

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

26 Ad Litem Program, to include the establishment and  
27 maintenance of certain internal controls; amending ss.  
28 129.03, 129.06, and 166.241, F.S.; requiring counties  
29 and municipalities to maintain certain budget  
30 documents on the entities' websites for a specified  
31 period; amending s. 215.86, F.S.; revising the  
32 purposes for which management systems and internal  
33 controls must be established and maintained by each  
34 state agency and the judicial branch; amending s.  
35 215.97, F.S.; revising certain audit threshold  
36 requirements; amending s. 215.985, F.S.; revising the  
37 requirements for a monthly financial statement  
38 provided by a water management district; amending s.  
39 218.32, F.S.; authorizing the Department of Financial  
40 Services to request additional information from a  
41 local governmental entity in preparation of an annual  
42 report; requiring a local governmental entity to  
43 respond to such requests within a specified timeframe;  
44 requiring the department to notify the Legislative  
45 Auditing Committee of noncompliance; amending s.  
46 218.33, F.S.; requiring local governmental entities to  
47 establish and maintain internal controls to achieve  
48 specified purposes; amending s. 218.391, F.S.;  
49 revising membership, and restrictions thereof, for an  
50 audit committee; prescribing requirements and

51 procedures for selecting an auditor if certain  
52 conditions exist; amending s. 373.536, F.S.; deleting  
53 obsolete language; requiring water management  
54 districts to maintain certain budget documents on the  
55 districts' websites for specified periods; amending s.  
56 1002.33, F.S.; revising the responsibilities of the  
57 governing board of a charter school to include the  
58 establishment and maintenance of internal controls;  
59 amending s. 1002.37, F.S.; requiring completion of an  
60 annual financial audit of the Florida Virtual School;  
61 specifying audit requirements; requiring an audit  
62 report to be submitted to the board of trustees of the  
63 Florida Virtual School and the Auditor General;  
64 deleting obsolete provisions; amending s. 1010.01,  
65 F.S.; requiring each school district, Florida College  
66 System institution, and state university to establish  
67 and maintain certain internal controls; creating ss.  
68 1012.8551 and 1012.915, F.S.; specifying applicable  
69 standards as to employee background screening and  
70 investigations of Florida College System and State  
71 University System personnel, respectively; amending s.  
72 218.503, F.S.; conforming provisions and cross-  
73 references to changes made by the act; providing a  
74 declaration of important state interest; providing an  
75 effective date.

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

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

(a) In the case of a local governmental entity or district school board, direct the Department of Revenue and the Department of Financial Services to withhold any funds not pledged for bond debt service satisfaction which are payable to such entity until the entity complies with the law. The committee shall specify the date that such action must ~~shall~~ begin, and the directive must be received by the Department of

101 Revenue and the Department of Financial Services 30 days before  
102 the date of the distribution mandated by law. The Department of  
103 Revenue and the Department of Financial Services may implement  
104 ~~the provisions of~~ this paragraph.

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

106 1. A special act, notify the President of the Senate, the  
107 Speaker of the House of Representatives, the standing committees  
108 of the Senate and the House of Representatives charged with  
109 special district oversight as determined by the presiding  
110 officers of each respective chamber, the legislators who  
111 represent a portion of the geographical jurisdiction of the  
112 special district, and the Department of Economic Opportunity  
113 that the special district has failed to comply with the law.  
114 Upon receipt of notification, the Department of Economic  
115 Opportunity shall proceed pursuant to s. 189.062 or s. 189.067.  
116 If the special district remains in noncompliance after the  
117 process set forth in s. 189.0651, or if a public hearing is not  
118 held, the Legislative Auditing Committee may request the  
119 department to proceed pursuant to s. 189.067(3).

120 2. A local ordinance, notify the chair or equivalent of  
121 the local general-purpose government pursuant to s. 189.0652 and  
122 the Department of Economic Opportunity that the special district  
123 has failed to comply with the law. Upon receipt of notification,  
124 the department shall proceed pursuant to s. 189.062 or s.  
125 189.067. If the special district remains in noncompliance after

126 the process set forth in s. 189.0652, or if a public hearing is  
 127 not held, the Legislative Auditing Committee may request the  
 128 department to proceed pursuant to s. 189.067(3).

