

**REVIEW OF NONPROFIT, FOR-PROFIT, AND OTHER  
ENTITY AUDIT REPORTS PREPARED BY  
INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS  
PURSUANT TO THE  
*FLORIDA SINGLE AUDIT ACT*  
FOR FISCAL YEARS ENDED OCTOBER 31, 2013,  
THROUGH SEPTEMBER 30, 2014**

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This review was coordinated by Paul G. Myers, CPA, and the project was supervised by Derek H. Noonan, CPA. Please address inquiries regarding this report to Marilyn D. Rosetti, CPA, Audit Manager, by e-mail at [marilynrosetti@aud.state.fl.us](mailto:marilynrosetti@aud.state.fl.us) or by telephone at (850) 412-2881.

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REVIEW OF NONPROFIT, FOR-PROFIT, AND OTHER ENTITY AUDIT REPORTS PREPARED BY  
INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS  
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FOR FISCAL YEARS ENDED OCTOBER 31, 2013, THROUGH SEPTEMBER 30, 2014

SUMMARY

Our review of a sample of the 254 financial reporting packages (audit reports) submitted pursuant to Section 215.97, Florida Statutes<sup>1</sup>, the *Florida Single Audit Act (FSAA)*, by entities that met the *FSAA* audit threshold disclosed that the audit reports were generally presented in accordance with generally accepted government auditing standards (*Government Auditing Standards* issued by the Comptroller General of the United States); generally accepted accounting principles; the *FSAA*; Department of Financial Services Rules, Chapter 69I-5, Florida Administrative Code; and Rules of the Auditor General.<sup>2</sup> However, we noted some instances in which reports were not prepared in accordance with all applicable requirements, or were not otherwise conducted in accordance with the *FSAA*, as follows:

**Finding No. 1:** Contrary to Sections 10.558(3) and 10.657(2), Rules of the Auditor General, 12 (5 percent) of the 254 entities that met the *FSAA* audit threshold and submitted an audit report did not comply with the 45-day audit report submission requirement, including 2 that also did not comply with the nine-month audit report submission requirement.

**Finding No. 2:** Our review of a sample of 60 audit reports disclosed instances of noncompliance with certain reporting requirements relating to presentation of certain auditors' reports and schedules.

BACKGROUND

Section 215.97(2)(a), Florida Statutes, provides that each nonstate entity that expends a total amount of State financial assistance (as defined by Section 215.97(2)(q), Florida Statutes) equal to or in excess of the \$500,000 audit threshold in any fiscal year shall have a State single audit for such fiscal year in accordance with the *FSAA*. Sections 215.97(9) and (10), Florida Statutes, Chapters 10.550 and 10.650, Rules of the Auditor General, and Chapter 69I-5, Florida Administrative Code, provide auditing requirements and standards that independent auditors are to follow for *FSAA* audits, and describe the contents and filing deadlines for the audit reports. Chapter 10.550, Rules of the Auditor General, prescribes *FSAA* auditing and reporting standards for local governmental entities that meet the definition in Section 215.97(2)(j), Florida Statutes, but are not local governmental entities as defined for purposes of Section 218.39, Florida Statutes. Such entities are referred to as "other entities" in this report. Chapter 10.650, Rules of the Auditor General, prescribes *FSAA* auditing and reporting standards for nonprofit and for-profit organizations.

Section 215.97(11)(f), Florida Statutes, requires us to perform ongoing reviews of audit reports submitted pursuant to the *FSAA* to determine compliance with the reporting requirements of the *FSAA* and related rules.

<sup>1</sup> All references to the Florida Statutes are to the 2013 statutes unless otherwise noted.

<sup>2</sup> All references to the Rules of the Auditor General are to those rules effective September 30, 2013, unless otherwise noted.

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## FINDINGS AND RECOMMENDATIONS

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### Finding No. 1: Timely Submission of Audit Reports

Sections 10.558(3) and 10.657(2), Rules of the Auditor General, require that audit reports<sup>3</sup> submitted pursuant to Section 215.97(8)(g), Florida Statutes, be submitted to us within 45 days after delivery of the audit report to the auditee, but no later than 9 months after the end of the auditee's fiscal year. The rules also require that the auditee indicate in correspondence accompanying the audit report the date the audit report was delivered.

Of the 254 *FSAA* audit reports received, we determined that 12 (5 percent) did not comply with the 45-day audit report submission requirement (from 10 to 165 days late; see Exhibit A). Timely filing of audit reports is necessary to allow timely review by appropriate State oversight agencies.

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**Recommendation:** Audited entities should ensure that audit reports are completed and submitted within the required time frame.

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### Finding No. 2: Audit Report Reviews

We reviewed a sample of 60 nonprofit, for-profit, and other entity audit reports that met the *FSAA* audit threshold to determine: (1) whether the audit reports included the required financial statements, note disclosures, reports, and other items listed in Chapters 10.550 and 10.650, Rules of the Auditor General; and (2) the extent to which they complied, for selected significant matters, with generally accepted government auditing standards; generally accepted accounting principles; Department of Financial Services Rules, Chapter 69I-5, Florida Administrative Code; and Chapters 10.550 and 10.650, Rules of the Auditor General.

Our review indicated that, generally, the audit reports included the required financial statements, schedules, and notes thereto, and the required auditors' reports on the financial statements, schedules, and compliance and internal control. Additionally, the reports reviewed were generally presented in compliance with generally accepted government auditing standards; generally accepted accounting principles; the *FSAA*; Department of Financial Services Rules, Chapter 69I-5, Florida Administrative Code; and Chapters 10.550 and 10.650, Rules of the Auditor General. However, our review disclosed some instances of noncompliance with applicable reporting requirements. For example:

- The audit report did not include an independent auditor's management letter or indicate in the schedule of findings and questioned costs that a management letter was not required for 11 (58 percent) of 19 applicable reports reviewed.
- The schedule of expenditures of State financial assistance did not provide subtotals of expenditures by catalog of State financial assistance number on the schedule for 10 (40 percent) of 25 applicable reports reviewed.
- The dollar threshold identified in the schedule of findings and questioned costs to distinguish Type A and Type B State projects was calculated incorrectly for 8 (14 percent) of 59 applicable reports reviewed.

