

By the Council for Lifelong Learning and Representatives
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1 A bill to be entitled
2 An act relating to school district best
3 financial management practices reviews;
4 creating the "Sharpening the Pencil Act";
5 amending s. 230.23025, F.S.; providing
6 legislative intent; providing OPPAGA with
7 primary responsibility for the completion of
8 best financial practices reviews; revising
9 areas in which best financial management
10 practices are to be developed and adopted;
11 revising and clarifying the best financial
12 management practices adoption and revision
13 process; clarifying that OPPAGA shall contract
14 with a private firm to perform reviews,
15 provided the review team has certain expertise;
16 authorizing the inclusion of review items in
17 addition to the adopted best financial
18 management practices, after consultation with
19 the school district; establishing a continuing
20 5-year review cycle; authorizing the Joint
21 Legislative Auditing Committee to adjust the
22 schedule under certain circumstances;
23 authorizing the review of additional school
24 districts under certain circumstances;
25 specifying that reviews shall be conducted to
26 the extent funded by the Legislature;
27 specifying the use of such funds; requiring
28 copies of the final report issued by OPPAGA to
29 be provided to additional entities; requiring
30 public meetings; revising provisions relating
31 to eligibility for the "Seal of Best Financial

1 Management"; establishing requirements relating
2 to status reports; requiring OPPAGA to review a
3 district's status reports, assess
4 implementation of the action plan, and assess
5 progress toward implementing the best financial
6 management practices and to issue a report;
7 providing for appearance of school officials
8 before the Legislature upon failure to
9 implement an adopted action plan; providing for
10 citizen appeals to the department; providing
11 rulemaking authority; providing legislative
12 intent; clarifying provisions relating to the
13 award of the "Seal of Best Financial
14 Management"; requiring school districts that
15 are reviewed to maintain certain records;
16 repealing s. 11.515, F.S., relating to school
17 district performance reviews; repealing s.
18 230.2302, F.S., relating to performance
19 reviews; repealing s. 230.23026, F.S., relating
20 to the Florida School District Review Trust
21 Fund; amending s. 11.51, F.S., relating to
22 school district performance reviews by the
23 Office of Program Policy Analysis and
24 Government Accountability, s. 230.23027, F.S.,
25 relating to the Small School District
26 Stabilization Program, s. 233.43, F.S.,
27 relating to duties of superintendent relating
28 to instructional materials, and s. 235.2197,
29 F.S., relating to the Florida Frugal Schools
30 Program; correcting cross references to
31 conform; providing an effective date.

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

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3 Section 1. Short title.--This act may be cited as the
4 "Sharpening the Pencil Act."

5 Section 2. Section 230.23025, Florida Statutes, as
6 amended by chapters 97-384, 98-225, 2000-235, and 2000-291,
7 Laws of Florida, is amended to read:

8 230.23025 Best financial management practices;
9 standards; reviews; designation of districts.--

10 (1) The purpose of best financial management practices
11 reviews is to improve Florida school district management and
12 use of resources and to identify cost savings.The Office of
13 Program Policy Analysis and Government Accountability (OPPAGA)
14 and the Office of the Auditor General are directed to develop
15 a system for reviewing the financial management practices of
16 school districts. In this system, ~~OPPAGA~~ and the Auditor
17 General shall assist OPPAGA in examining ~~jointly examine~~
18 district operations to determine whether they meet "best
19 financial management practices."

20 (2) ~~The best financial management practices adopted by~~
21 ~~the Commissioner of Education may be updated periodically~~
22 After consultation with the Legislature, the Governor, the
23 SMART Schools Clearinghouse, ~~OPPAGA~~, and the Auditor General,
24 OPPAGA shall submit to the Commissioner of Education for
25 review and adoption proposed revisions to the best financial
26 management practices adopted by the commissioner. The best
27 financial management practices, at a minimum, must instill
28 public confidence by addressing the school district's use of
29 resources; identifying ways that the district could save
30 funds; and improving districts' performance accountability
31 systems, including public accountability. To achieve these

