

By Senator Baxley

12-01483-17

20171478__

1 A bill to be entitled
2 An act relating to inspectors general and auditors;
3 amending s. 14.32, F.S.; removing a provision that
4 requires the Chief Inspector General to serve at the
5 pleasure of the Governor; authorizing the termination
6 of the Chief Inspector General's appointment by a
7 majority vote of both houses of the Legislature;
8 requiring the Chief Inspector General to meet
9 specified qualifications applicable to agency
10 inspectors general; requiring the Chief Inspector
11 General to prepare an annual report containing
12 specified information; amending s. 20.055, F.S.;
13 revising definitions; revising provisions relating to
14 duties and responsibilities of agency inspectors
15 general to include forensic audits; providing that an
16 investigator or auditor employed within an office of
17 the inspector general is a Selected Exempt Service
18 employee; revising the qualifications of agency
19 inspectors general; conforming provisions; requiring
20 each agency inspector general to include specified
21 budgetary and staffing information in an annual
22 report; amending s. 20.121, F.S.; providing that an
23 auditor employed within the Division of Accounting and
24 Auditing of the Department of Financial Services is a
25 Selected Exempt Service employee; amending s. 215.44,
26 F.S.; requiring the State Board of Administration to
27 appoint an inspector general; providing duties and
28 responsibilities for the inspector general necessary
29 to conduct investigations; providing an effective

12-01483-17

20171478__

30 date.

31
32 Be It Enacted by the Legislature of the State of Florida:

33
34 Section 1. Subsection (1) of section 14.32, Florida
35 Statutes, is amended, and paragraph (1) is added to subsection
36 (2) of that section, to read:

37 14.32 Office of Chief Inspector General.—

38 (1) There is created in the Executive Office of the
39 Governor the Office of Chief Inspector General. The Chief
40 Inspector General is responsible for promoting accountability,
41 integrity, and efficiency in the agencies under the jurisdiction
42 of the Governor. The Chief Inspector General shall be appointed
43 by ~~and serve at the pleasure of the Governor~~ and must meet the
44 qualifications specified in s. 20.055(4). The appointment of the
45 Chief Inspector General may be terminated at any time by a
46 majority vote of both houses of the Legislature. However, upon a
47 change in Governors or reelection of the Governor, the Governor
48 shall appoint, or may reappoint, a Chief Inspector General
49 before adjournment sine die of the first regular session of the
50 Legislature that convenes after such change in Governors or
51 reelection of the Governor.

52 (2) The Chief Inspector General shall:

53 (1) Prepare an annual report that summarizes the activities
54 performed in compliance with this section and includes an
55 aggregate of significant budgetary or administrative changes
56 contained in annual reports prepared by inspectors general for
57 state agencies under the jurisdiction of the Governor pursuant
58 to s. 20.055(8).

12-01483-17

20171478__

59 Section 2. Paragraphs (a) and (d) of subsection (1),
60 paragraph (d) of subsection (2), paragraph (b) of subsection
61 (3), paragraph (b) of subsection (4), subsection (6), and
62 paragraph (c) of subsection (8) of section 20.055, Florida
63 Statutes, are amended to read:

64 20.055 Agency inspectors general.—

65 (1) As used in this section, the term:

66 (a) "Agency head" means the Governor, a Cabinet officer, or
67 a secretary or executive director as those terms are defined in
68 s. 20.03, the chair of the Public Service Commission, the
69 Director of the Office of Insurance Regulation of the Financial
70 Services Commission, the Director of the Office of Financial
71 Regulation of the Financial Services Commission, the board of
72 directors of the Florida Housing Finance Corporation, the
73 executive director of the Office of Early Learning, the
74 executive director of the State Board of Administration, and the
75 Chief Justice of the State Supreme Court.

76 (d) "State agency" means each department created pursuant
77 to this chapter and the Executive Office of the Governor, the
78 Department of Military Affairs, the Fish and Wildlife
79 Conservation Commission, the Office of Insurance Regulation of
80 the Financial Services Commission, the Office of Financial
81 Regulation of the Financial Services Commission, the Public
82 Service Commission, the Board of Governors of the State
83 University System, the Florida Housing Finance Corporation, the
84 Agency for State Technology, the Office of Early Learning, the
85 State Board of Administration, and the state courts system.

86 (2) An office of inspector general is established in each
87 state agency to provide a central point for coordination of and

12-01483-17

20171478__

88 responsibility for activities that promote accountability,
89 integrity, and efficiency in government. It is the duty and
90 responsibility of each inspector general, with respect to the
91 state agency in which the office is established, to:

92 (d) Provide direction for, supervise, and coordinate
93 audits, forensic audits, investigations, and management reviews
94 relating to the programs and operations of the state agency,
95 except that when the inspector general does not possess the
96 qualifications specified in subsection (4), the director of
97 auditing shall conduct such audits.