129 3. Any manner other than a special act or local ordinance,  
 130 notify the Department of Economic Opportunity that the special  
 131 district has failed to comply with the law. Upon receipt of  
 132 notification, the department shall proceed pursuant to s.  
 133 189.062 or s. 189.067(3).

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

137 Section 2. Subsection (1), paragraph (j) of subsection  
 138 (2), paragraph (u) of subsection (3), and paragraph (i) of  
 139 subsection (7) of section 11.45, Florida Statutes, are amended,  
 140 and paragraph (y) is added to subsection (3) of that section, to  
 141 read:

142 11.45 Definitions; duties; authorities; reports; rules.—

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

144 (a) "Abuse" means behavior that is deficient or improper  
 145 when compared with behavior that a prudent person would consider  
 146 a reasonable and necessary operational practice given the facts  
 147 and circumstances. The term includes the misuse of authority or  
 148 position for personal gain.

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

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

160        (d) ~~(e)~~ "Financial audit" means an examination of financial  
 161 statements in order to express an opinion on the fairness with  
 162 which they are presented in conformity with generally accepted  
 163 accounting principles and an examination to determine whether  
 164 operations are properly conducted in accordance with legal and  
 165 regulatory requirements. Financial audits must be conducted in  
 166 accordance with auditing standards generally accepted in the  
 167 United States ~~and government auditing standards as adopted by~~  
 168 ~~the Board of Accountancy~~. When applicable, the scope of  
 169 financial audits must ~~shall~~ encompass the additional activities  
 170 necessary to establish compliance with the Single Audit Act  
 171 Amendments of 1996, 31 U.S.C. ss. 7501-7507, and other  
 172 applicable federal law.

173        (e) "Fraud" means obtaining something of value through  
 174 willful misrepresentation, including, but not limited to,  
 175 intentional misstatements or intentional omissions of amounts or

176 disclosures in financial statements to deceive users of  
177 financial statements, theft of an entity's assets, bribery, or  
178 the use of one's position for personal enrichment through the  
179 deliberate misuse or misapplication of an organization's  
180 resources.

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

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

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

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



201 and encourage the achievement of management's control objectives  
 202 in the categories of compliance, economic and efficient  
 203 operations, reliability of financial records and reports, and  
 204 safeguarding of assets, and identify weaknesses in those  
 205 internal controls.

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

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

226 | directed by the Legislative Auditing Committee.

227 |       ~~(k)(i)~~ "Political subdivision" means a separate agency or  
228 | unit of local government created or established by law and  
229 | includes, but is not limited to, the following and the officers  
230 | thereof: authority, board, branch, bureau, city, commission,  
231 | consolidated government, county, department, district,  
232 | institution, metropolitan government, municipality, office,  
233 | officer, public corporation, town, or village.

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

242 |       (m) "Waste" means the act of using or expending resources  
243 | unreasonably, carelessly, extravagantly, or for no useful  
244 | purpose.

245 |       (2) DUTIES.—The Auditor General shall:

246 |       (j) Conduct audits of local governmental entities when  
247 | determined to be necessary by the Auditor General, when directed  
248 | by the Legislative Auditing Committee, or when otherwise  
249 | required by law. No later than 18 months after the release of  
250 | the audit report, the Auditor General shall perform such

251 appropriate followup procedures as he or she deems necessary to  
252 determine the audited entity's progress in addressing the  
253 findings and recommendations contained within the Auditor  
254 General's previous report. The Auditor General shall notify each  
255 member of the audited entity's governing body and the  
256 Legislative Auditing Committee of the results of his or her  
257 determination. For purposes of this paragraph, local  
258 governmental entities do not include water management districts.  
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260 The Auditor General shall perform his or her duties  
261 independently but under the general policies established by the  
262 Legislative Auditing Committee. This subsection does not limit  
263 the Auditor General's discretionary authority to conduct other  
264 audits or engagements of governmental entities as authorized in  
265 subsection (3).

