

**By** the Committees on Community Affairs; and Governmental Oversight and Accountability

578-02725-19

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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       revising definitions and defining the terms "abuse,"  
10      "fraud," and "waste"; excluding water management  
11      districts from certain audit requirements; removing a  
12      cross-reference; authorizing the Auditor General to  
13      conduct audits of tourist development councils and  
14      county tourism promotion agencies; revising reporting  
15      requirements applicable to the Auditor General;  
16      amending s. 11.47, F.S.; specifying that any person  
17      who willfully fails or refuses to provide access to an  
18      employee, officer, or agent of an entity under audit  
19      is subject to a penalty; amending s. 28.35, F.S.;;  
20      revising reporting requirements applicable to the  
21      Florida Clerks of Court Operations Corporation;  
22      amending s. 43.16, F.S.; revising the responsibilities  
23      of the Justice Administrative Commission, each state  
24      attorney, each public defender, the criminal conflict  
25      and civil regional counsel, the capital collateral  
26      regional counsel, and the Guardian Ad Litem Program,  
27      to include the establishment and maintenance of  
28      certain internal controls; amending ss. 129.03,  
29      129.06, and 166.241, F.S.; requiring counties and

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30 municipalities to maintain certain budget documents on  
31 the entities' websites for a specified period;  
32 amending s. 215.86, F.S.; revising the purposes for  
33 which management systems and internal controls must be  
34 established and maintained by each state agency and  
35 the judicial branch; amending s. 215.97, F.S.;  
36 revising certain audit threshold requirements;  
37 amending s. 215.985, F.S.; revising the requirements  
38 for a monthly financial statement provided by a water  
39 management district; amending s. 218.31, F.S.:  
40 revising the definition of the term "financial audit";  
41 amending s. 218.32, F.S.; authorizing the Department  
42 of Financial Services to request additional  
43 information from a local governmental entity in  
44 preparation of an annual report; requiring a local  
45 governmental entity to respond to such requests within  
46 a specified timeframe; requiring the department to  
47 notify the Legislative Auditing Committee of  
48 noncompliance; amending s. 218.33, F.S.; requiring  
49 local governmental entities to establish and maintain  
50 internal controls to achieve specified purposes;  
51 amending s. 218.391, F.S.; revising membership, and  
52 restrictions thereof, for an auditor selection  
53 committee; prescribing requirements and procedures for  
54 selecting an auditor if certain conditions exist;  
55 amending s. 373.536, F.S.; deleting obsolete language;  
56 requiring water management districts to maintain  
57 certain budget documents on the districts' websites  
58 for specified periods; amending s. 1001.42, F.S.;

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59 authorizing additional internal audits as directed by  
60 the district school board; amending s. 1002.33, F.S.;  
61 revising the responsibilities of the governing board  
62 of a charter school to include the establishment and  
63 maintenance of internal controls; amending s. 1002.37,  
64 F.S.; requiring completion of an annual financial  
65 audit of the Florida Virtual School; specifying audit  
66 requirements; requiring an audit report to be  
67 submitted to the board of trustees of the Florida  
68 Virtual School and the Auditor General; deleting  
69 obsolete provisions; amending s. 1010.01, F.S.;  
70 requiring each school district, Florida College System  
71 institution, and state university to establish and  
72 maintain certain internal controls; creating ss.  
73 1012.8551 and 1012.915, F.S.; specifying applicable  
74 standards as to employee background screening and  
75 investigations of Florida College System and State  
76 University System personnel, respectively; amending s.  
77 218.503, F.S.; conforming provisions and cross-  
78 references to changes made by the act; providing a  
79 declaration of important state interest; providing an  
80 effective date.

81

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

83

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

86 11.40 Legislative Auditing Committee.—

87 (2) Following notification by the Auditor General, the

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88 Department of Financial Services, ~~or~~ the Division of Bond  
89 Finance of the State Board of Administration, the Governor or  
90 his or her designee, or the Commissioner of Education or his or  
91 her designee of the failure of a local governmental entity,  
92 district school board, charter school, or charter technical  
93 career center to comply with the applicable provisions within s.  
94 11.45(5)-(7), s. 218.32(1), s. 218.38, or s. 218.503(3), the  
95 Legislative Auditing Committee may schedule a hearing to  
96 determine if the entity should be subject to further state  
97 action. If the committee determines that the entity should be  
98 subject to further state action, the committee shall:

99 (a) In the case of a local governmental entity or district  
100 school board, direct the Department of Revenue and the  
101 Department of Financial Services to withhold any funds not  
102 pledged for bond debt service satisfaction which are payable to  
103 such entity until the entity complies with the law. The  
104 committee shall specify the date that such action must ~~shall~~  
105 begin, and the directive must be received by the Department of  
106 Revenue and the Department of Financial Services 30 days before  
107 the date of the distribution mandated by law. The Department of  
108 Revenue and the Department of Financial Services may implement  
109 ~~the provisions of~~ this paragraph.