1 objectives, best practices shall be developed for, but need
2 not be limited to, the following areas:
3 (a) Management structures.
4 (b) Performance accountability.
5 (c) Efficient delivery of educational services,
6 including instructional materials.
7 (d) Administrative and instructional technology.
8 (e) Personnel systems and benefits management.
9 (f) Facilities construction.
10 (g) Facilities maintenance.
11 (h) Student transportation.
12 (i) Food service operations.
13 (j) Cost control systems, including asset management,
14 risk management, financial management, purchasing, internal
15 auditing, and financial auditing.
16
17 In areas for which the commissioner has not adopted best
18 practices, OPPAGA may develop additional best financial
19 management practices, with input from a broad range of
20 stakeholders. OPPAGA shall present any additional best
21 practices to the commissioner for review and adoption. Revised
22 best financial management practices adopted by the
23 commissioner must be used in future school district reviews
24 conducted according to this section.
25 ~~(a) Efficient use of resources, use of lottery~~
26 ~~proceeds, student transportation and food service operations,~~
27 ~~management structures, and personnel systems and benefits,~~
28 ~~instructional materials, and administrative and instructional~~
29 ~~technology.~~
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1 ~~(b) Compliance with generally accepted accounting~~
2 ~~principles and state and federal laws relating to financial~~
3 ~~management.~~
4 ~~(c) Performance accountability systems, including~~
5 ~~performance measurement reports to the public, internal~~
6 ~~auditing, financial auditing, and information made available~~
7 ~~to support decisionmaking.~~
8 ~~(d) Cost control systems, including asset, risk, and~~
9 ~~financial management, purchasing, and information system~~
10 ~~controls.~~
11 ~~(e) Safety and security practices at the district and~~
12 ~~school levels.~~
13 ~~(2) School districts may, by a unanimous vote of the~~
14 ~~membership of the school board, apply to OPPAGA for a complete~~
15 ~~best financial management practice review or a review of~~
16 ~~components of the best financial management practices,~~
17 ~~including management, personnel, transportation, and food and~~
18 ~~nutrition services. OPPAGA shall prioritize districts for~~
19 ~~review based on their growth rates and demonstrated need for~~
20 ~~review. The director of OPPAGA may, at his or her discretion,~~
21 ~~contract with private consultants to perform part or all of~~
22 ~~the review of any district. Districts applying for a complete~~
23 ~~review shall contribute 50 percent of review costs, unless~~
24 ~~funding for the entire cost of the review is specifically~~
25 ~~provided by the Legislature. Districts applying for a review~~
26 ~~of a component shall contribute 75 percent of the review cost.~~
27 ~~All moneys contributed by any school district under this~~
28 ~~section toward the cost of a complete or component best~~
29 ~~financial management practices review of the district shall be~~
30 ~~deposited into the Florida School District Review Trust Fund~~
31 ~~administered by OPPAGA.~~

1 (3) OPPAGA shall contract with a private firm selected
2 through a formal request for proposal process to perform the
3 review, subject to the independence requirements of the
4 request for proposal. At least one member of the private firm
5 review team shall have expertise in school district finance.
6 The scope of the review shall focus on the best practices
7 adopted by the Commissioner of Education, pursuant to
8 subsection (2). OPPAGA may include additional items in the
9 scope of the review after seeking input from the school
10 district.

11 (4) It is the intent of the Legislature that each
12 school district shall be subject to a best financial
13 management practices review. The Legislature also intends that
14 all school districts shall be reviewed on a continuing 5-year
15 cycle, as follows, unless specified otherwise in the General
16 Appropriations Act, or as provided by this subsection and
17 subsection (5):

18 (a) Year 1: Hillsborough, Sarasota, Collier, Okaloosa,
19 Alachua, St. Lucie, Santa Rosa, Hernando, Indian River,
20 Monroe, Osceola, and Bradford.

21 (b) Year 2: Miami-Dade, Duval, Volusia, Bay, Columbia,
22 Suwannee, Wakulla, Baker, Union, Hamilton, Jefferson, Gadsden,
23 and Franklin.