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

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

272 (y) Tourist development councils and county tourism  
273 promotion agencies.

274 (7) AUDITOR GENERAL REPORTING REQUIREMENTS.—

275 (i) The Auditor General shall annually transmit by July

276 15, to the President of the Senate, the Speaker of the House of  
 277 Representatives, and the Department of Financial Services, a  
 278 list of all school districts, charter schools, charter technical  
 279 career centers, Florida College System institutions, state  
 280 universities, and local governmental entities ~~water management~~  
 281 ~~districts~~ that have failed to comply with the transparency  
 282 requirements as identified in the audit reports reviewed  
 283 pursuant to paragraph (b) and those conducted pursuant to  
 284 subsection (2).

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

287 11.47 Penalties; failure to make a proper audit or  
 288 examination; making a false report; failure to produce documents  
 289 or information.—

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

299 Section 4. Paragraph (d) of subsection (2) of section  
 300 28.35, Florida Statutes, is amended to read:

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301 28.35 Florida Clerks of Court Operations Corporation.—

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

304 (d) Developing and certifying a uniform system of workload  
305 measures and applicable workload standards for court-related  
306 functions as developed by the corporation and clerk workload  
307 performance in meeting the workload performance standards. These  
308 workload measures and workload performance standards shall be  
309 designed to facilitate an objective determination of the  
310 performance of each clerk in accordance with minimum standards  
311 for fiscal management, operational efficiency, and effective  
312 collection of fines, fees, service charges, and court costs. The  
313 corporation shall develop the workload measures and workload  
314 performance standards in consultation with the Legislature. When  
315 the corporation finds a clerk has not met the workload  
316 performance standards, the corporation shall identify the nature  
317 of each deficiency and any corrective action recommended and  
318 taken by the affected clerk of the court. For quarterly periods  
319 ending on the last day of March, June, September, and December  
320 of each year, the corporation shall notify the Legislature of  
321 any clerk not meeting workload performance standards and provide  
322 a copy of any corrective action plans. Such notifications must  
323 be submitted no later than 45 days after the end of the  
324 preceding quarterly period. As used in this subsection, the  
325 term:

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

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

337 Section 5. Subsections (6) and (7) of section 43.16,  
338 Florida Statutes, are renumbered as subsections (7) and (8),  
339 respectively, and a new subsection (6) is added to that section,  
340 to read:

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

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

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

350 (b) Promote and encourage compliance with applicable laws,

351 rules, contracts, grant agreements, and best practices.

352 (c) Support economical and efficient operations.

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

354 (e) Safeguard assets.

355 Section 6. Paragraph (c) of subsection (3) of section  
356 129.03, Florida Statutes, is amended to read:

357 129.03 Preparation and adoption of budget.—

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

366 (c) The board shall hold public hearings to adopt  
367 tentative and final budgets pursuant to s. 200.065. The hearings  
368 shall be primarily for the purpose of hearing requests and  
369 complaints from the public regarding the budgets and the  
370 proposed tax levies and for explaining the budget and any  
371 proposed or adopted amendments. The tentative budget must be  
372 posted on the county's official website at least 2 days before  
373 the public hearing to consider such budget and must remain on  
374 the website for at least 45 days. The final budget must be  
375 posted on the website within 30 days after adoption and must

376 | remain on the website for at least 2 years. The tentative  
377 | budgets, adopted tentative budgets, and final budgets shall be  
378 | filed in the office of the county auditor as a public record.  
379 | Sufficient reference in words and figures to identify the  
380 | particular transactions must ~~shall~~ be made in the minutes of the  
381 | board to record its actions with reference to the budgets.

382 | Section 7. Paragraph (f) of subsection (2) of section  
383 | 129.06, Florida Statutes, is amended to read:

384 | 129.06 Execution and amendment of budget.—

385 | (2) The board at any time within a fiscal year may amend a  
386 | budget for that year, and may within the first 60 days of a  
387 | fiscal year amend the budget for the prior fiscal year, as  
388 | follows:

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

394 | 1. The public hearing must be advertised at least 2 days,  
395 | but not more than 5 days, before the date of the hearing. The  
396 | advertisement must appear in a newspaper of paid general  
397 | circulation and must identify the name of the taxing authority,  
398 | the date, place, and time of the hearing, and the purpose of the  
399 | hearing. The advertisement must also identify each budgetary  
400 | fund to be amended, the source of the funds, the use of the



401 funds, and the total amount of each fund's appropriations.

