

By the Committee on Education Innovation and  
Representatives Melvin and Patterson

1                                   A bill to be entitled  
2           An act relating to school district best  
3           financial management practices reviews;  
4           amending s. 11.51, F.S.; requiring the Office  
5           of Program Policy Analysis and Government  
6           Accountability to conduct or contract for best  
7           financial management practices reviews of  
8           school districts; correcting a cross reference;  
9           amending s. 11.515, F.S.; revising references  
10          to "performance reviews" to "best financial  
11          management practices reviews"; clarifying and  
12          conforming the authorization for contracting  
13          for reviews; revising the scope of such  
14          reviews; amending s. 230.23025, F.S.; providing  
15          the purpose of a best financial management  
16          practices review; authorizing OPPAGA to develop  
17          best practices for review and adoption by the  
18          Commissioner of Education; revising areas  
19          addressed by the review; establishing a  
20          timeframe for school district review; requiring  
21          districts to be reviewed to be specified in the  
22          General Appropriations Act; providing funding  
23          requirements; revising reporting requirements;  
24          revising provisions relating to the "Seal of  
25          Best Financial Management"; amending s.  
26          230.23026, F.S.; conforming terminology;  
27          amending s. 235.2197, F.S.; correcting cross  
28          references; repealing s. 230.2302, F.S.,  
29          relating to performance reviews; providing an  
30          effective date.  
31

1 Be It Enacted by the Legislature of the State of Florida:

2

3 Section 1. Subsection (1) of section 11.51, Florida  
4 Statutes, is amended to read:

5 11.51 Office of Program Policy Analysis and Government  
6 Accountability.--

7 (1) There is hereby created the Office of Program  
8 Policy Analysis and Government Accountability as a unit of the  
9 Office of the Auditor General appointed pursuant to s. 11.42.  
10 Such office shall perform program evaluation and justification  
11 reviews as required by s. 11.513 and performance audits as  
12 defined in s. 11.45 and shall conduct or contract for best  
13 financial management practices ~~performance~~ reviews of school  
14 districts pursuant to ss. 11.515 and 230.23025 ~~230.2302~~.

15 Section 2. Section 11.515, Florida Statutes, is  
16 amended to read:

17 11.515 School district best financial management  
18 practices ~~performance~~ review.--

19 (1) Any best financial management practices  
20 ~~performance~~ review of a school district pursuant to this  
21 section shall be conducted ~~by a private firm selected~~ by the  
22 Office of Program Policy Analysis and Government  
23 Accountability. The director of the Office of Program Policy  
24 Analysis and Government Accountability may, at his or her  
25 discretion, contract with a private consultant selected  
26 through a formal request for proposal process to perform part  
27 or all of the review of any district.

28 (2) In developing the scope of the review, the Office  
29 of Program Policy Analysis and Government Accountability shall  
30 seek input from the school district subject to a review. The  
31 scope of the review shall include, but not be limited to:

- 1           (a) ~~School district organization and Management~~  
2 structures.
- 3           (b) Educational service delivery.
- 4           (c) Community involvement.
- 5           (d) Facilities ~~use and management.~~
- 6           (e) Personnel systems and benefits management.
- 7           ~~(f) Asset and risk management.~~
- 8           ~~(g) Financial management.~~
- 9           ~~(h) Purchasing.~~
- 10          (f)(i) Student transportation.
- 11          (g)(j) Food service operations.
- 12          (h)(k) Safety and security.
- 13          (i) Performance accountability.
- 14          (j) Use of lottery proceeds.
- 15          (k) Cost control systems.
- 16          (l) Instructional and administrative technology.
- 17          Section 3. Section 230.23025, Florida Statutes, 1998  
18 Supplement, as amended by chapters 97-384 and 98-225, Laws of  
19 Florida, is amended to read:
- 20                230.23025 Best financial management practices;  
21 standards; reviews; designation of districts.--
- 22                (1) The purpose of a best financial management  
23 practices review is to improve a school district's management  
24 and use of resources, and to identify cost savings.The Office  
25 of Program Policy Analysis and Government Accountability  
26 (OPPAGA) and the Office of the Auditor General are directed to  
27 develop a system for reviewing the ~~financial~~ management  
28 practices of school districts. In this system, OPPAGA and the  
29 Auditor General shall jointly examine district operations to  
30 determine whether they meet "best financial management  
31 practices." The best financial management practices adopted by

