RULES

OF THE

AUDITOR GENERAL

CHAPTER 10.550

LOCAL GOVERNMENTAL ENTITY AUDITS

EFFECTIVE 9-30-26

RULES OF THE AUDITOR GENERAL
CHAPTER 10.550

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PREFACE TO RULES

Audits of certain "local governmental entities" are required by Florida Statutes. These various statutes may (and certain of the statutes do) describe who or what is to be audited; describe when, where, how, and by whom the audits are to be made; and require that certain standards and procedures be followed.

Certain of these statutes use various terms that may have common meanings. However, a number of these terms such as "State single audit," "financial audit," "management letter," "county agency," and "local governmental entity" have statutory definitions. When defined by statute, the statutory definitions prevail over other definitions.

Auditors are cautioned that, in general, these rules neither repeat nor paraphrase the statutory provisions. Hence, knowledge of statutory provisions 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 do the rules impinge on, the authority of the Board of Accountancy in the regulation of the practice of accountancy as authorized by Chapter 473, Florida Statutes.

These rules are intended to implement the provisions of Section 163.387(8), Florida Statutes, which prescribes the requirements for financial audits of community redevelopment agencies with revenues or a total of expenditures and expenses in excess of $100,000; Section 215.97, Florida Statutes, which prescribes the requirements for Florida Single Audit Act audits; Section 218.39, Florida Statutes, which prescribes the requirements for financial audits of local governmental entities; and Section 288.8018(1), Florida Statutes, which prescribes the requirements for audits of entities that received or expended funds related to the Deepwater Horizon Oil Spill. Where applicable, the contents of the audit report required by Rule 10.557(3) to be submitted by each local governmental entity shall include the reports and related financial information required for an audit conducted pursuant to Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), as well as the reports and information specified for financial and Florida Single Audit Act audit reports. It is the intent of these rules that the auditor shall combine required reports and schedules to the extent possible under these laws and shall avoid including duplicate findings in the various reports, schedules, and management letter.

Sections 215.97(2)(a) and 215.97(8)(a), Florida Statutes, provide that each nonstate entity that expends a total amount of state financial assistance equal to or in excess of $750,000 in any fiscal year of such nonstate entity shall be required to have an audit for such year in accordance with the Florida Single Audit Act.

Section 218.31(1), Florida Statutes, defines a local governmental entity, for purposes of Section 218.39, Florida Statutes, to mean a county agency, municipality, or special district but not a housing authority established under Chapter 421, Florida Statutes. Section 215.97(2)(k), Florida Statutes, defines a local governmental entity, for purposes of the Florida Single Audit Act, to include, in addition to a county as a whole, municipality, and special district, any other entity (other than a district school board, charter school, or State college or university) that independently exercises any type of governmental function within the State. Entities required to have audits in accordance with the Florida Single Audit Act that meet the definition in Section 215.97(2)(k), Florida Statutes, but are not local governmental entities as defined for purposes of Section 218.39, Florida Statutes, shall comply with these rules except that the management letter is required to include only the items prescribed by Rule 10.554(1)(i)3. and 4. Rules 10.556(7) through 10.556(10) do not apply to the scope of such audits.

Note: All statutory references are to the 2026 Florida Statutes.

History: New 06-30-92
Last Amended 09-30-26

10.551 PURPOSE

(1) Local governmental entities located in Florida are, in general, required by Florida law (Section 218.39, Florida Statutes) to have an annual "financial audit." Under Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), a local governmental entity may also be required to have an audit of Federal awards.

(2) The Comptroller General of the United States has adopted professional auditing standards for the audit of entities, including "local governmental entities," receiving Federal awards. These standards are contained in the publication titled *Government Auditing Standards*.

(3) The Auditor General has adopted the auditing standards set forth in *Government Auditing Standards* as the standards for auditing local governmental entities pursuant to Florida law. Hence, the same auditing standards are applicable to Federal awards audits, State financial assistance audits, and financial audits required by Florida law and should eliminate duplication of audit activity.

(4) Under the Florida Single Audit Act (Section 215.97, Florida Statutes) and Department of Financial Services Rules, Chapter 69I-5, Florida Administrative Code, *State Financial Assistance*, a local governmental entity may also be required to have an annual audit of State financial assistance. The audit threshold defined in Rule 10.554(1)(b) applies to audits of State financial assistance. Under Florida law, a local governmental entity "financial audit" would include an audit of State financial assistance.

(5) There are statutory differences between Federal and Florida audit requirements as to what is to be audited. There may also be differences in the way similar terms are defined in Federal law and Florida law. Auditors shall preserve these distinctions.

(6) The purpose of these rules is to implement, interpret, or make specific various provisions of Sections 11.45, 163.087(2), 163.387(8), 215.97, 218.39, and 288.8018(1), Florida Statutes.

(7) These rules will also form the basis of the review of local governmental entity audit reports and financial reporting packages pursuant to Sections 11.45(7)(b) and 215.97(12)(f), Florida Statutes.

General Authority and Law Implemented - Sections 11.45, 163.087(2), 163.387(8), 215.97, 218.39, and 288.8018(1), Florida Statutes.