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

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

408 166.241 Fiscal years, budgets, and budget amendments.—

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

422 (5) If the governing body of a municipality amends the  
423 budget pursuant to paragraph (4)(c), the adopted amendment must  
424 be posted on the official website of the municipality within 5  
425 days after adoption and must remain on the website for at least

426 | 2 years. If the municipality does not operate an official  
 427 | website, the municipality must, within a reasonable period of  
 428 | time as established by the county or counties in which the  
 429 | municipality is located, transmit the adopted amendment to the  
 430 | manager or administrator of such county or counties who shall  
 431 | post the adopted amendment on the county's website.

432 | Section 9. Section 215.86, Florida Statutes, is amended to  
 433 | read:

434 | 215.86 Management systems and controls.—Each state agency  
 435 | and the judicial branch as defined in s. 216.011 shall establish  
 436 | and maintain management systems and internal controls designed  
 437 | to:

438 | (1) Prevent and detect fraud, waste, and abuse as defined  
 439 | in s. 11.45(1). ~~that~~

440 | (2) Promote and encourage compliance with applicable laws,  
 441 | rules, contracts, grant agreements, and best practices. †

442 | (3) Support economical and economic, efficient, ~~and~~  
 443 | ~~effective~~ operations. †

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

445 | (5) Safeguard ~~and safeguarding of assets. Accounting~~  
 446 | ~~systems and procedures shall be designed to fulfill the~~  
 447 | ~~requirements of generally accepted accounting principles.~~

448 | Section 10. Paragraph (a) of subsection (2) of section  
 449 | 215.97, Florida Statutes, is amended to read:

450 | 215.97 Florida Single Audit Act.—

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

452 (a) "Audit threshold" means the threshold amount used to  
 453 determine when a state single audit or project-specific audit of  
 454 a nonstate entity shall be conducted in accordance with this  
 455 section. Each nonstate entity that expends a total amount of  
 456 state financial assistance equal to or in excess of \$750,000 in  
 457 any fiscal year of such nonstate entity shall be required to  
 458 have a state single audit~~7~~ or a project-specific audit~~7~~ for such  
 459 fiscal year in accordance with the requirements of this section.  
 460 ~~Every 2 years the Auditor General,~~ After consulting with the  
 461 Executive Office of the Governor, the Department of Financial  
 462 Services, and all state awarding agencies, the Auditor General  
 463 shall periodically review the threshold amount for requiring  
 464 audits under this section and may recommend any appropriate  
 465 statutory change to revise the threshold amount in the annual  
 466 report submitted to the Legislature pursuant to s. 11.45(7)(h)  
 467 ~~adjust such threshold amount consistent with the purposes of~~  
 468 ~~this section.~~

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

471 215.985 Transparency in government spending.—

472 (11) Each water management district shall provide a  
 473 monthly financial statement in the form and manner prescribed by  
 474 the Department of Financial Services to the district's ~~to its~~  
 475 governing board and make such monthly financial statement

476 available for public access on its website.

477 Section 12. Subsection (2) of section 218.32, Florida  
478 Statutes, is amended to read:

479 218.32 Annual financial reports; local governmental  
480 entities.—

481 (2) The department shall annually by December 1 file a  
482 verified report with the Governor, the Legislature, the Auditor  
483 General, and the Special District Accountability Program of the  
484 Department of Economic Opportunity showing the revenues, both  
485 locally derived and derived from intergovernmental transfers,  
486 and the expenditures of each local governmental entity, regional  
487 planning council, local government finance commission, and  
488 municipal power corporation that is required to submit an annual  
489 financial report. In preparing the verified report, the  
490 department may request additional information from the local  
491 governmental entity. The information requested must be provided  
492 to the department within 45 days after the request. If the local  
493 governmental entity does not comply with the request, the  
494 department shall notify the Legislative Auditing Committee,  
495 which may take action pursuant to s. 11.40(2). The report must  
496 include, but is not limited to:

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

500 (b) The amount of outstanding long-term debt by each local

501 governmental entity. For purposes of this paragraph, the term  
 502 "long-term debt" means any agreement or series of agreements to  
 503 pay money, which, at inception, contemplate terms of payment  
 504 exceeding 1 year in duration.