24 (c) Year 3: Palm Beach, Orange, Seminole, Lee,
25 Escambia, Leon, Levy, Taylor, Madison, Gilchrist, Gulf, Dixie,
26 Liberty, and Lafayette.

27 (d) Year 4: Pinellas, Pasco, Marion, Manatee, Clay,
28 Charlotte, Citrus, Highlands, Nassau, Hendry, Okeechobee,
29 Hardee, DeSoto, and Glades.

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1 (e) Year 5: Broward, Polk, Brevard, Lake, St. Johns,
2 Martin, Putnam, Jackson, Flagler, Walton, Sumter, Holmes,
3 Washington, and Calhoun.

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5 The Joint Legislative Auditing Committee may adjust the
6 schedule of districts to be reviewed when unforeseen
7 circumstances prevent initiation of reviews scheduled in a
8 given year. Once the 5-year cycle has been completed, reviews
9 shall continue, beginning again with those districts included
10 in year 1 of the cycle.

11 (5) At the direction of the Joint Legislative Auditing
12 Committee or the President of the Senate and the Speaker of
13 the House of Representatives, and subject to funding by the
14 Legislature, OPPAGA may conduct up to two additional best
15 financial management practices reviews in districts not
16 scheduled for review during that year if such review is
17 necessary to address adverse financial conditions.

18 (6) Reviews shall be conducted to the extent
19 specifically funded by the Legislature in the General
20 Appropriations Act for this purpose. Such funds may be used
21 for the cost of reviews by private consultants contracted by
22 the director of OPPAGA. Costs may include professional
23 services, travel expenses of staff of OPPAGA and the Auditor
24 General, and any other necessary expenses incurred as part of
25 a best financial management practices review.

26 (7)~~(3)~~ District reviews conducted under this section
27 must be completed within 6 months after commencement. OPPAGA
28 shall issue a final report to the President of the Senate, the
29 Speaker of the House of Representatives, and the district
30 regarding the district's use of best ~~its~~ financial management
31 practices and cost savings recommendations within 60 days

1 after completing the reviews. Copies of the final report shall
2 be provided to the Governor, the Commissioner of Education,
3 and to all members of school advisory councils and district
4 advisory councils established pursuant to s. 229.58(1)(a) and
5 (b). Within 45 days after the distribution of such copies,
6 the school district shall hold a public hearing to review the
7 findings and recommendations and accept public input. Members
8 of school and district advisory councils, parents, and
9 teachers shall be given written notice and an invitation to
10 attend the public hearing. This notice shall be in addition
11 to the notice required by s. 120.525. OPPAGA and the private
12 firm that conducted the review shall also be given written
13 notice and shall attend the public hearing. The public hearing
14 shall be recorded by a mechanical recording device or a court
15 reporter.

16 (8)(a) If the district is found not to conform to best
17 financial management practices, the report must contain an ~~a~~
18 ~~plan of action~~ plan detailing how the district could meet the
19 best practices within 2 years. The school board must decide,
20 by a majority plus one vote within 90 days after receipt of
21 the final report, whether or not to implement the action plan
22 and pursue a "Seal of Best Financial Management" awarded by
23 the State Board of Education to qualified school districts. If
24 a district fails to vote on the action plan within 90 days,
25 school board members may be required to appear and present
26 testimony before a legislative committee, pursuant to s.
27 11.143.

28 (b) The school board may vote to reverse a decision
29 not to implement an action plan, provided that the action plan
30 is implemented and there is still sufficient time, as
31

1 determined by the district school board, to meet the best
2 practices within 2 years after issuance of the final report.

3 (9)(4) If a district votes to implement the action
4 plan:

5 (a) No later than 1 year after receipt of the final
6 report, the school district must ~~District school boards that~~
7 ~~agree by a majority plus one vote to institute the action plan~~
8 ~~shall~~ submit an initial status annual report to the President
9 of the Senate, the Speaker of the House of Representatives
10 Legislature, the Governor, the SMART Schools Clearinghouse,
11 OPPAGA, the Auditor General, the State Board of Education, and
12 the Commissioner of Education on progress made towards
13 implementing the action plan and whether changes have occurred
14 in other areas of operation that ~~which~~ would affect compliance
15 with the best practices.

