a direct and material effect on the state project.

28 (d) Report on the results of the ~~a~~ state
29 project-specific audit consistent with the requirements of the
30 state single audit and issue a management letter as prescribed
31 in the rules of the Auditor General.

1 (e) Upon notification by the nonstate entity, make
2 available the working papers relating to the audit conducted
3 pursuant to the requirements of this section to the state
4 awarding agency, the Comptroller, or the Auditor General for
5 review or copying.

6 (11)~~(10)~~ The Auditor General shall:

7 (a) Have the authority to audit state financial
8 assistance provided to any nonstate entity when determined
9 necessary by the Auditor General or when directed by the
10 Legislative Auditing Committee.

11 (b) Adopt rules that state the auditing standards that
12 independent auditors are to follow for audits of nonstate
13 entities required by this section.

14 (c) Adopt rules that describe the contents and the
15 filing deadlines for the financial reporting package.

16 (d) Provide technical advice upon request of the
17 Comptroller, ~~Executive Office of the Governor~~, and state
18 awarding agencies relating to financial reporting and audit
19 responsibilities contained in this section.

20 (e) Be provided one copy of each financial reporting
21 package prepared in accordance with the requirements of this
22 section.

23 (f) Perform ongoing reviews of a sample of financial
24 reporting packages filed pursuant to the requirements of this
25 section to determine compliance with the reporting
26 requirements of this section and applicable ~~rules of the~~
27 ~~Executive Office of the Governor~~, rules of the Comptroller,
28 and rules of the Auditor General.

29 Section 44. Effective July 1, 2002, one full-time
30 equivalent position is transferred from the Executive Office
31 of the Governor to the Comptroller.

1 Section 45. Effective January 1, 2003, section
2 215.195, Florida Statutes, as amended by this act, is amended
3 to read:

4 215.195 Agency deposits relating to the Statewide Cost
5 Allocation Plan.--

6 (1) APPLICATION FOR ALLOCABLE STATEWIDE
7 OVERHEAD.--Each state agency, and the judicial branch, making
8 application for federal grant or contract funds shall, in
9 accordance with the Statewide Cost Allocation Plan (SWCAP),
10 include in its application a prorated share of the cost of
11 services provided by state central service agencies which are
12 reimbursable to the state pursuant to the provisions of Office
13 of Management and Budget Circular A-87. Preparation of the
14 Statewide Cost Allocation Plan and coordination thereof with
15 all applicable parties is the responsibility of the Chief
16 Financial Officer ~~Comptroller~~. The Chief Financial Officer
17 ~~Comptroller~~ shall ensure that the SWCAP presents the most
18 favorable allocation of central services cost allowable to the
19 state by the Federal Government.

20 (2) DEPOSIT OF OVERHEAD IN THE GENERAL REVENUE
21 FUND.--If an application for federal grant or contract funds
22 is approved, the state agency or judicial branch receiving the
23 federal grant or contract shall identify that portion
24 representing reimbursement of allocable statewide overhead and
25 deposit that amount into the General Revenue Fund unallocated
26 as directed by the Chief Financial Officer ~~Comptroller~~. The
27 Chief Financial Officer ~~Comptroller~~ shall be responsible for
28 monitoring agency compliance with this section.

29 Section 46. Effective January 1, 2003, section 215.97,
30 Florida Statutes, as amended by this act, is amended to read:

