

By the Committee on Community Affairs; and Senator Stargel

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1 A bill to be entitled
2 An act relating to government accountability; amending
3 s. 11.40, F.S.; specifying that the Governor, the
4 Commissioner of Education, or the designee of the
5 Governor or of the commissioner may notify the
6 Legislative Auditing Committee of an entity's failure
7 to comply with certain auditing and financial
8 reporting requirements; amending s. 11.45, F.S.;
9 defining the terms "abuse," "fraud," and "waste";
10 revising the definition of the term "local
11 governmental entity"; excluding water management
12 districts from certain audit requirements; removing a
13 cross-reference; authorizing the Auditor General to
14 conduct audits of tourist development councils and
15 county tourism promotion agencies; revising reporting
16 requirements applicable to the Auditor General;
17 amending s. 28.35, F.S.; revising reporting
18 requirements applicable to the Florida Clerks of Court
19 Operations Corporation; amending s. 43.16, F.S.;
20 revising the responsibilities of the Justice
21 Administrative Commission, each state attorney, each
22 public defender, the criminal conflict and civil
23 regional counsel, the capital collateral regional
24 counsel, and the Guardian Ad Litem Program, to include
25 the establishment and maintenance of certain internal
26 controls; amending s. 112.061, F.S.; revising certain
27 lodging rates for the purpose of reimbursement to
28 specified employees; authorizing an employee to expend
29 his or her funds for certain lodging expenses;

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30 amending ss. 129.03, 129.06, and 166.241, F.S.;

31 requiring counties and municipalities to maintain

32 certain budget documents on the entities' websites for

33 a specified period; amending s. 215.86, F.S.; revising

34 the purposes for which management systems and internal

35 controls must be established and maintained by each

36 state agency and the judicial branch; amending s.

37 215.97, F.S.; revising certain audit threshold

38 requirements; amending s. 215.985, F.S.; revising the

39 requirements for a monthly financial statement

40 provided by a water management district; amending s.

41 218.32, F.S.; revising the requirements for the annual

42 financial audit report of a local governmental entity;

43 authorizing the Department of Financial Services to

44 request additional information from a local

45 governmental entity; requiring a local governmental

46 entity to respond to such requests within a specified

47 timeframe; requiring the department to notify the

48 Legislative Auditing Committee of noncompliance;

49 amending s. 218.33, F.S.; requiring local governmental

50 entities to establish and maintain internal controls

51 to achieve specified purposes; amending s. 218.39,

52 F.S.; requiring an audited entity to respond to audit

53 recommendations under specified circumstances;

54 amending s. 218.391, F.S.; revising the membership of

55 the audit committee of certain governing bodies;

56 prohibiting an audit committee member from being an

57 employee, a chief executive officer, or a chief

58 financial officer of the respective governmental

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59 entity; amending s. 286.0114, F.S.; prohibiting a
60 board or commission from requiring an advance copy of
61 testimony or comments from a member of the public as a
62 precondition to being given the opportunity to be
63 heard at a public meeting; amending s. 373.536, F.S.;
64 deleting obsolete language; requiring water management
65 districts to maintain certain budget documents on the
66 districts' websites for a specified period; amending
67 s. 1001.42, F.S.; authorizing additional internal
68 audits as directed by the district school board;
69 amending s. 1002.33, F.S.; revising the
70 responsibilities of the governing board of a charter
71 school to include the establishment and maintenance of
72 internal controls; removing obsolete provisions;
73 amending s. 1002.37, F.S.; requiring completion of an
74 annual financial audit of the Florida Virtual School;
75 specifying audit requirements; requiring an audit
76 report to be submitted to the board of trustees of the
77 Florida Virtual School and the Auditor General;
78 deleting obsolete provisions; amending s. 1010.01,
79 F.S.; requiring each school district, Florida College
80 System institution, and state university to establish
81 and maintain certain internal controls; amending s.
82 1010.30, F.S.; requiring a district school board,
83 Florida College System institution board of trustees,
84 or university board of trustees to respond to audit
85 recommendations under certain circumstances; amending
86 ss. 218.503 and 1002.455, F.S.; conforming provisions
87 and cross-references to changes made by the act;

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88 declaring that the act fulfills an important state
89 interest; providing an effective date.

90

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

92

93 Section 1. Subsection (2) of section 11.40, Florida
94 Statutes, is amended to read:

95 11.40 Legislative Auditing Committee.—

96 (2) Following notification by the Auditor General, the
97 Department of Financial Services, ~~or~~ the Division of Bond
98 Finance of the State Board of Administration, the Governor or
99 his or her designee, or the Commissioner of Education or his or
100 her designee of the failure of a local governmental entity,
101 district school board, charter school, or charter technical
102 career center to comply with the applicable provisions within s.
103 11.45(5)-(7), s. 218.32(1), s. 218.38, or s. 218.503(3), the
104 Legislative Auditing Committee may schedule a hearing to
105 determine if the entity should be subject to further state
106 action. If the committee determines that the entity should be
107 subject to further state action, the committee shall:

108 (a) In the case of a local governmental entity or district
109 school board, direct the Department of Revenue and the
110 Department of Financial Services to withhold any funds not
111 pledged for bond debt service satisfaction which are payable to
112 such entity until the entity complies with the law. The
113 committee shall specify the date that such action must ~~shall~~
114 begin, and the directive must be received by the Department of
115 Revenue and the Department of Financial Services 30 days before
116 the date of the distribution mandated by law. The Department of

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117 Revenue and the Department of Financial Services may implement
118 ~~the provisions of~~ this paragraph.

