

Amendment No.

COMMITTEE/SUBCOMMITTEE ACTION

ADOPTED	_____	(Y/N)
ADOPTED AS AMENDED	_____	(Y/N)
ADOPTED W/O OBJECTION	_____	(Y/N)
FAILED TO ADOPT	_____	(Y/N)
WITHDRAWN	_____	(Y/N)
OTHER		

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1 Committee/Subcommittee hearing bill: State Affairs Committee  
 2 Representative Fischer offered the following:

**Amendment (with title amendment)**

Remove everything after the enacting clause and insert:

Section 1. Subsection (2) of section 11.40, Florida

Statutes, is amended to read:

11.40 Legislative Auditing Committee.—

(2) Following notification by the Auditor General, the  
 Department of Financial Services, ~~or~~ the Division of Bond  
 Finance of the State Board of Administration, the Governor or  
his or her designee, or the Commissioner of Education or his or  
her designee of the failure of a local governmental entity,  
 district school board, charter school, or charter technical  
 career center to comply with the applicable provisions within s.  
 11.45(5)-(7), s. 218.32(1), s. 218.38, or s. 218.503(3), the

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17 Legislative Auditing Committee may schedule a hearing to  
18 determine if the entity should be subject to further state  
19 action. If the committee determines that the entity should be  
20 subject to further state action, the committee shall:

21 (a) In the case of a local governmental entity or district  
22 school board, direct the Department of Revenue and the  
23 Department of Financial Services to withhold any funds not  
24 pledged for bond debt service satisfaction which are payable to  
25 such entity until the entity complies with the law. The  
26 committee shall specify the date that such action must ~~shall~~  
27 begin, and the directive must be received by the Department of  
28 Revenue and the Department of Financial Services 30 days before  
29 the date of the distribution mandated by law. The Department of  
30 Revenue and the Department of Financial Services may implement  
31 ~~the provisions of~~ this paragraph.

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

33 1. A special act, notify the President of the Senate, the  
34 Speaker of the House of Representatives, the standing committees  
35 of the Senate and the House of Representatives charged with  
36 special district oversight as determined by the presiding  
37 officers of each respective chamber, the legislators who  
38 represent a portion of the geographical jurisdiction of the  
39 special district, and the Department of Economic Opportunity  
40 that the special district has failed to comply with the law.  
41 Upon receipt of notification, the Department of Economic

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42 Opportunity shall proceed pursuant to s. 189.062 or s. 189.067.  
43 If the special district remains in noncompliance after the  
44 process set forth in s. 189.0651, or if a public hearing is not  
45 held, the Legislative Auditing Committee may request the  
46 department to proceed pursuant to s. 189.067(3).

47 2. A local ordinance, notify the chair or equivalent of  
48 the local general-purpose government pursuant to s. 189.0652 and  
49 the Department of Economic Opportunity that the special district  
50 has failed to comply with the law. Upon receipt of notification,  
51 the department shall proceed pursuant to s. 189.062 or s.  
52 189.067. If the special district remains in noncompliance after  
53 the process set forth in s. 189.0652, or if a public hearing is  
54 not held, the Legislative Auditing Committee may request the  
55 department to proceed pursuant to s. 189.067(3).

56 3. Any manner other than a special act or local ordinance,  
57 notify the Department of Economic Opportunity that the special  
58 district has failed to comply with the law. Upon receipt of  
59 notification, the department shall proceed pursuant to s.  
60 189.062 or s. 189.067(3).

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

64 Section 2. Subsection (1), paragraph (j) of subsection  
65 (2), paragraph (u) of subsection (3), and paragraph (i) of  
66 subsection (7) of section 11.45, Florida Statutes, are amended,

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67 and paragraph (y) is added to subsection (3) of that section, to  
68 read:

69 11.45 Definitions; duties; authorities; reports; rules.—

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

71 (a) "Abuse" means behavior that is deficient or improper  
72 when compared with behavior that a prudent person would consider  
73 a reasonable and necessary operational practice given the facts  
74 and circumstances. The term includes the misuse of authority or  
75 position for personal gain.

76 (b)-(a) "Audit" means a financial audit, operational audit,  
77 or performance audit.

78 (c)-(b) "County agency" means a board of county  
79 commissioners or other legislative and governing body of a  
80 county, however styled, including that of a consolidated or  
81 metropolitan government, a clerk of the circuit court, a  
82 separate or ex officio clerk of the county court, a sheriff, a  
83 property appraiser, a tax collector, a supervisor of elections,  
84 or any other officer in whom any portion of the fiscal duties of  
85 a body or officer expressly stated in this paragraph are ~~the~~  
86 above are under law separately placed by law.

87 (d)-(e) "Financial audit" means an examination of financial  
88 statements in order to express an opinion on the fairness with  
89 which they are presented in conformity with generally accepted  
90 accounting principles and an examination to determine whether  
91 operations are properly conducted in accordance with legal and

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92 regulatory requirements. Financial audits must be conducted in  
93 accordance with auditing standards generally accepted in the  
94 United States and government auditing standards ~~as adopted by~~  
95 ~~the Board of Accountancy~~. When applicable, the scope of  
96 financial audits must ~~shall~~ encompass the additional activities  
97 necessary to establish compliance with the Single Audit Act  
98 Amendments of 1996, 31 U.S.C. ss. 7501-7507, and other  
99 applicable federal law.