98 (3)

99 (b) The inspector general shall report to and be under the
100 general supervision of the agency head and is not subject to
101 supervision by any other employee of the state agency in which
102 the office is established. For state agencies under the
103 jurisdiction of the Governor, the inspector general shall be
104 under the general supervision of the agency head for
105 administrative purposes, shall report to the Chief Inspector
106 General, and may hire and remove staff within the office of the
107 inspector general in consultation with the Chief Inspector
108 General but independently of the agency. Any investigator or
109 auditor employed within the office of an inspector general is
110 included in the Selected Exempt Service as provided in chapter
111 110.

112 (4)

113 (b) For agencies under the jurisdiction of the Governor,
114 the inspector general shall be selected on the basis of
115 integrity, leadership capability, and experience in accounting,
116 auditing, forensic auditing, financial analysis, law, management

12-01483-17

20171478__

117 analysis, program evaluation, public administration,
118 investigation, criminal justice administration, or other closely
119 related field. The inspector general is subject to a level 2
120 background screening pursuant to chapter 435. The inspector
121 general shall have a 4-year degree from an accredited
122 institution of higher learning or have at least 5 years of
123 experience in at least one of the following areas:

- 124 1. Inspector general.
- 125 2. Supervisory experience in an office of inspector general
126 or an investigative public agency similar to an office of
127 inspector general.
- 128 3. Local, state, or federal law enforcement officer.
- 129 4. Local, state, or federal court judge.
- 130 5. Senior-level auditor or comptroller.
- 131 6. The administration and management of complex audits and
132 investigations.
- 133 7. Managing programs for prevention, examination,
134 detection, elimination of fraud, waste, abuse, mismanagement,
135 malfeasance, or misconduct in government or other organizations.
- 136 8. Certified fraud examiner.

137
138 An advanced degree in law, accounting, public administration, or
139 other relevant field may substitute for 1 year of required
140 experience.

141 (6) In carrying out the auditing duties and
142 responsibilities of this section ~~act~~, each inspector general
143 shall review and evaluate internal controls necessary to ensure
144 the fiscal accountability of the state agency. The inspector
145 general shall conduct financial, compliance, electronic data

12-01483-17

20171478__

146 processing, and forensic or performance audits of the agency and
147 prepare audit reports of his or her findings. The scope and
148 assignment of the audits shall be determined by the inspector
149 general; however, the agency head may at any time request the
150 inspector general to perform an audit of a special program,
151 function, or organizational unit. The performance of the audit
152 shall be under the direction of the inspector general, except
153 that if the inspector general does not possess the
154 qualifications specified in subsection (4), the director of
155 auditing shall perform the functions listed in this subsection.

156 (a) Such audits shall be conducted in accordance with the
157 current International Standards for the Professional Practice of
158 Internal Auditing as published by the Institute of Internal
159 Auditors, Inc., or, where appropriate, in accordance with
160 generally accepted governmental auditing standards. All audit
161 reports issued by internal audit staff shall include a statement
162 that the audit was conducted pursuant to the appropriate
163 standards.

164 (b) Audit workpapers and reports shall be public records to
165 the extent that they do not include information which has been
166 made confidential and exempt from the provisions of s. 119.07(1)
167 pursuant to law. However, when the inspector general or a member
168 of the staff receives from an individual a complaint or
169 information that falls within the definition provided in s.
170 112.3187(5), the name or identity of the individual may not be
171 disclosed to anyone else without the written consent of the
172 individual, unless the inspector general determines that such
173 disclosure is unavoidable during the course of the audit or
174 investigation.

12-01483-17

20171478__

175 (c) The inspector general and the staff shall have access
176 to any records, data, and other information of the state agency
177 he or she deems necessary to carry out his or her duties. The
178 inspector general may also request such information or
179 assistance as may be necessary from the state agency or from any
180 federal, state, or local government entity.

181 (d) At the conclusion of each audit, the inspector general
182 shall submit preliminary findings and recommendations to the
183 person responsible for supervision of the program function or
184 operational unit who shall respond to any adverse findings
185 within 20 working days after receipt of the preliminary
186 findings. Such response and the inspector general's rebuttal to
187 the response shall be included in the final audit report.

188 (e) At the conclusion of an audit in which the subject of
189 the audit is a specific entity contracting with the state or an
190 individual substantially affected, if the audit is not
191 confidential or otherwise exempt from disclosure by law, the
192 inspector general shall, consistent with s. 119.07(1), submit
193 the findings to the entity contracting with the state or the
194 individual substantially affected, who shall be advised in
195 writing that they may submit a written response within 20
196 working days after receipt of the findings. The response and the
197 inspector general's rebuttal to the response, if any, must be
198 included in the final audit report.