History: New 08-01-86
Last Amended 09-30-25

10.552 RULES OF CONSTRUCTION

(1) Applicable provisions of Florida law and expressed provisions of these rules shall prevail over conflicting provisions of material incorporated by reference.

(2) Audits of non-Federal resources shall be guided by Florida law and these rules, and audits of Federal awards shall be guided by Federal law and applicable provisions of Florida law.

General Authority and Law Implemented - Sections 11.45, 163.087(2), 163.387(8), 215.97, 218.39, and 288.8018(1), Florida Statutes.

History: New 08-01-86
Last Amended 09-30-25

10.553 PUBLICATIONS INCORPORATED BY REFERENCE

For purposes of these rules, the following material, as in effect for the fiscal year audited, is incorporated by reference and shall be followed when applicable.

(1) *Codification of Governmental Accounting and Financial Reporting Standards* promulgated by the Governmental Accounting Standards Board (GASB).

(2) *AICPA Professional Standards*, promulgated by the American Institute of Certified Public Accountants.

(3) *Government Auditing Standards,* issued by the Comptroller General of the United States.

(4) *Audit & Accounting Guide—State and Local Governments* promulgated by the American Institute of Certified Public Accountants.

(5) *Audit & Accounting Guide—Health Care Entities* promulgated by the American Institute of Certified Public Accountants.

(6) *Audit Guide—Government Auditing Standards and Single Audits* promulgated by the American Institute of Certified Public Accountants.

(7) Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

(8) *Accounting Standards Codification* promulgated by the Financial Accounting Standards Board (FASB).

(9) Department of Financial Services Rules, Chapter 69I-5, Florida Administrative Code, *State Financial Assistance*.

General Authority and Law Implemented - Sections 11.45, 163.087(2), 163.387(8), 215.97, 218.39, and 288.8018(1), Florida Statutes.

History: New 08-01-86
Last Amended 09-30-26

10.554 DEFINITIONS

(1) As used in these rules, the term:

(a) "Affidavit" means the affidavit required by Section 163.31801, Florida Statutes, for local governmental entities that adopted an impact fee by ordinance or resolution.

(b) "Audit threshold" means the threshold amount used to determine when a State single audit or a project-specific audit of a nonstate entity shall be conducted in accordance with Section 215.97, Florida Statutes. Each nonstate entity that expends a total amount of State financial assistance equal to or in excess of $750,000 in any fiscal year of such nonstate entity is required to have a State single audit, or a project-specific audit for such fiscal year in accordance with the requirements of Section 215.97, Florida Statutes (see Section 215.97(2)(a), Florida Statutes).

(c) "Auditor" means an independent certified public accountant licensed pursuant to Chapter 473, Florida Statutes, and retained and paid by a local governmental entity to perform an audit pursuant to Sections 163.387(8), 215.97, 218.39, and 288.8018(1), Florida Statutes.

(d) "County agency" means a board of county commissioners or other legislative and governing body of a county, however styled, including that of a consolidated or metropolitan government, a clerk of the circuit court, a separate or ex officio clerk of the county court, a sheriff, a property appraiser, a tax collector, a supervisor of elections, or any other officer in whom any portion of the fiscal duties of a body or officer expressly stated in this paragraph are separately placed by law (see Section 11.45(1)(c), Florida Statutes).

(e) "County audit report" means a single document that includes a financial audit of the county as a whole and, for each county agency other than a board of county commissioners, an audit of its financial accounts and records, including reports on internal controls and compliance, reports on compliance requirements, management letters, and financial statements as required by Rule 10.557. In addition, if a board of county commissioners elects to have a separate financial audit of its financial accounts and records, such separate audit shall be in the manner required by these rules and included in the county audit report (see Section 218.39(2), Florida Statutes).

(f) "Deteriorating financial condition" means a circumstance determined as of the fiscal year end that significantly impairs a county, municipality, or special district's ability to generate enough revenues to meet its expenditures without causing a condition described in Section 218.503(1), Florida Statutes, to occur.

(g) "Generally accepted accounting principles" are those accounting principles generally accepted in the United States of America, as defined by the GASB *Codification of Governmental Accounting and Financial Reporting Standards*, Section 1000 *The Hierarchy of Generally Accepted Accounting Principles*.

(h) "*Government Auditing Standards*" are those audit standards set forth in the publication *Government Auditing Standards* (2018 Revision) issued by the Comptroller General of the United States.

(i) "Management letter" means a statement of the auditor's comments and recommendations. This letter shall be included as a part of each audit report prepared pursuant to Sections 163.387(8), 215.97, 218.39, and 288.8018(1), Florida Statutes, in accordance with Rule 10.557(3)(g). Unless otherwise required to be reported in the auditor's report on internal control and compliance or schedule of findings and questioned costs (see Rule 10.554(1)(m)), the management letter shall include, but not be limited to:

1. A statement as to whether or not corrective actions have been taken to address findings and recommendations made in the preceding financial audit report not otherwise addressed in the auditor's report pursuant to Rule 10.557(3)(b), (c), (d), or (e). If an audit finding in the preceding financial audit report is uncorrected, the auditor shall determine whether the finding was also included in the second preceding fiscal year financial audit report. Uncorrected findings in the current fiscal year audit report shall cite the finding reference numbers used in the preceding and, as applicable, the second preceding fiscal year financial audit reports.