100 (e) "Fraud" means obtaining something of value through  
101 willful misrepresentation, including, but not limited to,  
102 intentional misstatements or intentional omissions of amounts or  
103 disclosures in financial statements to deceive users of  
104 financial statements, theft of an entity's assets, bribery, or  
105 the use of one's position for personal enrichment through the  
106 deliberate misuse or misapplication of an organization's  
107 resources.

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

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

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

119        (i)~~(g)~~ "Operational audit" means an audit whose purpose is  
120 to evaluate management's performance in establishing and  
121 maintaining internal controls, including controls designed to  
122 prevent and detect fraud, waste, and abuse, and in administering  
123 assigned responsibilities in accordance with applicable laws,  
124 administrative rules, contracts, grant agreements, and other  
125 guidelines. Operational audits must be conducted in accordance  
126 with government auditing standards. Such audits examine internal  
127 controls that are designed and placed in operation to promote  
128 and encourage the achievement of management's control objectives  
129 in the categories of compliance, economic and efficient  
130 operations, reliability of financial records and reports, and  
131 safeguarding of assets, and identify weaknesses in those  
132 internal controls.

133        (j)~~(h)~~ "Performance audit" means an examination of a  
134 program, activity, or function of a governmental entity,  
135 conducted in accordance with applicable government auditing  
136 standards or auditing and evaluation standards of other  
137 appropriate authoritative bodies. The term includes an  
138 examination of issues related to:

- 139            1. Economy, efficiency, or effectiveness of the program.  
140            2. Structure or design of the program to accomplish its  
141 goals and objectives.

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142 3. Adequacy of the program to meet the needs identified by  
143 the Legislature or governing body.

144 4. Alternative methods of providing program services or  
145 products.

146 5. Goals, objectives, and performance measures used by the  
147 agency to monitor and report program accomplishments.

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

150 7. Compliance of the program with appropriate policies,  
151 rules, or laws.

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

154 (k)~~(i)~~ "Political subdivision" means a separate agency or  
155 unit of local government created or established by law and  
156 includes, but is not limited to, the following and the officers  
157 thereof: authority, board, branch, bureau, city, commission,  
158 consolidated government, county, department, district,  
159 institution, metropolitan government, municipality, office,  
160 officer, public corporation, town, or village.

161 (l)~~(j)~~ "State agency" means a separate agency or unit of  
162 state government created or established by law and includes, but  
163 is not limited to, the following and the officers thereof:  
164 authority, board, branch, bureau, commission, department,  
165 division, institution, office, officer, or public corporation,  
166 as the case may be, except any such agency or unit within the

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167 legislative branch of state government other than the Florida  
168 Public Service Commission.

169 (m) "Waste" means the act of using or expending resources  
170 unreasonably, carelessly, extravagantly, or for no useful  
171 purpose.

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

173 (j) Conduct audits of local governmental entities when  
174 determined to be necessary by the Auditor General, when directed  
175 by the Legislative Auditing Committee, or when otherwise  
176 required by law. No later than 18 months after the release of  
177 the audit report, the Auditor General shall perform such  
178 appropriate followup procedures as he or she deems necessary to  
179 determine the audited entity's progress in addressing the  
180 findings and recommendations contained within the Auditor  
181 General's previous report. The Auditor General shall notify each  
182 member of the audited entity's governing body and the  
183 Legislative Auditing Committee of the results of his or her  
184 determination. For purposes of this paragraph, local  
185 governmental entities do not include water management districts.

186  
187 The Auditor General shall perform his or her duties  
188 independently but under the general policies established by the  
189 Legislative Auditing Committee. This subsection does not limit  
190 the Auditor General's discretionary authority to conduct other



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191 audits or engagements of governmental entities as authorized in  
192 subsection (3).

193 (3) AUTHORITY FOR AUDITS AND OTHER ENGAGEMENTS.—The  
194 Auditor General may, pursuant to his or her own authority, or at  
195 the direction of the Legislative Auditing Committee, conduct  
196 audits or other engagements as determined appropriate by the  
197 Auditor General of:

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

199 (y) Tourist development councils and county tourism  
200 promotion agencies.

201 (7) AUDITOR GENERAL REPORTING REQUIREMENTS.—

202 (i) The Auditor General shall annually transmit by July  
203 15, to the President of the Senate, the Speaker of the House of  
204 Representatives, and the Department of Financial Services, a  
205 list of all school districts, charter schools, charter technical  
206 career centers, Florida College System institutions, state  
207 universities, and local governmental entities ~~water management~~  
208 ~~districts~~ that have failed to comply with the transparency  
209 requirements as identified in the audit reports reviewed  
210 pursuant to paragraph (b) and those conducted pursuant to  
211 subsection (2).