119 (b) In the case of a special district created by:

120 1. A special act, notify the President of the Senate, the
121 Speaker of the House of Representatives, the standing committees
122 of the Senate and the House of Representatives charged with
123 special district oversight as determined by the presiding
124 officers of each respective chamber, the legislators who
125 represent a portion of the geographical jurisdiction of the
126 special district, and the Department of Economic Opportunity
127 that the special district has failed to comply with the law.
128 Upon receipt of notification, the Department of Economic
129 Opportunity shall proceed pursuant to s. 189.062 or s. 189.067.
130 If the special district remains in noncompliance after the
131 process set forth in s. 189.0651, or if a public hearing is not
132 held, the Legislative Auditing Committee may request the
133 department to proceed pursuant to s. 189.067(3).

134 2. A local ordinance, notify the chair or equivalent of the
135 local general-purpose government pursuant to s. 189.0652 and the
136 Department of Economic Opportunity that the special district has
137 failed to comply with the law. Upon receipt of notification, the
138 department shall proceed pursuant to s. 189.062 or s. 189.067.
139 If the special district remains in noncompliance after the
140 process set forth in s. 189.0652, or if a public hearing is not
141 held, the Legislative Auditing Committee may request the
142 department to proceed pursuant to s. 189.067(3).

143 3. Any manner other than a special act or local ordinance,
144 notify the Department of Economic Opportunity that the special
145 district has failed to comply with the law. Upon receipt of

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146 notification, the department shall proceed pursuant to s.
147 189.062 or s. 189.067(3).

148 (c) In the case of a charter school or charter technical
149 career center, notify the appropriate sponsoring entity, which
150 may terminate the charter pursuant to ss. 1002.33 and 1002.34.

151 Section 2. Subsection (1), paragraph (j) of subsection (2),
152 paragraph (u) of subsection (3), and paragraph (i) of subsection
153 (7) of section 11.45, Florida Statutes, are amended, and
154 paragraph (x) is added to subsection (3) of that section, to
155 read:

156 11.45 Definitions; duties; authorities; reports; rules.—

157 (1) DEFINITIONS.—As used in ss. 11.40-11.51, the term:

158 (a) "Abuse" means behavior that is deficient or improper
159 when compared with behavior that a prudent person would consider
160 a reasonable and necessary operational practice given the facts
161 and circumstances. The term includes the misuse of authority or
162 position for personal gain.

163 (b)-~~(a)~~ "Audit" means a financial audit, operational audit,
164 or performance audit.

165 (c)-~~(b)~~ "County agency" means a board of county
166 commissioners or other legislative and governing body of a
167 county, however styled, including that of a consolidated or
168 metropolitan government, a clerk of the circuit court, a
169 separate or ex officio clerk of the county court, a sheriff, a
170 property appraiser, a tax collector, a supervisor of elections,
171 or any other officer in whom any portion of the fiscal duties of
172 a body or officer expressly stated in this paragraph ~~the above~~
173 are ~~under law~~ separately placed by law.

174 (d)-~~(c)~~ "Financial audit" means an examination of financial

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175 statements in order to express an opinion on the fairness with
176 which they are presented in conformity with generally accepted
177 accounting principles and an examination to determine whether
178 operations are properly conducted in accordance with legal and
179 regulatory requirements. Financial audits must be conducted in
180 accordance with auditing standards generally accepted in the
181 United States and government auditing standards as adopted by
182 the Board of Accountancy. When applicable, the scope of
183 financial audits must ~~shall~~ encompass the additional activities
184 necessary to establish compliance with the Single Audit Act
185 Amendments of 1996, 31 U.S.C. ss. 7501-7507, and other
186 applicable federal law.

187 (e) "Fraud" means obtaining something of value through
188 willful misrepresentation, including, but not limited to, the
189 intentional misstatements or intentional omissions of amounts or
190 disclosures in financial statements to deceive users of
191 financial statements, theft of an entity's assets, bribery, or
192 the use of one's position for personal enrichment through the
193 deliberate misuse or misapplication of an organization's
194 resources.

195 (f) ~~(d)~~ "Governmental entity" means a state agency, a county
196 agency, or any other entity, however styled, that independently
197 exercises any type of state or local governmental function.

198 (g) ~~(e)~~ "Local governmental entity" means a county agency,
199 municipality, tourist development council, county tourism
200 promotion agency, or special district as defined in s. 189.012.
201 The term, ~~but~~ does not include any housing authority established
202 under chapter 421.

203 (h) ~~(f)~~ "Management letter" means a statement of the

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204 auditor's comments and recommendations.

205 (i)~~(g)~~ "Operational audit" means an audit whose purpose is
206 to evaluate management's performance in establishing and
207 maintaining internal controls, including controls designed to
208 prevent and detect fraud, waste, and abuse, and in administering
209 assigned responsibilities in accordance with applicable laws,
210 administrative rules, contracts, grant agreements, and other
211 guidelines. Operational audits must be conducted in accordance
212 with government auditing standards. Such audits examine internal
213 controls that are designed and placed in operation to promote
214 and encourage the achievement of management's control objectives
215 in the categories of compliance, economic and efficient
216 operations, reliability of financial records and reports, and
217 safeguarding of assets, and identify weaknesses in those
218 internal controls.

219 (j)~~(h)~~ "Performance audit" means an examination of a
220 program, activity, or function of a governmental entity,
221 conducted in accordance with applicable government auditing
222 standards or auditing and evaluation standards of other
223 appropriate authoritative bodies. The term includes an
224 examination of issues related to:

- 225 1. Economy, efficiency, or effectiveness of the program.
- 226 2. Structure or design of the program to accomplish its
227 goals and objectives.
- 228 3. Adequacy of the program to meet the needs identified by
229 the Legislature or governing body.
- 230 4. Alternative methods of providing program services or
231 products.
- 232 5. Goals, objectives, and performance measures used by the

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233 agency to monitor and report program accomplishments.

234 6. The accuracy or adequacy of public documents, reports,
235 or requests prepared under the program by state agencies.