1 the Commissioner of Education may be updated periodically  
2 after consultation with the Legislature, the Governor, the  
3 SMART Schools Clearinghouse, OPPAGA, and the Auditor General.  
4 In areas for which the commissioner has not adopted best  
5 practices, OPPAGA may develop additional best practices, with  
6 input from a broad range of stakeholders. OPPAGA shall present  
7 any additional best practices or updates to existing best  
8 practices to the commissioner for review and adoption. The  
9 best financial management practices adopted by the  
10 commissioner must be used in a school district review  
11 conducted according to this section.The best financial  
12 management practices, at a minimum, must instill public  
13 confidence by addressing the following areas:  
14 (a) Efficient use of resources, use of lottery  
15 proceeds, student transportation and food service operations,  
16 management structures, and personnel systems and benefits,  
17 educational service delivery, community involvement, safety  
18 and security, facilities, and administrative and instructional  
19 technology;  
20 (b) Compliance with generally accepted accounting  
21 principles and state and federal laws relating to financial  
22 management;  
23 (c) Performance accountability systems, including  
24 performance measurement reports to the public, internal  
25 auditing, financial auditing, and information made available  
26 to support decisionmaking;  
27 (d) Cost control systems, including asset, risk, and  
28 financial management, purchasing, and information system  
29 controls.  
30 (2) Each school district shall be subject to a best  
31 financial management practices review on a 5-year cycle.

1 OPPAGA shall develop a schedule to review all school districts  
2 on a 5-year cycle unless otherwise recommended by the director  
3 of OPPAGA and approved by the Legislature in the General  
4 Appropriations Act. No later than December 31 of each year,  
5 OPPAGA shall recommend to the President of the Senate and the  
6 Speaker of the House of Representatives those districts  
7 proposed to undergo review and a maximum number of school  
8 districts to be reviewed during the next fiscal year.~~School~~  
9 ~~districts may, by a unanimous vote of the membership of the~~  
10 ~~school board, apply to OPPAGA for a complete best financial~~  
11 ~~management practice review or a review of components of the~~  
12 ~~best financial management practices, including management,~~  
13 ~~personnel, transportation, and food and nutrition services.~~  
14 ~~OPPAGA shall prioritize districts for review based on their~~  
15 ~~growth rates and demonstrated need for review. The director of~~  
16 ~~OPPAGA may, at his or her discretion, contract with private~~  
17 ~~consultants to perform part or all of the review of any~~  
18 ~~district.~~

19 (3) The Legislature shall annually designate in the  
20 General Appropriations Act those school districts that will  
21 receive a best financial management practices review. The  
22 Legislature may specifically designate that certain districts  
23 receive fully funded reviews and that certain districts may  
24 receive matching funds equal to 50 percent of the total cost  
25 of the review as estimated by OPPAGA.~~Districts applying for a~~  
26 ~~complete review shall contribute 50 percent of the total cost~~  
27 ~~of the review costs, unless funding for the entire cost of the~~  
28 ~~review is specifically provided by the Legislature. Districts~~  
29 ~~applying for a review of a component shall contribute 75~~  
30 ~~percent of the review cost.~~All moneys contributed by any  
31 school district under this section toward the cost of a

1 ~~complete or component~~ best financial management practices  
2 review of the district shall be deposited into the Florida  
3 School District Review Trust Fund administered by OPPAGA.