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

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214 11.47 Penalties; failure to make a proper audit or  
215 examination; making a false report; failure to produce documents  
216 or information.—

217 (3) Any person who willfully fails or refuses to provide  
218 access to an employee, officer, or agent of an entity subject to  
219 an audit or to furnish or produce any book, record, paper,  
220 document, data, or sufficient information necessary to a proper  
221 audit or examination which the Auditor General or the Office of  
222 Program Policy Analysis and Government Accountability is by law  
223 authorized to perform commits ~~shall be guilty of~~ a misdemeanor  
224 of the first degree, punishable as provided in s. 775.082 or s.  
225 775.083.

226 Section 4. Paragraph (d) of subsection (2) of section  
227 28.35, Florida Statutes, is amended to read:

228 28.35 Florida Clerks of Court Operations Corporation.—

229 (2) The duties of the corporation shall include the  
230 following:

231 (d) Developing and certifying a uniform system of workload  
232 measures and applicable workload standards for court-related  
233 functions as developed by the corporation and clerk workload  
234 performance in meeting the workload performance standards. These  
235 workload measures and workload performance standards shall be  
236 designed to facilitate an objective determination of the  
237 performance of each clerk in accordance with minimum standards  
238 for fiscal management, operational efficiency, and effective

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239 collection of fines, fees, service charges, and court costs. The  
240 corporation shall develop the workload measures and workload  
241 performance standards in consultation with the Legislature. When  
242 the corporation finds a clerk has not met the workload  
243 performance standards, the corporation shall identify the nature  
244 of each deficiency and any corrective action recommended and  
245 taken by the affected clerk of the court. For quarterly periods  
246 ending on the last day of March, June, September, and December  
247 of each year, the corporation shall notify the Legislature of  
248 any clerk not meeting workload performance standards and provide  
249 a copy of any corrective action plans. Such notifications must  
250 be submitted no later than 45 days after the end of the  
251 preceding quarterly period. As used in this subsection, the  
252 term:

253 1. "Workload measures" means the measurement of the  
254 activities and frequency of the work required for the clerk to  
255 adequately perform the court-related duties of the office as  
256 defined by the membership of the Florida Clerks of Court  
257 Operations Corporation.

258 2. "Workload performance standards" means the standards  
259 developed to measure the timeliness and effectiveness of the  
260 activities that are accomplished by the clerk in the performance  
261 of the court-related duties of the office as defined by the  
262 membership of the Florida Clerks of Court Operations  
263 Corporation.

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264 Section 5. Subsections (6) and (7) of section 43.16,  
265 Florida Statutes, are renumbered as subsections (7) and (8),  
266 respectively, and a new subsection (6) is added to that section,  
267 to read:

268 43.16 Justice Administrative Commission; membership,  
269 powers and duties.—

270 (6) The commission, each state attorney, each public  
271 defender, the criminal conflict and civil regional counsel, the  
272 capital collateral regional counsel, and the Guardian Ad Litem  
273 Program shall establish and maintain internal controls designed  
274 to:

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

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

279 (c) Support economical and efficient operations.

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

281 (e) Safeguard assets.

282 Section 6. Paragraph (c) of subsection (3) of section  
283 129.03, Florida Statutes, is amended to read:

284 129.03 Preparation and adoption of budget.—

285 (3) The county budget officer, after tentatively  
286 ascertaining the proposed fiscal policies of the board for the  
287 next fiscal year, shall prepare and present to the board a  
288 tentative budget for the next fiscal year for each of the funds

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289 provided in this chapter, including all estimated receipts,  
290 taxes to be levied, and balances expected to be brought forward  
291 and all estimated expenditures, reserves, and balances to be  
292 carried over at the end of the year.

293 (c) The board shall hold public hearings to adopt  
294 tentative and final budgets pursuant to s. 200.065. The hearings  
295 shall be primarily for the purpose of hearing requests and  
296 complaints from the public regarding the budgets and the  
297 proposed tax levies and for explaining the budget and any  
298 proposed or adopted amendments. The tentative budget must be  
299 posted on the county's official website at least 2 days before  
300 the public hearing to consider such budget and must remain on  
301 the website for at least 45 days. The final budget must be  
302 posted on the website within 30 days after adoption and must  
303 remain on the website for at least 2 years. The tentative  
304 budgets, adopted tentative budgets, and final budgets shall be  
305 filed in the office of the county auditor as a public record.  
306 Sufficient reference in words and figures to identify the  
307 particular transactions must ~~shall~~ be made in the minutes of the  
308 board to record its actions with reference to the budgets.

309 Section 7. Paragraph (f) of subsection (2) of section  
310 129.06, Florida Statutes, is amended to read:

311 129.06 Execution and amendment of budget.-

312 (2) The board at any time within a fiscal year may amend a  
313 budget for that year, and may within the first 60 days of a

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314 fiscal year amend the budget for the prior fiscal year, as  
315 follows:

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

321 1. The public hearing must be advertised at least 2 days,  
322 but not more than 5 days, before the date of the hearing. The  
323 advertisement must appear in a newspaper of paid general  
324 circulation and must identify the name of the taxing authority,  
325 the date, place, and time of the hearing, and the purpose of the  
326 hearing. The advertisement must also identify each budgetary  
327 fund to be amended, the source of the funds, the use of the  
328 funds, and the total amount of each fund's appropriations.