2. Any recommendations to improve the local governmental entity's financial management.

3. Noncompliance with provisions of contracts or grant agreements, or fraud, waste, or abuse, that has occurred or is likely to have occurred, that has an effect on the financial statements that is less than material but warrants the attention of those charged with governance. **Note:** Fraud, noncompliance with provisions of laws or regulations and contracts or grants agreements, or waste or abuse that does not warrant the attention of those charged with governance, or internal control deficiencies that are not material weaknesses or significant deficiencies may be reported in the management letter based on professional judgment.

4. The name or official title and legal authority for the primary government and each component unit of the reporting entity as defined in publications cited in Rule 10.553, unless disclosed in the notes to the financial statements. Legal authority includes the general law, special acts, ordinances, resolutions, or other means by which the local governmental entity was created and is governed. For county agencies, legal authority disclosure shall include a reference to a county charter, if applicable.

5. For counties as a whole, municipalities, and special districts:

    a. A statement describing the results of the auditor's determination as to whether or not the entity met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met (see also Rule 10.558(2)).

b. The following information regarding the auditor's application of financial condition assessment procedures pursuant to Rule 10.556(8):

(1) A statement that the auditor applied financial condition assessment procedures pursuant to Rule 10.556(8).

(2) If a deteriorating financial condition(s) is noted, a statement that the entity's financial condition is deteriorating and a description of conditions causing the auditor to make this conclusion. If the auditor reported that the entity met one or more of the conditions specified in Section 218.503(1), Florida Statutes (see Rule 10.554(1)(i)5.a. above), this statement shall indicate whether such condition(s) resulted from a deteriorating financial condition(s). Findings regarding deteriorating financial conditions shall be prepared in accordance with Rule 10.557(4)(b).

c. If appropriate, a statement indicating the failure of a special district that is a component unit of a county, municipality or special district, to provide the financial information necessary to a proper reporting of the component unit within the audited financial statements of the county, municipality, or special district (see Section 218.39(3)(b), Florida Statutes).

6. For counties as a whole, municipalities, and dependent special districts:

a. A statement as to whether or not a property assessed clean energy (PACE) program that finances qualifying improvements authorized pursuant to Section 163.081 or Section 163.082, Florida Statutes, operated within the county, municipality, or dependent special district geographical boundaries during the fiscal year under audit, regardless of whether any new financing arrangements were initiated during the period under audit or whether only preexisting financing arrangements were administered.

b. If a PACE program was operating within the geographical area of the county, municipality, or dependent special district during the period under audit, a list of all program administrators and third-party administrators that administered the program.

c. The full legal names and contact information of each such program administrator and third-party administrator.

7. For a dependent special district or an independent special district, or a local government entity that includes the information of a dependent special district as provided in Section 218.39(3)(a), Florida Statutes, the following specific information provided by management (with explanatory verbiage that the auditor provides no assurance on the information):

a. The total number of district employees compensated in the last pay period of the district's fiscal year being reported (see information required in Section 218.32 (1)(e)2.a., Florida Statutes).

b. The total number of independent contractors to whom nonemployee compensation was paid in the last month of the district's fiscal year being reported (see information required in Section 218.32 (1)(e)2.b., Florida Statutes).

c. All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency (see information required in Section 218.32 (1)(e)2.c., Florida Statutes).

d. All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency (see information required in Section 218.32 (1)(e)2.d., Florida Statutes).

e. Each construction project with a total cost of at least $65,000 approved by the district that is scheduled to begin on or after October 1 of the fiscal year being reported, together with the total expenditures for such project (see information required in Section 218.32 (1)(e)2.e., Florida Statutes).

f. A budget variance report based on the budget adopted under Section 189.016(4), Florida Statutes, before the beginning of the fiscal year being reported if the district amends a final adopted budget under Section 189.016(6), Florida Statutes (see information required in Section 218.32 (1)(e)3., Florida Statutes).

8. For an independent special district that imposes ad valorem taxes, the following specific information provided by management (with explanatory verbiage that the auditor provides no assurance on the information). (see information required in Section 218.32 (1)(e)4., Florida Statutes.)

a. The millage rate or rates imposed by the district.

b. The total amount of ad valorem taxes collected by or on behalf of the district.

c. The total amount of outstanding bonds issued by the district and the terms of such bonds.

9. For an independent special district that imposes non-ad valorem special assessments, the following specific information provided by management (with explanatory verbiage that the auditor provides nor assurance on the information). (see information required in Section 218.32 (1)(e)5., Florida Statutes.)

a. The rate or rates of such assessments imposed by the district.

b. The total amount of special assessments collected by or on behalf of the district.

c. The total amount of outstanding bonds issued by the district and the terms of such bonds.

10. For water management districts:

a. A statement describing the results of the auditor's determination as to whether or not the district provided monthly financial statements to its governing board and posted the monthly financial statements on its Web site (see Sections 215.985(11) and 373.536(4)(e), Florida Statutes).

b. A statement describing the results of the auditor's determination as to whether or not the district provided a link on its Web site to the Florida Department of Financial Services' Web site to allow viewing of the district's annual financial report (see Section 218.32(1)(g), Florida Statutes).

c. A statement describing the results of the auditor's determination as to whether or not the district posted its tentative and final budgets on its Web site (see Section 373.536(5)(d) and (6)(d), Florida Statutes).