31 215.97 Florida Single Audit Act.--

- 1 (1) The purposes of the section are to:
- 2 (a) Establish uniform state audit requirements for
- 3 state financial assistance provided by state agencies to
- 4 nonstate entities to carry out state projects.
- 5 (b) Promote sound financial management, including
- 6 effective internal controls, with respect to state financial
- 7 assistance administered by nonstate entities.
- 8 (c) Promote audit economy and efficiency by relying to
- 9 the extent possible on already required audits of federal
- 10 financial assistance provided to nonstate entities.
- 11 (d) Provide for identification of state financial
- 12 assistance transactions in the appropriations act, state
- 13 accounting records, and recipient organization records.
- 14 (e) Promote improved coordination and cooperation
- 15 within and between affected state agencies providing state
- 16 financial assistance and nonstate entities receiving state
- 17 assistance.
- 18 (f) Ensure, to the maximum extent possible, that state
- 19 agencies monitor, use, and followup on audits of state
- 20 financial assistance provided to nonstate entities.
- 21 (2) Definitions; as used in this section, the term:
- 22 (a) "Audit threshold" means the threshold amount used
- 23 to determine when a state single audit of a nonstate entity
- 24 shall be conducted in accordance with this section. Each
- 25 nonstate entity that expends a total amount of state financial
- 26 assistance equal to or in excess of \$300,000 in any fiscal
- 27 year of such nonstate entity shall be required to have a state
- 28 single audit for such fiscal year in accordance with the
- 29 requirements of this section. Every 2 years the Auditor
- 30 General, after consulting with the Executive Office of the
- 31 Governor, the Chief Financial Officer ~~Comptroller~~, and all

1 state awarding agencies, shall review the threshold amount for
2 requiring audits under this section and may adjust such
3 threshold dollar amount consistent with the purposes of this
4 section.

5 (b) "Auditing standards" means the auditing standards
6 as stated in the rules of the Auditor General as applicable to
7 for-profit organizations, nonprofit organizations, or local
8 governmental entities.

9 (c) "Catalog of State Financial Assistance" means a
10 comprehensive listing of state projects. The Catalog of State
11 Financial Assistance shall be issued by the Chief Financial
12 Officer ~~Comptroller~~ after conferring with all state awarding
13 agencies. The Catalog of State Financial Assistance shall
14 include for each listed state project: the responsible state
15 awarding agency; standard state project number identifier;
16 official title; legal authorization; and description of the
17 state project, including objectives, restrictions, application
18 and awarding procedures, and other relevant information
19 determined necessary.

20 (d) "Coordinating agency" means the state awarding
21 agency that provides the predominant amount of state financial
22 assistance expended by a recipient, as determined by the
23 recipient's Schedule of Expenditures of State Financial
24 Assistance. To provide continuity, the determination of the
25 predominant amount of state financial assistance shall be
26 based upon state financial assistance expended in the
27 recipient's fiscal years ending in 2003, 2006, and 2009, and
28 every third year thereafter.

29 (e) "Financial reporting package" means the nonstate
30 entities' financial statements, Schedule of Expenditures of
31 State Financial Assistance, auditor's reports, management

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1 letter, auditee's written responses or corrective action plan,
2 correspondence on followup of prior years' corrective actions
3 taken, and such other information determined by the Auditor
4 General to be necessary and consistent with the purposes of
5 this section.

6 (f) "Federal financial assistance" means financial
7 assistance from federal sources passed through the state and
8 provided to nonstate organizations to carry out a federal
9 program. "Federal financial assistance" includes all types of
10 federal assistance as defined in applicable United States
11 Office of Management and Budget circulars.

12 (g) "For-profit organization" means any organization
13 or sole proprietor that is not a local governmental entity or
14 a nonprofit organization.

15 (h) "Independent auditor" means an external state or
16 local governmental auditor or a certified public accountant
17 who meets the independence standards.

18 (i) "Internal control over state projects" means a
19 process, effected by a nonstate entity's management and other
20 personnel, designed to provide reasonable assurance regarding
21 the achievement of objectives in the following categories:

- 22 1. Effectiveness and efficiency of operations.
- 23 2. Reliability of financial operations.
- 24 3. Compliance with applicable laws and regulations.

25 (j) "Local governmental entity" means a county,
26 municipality, or special district or any other entity (other
27 than a district school board, charter school, community
28 college, or public university), however styled, which
29 independently exercises any type of governmental function
30 within the state.

31 (k) "Major state project" means any state project

1 meeting the criteria as stated in the rules of the Chief
2 Financial Officer ~~Comptroller~~. Such criteria shall be
3 established after consultation with all state awarding
4 agencies and shall consider the amount of state project
5 expenditures and expenses or inherent risks. Each major state
6 project shall be audited in accordance with the requirements
7 of this section.