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

111 1. A special act, notify the President of the Senate, the  
112 Speaker of the House of Representatives, the standing committees  
113 of the Senate and the House of Representatives charged with  
114 special district oversight as determined by the presiding  
115 officers of each respective chamber, the legislators who  
116 represent a portion of the geographical jurisdiction of the

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117 special district, and the Department of Economic Opportunity  
118 that the special district has failed to comply with the law.  
119 Upon receipt of notification, the Department of Economic  
120 Opportunity shall proceed pursuant to s. 189.062 or s. 189.067.  
121 If the special district remains in noncompliance after the  
122 process set forth in s. 189.0651, or if a public hearing is not  
123 held, the Legislative Auditing Committee may request the  
124 department to proceed pursuant to s. 189.067(3).

125 2. A local ordinance, notify the chair or equivalent of the  
126 local general-purpose government pursuant to s. 189.0652 and the  
127 Department of Economic Opportunity that the special district has  
128 failed to comply with the law. Upon receipt of notification, the  
129 department 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. 189.0652, 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 3. Any manner other than a special act or local ordinance,  
135 notify the Department of Economic Opportunity that the special  
136 district has failed to comply with the law. Upon receipt of  
137 notification, the department shall proceed pursuant to s.  
138 189.062 or s. 189.067(3).

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

142 Section 2. Subsection (1), paragraph (j) of subsection (2),  
143 paragraph (u) of subsection (3), and paragraph (i) of subsection  
144 (7) of section 11.45, Florida Statutes, are amended, and  
145 paragraph (x) is added to subsection (3) of that section, to

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146 read:

147 11.45 Definitions; duties; authorities; reports; rules.—

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

149 (a) "Abuse" means behavior that is deficient or improper  
150 when compared with behavior that a prudent person would consider  
151 a reasonable and necessary operational practice given the facts  
152 and circumstances. The term includes the misuse of authority or  
153 position for personal gain.

154 (b)~~(a)~~ "Audit" means a financial audit, operational audit,  
155 or performance audit.

156 (c)~~(b)~~ "County agency" means a board of county  
157 commissioners or other legislative and governing body of a  
158 county, however styled, including that of a consolidated or  
159 metropolitan government, a clerk of the circuit court, a  
160 separate or ex officio clerk of the county court, a sheriff, a  
161 property appraiser, a tax collector, a supervisor of elections,  
162 or any other officer in whom any portion of the fiscal duties of  
163 a body or officer expressly stated in this paragraph are ~~the~~  
164 above are under law separately placed by law.

165 (d)~~(e)~~ "Financial audit" means an examination of financial  
166 statements in order to express an opinion on the fairness with  
167 which they are presented in conformity with generally accepted  
168 accounting principles and an examination to determine whether  
169 operations are properly conducted in accordance with legal and  
170 regulatory requirements. Financial audits must be conducted in  
171 accordance with auditing standards generally accepted in the  
172 United States and government auditing standards ~~as adopted by~~  
173 ~~the Board of Accountancy~~. When applicable, the scope of  
174 financial audits must ~~shall~~ encompass the additional activities

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175 necessary to establish compliance with the Single Audit Act  
176 Amendments of 1996, 31 U.S.C. ss. 7501-7507, and other  
177 applicable federal law.

178 (e) "Fraud" means obtaining something of value through  
179 willful misrepresentation, including, but not limited to,  
180 intentional misstatements or intentional omissions of amounts or  
181 disclosures in financial statements to deceive users of  
182 financial statements, theft of an entity's assets, bribery, or  
183 the use of one's position for personal enrichment through the  
184 deliberate misuse or misapplication of an organization's  
185 resources.

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

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

194 (h)~~(f)~~ "Management letter" means a statement of the  
195 auditor's comments and recommendations.

196 (i)~~(g)~~ "Operational audit" means an audit whose purpose is  
197 to evaluate management's performance in establishing and  
198 maintaining internal controls, including controls designed to  
199 prevent and detect fraud, waste, and abuse, and in administering  
200 assigned responsibilities in accordance with applicable laws,  
201 administrative rules, contracts, grant agreements, and other  
202 guidelines. Operational audits must be conducted in accordance  
203 with government auditing standards. Such audits examine internal

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204 controls that are designed and placed in operation to promote  
205 and encourage the achievement of management's control objectives  
206 in the categories of compliance, economic and efficient  
207 operations, reliability of financial records and reports, and  
208 safeguarding of assets, and identify weaknesses in those  
209 internal controls.

