

## INSTRUCTIONS FOR PROGRAM COMPLIANCE AUDITS OF STATE STUDENT FINANCIAL ASSISTANCE PROGRAMS

These instructions provide guidance for preparing program compliance audits of private institutions that administer State Student Financial Assistance (SSFA) programs. It is the responsibility of the private institution receiving state student financial aid to secure an audit from an independent certified public accountant (CPA) at the institution’s expense. This audit is required regardless of the number of students participating or the amount of funding received by the institution. Florida statutes and rules require annual or biennial audits for all SSFA programs. These audit reports shall include an examination of the institution’s administration and accounting of the moneys for the program since the last examination. The frequency of audit submission is determined by the amount of funds received and type of financial assistance program. The audit submission table is provided below to assist institutions in determining which of the following three (3) conditions exist:

**Condition 1.** If a postsecondary institution received greater than \$750,000 in SSFA funding, an annual program compliance audit is required.

**Condition 2.** If the SSFA funding includes Bright Future funds greater than \$100,000, an annual program compliance audit is required.

**Condition 3.** If condition 1 or 2 does not apply, a biennial program compliance audit is required. (e.g., If the postsecondary institution received SSFA funding in 2024 and 2025, but did not submit a compliance audit report for 2024, then a 2024 and 2025 biennial [*two years of financial data, side-by-side*] program compliance audit is required).

AUDIT SUBMISSION TABLE		
SSFA Types	Report Submissions	Report Requirements
Bright Futures Scholarship Program Funds	Annual	Bright Futures Scholarship Program funds are greater than (>) \$100,000.
Bright Futures Scholarship Program Funds and other State Programs Funds	Annual	Total State Student Financial Assistance is greater than (>) \$750,000. This is the combined total for all state funding and can include Bright Futures Scholarship Program funds.
Bright Futures Scholarship Program Funds	Biennial	Bright Futures Scholarship Program funds are less than (<) \$100,000.
State Programs Funds	Biennial	Total Student Financial Assistance is less than (<) \$750,000 and Bright Futures Scholarship Program funds are less than (<) \$100,000.

All audit reports for the SSFA programs should be completed and submitted to the Florida Department of Education, Office of Student Financial Assistance (OSFA), **by March 31** following the academic year(s) or fiscal year(s) audited.

Two (2) copies of the completed audit report and all associated management letters should be sent to the following address:

Florida Department of Education  
Office of Student Financial Assistance  
Attention: **Sabrina Norton**  
325 West Gaines Street, Suite 934  
Tallahassee, Florida 32399-0400

Questions regarding the audit process should be directed to Sabrina Norton at (850) 245-9060 or [Sabrina.Norton1@fldoe.org](mailto:Sabrina.Norton1@fldoe.org).

### **Audit Objectives**

The audit should be planned and conducted so that the CPA can determine if:

1. An internal control structure has been established that is sufficient to provide reasonable assurance that SSFA programs were administered in substantial compliance with applicable statutes and rules.
2. Certification of student eligibility, maintenance of supporting documentation, appropriate accounting and general administration of student financial assistance programs has been performed in substantial compliance with applicable statutes and rules.
3. The institution's record of awards made and awards refunded is in agreement with OSFA's record of awards made and refunded.

### **Audit Approach**

The audit of each SSFA program should be conducted as a program-specific compliance examination of the institution's administration of the program. The specific criteria that are established for each program by statutes and rules should be tested as appropriate regardless of whether the institution's basic financial statements have been audited. These program requirements are shown at <https://www.FloridaStudentFinancialAidsg.org>. To view a program fact sheet, select a scholarship or grant program from the list.

The audit should be prepared according to generally accepted auditing standards and the standards applicable to financial related audits contained in the Government Auditing Standards, issued by the Comptroller General of the United States, and these instructions.

### **Reconciliation Request**

To determine if the institution's record of awards made and awards refunded are in agreement with OSFA's records of awards made and refunded, the CPA or the financial aid director for the institution should follow instructions on the Reconciliation Report Request Form, which is accessible at <https://www.FloridaStudentFinancialAidsg.org/PDF/PSI/prrrf%20AUDIT.xls>. If the CPA will be submitting the request, they will need the auditee's Institution Code as issued by OSFA. The reports will

be sent via U.S. mail within 72 hours of the request. Questions regarding reconciliation reports should be directed to [OSFA\\_SP@fldoe.org](mailto:OSFA_SP@fldoe.org).