Summaries of the above and other deficiencies disclosed by our review are included as Exhibit B. The exceptions disclosed by our review relate to the auditor's report on compliance and internal control over compliance applicable to each major State project, the management letter, the schedule of expenditures of State financial assistance, and the schedule of findings and questioned costs.

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<sup>3</sup> The term "audit report" as used in this report is synonymous with the term "financial reporting package" defined in Section 215.97(1)(e), Florida Statutes.

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**Recommendation:** All entities should ensure that auditors' reports and schedules are presented in accordance with the *FSAA*; Department of Financial Services Rules, Chapter 69I-5, Florida Administrative Code; and Chapters 10.550 and 10.650, Rules of the Auditor General.

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### OBJECTIVES, SCOPE, AND METHODOLOGY

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The objectives of this project were to determine whether the audit reports submitted to us for nonprofits, for-profits, and other entities that met the *FSAA* threshold:

- Complied with generally accepted government auditing standards (GAGAS); generally accepted accounting principles; Section 215.97, Florida Statutes, and related rules; and
- Were prepared by independent certified public accountants properly licensed by the Florida Board of Accountancy.

The scope of this project included a review of a sample of 60 of the 254 audit reports for nonprofits, for-profits, and other entities that met the *FSAA* audit threshold submitted to us as of May 14, 2015, for fiscal years ending October 31, 2013, through September 30, 2014. The results of our reviews of audit reports of local government entities as defined in Section 218.39, Florida Statutes, as they relate to *FSAA* reporting requirements, will be the subject of a separate report.

Our review of audit reports was conducted in accordance with applicable GAGAS. Those standards require that we plan and perform the review to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our review objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our review objectives.

Our desk review (i.e., a review that does not include an examination of the auditors' working papers) was necessarily limited to the contents of the audit reports submitted to us and did not extend to a determination of whether the auditors followed all GAGAS in the actual conduct of the audits. Therefore, the review cannot be used as the basis for determining the extent of the entities' compliance with applicable laws, rules, or contractual requirements. Likewise, our desk review would not disclose whether the auditor reported all instances of noncompliance or reportable internal control deficiencies noted during the audit, or whether certain required financial disclosures were completely omitted from the audit report.

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### AUTHORITY

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Pursuant to the provisions of Section 215.97(11)(f), Florida Statutes, I have directed that this report be prepared to present the results of our review of nonprofit, for-profit, and other entity audit reports prepared by independent certified public accountants and submitted pursuant to Section 215.97, Florida Statutes.



David W. Martin, CPA  
Auditor General

**EXHIBIT A  
NONPROFIT, FOR-PROFIT, AND OTHER ENTITIES  
NOT SUBMITTING AUDIT REPORT  
FOR FISCAL YEARS ENDED OCTOBER 31, 2013, THROUGH SEPTEMBER 30, 2014  
WITHIN 45-DAY TIME FRAME**

NUMBER	ENTITY NAME	DAYS LATE
1	Area Agency on Aging of Pasco-Pinellas, Inc.	95
2	Baptist College of Florida	15
3	Charles Stark Draper Laboratory	146
4	Early Learning Coalition of Miami-Dade/Monroe, Inc.	29
5	Early Learning Coalition of Northwest Florida	58
6	Embry-Riddle Aeronautical University, Inc.	123
7	Florida Institute of Technology, Inc.	36
8	Intervention Project for Nurses	24
9	Northwest Florida Area Agency on Aging, Inc.	14
10	Orlando Health, Inc.	10
11	Pace Center for Girls, Inc.	129
12	Warner University, Inc.	165

**EXHIBIT B**  
**FSAA NONPROFIT, FOR-PROFIT, AND OTHER ENTITY AUDIT REPORT REVIEWS**  
**SUMMARY OF DEFICIENCIES**  
**FOR FISCAL YEARS ENDED OCTOBER 31, 2013, THROUGH SEPTEMBER 30, 2014**

Description of Deficiencies	Number of Reports to which Criteria Applied	Total Current Year Number (1)	Percent (2)
<b>Auditor's Report on Compliance and Internal Control Over Compliance Applicable to Each Major State Project</b>			
Report on compliance and internal control over compliance did not cite the Florida Department of Financial Services as the authority for the State Projects Compliance Supplement.	60	12	20
<b>Management Letter</b>			
Audit report did not include an independent auditor's management letter or indicate in the schedule of findings and questioned costs that a management letter was not required.	19	11	58
<b>Schedule of Expenditures of State Financial Assistance (Schedule)</b>			
Schedule was not combined with the schedule of expenditures of Federal awards.	45	3	7
Schedule did not list individual State projects by State agency, including contract or grant numbers for each State project.	60	6	10
Schedule did not provide subtotals of expenditures of State financial assistance by catalog of State financial assistance number on the schedule.	25	10	40
Schedule did not include notes describing the significant accounting policies used in preparing the schedule.	60	4	7
<b>Schedule of Findings and Questioned Costs</b>			
Dollar threshold identified to distinguish Type A and Type B State projects not calculated correctly.	59	8	14

Notes: (1) Number of reports for which the deficiency was noted.  
 (2) Percent of reports for which the deficiency was noted. The percent is based on the number of reports to which the criteria was applied.