

FOR CONSIDERATION By the Committee on Governmental Oversight and Accountability

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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. 218.32, F.S.;
40 authorizing the Department of Financial Services to
41 request additional information from a local
42 governmental entity in preparation of an annual
43 report; requiring a local governmental entity to
44 respond to such requests within a specified timeframe;
45 requiring the department to notify the Legislative
46 Auditing Committee of noncompliance; amending s.
47 218.33, F.S.; requiring local governmental entities to
48 establish and maintain internal controls to achieve
49 specified purposes; amending s. 218.391, F.S.;
50 revising membership, and restrictions thereof, for an
51 audit committee; requiring an auditor to include
52 certain information in a management letter;
53 prescribing requirements and procedures for selecting
54 an auditor if certain conditions exist; amending s.
55 373.536, F.S.; deleting obsolete language; requiring
56 water management districts to maintain certain budget
57 documents on the districts' websites for specified
58 periods; amending s. 1001.42, F.S.; authorizing

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59 additional internal audits as directed by the district
60 school board; amending s. 1002.33, F.S.; revising the
61 responsibilities of the governing board of a charter
62 school to include the establishment and maintenance of
63 internal controls; amending s. 1002.37, F.S.;
64 requiring completion of an annual financial audit of
65 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 (2) of section 218.32, Florida
482 Statutes, is amended to read:

483 218.32 Annual financial reports; local governmental
484 entities.—

485 (2) The department shall annually by December 1 file a
486 verified report with the Governor, the Legislature, the Auditor
487 General, and the Special District Accountability Program of the
488 Department of Economic Opportunity showing the revenues, both
489 locally derived and derived from intergovernmental transfers,
490 and the expenditures of each local governmental entity, regional
491 planning council, local government finance commission, and
492 municipal power corporation that is required to submit an annual
493 financial report. In preparing the verified report, the

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494 department may request additional information from the local
495 governmental entity. The information requested must be provided
496 to the department within 45 days after the request. If the local
497 governmental entity does not comply with the request, the
498 department shall notify the Legislative Auditing Committee,
499 which may take action pursuant to s. 11.40(2). The report must
500 include, but is not limited to:

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

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

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

512 218.33 Local governmental entities; establishment of
513 uniform fiscal years and accounting practices and procedures.—

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

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

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

520 (c) Support economical and efficient operations.

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

522 (e) Safeguard assets.

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523 Section 14. Subsection (2) of section 218.391, Florida
524 Statutes, is amended, and subsection (9) is added to that
525 section, to read:

526 218.391 Auditor selection procedures.—

527 (2) The governing body of a ~~charter~~ county, municipality,
528 special district, district school board, charter school, or
529 charter technical career center shall establish an audit
530 committee.

531 (a) The audit committee for a county must ~~Each noncharter~~
532 ~~county shall establish an audit committee that,~~ at a minimum,
533 ~~shall~~ consist of each of the county officers elected pursuant to
534 the county charter or s. 1(d), Art. VIII of the State
535 Constitution, or their respective designees ~~a designee,~~ and one
536 member of the board of county commissioners or its designee.

537 (b) The audit committee for a municipality, special
538 district, district school board, charter school, or charter
539 technical career center must consist of at least three members.
540 One member of the audit committee must be a member of the
541 governing body of an entity specified in this paragraph, who
542 shall also serve as the chair of the committee.

543 (c) An employee, a chief executive officer, or a chief
544 financial officer of the county, municipality, special district,
545 district school board, charter school, or charter technical
546 career center may not serve as a member of an audit committee
547 established under this subsection.

548 (d) The primary purpose of the audit committee is to assist
549 the governing body in selecting an auditor to conduct the annual
550 financial audit required in s. 218.39; however, the audit
551 committee may serve other audit oversight purposes as determined

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552 by the entity's governing body. The public may ~~shall~~ not be
553 excluded from the proceedings under this section.

554 (9) (a) If the entity fails to select the auditor in
555 accordance with the requirements of subsections (3)-(6), the
556 entity must again perform the auditor selection process in
557 accordance with this section to select an auditor to conduct
558 audits for subsequent fiscal years if the original audit was
559 performed under a multiyear contract.

560 (b) If performing the auditor selection process again in
561 accordance with this section would preclude the entity from
562 timely completing the annual financial audit required by s.
563 218.39, the entity must again perform the auditor selection
564 process in accordance with this section for the subsequent
565 annual financial audit. A multiyear contract entered into
566 between an entity and an auditor after July 1, 2019, may not
567 prohibit or restrict an entity from complying with the section.

