

1                   A bill to be entitled  
2           An act relating to inspectors general and auditors;  
3           amending s. 14.32, F.S.; requiring the Chief Inspector  
4           General to meet specified qualifications applicable to  
5           agency inspectors general, to have open and direct  
6           access to the Governor, and to prepare an annual  
7           report containing specified information; amending s.  
8           20.055, F.S.; revising definitions; revising  
9           provisions relating to duties and responsibilities of  
10          agency inspectors general; providing that any staff  
11          employed within an office of the inspector general are  
12          Selected Exempt Service employees; providing that  
13          agency inspectors general are Senior Management  
14          Service employees; revising the qualifications of  
15          agency inspectors general; authorizing an agency  
16          inspector general and staff to take and record  
17          testimony or statements necessary to conduct an  
18          investigation or review; requiring each agency  
19          inspector general to include specified budgetary and  
20          staffing information in an annual report; amending s.  
21          20.121, F.S.; providing that an auditor employed  
22          within the Division of Accounting and Auditing of the  
23          Department of Financial Services is a Selected Exempt  
24          Service employee; amending s. 215.44, F.S.; requiring  
25          the State Board of Administration to appoint an

26 | inspector general; authorizing the board to remove the  
 27 | inspector general; providing an effective date.

28 |

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

30 |

31 | Section 1. Subsection (1) of section 14.32, Florida  
 32 | Statutes, is amended, and paragraph (1) is added to subsection  
 33 | (2) of that section, to read:

34 | 14.32 Office of Chief Inspector General.—

35 | (1) There is created in the Executive Office of the  
 36 | Governor the Office of Chief Inspector General. The Chief  
 37 | Inspector General is responsible for promoting accountability,  
 38 | integrity, and efficiency in the agencies under the jurisdiction  
 39 | of the Governor. The Chief Inspector General shall be appointed  
 40 | by and serve at the pleasure of the Governor and must meet the  
 41 | qualifications specified in s. 20.055(4). However, upon a change  
 42 | in Governors or reelection of the Governor, the Governor shall  
 43 | appoint, or may reappoint, a Chief Inspector General before  
 44 | adjournment sine die of the first regular session of the  
 45 | Legislature that convenes after such change in Governors or  
 46 | reelection of the Governor. The Chief Inspector General shall,  
 47 | at all times, have open and direct access to the Governor.

48 | (2) The Chief Inspector General shall:

49 | (1) Prepare an annual report that summarizes the  
 50 | activities performed in compliance with this section and

51 includes an aggregate of significant budgetary or administrative  
52 changes contained in annual reports prepared by inspectors  
53 general for state agencies under the jurisdiction of the  
54 Governor pursuant to s. 20.055(8).

55 Section 2. Paragraphs (a) and (d) of subsection (1),  
56 paragraph (b) of subsection (3), paragraphs (a) and (b) of  
57 subsection (4), subsections (6) and (7), paragraph (c) of  
58 subsection (8), and subsection (10) of section 20.055, Florida  
59 Statutes, are amended to read:

60 20.055 Agency inspectors general.—

61 (1) As used in this section, the term:

62 (a) "Agency head" means the Governor, a Cabinet officer,  
63 or a secretary or executive director as those terms are defined  
64 in s. 20.03, the chair of the Public Service Commission, the  
65 Director of the Office of Insurance Regulation of the Financial  
66 Services Commission, the Director of the Office of Financial  
67 Regulation of the Financial Services Commission, the board of  
68 directors of the Florida Housing Finance Corporation, the  
69 executive director of the Office of Early Learning, the  
70 executive director of the State Board of Administration, and the  
71 Chief Justice of the State Supreme Court.

72 (d) "State agency" means each department created pursuant  
73 to this chapter and the Executive Office of the Governor, the  
74 Department of Military Affairs, the Fish and Wildlife  
75 Conservation Commission, the Office of Insurance Regulation of

76 | the Financial Services Commission, the Office of Financial  
77 | Regulation of the Financial Services Commission, the Public  
78 | Service Commission, the Board of Governors of the State  
79 | University System, the Florida Housing Finance Corporation, the  
80 | Agency for State Technology, the Office of Early Learning, the  
81 | State Board of Administration, and the state courts system.

