

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: CS/HB 4065 Duties of Legislative Auditing Committee

SPONSOR(S): Government Operations Subcommittee; Raulerson

TIED BILLS: **IDEN./SIM. BILLS:** SB 1636

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR or BUDGET/POLICY CHIEF
1) Government Operations Subcommittee	13 Y, 0 N, As CS	Moore	Williamson
2) Appropriations Committee			
3) Rules, Calendar & Ethics Committee			

SUMMARY ANALYSIS

The Legislative Auditing Committee (Committee) is a joint committee comprised of five members of the Florida House of Representatives and five members of the Florida Senate. Current law authorizes the Committee to investigate any matter within the scope of an audit, review, or examination either completed by or being conducted by the Auditor General or the Office of Program Policy Analysis and Government Accountability and, in connection with such investigation, to exercise subpoena powers.

The bill repeals the requirement for the Auditor General to notify the Committee of any financial or operational audit report that indicates that a state university or Florida College System institution has failed to take full corrective action in response to a recommendation that was included in the two preceding financial or operational audit reports. The bill also repeals the Committee's responsibilities to investigate and refer such instances of noncompliance.

The bill repeals the Committee's responsibilities with respect to the Transparency Florida Act (Act), including the requirements that the Committee make recommendations regarding the websites required under the Act and prepare an annual report.

The bill may have a positive fiscal impact on the state. The bill does not appear to have a fiscal impact on local governments.

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. EFFECT OF PROPOSED CHANGES:

Background

Legislative Auditing Committee

The Legislative Auditing Committee (Committee) is a joint committee comprised of five members of the Florida House of Representatives and five members of the Florida Senate. Section 11.40, F.S., authorizes the Committee to investigate any matter within the scope of an audit, review, or examination either completed by or being conducted by the Auditor General or the Office of Program Policy Analysis and Government Accountability and, in connection with such investigation, to exercise subpoena powers.

Auditor General

The Auditor General is appointed by the Legislature to conduct audits of records and to perform related duties as prescribed by law.¹ Such duties include, but are not limited to:

- Conducting financial audits of state government, state universities, state colleges, and district school boards;
- Conducting operational and performance audits of accounts and records of state agencies, state universities, state colleges, district school boards, the Florida Clerks of Court Operations Corporation, water management districts, and the Florida School for the Deaf and the Blind;
- Conducting performance audits of local government financial reporting systems; and
- Conducting performance audits of the Department of Revenue's administration of the ad valorem tax laws.²

The Auditor General is required to notify the Committee of any financial or operational audit report that indicates that a district school board, state university, or Florida College System institution has failed to take full corrective action in response to a recommendation that was included in the two preceding financial or operational audit reports.³ The Committee is authorized to direct the audited entity to provide a written statement explaining why full corrective action has not been taken or what corrective action is intended to be taken and when it will occur.⁴ If the Committee determines that the audited entity has failed to take full corrective action for which there is no justifiable reason or has failed to comply with the Committee's requests, the Committee must refer the matter to the State Board of Education or the Board of Governors, as appropriate, to investigate the noncompliance.⁵

Transparency Florida Act

The Transparency Florida Act (Act) requires specified governmental fiscal information to be made publicly available via website or management system.⁶ The Act requires the Governor, in consultation with the appropriations committees of the House of Representatives and the Senate, to maintain a central website providing access to all other websites required by the Act. The law requires certain budget information, certain contract information, and minimum functionality standards to be readily available online.

Pursuant to the Act, the Committee is required to annually recommend to the President of the Senate and the Speaker of the House of Representatives:

- Additional information to be added to a website, such as whether to expand the scope of the information provided to include state universities, Florida College System institutions, school

¹ See art. III, s. 2, Fla. Const., and s. 11.45(2)(a), F.S.

² See s. 11.45(2)(a), F.S.

³ Section 11.45(7)(j), F.S.

⁴ Section 11.45(7)(j)1., F.S.

⁵ Section 11.45(7)(j)3., F.S.

⁶ Section 215.985, F.S.

districts, charter schools, charter technical career centers, local government units, and other governmental entities.

- A schedule for adding information to the website by type of information and governmental entity, including timeframes and development entity.
- A format for collecting and displaying the additional information.⁷

The manager of each website required under the Act must submit to the Committee information related to the cost of creating and maintaining the website and the number of times the website has been accessed.⁸ The Committee is required to coordinate with the Financial Management Information Board in developing recommendations for including information on the website.⁹ Each year, the Committee must prepare a report detailing progress in establishing the single website and providing recommendations for enhancement of the content and format of the website and related policies and procedures. The report must be submitted to the Governor, the President of the Senate, and the Speaker of the House of Representatives by November 1.¹⁰

Effect of Proposed Changes

The bill repeals the requirement for the Auditor General to notify the Committee of any financial or operational audit report that indicates that a state university or Florida College System institution has failed to take full corrective action in response to a recommendation that was included in the two preceding financial or operational audit reports. The bill also repeals the Committee's responsibilities to investigate and refer such instances of noncompliance.

The bill repeals the Committee's responsibilities with respect to the Transparency Florida Act (Act), including the requirements that the Committee make recommendations regarding the websites required under the Act and prepare an annual report.

B. SECTION DIRECTORY:

Section 1 amends s. 11.45, F.S., relating to the Auditor General.

Section 2 amends s. 215.985, F.S., relating to transparency in government spending.

Section 3 amends s. 1002.396, F.S., correcting a cross-reference.

Section 4 provides an effective date of July 1, 2016.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

The bill may have a positive fiscal impact on the state as a result of removing some of the Committee's responsibilities, including investigating state universities and Florida College System institutions for failure to take corrective action under certain circumstances and making recommendations and issuing a report relating to the Transparency Florida Act.

2. Expenditures:

The bill does not appear to have an impact on state government expenditures.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

⁷ Section 11.45(7), F.S.

⁸ Section 11.45(8), F.S.

⁹ Section 11.45(9), F.S.

¹⁰ Section 11.45(13), F.S.

1. Revenues:

The bill does not appear to have an impact on local government revenues.

2. Expenditures:

The bill does not appear to have an impact on local government expenditures.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

None.

D. FISCAL COMMENTS:

None.

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

Not applicable. The bill does not appear to affect county or municipal governments.

2. Other:

None.

B. RULE-MAKING AUTHORITY:

The bill does not appear to create a need for rulemaking or rulemaking authority.

C. DRAFTING ISSUES OR OTHER COMMENTS:

None.

IV. AMENDMENTS/ COMMITTEE SUBSTITUTE CHANGES

On January 26, 2016, the Government Operations Subcommittee adopted an amendment and reported the bill favorably as a committee substitute. The amendment removed the provisions of the bill relating to audits of compensation reports of legislative branch and executive branch lobbying firms.

This analysis is drafted to the committee substitute as approved by the Government Operations Subcommittee.