(j) "Pass-through entity" means a local governmental entity that provides State financial assistance to a subrecipient to carry out a State project.

(k) "Program administrator" means a county, a municipality, a dependent special district as defined in Section 189.012, Florida Statutes, or a separate legal entity created pursuant to Section 163.01(7), Florida Statues, which directly operates a program for financing qualifying improvements and is authorized pursuant to Sections 163.081 or 163.082, Florida Statutes.

(l) "Schedule of Expenditures of State Financial Assistance" refers to a schedule prepared in accordance with the requirements of Department of Financial Services Rules, Chapter 69I-5, Florida Administrative Code, *State Financial Assistance*.

(m) "Schedule of Findings and Questioned Costs relating to State Financial Assistance" refers to a schedule prepared by the auditor and included as part of each audit report submitted pursuant to Section 215.97(8)(g), Florida Statutes. The schedule shall include:

1. A summary of the auditor's results, including:

a. The type of report the auditor issued on the financial statements of the auditee (i.e., unmodified opinion, qualified opinion, adverse opinion, or disclaimer of opinion);

b. Where applicable, a statement that significant deficiencies or material weaknesses in internal control were disclosed by the audit of the financial statements;

c. A statement as to whether the audit disclosed any noncompliance that was material to the financial statements of the auditee;

d. Where applicable, a statement that significant deficiencies or material weaknesses in internal control over major State projects were disclosed by the audit;

e. The type of report the auditor issued on compliance for major State projects (i.e., unmodified opinion, qualified opinion, adverse opinion, or disclaimer of opinion);

f. A statement as to whether the audit disclosed any audit findings that the auditor was required to report under Rule 10.557;

g. An identification of major State projects; and

h. The calculated dollar threshold used to distinguish between Type A and Type B projects as described in Department of Financial Services Rules, Chapter 69I-5, Florida Administrative Code, *State Financial Assistance*.

2. Findings relating to the financial statements that are required to be reported in accordance with *Government Auditing Standards*.

3. Findings and questioned costs for State financial assistance, which shall include audit findings as described in Rule 10.554(1)(l)4.

a. Audit findings (e.g., internal control findings, compliance findings, questioned costs, fraud, or significant instances of waste or abuse) that relate to the same issue shall be presented as a single finding. Where practical, audit findings shall be organized by State awarding agency or pass-through entity.

b. Audit findings reported under (l)2. and (l)3.a. of this subsection, shall clearly indicate whether they relate to the financial statements and State financial assistance, respectively, and shall be reported in a manner that avoids duplication of findings within the schedule.

4. The following audit findings:

a. Deficiencies in internal control over major State projects that are determined to be a material weakness either individually or in combination. Material weaknesses may include reportable conditions in internal controls that are referred to in Section 215.97(8)(i), Florida Statutes. The auditor's determination of whether a deficiency in internal control is a material weakness is in relation to a type of compliance requirement for a major State project or an audit objective identified in the compliance supplement.

b. Deficiencies in internal control over major State projects that are determined to be significant deficiencies. Significant deficiencies may include reportable conditions in internal controls that are referred to in Section 215.97(8)(i), Florida Statutes. The auditor's determination of whether a deficiency in internal control is a significant deficiency is in relation to a type of compliance

requirement for a major State project or an audit objective identified in the compliance supplement.

c. Material noncompliance with provisions of laws, regulations, contracts, or grant agreements related to a major State project. The auditor's determination of whether a noncompliance with provisions of laws, regulations, contracts, or grant agreements is material for the purpose of reporting an audit finding in this schedule is in relation to a type of compliance requirement for a major State project or an audit objective identified in the compliance supplement.

d. Known questioned costs that are greater than $25,000 for a type of compliance requirement for a major State project. Known questioned costs are those specifically identified by the auditor. In evaluating the effect of questioned costs on the opinion on compliance, the auditor considers the best estimate of total costs questioned (likely questioned costs), not just the questioned costs specifically identified (known questioned costs). The auditor shall also report known questioned costs when likely questioned costs are greater than $25,000 for a type of compliance requirement for a major State project. In reporting questioned costs, the auditor shall include information to provide proper perspective for judging the prevalence and consequences of the questioned costs.

e. Known questioned costs that are greater than $25,000 for a State project that is not audited as a major State project. Except for audit follow-up, the auditor is not required to perform audit procedures for such a State project; therefore, the auditor will normally not find questioned costs for a project that is not audited as a major State project. However, if the auditor does become aware of questioned costs for a State project that is not audited as a major State project (e.g., as part of audit follow-up or other audit procedures) and the known questioned costs are greater than $25,000, then the auditor shall report this as an audit finding.

f. The circumstances concerning why the auditor's report on compliance for major State projects is other than an unmodified opinion, unless such circumstances are otherwise reported as audit findings in the schedule of findings and questioned costs relating to State financial assistance.

g. Known fraud affecting a major State project, unless such fraud is otherwise reported as an audit finding in the schedule of findings and questioned costs relating to State financial assistance. This does not require the auditor to make an additional reporting when the auditor confirms that the fraud was reported outside of the auditor's reports under the direct reporting requirements of G*overnment Auditing Standards*.

