RULES

OF THE

AUDITOR GENERAL

CHAPTER 10.800

AUDITS OF
DISTRICT SCHOOL BOARDS

EFFECTIVE 6-30-26

RULES OF THE AUDITOR GENERAL
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PREFACE TO RULES

Annual financial audits of district school boards are required by Section 218.39(1)(d), Florida Statutes. Auditors are cautioned that, in general, these rules do not repeat nor paraphrase the various laws, rules, and regulations governing the operations of the district school boards. Hence, knowledge of legal provisions governing the district school boards 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.

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

History: New 07-01-99
Last Amended 06-30-26

10.801 PURPOSE

(1) District school boards located in Florida are required by Florida law (Section 218.39(1)(d), 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), as applicable, the district school boards are also 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 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 district school boards pursuant to Florida law. Hence, the same auditing standards are applicable to both Federal awards audits and financial audits required by Florida law and should eliminate duplication of audit activity.

(4) 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.

(5) The purpose of these rules is to implement, interpret, or make specific various provisions of Sections 11.45 and 218.39, Florida Statutes.

(6) These rules will also form the basis of the review of district school board audit reports pursuant to Section 11.45(7)(b), Florida Statutes.

General Authority and Law Implemented - Section 11.45, Florida Statutes.

History: New 07-01-99
Last Amended 06-30-17

10.802 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 - Section 11.45, Florida Statutes.

History: New 07-01-99

10.803 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 Guide—Government Auditing Standards and Single Audits* promulgated by the American Institute of Certified Public Accountants.

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

(7) *Financial and Program Cost Accounting and Reporting for Florida Schools* and amendments thereto, as published by the Florida Department of Education.

General Authority and Law Implemented - Section 11.45, Florida Statutes.

History: New 07-01-99
Last Amended 06-30-26

10.804 DEFINITIONS

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

(a) "Affidavit" means the affidavit required by Section 163.31801, Florida Statutes, for district school boards that had an impact fee adopted by ordinance on their behalf.

(b) "Auditor" means an independent certified public accountant licensed pursuant to Chapter 473, Florida Statutes, and retained and paid by a district school board to perform a financial audit pursuant to Section 218.39(1)(d), Florida Statutes.

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

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

(e) "*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.

(f) "Management letter" means a statement of the auditor's comments and recommendations. This letter shall be prepared and included as a part of each financial audit report pursuant to Section 218.39(4), Florida Statutes, and Rule 10.806(2)(e). 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 10.806(2)(b) or (c). 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. A statement describing the results of the auditor's determination pursuant to Rule 10.805(6) as to whether or not the district school board 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 10.807(2).)

3. Any recommendations to improve the district school board's financial management.

4. 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 grant 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.

5. The following information regarding the auditor's application of financial condition assessment procedures pursuant to Rule 10.805(7):

   a. A statement that the auditor applied financial condition assessment procedures pursuant to Rule 10.805(7).

   b. If a deteriorating financial condition(s) is noted, a statement that the district school board's financial condition is deteriorating and a description of conditions causing the auditor to make this conclusion. If the auditor has reported that the district school board has met one or more of the conditions specified in Section 218.503(1), Florida Statutes (see Rule 10.804(1)(f)2. above), this statement shall indicate whether such condition(s) resulted from a deteriorating financial condition(s). Findings regarding deteriorating financial condition(s) shall be prepared in accordance with Rule 10.806(3).

6. A statement describing the results of the auditor's determination pursuant to Rule 10.805(8) as to whether or not the district school board prominently posted on its Web site a plain language version of each proposed, tentative, and official budget that describes each budget item in terms that are easily understandable to the public and includes the required graphical representations and link to the Web-based fiscal transparency tool developed by the Florida Department of Education pursuant to Section 1010.20, Florida Statutes.

   (See Section 1011.035, Florida Statutes.)

General Authority and Law Implemented - Section 11.45, Florida Statutes.

History: New 07-01-99
Last Amended 05-31-22

10.805 SCOPE OF THE FINANCIAL AUDIT

(1) It is the intent of these rules to make *Government Auditing Standards* applicable in the State of Florida to audits of district school boards pursuant to Section 218.39(1)(d), Florida Statutes.