236 7. Compliance of the program with appropriate policies,
237 rules, or laws.

238 8. Any other issues related to governmental entities as
239 directed by the Legislative Auditing Committee.

240 (k)~~(i)~~ "Political subdivision" means a separate agency or
241 unit of local government created or established by law and
242 includes, but is not limited to, the following and the officers
243 thereof: authority, board, branch, bureau, city, commission,
244 consolidated government, county, department, district,
245 institution, metropolitan government, municipality, office,
246 officer, public corporation, town, or village.

247 (l)~~(j)~~ "State agency" means a separate agency or unit of
248 state government created or established by law and includes, but
249 is not limited to, the following and the officers thereof:
250 authority, board, branch, bureau, commission, department,
251 division, institution, office, officer, or public corporation,
252 as the case may be, except any such agency or unit within the
253 legislative branch of state government other than the Florida
254 Public Service Commission.

255 (m) "Waste" means the act of using or expending resources
256 unreasonably, carelessly, extravagantly, or for no useful
257 purpose.

258 (2) DUTIES.—The Auditor General shall:

259 (j) Conduct audits of local governmental entities when
260 determined to be necessary by the Auditor General, when directed
261 by the Legislative Auditing Committee, or when otherwise

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262 required by law. No later than 18 months after the release of
263 the audit report, the Auditor General shall perform such
264 appropriate followup procedures as he or she deems necessary to
265 determine the audited entity's progress in addressing the
266 findings and recommendations contained within the Auditor
267 General's previous report. The Auditor General shall notify each
268 member of the audited entity's governing body and the
269 Legislative Auditing Committee of the results of his or her
270 determination. For purposes of this paragraph, local
271 governmental entities do not include water management districts.
272

273 The Auditor General shall perform his or her duties
274 independently but under the general policies established by the
275 Legislative Auditing Committee. This subsection does not limit
276 the Auditor General's discretionary authority to conduct other
277 audits or engagements of governmental entities as authorized in
278 subsection (3).

279 (3) AUTHORITY FOR AUDITS AND OTHER ENGAGEMENTS.—The Auditor
280 General may, pursuant to his or her own authority, or at the
281 direction of the Legislative Auditing Committee, conduct audits
282 or other engagements as determined appropriate by the Auditor
283 General of:

284 (u) The Florida Virtual School ~~pursuant to s. 1002.37.~~

285 (x) Tourist development councils and county tourism
286 promotion agencies.

287 (7) AUDITOR GENERAL REPORTING REQUIREMENTS.—

288 (i) The Auditor General shall annually transmit by July 15,
289 to the President of the Senate, the Speaker of the House of
290 Representatives, and the Department of Financial Services, a

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291 list of all school districts, charter schools, charter technical
292 career centers, Florida College System institutions, state
293 universities, and local governmental entities ~~water management~~
294 ~~districts~~ that have failed to comply with the transparency
295 requirements as identified in the audit reports reviewed
296 pursuant to paragraph (b) and those conducted pursuant to
297 subsection (2).

298 Section 3. Paragraph (d) of subsection (2) of section
299 28.35, Florida Statutes, is amended to read:

300 28.35 Florida Clerks of Court Operations Corporation.—

301 (2) The duties of the corporation shall include the
302 following:

303 (d) Developing and certifying a uniform system of workload
304 measures and applicable workload standards for court-related
305 functions as developed by the corporation and clerk workload
306 performance in meeting the workload performance standards. These
307 workload measures and workload performance standards shall be
308 designed to facilitate an objective determination of the
309 performance of each clerk in accordance with minimum standards
310 for fiscal management, operational efficiency, and effective
311 collection of fines, fees, service charges, and court costs. The
312 corporation shall develop the workload measures and workload
313 performance standards in consultation with the Legislature. When
314 the corporation finds a clerk has not met the workload
315 performance standards, the corporation shall identify the nature
316 of each deficiency and any corrective action recommended and
317 taken by the affected clerk of the court. For quarterly periods
318 ending on the last day of March, June, September, and December
319 of each year, the corporation shall notify the Legislature of

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320 any clerk not meeting workload performance standards and provide
321 a copy of any corrective action plans. Such notifications shall
322 be submitted no later than 45 days after the end of the
323 preceding quarterly period. As used in this subsection, the
324 term:

325 1. "Workload measures" means the measurement of the
326 activities and frequency of the work required for the clerk to
327 adequately perform the court-related duties of the office as
328 defined by the membership of the Florida Clerks of Court
329 Operations Corporation.

330 2. "Workload performance standards" means the standards
331 developed to measure the timeliness and effectiveness of the
332 activities that are accomplished by the clerk in the performance
333 of the court-related duties of the office as defined by the
334 membership of the Florida Clerks of Court Operations
335 Corporation.

336 Section 4. Present subsections (6) and (7) of section
337 43.16, Florida Statutes, are renumbered as subsections (7) and
338 (8), respectively, and a new subsection (6) is added to that
339 section to read:

340 43.16 Justice Administrative Commission; membership, powers
341 and duties.—

342 (6) The commission, each state attorney, each public
343 defender, the criminal conflict and civil regional counsel, the
344 capital collateral regional counsel, and the Guardian Ad Litem
345 Program shall establish and maintain internal controls designed
346 to:

347 (a) Prevent and detect fraud, waste, and abuse as defined
348 in s. 11.45(1).

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349 (b) Promote and encourage compliance with applicable laws,
350 rules, contracts, grant agreements, and best practices.

351 (c) Support economical and efficient operations.

352 (d) Ensure reliability of financial records and reports.

353 (e) Safeguard assets.