8 (l) "Nonprofit organization" means any corporation,
9 trust, association, cooperative, or other organization that:

10 1. Is operated primarily for scientific, educational
11 service, charitable, or similar purpose in the public
12 interest;

13 2. Is not organized primarily for profit;

14 3. Uses net proceeds to maintain, improve, or expand
15 the operations of the organization; and

16 4. Has no part of its income or profit distributable
17 to its members, directors, or officers.

18 (m) "Nonstate entity" means a local governmental
19 entity, nonprofit organization, or for-profit organization
20 that receives state financial assistance.

21 (n) "Nonstate organization" means a local governmental
22 entity, nonprofit organization, or for-profit organization
23 that receives state resources.

24 (o) "Recipient" means a nonstate entity that receives
25 state financial assistance directly from a state awarding
26 agency.

27 (p) "Schedule of Expenditures of State Financial
28 Assistance" means a document prepared in accordance with the
29 rules of the Chief Financial Officer ~~Comptroller~~ and included
30 in each financial reporting package required by this section.

31 (q) "State awarding agency" means a state agency, as

1 defined in s. 216.011, that provides state financial
2 assistance to a nonstate entity.

3 (r) "State financial assistance" means state
4 resources, not including federal financial assistance and
5 state matching on federal programs, provided to a nonstate
6 entity to carry out a state project. "State financial
7 assistance" shall include the types of state resources stated
8 in the rules of the Chief Financial Officer Comptroller
9 established in consultation with all state awarding agencies.
10 State financial assistance may be provided directly by state
11 awarding agencies or indirectly by nonstate entities. State
12 financial assistance does not include procurement contracts
13 used to buy goods or services from vendors and contracts to
14 operate state-owned and contractor-operated facilities.

15 (s) "State matching" means state resources provided to
16 a nonstate entity to meet federal financial participation
17 matching requirements.

18 (t) "State program" means a set of special purpose
19 activities undertaken to realize identifiable goals and
20 objectives in order to achieve a state agency's mission and
21 legislative intent requiring accountability for state
22 resources.

23 (u) "State project" means a state program that
24 provides state financial assistance to a nonstate organization
25 and that must be assigned a state project number identifier in
26 the Catalog of State Financial Assistance.

27 (v) "State Projects Compliance Supplement" means a
28 document issued by the Chief Financial Officer Comptroller, in
29 consultation with all state awarding agencies. The State
30 Projects Compliance Supplement shall identify state projects,
31 the significant compliance requirements, eligibility

1 requirements, matching requirements, suggested audit
2 procedures, and other relevant information determined
3 necessary.

4 (w) "State project-specific audit" means an audit of
5 one state project performed in accordance with the
6 requirements of subsection (10).

7 (x) "State single audit" means an audit of a nonstate
8 entity's financial statements and state financial assistance.
9 Such audits shall be conducted in accordance with the auditing
10 standards as stated in the rules of the Auditor General.

11 (y) "Subrecipient" means a nonstate entity that
12 receives state financial assistance through another nonstate
13 entity.

14 (z) "Vendor" means a dealer, distributor, merchant, or
15 other seller providing goods or services that are required for
16 the conduct of a state project. These goods or services may be
17 for an organization's own use or for the use of beneficiaries
18 of the state project.

19 (3) The Executive Office of the Governor shall be
20 responsible for notifying the Chief Financial Officer
21 ~~Comptroller~~ of any actions during the budgetary process that
22 impact the Catalog of State Financial Assistance.

23 (4) The Chief Financial Officer ~~Comptroller~~ shall:

24 (a) Upon conferring with the Executive Office of the
25 Governor and all state awarding agencies, adopt rules
26 necessary to provide appropriate guidance to state awarding
27 agencies, nonstate entities, and independent auditors of state
28 financial assistance relating to the requirements of this
29 section, including:

30 1. The types or classes of state resources considered
31 to be state financial assistance that would be subject to the

1 requirements of this section. This would include guidance to
2 assist in identifying when the state awarding agency or a
3 nonstate entity has contracted with a vendor rather than with
4 a recipient or subrecipient.

