

1 A bill to be entitled
2 An act relating to inspectors general and auditors;
3 amending s. 14.32, F.S.; requiring the Chief Inspector
4 General to meet specified qualifications applicable to
5 agency inspectors general, to have open and direct
6 access to the Governor, and to prepare an annual
7 report containing specified information; amending s.
8 20.055, F.S.; revising definitions; revising
9 provisions relating to duties and responsibilities of
10 agency inspectors general; providing that any staff
11 employed within an office of the inspector general are
12 Selected Exempt Service employees; providing that
13 agency inspectors general are Senior Management
14 Service employees; revising the qualifications of
15 agency inspectors general; authorizing an agency
16 inspector general and staff to take and record
17 testimony or statements necessary to conduct an
18 investigation or review; requiring each agency
19 inspector general to include specified budgetary and
20 staffing information in an annual report; amending s.
21 20.121, F.S.; providing that an auditor employed
22 within the Division of Accounting and Auditing of the
23 Department of Financial Services is a Selected Exempt
24 Service employee; amending s. 215.44, F.S.; requiring
25 the State Board of Administration to appoint an

26 | inspector general; providing an effective date.

27 |

28 | Be It Enacted by the Legislature of the State of Florida:

29 |

30 | Section 1. Subsection (1) of section 14.32, Florida
 31 | Statutes, is amended, and paragraph (1) is added to subsection
 32 | (2) of that section, to read:

33 | 14.32 Office of Chief Inspector General.—

34 | (1) There is created in the Executive Office of the
 35 | Governor the Office of Chief Inspector General. The Chief
 36 | Inspector General is responsible for promoting accountability,
 37 | integrity, and efficiency in the agencies under the jurisdiction
 38 | of the Governor. The Chief Inspector General shall be appointed
 39 | by and serve at the pleasure of the Governor and must meet the
 40 | qualifications specified in s. 20.055(4). However, upon a change
 41 | in Governors or reelection of the Governor, the Governor shall
 42 | appoint, or may reappoint, a Chief Inspector General before
 43 | adjournment sine die of the first regular session of the
 44 | Legislature that convenes after such change in Governors or
 45 | reelection of the Governor. The Chief Inspector General shall,
 46 | at all times, have open and direct access to the Governor.

47 | (2) The Chief Inspector General shall:

48 | (1) Prepare an annual report that summarizes the
 49 | activities performed in compliance with this section and
 50 | includes an aggregate of significant budgetary or administrative

51 changes contained in annual reports prepared by inspectors
 52 general for state agencies under the jurisdiction of the
 53 Governor pursuant to s. 20.055(8).

54 Section 2. Paragraphs (a) and (d) of subsection (1),
 55 paragraph (b) of subsection (3), paragraphs (a) and (b) of
 56 subsection (4), subsections (6) and (7), paragraph (c) of
 57 subsection (8), and subsection (10) of section 20.055, Florida
 58 Statutes, are amended to read:

59 20.055 Agency inspectors general.—

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

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

71 (d) "State agency" means each department created pursuant
 72 to this chapter and the Executive Office of the Governor, the
 73 Department of Military Affairs, the Fish and Wildlife
 74 Conservation Commission, the Office of Insurance Regulation of
 75 the Financial Services Commission, the Office of Financial

76 Regulation of the Financial Services Commission, the Public
 77 Service Commission, the Board of Governors of the State
 78 University System, the Florida Housing Finance Corporation, the
 79 Agency for State Technology, the Office of Early Learning, the
 80 State Board of Administration, and the state courts system.

81 (3)

82 (b) The inspector general shall report to and be under the
 83 general supervision of the agency head and is not subject to
 84 supervision by any other employee of the state agency in which
 85 the office is established. For state agencies under the
 86 jurisdiction of the Governor, the inspector general shall be
 87 under the general supervision of the agency head for
 88 administrative purposes, shall report to the Chief Inspector
 89 General, and may hire and remove staff within the office of the
 90 inspector general in consultation with the Chief Inspector
 91 General but independently of the agency. Any staff member
 92 employed within the office of an inspector general is included
 93 in the Selected Exempt Service as provided in chapter 110.
 94 Agency inspectors general are included in the Senior Management
 95 Service as provided in chapter 110.