h. Significant instances of waste or abuse relating to a major State project. Waste is the act of using or expending resources carelessly, extravagantly, or to no purpose. Importantly, waste can include activities that do not include abuse and does not necessarily involve a violation of law. Rather, waste relates primarily to mismanagement,

inappropriate actions, and inadequate oversight. Abuse involves behavior that is deficient or improper when compared with behavior that a prudent person would consider reasonable and necessary business practice given the facts and circumstances. Abuse also includes misuse of authority or position for personal financial interests or those of an immediate or close family member or business associate. Abuse does not necessarily involve fraud, or noncompliance with provisions of laws, regulations, contracts, or grant agreements.

i. Instances where the results of auditor follow-up procedures disclosed that the summary schedule of prior audit findings prepared by the auditee in accordance with Rule 10.557(3)(e)5. materially misrepresents the status of any prior audit finding.

(n) "Summary Schedule of Prior Audit Findings" means a schedule that reports the status of any audit findings included in the prior audit's schedule of findings and questioned costs relating to State financial assistance. The summary schedule shall also include audit findings reported in the prior audit's summary schedule of prior audit findings except audit findings listed as corrected or no longer valid or not warranting further action. The schedule shall include the audit finding reference number required by Rule 10.557(4)(b)7.

1. When audit findings were fully corrected, the summary schedule need only list the audit findings and state that corrective action was taken.

2. When audit findings were not corrected or were only partially corrected, the summary schedule shall describe the planned corrective action as well as any partial corrective action taken.

3. When corrective action taken is significantly different from corrective action previously reported in a corrective action plan, the summary schedule shall provide an explanation.

4. When the auditee believes the audit findings are no longer valid or do not warrant further action, the reasons for this position shall be described in the summary schedule. A valid reason for considering an audit finding as not warranting further action is that two years have passed since the audit report containing the finding was submitted to the State awarding agency and the State awarding agency or pass-through entity is not currently following up with the auditee on the audit finding.

(o) "Third-party administrator" means an entity under contract with a program administrator pursuant to Section 163.084, Florida Statutes.

General Authority and Law Implemented - Sections 11.45, 163.087(2), 163.387(8), 215.97, 219.39, and 288.8018(1), Florida Statutes.

History: New 08-01-86
Last Amended 09-30-25

10.556 SCOPE OF THE FINANCIAL AUDIT AND FLORIDA SINGLE AUDIT ACT AUDIT

(1) It is the intent of these rules to make *Government Auditing Standards* applicable in the State of Florida to audits of local governmental entities required to be audited pursuant to Sections 163.387(8), 215.97, 218.39, and 288.8018(1), Florida Statutes.

(2) The scope of a "financial audit" shall include:

a. An examination of financial statements to determine whether they are presented fairly, in all material respects, in conformity with generally accepted accounting principles.

b. An examination to determine whether operations are properly conducted in accordance with legal and regulatory requirements.

c. An examination of any additional financial information necessary to comply with generally accepted accounting principles.

(3) For entities other than county agencies, the financial statements referred to in paragraph (2)(a) are basic financial statements as identified by Section 2200.102b. of the GASB *Codification of Governmental Accounting and Financial Reporting Standards.* In addition, the basic financial statements shall be accompanied by: (1) management's discussion and analysis, as identified by Section 2200.102a. of the GASB *Codification of Governmental Accounting and Financial Reporting Standards,* and (2) other required supplementary information, as identified by Section 2200.102c. of the GASB *Codification of Governmental Accounting and Financial Reporting Standards*.

(4) For the separate audits of boards of county commissioners and other county agencies (see Rule 10.554(1)(d)), the financial statements referred to in Rule 10.556(2)(a) are the fund financial statements (Section 2200.102b.(2) of the GASB *Codification of Governmental Accounting and Financial Reporting Standards*), except that the reconciliations referred to in Section 2200.160 of the GASB *Codification of Governmental Accounting and Financial Reporting Standards*, are not required. If a county agency elects to present government-wide financial statements (Section 2200.102b.(1) of the GASB *Codification of Governmental Accounting and Financial Reporting Standards*), in addition to the required fund financial statements, the reconciliations required by Section 2200.160 of the GASB *Codification of Governmental Accounting and Financial Reporting Standards* shall be presented for the individual county agency.

(5) The scope of the financial audit shall include any additional activities necessary to establish compliance with the term "financial statement audit" as defined and used in G*overnment Auditing Standards*.

(6) When applicable, the scope of the financial audit shall encompass the additional activities necessary to establish compliance with Uniform Guidance, the Florida Single Audit Act, and other applicable Federal and State law.

(7) For counties as a whole, municipalities, and special districts, the scope of the financial audit shall include appropriate procedures, based on the auditor's professional judgment, to determine whether or not the entity met one or more of the conditions described in Section 218.503(1), Florida Statutes.

(8) For counties as a whole, municipalities, and special districts, the scope of the financial audit shall include the use of financial condition assessment procedures in determining whether deteriorating financial conditions exist pursuant to Section 218.39(5)(a), Florida Statutes. The auditor is responsible for assessing financial condition and the methodology used is a matter of professional judgment. Example financial condition assessment indicators and related procedures are available on the Auditor General Web site. The financial condition assessment shall be done as of the fiscal year end; however, the auditor shall give consideration to subsequent events, through the date of the audit report, that could significantly impact the entity's financial condition.