5 2. The criteria for identifying a major state project.

6 3. The criteria for selecting state projects for
7 audits based on inherent risk.

8 (b) Be responsible for coordinating revisions to the
9 Catalog of State Financial Assistance after consultation with
10 the Executive Office of the Governor and all state awarding
11 agencies.

12 (c) Be responsible for coordinating with the Executive
13 Office of the Governor actions affecting the budgetary process
14 under paragraph (b).

15 (d) Be responsible for coordinating revisions to the
16 State Projects Compliance Supplement, after consultation with
17 the Executive Office of the Governor and all state awarding
18 agencies.

19 (e) Make enhancements to the state's accounting system
20 to provide for the:

21 1. Recording of state financial assistance and federal
22 financial assistance appropriations and expenditures within
23 the state awarding agencies' operating funds.

24 2. Recording of state project number identifiers, as
25 provided in the Catalog of State Financial Assistance, for
26 state financial assistance.

27 3. Establishment and recording of an identification
28 code for each financial transaction, including state awarding
29 agencies' disbursements of state financial assistance and
30 federal financial assistance, as to the corresponding type or
31 organization that is party to the transaction (e.g., other

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1 governmental agencies, nonprofit organizations, and for-profit
2 organizations), and disbursements of federal financial
3 assistance, as to whether the party to the transaction is or
4 is not a nonstate entity.

5 (f) Upon conferring with the Executive Office of the
6 Governor and all state awarding agencies, adopt rules
7 necessary to provide appropriate guidance to state awarding
8 agencies, nonstate entities, and independent auditors of state
9 financial assistance relating to the format for the Schedule
10 of Expenditures of State Financial Assistance.

11 (g) Perform any inspections, reviews, investigations,
12 or audits of state financial assistance considered necessary
13 in carrying out the Chief Financial Officer's ~~Comptroller's~~
14 legal responsibilities for state financial assistance or to
15 comply with the requirements of this section.

16 (5) Each state awarding agency shall:

17 (a) Provide to each recipient information needed by
18 the recipient to comply with the requirements of this section,
19 including:

20 1. The audit and accountability requirements for state
21 projects as stated in this section and applicable rules of the
22 Chief Financial Officer ~~Comptroller~~ and rules of the Auditor
23 General.

24 2. Information from the Catalog of State Financial
25 Assistance, including the standard state project number
26 identifier; official title; legal authorization; and
27 description of the state project including objectives,
28 restrictions, and other relevant information determined
29 necessary.

30 3. Information from the State Projects Compliance
31 Supplement, including the significant compliance requirements,

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1 eligibility requirements, matching requirements, suggested
2 audit procedures, and other relevant information determined
3 necessary.

4 (b) Require the recipient, as a condition of receiving
5 state financial assistance, to allow the state awarding
6 agency, the Chief Financial Officer ~~Comptroller~~, and the
7 Auditor General access to the recipient's records and the
8 recipient's independent auditor's working papers as necessary
9 for complying with the requirements of this section.

10 (c) Notify the recipient that this section does not
11 limit the authority of the state awarding agency to conduct or
12 arrange for the conduct of additional audits or evaluations of
13 state financial assistance or limit the authority of any state
14 awarding agency inspector general, the Auditor General, or any
15 other state official.

16 (d) Be provided one copy of each financial reporting
17 package prepared in accordance with the requirement of this
18 section.

19 (e) Review the recipient's financial reporting
20 package, including the management letters and corrective
21 action plans, to the extent necessary to determine whether
22 timely and appropriate corrective action has been taken with
23 respect to audit findings and recommendations pertaining to
24 state financial assistance that is specific to the state
25 awarding agency.

26 (f) Designate within the state awarding agency a
27 division, bureau, or other organizational unit that will be
28 responsible for reviewing financial reporting packages
29 pursuant to paragraph (e).

30

31 If the state awarding agency is not the coordinating agency as

1 defined in paragraph (2)(d), the state awarding agency's
2 designated division, bureau, or other organizational unit
3 shall communicate to the coordinating agency the state
4 awarding agency's approval of the recipient's corrective
5 action plan with respect to findings and recommendations that
6 are not specific to the state awarding agency.