96 (4) (a) To ensure that state agency audits are performed in
 97 accordance with applicable auditing standards, the inspector
 98 general or the director of auditing within the inspector
 99 general's office shall possess the following qualifications:

100 1. A bachelor's degree from an accredited college or

101 university with a major in accounting, or with a major in
102 business which includes five courses in accounting, and 5 years
103 of experience as an internal auditor or independent postauditor,
104 information technology ~~electronic data processing~~ auditor,
105 accountant, or any combination thereof. The experience shall at
106 a minimum consist of audits of units of government or private
107 business enterprises, operating for profit or not for profit; or

108 2. A master's degree in accounting, business
109 administration, or public administration from an accredited
110 college or university and 4 years of experience as required in
111 subparagraph 1.; or

112 3. A certified public accountant license issued pursuant
113 to chapter 473 or a certified internal audit certificate issued
114 by the Institute of Internal Auditors or earned by examination,
115 and 4 years of experience as required in subparagraph 1.

116 (b) For agencies under the jurisdiction of the Governor,
117 the inspector general shall be selected on the basis of
118 integrity, leadership capability, and experience in accounting,
119 auditing, fraud examination, financial analysis, law, management
120 analysis, program evaluation, public administration,
121 investigation, criminal justice administration, or other closely
122 related field. The inspector general is subject to a level 2
123 background screening pursuant to chapter 435. The inspector
124 general shall have a 4-year degree from an accredited
125 institution of higher learning or have at least 5 years of

126 | experience in at least one of the following areas:

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

140 |
 141 | An advanced degree in law, accounting, public administration, or
 142 | other relevant field may substitute for 1 year of required
 143 | experience.

144 | (6) In carrying out the auditing duties and
 145 | responsibilities of this section ~~act~~, each inspector general
 146 | shall review and evaluate internal controls necessary to ensure
 147 | the fiscal accountability of the state agency. The inspector
 148 | general shall conduct financial, compliance, information
 149 | technology ~~electronic data processing~~, and performance audits of
 150 | the agency and prepare audit reports of his or her findings. The

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

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

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

176 disclosure is unavoidable during the course of the audit or
177 investigation.

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

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

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

201 included in the final audit report.

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

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

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

226 (i) The inspector general shall develop long-term and
227 annual audit plans based on the findings of periodic risk
228 assessments. The plan, where appropriate, should include
229 postaudit samplings of payments and accounts. The plan shall
230 show the individual audits to be conducted during each year and
231 related resources to be devoted to the respective audits. The
232 Chief Financial Officer, to assist in fulfilling the
233 responsibilities for examining, auditing, and settling accounts,
234 claims, and demands pursuant to s. 17.03(1), and examining,
235 auditing, adjusting, and settling accounts pursuant to s. 17.04,
236 may use audits performed by the inspectors general and internal
237 auditors. For state agencies under the jurisdiction of the
238 Governor, the audit plans shall be submitted to the Chief
239 Inspector General. The plan shall be submitted to the agency
240 head for approval. A copy of the approved plan shall be
241 submitted to the Auditor General.

242 (7) (a) In carrying out the investigative duties and
243 responsibilities specified in this section, each inspector
244 general shall initiate, conduct, supervise, and coordinate
245 investigations designed to detect, deter, prevent, and eradicate
246 fraud, waste, mismanagement, misconduct, and other abuses in
247 state government. For these purposes, each inspector general
248 shall:

249 1. ~~(a)~~ Receive complaints and coordinate all activities of
250 the agency as required by the Whistle-blower's Act pursuant to

251 ss. 112.3187-112.31895.