505 Section 13. Subsection (3) of section 218.33, Florida  
 506 Statutes, is renumbered as subsection (4), and a new subsection  
 507 (3) is added to that section, to read:

508 218.33 Local governmental entities; establishment of  
 509 uniform fiscal years and accounting practices and procedures.—

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

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

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

516 (c) Support economical and efficient operations.

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

518 (e) Safeguard assets.

519 Section 14. Subsection (2) of section 218.391, Florida  
 520 Statutes, is amended, and subsection (9) is added to that  
 521 section, to read:

522 218.391 Auditor selection procedures.—

523 (2) The governing body of a ~~charter~~ county, municipality,  
 524 special district, district school board, charter school, or  
 525 charter technical career center shall establish an audit

526 | committee.

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

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

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

544 |       (d) The primary purpose of the audit committee is to  
545 | assist the governing body in selecting an auditor to conduct the  
546 | annual financial audit required in s. 218.39; however, the audit  
547 | committee may serve other audit oversight purposes as determined  
548 | by the entity's governing body. The public may ~~shall~~ not be  
549 | excluded from the proceedings under this section.

550 |       (9) (a) If the entity fails to select the auditor in

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

556 (b) If performing the auditor selection process again in  
557 accordance with this section would preclude the entity from  
558 timely completing the annual financial audit required by s.  
559 218.39, the entity must again perform the auditor selection  
560 process in accordance with this section for the subsequent  
561 annual financial audit. A multiyear contract entered into  
562 between an entity and an auditor after July 1, 2019, may not  
563 prohibit or restrict an entity from complying with the section.

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

567 373.536 District budget and hearing thereon.—

568 (4) BUDGET CONTROLS; FINANCIAL INFORMATION.—

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

574 (5) TENTATIVE BUDGET CONTENTS AND SUBMISSION; REVIEW AND  
575 APPROVAL.—

576 (d) Each district shall, by August 1 of each year, submit  
 577 for review a tentative budget and a description of any  
 578 significant changes from the preliminary budget submitted to the  
 579 Legislature pursuant to s. 373.535 to the Governor, the  
 580 President of the Senate, the Speaker of the House of  
 581 Representatives, the chairs of all legislative committees and  
 582 subcommittees having substantive or fiscal jurisdiction over  
 583 water management districts, as determined by the President of  
 584 the Senate or the Speaker of the House of Representatives, as  
 585 applicable, the secretary of the department, and the governing  
 586 body of each county in which the district has jurisdiction or  
 587 derives any funds for the operations of the district. The  
 588 tentative budget must be posted on the district's official  
 589 website at least 2 days before budget hearings held pursuant to  
 590 s. 200.065 or other law and must remain on the website for at  
 591 least 45 days.

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

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

597 Section 16. Paragraph (j) of subsection (9) of section  
 598 1002.33, Florida Statutes, is amended to read:

599 1002.33 Charter schools.—

600 (9) CHARTER SCHOOL REQUIREMENTS.—



601 (j) The governing body of the charter school shall be  
602 responsible for:

603 1. Establishing and maintaining internal controls designed  
604 to:

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

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

609 c. Support economical and efficient operations.

610 d. Ensure reliability of financial records and reports.

611 e. Safeguard assets.

612 ~~2.1.~~ Ensuring that the charter school has retained the  
613 services of a certified public accountant or auditor for the  
614 annual financial audit, pursuant to s. 1002.345(2), who shall  
615 submit the report to the governing body.

616 ~~3.2.~~ Reviewing and approving the audit report, including  
617 audit findings and recommendations for the financial recovery  
618 plan.

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

621 b. Monitoring a financial recovery plan in order to ensure  
622 compliance.