199 (f) The inspector general shall submit the final report to
200 the agency head, the Auditor General, and, for state agencies
201 under the jurisdiction of the Governor, the Chief Inspector
202 General.

203 (g) The Auditor General, in connection with the independent

12-01483-17

20171478__

204 postaudit of the same agency pursuant to s. 11.45, shall give
205 appropriate consideration to internal audit reports and the
206 resolution of findings therein. The Legislative Auditing
207 Committee may inquire into the reasons or justifications for
208 failure of the agency head to correct the deficiencies reported
209 in internal audits that are also reported by the Auditor General
210 and shall take appropriate action.

211 (h) The inspector general shall monitor the implementation
212 of the state agency's response to any report on the state agency
213 issued by the Auditor General or by the Office of Program Policy
214 Analysis and Government Accountability. No later than 6 months
215 after the Auditor General or the Office of Program Policy
216 Analysis and Government Accountability publishes a report on the
217 state agency, the inspector general shall provide a written
218 response to the agency head or, for state agencies under the
219 jurisdiction of the Governor, the Chief Inspector General on the
220 status of corrective actions taken. The inspector general shall
221 file a copy of such response with the Legislative Auditing
222 Committee.

223 (i) The inspector general shall develop long-term and
224 annual audit plans based on the findings of periodic risk
225 assessments. The plan, where appropriate, should include
226 postaudit samplings of payments and accounts. The plan shall
227 show the individual audits to be conducted during each year and
228 related resources to be devoted to the respective audits. The
229 Chief Financial Officer, to assist in fulfilling the
230 responsibilities for examining, auditing, and settling accounts,
231 claims, and demands pursuant to s. 17.03(1), and examining,
232 auditing, adjusting, and settling accounts pursuant to s. 17.04,

12-01483-17

20171478__

233 may use audits performed by the inspectors general and internal
234 auditors. For state agencies under the jurisdiction of the
235 Governor, the audit plans shall be submitted to the Chief
236 Inspector General. The plan shall be submitted to the agency
237 head for approval. A copy of the approved plan shall be
238 submitted to the Auditor General.

239 (8)

240 (c) The final reports prepared pursuant to paragraphs (a)
241 and (b) shall be provided to the heads of the respective
242 agencies and, for state agencies under the jurisdiction of the
243 Governor, the Chief Inspector General. Such reports shall
244 include, but need not be limited to:

245 1. A description of activities relating to the development,
246 assessment, and validation of performance measures.

247 2. A description of significant abuses and deficiencies
248 relating to the administration of programs and operations of the
249 agency disclosed by investigations, audits, reviews, or other
250 activities during the reporting period.

251 3. A description of the recommendations for corrective
252 action made by the inspector general during the reporting period
253 with respect to significant problems, abuses, or deficiencies
254 identified.

255 4. The identification of each significant recommendation
256 described in previous annual reports on which corrective action
257 has not been completed.

258 5. A summary of each audit and investigation completed
259 during the reporting period.

260 6. Any increase or decrease in expenditures estimating 10
261 percent or more of the inspector general's total budget during

12-01483-17

20171478__

262 the preceding state fiscal year and any significant increase or
263 decrease in the number of permanent, temporary, loaned, or
264 grant-funded, full-time equivalent staff within the office of
265 the inspector general.

266 Section 3. Paragraph (a) of subsection (2) of section
267 20.121, Florida Statutes, is amended to read:

268 20.121 Department of Financial Services.—There is created a
269 Department of Financial Services.

270 (2) DIVISIONS.—The Department of Financial Services shall
271 consist of the following divisions and office:

272 (a) The Division of Accounting and Auditing. Any auditor
273 employed within the division is included in the Selected Exempt
274 Service as provided in chapter 110.

275 Section 4. Present paragraphs (d) and (e) of subsection (2)
276 of section 215.44, Florida Statutes, are redesignated as
277 paragraphs (e) and (f), respectively, and a new paragraph (d) is
278 added to that subsection, to read:

279 215.44 Board of Administration; powers and duties in
280 relation to investment of trust funds.—

281 (2)

282 (d) The board shall appoint an inspector general who shall
283 perform the duties and responsibilities required in s. 20.055.
284 The office of inspector general shall assess and resolve
285 grievances and conduct internal affairs investigations and
286 management reviews. The inspector general, or his or her
287 designee, may enter any place where the board has an office and
288 may review files, consult with employees, or obtain any
289 information as necessary to conduct an investigation.

290 Section 5. This act shall take effect July 1, 2017.