210 (j)~~(h)~~ "Performance audit" means an examination of a  
211 program, activity, or function of a governmental entity,  
212 conducted in accordance with applicable government auditing  
213 standards or auditing and evaluation standards of other  
214 appropriate authoritative bodies. The term includes an  
215 examination of issues related to:

- 216 1. Economy, efficiency, or effectiveness of the program.
- 217 2. Structure or design of the program to accomplish its  
218 goals and objectives.
- 219 3. Adequacy of the program to meet the needs identified by  
220 the Legislature or governing body.
- 221 4. Alternative methods of providing program services or  
222 products.
- 223 5. Goals, objectives, and performance measures used by the  
224 agency to monitor and report program accomplishments.
- 225 6. The accuracy or adequacy of public documents, reports,  
226 or requests prepared under the program by state agencies.
- 227 7. Compliance of the program with appropriate policies,  
228 rules, or laws.
- 229 8. Any other issues related to governmental entities as  
230 directed by the Legislative Auditing Committee.

231 (k)~~(i)~~ "Political subdivision" means a separate agency or  
232 unit of local government created or established by law and



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233 includes, but is not limited to, the following and the officers  
234 thereof: authority, board, branch, bureau, city, commission,  
235 consolidated government, county, department, district,  
236 institution, metropolitan government, municipality, office,  
237 officer, public corporation, town, or village.

238 (1)~~(j)~~ "State agency" means a separate agency or unit of  
239 state government created or established by law and includes, but  
240 is not limited to, the following and the officers thereof:  
241 authority, board, branch, bureau, commission, department,  
242 division, institution, office, officer, or public corporation,  
243 as the case may be, except any such agency or unit within the  
244 legislative branch of state government other than the Florida  
245 Public Service Commission.

246 (m) "Waste" means the act of using or expending resources  
247 unreasonably, carelessly, extravagantly, or for no useful  
248 purpose.

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

250 (j) Conduct audits of local governmental entities when  
251 determined to be necessary by the Auditor General, when directed  
252 by the Legislative Auditing Committee, or when otherwise  
253 required by law. No later than 18 months after the release of  
254 the audit report, the Auditor General shall perform such  
255 appropriate followup procedures as he or she deems necessary to  
256 determine the audited entity's progress in addressing the  
257 findings and recommendations contained within the Auditor  
258 General's previous report. The Auditor General shall notify each  
259 member of the audited entity's governing body and the  
260 Legislative Auditing Committee of the results of his or her  
261 determination. For purposes of this paragraph, local

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262 governmental entities do not include water management districts.

263

264 The Auditor General shall perform his or her duties  
265 independently but under the general policies established by the  
266 Legislative Auditing Committee. This subsection does not limit  
267 the Auditor General's discretionary authority to conduct other  
268 audits or engagements of governmental entities as authorized in  
269 subsection (3).

270 (3) AUTHORITY FOR AUDITS AND OTHER ENGAGEMENTS.—The Auditor  
271 General may, pursuant to his or her own authority, or at the  
272 direction of the Legislative Auditing Committee, conduct audits  
273 or other engagements as determined appropriate by the Auditor  
274 General of:

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

276 (x) Tourist development councils and county tourism  
277 promotion agencies.

278 (7) AUDITOR GENERAL REPORTING REQUIREMENTS.—

279 (i) The Auditor General shall annually transmit by July 15,  
280 to the President of the Senate, the Speaker of the House of  
281 Representatives, and the Department of Financial Services, a  
282 list of all school districts, charter schools, charter technical  
283 career centers, Florida College System institutions, state  
284 universities, and local governmental entities ~~water management~~  
285 ~~districts~~ that have failed to comply with the transparency  
286 requirements as identified in the audit reports reviewed  
287 pursuant to paragraph (b) and those conducted pursuant to  
288 subsection (2).

289 Section 3. Subsection (3) of section 11.47, Florida  
290 Statutes, is amended to read:

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291 11.47 Penalties; failure to make a proper audit or  
292 examination; making a false report; failure to produce documents  
293 or information.—

294 (3) Any person who willfully fails or refuses to provide  
295 access to an employee, officer, or agent of an entity subject to  
296 an audit or to furnish or produce any book, record, paper,  
297 document, data, or sufficient information necessary to a proper  
298 audit or examination which the Auditor General or the Office of  
299 Program Policy Analysis and Government Accountability is by law  
300 authorized to perform commits ~~shall be guilty of~~ a misdemeanor  
301 of the first degree, punishable as provided in s. 775.082 or s.  
302 775.083.

