

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.
39 218.31, F.S.; revising the definition of the term
40 "financial audit"; amending s. 218.32, F.S.;
41 authorizing the Department of Financial Services to
42 request additional information from a local
43 governmental entity in preparation of an annual
44 report; requiring a local governmental entity to
45 respond to such requests within a specified timeframe;
46 requiring the department to notify the Legislative
47 Auditing Committee of noncompliance; amending s.
48 218.33, F.S.; requiring local governmental entities to
49 establish and maintain internal controls to achieve
50 specified purposes; amending s. 218.391, F.S.;

51 revising membership, and restrictions thereof, for an
52 auditor selection committee; prescribing requirements
53 and procedures for selecting an auditor if certain
54 conditions exist; amending s. 373.536, F.S.; deleting
55 obsolete language; requiring water management
56 districts to maintain certain budget documents on the
57 districts' websites for specified periods; amending s.
58 1001.42, F.S.; requiring an internal auditor to
59 perform audits and reviews to determine the adequacy
60 of certain internal controls at the direction of the
61 district school board; amending s. 1002.33, F.S.;
62 revising the responsibilities of the governing board
63 of a charter school to include the establishment and
64 maintenance of internal controls; amending s. 1002.37,
65 F.S.; requiring completion of an annual financial
66 audit of the Florida Virtual School; specifying audit
67 requirements; requiring an audit report to be
68 submitted to the board of trustees of the Florida
69 Virtual School and the Auditor General; deleting
70 obsolete provisions; amending s. 1010.01, F.S.;
71 requiring each school district, Florida College System
72 institution, and state university to establish and
73 maintain certain internal controls; creating ss.
74 1012.8551 and 1012.915, F.S.; specifying applicable
75 standards as to employee background screening and

76 investigations of Florida College System and State
 77 University System personnel, respectively; amending s.
 78 218.503, F.S.; conforming provisions and cross-
 79 references to changes made by the act; providing a
 80 declaration of important state interest; providing an
 81 effective date.

82

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

84

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

87 11.40 Legislative Auditing Committee.—

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

100 (a) In the case of a local governmental entity or district

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

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

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

126 2. A local ordinance, notify the chair or equivalent of
 127 the local general-purpose government pursuant to s. 189.0652 and
 128 the Department of Economic Opportunity that the special district
 129 has failed to comply with the law. Upon receipt of notification,
 130 the department shall proceed pursuant to s. 189.062 or s.
 131 189.067. If the special district remains in noncompliance after
 132 the process set forth in s. 189.0652, or if a public hearing is
 133 not held, the Legislative Auditing Committee may request the
 134 department to proceed pursuant to s. 189.067(3).

135 3. Any manner other than a special act or local ordinance,
 136 notify the Department of Economic Opportunity that the special
 137 district has failed to comply with the law. Upon receipt of
 138 notification, the department shall proceed pursuant to s.
 139 189.062 or s. 189.067(3).

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

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

148 11.45 Definitions; duties; authorities; reports; rules.—

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

150 (a) "Abuse" means behavior that is deficient or improper

151 when compared with behavior that a prudent person would consider
152 a reasonable and necessary operational practice given the facts
153 and circumstances. The term includes the misuse of authority or
154 position for personal gain.

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

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

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

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

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

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

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

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

198 (i)~~(g)~~ "Operational audit" means an audit whose purpose is
199 to evaluate management's performance in establishing and
200 maintaining internal controls, including controls designed to

201 prevent and detect fraud, waste, and abuse, and in administering
202 assigned responsibilities in accordance with applicable laws,
203 administrative rules, contracts, grant agreements, and other
204 guidelines. Operational audits must be conducted in accordance
205 with government auditing standards. Such audits examine internal
206 controls that are designed and placed in operation to promote
207 and encourage the achievement of management's control objectives
208 in the categories of compliance, economic and efficient
209 operations, reliability of financial records and reports, and
210 safeguarding of assets, and identify weaknesses in those
211 internal controls.

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

- 218 1. Economy, efficiency, or effectiveness of the program.
- 219 2. Structure or design of the program to accomplish its
220 goals and objectives.
- 221 3. Adequacy of the program to meet the needs identified by
222 the Legislature or governing body.
- 223 4. Alternative methods of providing program services or
224 products.
- 225 5. Goals, objectives, and performance measures used by the

226 | agency to monitor and report program accomplishments.

