An act relating to government accountability; amending s. 11.40, F.S.; specifying that the Governor, the Commissioner of Education, or the designee of the Governor or of the commissioner, may notify the Legislative Auditing Committee of an entity’s failure to comply with certain auditing and financial reporting requirements; amending s. 11.45, F.S.; revising definitions and defining the terms “abuse,” “fraud,” and “waste”; excluding water management districts from certain audit requirements; removing a cross-reference; authorizing the Auditor General to conduct audits of tourist development councils and county tourism promotion agencies; revising reporting requirements applicable to the Auditor General; amending s. 11.47, F.S.; specifying that any person who willfully fails or refuses to provide access to an employee, officer, or agent of an entity under audit is subject to a penalty; amending s. 28.35, F.S.; revising reporting requirements applicable to the Florida Clerks of Court Operations Corporation; amending s. 43.16, F.S.; revising the responsibilities of the Justice Administrative Commission, each state attorney, each public defender, the criminal conflict and civil regional counsel, the capital collateral regional counsel, and the Guardian Ad Litem Program, to include the establishment and maintenance of certain internal controls; amending ss. 129.03, 129.06, and 166.241, F.S.; requiring counties and
municipalities to maintain certain budget documents on
the entities' websites for a specified period;
amending s. 215.86, F.S.; revising the purposes for
which management systems and internal controls must be
established and maintained by each state agency and
the judicial branch; amending s. 215.97, F.S.;
revising certain audit threshold requirements;
amending s. 215.985, F.S.; revising the requirements
for a monthly financial statement provided by a water
management district; amending s. 218.31, F.S.:
revising the definition of the term "financial audit";
amending s. 218.32, F.S.; authorizing the Department
of Financial Services to request additional
information from a local governmental entity in
preparation of an annual report; requiring a local
governmental entity to respond to such requests within
a specified timeframe; requiring the department to
notify the Legislative Auditing Committee of
noncompliance; amending s. 218.33, F.S.; requiring
local governmental entities to establish and maintain
internal controls to achieve specified purposes;
amending s. 218.391, F.S.; revising membership, and
restrictions thereof, for an auditor selection
committee; prescribing requirements and procedures for
selecting an auditor if certain conditions exist;
amending s. 373.536, F.S.; deleting obsolete language;
requiring water management districts to maintain
certain budget documents on the districts' websites
for specified periods; amending s. 1001.42, F.S.;
authorizing additional internal audits as directed by
the district school board; amending s. 1002.33, F.S.;
revising the responsibilities of the governing board
of a charter school to include the establishment and
maintenance of internal controls; amending s. 1002.37,
F.S.; requiring completion of an annual financial
audit of the Florida Virtual School; specifying audit
requirements; requiring an audit report to be
submitted to the board of trustees of the Florida
Virtual School and the Auditor General; deleting
obsolete provisions; amending s. 1010.01, F.S.;
requiring each school district, Florida College System
institution, and state university to establish and
maintain certain internal controls; creating ss.
1012.8551 and 1012.915, F.S.; specifying applicable
standards as to employee background screening and
investigations of Florida College System and State
University System personnel, respectively; amending s.
218.503, F.S.; conforming provisions and cross-
references to changes made by the act; providing a
declaration of important state interest; providing an
effective date.

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
begin, and the directive must be received by the Department of
Revenue and the Department of Financial Services 30 days before
the date of the distribution mandated by law. The Department of
Revenue and the Department of Financial Services may implement
the provisions of this paragraph.

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

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

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

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

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

Section 2. Subsection (1), paragraph (j) of subsection (2), paragraph (u) of subsection (3), and paragraph (i) of subsection (7) of section 11.45, Florida Statutes, are amended, and paragraph (x) is added to subsection (3) of that section, to
11.45 Definitions; duties; authorities; reports; rules.—
(1) DEFINITIONS.—As used in ss. 11.40-11.51, the term:
(a) “Abuse” means behavior that is deficient or improper when compared with behavior that a prudent person would consider a reasonable and necessary operational practice given the facts and circumstances. The term includes the misuse of authority or position for personal gain.
(b) “Audit” means a financial audit, operational audit, or performance audit.
(c) “County agency” means a board of county commissioners or other legislative and governing body of a county, however styled, including that of a consolidated or metropolitan government, a clerk of the circuit court, a separate or ex officio clerk of the county court, a sheriff, a property appraiser, a tax collector, a supervisor of elections, or any other officer in whom any portion of the fiscal duties of a body or officer expressly stated in this paragraph are the above are under law separately placed by law.
(d) “Financial audit” means an examination of financial statements in order to express an opinion on the fairness with which they are presented in conformity with generally accepted accounting principles and an examination to determine whether operations are properly conducted in accordance with legal and regulatory requirements. Financial audits must be conducted in accordance with auditing standards generally accepted in the United States and government auditing standards as adopted by the Board of Accountancy. When applicable, the scope of financial audits must shall encompass the additional activities...