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

(a) An examination of financial statements to determine whether they are presented, 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) The financial statements referred to in paragraph (2)(a) are the 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) 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*.

(5) When applicable, the scope of the financial audit shall encompass the additional activities necessary to establish compliance with Uniform Guidance and other applicable Federal law.

(6) The scope of the financial audit shall include appropriate procedures, based on the auditor's professional judgment, to determine whether or not the district school board met one or more of the conditions described in Section 218.503(1), Florida Statutes.

(7) The scope of the financial audit shall include 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. 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, which could significantly impact the district school board's financial condition.

(8) The scope of the financial audit shall include appropriate procedures, based on the auditor's professional judgment, to determine whether or not the district school board prominently posted on its Web site a plain language version of each proposed, tentative, and official budget that describes each budget item in terms that are easily understandable to the public and includes the required graphical representations and link to the Web-based fiscal transparency tool developed by the Florida Department of Education pursuant to Section 1010.20, Florida Statutes. (See Section 1011.035, Florida Statutes.)

(9) 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, to determine whether or not the district school board complied with Section 218.415, Florida Statutes. Note: A Compliance Supplement is available on the Auditor General Web site (FLAuditor.gov) to assist auditors with this requirement.

General Authority and Law Implemented - Section 11.45, Florida Statutes.

History: New 07-01-99
Last Amended 06-30-20

10.806 AUDIT REPORT

(1) Each audit report shall comply with the applicable reporting standards as contained in the publications referenced in Rule 10.803.

(2) Each audit report submitted pursuant to Section 218.39(7), 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 10.805(9). The report shall be prepared in accordance with AT-C Section 315.20.

(d) Any other auditor's reports, related financial information, and district school board-documents required pursuant to Uniform Guidance and other applicable Federal law.

(e) The "management letter" required by Section 218.39(4), Florida Statutes, and defined in Rule 10.804(1)(f).

(f) The basic financial statements and required supplementary information required by generally accepted accounting principles.

(g) The written statement of explanation or rebuttal required by Rule 10.807(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 10.806(3)(g).)

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

(a) The criteria or specific requirement upon which the audit finding is based, including statutory, regulatory, or other citation.

(b) The condition found, including facts that support the condition identified in the audit finding.

(c) 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).

(d) 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.

(e) Recommendations to prevent future occurrences of the deficiency identified in the audit finding.

(f) Views of responsible officials of the district school board and, if applicable, an explanation as to why the auditor disagrees with views of responsible officials when there is disagreement with the audit finding.

(g) Reference number.

General Authority and Law Implemented - Section 11.45, Florida Statutes.

History: New 07-01-99
Last Amended 06-30-25

10.807 DELIVERY OF AUDIT REPORT AND MANAGEMENT'S RESPONSE

(1) District school boards 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 district school board 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 management'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 district school board within 30 days after delivery of the auditor's findings to be included in the auditor's report or management letter prepared pursuant to Section 218.39(4), Florida Statutes. The written statement shall include corrective actions taken, or to be taken, regarding one or more conditions reported by the auditor pursuant to Rule 10.804(1)(f)2., or a deteriorating financial condition(s) reported pursuant to Rule 10.804(1)(f)5.b. (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 district school board, and each member of the audit committee charged with governance as defined in *AICPA Professional Standards,* AU-C Section 260.

(4) One paper copy and one electronic copy of the audit report required by Rule 10.806, including management's responses thereto, shall be submitted to the Auditor General within 45 days after delivery of the audit report to the district school board but no later than 9 months after the end of the fiscal year of the district school board. The date that the audit report was delivered to the district school board shall be indicated by the district school board 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. The paper copy and the 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_dsb_charter@aud.state.fl.us

General Authority and Law Implemented - Section 11.45, Florida Statutes.

History: New 07-01-99
Last Amended 06-30-23

10.808 EFFECTIVE DATE

These rules shall take effect for fiscal years ending June 30, 2026, and thereafter.

General Authority and Law Implemented - Section 11.45, Florida Statutes.

History: New 07-01-99
Last Amended 06-30-26