82 | (3)

83 | (b) The inspector general shall report to and be under the  
84 | general supervision of the agency head and is not subject to  
85 | supervision by any other employee of the state agency in which  
86 | the office is established. For state agencies under the  
87 | jurisdiction of the Governor, the inspector general shall be  
88 | under the general supervision of the agency head for  
89 | administrative purposes, shall report to the Chief Inspector  
90 | General, and may hire and remove staff within the office of the  
91 | inspector general in consultation with the Chief Inspector  
92 | General but independently of the agency. Any staff member  
93 | employed within the office of an inspector general is included  
94 | in the Selected Exempt Service as provided in chapter 110.  
95 | Agency inspectors general are included in the Senior Management  
96 | Service as provided in chapter 110.

97 | (4) (a) To ensure that state agency audits are performed in  
98 | accordance with applicable auditing standards, the inspector  
99 | general or the director of auditing within the inspector  
100 | general's office shall possess the following qualifications:

101           1. A bachelor's degree from an accredited college or  
102 university with a major in accounting, or with a major in  
103 business which includes five courses in accounting, and 5 years  
104 of experience as an internal auditor or independent postauditor,  
105 information technology ~~electronic data processing~~ auditor,  
106 accountant, or any combination thereof. The experience shall at  
107 a minimum consist of audits of units of government or private  
108 business enterprises, operating for profit or not for profit; or

109           2. A master's degree in accounting, business  
110 administration, or public administration from an accredited  
111 college or university and 4 years of experience as required in  
112 subparagraph 1.; or

113           3. A certified public accountant license issued pursuant  
114 to chapter 473 or a certified internal audit certificate issued  
115 by the Institute of Internal Auditors or earned by examination,  
116 and 4 years of experience as required in subparagraph 1.

117           (b) For agencies under the jurisdiction of the Governor,  
118 the inspector general shall be selected on the basis of  
119 integrity, leadership capability, and experience in accounting,  
120 auditing, fraud examination, financial analysis, law, management  
121 analysis, program evaluation, public administration,  
122 investigation, criminal justice administration, or other closely  
123 related field. The inspector general is subject to a level 2  
124 background screening pursuant to chapter 435. The inspector  
125 general shall have a 4-year degree from an accredited

126 institution of higher learning or have at least 5 years of  
127 experience in at least one of the following areas:

- 128 1. Inspector general.
- 129 2. Supervisory experience in an office of inspector  
130 general or an investigative public agency similar to an office  
131 of inspector general.
- 132 3. Local, state, or federal law enforcement officer.
- 133 4. Local, state, or federal court judge.
- 134 5. Senior-level auditor or comptroller.
- 135 6. The administration and management of complex audits and  
136 investigations.
- 137 7. Managing programs for information security, prevention,  
138 examination, detection, elimination of fraud, waste, abuse,  
139 mismanagement, malfeasance, or misconduct in government or other  
140 organizations.

141  
142 An advanced degree in law, accounting, public administration, or  
143 other relevant field may substitute for 1 year of required  
144 experience.

145 (6) In carrying out the auditing duties and  
146 responsibilities of this section ~~act~~, each inspector general  
147 shall review and evaluate internal controls necessary to ensure  
148 the fiscal accountability of the state agency. The inspector  
149 general shall conduct financial, compliance, information  
150 technology ~~electronic data processing~~, and performance audits of

151 the agency and prepare audit reports of his or her findings. The  
152 scope and assignment of the audits shall be determined by the  
153 inspector general; however, the agency head may at any time  
154 request the inspector general to perform an audit of a special  
155 program, function, or organizational unit. The performance of  
156 the audit shall be under the direction of the inspector general,  
157 except that if the inspector general does not possess the  
158 qualifications specified in subsection (4), the director of  
159 auditing shall perform the functions listed in this subsection.

160 (a) Such audits shall be conducted in accordance with the  
161 current International Standards for the Professional Practice of  
162 Internal Auditing as published by the Institute of Internal  
163 Auditors, Inc., or, where appropriate, in accordance with  
164 generally accepted governmental auditing standards. All audit  
165 reports issued by internal audit staff shall include a statement  
166 that the audit was conducted pursuant to the appropriate  
167 standards.