16 (b) A second status report must be submitted by the
17 school district to the President of the Senate, the Speaker of
18 the House of Representatives, the Governor, OPPAGA, the
19 Auditor General, the Commissioner of Education, and the State
20 Board of Education no later than 1 year after submission of
21 the initial report.

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23 Status reports are not required once OPPAGA concludes that the
24 district is using best practices. ~~Such districts shall be~~
25 ~~reviewed annually by OPPAGA, in addition to the annual~~
26 ~~financial audit required under s. 11.45, to determine whether~~
27 ~~they have attained compliance with the best financial~~
28 ~~management practices in the areas covered by the plan.~~

29 (10) After receipt of each of a district's two status
30 reports required by subsection (9), OPPAGA shall assess the
31 district's implementation of the action plan and progress

1 toward implementing the best financial management practices in
2 areas covered by the plan. Following each assessment, OPPAGA
3 shall issue a report to the President of the Senate, the
4 Speaker of the House of Representatives, and the district
5 indicating whether the district has successfully implemented
6 the best financial management practices. Copies of the report
7 must be provided to the Governor, the Auditor General, the
8 Commissioner of Education, and the State Board of Education.
9 If a district has failed to implement an action plan adopted
10 pursuant to subsection (8), school board members and the
11 school superintendent may be required to appear before a
12 legislative committee, pursuant to s. 11.143, to present
13 testimony regarding the district's failure to implement such
14 action plan.

15 (11) School districts that successfully implement the
16 best financial management practices within 2 years are
17 eligible to receive a "Seal of Best Financial Management."
18 Upon notification by OPPAGA that a district has been ~~districts~~
19 ~~that are~~ found to be using ~~comply with~~ the best financial
20 management practices, the State Board of Education shall award
21 that district ~~shall receive~~ a "Seal of Best Financial
22 Management" ~~by the State Board of Education~~ certifying that
23 the district is adhering to the state's best financial
24 management practices. The State Board of Education ~~This~~
25 designation shall be effective for 5 years from the
26 certification date or until the next review is completed,
27 whichever is sooner ~~a 5-year period, after which the district~~
28 ~~school board may reapply for the designation to be granted~~
29 ~~after another financial management practice review.~~ During the
30 designation period, the district school board shall annually,
31 not later than the anniversary date of the certification,

1 ~~notify the SMART Schools Clearinghouse, OPPAGA, the Auditor~~
2 ~~General, and the State Board of Education of any changes in~~
3 ~~policies or operations or any other situations that would not~~
4 ~~conform to the state's best financial management practices.~~
5 ~~The State Board of Education may revoke the designation of a~~
6 ~~district at any time if it determines that a district is no~~
7 ~~longer complying with the state's best financial management~~
8 ~~practices.~~

9 (12) School districts that receive a best financial
10 management practices review must maintain records that will
11 enable independent verification of the implementation of the
12 action plan and any related fiscal impacts.

13 (13)(a) If the school board fails to vote whether to
14 adopt an action plan for implementation or the school district
15 fails to implement the action plan after voting to implement
16 the action plan, any citizen who is a resident of the district
17 may submit a written appeal to the Commissioner of Education.

18 (b) An appeal on the grounds that the school board has
19 failed to vote whether to adopt an action plan may not be
20 filed until after the 90th day following the school district's
21 receipt of the final report.

22 (c) An appeal on the grounds that the school district
23 has failed to implement the action plan may be filed not less
24 than 180 days following the receipt of the final report.

25 (d) The Commissioner of Education may adopt rules
26 pursuant to ss. 120.536 and 120.54 to implement the provisions
27 of this subsection.

28 (e) Upon receipt and evaluation of the appeal, the
29 Department of Education may contact the school district,
30 assess the situation, urge the school district to commence
31 implementation, and offer technical assistance, if needed.