227 | 6. The accuracy or adequacy of public documents, reports,
228 | or requests prepared under the program by state agencies.

229 | 7. Compliance of the program with appropriate policies,
230 | rules, or laws.

231 | 8. Any other issues related to governmental entities as
232 | directed by the Legislative Auditing Committee.

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

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

248 | ~~(m)~~ "Waste" means the act of using or expending resources
249 | unreasonably, carelessly, extravagantly, or for no useful
250 | purpose.

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

252 (j) Conduct audits of local governmental entities when
253 determined to be necessary by the Auditor General, when directed
254 by the Legislative Auditing Committee, or when otherwise
255 required by law. No later than 18 months after the release of
256 the audit report, the Auditor General shall perform such
257 appropriate followup procedures as he or she deems necessary to
258 determine the audited entity's progress in addressing the
259 findings and recommendations contained within the Auditor
260 General's previous report. The Auditor General shall notify each
261 member of the audited entity's governing body and the
262 Legislative Auditing Committee of the results of his or her
263 determination. For purposes of this paragraph, local
264 governmental entities do not include water management districts.
265

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

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

276 Auditor General of:

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

278 (y) Tourist development councils and county tourism
 279 promotion agencies.

280 (7) AUDITOR GENERAL REPORTING REQUIREMENTS.—

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

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

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

296 (3) Any person who willfully fails or refuses to provide
 297 access to an employee, officer, or agent of an entity subject to
 298 an audit or to furnish or produce any book, record, paper,
 299 document, data, or sufficient information necessary to a proper
 300 audit or examination which the Auditor General or the Office of

301 Program Policy Analysis and Government Accountability is by law
302 authorized to perform commits ~~shall be guilty of~~ a misdemeanor
303 of the first degree, punishable as provided in s. 775.082 or s.
304 775.083.

305 Section 4. Paragraph (d) of subsection (2) of section
306 28.35, Florida Statutes, is amended to read:

307 28.35 Florida Clerks of Court Operations Corporation.—

308 (2) The duties of the corporation shall include the
309 following:

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

326 | of each year, the corporation shall notify the Legislature of
327 | any clerk not meeting workload performance standards and provide
328 | a copy of any corrective action plans. Such notifications must
329 | be submitted no later than 45 days after the end of the
330 | preceding quarterly period. As used in this subsection, the
331 | term:

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

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

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

347 | 43.16 Justice Administrative Commission; membership,
348 | powers and duties.—

349 | (6) The commission, each state attorney, each public
350 | defender, the criminal conflict and civil regional counsel, the

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

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

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

358 (c) Support economical and efficient operations.

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

360 (e) Safeguard assets.

361 Section 6. Paragraph (c) of subsection (3) of section
 362 129.03, Florida Statutes, is amended to read:

363 129.03 Preparation and adoption of budget.—

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

372 (c) The board shall hold public hearings to adopt
 373 tentative and final budgets pursuant to s. 200.065. The hearings
 374 shall be primarily for the purpose of hearing requests and
 375 complaints from the public regarding the budgets and the

376 | proposed tax levies and for explaining the budget and any
 377 | proposed or adopted amendments. The tentative budget must be
 378 | posted on the county's official website at least 2 days before
 379 | the public hearing to consider such budget and must remain on
 380 | the website for at least 45 days. The final budget must be
 381 | posted on the website within 30 days after adoption and must
 382 | remain on the website for at least 2 years. The tentative
 383 | budgets, adopted tentative budgets, and final budgets shall be
 384 | filed in the office of the county auditor as a public record.
 385 | Sufficient reference in words and figures to identify the
 386 | particular transactions must ~~shall~~ be made in the minutes of the
 387 | board to record its actions with reference to the budgets.

388 | Section 7. Paragraph (f) of subsection (2) of section
 389 | 129.06, Florida Statutes, is amended to read:

390 | 129.06 Execution and amendment of budget.—

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

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

400 | 1. The public hearing must be advertised at least 2 days,

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

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

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

414 166.241 Fiscal years, budgets, and budget amendments.—

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

426 | the manager or administrator of such county or counties who
 427 | shall post the budgets on the county's website.