303 Section 4. Paragraph (d) of subsection (2) of section  
304 28.35, Florida Statutes, is amended to read:

305 28.35 Florida Clerks of Court Operations Corporation.—

306 (2) The duties of the corporation shall include the  
307 following:

308 (d) Developing and certifying a uniform system of workload  
309 measures and applicable workload standards for court-related  
310 functions as developed by the corporation and clerk workload  
311 performance in meeting the workload performance standards. These  
312 workload measures and workload performance standards shall be  
313 designed to facilitate an objective determination of the  
314 performance of each clerk in accordance with minimum standards  
315 for fiscal management, operational efficiency, and effective  
316 collection of fines, fees, service charges, and court costs. The  
317 corporation shall develop the workload measures and workload  
318 performance standards in consultation with the Legislature. When  
319 the corporation finds a clerk has not met the workload

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320 performance standards, the corporation shall identify the nature  
321 of each deficiency and any corrective action recommended and  
322 taken by the affected clerk of the court. For quarterly periods  
323 ending on the last day of March, June, September, and December  
324 of each year, the corporation shall notify the Legislature of  
325 any clerk not meeting workload performance standards and provide  
326 a copy of any corrective action plans. Such notifications must  
327 be submitted no later than 45 days after the end of the  
328 preceding quarterly period. As used in this subsection, the  
329 term:

330 1. "Workload measures" means the measurement of the  
331 activities and frequency of the work required for the clerk to  
332 adequately perform the court-related duties of the office as  
333 defined by the membership of the Florida Clerks of Court  
334 Operations Corporation.

335 2. "Workload performance standards" means the standards  
336 developed to measure the timeliness and effectiveness of the  
337 activities that are accomplished by the clerk in the performance  
338 of the court-related duties of the office as defined by the  
339 membership of the Florida Clerks of Court Operations  
340 Corporation.

341 Section 5. Present subsections (6) and (7) of section  
342 43.16, Florida Statutes, are renumbered as subsections (7) and  
343 (8), respectively, and a new subsection (6) is added to that  
344 section, to read:

345 43.16 Justice Administrative Commission; membership, powers  
346 and duties.—

347 (6) The commission, each state attorney, each public  
348 defender, the criminal conflict and civil regional counsel, the

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349 capital collateral regional counsel, and the Guardian Ad Litem  
350 Program shall establish and maintain internal controls designed  
351 to:

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

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

356 (c) Support economical and efficient operations.

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

358 (e) Safeguard assets.

359 Section 6. Paragraph (c) of subsection (3) of section  
360 129.03, Florida Statutes, is amended to read:

361 129.03 Preparation and adoption of budget.—

362 (3) The county budget officer, after tentatively  
363 ascertaining the proposed fiscal policies of the board for the  
364 next fiscal year, shall prepare and present to the board a  
365 tentative budget for the next fiscal year for each of the funds  
366 provided in this chapter, including all estimated receipts,  
367 taxes to be levied, and balances expected to be brought forward  
368 and all estimated expenditures, reserves, and balances to be  
369 carried over at the end of the year.

370 (c) The board shall hold public hearings to adopt tentative  
371 and final budgets pursuant to s. 200.065. The hearings shall be  
372 primarily for the purpose of hearing requests and complaints  
373 from the public regarding the budgets and the proposed tax  
374 levies and for explaining the budget and any proposed or adopted  
375 amendments. The tentative budget must be posted on the county's  
376 official website at least 2 days before the public hearing to  
377 consider such budget and must remain on the website for at least

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378 45 days. The final budget must be posted on the website within  
379 30 days after adoption and must remain on the website for at  
380 least 2 years. The tentative budgets, adopted tentative budgets,  
381 and final budgets shall be filed in the office of the county  
382 auditor as a public record. Sufficient reference in words and  
383 figures to identify the particular transactions must ~~shall~~ be  
384 made in the minutes of the board to record its actions with  
385 reference to the budgets.

386 Section 7. Paragraph (f) of subsection (2) of section  
387 129.06, Florida Statutes, is amended to read:

388 129.06 Execution and amendment of budget.—

389 (2) The board at any time within a fiscal year may amend a  
390 budget for that year, and may within the first 60 days of a  
391 fiscal year amend the budget for the prior fiscal year, as  
392 follows:

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

398 1. The public hearing must be advertised at least 2 days,  
399 but not more than 5 days, before the date of the hearing. The  
400 advertisement must appear in a newspaper of paid general  
401 circulation and must identify the name of the taxing authority,  
402 the date, place, and time of the hearing, and the purpose of the  
403 hearing. The advertisement must also identify each budgetary  
404 fund to be amended, the source of the funds, the use of the  
405 funds, and the total amount of each fund's appropriations.

406 2. If the board amends the budget pursuant to this

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407 paragraph, the adopted amendment must be posted on the county's  
408 official website within 5 days after adoption and must remain on  
409 the website for at least 2 years.