(9) For water management districts, the scope of the financial audit shall include appropriate procedures, based on the auditor's professional judgment, to determine whether or not the water management district provided monthly financial statements to its governing body and posted on its Web site; the monthly financial statements (see Sections 215.985(11) and 373.536(4)(e), Florida Statutes), a link to the Florida Department of Financial Services Web site to allow viewing of the district's annual financial report (see Section 218.32(1)(g), Florida Statutes), and its tentative and final budgets (see Section 373.536(5)(d) and (6)(d), Florida Statutes).

(10) The scope of the financial audit shall include an examination pursuant to *AICPA Professional Standards,* AT-C Section 315, promulgated by the American Institute of Certified Public Accountants, as follows, if applicable:

a. For county agencies, municipalities, and special districts, a determination of the entity's compliance with the requirements of Section 218.415, Florida Statutes.

b. For counties that received E911 funds, a determination that all E911 fee revenues, interest, and E911 grant funding were used for payment of authorized expenditures, as specified in Section 365.172(10), Florida Statutes, and as specified in the E911 Board grant and special disbursement programs (see Section 365.173(2)(d), Florida Statutes).

c. For clerks of the courts, a determination of the clerk's compliance with the requirements of Sections 28.35 and 28.36, Florida Statutes.

d. For clerks of the courts, a determination of the clerk's compliance with Section 61.181, Florida Statutes.

e. For county agencies, municipalities, and special districts that received or expended funds related to the Deepwater Horizon oil spill, that are not Federal awards audited as major programs or State financial assistance audited as major projects: a determination of the entity's compliance with Federal and State laws, rules, regulations, contracts, or grant agreements related to the receipt and expenditure of the funds (see Section 288.8018(1), Florida Statutes). The scope of the financial audit shall include additional activities necessary to prepare the report required in Rule 10.557(3)(f).

f. For community redevelopment agencies with revenues or a total of expenditures and expenses in excess of $100,000, a determination that the community redevelopment agency complied with Sections 163.387(6) and (7), Florida Statutes.

A Compliance Supplement and Guidance on Community Redevelopment Agency Stand-Alone Financial Statements are available on the Auditor General Web site to assist auditors with these requirements.

General Authority and Law Implemented - Sections 11.45, 163.087(2), 163.387(8), 215.97, 218.39, and 288.8018(1), Florida Statutes.

History: New 08-01-86
Last Amended 09-30-25

10.557 AUDIT REPORT

(1) To the extent possible, the auditor shall combine required reports and schedules and shall avoid including duplicate findings in the various reports, schedules, and management letter.

(2) Each audit report shall comply with the applicable reporting standards as contained in the publications referenced in Rule 10.553.

(3) Each audit report required by Section 163.387(8), Florida Statutes, and each audit report submitted pursuant to Sections 215.97, 218.39, and 288.8018(1), Florida Statutes, and these rules, shall be a single document and contain at least the following:

(a) A table of contents.

(b) The auditor's report on the basic financial statements and report on internal control and compliance. The reports shall be based on an audit of the financial statements conducted in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in G*overnment Auditing Standards*.

(c) The auditor's report based on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, promulgated by the American Institute of Certified Public Accountants, regarding the compliance requirements referenced in Rule 10.556(10). The report shall be prepared in accordance with AT-C Section 315.20.

(d) Any other auditor's reports, related financial information, and auditee-prepared documents required pursuant to Uniform Guidance, the Florida Single Audit Act, and other applicable Federal and State law.

(e) For counties as a whole, municipalities, and special districts, auditor's reports and related financial information required pursuant to the Florida Single Audit Act and these rules as described below. These reports and information may be combined with the similar reports and information required by Uniform Guidance; however, the State financial assistance and related findings shall be clearly distinguished from the Federal awards and related findings in such reports and information. Florida Single Audit Act reports and related financial information shall include:

1. A schedule of expenditures of State financial assistance prepared in accordance with Department of Financial Services Rules, Chapter 69I-5, Florida Administrative Code, *State Financial Assistance*. This schedule shall be included on the schedule of expenditures of Federal awards, where applicable.

2. A report that includes an opinion (or disclaimer of opinion) as to whether the schedule of expenditures of State financial assistance is presented fairly in all material respects in relation to the financial statements taken as a whole. This report shall include the elements prescribed by the American Institute of Certified Public Accountants *Audit Guide – Government Auditing Standards and Single Audits*, modified as appropriate to apply to an audit conducted in accordance with the Florida Single Audit Act and these rules.

3. A report on compliance with requirements that could have a direct and material effect on each major State project and on internal control over compliance. This report shall describe the scope of testing of internal control and the results of those tests and shall include an opinion (or disclaimer of opinion) as to whether the auditee complied with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on a major State project. Where applicable, this report shall refer to the separate schedule of findings and questioned costs relating to State financial assistance (see Rule 10.554(1)(l)). The report shall include the elements prescribed by the American Institute of Certified Public Accountants *Audit Guide – Government Auditing Standards and Single Audits*, modified as appropriate to apply to an audit conducted in accordance with the Florida Single Audit Act and these rules.