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

438 | Section 9. Section 215.86, Florida Statutes, is amended to
 439 | read:

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

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

446 | (2) Promote and encourage compliance with applicable laws,
 447 | rules, contracts, grant agreements, and best practices.‡

448 | (3) Support economical and ~~economic,~~ efficient, ~~and~~
 449 | effective operations.‡

450 | (4) Ensure reliability of financial records and reports.‡

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

454 Section 10. Paragraph (a) of subsection (2) of section
455 215.97, Florida Statutes, is amended to read:

456 215.97 Florida Single Audit Act.—

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

458 (a) "Audit threshold" means the threshold amount used to
459 determine when a state single audit or project-specific audit of
460 a nonstate entity shall be conducted in accordance with this
461 section. Each nonstate entity that expends a total amount of
462 state financial assistance equal to or in excess of \$750,000 in
463 any fiscal year of such nonstate entity shall be required to
464 have a state single audit₇ or a project-specific audit₇ for such
465 fiscal year in accordance with the requirements of this section.
466 ~~Every 2 years the Auditor General₇~~ After consulting with the
467 Executive Office of the Governor, the Department of Financial
468 Services, and all state awarding agencies, the Auditor General
469 shall periodically review the threshold amount for requiring
470 audits under this section and may recommend any appropriate
471 statutory change to revise the threshold amount in the annual
472 report submitted to the Legislature pursuant to s. 11.45(7)(h)
473 ~~adjust such threshold amount consistent with the purposes of~~
474 ~~this section.~~

475 Section 11. Subsection (11) of section 215.985, Florida

476 Statutes, is amended to read:

477 215.985 Transparency in government spending.—

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

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

485 218.31 Definitions.—As used in this part, except where the
 486 context clearly indicates a different meaning:

487 (17) "Financial audit" means an examination of financial
 488 statements in order to express an opinion on the fairness with
 489 which they are presented in conformity with generally accepted
 490 accounting principles and an examination to determine whether
 491 operations are properly conducted in accordance with legal and
 492 regulatory requirements. Financial audits must be conducted in
 493 accordance with auditing standards generally accepted in the
 494 United States and government auditing standards ~~as adopted by~~
 495 ~~the Board of Accountancy and as prescribed by rules promulgated~~
 496 ~~by the Auditor General~~. When applicable, the scope of financial
 497 audits must ~~shall~~ encompass the additional activities necessary
 498 to establish compliance with the Single Audit Act Amendments of
 499 1996, 31 U.S.C. ss. 7501-7507, and other applicable federal law.

500 Section 13. Subsection (2) of section 218.32, Florida

501 Statutes, is amended to read:

502 218.32 Annual financial reports; local governmental
503 entities.—

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

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

523 (b) The amount of outstanding long-term debt by each local
524 governmental entity. For purposes of this paragraph, the term
525 "long-term debt" means any agreement or series of agreements to

526 | pay money, which, at inception, contemplate terms of payment
 527 | exceeding 1 year in duration.

528 | Section 14. Subsection (3) of section 218.33, Florida
 529 | Statutes, is renumbered as subsection (4), and a new subsection
 530 | (3) is added to that section, to read:

531 | 218.33 Local governmental entities; establishment of
 532 | uniform fiscal years and accounting practices and procedures.—

533 | (3) Each local governmental entity shall establish and
 534 | maintain internal controls designed to:

535 | (a) Prevent and detect fraud, waste, and abuse as defined
 536 | in s. 11.45(1).

537 | (b) Promote and encourage compliance with applicable laws,
 538 | rules, contracts, grant agreements, and best practices.

539 | (c) Support economical and efficient operations.

540 | (d) Ensure reliability of financial records and reports.

541 | (e) Safeguard assets.