(e) “Fraud” means obtaining something of value through willful misrepresentation, including, but not limited to, intentional misstatements or intentional omissions of amounts or disclosures in financial statements to deceive users of financial statements, theft of an entity’s assets, bribery, or the use of one’s position for personal enrichment through the deliberate misuse or misapplication of an organization’s resources.

(f) “Governmental entity” means a state agency, a county agency, or any other entity, however styled, that independently exercises any type of state or local governmental function.

(g) “Local governmental entity” means a county agency, municipality, tourist development council, county tourism promotion agency, or special district as defined in s. 189.012. The term, but does not include any housing authority established under chapter 421.

(h) “Management letter” means a statement of the auditor’s comments and recommendations.

(i) “Operational audit” means an audit whose purpose is to evaluate management’s performance in establishing and maintaining internal controls, including controls designed to prevent and detect fraud, waste, and abuse, and in administering assigned responsibilities in accordance with applicable laws, administrative rules, contracts, grant agreements, and other guidelines. Operational audits must be conducted in accordance with government auditing standards. Such audits examine internal
controls that are designed and placed in operation to promote
and encourage the achievement of management’s control objectives
in the categories of compliance, economic and efficient
operations, reliability of financial records and reports, and
safeguarding of assets, and identify weaknesses in those
internal controls.

(j) “Performance audit” means an examination of a
program, activity, or function of a governmental entity,
conducted in accordance with applicable government auditing
standards or auditing and evaluation standards of other
appropriate authoritative bodies. The term includes an
examination of issues related to:

1. Economy, efficiency, or effectiveness of the program.
2. Structure or design of the program to accomplish its
goals and objectives.
3. Adequacy of the program to meet the needs identified by
the Legislature or governing body.
4. Alternative methods of providing program services or
products.
5. Goals, objectives, and performance measures used by the
agency to monitor and report program accomplishments.
6. The accuracy or adequacy of public documents, reports,
or requests prepared under the program by state agencies.
7. Compliance of the program with appropriate policies,
rules, or laws.
8. Any other issues related to governmental entities as
directed by the Legislative Auditing Committee.

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

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

(m) “Waste” means the act of using or expending resources unreasonably, carelessly, extravagantly, or for no useful purpose.

(2) DUTIES.—The Auditor General shall:

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

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

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

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

(x) Tourist development councils and county tourism promotion agencies.

(7) AUDITOR GENERAL REPORTING REQUIREMENTS.—

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

Section 3. Subsection (3) of section 11.47, Florida Statutes, is amended to read:
11.47 Penalties; failure to make a proper audit or examination; making a false report; failure to produce documents or information.—

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

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

28.35 Florida Clerks of Court Operations Corporation.—

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

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

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

2. “Workload performance standards” means the standards
developed to measure the timeliness and effectiveness of the
activities that are accomplished by the clerk in the performance
of the court-related duties of the office as defined by the
membership of the Florida Clerks of Court Operations
Corporation.

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

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

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

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

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

(c) Support economical and efficient operations.

(d) Ensure reliability of financial records and reports.

(e) Safeguard assets.

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

129.03 Preparation and adoption of budget.—

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

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

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

129.06 Execution and amendment of budget.—
(2) The board at any time within a fiscal year may amend a budget for that year, and may within the first 60 days of a fiscal year amend the budget for the prior fiscal year, as follows:

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

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

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

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

166.241 Fiscal years, budgets, and budget amendments.—

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

(5) If the governing body of a municipality amends the budget pursuant to paragraph (4)(c), the adopted amendment must be posted on the official website of the municipality within 5 days after adoption and must remain on the website for at least 2 years. If the municipality does not operate an official website, the municipality must, within a reasonable period of time as established by the county or counties in which the municipality is located, transmit the adopted amendment to the manager or administrator of such county or counties who shall post the adopted amendment on the county’s website.
Section 9. Section 215.86, Florida Statutes, is amended to read:

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

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

(2) Promote and encourage compliance with applicable laws, rules, contracts, and grant agreements.†

(3) Support economical and efficient, and effective operations.†

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

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

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

215.97 Florida Single Audit Act.—

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

(a) “Audit threshold” means the threshold amount used to determine when a state single audit or project-specific audit of a nonstate entity shall be conducted in accordance with this section. Each nonstate entity that expends a total amount of state financial assistance equal to or in excess of $750,000 in any fiscal year of such nonstate entity shall be required to have a state single audit or a project-specific audit for such fiscal year in accordance with the requirements of this section.

Every 2 years the Auditor General, After consulting with the...
Executive Office of the Governor, the Department of Financial Services, and all state awarding agencies, the Auditor General shall periodically review the threshold amount for requiring audits under this section and may recommend any appropriate statutory change to revise the threshold amount in the annual report submitted to the Legislature pursuant to s. 11.45(7)(h) adjust such threshold amount consistent with the purposes of this section.

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

215.985 Transparency in government spending.—
(11) Each water management district shall provide a monthly financial statement in the form and manner prescribed by the Department of Financial Services to the district’s governing board and make such monthly financial statement available for public access on its website.