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

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

335 166.241 Fiscal years, budgets, and budget amendments.—

336 (3) The tentative budget must be posted on the  
337 municipality's official website at least 2 days before the  
338 budget hearing, held pursuant to s. 200.065 or other law, to

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339 consider such budget and must remain on the website for at least  
340 45 days. The final adopted budget must be posted on the  
341 municipality's official website within 30 days after adoption  
342 and must remain on the website for at least 2 years. If the  
343 municipality does not operate an official website, the  
344 municipality must, within a reasonable period of time as  
345 established by the county or counties in which the municipality  
346 is located, transmit the tentative budget and final budget to  
347 the manager or administrator of such county or counties who  
348 shall post the budgets on the county's website.

349 (5) If the governing body of a municipality amends the  
350 budget pursuant to paragraph (4)(c), the adopted amendment must  
351 be posted on the official website of the municipality within 5  
352 days after adoption and must remain on the website for at least  
353 2 years. If the municipality does not operate an official  
354 website, the municipality must, within a reasonable period of  
355 time as established by the county or counties in which the  
356 municipality is located, transmit the adopted amendment to the  
357 manager or administrator of such county or counties who shall  
358 post the adopted amendment on the county's website.

359 Section 9. Section 215.86, Florida Statutes, is amended to  
360 read:

361 215.86 Management systems and controls.—Each state agency  
362 and the judicial branch as defined in s. 216.011 shall establish

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363 and maintain management systems and internal controls designed  
364 to:

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

367 (2) Promote and encourage compliance with applicable laws,  
368 rules, contracts, grant agreements, and best practices.~~†~~

369 (3) Support economical and ~~economic,~~ efficient, and  
370 effective operations.~~†~~

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

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

375 Section 10. Paragraph (a) of subsection (2) of section  
376 215.97, Florida Statutes, is amended to read:

377 215.97 Florida Single Audit Act.—

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

379 (a) "Audit threshold" means the threshold amount used to  
380 determine when a state single audit or project-specific audit of  
381 a nonstate entity shall be conducted in accordance with this  
382 section. Each nonstate entity that expends a total amount of  
383 state financial assistance equal to or in excess of \$750,000 in  
384 any fiscal year of such nonstate entity shall be required to  
385 have a state single audit~~,~~ or a project-specific audit~~,~~ for such  
386 fiscal year in accordance with the requirements of this section.  
387 ~~Every 2 years the Auditor General,~~ After consulting with the



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388 Executive Office of the Governor, the Department of Financial  
389 Services, and all state awarding agencies, the Auditor General  
390 shall periodically review the threshold amount for requiring  
391 audits under this section and may recommend any appropriate  
392 statutory change to revise the threshold amount in the annual  
393 report submitted to the Legislature pursuant to s. 11.45(7)(h)  
394 ~~adjust such threshold amount consistent with the purposes of~~  
395 ~~this section.~~

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

398 215.985 Transparency in government spending.—

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

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

406 218.31 Definitions.—As used in this part, except where the  
407 context clearly indicates a different meaning:

408 (17) "Financial audit" means an examination of financial  
409 statements in order to express an opinion on the fairness with  
410 which they are presented in conformity with generally accepted  
411 accounting principles and an examination to determine whether  
412 operations are properly conducted in accordance with legal and

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413 regulatory requirements. Financial audits must be conducted in  
414 accordance with auditing standards generally accepted in the  
415 United States and government auditing standards ~~as adopted by~~  
416 ~~the Board of Accountancy and as prescribed by rules promulgated~~  
417 ~~by the Auditor General~~. When applicable, the scope of financial  
418 audits must ~~shall~~ encompass the additional activities necessary  
419 to establish compliance with the Single Audit Act Amendments of  
420 1996, 31 U.S.C. ss. 7501-7507, and other applicable federal law.

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

423 218.32 Annual financial reports; local governmental  
424 entities.—

425 (2) The department shall annually by December 1 file a  
426 verified report with the Governor, the Legislature, the Auditor  
427 General, and the Special District Accountability Program of the  
428 Department of Economic Opportunity showing the revenues, both  
429 locally derived and derived from intergovernmental transfers,  
430 and the expenditures of each local governmental entity, regional  
431 planning council, local government finance commission, and  
432 municipal power corporation that is required to submit an annual  
433 financial report. In preparing the verified report, the  
434 department may request additional information from the local  
435 governmental entity. The information requested must be provided  
436 to the department within 45 days after the request. If the local  
437 governmental entity does not comply with the request, the

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438 department shall notify the Legislative Auditing Committee,  
439 which may take action pursuant to s. 11.40(2). The report must  
440 include, but is not limited to:

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

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

449 Section 14. Subsection (3) of section 218.33, Florida  
450 Statutes, is renumbered as subsection (4), and a new subsection  
451 (3) is added to that section, to read:

452 218.33 Local governmental entities; establishment of  
453 uniform fiscal years and accounting practices and procedures.—

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

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

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

460 (c) Support economical and efficient operations.