4. A schedule of findings and questioned costs relating to State financial assistance (see Rule 10.554(1)(l)).

5. A summary schedule of prior audit findings, unless there were no prior audit findings to be reported on, in which case the auditor shall so indicate in the schedule of findings and questioned costs (see Rule 10.554(1)(n)).

6. A corrective action plan as defined in Section 215.97(8)(i), Florida Statutes.

(f) For any fiscal year in which funds related to the Deepwater Horizon oil spill are received or expended, a report that includes an opinion (or disclaimer of opinion) as to whether the schedule of receipts and expenditures of such funds required by Rule 10.557(3)(m) is presented fairly in all material respects in relation to the financial statements taken as a whole. The report shall be prepared in accordance with *AICPA Professional Standards*, AU-C Section 725, promulgated by the American Institute of Certified Public Accountants.

(g) The "management letter" defined in Rule 10.554(1)(i). Separate management letters are required for the county as a whole and for each county agency for which a separate audit was conducted pursuant to Section 218.39(2), Florida Statutes. The management letter for the county as a whole shall include all the elements of a management letter as prescribed in Rule 10.554(1)(i), while the separate county agency management letters shall include all the elements of a management letter as prescribed in Rule 10.554(1)(i) except for those prescribed in Rules 10.554(1)(i)5. through 10. For those findings that are specific to a particular county agency, the management letter for the county as a whole may make reference to the separate county agency management letters rather than duplicating such findings included in the separate county agency management letters.

(h) A "management's discussion and analysis" as required by Sections 2200.106 through 2200.109 of the GASB *Codification of Governmental Accounting and Financial Reporting Standards* except that the "management's discussion and analysis" is not required for the separate audits of county agencies (see Rule 10.554(1)(e)).

(i) The basic financial statements and required supplementary information as described in Rules 10.556(3) and (4). Reporting options allowed by generally accepted accounting principles shall be applied consistently for the countywide and individual county agency financial statements, and among the county agencies within a particular county. The notes to the financial statements shall include the disclosures required by Section 2300 of the GASB *Codification of Governmental Accounting and Financial Reporting Standards*, except as provided in (j), below.

(j) The notes to the financial statements presented in the separate audits of county agencies may supplement rather than duplicate the notes to the financial statements included in the countywide financial statements. If a particular disclosure for a county agency is adequately presented in the notes to the countywide financial statements, disclosure may be made in the notes to the county agency financial statements by reference to the notes to the countywide financial statements. The notes to the financial statements of a county agency are only required for elements actually reported in the county agency statements. If the county agency presents government-wide financial statements, the notes shall include disclosures related to capital assets and long-term liabilities. If the county agency only presents fund financial statements, capital assets and long-term liabilities note disclosures are required only for those capital assets and long-term liabilities presented in proprietary fund (internal service funds and enterprise funds) financial statements.

(k) Required supplementary information for separate audits of county agencies shall include a budgetary comparison schedule as required by Sections 2200.206 and 2200.207 of the GASB *Codification of Governmental Accounting and Financial Reporting Standards* unless presented as part of the basic financial statements. Other required supplementary information of a county agency is only required for elements actually reported in the county agency statements. If the county agency presents government-wide financial statements, the required supplementary information shall include disclosures related to capital assets and long-term liabilities. If the county agency only presents fund financial statements, capital assets and long-term liabilities required supplementary information is required only for those capital assets and long-term liabilities presented in proprietary fund (internal service funds and enterprise funds) financial statements.

(l) The written statement of explanation or rebuttal required by Rule 10.558(2). Such written statement of explanation or rebuttal should include the finding reference number used by the auditor in the auditor's report (see also Rule 10.557(4)(b)7).

(m) For any fiscal year in which funds related to the Deepwater Horizon oil spill are received or expended, a schedule of receipts and expenditures of such funds that are not Federal awards or State financial assistance reported on the schedule of expenditures of Federal awards or schedule of expenditures of State financial assistance. The schedule shall show for each source of such funds the amounts received and expended during the fiscal year. The schedule shall include a note referencing any Deepwater Horizon oil spill related expenditures reported on the schedule of expenditures of Federal awards or schedule of expenditures of State financial assistance, including the Catalog of Federal Domestic Assistance or Catalog of State Financial Assistance number(s).

(4) Other reporting requirements:

(a) The financial statements as described in Rule 10.556(4) and included in the separate county agency audit report pursuant to Rule 10.557(3)(i) are financial statements that do not constitute a complete presentation of a county but otherwise constitute financial statements prepared in conformity with generally accepted accounting principles. Separate financial statements prepared for the board of county commissioners shall include any component units of the board of county commissioners. Auditor's reports on county agency financial statements shall be prepared in accordance with the *AICPA Professional Standards*, AU-C Section 805, promulgated by the American Institute of Certified Public Accountants (a sample county agency auditor's report on the financial statements is available on the Auditor General Web site). All county agency audit reports shall be included in the county audit report submitted to the Auditor General pursuant to Sections 215.97(8)(g) and 218.39(7), Florida Statutes.