542 | Section 15. Subsections (2), (3), and (4) of section
 543 | 218.391, Florida Statutes, are amended, and subsection (9) is
 544 | added to that section, to read:

545 | 218.391 Auditor selection procedures.—

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

550 | (a) The auditor selection committee for a county must ~~Each~~

551 ~~noncharter county shall establish an audit committee that, at a~~
552 ~~minimum, shall consist of each of the county officers elected~~
553 ~~pursuant to the county charter or s. 1(d), Art. VIII of the~~
554 ~~State Constitution, or their respective designees a ~~designee,~~~~
555 ~~and one member of the board of county commissioners or its~~
556 ~~designee.~~

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

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

572 (d) The primary purpose of the auditor selection ~~audit~~
573 committee is to assist the governing body in selecting an
574 auditor to conduct the annual financial audit required in s.
575 218.39; however, the ~~audit~~ committee may serve other audit

576 oversight purposes as determined by the entity's governing body.
577 The public may ~~shall~~ not be excluded from the proceedings under
578 this section.

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

580 (a) Establish factors to use for the evaluation of audit
581 services to be provided by a certified public accounting firm
582 duly licensed under chapter 473 and qualified to conduct audits
583 in accordance with government auditing standards as adopted by
584 the Florida Board of Accountancy. Such factors shall include,
585 but are not limited to, ability of personnel, experience,
586 ability to furnish the required services, and such other factors
587 as may be determined by the committee to be applicable to its
588 particular requirements.

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

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

598 (d) Evaluate proposals provided by qualified firms. If
599 compensation is one of the factors established pursuant to

600 paragraph (a), it shall not be the sole or predominant factor
601 used to evaluate proposals.

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

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

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

625 negotiations with any one of the three top-ranked firms, but it
626 may not negotiate with more than one firm at a time.

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

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

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

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

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

649 373.536 District budget and hearing thereon.—

650 (4) BUDGET CONTROLS; FINANCIAL INFORMATION.—

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

656 (5) TENTATIVE BUDGET CONTENTS AND SUBMISSION; REVIEW AND
 657 APPROVAL.—

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

674 (6) FINAL BUDGET; ANNUAL AUDIT; CAPITAL IMPROVEMENTS PLAN;

675 WATER RESOURCE DEVELOPMENT WORK PROGRAM.—

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

679 Section 17. Paragraph (1) of subsection (12) of section
680 1001.42, Florida Statutes, as amended by chapter 2018-5, Laws of
681 Florida, is amended to read:

682 1001.42 Powers and duties of district school board.—The
683 district school board, acting as a board, shall exercise all
684 powers and perform all duties listed below:

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

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

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

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

700 b. Compliance with applicable laws, rules, contracts,
701 grant agreements, district school board-approved policies, and
702 best practices.

703 c. The efficiency of operations.

704 d. The reliability of financial records and reports.

705 e. The safeguarding of assets.

706 f. Financial solvency.

707 g. Projected revenues and expenditures.

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

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

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

717 Section 18. Paragraph (j) of subsection (9) of section
718 1002.33, Florida Statutes, is amended to read:

719 1002.33 Charter schools.—

720 (9) CHARTER SCHOOL REQUIREMENTS.—

721 (j) The governing body of the charter school shall be
722 responsible for:

723 1. Establishing and maintaining internal controls designed
724 to:

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

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

729 c. Support economical and efficient operations.

730 d. Ensure reliability of financial records and reports.

731 e. Safeguard assets.

732 ~~2.1.~~ Ensuring that the charter school has retained the
 733 services of a certified public accountant or auditor for the
 734 annual financial audit, pursuant to s. 1002.345(2), who shall
 735 submit the report to the governing body.

736 ~~3.2.~~ Reviewing and approving the audit report, including
 737 audit findings and recommendations for the financial recovery
 738 plan.

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

741 b. Monitoring a financial recovery plan in order to ensure
 742 compliance.

743 ~~5.4.~~ Participating in governance training approved by the
 744 department which must include government in the sunshine,
 745 conflicts of interest, ethics, and financial responsibility.

746 Section 19. Subsections (6) through (10) of section
 747 1002.37, Florida Statutes, are renumbered as subsections (7)
 748 through (11), respectively, present subsection (6) is amended,
 749 and a new subsection (6) is added to that section, to read:

750 1002.37 The Florida Virtual School.—

751 (6) The Florida Virtual School shall have an annual
752 financial audit of its accounts and records conducted by an
753 independent auditor who is a certified public accountant
754 licensed under chapter 473. The independent auditor shall
755 conduct the audit in accordance with rules adopted by the
756 Auditor General pursuant to s. 11.45 and, upon completion of the
757 audit, shall prepare an audit report in accordance with such
758 rules. The audit report must include a written statement by the
759 board of trustees describing corrective action to be taken in
760 response to each of the independent auditor's recommendations
761 included in the audit report. The independent auditor shall
762 submit the audit report to the board of trustees and the Auditor
763 General no later than 9 months after the end of the preceding
764 fiscal year.