### **Sample Selection**

Chapter 6A-20.0021, Florida Administrative Code, establishes the sample selection methodology. For each program administered by the institution, the CPA shall select a random sample of 50 award recipients, or 25 percent of the total number of award recipients, whichever is less, but no fewer than 10 award recipients. If there are fewer than 10 award recipients, then all award recipients shall be selected. This sample selection methodology should also be used for the Florida Bright Futures Scholarship Program.

**NOTE: The Florida Bright Futures Scholarship Program consists of four types of awards: the Florida Academic Scholars award, the Florida Medallion Scholars award, the Florida Gold Seal CAPE Scholars award and the Florida Gold Seal Vocational Scholars award. Each of the awards is considered a separate program for auditing purposes. The total number of award recipients for each type of award determines the appropriate number for sampling and reporting purposes.**

### **Instances of Noncompliance, Questioned Costs and Materiality**

All instances of noncompliance are to be reported by the CPA with the various criteria specified in the applicable statutes and rules. The CPA should report all cases of questioned costs **without regard to materiality judgments (e.g., one dollar or more of questioned costs should be reported)**.

Students shall be classified as ineligible if the examination of supporting documentation discloses instances of noncompliance with eligibility criteria specified by applicable statutes and rules. Instances of noncompliance with specific eligibility requirements should result in the classification of the awards as questioned costs.

If documents necessary for the determination of eligibility are missing, the CPA should classify the affected awards as questioned costs. If eligibility can be determined to the CPA's satisfaction, despite missing documents but by reference to other existing documents, then the missing documents should still be cited as exceptions, separate from classifying the particular awards as questioned costs.

Awards shall be classified as questioned costs if the examination discloses one or more of the following conditions:

1. Awards or portions thereof were not properly paid or delivered to students or not properly credited to students' accounts.
2. Awards were made to ineligible students.
3. Awards for which supporting documentation necessary to establish eligibility is missing and cannot be located.

Similarly, if awards should have been partially or fully refunded but were not, then the amounts not refunded should also be classified as questioned costs.

Instances of noncompliance that do not affect student eligibility or cause the classification of awards as questioned costs shall be reported with the auditors' findings and shall have no impact on determining the amount of refunds or whether to expand a sample as provided in these instructions.

## **Internal Control**

Chapter 10.656(3)(d)(4), Rules of the Auditor General, reads, "Florida Single Audit Act reports and related financial information shall include: A report on internal control related to major State projects and on compliance with laws, rules and the provisions of contracts or grant agreements, noncompliance with which could have a direct and material effect on a major State project. 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 laws, rules, and the provisions of contracts or grant agreements that could have a direct and material effect on a major State project."

## **Refunds**

For each program with an error rate of less than 10 percent of the monetary value of the sample awards, the institution shall refund the specific awards that are classified as questioned costs in the final audit report. **Note: It is important that the final audit report clearly identifies questioned costs and ineligible students, and indicates whether or not the institution has previously refunded these costs to the Florida Department of Education (FDOE).** When a refund is required, the institution is responsible for submitting the refund check to the FDOE within 30 calendar days from the date on the audit determination letter sent to the institution by OSFA.

For each program with an error rate equal to or greater than 10 percent, the institution shall either:

1. Refund an amount calculated by multiplying the sample error rate times the total awarded amount of the program, or
2. Engage a CPA firm, at the institution's expense, to audit 100 percent of the awards in the program population and refund the sum of the specific awards classified as questioned costs.

## **Audit Reports**

The audit findings, recommendations, questioned costs and Statement of Internal Control, as well as the summary of population sample tested and test results obtained, should be presented for each program audited. A schedule that lists the total number of awards made and total number of awards refunded must be presented. The Florida Bright Futures Scholarship Program consists of four types of awards: the Florida Academic Scholarship, the Florida Medallion Scholarship, the Florida Gold Seal CAPE Scholarship and the Florida Gold Seal Vocational Scholarship. Each of these awards are considered a separate program for audit reporting purposes.

Since the purpose of these audits is to obtain reasonable assurance that the educational institution has substantially complied with applicable statutes and rules, the CPA should render an opinion to that effect.