354 Section 5. Subsection (6) of section 112.061, Florida
355 Statutes, is amended to read:

356 112.061 Per diem and travel expenses of public officers,
357 employees, and authorized persons.—

358 (6) RATES OF PER DIEM AND SUBSISTENCE ALLOWANCE.—For
359 purposes of reimbursement rates and methods of calculation, per
360 diem and subsistence allowances are provided as follows:

361 (a) All travelers shall be allowed for subsistence when
362 traveling to a convention or conference or when traveling within
363 or outside the state in order to conduct bona fide state
364 business, which convention, conference, or business serves a
365 direct and lawful public purpose with relation to the public
366 agency served by the person attending such meeting or conducting
367 such business, either of the following for each day of such
368 travel at the option of the traveler:

369 1. Eighty dollars per diem; or

370 2. If actual expenses exceed \$80, the amounts permitted in
371 paragraph (b) for subsistence, plus actual expenses for lodging
372 at a single-occupancy rate, except as provided in paragraph (c),
373 to be substantiated by paid bills therefor.

374

375 When lodging or meals are provided at a state institution, the
376 traveler shall be reimbursed only for the actual expenses of
377 such lodging or meals, not to exceed the maximum provided for in

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378 this subsection.

379 (b) All travelers shall be allowed the following amounts
380 for subsistence while on Class C travel on official business as
381 provided in paragraph (5) (b):

- 382 1. Breakfast \$6
383 2. Lunch \$11
384 3. Dinner \$19

385 (c) Actual expenses for lodging associated with the
386 attendance of an employee of a state agency or the judicial
387 branch at a meeting, conference, or convention organized or
388 sponsored in whole or in part by a state agency or the judicial
389 branch may not exceed \$150 per day. However, an employee may
390 expend his or her own funds for any lodging expenses that exceed
391 \$150 per day.

392 (d)~~(e)~~ No one, whether traveling out of state or in state,
393 shall be reimbursed for any meal or lodging included in a
394 convention or conference registration fee paid by the state.

395 Section 6. Paragraph (c) of subsection (3) of section
396 129.03, Florida Statutes, is amended to read:

397 129.03 Preparation and adoption of budget.—

398 (3) The county budget officer, after tentatively
399 ascertaining the proposed fiscal policies of the board for the
400 next fiscal year, shall prepare and present to the board a
401 tentative budget for the next fiscal year for each of the funds
402 provided in this chapter, including all estimated receipts,
403 taxes to be levied, and balances expected to be brought forward
404 and all estimated expenditures, reserves, and balances to be
405 carried over at the end of the year.

406 (c) The board shall hold public hearings to adopt tentative

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407 and final budgets pursuant to s. 200.065. The hearings shall be
408 primarily for the purpose of hearing requests and complaints
409 from the public regarding the budgets and the proposed tax
410 levies and for explaining the budget and any proposed or adopted
411 amendments. The tentative budget must be posted on the county's
412 official website at least 2 days before the public hearing to
413 consider such budget and must remain on the website for at least
414 45 days. The final budget must be posted on the website within
415 30 days after adoption and must remain on the website for at
416 least 2 years. The tentative budgets, adopted tentative budgets,
417 and final budgets shall be filed in the office of the county
418 auditor as a public record. Sufficient reference in words and
419 figures to identify the particular transactions must ~~shall~~ be
420 made in the minutes of the board to record its actions with
421 reference to the budgets.

422 Section 7. Paragraph (f) of subsection (2) of section
423 129.06, Florida Statutes, is amended to read:

424 129.06 Execution and amendment of budget.—

425 (2) The board at any time within a fiscal year may amend a
426 budget for that year, and may within the first 60 days of a
427 fiscal year amend the budget for the prior fiscal year, as
428 follows:

429 (f) Unless otherwise prohibited by law, if an amendment to
430 a budget is required for a purpose not specifically authorized
431 in paragraphs (a)-(e), the amendment may be authorized by
432 resolution or ordinance of the board of county commissioners
433 adopted following a public hearing.

434 1. The public hearing must be advertised at least 2 days,
435 but not more than 5 days, before the date of the hearing. The

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436 advertisement must appear in a newspaper of paid general
437 circulation and must identify the name of the taxing authority,
438 the date, place, and time of the hearing, and the purpose of the
439 hearing. The advertisement must also identify each budgetary
440 fund to be amended, the source of the funds, the use of the
441 funds, and the total amount of each fund's appropriations.

442 2. If the board amends the budget pursuant to this
443 paragraph, the adopted amendment must be posted on the county's
444 official website within 5 days after adoption and must remain on
445 the website for at least 2 years.

446 Section 8. Subsections (3) and (5) of section 166.241,
447 Florida Statutes, are amended to read:

448 166.241 Fiscal years, budgets, and budget amendments.—

449 (3) The tentative budget must be posted on the
450 municipality's official website at least 2 days before the
451 budget hearing, held pursuant to s. 200.065 or other law, to
452 consider such budget and must remain on the website for at least
453 45 days. The final adopted budget must be posted on the
454 municipality's official website within 30 days after adoption
455 and must remain on the website for at least 2 years. If the
456 municipality does not operate an official website, the
457 municipality must, within a reasonable period of time as
458 established by the county or counties in which the municipality
459 is located, transmit the tentative budget and final budget to
460 the manager or administrator of such county or counties who
461 shall post the budgets on the county's website.

462 (5) If the governing body of a municipality amends the
463 budget pursuant to paragraph (4) (c), the adopted amendment must
464 be posted on the official website of the municipality within 5

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465 days after adoption and must remain on the website for at least
466 2 years. If the municipality does not operate an official
467 website, the municipality must, within a reasonable period of
468 time as established by the county or counties in which the
469 municipality is located, transmit the adopted amendment to the
470 manager or administrator of such county or counties who shall
471 post the adopted amendment on the county's website.