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

412 166.241 Fiscal years, budgets, and budget amendments.—

413 (3) The tentative budget must be posted on the  
414 municipality's official website at least 2 days before the  
415 budget hearing, held pursuant to s. 200.065 or other law, to  
416 consider such budget and must remain on the website for at least  
417 45 days. The final adopted budget must be posted on the  
418 municipality's official website within 30 days after adoption  
419 and must remain on the website for at least 2 years. If the  
420 municipality does not operate an official website, the  
421 municipality must, within a reasonable period of time as  
422 established by the county or counties in which the municipality  
423 is located, transmit the tentative budget and final budget to  
424 the manager or administrator of such county or counties who  
425 shall post the budgets on the county's website.

426 (5) If the governing body of a municipality amends the  
427 budget pursuant to paragraph (4)(c), the adopted amendment must  
428 be posted on the official website of the municipality within 5  
429 days after adoption and must remain on the website for at least  
430 2 years. If the municipality does not operate an official  
431 website, the municipality must, within a reasonable period of  
432 time as established by the county or counties in which the  
433 municipality is located, transmit the adopted amendment to the  
434 manager or administrator of such county or counties who shall  
435 post the adopted amendment on the county's website.

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436 Section 9. Section 215.86, Florida Statutes, is amended to  
437 read:

438 215.86 Management systems and controls.—Each state agency  
439 and the judicial branch as defined in s. 216.011 shall establish  
440 and maintain management systems and internal controls designed  
441 to:

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

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

446 (3) Support economical and ~~economic,~~ efficient, and  
447 effective operations. †

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

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

452 Section 10. Paragraph (a) of subsection (2) of section  
453 215.97, Florida Statutes, is amended to read:

454 215.97 Florida Single Audit Act.—

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

456 (a) "Audit threshold" means the threshold amount used to  
457 determine when a state single audit or project-specific audit of  
458 a nonstate entity shall be conducted in accordance with this  
459 section. Each nonstate entity that expends a total amount of  
460 state financial assistance equal to or in excess of \$750,000 in  
461 any fiscal year of such nonstate entity shall be required to  
462 have a state single audit, or a project-specific audit, for such  
463 fiscal year in accordance with the requirements of this section.  
464 ~~Every 2 years the Auditor General,~~ After consulting with the



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465 Executive Office of the Governor, the Department of Financial  
466 Services, and all state awarding agencies, the Auditor General  
467 shall periodically review the threshold amount for requiring  
468 audits under this section and may recommend any appropriate  
469 statutory change to revise the threshold amount in the annual  
470 report submitted to the Legislature pursuant to s. 11.45(7)(h)  
471 ~~adjust such threshold amount consistent with the purposes of~~  
472 ~~this section.~~

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

475 215.985 Transparency in government spending.—

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

481 Section 12. Subsection (17) of section 218.31, Florida  
482 Statutes, is amended to read:

483 218.31 Definitions.—As used in this part, except where the  
484 context clearly indicates a different meaning:

485 (17) "Financial audit" means an examination of financial  
486 statements in order to express an opinion on the fairness with  
487 which they are presented in conformity with generally accepted  
488 accounting principles and an examination to determine whether  
489 operations are properly conducted in accordance with legal and  
490 regulatory requirements. Financial audits must be conducted in  
491 accordance with auditing standards generally accepted in the  
492 United States and government auditing standards ~~as adopted by~~  
493 ~~the Board of Accountancy and as prescribed by rules promulgated~~

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494 ~~by the Auditor General.~~ When applicable, the scope of financial  
495 audits must ~~shall~~ encompass the additional activities necessary  
496 to establish compliance with the Single Audit Act Amendments of  
497 1996, 31 U.S.C. ss. 7501-7507, and other applicable federal law.

498 Section 13. Subsection (2) of section 218.32, Florida  
499 Statutes, is amended to read:

500 218.32 Annual financial reports; local governmental  
501 entities.—

502 (2) The department shall annually by December 1 file a  
503 verified report with the Governor, the Legislature, the Auditor  
504 General, and the Special District Accountability Program of the  
505 Department of Economic Opportunity showing the revenues, both  
506 locally derived and derived from intergovernmental transfers,  
507 and the expenditures of each local governmental entity, regional  
508 planning council, local government finance commission, and  
509 municipal power corporation that is required to submit an annual  
510 financial report. In preparing the verified report, the  
511 department may request additional information from the local  
512 governmental entity. The information requested must be provided  
513 to the department within 45 days after the request. If the local  
514 governmental entity does not comply with the request, the  
515 department shall notify the Legislative Auditing Committee,  
516 which may take action pursuant to s. 11.40(2). The report must  
517 include, but is not limited to:

518 (a) The total revenues and expenditures of each local  
519 governmental entity that is a component unit included in the  
520 annual financial report of the reporting entity.