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

462 (e) Safeguard assets.

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463 Section 15. Subsections (2), (3), and (4) of section  
464 218.391, Florida Statutes, are amended, and subsection (9) is  
465 added to that section, to read:

466 218.391 Auditor selection procedures.—

467 (2) The governing body of a ~~charter~~ county, municipality,  
468 special district, district school board, charter school, or  
469 charter technical career center shall establish an auditor  
470 selection ~~audit~~ committee.

471 (a) The auditor selection committee for a ~~Each noncharter~~  
472 county ~~must~~ shall establish an audit committee that, at a  
473 minimum, ~~shall~~ consist of each of the county officers elected  
474 pursuant to ~~the county charter or~~ s. 1(d), Art. VIII of the  
475 State Constitution, or ~~their respective designees a designee,~~  
476 and one member of the board of county commissioners or its  
477 designee.

478 (b) The auditor selection committee for a municipality,  
479 special district, district school board, charter school, or  
480 charter technical career center must consist of at least three  
481 members. One member of the auditor selection committee must be a  
482 member of the governing body of an entity specified in this  
483 paragraph, who shall serve as the chair of the committee.

484 (c) An employee, a chief executive officer, or a chief  
485 financial officer of the county, municipality, special district,  
486 district school board, charter school, or charter technical  
487 career center may not serve as a member of an auditor selection

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488 committee established under this subsection; however, an  
489 employee, a chief executive officer, or a chief financial  
490 officer of the county, municipality, special district, district  
491 school board, charter school, or charter technical career center  
492 may serve in an advisory capacity.

493 (d) The primary purpose of the auditor selection ~~audit~~  
494 committee is to assist the governing body in selecting an  
495 auditor to conduct the annual financial audit required in s.  
496 218.39; however, the ~~audit~~ committee may serve other audit  
497 oversight purposes as determined by the entity's governing body.  
498 The public may ~~shall~~ not be excluded from the proceedings under  
499 this section.

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

501 (a) Establish factors to use for the evaluation of audit  
502 services to be provided by a certified public accounting firm  
503 duly licensed under chapter 473 and qualified to conduct audits  
504 in accordance with government auditing standards as adopted by  
505 the Florida Board of Accountancy. Such factors shall include,  
506 but are not limited to, ability of personnel, experience,  
507 ability to furnish the required services, and such other factors  
508 as may be determined by the committee to be applicable to its  
509 particular requirements.

510 (b) Publicly announce requests for proposals. Public  
511 announcements must include, at a minimum, a brief description of

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512 the audit and indicate how interested firms can apply for  
513 consideration.

514 (c) Provide interested firms with a request for proposal.  
515 The request for proposal shall include information on how  
516 proposals are to be evaluated and such other information the  
517 committee determines is necessary for the firm to prepare a  
518 proposal.

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

523 (e) Rank and recommend in order of preference no fewer  
524 than three firms deemed to be the most highly qualified to  
525 perform the required services after considering the factors  
526 established pursuant to paragraph (a). If fewer than three firms  
527 respond to the request for proposal, the committee shall  
528 recommend such firms as it deems to be the most highly  
529 qualified.

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

534 (a) If compensation is not one of the factors established  
535 pursuant to paragraph (3) (a) and not used to evaluate firms  
536 pursuant to paragraph (3) (e), the governing body shall negotiate

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537 a contract with the firm ranked first. If the governing body is  
538 unable to negotiate a satisfactory contract with that firm,  
539 negotiations with that firm shall be formally terminated, and  
540 the governing body shall then undertake negotiations with the  
541 second-ranked firm. Failing accord with the second-ranked firm,  
542 negotiations shall then be terminated with that firm and  
543 undertaken with the third-ranked firm. Negotiations with the  
544 other ranked firms shall be undertaken in the same manner. The  
545 governing body, in negotiating with firms, may reopen formal  
546 negotiations with any one of the three top-ranked firms, but it  
547 may not negotiate with more than one firm at a time.

548 (b) If compensation is one of the factors established  
549 pursuant to paragraph (3) (a) and used in the evaluation of  
550 proposals pursuant to paragraph (3) (d), the governing body shall  
551 select the highest-ranked qualified firm or must document in its  
552 public records the reason for not selecting the highest-ranked  
553 qualified firm.

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

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

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562           (9) If the entity fails to select the auditor in  
563 accordance with the requirements of subsections (3)-(6), the  
564 entity must again perform the auditor selection process in  
565 accordance with this section to select an auditor to conduct  
566 audits for subsequent fiscal years.