7 (6) Each coordinating agency shall:

8 (a) Review the recipient's financial reporting
9 package, including the management letter and corrective action
10 plan, to identify audit findings and recommendations that
11 affect state financial assistance that is not specific to a
12 particular state awarding agency.

13 (b) For any such findings and recommendations
14 determine:

15 1. Whether timely and appropriate corrective action
16 has been taken.

17 2. Promptly inform the state awarding agency's
18 contact, as designated pursuant to paragraph (5)(f), of
19 actions taken by the recipient to comply with the approved
20 corrective action plan.

21 (c) Maintain records of followup actions taken for the
22 use of any succeeding coordinating agency.

23 (7) As a condition of receiving state financial
24 assistance, each nonstate entity that provides state financial
25 assistance to a subrecipient shall:

26 (a) Provide to each subrecipient information needed by
27 the subrecipient to comply with the requirements of this
28 section, including:

29 1. Identification of the state awarding agency.

30 2. The audit and accountability requirements for state
31 projects as stated in this section and applicable rules of the

1 Chief Financial Officer ~~Comptroller~~ and rules of the Auditor
2 General.

3 3. Information from the Catalog of State Financial
4 Assistance, including the standard state project number
5 identifier; official title; legal authorization; and
6 description of the state project, including objectives,
7 restrictions, and other relevant information.

8 4. Information from the State Projects Compliance
9 Supplement including the significant compliance requirements,
10 eligibility requirements, matching requirements, and suggested
11 audit procedures, and other relevant information determined
12 necessary.

13 (b) Review the financial reporting package of the
14 subrecipient, including the management letter and corrective
15 action plan, to the extent necessary to determine whether
16 timely and appropriate corrective action has been taken with
17 respect to audit findings and recommendations pertaining to
18 state financial assistance provided by a state awarding agency
19 or nonstate entity.

20 (c) Perform such other procedures as specified in
21 terms and conditions of the written agreement with the state
22 awarding agency or nonstate entity including any required
23 monitoring of the subrecipient's use of state financial
24 assistance through onsite visits, limited scope audits, or
25 other specified procedures.

26 (d) Require subrecipients, as a condition of receiving
27 state financial assistance, to permit the independent auditor
28 of the nonstate entity, the state awarding agency, the Chief
29 Financial Officer ~~Comptroller~~, and the Auditor General access
30 to the subrecipient's records and the subrecipient's
31 independent auditor's working papers as necessary to comply

1 with the requirements of this section.

2 (8) Each recipient or subrecipient of state financial
3 assistance shall comply with the following:

4 (a) Each nonstate entity that meets the audit
5 threshold requirements, in any fiscal year of the nonstate
6 entity, as stated in the rules of the Auditor General, shall
7 have a state single audit conducted for such fiscal year in
8 accordance with the requirements of this act and with
9 additional requirements established in rules of the Chief
10 Financial Officer ~~Comptroller~~ and rules of the Auditor
11 General. If only one state project is involved in a nonstate
12 entity's fiscal year, the nonstate entity may elect to have
13 only a state project-specific audit.

14 (b) Each nonstate entity that does not meet the audit
15 threshold requirements, in any fiscal year of the nonstate
16 entity, as stated in this law or the rules of the Auditor
17 General is exempt for such fiscal year from the state single
18 audit requirements of this section. However, such nonstate
19 entity must meet terms and conditions specified in the written
20 agreement with the state awarding agency or nonstate entity.

21 (c) Regardless of the amount of state financial
22 assistance, the provisions of this section do not exempt a
23 nonstate entity from compliance with provisions of law
24 relating to maintaining records concerning state financial
25 assistance to such nonstate entity or allowing access and
26 examination of those records by the state awarding agency,
27 nonstate entity, the Chief Financial Officer ~~Comptroller~~, or
28 the Auditor General.

29 (d) Audits conducted pursuant to this section shall be
30 performed annually.