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

218.31 Definitions.—As used in this part, except where the context clearly indicates a different meaning:
(17) “Financial audit” means an examination of financial statements in order to express an opinion on the fairness with which they are presented in conformity with generally accepted accounting principles and an examination to determine whether operations are properly conducted in accordance with legal and regulatory requirements. Financial audits must be conducted in accordance with auditing standards generally accepted in the United States and government auditing standards as adopted by the Board of Accountancy and as prescribed by rules promulgated...
by the Auditor General. When applicable, the scope of financial audits must encompass the additional activities necessary to establish compliance with the Single Audit Act Amendments of 1996, 31 U.S.C. ss. 7501-7507, and other applicable federal law.

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

218.32 Annual financial reports; local governmental entities.—

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

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

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

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

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

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

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

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

(c) Support economical and efficient operations.

(d) Ensure reliability of financial records and reports.

(e) Safeguard assets.

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

218.391 Auditor selection procedures.—

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

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

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

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

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

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

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

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

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

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

(4) The governing body shall inquire of qualified firms as
to the basis of compensation, select one of the firms
recommended by the auditor selection audit committee, and
negotiate a contract, using one of the following methods:
(a) If compensation is not one of the factors established pursuant to paragraph (3)(a) and not used to evaluate firms pursuant to paragraph (3)(e), the governing body shall negotiate a contract with the firm ranked first. If the governing body is unable to negotiate a satisfactory contract with that firm, negotiations with that firm shall be formally terminated, and the governing body shall then undertake negotiations with the second-ranked firm. Failing accord with the second-ranked firm, negotiations shall then be terminated with that firm and undertaken with the third-ranked firm. Negotiations with the other ranked firms shall be undertaken in the same manner. The governing body, in negotiating with firms, may reopen formal negotiations with any one of the three top-ranked firms, but it may not negotiate with more than one firm at a time.

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

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

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

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

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

373.536 District budget and hearing thereon.—

(4) BUDGET CONTROLS; FINANCIAL INFORMATION.—

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

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

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

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

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

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

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

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

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

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

a. The adequacy of internal controls designed to prevent and detect fraud, waste, and abuse as defined in s. 11.45(1).
b. Compliance with applicable laws, rules, contracts, grant agreements, district school board-approved policies, and best practices.

c. The efficiency of operations.

d. The reliability of financial records and reports.

e. The safeguarding of assets.


g. Projected revenues and expenditures.

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

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

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

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

1002.33 Charter schools.—

(9) CHARTER SCHOOL REQUIREMENTS.—

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

1. Establishing and maintaining internal controls designed to:

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

   b. Promote and encourage compliance with applicable laws, rules, contracts, grant agreements, and best practices.
c. Support economical and efficient operations.

d. Ensure reliability of financial records and reports.

e. Safeguard assets.

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

3. Reviewing and approving the audit report, including audit findings and recommendations for the financial recovery plan.

4. Performing the duties in s. 1002.345, including monitoring a corrective action plan.

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

5. Participating in governance training approved by the department which must include government in the sunshine, conflicts of interest, ethics, and financial responsibility.

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

1002.37 The Florida Virtual School.—

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

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

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

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

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

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

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

\((e)\) Recommendations regarding an accountability mechanism to assess the effectiveness of the services provided by the Florida Virtual School and Florida Virtual School Global.

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

1010.01 Uniform records and accounts.—

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

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

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

\( (c) \) Support economical and efficient operations.

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

\( (e) \) Safeguard assets.

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

1012.8551 Employee background screening and investigations for Florida College System personnel.—Section 110.1127 applies to each institution in the Florida College System. Each institution must designate the positions subject to background screening and investigation pursuant to that section.
Section 22. Section 1012.915, Florida Statutes, is created to read:

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

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

218.503 Determination of financial emergency.—

(3) Upon notification that one or more of the conditions in subsection (1) have occurred or will occur if action is not taken to assist the local governmental entity or district school board, the Governor or his or her designee shall contact the local governmental entity or the Commissioner of Education or his or her designee shall contact the district school board, as appropriate, to determine what actions have been taken by the local governmental entity or the district school board to resolve or prevent the condition. The information requested must be provided within 45 days after the date of the request. If the local governmental entity or the district school board does not comply with the request, the Governor or his or her designee or the Commissioner of Education or his or her designee shall notify the members of the Legislative Auditing Committee, which may take action pursuant to s. 11.40(2). The Governor or the Commissioner of Education, as appropriate, shall determine whether the local governmental entity or the district school board needs state assistance to resolve or prevent the condition. If state assistance is needed, the local governmental
entity or district school board is considered to be in a state of financial emergency. The Governor or the Commissioner of Education, as appropriate, has the authority to implement measures as set forth in ss. 218.50-218.504 to assist the local governmental entity or district school board in resolving the financial emergency. Such measures may include, but are not limited to:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Section 24. The Legislature finds that a proper and legitimate state purpose is served when internal controls are established to prevent and detect fraud, waste, and abuse and to safeguard and account for government funds and property. Therefore, the Legislature determines and declares that this act fulfills an important state interest.
Section 25. This act shall take effect July 1, 2019.