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

570           373.536 District budget and hearing thereon.—

571           (4) BUDGET CONTROLS; FINANCIAL INFORMATION.—

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

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

579           (d) Each district shall, by August 1 of each year, submit  
580 for review a tentative budget and a description of any  
581 significant changes from the preliminary budget submitted to the  
582 Legislature pursuant to s. 373.535 to the Governor, the  
583 President of the Senate, the Speaker of the House of  
584 Representatives, the chairs of all legislative committees and  
585 subcommittees having substantive or fiscal jurisdiction over  
586 water management districts, as determined by the President of



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587 the Senate or the Speaker of the House of Representatives, as  
588 applicable, the secretary of the department, and the governing  
589 body of each county in which the district has jurisdiction or  
590 derives any funds for the operations of the district. The  
591 tentative budget must be posted on the district's official  
592 website at least 2 days before budget hearings held pursuant to  
593 s. 200.065 or other law and must remain on the website for at  
594 least 45 days.

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

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

600 Section 17. Paragraph (1) of subsection (12) of section  
601 1001.42, Florida Statutes, as amended by chapter 2018-5, Laws of  
602 Florida, 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 or, in the case of a school  
610 district receiving annual federal, state, and local funds in  
611 excess of \$500 million, shall employ an internal auditor. The

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612 scope of the internal auditor shall not be restricted and shall  
613 include every functional and program area of the school system.

614 1. The internal auditor shall perform ongoing financial  
615 verification of the financial records of the school district, a  
616 comprehensive risk assessment of all areas of the school system  
617 every 5 years, and other audits and reviews as the district  
618 school board directs for determining:

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

621 b. Compliance with applicable laws, rules, contracts,  
622 grant agreements, district school board-approved policies, and  
623 best practices.

624 c. The efficiency of operations.

625 d. The reliability of financial records and reports.

626 e. The safeguarding of assets.

627 f. Financial solvency.

628 g. Projected revenues and expenditures.

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

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

633 3. Any person responsible for furnishing or producing any  
634 book, record, paper, document, data, or sufficient information  
635 necessary to conduct a proper audit or examination which the

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636 internal auditor is by law authorized to perform is subject to  
637 the provisions of s. 11.47(3) and (4).

638 Section 18. Paragraph (j) of subsection (9) of section  
639 1002.33, Florida Statutes, is amended to read:

640 1002.33 Charter schools.—

641 (9) CHARTER SCHOOL REQUIREMENTS.—

642 (j) The governing body of the charter school shall be  
643 responsible for:

644 1. Establishing and maintaining internal controls designed  
645 to:

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

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

650 c. Support economical and efficient operations.

651 d. Ensure reliability of financial records and reports.

652 e. Safeguard assets.

653 ~~2.1-~~ Ensuring that the charter school has retained the  
654 services of a certified public accountant or auditor for the  
655 annual financial audit, pursuant to s. 1002.345(2), who shall  
656 submit the report to the governing body.

657 ~~3.2-~~ Reviewing and approving the audit report, including  
658 audit findings and recommendations for the financial recovery  
659 plan.

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

662 b. Monitoring a financial recovery plan in order to ensure  
663 compliance.

664 ~~5.4.~~ Participating in governance training approved by the  
665 department which must include government in the sunshine,  
666 conflicts of interest, ethics, and financial responsibility.

667 Section 19. Subsections (6) through (10) of section  
668 1002.37, Florida Statutes, are renumbered as subsections (7)  
669 through (11), respectively, present subsection (6) is amended,  
670 and a new subsection (6) is added to that section, to read:

671 1002.37 The Florida Virtual School.—

672 (6) The Florida Virtual School shall have an annual  
673 financial audit of its accounts and records conducted by an  
674 independent auditor who is a certified public accountant  
675 licensed under chapter 473. The independent auditor shall  
676 conduct the audit in accordance with rules adopted by the  
677 Auditor General pursuant to s. 11.45 and, upon completion of the  
678 audit, shall prepare an audit report in accordance with such  
679 rules. The audit report must include a written statement by the  
680 board of trustees describing corrective action to be taken in  
681 response to each of the independent auditor's recommendations  
682 included in the audit report. The independent auditor shall  
683 submit the audit report to the board of trustees and the Auditor

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684 General no later than 9 months after the end of the preceding  
685 fiscal year.

686 ~~(7)-(6)~~ The board of trustees shall annually submit to the  
687 Governor, the Legislature, the Commissioner of Education, and  
688 the State Board of Education the audit report prepared pursuant  
689 to subsection (6) and a complete and detailed report setting  
690 forth:

691 (a) The operations and accomplishments of the Florida  
692 Virtual School within the state and those occurring outside the  
693 state as Florida Virtual School Global.

694 (b) The marketing and operational plan for the Florida  
695 Virtual School and Florida Virtual School Global, including  
696 recommendations regarding methods for improving the delivery of  
697 education through the Internet and other distance learning  
698 technology.

699 (c) The assets and liabilities of the Florida Virtual  
700 School and Florida Virtual School Global at the end of the  
701 fiscal year.