31 (e) Audits conducted pursuant to this section shall be

1 conducted by independent auditors in accordance with auditing
2 standards as stated in rules of the Auditor General.

3 (f) Upon completion of the audit as required by this
4 section, a copy of the recipient's financial reporting package
5 shall be filed with the state awarding agency and the Auditor
6 General. Upon completion of the audit as required by this
7 section, a copy of the subrecipient's financial reporting
8 package shall be filed with the nonstate entity that provided
9 the state financial assistance and the Auditor General. The
10 financial reporting package shall be filed in accordance with
11 the rules of the Auditor General.

12 (g) All financial reporting packages prepared pursuant
13 to the requirements of this section shall be available for
14 public inspection.

15 (h) If an audit conducted pursuant to this section
16 discloses any significant audit findings relating to state
17 financial assistance, including material noncompliance with
18 individual state project compliance requirements or reportable
19 conditions in internal controls of the nonstate entity, the
20 nonstate entity shall submit as part of the financial
21 reporting package to the state awarding agency or nonstate
22 entity a plan for corrective action to eliminate such audit
23 findings or a statement describing the reasons that corrective
24 action is not necessary.

25 (i) An audit conducted in accordance with this section
26 is in addition to any audit of federal awards required by the
27 federal Single Audit Act and other federal laws and
28 regulations. To the extent that such federally required audits
29 provide the state awarding agency or nonstate entity with
30 information it requires to carry out its responsibilities
31 under state law or other guidance, the state awarding agency

1 or nonstate entity shall rely upon and use that information.

2 (j) Unless prohibited by law, the costs of audits
3 pursuant to this section are allowable charges to state
4 projects. However, any charges to state projects should be
5 limited to those incremental costs incurred as a result of the
6 audit requirements of this section in relation to other audit
7 requirements. The nonstate entity should allocate such
8 incremental costs to all state projects for which it expended
9 state financial assistance.

10 (k) Audit costs may not be charged to state projects
11 when audits required by this section have not been made or
12 have been made but not in accordance with this section. If a
13 nonstate entity fails to have an audit conducted consistent
14 with this section, a state awarding agency or nonstate entity
15 may take appropriate corrective action to enforce compliance.

16 (l) This section does not prohibit the state awarding
17 agency or nonstate entity from including terms and conditions
18 in the written agreement which require additional assurances
19 that state financial assistance meets the applicable
20 requirements of laws, regulations, and other compliance rules.

21 (m) A state awarding agency or nonstate entity that
22 conducts or arranges for audits of state financial assistance
23 that are in addition to the audits conducted under this act,
24 including audits of nonstate entities that do not meet the
25 audit threshold requirements, shall, consistent with other
26 applicable law, arrange for funding the full cost of such
27 additional audits.

28 (9) The independent auditor when conducting a state
29 single audit of a nonstate entity shall:

30 (a) Determine whether the nonstate entity's financial
31 statements are presented fairly in all material respects in

1 conformity with generally accepted accounting principles.
2 (b) Determine whether state financial assistance shown
3 on the Schedule of Expenditures of State Financial Assistance
4 is presented fairly in all material respects in relation to
5 the nonstate entity's financial statements taken as a whole.
6 (c) With respect to internal controls pertaining to
7 each major state project:
8 1. Obtain an understanding of internal controls;
9 2. Assess control risk;
10 3. Perform tests of controls unless the controls are
11 deemed to be ineffective; and
12 4. Determine whether the nonstate entity has internal
13 controls in place to provide reasonable assurance of
14 compliance with the provisions of laws and rules pertaining to
15 state financial assistance that have a material effect on each
16 major state project.
17 (d) Determine whether each major state project
18 complied with the provisions of laws, rules, and guidelines as
19 identified in the State Projects Compliance Supplement, or
20 otherwise identified by the state awarding agency, which have
21 a material effect on each major state project. When major
22 state projects are less than 50 percent of the nonstate
23 entity's total expenditures for all state financial
24 assistance, the auditor shall select and test additional state
25 projects as major state projects as necessary to achieve audit
26 coverage of at least 50 percent of the expenditures for all
27 state financial assistance provided to the nonstate entity.
28 Additional state projects needed to meet the 50-percent
29 requirement may be selected on an inherent risk basis as
30 stated in the rules of the Chief Financial Officer
31 ~~Comptroller~~.