623 ~~5.4.~~ Participating in governance training approved by the  
624 department which must include government in the sunshine,  
625 conflicts of interest, ethics, and financial responsibility.

626 Section 17. Subsections (6) through (10) of section  
627 1002.37, Florida Statutes, are renumbered as subsections (7)  
628 through (11), respectively, present subsection (6) is amended,  
629 and a new subsection (6) is added to that section, to read:

630 1002.37 The Florida Virtual School.—

631 (6) The Florida Virtual School shall have an annual  
632 financial audit of its accounts and records conducted by an  
633 independent auditor who is a certified public accountant  
634 licensed under chapter 473. The independent auditor shall  
635 conduct the audit in accordance with rules adopted by the  
636 Auditor General pursuant to s. 11.45 and, upon completion of the  
637 audit, shall prepare an audit report in accordance with such  
638 rules. The audit report must include a written statement by the  
639 board of trustees describing corrective action to be taken in  
640 response to each of the independent auditor's recommendations  
641 included in the audit report. The independent auditor shall  
642 submit the audit report to the board of trustees and the Auditor  
643 General no later than 9 months after the end of the preceding  
644 fiscal year.

645 (7)~~(6)~~ The board of trustees shall annually submit to the  
646 Governor, the Legislature, the Commissioner of Education, and  
647 the State Board of Education the audit report prepared pursuant  
648 to subsection (6) and a complete and detailed report setting  
649 forth:

650 (a) The operations and accomplishments of the Florida

651 Virtual School within the state and those occurring outside the  
652 state as Florida Virtual School Global.

653 (b) The marketing and operational plan for the Florida  
654 Virtual School and Florida Virtual School Global, including  
655 recommendations regarding methods for improving the delivery of  
656 education through the Internet and other distance learning  
657 technology.

658 (c) The assets and liabilities of the Florida Virtual  
659 School and Florida Virtual School Global at the end of the  
660 fiscal year.

661 ~~(d) A copy of an annual financial audit of the accounts  
662 and records of the Florida Virtual School and Florida Virtual  
663 School Global, conducted by an independent certified public  
664 accountant and performed in accordance with rules adopted by the  
665 Auditor General.~~

666 (d) ~~(e)~~ Recommendations regarding the unit cost of  
667 providing services to students through the Florida Virtual  
668 School and Florida Virtual School Global. In order to most  
669 effectively develop public policy regarding any future funding  
670 of the Florida Virtual School, it is imperative that the cost of  
671 the program is accurately identified. The identified cost of the  
672 program must be based on reliable data.

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

676 Section 18. Subsection (5) is added to section 1010.01,  
677 Florida Statutes, to read:

678 1010.01 Uniform records and accounts.—

679 (5) Each school district, Florida College System  
680 institution, and state university shall establish and maintain  
681 internal controls designed to:

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

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

686 (c) Support economical and efficient operations.

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

688 (e) Safeguard assets.

689 Section 19. Section 1012.8551, Florida Statutes, is  
690 created to read:

691 1012.8551 Employee background screening and investigations  
692 for Florida College System personnel.—Section 110.1127 applies  
693 to each institution in the Florida College System. Each  
694 institution must designate the positions subject to background  
695 screening and investigation pursuant to that section.

696 Section 20. Section 1012.915, Florida Statutes, is created  
697 to read:

698 1012.915 Employee background screening and investigations  
699 for State University System personnel.—Section 110.1127 applies  
700 to each institution in the State University System. Each

701 institution must designate the positions subject to background  
 702 screening and investigation pursuant to that section.