168 (b) Audit workpapers and reports shall be public records  
169 to the extent that they do not include information which has  
170 been made confidential and exempt from the provisions of s.  
171 119.07(1) pursuant to law. However, when the inspector general  
172 or a member of the staff receives from an individual a complaint  
173 or information that falls within the definition provided in s.  
174 112.3187(5), the name or identity of the individual may not be  
175 disclosed to anyone else without the written consent of the

176 individual, unless the inspector general determines that such  
177 disclosure is unavoidable during the course of the audit or  
178 investigation.

179 (c) The inspector general and the staff shall have access  
180 to any records, data, and other information of the state agency  
181 he or she deems necessary to carry out his or her duties. The  
182 inspector general may also request such information or  
183 assistance as may be necessary from the state agency or from any  
184 federal, state, or local government entity.

185 (d) At the conclusion of each audit, the inspector general  
186 shall submit preliminary findings and recommendations to the  
187 person responsible for supervision of the program function or  
188 operational unit who shall respond to any adverse findings  
189 within 20 working days after receipt of the preliminary  
190 findings. Such response and the inspector general's rebuttal to  
191 the response shall be included in the final audit report.

192 (e) At the conclusion of an audit in which the subject of  
193 the audit is a specific entity contracting with the state or an  
194 individual substantially affected, if the audit is not  
195 confidential or otherwise exempt from disclosure by law, the  
196 inspector general shall, consistent with s. 119.07(1), submit  
197 the findings to the entity contracting with the state or the  
198 individual substantially affected, who shall be advised in  
199 writing that they may submit a written response within 20  
200 working days after receipt of the findings. The response and the



201 inspector general's rebuttal to the response, if any, must be  
202 included in the final audit report.

203 (f) The inspector general shall submit the final report to  
204 the agency head, the Auditor General, and, for state agencies  
205 under the jurisdiction of the Governor, the Chief Inspector  
206 General.

207 (g) The Auditor General, in connection with the  
208 independent postaudit of the same agency pursuant to s. 11.45,  
209 shall give appropriate consideration to internal audit reports  
210 and the resolution of findings therein. The Legislative Auditing  
211 Committee may inquire into the reasons or justifications for  
212 failure of the agency head to correct the deficiencies reported  
213 in internal audits that are also reported by the Auditor General  
214 and shall take appropriate action.

215 (h) The inspector general shall monitor the implementation  
216 of the state agency's response to any report on the state agency  
217 issued by the Auditor General or by the Office of Program Policy  
218 Analysis and Government Accountability. No later than 6 months  
219 after the Auditor General or the Office of Program Policy  
220 Analysis and Government Accountability publishes a report on the  
221 state agency, the inspector general shall provide a written  
222 response to the agency head or, for state agencies under the  
223 jurisdiction of the Governor, the Chief Inspector General on the  
224 status of corrective actions taken. The inspector general shall  
225 file a copy of such response with the Legislative Auditing

226 Committee.

227 (i) The inspector general shall develop long-term and  
228 annual audit plans based on the findings of periodic risk  
229 assessments. The plan, where appropriate, should include  
230 postaudit samplings of payments and accounts. The plan shall  
231 show the individual audits to be conducted during each year and  
232 related resources to be devoted to the respective audits. The  
233 Chief Financial Officer, to assist in fulfilling the  
234 responsibilities for examining, auditing, and settling accounts,  
235 claims, and demands pursuant to s. 17.03(1), and examining,  
236 auditing, adjusting, and settling accounts pursuant to s. 17.04,  
237 may use audits performed by the inspectors general and internal  
238 auditors. For state agencies under the jurisdiction of the  
239 Governor, the audit plans shall be submitted to the Chief  
240 Inspector General. The plan shall be submitted to the agency  
241 head for approval. A copy of the approved plan shall be  
242 submitted to the Auditor General.

243 (7) (a) In carrying out the investigative duties and  
244 responsibilities specified in this section, each inspector  
245 general shall initiate, conduct, supervise, and coordinate  
246 investigations designed to detect, deter, prevent, and eradicate  
247 fraud, waste, mismanagement, misconduct, and other abuses in  
248 state government. For these purposes, each inspector general  
249 shall:

250 1. ~~(a)~~ Receive complaints and coordinate all activities of

251 the agency as required by the Whistle-blower's Act pursuant to  
252 ss. 112.3187-112.31895.