472 Section 9. Section 215.86, Florida Statutes, is amended to
473 read:

474 215.86 Management systems and controls.—Each state agency
475 and the judicial branch as defined in s. 216.011 shall establish
476 and maintain management systems and internal controls designed
477 to:

478 (1) Prevent and detect fraud, waste, and abuse as defined
479 in s. 11.45(1). ~~that~~

480 (2) Promote and encourage compliance with applicable laws,
481 rules, contracts, and grant agreements. †

482 (3) Support economical and ~~economic,~~ efficient, and
483 effective operations. †

484 (4) Ensure reliability of financial records and reports. †

485 (5) Safeguard and ~~safeguarding~~ of assets. Accounting
486 systems and procedures shall be designed to fulfill the
487 requirements of generally accepted accounting principles.

488 Section 10. Paragraph (a) of subsection (2) of section
489 215.97, Florida Statutes, is amended to read:

490 215.97 Florida Single Audit Act.—

491 (2) As used in this section, the term:

492 (a) "Audit threshold" means the threshold amount used to
493 determine when a state single audit or project-specific audit of

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494 a nonstate entity shall be conducted in accordance with this
495 section. Each nonstate entity that expends a total amount of
496 state financial assistance equal to or in excess of \$750,000 in
497 any fiscal year of such nonstate entity shall be required to
498 have a state single audit~~7~~ or a project-specific audit~~7~~ for such
499 fiscal year in accordance with the requirements of this section.
500 ~~Every 2 years the Auditor General,~~ After consulting with the
501 Executive Office of the Governor, the Department of Financial
502 Services, and all state awarding agencies, the Auditor General
503 shall periodically review the threshold amount for requiring
504 audits under this section and may recommend any appropriate
505 statutory change to revise the threshold amount in the annual
506 report submitted pursuant to s. 11.45(7)(h) to the Legislature
507 ~~adjust such threshold amount consistent with the purposes of~~
508 ~~this section.~~

509 Section 11. Subsection (11) of section 215.985, Florida
510 Statutes, is amended to read:

511 215.985 Transparency in government spending.—

512 (11) Each water management district shall provide a monthly
513 financial statement in the form and manner prescribed by the
514 Department of Financial Services to the district's ~~its~~ governing
515 board and make such monthly financial statement available for
516 public access on its website.

517 Section 12. Paragraph (d) of subsection (1) and subsection
518 (2) of section 218.32, Florida Statutes, are amended to read:

519 218.32 Annual financial reports; local governmental
520 entities.—

521 (1)

522 (d) Each local governmental entity that is required to

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523 provide for an audit under s. 218.39(1) must submit a copy of
524 the audit report and annual financial report to the department
525 within 45 days after the completion of the audit report but no
526 later than 9 months after the end of the fiscal year. In
527 conducting an audit of a local governmental entity pursuant to
528 s. 218.39, an independent certified public accountant shall
529 determine whether the entity's annual financial report is in
530 agreement with the audited financial statements. If the audited
531 financial statements are not in agreement with the annual
532 financial report, the accountant shall specify and explain the
533 significant differences that exist between the audited financial
534 statements and the annual financial report.

535 (2) The department shall annually by December 1 file a
536 verified report with the Governor, the Legislature, the Auditor
537 General, and the Special District Accountability Program of the
538 Department of Economic Opportunity showing the revenues, both
539 locally derived and derived from intergovernmental transfers,
540 and the expenditures of each local governmental entity, regional
541 planning council, local government finance commission, and
542 municipal power corporation that is required to submit an annual
543 financial report. In preparing the verified report, the
544 department may request additional information from the local
545 governmental entity. The information requested must be provided
546 to the department within 45 days after the request. If the local
547 governmental entity does not comply with the request, the
548 department shall notify the Legislative Auditing Committee,
549 which may take action pursuant to s. 11.40(2). The report must
550 include, but is not limited to:

551 (a) The total revenues and expenditures of each local

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552 governmental entity that is a component unit included in the
553 annual financial report of the reporting entity.

554 (b) The amount of outstanding long-term debt by each local
555 governmental entity. For purposes of this paragraph, the term
556 "long-term debt" means any agreement or series of agreements to
557 pay money, which, at inception, contemplate terms of payment
558 exceeding 1 year in duration.

559 Section 13. Present subsection (3) of section 218.33,
560 Florida Statutes, is renumbered as subsection (4), and a new
561 subsection (3) is added to that section to read:

562 218.33 Local governmental entities; establishment of
563 uniform fiscal years and accounting practices and procedures.—

564 (3) Each local governmental entity shall establish and
565 maintain internal controls designed to:

566 (a) Prevent and detect fraud, waste, and abuse as defined
567 in s. 11.45(1).

568 (b) Promote and encourage compliance with applicable laws,
569 rules, contracts, grant agreements, and best practices.

570 (c) Support economical and efficient operations.

571 (d) Ensure reliability of financial records and reports.

572 (e) Safeguard assets.

573 Section 14. Present subsections (8) through (12) of section
574 218.39, Florida Statutes, are renumbered as subsections (9)
575 through (13), respectively, and a new subsection (8) is added to
576 that section to read:

577 218.39 Annual financial audit reports.—

578 (8) If the audit report includes a recommendation that was
579 included in the preceding financial audit report but remains
580 unaddressed, the governing body of the audited entity, within 60

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581 days after the delivery of the audit report to the governing
582 body, shall indicate during a regularly scheduled public meeting
583 whether it intends to take corrective action, the intended
584 corrective action, and the timeframe for the corrective action.
585 If the governing body indicates that it does not intend to take
586 corrective action, it must explain its decision at the public
587 meeting.

588 Section 15. Subsection (2) of section 218.391, Florida
589 Statutes, is amended to read:

590 218.391 Auditor selection procedures.—

591 (2) The governing body of a ~~charter~~ county, municipality,
592 special district, district school board, charter school, or
593 charter technical career center shall establish an audit
594 committee.