703 Section 21. Subsection (3) of section 218.503, Florida  
 704 Statutes, is amended to read:

705 218.503 Determination of financial emergency.—

706 (3) Upon notification that one or more of the conditions  
 707 in subsection (1) have occurred or will occur if action is not  
 708 taken to assist the local governmental entity or district school  
 709 board, the Governor or his or her designee shall contact the  
 710 local governmental entity or the Commissioner of Education or  
 711 his or her designee shall contact the district school board, as  
 712 appropriate, to determine what actions have been taken by the  
 713 local governmental entity or the district school board to  
 714 resolve or prevent the condition. The information requested must  
 715 be provided within 45 days after the date of the request. If the  
 716 local governmental entity or the district school board does not  
 717 comply with the request, the Governor or his or her designee or  
 718 the Commissioner of Education or his or her designee shall  
 719 notify ~~the members of~~ the Legislative Auditing Committee, which  
 720 ~~who~~ may take action pursuant to s. 11.40(2) ~~s. 11.40~~. The  
 721 Governor or the Commissioner of Education, as appropriate, shall  
 722 determine whether the local governmental entity or the district  
 723 school board needs state assistance to resolve or prevent the  
 724 condition. If state assistance is needed, the local governmental  
 725 entity or district school board is considered to be in a state

726 of financial emergency. The Governor or the Commissioner of  
727 Education, as appropriate, has the authority to implement  
728 measures as set forth in ss. 218.50-218.504 to assist the local  
729 governmental entity or district school board in resolving the  
730 financial emergency. Such measures may include, but are not  
731 limited to:

732 (a) Requiring approval of the local governmental entity's  
733 budget by the Governor or approval of the district school  
734 board's budget by the Commissioner of Education.

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

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

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

745 (e) Consulting with officials and auditors of the local  
746 governmental entity or the district school board and the  
747 appropriate state officials regarding any steps necessary to  
748 bring the books of account, accounting systems, financial  
749 procedures, and reports into compliance with state requirements.

750 (f) Providing technical assistance to the local

751 governmental entity or the district school board.

752 (g)1. Establishing a financial emergency board to oversee  
753 the activities of the local governmental entity or the district  
754 school board. If a financial emergency board is established for  
755 a local governmental entity, the Governor shall appoint board  
756 members and select a chair. If a financial emergency board is  
757 established for a district school board, the State Board of  
758 Education shall appoint board members and select a chair. The  
759 financial emergency board shall adopt such rules as are  
760 necessary for conducting board business. The board may:

761 a. Make such reviews of records, reports, and assets of  
762 the local governmental entity or the district school board as  
763 are needed.

764 b. Consult with officials and auditors of the local  
765 governmental entity or the district school board and the  
766 appropriate state officials regarding any steps necessary to  
767 bring the books of account, accounting systems, financial  
768 procedures, and reports of the local governmental entity or the  
769 district school board into compliance with state requirements.

770 c. Review the operations, management, efficiency,  
771 productivity, and financing of functions and operations of the  
772 local governmental entity or the district school board.

773 d. Consult with other governmental entities for the  
774 consolidation of all administrative direction and support  
775 services, including, but not limited to, services for asset

776 sales, economic and community development, building inspections,  
777 parks and recreation, facilities management, engineering and  
778 construction, insurance coverage, risk management, planning and  
779 zoning, information systems, fleet management, and purchasing.

780 2. The recommendations and reports made by the financial  
781 emergency board must be submitted to the Governor for local  
782 governmental entities or to the Commissioner of Education and  
783 the State Board of Education for district school boards for  
784 appropriate action.

785 (h) Requiring and approving a plan, to be prepared by  
786 officials of the local governmental entity or the district  
787 school board in consultation with the appropriate state  
788 officials, prescribing actions that will cause the local  
789 governmental entity or district school board to no longer be  
790 subject to this section. The plan must include, but need not be  
791 limited to:

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

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

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

799 4. Provisions implementing the consolidation, sourcing, or  
800 discontinuance of all administrative direction and support



801 services, including, but not limited to, services for asset  
802 sales, economic and community development, building inspections,  
803 parks and recreation, facilities management, engineering and  
804 construction, insurance coverage, risk management, planning and  
805 zoning, information systems, fleet management, and purchasing.

806       Section 22. The Legislature finds that a proper and  
807 legitimate state purpose is served when internal controls are  
808 established to prevent and detect fraud, waste, and abuse and to  
809 safeguard and account for government funds and property.  
810 Therefore, the Legislature determines and declares that this act  
811 fulfills an important state interest.

812       Section 23. This act shall take effect July 1, 2019.