521 (b) The amount of outstanding long-term debt by each local  
522 governmental entity. For purposes of this paragraph, the term

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523 "long-term debt" means any agreement or series of agreements to  
524 pay money, which, at inception, contemplate terms of payment  
525 exceeding 1 year in duration.

526 Section 14. Present subsection (3) of section 218.33,  
527 Florida Statutes, is renumbered as subsection (4), and a new  
528 subsection (3) is added to that section, to read:

529 218.33 Local governmental entities; establishment of  
530 uniform fiscal years and accounting practices and procedures.—

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

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

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

537 (c) Support economical and efficient operations.

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

539 (e) Safeguard assets.

540 Section 15. Subsections (2), (3), and (4) of section  
541 218.391, Florida Statutes, are amended, and subsection (9) is  
542 added to that section, to read:

543 218.391 Auditor selection procedures.—

544 (2) The governing body of a ~~charter~~ county, municipality,  
545 special district, district school board, charter school, or  
546 charter technical career center shall establish an auditor  
547 selection ~~audit~~ committee.

548 (a) The auditor selection committee for a ~~Each noncharter~~  
549 county ~~must~~ shall establish an audit committee that, at a  
550 minimum, ~~shall~~ consist of each of the county officers elected  
551 pursuant to the county charter or s. 1(d), Art. VIII of the

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552 State Constitution, ~~or their respective designees a designee,~~  
553 and one member of the board of county commissioners or its  
554 designee.

555 (b) The auditor selection committee for a municipality,  
556 special district, district school board, charter school, or  
557 charter technical career center must consist of at least three  
558 members. One member of the auditor selection committee must be a  
559 member of the governing body of an entity specified in this  
560 paragraph, who shall serve as the chair of the committee.

561 (c) An employee, a chief executive officer, or a chief  
562 financial officer of the county, municipality, special district,  
563 district school board, charter school, or charter technical  
564 career center may not serve as a member of an auditor selection  
565 committee established under this subsection; however, an  
566 employee, a chief executive officer, or a chief financial  
567 officer of the county, municipality, special district, district  
568 school board, charter school, or charter technical career center  
569 may serve in an advisory capacity.

570 (d) The primary purpose of the auditor selection ~~audit~~  
571 committee is to assist the governing body in selecting an  
572 auditor to conduct the annual financial audit required in s.  
573 218.39; however, the ~~audit~~ committee may serve other audit  
574 oversight purposes as determined by the entity's governing body.  
575 The public may ~~shall~~ not be excluded from the proceedings under  
576 this section.

577 (3) The auditor selection ~~audit~~ committee shall:

578 (a) Establish factors to use for the evaluation of audit  
579 services to be provided by a certified public accounting firm  
580 duly licensed under chapter 473 and qualified to conduct audits

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581 in accordance with government auditing standards as adopted by  
582 the Florida Board of Accountancy. Such factors shall include,  
583 but are not limited to, ability of personnel, experience,  
584 ability to furnish the required services, and such other factors  
585 as may be determined by the committee to be applicable to its  
586 particular requirements.

587 (b) Publicly announce requests for proposals. Public  
588 announcements must include, at a minimum, a brief description of  
589 the audit and indicate how interested firms can apply for  
590 consideration.

591 (c) Provide interested firms with a request for proposal.  
592 The request for proposal shall include information on how  
593 proposals are to be evaluated and such other information the  
594 committee determines is necessary for the firm to prepare a  
595 proposal.

596 (d) Evaluate proposals provided by qualified firms. If  
597 compensation is one of the factors established pursuant to  
598 paragraph (a), it shall not be the sole or predominant factor  
599 used to evaluate proposals.

600 (e) Rank and recommend in order of preference no fewer than  
601 three firms deemed to be the most highly qualified to perform  
602 the required services after considering the factors established  
603 pursuant to paragraph (a). If fewer than three firms respond to  
604 the request for proposal, the committee shall recommend such  
605 firms as it deems to be the most highly qualified.

606 (4) The governing body shall inquire of qualified firms as  
607 to the basis of compensation, select one of the firms  
608 recommended by the auditor selection ~~audit~~ committee, and  
609 negotiate a contract, using one of the following methods:

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610 (a) If compensation is not one of the factors established  
611 pursuant to paragraph (3) (a) and not used to evaluate firms  
612 pursuant to paragraph (3) (e), the governing body shall negotiate  
613 a contract with the firm ranked first. If the governing body is  
614 unable to negotiate a satisfactory contract with that firm,  
615 negotiations with that firm shall be formally terminated, and  
616 the governing body shall then undertake negotiations with the  
617 second-ranked firm. Failing accord with the second-ranked firm,  
618 negotiations shall then be terminated with that firm and  
619 undertaken with the third-ranked firm. Negotiations with the  
620 other ranked firms shall be undertaken in the same manner. The  
621 governing body, in negotiating with firms, may reopen formal  
622 negotiations with any one of the three top-ranked firms, but it  
623 may not negotiate with more than one firm at a time.