568 Section 15. Paragraph (e) of subsection (4), paragraph (d)
569 of subsection (5), and paragraph (d) of subsection (6) of
570 section 373.536, Florida Statutes, are amended to read:

571 373.536 District budget and hearing thereon.—

572 (4) BUDGET CONTROLS; FINANCIAL INFORMATION.—

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

578 (5) TENTATIVE BUDGET CONTENTS AND SUBMISSION; REVIEW AND
579 APPROVAL.—

580 (d) Each district shall, by August 1 of each year, submit

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581 for review a tentative budget and a description of any
582 significant changes from the preliminary budget submitted to the
583 Legislature pursuant to s. 373.535 to the Governor, the
584 President of the Senate, the Speaker of the House of
585 Representatives, the chairs of all legislative committees and
586 subcommittees having substantive or fiscal jurisdiction over
587 water management districts, as determined by the President of
588 the Senate or the Speaker of the House of Representatives, as
589 applicable, the secretary of the department, and the governing
590 body of each county in which the district has jurisdiction or
591 derives any funds for the operations of the district. The
592 tentative budget must be posted on the district's official
593 website at least 2 days before budget hearings held pursuant to
594 s. 200.065 or other law and must remain on the website for at
595 least 45 days.

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

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

601 Section 16. Paragraph (1) of subsection (12) of section
602 1001.42, Florida Statutes, is amended to read:

603 1001.42 Powers and duties of district school board.—The
604 district school board, acting as a board, shall exercise all
605 powers and perform all duties listed below:

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

609 (1) *Internal auditor.*—May employ an internal auditor to

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610 perform ongoing financial verification of the financial records
611 of the school district and such other audits and reviews as the
612 district school board directs for the purpose of determining:

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

615 2. Compliance with applicable laws, rules, contracts, grant
616 agreements, district school board-approved policies, and best
617 practices.

618 3. The efficiency of operations.

619 4. The reliability of financial records and reports.

620 5. The safeguarding of assets.

621

622 The internal auditor shall report directly to the district
623 school board or its designee.

624 Section 17. Paragraph (j) of subsection (9) of section
625 1002.33, Florida Statutes, is amended to read:

626 1002.33 Charter schools.—

627 (9) CHARTER SCHOOL REQUIREMENTS.—

628 (j) The governing body of the charter school shall be
629 responsible for:

630 1. Establishing and maintaining internal controls designed
631 to:

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

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

636 c. Support economical and efficient operations.

637 d. Ensure reliability of financial records and reports.

638 e. Safeguard assets.

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639 ~~2.1.~~ Ensuring that the charter school has retained the
640 services of a certified public accountant or auditor for the
641 annual financial audit, pursuant to s. 1002.345(2), who shall
642 submit the report to the governing body.

643 ~~3.2.~~ Reviewing and approving the audit report, including
644 audit findings and recommendations for the financial recovery
645 plan.

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

648 b. Monitoring a financial recovery plan in order to ensure
649 compliance.

650 ~~5.4.~~ Participating in governance training approved by the
651 department which must include government in the sunshine,
652 conflicts of interest, ethics, and financial responsibility.

653 Section 18. Present subsections (6) through (10) of section
654 1002.37, Florida Statutes, are renumbered as subsections (7)
655 through (11), respectively, present subsection (6) is amended,
656 and a new subsection (6) is added to that section, to read:

657 1002.37 The Florida Virtual School.—

658 (6) The Florida Virtual School shall have an annual
659 financial audit of its accounts and records conducted by an
660 independent auditor who is a certified public accountant
661 licensed under chapter 473. The independent auditor shall
662 conduct the audit in accordance with rules adopted by the
663 Auditor General pursuant to s. 11.45 and, upon completion of the
664 audit, shall prepare an audit report in accordance with such
665 rules. The audit report must include a written statement by the
666 board of trustees describing corrective action to be taken in
667 response to each of the independent auditor's recommendations

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668 included in the audit report. The independent auditor shall
669 submit the audit report to the board of trustees and the Auditor
670 General no later than 9 months after the end of the preceding
671 fiscal year.

672 (7)~~(6)~~ The board of trustees shall annually submit to the
673 Governor, the Legislature, the Commissioner of Education, and
674 the State Board of Education the audit report prepared pursuant
675 to subsection (6) and a complete and detailed report setting
676 forth:

677 (a) The operations and accomplishments of the Florida
678 Virtual School within the state and those occurring outside the
679 state as Florida Virtual School Global.

680 (b) The marketing and operational plan for the Florida
681 Virtual School and Florida Virtual School Global, including
682 recommendations regarding methods for improving the delivery of
683 education through the Internet and other distance learning
684 technology.

685 (c) The assets and liabilities of the Florida Virtual
686 School and Florida Virtual School Global at the end of the
687 fiscal year.

688 ~~(d) A copy of an annual financial audit of the accounts and~~
689 ~~records of the Florida Virtual School and Florida Virtual School~~
690 ~~Global, conducted by an independent certified public accountant~~
691 ~~and performed in accordance with rules adopted by the Auditor~~
692 ~~General.~~

693 (d)~~(e)~~ Recommendations regarding the unit cost of providing
694 services to students through the Florida Virtual School and
695 Florida Virtual School Global. In order to most effectively
696 develop public policy regarding any future funding of the

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697 Florida Virtual School, it is imperative that the cost of the
698 program is accurately identified. The identified cost of the
699 program must be based on reliable data.

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

703 Section 19. Subsection (5) is added to section 1010.01,
704 Florida Statutes, to read:

705 1010.01 Uniform records and accounts.—

706 (5) Each school district, Florida College System
707 institution, and state university shall establish and maintain
708 internal controls designed to:

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

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

713 (c) Support economical and efficient operations.