4 (4)~~(3)~~ District reviews conducted under this section  
5 must be completed within 6 months after commencement. OPPAGA  
6 shall issue a report to the district regarding its financial  
7 management practices and cost savings recommendations within  
8 60 days after completing the reviews.

9 (5) If the district is found not to conform to best  
10 financial management practices, the report must contain an  
11 action ~~a plan of action~~ detailing how the district could meet  
12 the best practices within 2 years and be eligible for a "Seal  
13 of Best Financial Management." The school board must vote,  
14 within 90 days of receipt of the final report, to implement or  
15 not to implement the action plan. In order to be eligible to  
16 receive the seal, the school board must vote by a majority  
17 plus one to implement the action plan.

18 ~~(4)~~ No later than 1 year after receipt of the report,  
19 district school boards that agree by a majority plus one vote  
20 to institute the action plan must ~~shall~~ submit an initial  
21 ~~annual~~ report to the Legislature, the Governor, the SMART  
22 Schools Clearinghouse, OPPAGA, the Auditor General, and the  
23 Commissioner of Education on progress made towards  
24 implementing the plan and whether changes have occurred in  
25 other areas of operation which would affect compliance with  
26 the best practices. Thereafter, the report will be submitted  
27 annually. Such districts shall be reviewed annually by  
28 OPPAGA, in addition to the annual financial audit required  
29 under s. 11.45, to determine whether they have attained  
30 compliance with the best financial management practices in the  
31 areas covered by the plan.

1           (6) Districts ~~that are~~ found to comply with the best  
2 financial management practices shall receive a "Seal of Best  
3 Financial Management" from ~~by~~ the State Board of Education  
4 certifying that the district is adhering to the state's best  
5 financial management practices. This designation shall be  
6 effective for a 5-year period, beginning upon the  
7 certification date, after which the district school board may  
8 reapply for the designation to be granted after another best  
9 financial management practice review. During the designation  
10 period, the district school board shall annually notify, not  
11 later than the anniversary date of the certification, the  
12 SMART Schools Clearinghouse, OPPAGA, the Auditor General, and  
13 the State Board of Education of any changes in policies or  
14 operations or any other situations that would not conform to  
15 the state's best financial management practices. The State  
16 Board of Education may revoke the designation of a district at  
17 any time if it determines that a district is no longer  
18 complying with the state's best financial management  
19 practices.

20           ~~(7)(5)~~ Any audit or performance review of one or more  
21 of the designated components conducted or supervised by OPPAGA  
22 or the Department of Management Services, and completed within  
23 2 years before the district is scheduled in the General  
24 Appropriations Act date of application to OPPAGA for a best  
25 financial management practices review, may, at the OPPAGA  
26 director's discretion, serve as all or part of ~~the audit or~~  
27 ~~review required as~~ the examination of district operations  
28 necessary for a determination of whether a district meets the  
29 "best financial management practices" designation. ~~The cost~~  
30 ~~contribution requirements of subsection (2) do not apply to~~  
31 ~~any such audit or performance review.~~

1           Section 4. Subsection (2) of section 230.23026,  
2 Florida Statutes, 1998 Supplement, is amended to read:

3           230.23026 Florida School District Review Trust Fund.--

4           (2) OPPAGA shall use the funds deposited in the trust  
5 fund to pay costs of conducting best financial management  
6 practices reviews, ~~or reviews of components of the best~~  
7 ~~practices,~~ in school districts under s. 230.23025. Funds may  
8 be expended to pay the expenses of reviews conducted by  
9 OPPAGA, by the Auditor General, or by private consultants at  
10 the discretion of the director of OPPAGA. The expenses may  
11 include professional services, travel expenses of OPPAGA and  
12 the Auditor General, and any other necessary expenses incurred  
13 as part of a ~~complete or component~~ best financial management  
14 practices review. OPPAGA may refund to a school district any  
15 portion of funds contributed by the school district that  
16 OPPAGA determines are not needed to conduct the ~~complete or~~  
17 ~~component~~ best financial management practices review ~~requested~~  
18 ~~by the district.~~