595 (a) The audit committee for a county ~~Each noncharter county~~
596 ~~shall establish an audit committee that,~~ at a minimum, shall
597 consist of each of the county officers elected pursuant to the
598 county charter or s. 1(d), Art. VIII of the State Constitution,
599 or their respective designees ~~a designee,~~ and one member of the
600 board of county commissioners or its designee.

601 (b) The audit committee for a municipality, special
602 district, district school board, charter school, or charter
603 technical career center shall consist of at least three members.
604 One member of the audit committee must be a member of the
605 governing body of an entity specified in this paragraph, who
606 shall also serve as the chair of the committee.

607 (c) An employee, the chief executive officer, or the chief
608 financial officer of the county, municipality, special district,
609 district school board, charter school, or charter technical

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610 career center may not serve as a member of an audit committee
611 established under this subsection.

612 (d) The primary purpose of the audit committee is to assist
613 the governing body in selecting an auditor to conduct the annual
614 financial audit required in s. 218.39; however, the audit
615 committee may serve other audit oversight purposes as determined
616 by the entity's governing body. The public may ~~shall~~ not be
617 excluded from the proceedings under this section.

618 Section 16. Subsection (2) of section 286.0114, Florida
619 Statutes, is amended to read:

620 286.0114 Public meetings; reasonable opportunity to be
621 heard; attorney fees.—

622 (2) Members of the public shall be given a reasonable
623 opportunity to be heard on a proposition before a board or
624 commission. The opportunity to be heard need not occur at the
625 same meeting at which the board or commission takes official
626 action on the proposition if the opportunity occurs at a meeting
627 that is during the decisionmaking process and is within
628 reasonable proximity in time before the meeting at which the
629 board or commission takes the official action. A board or
630 commission may not require a member of the public to provide an
631 advance written copy of his or her testimony or comments as a
632 condition of being given the opportunity to be heard at a
633 meeting. This section does not prohibit a board or commission
634 from maintaining orderly conduct or proper decorum in a public
635 meeting. The opportunity to be heard is subject to rules or
636 policies adopted by the board or commission, as provided in
637 subsection (4).

638 Section 17. Paragraph (e) of subsection (4), paragraph (d)

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639 of subsection (5), and paragraph (d) of subsection (6) of
640 section 373.536, Florida Statutes, are amended to read:

641 373.536 District budget and hearing thereon.—

642 (4) BUDGET CONTROLS; FINANCIAL INFORMATION.—

643 (e) ~~By September 1, 2012,~~ Each district shall provide a
644 monthly financial statement in the form and manner prescribed by
645 the Department of Financial Services to the district's governing
646 board and make such monthly financial statement available for
647 public access on its website.

648 (5) TENTATIVE BUDGET CONTENTS AND SUBMISSION; REVIEW AND
649 APPROVAL.—

650 (d) Each district shall, by August 1 of each year, submit
651 for review a tentative budget and a description of any
652 significant changes from the preliminary budget submitted to the
653 Legislature pursuant to s. 373.535 to the Governor, the
654 President of the Senate, the Speaker of the House of
655 Representatives, the chairs of all legislative committees and
656 subcommittees having substantive or fiscal jurisdiction over
657 water management districts, as determined by the President of
658 the Senate or the Speaker of the House of Representatives, as
659 applicable, the secretary of the department, and the governing
660 body of each county in which the district has jurisdiction or
661 derives any funds for the operations of the district. The
662 tentative budget must be posted on the district's official
663 website at least 2 days before budget hearings held pursuant to
664 s. 200.065 or other law and must remain on the website for at
665 least 45 days.

666 (6) FINAL BUDGET; ANNUAL AUDIT; CAPITAL IMPROVEMENTS PLAN;
667 WATER RESOURCE DEVELOPMENT WORK PROGRAM.—

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668 (d) The final adopted budget must be posted on the water
669 management district's official website within 30 days after
670 adoption and must remain on the website for at least 2 years.

671 Section 18. Paragraph (1) of subsection (12) of section
672 1001.42, Florida Statutes, is amended to read:

673 1001.42 Powers and duties of district school board.—The
674 district school board, acting as a board, shall exercise all
675 powers and perform all duties listed below:

676 (12) FINANCE.—Take steps to assure students adequate
677 educational facilities through the financial procedure
678 authorized in chapters 1010 and 1011 and as prescribed below:

679 (1) *Internal auditor.*—May employ an internal auditor to
680 perform ongoing financial verification of the financial records
681 of the school district and such other audits and reviews as the
682 district school board directs for the purpose of determining:

683 1. The adequacy of internal controls designed to prevent
684 and detect fraud, waste, and abuse as defined in s. 11.45(1).

685 2. Compliance with applicable laws, rules, contracts, grant
686 agreements, district school board-approved policies, and best
687 practices.

688 3. The efficiency of operations.

689 4. The reliability of financial records and reports.

690 5. The safeguarding of assets.

691
692 The internal auditor shall report directly to the district
693 school board or its designee.

694 Section 19. Paragraph (j) of subsection (9) of section
695 1002.33, Florida Statutes, is amended to read:

696 1002.33 Charter schools.—

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697 (9) CHARTER SCHOOL REQUIREMENTS.—

698 (j) The governing body of the charter school shall be
699 responsible for:

700 1. Establishing and maintaining internal controls designed
701 to:

702 a. Prevent and detect fraud, waste, and abuse as defined in
703 s. 11.45(1).

704 b. Promote and encourage compliance with applicable laws,
705 rules, contracts, grant agreements, and best practices.

706 c. Support economical and efficient operations.

707 d. Ensure reliability of financial records and reports.

708 e. Safeguard assets.

709 ~~2.1.~~ Ensuring that the charter school has retained the
710 services of a certified public accountant or auditor for the
711 annual financial audit, pursuant to s. 1002.345(2), who shall
712 submit the report to the governing body.