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

770 (a) The operations and accomplishments of the Florida
771 Virtual School within the state and those occurring outside the
772 state as Florida Virtual School Global.

773 (b) The marketing and operational plan for the Florida
774 Virtual School and Florida Virtual School Global, including

775 recommendations regarding methods for improving the delivery of
776 education through the Internet and other distance learning
777 technology.

778 (c) The assets and liabilities of the Florida Virtual
779 School and Florida Virtual School Global at the end of the
780 fiscal year.

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

786 (d)~~(e)~~ Recommendations regarding the unit cost of
787 providing services to students through the Florida Virtual
788 School and Florida Virtual School Global. In order to most
789 effectively develop public policy regarding any future funding
790 of the Florida Virtual School, it is imperative that the cost of
791 the program is accurately identified. The identified cost of the
792 program must be based on reliable data.

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

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

798 1010.01 Uniform records and accounts.—

799 (5) Each school district, Florida College System

800 institution, and state university shall establish and maintain
801 internal controls designed to:

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

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

806 (c) Support economical and efficient operations.

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

808 (e) Safeguard assets.

809 Section 21. Section 1012.8551, Florida Statutes, is
810 created to read:

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

816 Section 22. Section 1012.915, Florida Statutes, is created
817 to read:

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

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

825 218.503 Determination of financial emergency.—
 826 (3) Upon notification that one or more of the conditions
 827 in subsection (1) have occurred or will occur if action is not
 828 taken to assist the local governmental entity or district school
 829 board, the Governor or his or her designee shall contact the
 830 local governmental entity or the Commissioner of Education or
 831 his or her designee shall contact the district school board, as
 832 appropriate, to determine what actions have been taken by the
 833 local governmental entity or the district school board to
 834 resolve or prevent the condition. The information requested must
 835 be provided within 45 days after the date of the request. If the
 836 local governmental entity or the district school board does not
 837 comply with the request, the Governor or his or her designee or
 838 the Commissioner of Education or his or her designee shall
 839 notify ~~the members of~~ the Legislative Auditing Committee, which
 840 ~~who~~ may take action pursuant to s. 11.40(2) ~~s. 11.40~~. The
 841 Governor or the Commissioner of Education, as appropriate, shall
 842 determine whether the local governmental entity or the district
 843 school board needs state assistance to resolve or prevent the
 844 condition. If state assistance is needed, the local governmental
 845 entity or district school board is considered to be in a state
 846 of financial emergency. The Governor or the Commissioner of
 847 Education, as appropriate, has the authority to implement
 848 measures as set forth in ss. 218.50-218.504 to assist the local
 849 governmental entity or district school board in resolving the

850 financial emergency. Such measures may include, but are not
851 limited to:

852 (a) Requiring approval of the local governmental entity's
853 budget by the Governor or approval of the district school
854 board's budget by the Commissioner of Education.

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

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

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

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

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

872 (g)1. Establishing a financial emergency board to oversee
873 the activities of the local governmental entity or the district
874 school board. If a financial emergency board is established for

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

881 a. Make such reviews of records, reports, and assets of
882 the local governmental entity or the district school board as
883 are needed.

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

890 c. Review the operations, management, efficiency,
891 productivity, and financing of functions and operations of the
892 local governmental entity or the district school board.

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

900 2. The recommendations and reports made by the financial
 901 emergency board must be submitted to the Governor for local
 902 governmental entities or to the Commissioner of Education and
 903 the State Board of Education for district school boards for
 904 appropriate action.

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

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

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

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

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

925 zoning, information systems, fleet management, and purchasing.

926 Section 24. The Legislature finds that a proper and
927 legitimate state purpose is served when internal controls are
928 established to prevent and detect fraud, waste, and abuse and to
929 safeguard and account for government funds and property.
930 Therefore, the Legislature determines and declares that this act
931 fulfills an important state interest.

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