(b) Audit findings contained in reports, schedules, and management letters shall include the following specific information:

1. The criteria or specific requirement upon which the audit finding is based, including statutory, regulatory, or other citation.
2. The condition found, including facts that support the condition identified in the audit finding.
3. The cause, or the reason or explanation for the condition or the factor(s) responsible for the difference between the situation that exists (condition) and the required or desired state (criteria).
4. The effect or potential effect (i.e., outcome or consequence) of the condition. This should include information to provide proper perspective for judging the prevalence and consequences of the audit finding, such as whether the audit finding represented an isolated instance or a systemic problem. Where appropriate, instances identified shall be related to the universe and the number of cases examined, and shall be quantified in terms of dollar value.
5. Recommendations to prevent future occurrences of the deficiency identified in the audit finding.
6. Views of responsible officials of the local governmental entity and, if applicable, an explanation as to why the auditor disagrees with views of responsible officials when there is disagreement with the audit finding.
7. Reference number.

(c) Audit findings included in the schedule of findings and questioned costs related to State financial assistance shall include the following additional information:

1. State project identification including the Catalog of State Financial Assistance number and year, name of the State awarding agency, and name of any applicable pass-through entity. When any such information is not available, the auditor shall provide the best information available to describe the State financial assistance.

2. Identification of questioned costs and how they were computed.

Note: Section 11.45(7)(i), Florida Statutes, requires the Auditor General to annually transmit by July 15, to the President of the Senate, the Speaker of the House of Representatives, and the Department of Financial Services, a list of all local governmental entities that have failed to comply with the transparency requirements as identified in audit reports submitted to the Auditor General pursuant to Section 218.39, Florida Statutes.

General Authority and Law Implemented - Sections 11.45, 163.087(2), 163.387(8), 215.97, 218.39, and 288.8018(1), Florida Statutes.

History: New 08-01-86
Last Amended 09-30-25

10.558 DELIVERY OF AUDIT REPORT AND AUDITEE'S RESPONSE

(1) County agencies, municipalities, and special districts that have adopted an impact fee by ordinance or resolution must submit with its annual financial report required under Section 218.32, Florida Statutes, or its financial audit report a separate affidavit signed by the chief financial officer or, if there is no chief financial officer, its executive officer attesting, to the best of his or her knowledge, that all impact fees were collected and expended by the local governmental entity or were collected and expended on its behalf, in full compliance with the spending period provision in the local ordinance or resolution, and that funds expended from each impact fee account were used only to acquire, construct, or improve specific infrastructure needs.

(2) To promote uniformity in the conduct of financial audits and to provide the public with the auditee's explanations of corrective action designed to prevent recurrence of any findings in the auditor's reports and management letter, a written statement of explanation or rebuttal concerning the auditor's findings and recommendations, including corrective action to be taken, shall be filed with the governing body of the local governmental entity within 30 days after delivery of the auditor's findings to be included in the audit report. The written statement shall include corrective actions taken, or to be taken, regarding one or more conditions reported by the auditor pursuant to Rule 10.554(1)(i)5.a., or a deteriorating financial condition(s) reported pursuant to Rule 10.554(1)(i)5.b.2) (see Section 218.39(6) and (7), Florida Statutes).

(3) The auditor shall provide a copy of the audit report to management, each member of the governing body of the local governmental entity, each member of an audit committee charged with governance as defined in *AICPA Professional Standards,* AU-C Section 260.06, and the head of the governing body of all component units included in the audit. Copies of a State financial assistance recipient's audit report shall be submitted to the recipient organization, State awarding agencies, and the Auditor General. Copies of a subrecipient's audit report shall be submitted to the recipient organization that provided the State financial assistance.

(4) Copies of the audit report required by Section 163.387(8), Florida Statutes, and copies of the audit report required to be submitted pursuant to Sections 215.97 and 218.39, Florida Statutes, including the auditee's responses thereto, and the corrective action plans required for the Federal awards and Florida Single Audit Act audits, shall be submitted to the Auditor General and State awarding agencies (if applicable) within 45 days after delivery of the audit report to the local governmental entity but no later than 9 months after the end of the fiscal year of the local governmental entity. One paper copy and one electronic copy of the audit report shall be submitted to the Auditor General at the following mailing address and e-mail address, respectively:

Auditor General
Local Government Audits/251
Claude Pepper Building, Room 401
111 West Madison Street
Tallahassee, Florida 32399-1450

flaudgen_localgovt@aud.state.fl.us

The State awarding agencies, if applicable, will specify the number of copies and format of the audit report required to be submitted to them. The date that the audit report was delivered to the local governmental entity shall be indicated by the local governmental entity in the submittal checklist (form located on FLAuditor.gov under Technical Guidance) accompanying the audit report submitted to the Auditor General pursuant to Section 218.39(7), Florida Statutes.

General Authority and Law Implemented - Sections 11.45, 163.087(2), 163.387(8), 215.97, 218.39, and 288.8018(1), Florida Statutes.

History: New 08-01-86
Last Amended 09-30-25

10.559 EFFECTIVE DATE

These rules, as amended, shall take effect for fiscal years ending September 30, 2026, and thereafter.

General Authority and Law Implemented - Sections 11.45, 163.087(2), 163.387(8), 215.97, 218.39, and 288.8018(1), Florida Statutes.

History: New 08-01-86
Last Amended 09-30-26