702 ~~(d) A copy of an annual financial audit of the accounts~~  
703 ~~and records of the Florida Virtual School and Florida Virtual~~  
704 ~~School Global, conducted by an independent certified public~~  
705 ~~accountant and performed in accordance with rules adopted by the~~  
706 ~~Auditor General.~~

707 ~~(d)-(e)~~ Recommendations regarding the unit cost of  
708 providing services to students through the Florida Virtual

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709 School and Florida Virtual School Global. In order to most  
710 effectively develop public policy regarding any future funding  
711 of the Florida Virtual School, it is imperative that the cost of  
712 the program is accurately identified. The identified cost of the  
713 program must be based on reliable data.

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

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

719 1010.01 Uniform records and accounts.—

720 (5) Each school district, Florida College System  
721 institution, and state university shall establish and maintain  
722 internal controls designed to:

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

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

727 (c) Support economical and efficient operations.

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

729 (e) Safeguard assets.

730 Section 21. Section 1012.8551, Florida Statutes, is  
731 created to read:

732 1012.8551 Employee background screening and investigations  
733 for Florida College System personnel.—Section 110.1127 applies

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734 to each institution in the Florida College System. Each  
735 institution must designate the positions subject to background  
736 screening and investigation pursuant to that section.

737 Section 22. Section 1012.915, Florida Statutes, is created  
738 to read:

739 1012.915 Employee background screening and investigations  
740 for State University System personnel.—Section 110.1127 applies  
741 to each institution in the State University System. Each  
742 institution must designate the positions subject to background  
743 screening and investigation pursuant to that section.

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

746 218.503 Determination of financial emergency.—

747 (3) Upon notification that one or more of the conditions  
748 in subsection (1) have occurred or will occur if action is not  
749 taken to assist the local governmental entity or district school  
750 board, the Governor or his or her designee shall contact the  
751 local governmental entity or the Commissioner of Education or  
752 his or her designee shall contact the district school board, as  
753 appropriate, to determine what actions have been taken by the  
754 local governmental entity or the district school board to  
755 resolve or prevent the condition. The information requested must  
756 be provided within 45 days after the date of the request. If the  
757 local governmental entity or the district school board does not  
758 comply with the request, the Governor or his or her designee or

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759 the Commissioner of Education or his or her designee shall  
760 notify ~~the members of~~ the Legislative Auditing Committee, which  
761 ~~who~~ may take action pursuant to s. 11.40(2) ~~s. 11.40~~. The  
762 Governor or the Commissioner of Education, as appropriate, shall  
763 determine whether the local governmental entity or the district  
764 school board needs state assistance to resolve or prevent the  
765 condition. If state assistance is needed, the local governmental  
766 entity or district school board is considered to be in a state  
767 of financial emergency. The Governor or the Commissioner of  
768 Education, as appropriate, has the authority to implement  
769 measures as set forth in ss. 218.50-218.504 to assist the local  
770 governmental entity or district school board in resolving the  
771 financial emergency. Such measures may include, but are not  
772 limited to:

773 (a) Requiring approval of the local governmental entity's  
774 budget by the Governor or approval of the district school  
775 board's budget by the Commissioner of Education.

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

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

782 (d) Making such inspections and reviews of records,  
783 information, reports, and assets of the local governmental

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784 entity or district school board as are needed. The appropriate  
785 local officials shall cooperate in such inspections and reviews.

786 (e) Consulting with officials and auditors of the local  
787 governmental entity or the district school board and the  
788 appropriate state officials regarding any steps necessary to  
789 bring the books of account, accounting systems, financial  
790 procedures, and reports into compliance with state requirements.

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

793 (g)1. Establishing a financial emergency board to oversee  
794 the activities of the local governmental entity or the district  
795 school board. If a financial emergency board is established for  
796 a local governmental entity, the Governor shall appoint board  
797 members and select a chair. If a financial emergency board is  
798 established for a district school board, the State Board of  
799 Education shall appoint board members and select a chair. The  
800 financial emergency board shall adopt such rules as are  
801 necessary for conducting board business. The board may:

802 a. Make such reviews of records, reports, and assets of  
803 the local governmental entity or the district school board as  
804 are needed.

805 b. Consult with officials and auditors of the local  
806 governmental entity or the district school board and the  
807 appropriate state officials regarding any steps necessary to  
808 bring the books of account, accounting systems, financial

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809 | procedures, and reports of the local governmental entity or the  
810 | district school board into compliance with state requirements.

811 |       c. Review the operations, management, efficiency,  
812 | productivity, and financing of functions and operations of the  
813 | local governmental entity or the district school board.

814 |       d. Consult with other governmental entities for the  
815 | consolidation of all administrative direction and support  
816 | services, including, but not limited to, services for asset  
817 | sales, economic and community development, building inspections,  
818 | parks and recreation, facilities management, engineering and  
819 | construction, insurance coverage, risk management, planning and  
820 | zoning, information systems, fleet management, and purchasing.

821 |       2. The recommendations and reports made by the financial  
822 | emergency board must be submitted to the Governor for local  
823 | governmental entities or to the Commissioner of Education and  
824 | the State Board of Education for district school boards for  
825 | appropriate action.

