



JEB BUSH
GOVERNOR

MEMORANDUM

TO: AAA Executive Directors **NOTICE#:** 083004-1-T-OCFM
DOEA Staff

FROM: Terry White
Secretary

DATE: August 27, 2004

SUBJECT: Notice of Transmittal: FL Single Audit Act – Audit Threshold Change

TERRY F. WHITE
SECRETARY

This memorandum is to provide notice that the reporting threshold for the Florida Single Audit Act is being raised from \$300,000 to \$500,000 effective for fiscal years ending September 30, 2004 and thereafter. Please note this on all subagreements and subcontracts wherein state financial assistance and the Florida Single Audit Act apply. Below is more descriptive detail from the Governor's office about this change.

Florida Single Audit Act – Audit Threshold Change

Sections 215.97(2)(a) and (7)(a), Florida Statutes, require each nonstate entity that expends a total amount of State financial assistance (SFA) equal to or in excess of **\$300,000** in any fiscal year to have a State single audit for such fiscal year in accordance with the requirements of Section 215.97, Florida Statutes.

As authorized by Section 215.97(2)(a), Florida Statutes, the Auditor General, after consulting with the Executive Office of the Governor, the Chief Financial Officer, and all State agencies that provide SFA to nonstate entities, is increasing the Florida Single Audit Act (FSAA) audit threshold to **\$500,000**. The threshold change will be effective for fiscal years ending September 30, 2004, and thereafter. Chapters 10.550 and 10.650, Rules of the Auditor General, will be revised to reflect the change. Revised Chapters **10.550** and **10.650** rules are expected to be issued in October 2004.

The decision to change the threshold was based on a recently completed study of SFA expenditures reported by recipients that submitted FSAA audit reports. The study showed that the effect of changing the FSAA threshold to **\$500,000** would result in a minimal amount of SFA no longer being subjected to audit coverage. The new FSAA audit threshold will be consistent with the recently revised Federal Single Audit Act audit threshold, which was increased to **\$500,000** effective for fiscal years ending after December 31, 2003.

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A FSAA audit is only one of several ways that State awarding agencies and pass-through entities use to monitor the use of State financial assistance by nonstate entities. State agencies and **pass-through** entities should continue to use other means of monitoring, such as reviewing applicable financial or performance reports and performing site visits. For nonstate entities that will no longer be required to provide for a FSAA audit under the new audit threshold, State agencies and pass-through entities should consider the need for increased alternative monitoring procedures, particularly when prior FSAA audits of such entities have disclosed questioned costs or other findings.

State agencies and **pass-through** entities should notify nonstate entities with which they have existing contracts regarding State financial assistance about the audit threshold change.

If you have any questions about this information, please call Pat Nichols or Kathy Igou at (850) 414-2000 or SC 994-2000.