

Halsey Beshears, Secretary

Ron DeSantis, Governor

Additions Agenda

August 23, 2019
Board of Accountancy
Renaissance
1617 SE 17th Street
Ft. Lauderdale, FL

1. **Administrative**

- A. Commentary on revised Auditor General Rules – Chapter 10.550 Draft Rules

To: Board Members
From: David Dennis

Date: August 22, 2019

I read and reviewed the Proposed Rules of the Auditor General (Rules, the Rules), Chapter 10.550 – Local Government Entity Audits, to be effective 9-30-19. Unlike recent changes to the AG Rules, there are meaningful and substantive changes to the Rules that I think are problematic as they relate to professional standards. I offer the following commentary for consideration of the entire Board of Accountancy regarding the relationship of the proposed changes to professional standards.

Changes to Chapter 10.554 (1) (i) – Contents of the Management Letter

We believe the additional requirements proposed in 10.554 (1) (i) 6, 7, and 8 unnecessarily single out one specific statute with which local governments are required to comply. Numerous laws, rules, regulations, and provisions of grants and contracts may affect a local government and therefore the auditor's procedures and subsequent reporting. Nowhere in the Rules are any other statutes singled out which require the auditor to report compliance in the Management Letter. Therefore, I recommend that the Board of Accountancy consider commentary to eliminate the proposed changes.

Also, the new requirements are silent as regards to the moment of compliance. A Web Site can be compliant in one moment, and subjected to changes which render it then noncompliance. I believe licensed CPAs following professional standards will find themselves in a position of either wordsmithing their reporting language so the actual document may not reflect the intent of the AG or may simply incorrectly offer opinions to attempt to be compliant with these new rules. The Board of Accountancy should take this opportunity to object to State Law which requires CPAs to provide language that is counter to professional standards.

Changes to Chapter 10.556 (9), (10), (11), and (12) – Scope of the Audit

My comments relating to the proposed changes to Chapter 10.556 (9) through (12) are similar to our comments noted above relating to Chapter 10.554. As I read the language, the intent seems to be that the links are there for the entire period. That is not what the language says and tests around legal compliance will have a high degree of variability and I do not believe accomplish the intent of the AG/ The Rules relating to the scope of the audit do not specifically single out any other single statute with which local governments are to comply. Therefore, I recommend that the Board of Accountancy consider commentary to eliminate the proposed changes.