19           Section 5. Paragraphs (a) and (c) of subsection (2) of  
20 section 235.2197, Florida Statutes, 1998 Supplement, are  
21 amended to read:

22           235.2197 Florida Frugal Schools Program.--

23           (2) The "Florida Frugal Schools Program" is created to  
24 recognize publicly each district school board that agrees to  
25 build frugal yet functional educational facilities and that  
26 implements "best financial management practices" when  
27 planning, constructing, and operating educational facilities.  
28 The State Board of Education shall recognize a district school  
29 board as having a Florida Frugal Schools Program if the  
30 district requests recognition and satisfies two or more of the  
31 following criteria:



1           (a) The district receives a "Seal of Best Financial  
2 Management" as provided in s. 230.23025 ~~s. 230.2302~~ or  
3 implements best financial management practices in the area of  
4 educational facilities as evidenced by a ~~partial~~ review under  
5 s. 230.23025 ~~s. 230.2302~~.

6           (c) The district school board submits a plan to the  
7 Commissioner of Education certifying how the revenues  
8 generated by the levy of the capital outlay sales surtax  
9 authorized by s. 212.055(7) will be spent. The plan must  
10 include at least the following assurances about the use of the  
11 proceeds of the surtax and any accrued interest:

12           1. The district school board will use the surtax and  
13 accrued interest only for the fixed capital outlay purposes  
14 identified by s. 212.055(7)(d) which will reduce school  
15 overcrowding that has been validated by the Department of  
16 Education, or for the repayment of bonded indebtedness related  
17 to such capital outlay purposes.

18           2. The district school board will not spend the surtax  
19 or accrued interest to pay for operational expenses or for the  
20 construction, renovation, or remodeling of any administrative  
21 building or any other ancillary facility that is not directly  
22 related to the instruction, feeding, or transportation of  
23 students enrolled in the public schools.

24           3. The district school board's use of the surtax and  
25 accrued interest will be consistent with the best financial  
26 management practices identified and approved under s.  
27 230.23025 ~~s. 230.2302~~.

28           4. The district school board will apply the  
29 educational facilities contracting and construction techniques  
30 authorized by s. 235.211 or other construction management  
31 techniques to reduce the cost of educational facilities.

1           5. The district school board will discontinue the  
2 surtax levy when the district has provided the  
3 survey-recommended educational facilities that were determined  
4 to be necessary to relieve school overcrowding; when the  
5 district has satisfied any bonded indebtedness incurred for  
6 such educational facilities; or when the district's other  
7 sources of capital outlay funds are sufficient to provide such  
8 educational facilities, whichever occurs first.

9           6. The district school board will use any excess  
10 surtax collections or accrued interest to reduce the  
11 discretionary outlay millage levied under s. 236.25(2).

12           Section 6. Section 230.2302, Florida Statutes, is  
13 repealed.

14           Section 7. This act shall take effect July 1, 1999.

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17           HOUSE SUMMARY

18  
19           Requires the Office of Program Policy Analysis and  
20 Government Accountability to conduct or contract for best  
21 financial management practices reviews of school  
22 districts. Revises references to "performance reviews" to  
23 "best financial management practices reviews." Clarifies  
24 and conforms the authorization for contracting for  
25 reviews. Revises the scope of such reviews. Provides for  
26 the purpose of a best financial management practices  
27 review. Authorizes OPPAGA to develop best practices for  
28 review and adoption by the Commissioner of Education.  
29 Establishes a timeframe for school district review.  
30 Requires districts to be reviewed to be specified in the  
31 General Appropriations Act. Provides funding  
requirements. Revises reporting requirements. Revises  
provisions relating to the "Seal of Best Financial  
Management." Repeals provisions relating to performance  
reviews.