1 (e) Report on the results of any audit conducted
2 pursuant to this section in accordance with the rules of the
3 Chief Financial Officer ~~Comptroller~~ and rules of the Auditor
4 General. Financial reporting packages shall include summaries
5 of the auditor's results regarding the nonstate entity's
6 financial statements; Schedule of Expenditures of State
7 Financial Assistance; internal controls; and compliance with
8 laws, rules, and guidelines.

9 (f) Issue a management letter as prescribed in the
10 rules of the Auditor General.

11 (g) Upon notification by the nonstate entity, make
12 available the working papers relating to the audit conducted
13 pursuant to the requirements of this section to the state
14 awarding agency, the Chief Financial Officer ~~Comptroller~~, or
15 the Auditor General for review or copying.

16 (10) The independent auditor, when conducting a state
17 project-specific audit of a nonstate entity, shall:

18 (a) Determine whether the nonstate entity's Schedule
19 of Expenditures of State Financial Assistance is presented
20 fairly in all material respects in conformity with stated
21 accounting policies.

22 (b) Obtain an understanding of internal controls and
23 perform tests of internal controls over the state project
24 consistent with the requirements of a major state project.

25 (c) Determine whether or not the auditee has complied
26 with applicable provisions of laws, rules, and guidelines as
27 identified in the State Projects Compliance Supplement, or
28 otherwise identified by the state awarding agency, which could
29 have a direct and material effect on the state project.

30 (d) Report on the results of the state
31 project-specific audit consistent with the requirements of the

1 state single audit and issue a management letter as prescribed
2 in the rules of the Auditor General.

3 (e) Upon notification by the nonstate entity, make
4 available the working papers relating to the audit conducted
5 pursuant to the requirements of this section to the state
6 awarding agency, the Chief Financial Officer ~~Comptroller~~, or
7 the Auditor General for review or copying.

8 (11) The Auditor General shall:

9 (a) Have the authority to audit state financial
10 assistance provided to any nonstate entity when determined
11 necessary by the Auditor General or when directed by the
12 Legislative Auditing Committee.

13 (b) Adopt rules that state the auditing standards that
14 independent auditors are to follow for audits of nonstate
15 entities required by this section.

16 (c) Adopt rules that describe the contents and the
17 filing deadlines for the financial reporting package.

18 (d) Provide technical advice upon request of the Chief
19 Financial Officer ~~Comptroller~~ and state awarding agencies
20 relating to financial reporting and audit responsibilities
21 contained in this section.

22 (e) Be provided one copy of each financial reporting
23 package prepared in accordance with the requirements of this
24 section.

25 (f) Perform ongoing reviews of a sample of financial
26 reporting packages filed pursuant to the requirements of this
27 section to determine compliance with the reporting
28 requirements of this section and applicable rules of the Chief
29 Financial Officer ~~Comptroller~~ and rules of the Auditor
30 General.

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1 ===== T I T L E A M E N D M E N T =====

2 And the title is amended as follows:

3 On page 5, line 3, after the semicolon,

4

5 insert:

6 amending s. 215.195, F.S.; providing
7 responsibilities of the Comptroller, or the
8 Chief Financial Officer effective January 1,
9 2003, with regard to preparation of the
10 Statewide Cost Allocation Plan and the
11 monitoring of compliance therewith; amending s.
12 215.97, F.S.; revising and adding definitions
13 relating to the Florida Single Audit Act;
14 revising duties of the Executive Office of the
15 Governor and the Comptroller, or the Chief
16 Financial Officer effective January 1, 2003,
17 relating to the Florida Single Audit Act;
18 providing duties of state agencies; requiring
19 state agencies to review the audit report of
20 state financial award recipients; revising
21 duties of the Auditor General relating to the
22 Florida Single Audit Act; transferring a
23 position from the Executive Office of the
24 Governor to the Comptroller;

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