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

715 (e) Safeguard assets.

716 Section 20. Section 1012.8551, Florida Statutes, is created
717 to read:

718 1012.8551 Employee background screening and investigations
719 for Florida College System personnel.—Section 110.1127 applies
720 to each institution in the Florida College System. Each
721 institution must designate the positions subject to background
722 screening and investigation pursuant to that section.

723 Section 21. Section 1012.915, Florida Statutes, is created
724 to read:

725 1012.915 Employee background screening and investigations

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726 for State University System personnel.—Section 110.1127 applies
727 to each institution in the State University System. Each
728 institution must designate the positions subject to background
729 screening and investigation pursuant to that section.

730 Section 22. Subsection (3) of section 218.503, Florida
731 Statutes, is amended to read:

732 218.503 Determination of financial emergency.—

733 (3) Upon notification that one or more of the conditions in
734 subsection (1) have occurred or will occur if action is not
735 taken to assist the local governmental entity or district school
736 board, the Governor or his or her designee shall contact the
737 local governmental entity or the Commissioner of Education or
738 his or her designee shall contact the district school board, as
739 appropriate, to determine what actions have been taken by the
740 local governmental entity or the district school board to
741 resolve or prevent the condition. The information requested must
742 be provided within 45 days after the date of the request. If the
743 local governmental entity or the district school board does not
744 comply with the request, the Governor or his or her designee or
745 the Commissioner of Education or his or her designee shall
746 notify ~~the members of~~ the Legislative Auditing Committee, which
747 ~~who~~ may take action pursuant to s. 11.40(2) ~~11.40~~. The Governor
748 or the Commissioner of Education, as appropriate, shall
749 determine whether the local governmental entity or the district
750 school board needs state assistance to resolve or prevent the
751 condition. If state assistance is needed, the local governmental
752 entity or district school board is considered to be in a state
753 of financial emergency. The Governor or the Commissioner of
754 Education, as appropriate, has the authority to implement

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755 measures as set forth in ss. 218.50-218.504 to assist the local
756 governmental entity or district school board in resolving the
757 financial emergency. Such measures may include, but are not
758 limited to:

759 (a) Requiring approval of the local governmental entity's
760 budget by the Governor or approval of the district school
761 board's budget by the Commissioner of Education.

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

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

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

772 (e) Consulting with officials and auditors of the local
773 governmental entity or the district school board and the
774 appropriate state officials regarding any steps necessary to
775 bring the books of account, accounting systems, financial
776 procedures, and reports into compliance with state requirements.

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

779 (g)1. Establishing a financial emergency board to oversee
780 the activities of the local governmental entity or the district
781 school board. If a financial emergency board is established for
782 a local governmental entity, the Governor shall appoint board
783 members and select a chair. If a financial emergency board is

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784 established for a district school board, the State Board of
785 Education shall appoint board members and select a chair. The
786 financial emergency board shall adopt such rules as are
787 necessary for conducting board business. The board may:

788 a. Make such reviews of records, reports, and assets of the
789 local governmental entity or the district school board as are
790 needed.

791 b. Consult with officials and auditors of the local
792 governmental entity or the district school board and the
793 appropriate state officials regarding any steps necessary to
794 bring the books of account, accounting systems, financial
795 procedures, and reports of the local governmental entity or the
796 district school board into compliance with state requirements.

797 c. Review the operations, management, efficiency,
798 productivity, and financing of functions and operations of the
799 local governmental entity or the district school board.

800 d. Consult with other governmental entities for the
801 consolidation of all administrative direction and support
802 services, including, but not limited to, services for asset
803 sales, economic and community development, building inspections,
804 parks and recreation, facilities management, engineering and
805 construction, insurance coverage, risk management, planning and
806 zoning, information systems, fleet management, and purchasing.

807 2. The recommendations and reports made by the financial
808 emergency board must be submitted to the Governor for local
809 governmental entities or to the Commissioner of Education and
810 the State Board of Education for district school boards for
811 appropriate action.

812 (h) Requiring and approving a plan, to be prepared by

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813 officials of the local governmental entity or the district
814 school board in consultation with the appropriate state
815 officials, prescribing actions that will cause the local
816 governmental entity or district school board to no longer be
817 subject to this section. The plan must include, but need not be
818 limited to:

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

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

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

826 4. Provisions implementing the consolidation, sourcing, or
827 discontinuance of all administrative direction and support
828 services, including, but not limited to, services for asset
829 sales, economic and community development, building inspections,
830 parks and recreation, facilities management, engineering and
831 construction, insurance coverage, risk management, planning and
832 zoning, information systems, fleet management, and purchasing.

833 Section 23. The Legislature finds that a proper and
834 legitimate state purpose is served when internal controls are
835 established to prevent and detect fraud, waste, and abuse and to
836 safeguard and account for government funds and property.
837 Therefore, the Legislature determines and declares that this act
838 fulfills an important state interest.

839 Section 24. This act shall take effect July 1, 2019.