713 ~~3.2.~~ Reviewing and approving the audit report, including
714 audit findings and recommendations for the financial recovery
715 plan.

716 ~~4.a.3.a.~~ Performing the duties in s. 1002.345, including
717 monitoring a corrective action plan.

718 b. Monitoring a financial recovery plan in order to ensure
719 compliance.

720 ~~5.4.~~ Participating in governance training approved by the
721 department which must include government in the sunshine,
722 conflicts of interest, ethics, and financial responsibility.

723 Section 20. Present subsections (6) through (10) of section
724 1002.37, Florida Statutes, are renumbered as subsections (7)
725 through (11), respectively, a new subsection (6) is added to

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726 that section, and present subsections (6) and (11) of that
727 section are amended, to read:

728 1002.37 The Florida Virtual School.—

729 (6) The Florida Virtual School shall have an annual
730 financial audit of its accounts and records conducted by an
731 independent auditor who is a certified public accountant
732 licensed under chapter 473. The independent auditor shall
733 conduct the audit in accordance with rules adopted by the
734 Auditor General pursuant to s. 11.45 and, upon completion of the
735 audit, shall prepare an audit report in accordance with such
736 rules. The audit report must include a written statement by the
737 board of trustees describing corrective action to be taken in
738 response to each of the recommendations of the independent
739 auditor included in the audit report. The independent auditor
740 shall submit the audit report to the board of trustees and the
741 Auditor General no later than 9 months after the end of the
742 preceding fiscal year.

743 (7)~~(6)~~ The board of trustees shall annually submit to the
744 Governor, the Legislature, the Commissioner of Education, and
745 the State Board of Education the audit report prepared pursuant
746 to subsection (6) and a complete and detailed report setting
747 forth:

748 (a) The operations and accomplishments of the Florida
749 Virtual School within the state and those occurring outside the
750 state as Florida Virtual School Global.

751 (b) The marketing and operational plan for the Florida
752 Virtual School and Florida Virtual School Global, including
753 recommendations regarding methods for improving the delivery of
754 education through the Internet and other distance learning

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755 technology.

756 (c) The assets and liabilities of the Florida Virtual
757 School and Florida Virtual School Global at the end of the
758 fiscal year.

759 ~~(d) A copy of an annual financial audit of the accounts and~~
760 ~~records of the Florida Virtual School and Florida Virtual School~~
761 ~~Global, conducted by an independent certified public accountant~~
762 ~~and performed in accordance with rules adopted by the Auditor~~
763 ~~General.~~

764 (d)~~(e)~~ Recommendations regarding the unit cost of providing
765 services to students through the Florida Virtual School and
766 Florida Virtual School Global. In order to most effectively
767 develop public policy regarding any future funding of the
768 Florida Virtual School, it is imperative that the cost of the
769 program is accurately identified. The identified cost of the
770 program must be based on reliable data.

771 (e)~~(f)~~ Recommendations regarding an accountability
772 mechanism to assess the effectiveness of the services provided
773 by the Florida Virtual School and Florida Virtual School Global.

774 ~~(11) The Auditor General shall conduct an operational audit~~
775 ~~of the Florida Virtual School, including Florida Virtual School~~
776 ~~Global. The scope of the audit shall include, but not be limited~~
777 ~~to, the administration of responsibilities relating to~~
778 ~~personnel; procurement and contracting; revenue production;~~
779 ~~school funds, including internal funds; student enrollment~~
780 ~~records; franchise agreements; information technology~~
781 ~~utilization, assets, and security; performance measures and~~
782 ~~standards; and accountability. The final report on the audit~~
783 ~~shall be submitted to the President of the Senate and the~~

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784 ~~Speaker of the House of Representatives no later than January~~
785 ~~31, 2014.~~

786 Section 21. Subsection (5) is added to section 1010.01,
787 Florida Statutes, to read:

788 1010.01 Uniform records and accounts.—

789 (5) Each school district, Florida College System
790 institution, and state university shall establish and maintain
791 internal controls designed to:

792 (a) Prevent and detect fraud, waste, and abuse as defined
793 in s. 11.45(1).

794 (b) Promote and encourage compliance with applicable laws,
795 rules, contracts, grant agreements, and best practices.

796 (c) Support economical and efficient operations.

797 (d) Ensure reliability of financial records and reports.

798 (e) Safeguard assets.

799 Section 22. Subsection (2) of section 1010.30, Florida
800 Statutes, is amended to read:

801 1010.30 Audits required.—

802 (2) If a school district, Florida College System
803 institution, or university audit report includes a
804 recommendation that was included in the preceding financial
805 audit report but remains unaddressed ~~an audit contains a~~
806 ~~significant finding,~~ the district school board, the Florida
807 College System institution board of trustees, or the university
808 board of trustees, within 60 days after the delivery of the
809 audit report to the school district, Florida College System
810 institution, or university, shall indicate ~~conduct an audit~~
811 ~~overview~~ during a regularly scheduled public meeting whether it
812 intends to take corrective action, the intended corrective

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813 action, and the timeframe for the corrective action. If the
814 district school board, Florida College System institution board
815 of trustees, or university board of trustees indicates that it
816 does not intend to take corrective action, it shall explain its
817 decision at the public meeting.