1 (f) It is the legislative intent that activities
2 necessary to implement this subsection shall be conducted by
3 the commissioner without the request of additional funding and
4 that no additional FTE's shall be allocated pursuant to this
5 activity.

6 ~~(5) Any audit or performance review of one or more of~~
7 ~~the designated components conducted or supervised by OPPAGA or~~
8 ~~the Department of Management Services, and completed within 2~~
9 ~~years before the date of application to OPPAGA for a best~~
10 ~~financial practices review, may serve as all or part of the~~
11 ~~audit or review required as the examination of district~~
12 ~~operations necessary for a determination of whether a district~~
13 ~~meets the "best financial management practices" designation.~~
14 ~~The cost contribution requirements of subsection (2) do not~~
15 ~~apply to any such audit or performance review.~~

16 Section 3. Section 11.515, Florida Statutes, is
17 repealed.

18 Section 4. Section 230.2302, Florida Statutes, is
19 repealed.

20 Section 5. Section 230.23026, Florida Statutes, is
21 repealed.

22 Section 6. Subsection (1) of section 11.51, Florida
23 Statutes, is amended to read:

24 11.51 Office of Program Policy Analysis and Government
25 Accountability.--

26 (1) There is hereby created the Office of Program
27 Policy Analysis and Government Accountability as a unit of the
28 Office of the Auditor General appointed pursuant to s. 11.42.
29 Such office shall perform program evaluation and justification
30 reviews as required by s. 11.513 and performance audits as
31 defined in s. 11.45 and shall contract for performance reviews

1 of school districts pursuant to s. 230.23025(3)~~ss. 11.515 and~~
2 ~~230.2302~~.

3 Section 7. Subsection (4) of section 230.23027,
4 Florida Statutes, is amended to read:

5 230.23027 Small School District Stabilization
6 Program.--

7 (4) Effective July 1, 2000, and thereafter, when the
8 Office of Tourism, Trade, and Economic Development authorizes
9 a school district to participate in the program, the
10 Legislature may give priority to that district for a best
11 financial management practices review in the school district,
12 subject to approval pursuant to s. 230.23025(5)~~as authorized~~
13 ~~in s. 11.515~~, to the extent that funding is provided annually
14 for such purpose in the General Appropriations Act. The scope
15 of the review shall be as set forth in s. 230.23025 ~~s. 11.515~~.

16 Section 8. Subsection (1) of section 233.43, Florida
17 Statutes, is amended to read:

18 233.43 Duties of superintendent relating to
19 instructional materials.--

20 (1) The duties and responsibilities of each
21 superintendent of schools for the requisition, purchase,
22 receipt, storage, distribution, use, conservation, records,
23 and reports of, and management practices and property
24 accountability concerning, instructional materials shall be
25 prescribed by policies of the district school board. Such
26 policies shall also provide for an evaluation of any
27 instructional materials to be requisitioned that have not been
28 used previously in the schools of the district. The duties and
29 responsibilities include keeping adequate records and accounts
30 for all financial transactions for funds collected pursuant to
31 s. 233.46(4). Such records and accounts shall be a component

1 of the educational service delivery scope in a school district
2 best financial management practices review under ~~s. ss. 11.515~~
3 ~~and~~ 230.23025.

4 Section 9. Paragraph (a) of subsection (2) of section
5 235.2197, Florida Statutes, is amended to read:

6 235.2197 Florida Frugal Schools Program.--

7 (2) The "Florida Frugal Schools Program" is created to
8 recognize publicly each district school board that agrees to
9 build frugal yet functional educational facilities and that
10 implements "best financial management practices" when
11 planning, constructing, and operating educational facilities.
12 The State Board of Education shall recognize a district school
13 board as having a Florida Frugal Schools Program if the
14 district requests recognition and satisfies two or more of the
15 following criteria:

16 (a) The district receives a "Seal of Best Financial
17 Management" as provided in s. 230.23025 or implements best
18 financial management practices applicable to ~~in the area of~~
19 educational facilities as evidenced by a ~~partial~~ review under
20 s. 230.23025 ~~s. 230.2302~~.

21 Section 10. This act shall take effect July 1, 2001.
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