253 2.~~(b)~~ Receive and consider the complaints which do not  
254 meet the criteria for an investigation under the Whistle-  
255 blower's Act and conduct, supervise, or coordinate such  
256 inquiries, investigations, or reviews as the inspector general  
257 deems appropriate.

258 3.~~(e)~~ Report expeditiously to the Department of Law  
259 Enforcement or other law enforcement agencies, as appropriate,  
260 whenever the inspector general has reasonable grounds to believe  
261 there has been a violation of criminal law.

262 4.~~(d)~~ Conduct investigations and other inquiries free of  
263 actual or perceived impairment to the independence of the  
264 inspector general or the inspector general's office. This shall  
265 include freedom from any interference with investigations and  
266 timely access to records and other sources of information.

267 5.~~(e)~~ At the conclusion of each investigation in which the  
268 subject of the investigation is a specific entity contracting  
269 with the state or an individual substantially affected as  
270 defined by this section, and if the investigation is not  
271 confidential or otherwise exempt from disclosure by law, the  
272 inspector general shall, consistent with s. 119.07(1), submit  
273 findings to the subject that is a specific entity contracting  
274 with the state or an individual substantially affected, who  
275 shall be advised in writing that they may submit a written

276 response within 20 working days after receipt of the findings.  
277 Such response and the inspector general's rebuttal to the  
278 response, if any, shall be included in the final investigative  
279 report.

280 6.(f) Submit in a timely fashion final reports on  
281 investigations conducted by the inspector general to the agency  
282 head, except for whistle-blower's investigations, which shall be  
283 conducted and reported pursuant to s. 112.3189.

284 (b) The inspector general and his or her staff may take  
285 and record testimony or statements of any person as reasonably  
286 necessary for the furtherance of an investigation or review  
287 undertaken by the inspector general.

288 (8)

289 (c) The final reports prepared pursuant to paragraphs (a)  
290 and (b) shall be provided to the heads of the respective  
291 agencies and, for state agencies under the jurisdiction of the  
292 Governor, the Chief Inspector General. Such reports shall  
293 include, but need not be limited to:

294 1. A description of activities relating to the  
295 development, assessment, and validation of performance measures.

296 2. A description of significant abuses and deficiencies  
297 relating to the administration of programs and operations of the  
298 agency disclosed by investigations, audits, reviews, or other  
299 activities during the reporting period.

300 3. A description of the recommendations for corrective

301 action made by the inspector general during the reporting period  
302 with respect to significant problems, abuses, or deficiencies  
303 identified.

304 4. The identification of each significant recommendation  
305 described in previous annual reports on which corrective action  
306 has not been completed.

307 5. A summary of each audit and investigation completed  
308 during the reporting period.

309 6. Any increase or decrease in the total allocations or  
310 total expenditures in the inspector general's budget for the  
311 preceding state fiscal year compared to the total allocations or  
312 total expenditures in the budget for the prior state fiscal year  
313 and any increase or decrease in the number of permanent,  
314 temporary, loaned, grant-funded, or full-time equivalent staff  
315 within the office of the inspector general.

316 (10) Each agency inspector general shall, to the extent  
317 both necessary and practicable, include on his or her staff  
318 individuals with information technology ~~electronic data~~  
319 ~~processing~~ auditing experience.

320 Section 3. Paragraph (a) of subsection (2) of section  
321 20.121, Florida Statutes, is amended to read:

322 20.121 Department of Financial Services.—There is created  
323 a Department of Financial Services.

324 (2) DIVISIONS.—The Department of Financial Services shall  
325 consist of the following divisions and office:

326 (a) The Division of Accounting and Auditing. Any auditor  
327 employed within the division is included in the Selected Exempt  
328 Service as provided in chapter 110.

329 Section 4. Paragraphs (d) and (e) of subsection (2) of  
330 section 215.44, Florida Statutes, are redesignated as paragraphs  
331 (e) and (f), respectively, and a new paragraph (d) is added to  
332 that subsection, to read:

333 215.44 Board of Administration; powers and duties in  
334 relation to investment of trust funds.—

335 (2)

336 (d) The board shall appoint an inspector general who shall  
337 perform the duties and responsibilities required in s. 20.055.  
338 The board shall have sole authority to remove the inspector  
339 general.

340 Section 5. This act shall take effect July 1, 2017.