## Management's Response

Management of the institution is required to provide a response to the findings of the audit. Such responses should contain statements of concurrence or non-concurrence with the audit findings and descriptions of actions proposed to correct the deficient areas. The CPA should provide management's response with the audit report either as an attachment or as part of the schedule of findings, recommendations and questioned costs, as appropriate.

## Student Identifiers

No identifying names, Social Security numbers or student school ID numbers should appear in the audit report or in management's response. However, a separate list of those students who have been classified as ineligible or whose awards have been questioned should be provided with the final audit report.

## Program Requirements and Rules

OSFA maintains the current State of Florida Scholarship and Grant Programs list. Please refer to OSFA's website at <https://www.FloridaStudentFinancialAidsg.org> and to the State Board of Education's rules governing financial aid programs at <https://www.flrules.org/gateway/ChapterHome.asp?Chapter=6A-20>.

Additional resources may be found at:

- [Released Reports and Rules and Guidelines](#) on the Auditor General's website; and
- [How to Access Audit Reports](#) on the Online Sunshine website.

## Frequently Asked Questions

### 1. How often are audits required?

To satisfy the requirements under section (s.) 1009.53(5)(c), Florida Statutes (F.S.), and rule 6A-20.0021, Florida Administrative Code, an annual audit is required for the Florida Bright Futures Scholarship Program if expenditures exceed \$100,000. Audits for other state programs are required every two years if total expenditures are less (<) than \$750,000; otherwise, an annual audit is required.

### 2. Where do we obtain information for the audit?

To determine if an institution's record of awards made and awards refunded agrees with OSFA's record of awards made and refunded, the CPA or the institution's financial aid director should follow the instructions on the Reconciliation Report Request Form at <https://www.FloridaStudentFinancialAidsg.org/PDF/PSI/prrrf%20AUDIT.xls>. If the CPA will be submitting the request, they will need the auditee's Institution Code as issued by OSFA. The reports will be sent via U.S. mail within 72 hours of the request. Questions regarding reconciliation reports should be directed to [OSFA\\_SP@fldoe.org](mailto:OSFA_SP@fldoe.org).

**3. Is there a minimum amount or minimum number of participants that triggers an audit?**

No. Audits are required regardless of the number of participants.

**4. Are draft audit reports submitted for review?**

No. The final report is submitted, and a desk review of the report is conducted by OSFA to identify any deficiencies.

**5. If the institution chooses, can it continue to have annual audits performed as opposed to biennial audits?**

Yes. Institutions can also combine this program compliance audit for SSFA programs with other audits conducted by the institution.

**6. What happens if an institution does not submit an audit to the Office of Student Financial Assistance by March 31 following the institution's academic or fiscal year?**

OSFA will notify the institution of its noncompliance and may withhold future program funds if the receiving institution fails to report.

**7. How does the Florida Single Audit Act affect required audits for institutions?**

Institutions subject to the Florida Single Audit Act must also adhere to its requirements. Information on the Florida Single Audit Act may be found in [s. 215.97, F.S.](#)

**8. What happens when an audit report finds an institution to be noncompliant?**

OSFA will notify the institution in writing of the report deficiency and require that revisions to the report be submitted within 30 calendar days or by March 31, whichever is later. To correct any deficiency, the CPA may need to prepare a revised report and submit the revised pages to OSFA. If a response is not received within this timeframe, OSFA may withhold future program funds based on the institution's noncompliance.

**9. What if an institution has one federal identification number (FEID) with three locations, all assigned different institution codes. Should a separate audit be completed for each location?**

Yes. Each institution code is considered a separate reporting entity.

**10. Are sample tests required for all State Student Financial Assistance funding?**

Yes. A sample test is required for each funding type.

## **Relevant Publications**

The following professional literature may be useful to the CPA performing audits of SSFA programs:

**Audits of State and Local Governmental Units**  
American Institute of Certified Public Accountants  
1345 Avenue of the Americas, 27<sup>th</sup> Floor  
New York, New York 10105-0302  
<http://www.aicpa.org/>

**Government Auditing Standards - Standards for Audit of Governmental  
Organizations,  
Programs, Activities, and Functions**  
Superintendent of Documents  
U.S. Government Printing Office  
Washington, District of Columbia 20401  
<http://www.gao.gov/>