818 Section 23. Subsection (3) of section 218.503, Florida
819 Statutes, is amended to read:

820 218.503 Determination of financial emergency.—

821 (3) Upon notification that one or more of the conditions in
822 subsection (1) have occurred or will occur if action is not
823 taken to assist the local governmental entity or district school
824 board, the Governor or his or her designee shall contact the
825 local governmental entity or the Commissioner of Education or
826 his or her designee shall contact the district school board, as
827 appropriate, to determine what actions have been taken by the
828 local governmental entity or the district school board to
829 resolve or prevent the condition. The information requested must
830 be provided within 45 days after the date of the request. If the
831 local governmental entity or the district school board does not
832 comply with the request, the Governor or his or her designee or
833 the Commissioner of Education or his or her designee shall
834 notify ~~the members of~~ the Legislative Auditing Committee, which
835 ~~who~~ may take action pursuant to s. 11.40(2) ~~11.40~~. The Governor
836 or the Commissioner of Education, as appropriate, shall
837 determine whether the local governmental entity or the district
838 school board needs state assistance to resolve or prevent the
839 condition. If state assistance is needed, the local governmental
840 entity or district school board is considered to be in a state
841 of financial emergency. The Governor or the Commissioner of

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842 Education, as appropriate, has the authority to implement
843 measures as set forth in ss. 218.50-218.504 to assist the local
844 governmental entity or district school board in resolving the
845 financial emergency. Such measures may include, but are not
846 limited to:

847 (a) Requiring approval of the local governmental entity's
848 budget by the Governor or approval of the district school
849 board's budget by the Commissioner of Education.

850 (b) Authorizing a state loan to a local governmental entity
851 and providing for repayment of same.

852 (c) Prohibiting a local governmental entity or district
853 school board from issuing bonds, notes, certificates of
854 indebtedness, or any other form of debt until such time as it is
855 no longer subject to this section.

856 (d) Making such inspections and reviews of records,
857 information, reports, and assets of the local governmental
858 entity or district school board as are needed. The appropriate
859 local officials shall cooperate in such inspections and reviews.

860 (e) Consulting with officials and auditors of the local
861 governmental entity or the district school board and the
862 appropriate state officials regarding any steps necessary to
863 bring the books of account, accounting systems, financial
864 procedures, and reports into compliance with state requirements.

865 (f) Providing technical assistance to the local
866 governmental entity or the district school board.

867 (g)1. Establishing a financial emergency board to oversee
868 the activities of the local governmental entity or the district
869 school board. If a financial emergency board is established for
870 a local governmental entity, the Governor shall appoint board

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871 members and select a chair. If a financial emergency board is
872 established for a district school board, the State Board of
873 Education shall appoint board members and select a chair. The
874 financial emergency board shall adopt such rules as are
875 necessary for conducting board business. The board may:

876 a. Make such reviews of records, reports, and assets of the
877 local governmental entity or the district school board as are
878 needed.

879 b. Consult with officials and auditors of the local
880 governmental entity or the district school board and the
881 appropriate state officials regarding any steps necessary to
882 bring the books of account, accounting systems, financial
883 procedures, and reports of the local governmental entity or the
884 district school board into compliance with state requirements.

885 c. Review the operations, management, efficiency,
886 productivity, and financing of functions and operations of the
887 local governmental entity or the district school board.

888 d. Consult with other governmental entities for the
889 consolidation of all administrative direction and support
890 services, including, but not limited to, services for asset
891 sales, economic and community development, building inspections,
892 parks and recreation, facilities management, engineering and
893 construction, insurance coverage, risk management, planning and
894 zoning, information systems, fleet management, and purchasing.

895 2. The recommendations and reports made by the financial
896 emergency board must be submitted to the Governor for local
897 governmental entities or to the Commissioner of Education and
898 the State Board of Education for district school boards for
899 appropriate action.

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900 (h) Requiring and approving a plan, to be prepared by
901 officials of the local governmental entity or the district
902 school board in consultation with the appropriate state
903 officials, prescribing actions that will cause the local
904 governmental entity or district school board to no longer be
905 subject to this section. The plan must include, but need not be
906 limited to:

907 1. Provision for payment in full of obligations outlined in
908 subsection (1), designated as priority items, which are
909 currently due or will come due.

910 2. Establishment of priority budgeting or zero-based
911 budgeting in order to eliminate items that are not affordable.

912 3. The prohibition of a level of operations which can be
913 sustained only with nonrecurring revenues.

914 4. Provisions implementing the consolidation, sourcing, or
915 discontinuance of all administrative direction and support
916 services, including, but not limited to, services for asset
917 sales, economic and community development, building inspections,
918 parks and recreation, facilities management, engineering and
919 construction, insurance coverage, risk management, planning and
920 zoning, information systems, fleet management, and purchasing.

921 Section 24. Subsection (2) of section 1002.455, Florida
922 Statutes, is amended to read:

923 1002.455 Student eligibility for K-12 virtual instruction.—

924 (2) A student is eligible to participate in virtual
925 instruction if:

926 (a) The student spent the prior school year in attendance
927 at a public school in the state and was enrolled and reported by
928 the school district for funding during October and February for

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929 purposes of the Florida Education Finance Program surveys;

930 (b) The student is a dependent child of a member of the
931 United States Armed Forces who was transferred within the last
932 12 months to this state from another state or from a foreign
933 country pursuant to a permanent change of station order;

934 (c) The student was enrolled during the prior school year
935 in a virtual instruction program under s. 1002.45 or a full-time
936 Florida Virtual School program under s. 1002.37(9)(a)
937 ~~1002.37(8)(a)~~;

938 (d) The student has a sibling who is currently enrolled in
939 a virtual instruction program and the sibling was enrolled in
940 that program at the end of the prior school year;

941 (e) The student is eligible to enter kindergarten or first
942 grade; or

943 (f) The student is eligible to enter grades 2 through 5 and
944 is enrolled full-time in a school district virtual instruction
945 program, virtual charter school, or the Florida Virtual School.

946 Section 25. The Legislature finds that a proper and
947 legitimate state purpose is served when internal controls are
948 established to prevent and detect fraud, waste, and abuse and to
949 safeguard and account for government funds and property.
950 Therefore, the Legislature determines and declares that this act
951 fulfills an important state interest.

952 Section 26. This act shall take effect July 1, 2017.