252 2.~~(b)~~ Receive and consider the complaints which do not
253 meet the criteria for an investigation under the Whistle-
254 blower's Act and conduct, supervise, or coordinate such
255 inquiries, investigations, or reviews as the inspector general
256 deems appropriate.

257 3.~~(e)~~ Report expeditiously to the Department of Law
258 Enforcement or other law enforcement agencies, as appropriate,
259 whenever the inspector general has reasonable grounds to believe
260 there has been a violation of criminal law.

261 4.~~(d)~~ Conduct investigations and other inquiries free of
262 actual or perceived impairment to the independence of the
263 inspector general or the inspector general's office. This shall
264 include freedom from any interference with investigations and
265 timely access to records and other sources of information.

266 5.~~(e)~~ At the conclusion of each investigation in which the
267 subject of the investigation is a specific entity contracting
268 with the state or an individual substantially affected as
269 defined by this section, and if the investigation is not
270 confidential or otherwise exempt from disclosure by law, the
271 inspector general shall, consistent with s. 119.07(1), submit
272 findings to the subject that is a specific entity contracting
273 with the state or an individual substantially affected, who
274 shall be advised in writing that they may submit a written
275 response within 20 working days after receipt of the findings.

276 Such response and the inspector general's rebuttal to the
277 response, if any, shall be included in the final investigative
278 report.

279 6.~~(f)~~ Submit in a timely fashion final reports on
280 investigations conducted by the inspector general to the agency
281 head, except for whistle-blower's investigations, which shall be
282 conducted and reported pursuant to s. 112.3189.

283 (b) The inspector general and his or her staff may take
284 and record testimony or statements of any person as reasonably
285 necessary for the furtherance of an investigation or review
286 undertaken by the inspector general.

287 (8)

288 (c) The final reports prepared pursuant to paragraphs (a)
289 and (b) shall be provided to the heads of the respective
290 agencies and, for state agencies under the jurisdiction of the
291 Governor, the Chief Inspector General. Such reports shall
292 include, but need not be limited to:

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

295 2. A description of significant abuses and deficiencies
296 relating to the administration of programs and operations of the
297 agency disclosed by investigations, audits, reviews, or other
298 activities during the reporting period.

299 3. A description of the recommendations for corrective
300 action made by the inspector general during the reporting period

301 with respect to significant problems, abuses, or deficiencies
302 identified.

303 4. The identification of each significant recommendation
304 described in previous annual reports on which corrective action
305 has not been completed.

306 5. A summary of each audit and investigation completed
307 during the reporting period.

308 6. Any increase or decrease in allocations and
309 expenditures estimating 10 percent or more of the inspector
310 general's total budget during the preceding state fiscal year
311 and any significant increase or decrease in the number of
312 permanent, temporary, loaned, grant-funded, or full-time
313 equivalent staff within the office of the inspector general.

314 (10) Each agency inspector general shall, to the extent
315 both necessary and practicable, include on his or her staff
316 individuals with information technology ~~electronic data~~
317 ~~processing~~ auditing experience.

318 Section 3. Paragraph (a) of subsection (2) of section
319 20.121, Florida Statutes, is amended to read:

320 20.121 Department of Financial Services.—There is created
321 a Department of Financial Services.

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

324 (a) The Division of Accounting and Auditing. Any auditor
325 employed within the division is included in the Selected Exempt

326 Service as provided in chapter 110.

327 Section 4. Paragraphs (d) and (e) of subsection (2) of
328 section 215.44, Florida Statutes, are redesignated as paragraphs
329 (e) and (f), respectively, and a new paragraph (d) is added to
330 that subsection, to read:

331 215.44 Board of Administration; powers and duties in
332 relation to investment of trust funds.—

333 (2)

334 (d) The board shall appoint an inspector general who shall
335 perform the duties and responsibilities required in s. 20.055.

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