624 (b) If compensation is one of the factors established  
625 pursuant to paragraph (3) (a) and used in the evaluation of  
626 proposals pursuant to paragraph (3) (d), the governing body shall  
627 select the highest-ranked qualified firm or must document in its  
628 public records the reason for not selecting the highest-ranked  
629 qualified firm.

630 (c) The governing body may select a firm recommended by the  
631 audit committee and negotiate a contract with one of the  
632 recommended firms using an appropriate alternative negotiation  
633 method for which compensation is not the sole or predominant  
634 factor used to select the firm.

635 (d) In negotiations with firms under this section, the  
636 governing body may allow a designee to conduct negotiations on  
637 its behalf.

638 (9) If the entity fails to select the auditor in accordance

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639 with the requirements of subsections (3)-(6), the entity must  
640 again perform the auditor selection process in accordance with  
641 this section to select an auditor to conduct audits for  
642 subsequent fiscal years.

643 Section 16. Paragraph (e) of subsection (4), paragraph (d)  
644 of subsection (5), and paragraph (d) of subsection (6) of  
645 section 373.536, Florida Statutes, are amended to read:

646 373.536 District budget and hearing thereon.—

647 (4) BUDGET CONTROLS; FINANCIAL INFORMATION.—

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

653 (5) TENTATIVE BUDGET CONTENTS AND SUBMISSION; REVIEW AND  
654 APPROVAL.—

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

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668 website at least 2 days before budget hearings held pursuant to  
669 s. 200.065 or other law and must remain on the website for at  
670 least 45 days.

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

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

676 Section 17. Paragraph (1) of subsection (12) of section  
677 1001.42, Florida Statutes, as amended by chapter 2018-5, Laws of  
678 Florida, is amended to read:

679 1001.42 Powers and duties of district school board.—The  
680 district school board, acting as a board, shall exercise all  
681 powers and perform all duties listed below:

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

685 (1) *Internal auditor.*—May or, in the case of a school  
686 district receiving annual federal, state, and local funds in  
687 excess of \$500 million, shall employ an internal auditor. The  
688 scope of the internal auditor shall not be restricted and shall  
689 include every functional and program area of the school system.

690 1. The internal auditor shall perform ongoing financial  
691 verification of the financial records of the school district, a  
692 comprehensive risk assessment of all areas of the school system  
693 every 5 years, and other audits and reviews as the district  
694 school board directs for determining:

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



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697           b. Compliance with applicable laws, rules, contracts, grant  
698 agreements, district school board-approved policies, and best  
699 practices.

700           c. The efficiency of operations.

701           d. The reliability of financial records and reports.

702           e. The safeguarding of assets.

703           f. Financial solvency.

704           g. Projected revenues and expenditures.

705           h. The rate of change in the general fund balance.

706           2. The internal auditor shall prepare audit reports of his  
707 or her findings and report directly to the district school board  
708 or its designee.

709           3. Any person responsible for furnishing or producing any  
710 book, record, paper, document, data, or sufficient information  
711 necessary to conduct a proper audit or examination which the  
712 internal auditor is by law authorized to perform is subject to  
713 the provisions of s. 11.47(3) and (4).

714           Section 18. Paragraph (j) of subsection (9) of section  
715 1002.33, Florida Statutes, is amended to read:

716           1002.33 Charter schools.—

717           (9) CHARTER SCHOOL REQUIREMENTS.—

718           (j) The governing body of the charter school shall be  
719 responsible for:

720           1. Establishing and maintaining internal controls designed  
721 to:

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

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

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726 c. Support economical and efficient operations.  
727 d. Ensure reliability of financial records and reports.  
728 e. Safeguard assets.  
729 ~~2.1.~~ Ensuring that the charter school has retained the  
730 services of a certified public accountant or auditor for the  
731 annual financial audit, pursuant to s. 1002.345(2), who shall  
732 submit the report to the governing body.  
733 ~~3.2.~~ Reviewing and approving the audit report, including  
734 audit findings and recommendations for the financial recovery  
735 plan.  
736 ~~4.a.3.a.~~ Performing the duties in s. 1002.345, including  
737 monitoring a corrective action plan.  
738 b. Monitoring a financial recovery plan in order to ensure  
739 compliance.  
740 ~~5.4.~~ Participating in governance training approved by the  
741 department which must include government in the sunshine,  
742 conflicts of interest, ethics, and financial responsibility.  
743 Section 19. Present subsections (6) through (10) of section  
744 1002.37, Florida Statutes, are renumbered as subsections (7)  
745 through (11), respectively, present subsection (6) is amended,  
746 and a new subsection (6) is added to that section, to read:  
747 1002.37 The Florida Virtual School.—  
748 (6) The Florida Virtual School shall have an annual  
749 financial audit of its accounts and records conducted by an  
750 independent auditor who is a certified public accountant  
751 licensed under chapter 473. The independent auditor shall  
752 conduct the audit in accordance with rules adopted by the  
753 Auditor General pursuant to s. 11.45 and, upon completion of the  
754 audit, shall prepare an audit report in accordance with such

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755 rules. The audit report must include a written statement by the  
756 board of trustees describing corrective action to be taken in  
757 response to each of the independent auditor's recommendations  
758 included in the audit report. The independent auditor shall  
759 submit the audit report to the board of trustees and the Auditor  
760 General no later than 9 months after the end of the preceding  
761 fiscal year.

762 (7)-(6) The board of trustees shall annually submit to the  
763 Governor, the Legislature, the Commissioner of Education, and  
764 the State Board of Education the audit report prepared pursuant  
765 to subsection (6) and a complete and detailed report setting  
766 forth:

767 (a) The operations and accomplishments of the Florida  
768 Virtual School within the state and those occurring outside the  
769 state as Florida Virtual School Global.

770 (b) The marketing and operational plan for the Florida  
771 Virtual School and Florida Virtual School Global, including  
772 recommendations regarding methods for improving the delivery of  
773 education through the Internet and other distance learning  
774 technology.

775 (c) The assets and liabilities of the Florida Virtual  
776 School and Florida Virtual School Global at the end of the  
777 fiscal year.

778 ~~(d) A copy of an annual financial audit of the accounts and~~  
779 ~~records of the Florida Virtual School and Florida Virtual School~~  
780 ~~Global, conducted by an independent certified public accountant~~  
781 ~~and performed in accordance with rules adopted by the Auditor~~  
782 ~~General.~~

783 (d)-(e) Recommendations regarding the unit cost of providing

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784 services to students through the Florida Virtual School and  
785 Florida Virtual School Global. In order to most effectively  
786 develop public policy regarding any future funding of the  
787 Florida Virtual School, it is imperative that the cost of the  
788 program is accurately identified. The identified cost of the  
789 program must be based on reliable data.

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

793 Section 20. Subsection (5) is added to section 1010.01,  
794 Florida Statutes, to read:

795 1010.01 Uniform records and accounts.—

796 (5) Each school district, Florida College System  
797 institution, and state university shall establish and maintain  
798 internal controls designed to:

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

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

803 (c) Support economical and efficient operations.

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

805 (e) Safeguard assets.

806 Section 21. Section 1012.8551, Florida Statutes, is created  
807 to read:

808 1012.8551 Employee background screening and investigations  
809 for Florida College System personnel.—Section 110.1127 applies  
810 to each institution in the Florida College System. Each  
811 institution must designate the positions subject to background  
812 screening and investigation pursuant to that section.

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813 Section 22. Section 1012.915, Florida Statutes, is created  
814 to read:

815 1012.915 Employee background screening and investigations  
816 for State University System personnel.—Section 110.1127 applies  
817 to each institution in the State University System. Each  
818 institution must designate the positions subject to background  
819 screening and investigation pursuant to that section.

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

822 218.503 Determination of financial emergency.—

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

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842 entity or district school board is considered to be in a state  
843 of financial emergency. The Governor or the Commissioner of  
844 Education, as appropriate, has the authority to implement  
845 measures as set forth in ss. 218.50-218.504 to assist the local  
846 governmental entity or district school board in resolving the  
847 financial emergency. Such measures may include, but are not  
848 limited to:

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

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

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

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

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

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

869 (g)1. Establishing a financial emergency board to oversee  
870 the activities of the local governmental entity or the district

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

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

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

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

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

897       2. The recommendations and reports made by the financial  
898 emergency board must be submitted to the Governor for local  
899 governmental entities or to the Commissioner of Education and

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900 the State Board of Education for district school boards for  
901 appropriate action.

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

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

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

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

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

923 Section 24. The Legislature finds that a proper and  
924 legitimate state purpose is served when internal controls are  
925 established to prevent and detect fraud, waste, and abuse and to  
926 safeguard and account for government funds and property.

927 Therefore, the Legislature determines and declares that this act  
928 fulfills an important state interest.



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Section 25. This act shall take effect July 1, 2019.