826 |       (h) Requiring and approving a plan, to be prepared by  
827 | officials of the local governmental entity or the district  
828 | school board in consultation with the appropriate state  
829 | officials, prescribing actions that will cause the local  
830 | governmental entity or district school board to no longer be  
831 | subject to this section. The plan must include, but need not be  
832 | limited to:

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

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

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

840 4. Provisions implementing the consolidation, sourcing, or  
841 discontinuance of all administrative direction and support  
842 services, including, but not limited to, services for asset  
843 sales, economic and community development, building inspections,  
844 parks and recreation, facilities management, engineering and  
845 construction, insurance coverage, risk management, planning and  
846 zoning, information systems, fleet management, and purchasing.

847 Section 24. The Legislature finds that a proper and  
848 legitimate state purpose is served when internal controls are  
849 established to prevent and detect fraud, waste, and abuse and to  
850 safeguard and account for government funds and property.  
851 Therefore, the Legislature determines and declares that this act  
852 fulfills an important state interest.

853 Section 25. This act shall take effect July 1, 2019.  
854

855 -----  
856 **T I T L E A M E N D M E N T**

857 Remove everything before the enacting clause and insert:

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858 An act relating to government accountability; amending s.  
859 11.40, F.S.; specifying that the Governor, the Commissioner  
860 of Education, or the designee of the Governor or of the  
861 commissioner, may notify the Legislative Auditing Committee  
862 of an entity's failure to comply with certain auditing and  
863 financial reporting requirements; amending s. 11.45, F.S.;  
864 revising and providing definitions; excluding water  
865 management districts from certain audit requirements;  
866 removing a cross-reference; authorizing the Auditor General  
867 to conduct audits of tourist development councils and  
868 county tourism promotion agencies; revising reporting  
869 requirements applicable to the Auditor General; amending s.  
870 11.47, F.S.; specifying that any person who willfully fails  
871 or refuses to provide access to an employee, officer, or  
872 agent of an entity under audit is subject to a penalty;  
873 amending s. 28.35, F.S.; revising reporting requirements  
874 applicable to the Florida Clerks of Court Operations  
875 Corporation; amending s. 43.16, F.S.; revising the  
876 responsibilities of the Justice Administrative Commission,  
877 each state attorney, each public defender, the criminal  
878 conflict and civil regional counsel, the capital collateral  
879 regional counsel, and the Guardian Ad Litem Program, to  
880 include the establishment and maintenance of certain  
881 internal controls; amending ss. 129.03, 129.06, and  
882 166.241, F.S.; requiring counties and municipalities to

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883 maintain certain budget documents on the entities' websites  
884 for a specified period; amending s. 215.86, F.S.; revising  
885 the purposes for which management systems and internal  
886 controls must be established and maintained by each state  
887 agency and the judicial branch; amending s. 215.97, F.S.;  
888 revising certain audit threshold requirements; amending s.  
889 215.985, F.S.; revising the requirements for a monthly  
890 financial statement provided by a water management  
891 district; amending s. 218.31, F.S.: revising the definition  
892 of the term "financial audit"; amending s. 218.32, F.S.;  
893 authorizing the Department of Financial Services to request  
894 additional information from a local governmental entity in  
895 preparation of an annual report; requiring a local  
896 governmental entity to respond to such requests within a  
897 specified timeframe; requiring the department to notify the  
898 Legislative Auditing Committee of noncompliance; amending  
899 s. 218.33, F.S.; requiring local governmental entities to  
900 establish and maintain internal controls to achieve  
901 specified purposes; amending s. 218.391, F.S.; revising  
902 membership, and restrictions thereof, for an auditor  
903 selection committee; prescribing requirements and  
904 procedures for selecting an auditor if certain conditions  
905 exist; amending s. 373.536, F.S.; deleting obsolete  
906 language; requiring water management districts to maintain  
907 certain budget documents on the districts' websites for

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COMMITTEE/SUBCOMMITTEE AMENDMENT

Bill No. HB 7035 (2019)

Amendment No.

908 specified periods; amending s. 1001.42, F.S.; authorizing  
909 additional internal audits as directed by the district  
910 school board; amending s. 1002.33, F.S.; revising the  
911 responsibilities of the governing board of a charter school  
912 to include the establishment and maintenance of internal  
913 controls; amending s. 1002.37, F.S.; requiring completion  
914 of an annual financial audit of the Florida Virtual School;  
915 specifying audit requirements; requiring an audit report to  
916 be submitted to the board of trustees of the Florida  
917 Virtual School and the Auditor General; deleting obsolete  
918 provisions; amending s. 1010.01, F.S.; requiring each  
919 school district, Florida College System institution, and  
920 state university to establish and maintain certain internal  
921 controls; creating ss. 1012.8551 and 1012.915, F.S.;  
922 specifying applicable standards as to employee background  
923 screening and investigations of Florida College System and  
924 State University System personnel, respectively; amending  
925 s. 218.503, F.S.; conforming provisions and cross-  
926 references to changes made by the act; providing a  
927 declaration of important state interest; providing an  
928 effective date.

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