

**HOUSE OF REPRESENTATIVES  
FINAL BILL ANALYSIS**

<b>BILL #:</b>	HB 207	<b>FINAL HOUSE FLOOR ACTION:</b>		
<b>SUBJECT/SHORT TITLE</b>	Agency Inspectors General	114	Y's 0	N's
<b>SPONSOR(S):</b>	Plakon	<b>GOVERNOR'S ACTION:</b>		Approved
<b>COMPANION BILLS:</b>	SB 1470			

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**SUMMARY ANALYSIS**

HB 207 passed the House on March 30, 2017, and subsequently passed the Senate on May 5, 2017.

Current law establishes an Office of Inspector General in each state agency to provide a central point for the coordination and responsibility for activities that promote accountability, integrity, and efficiency in government. For state agencies under the jurisdiction of the Cabinet or the Governor and Cabinet, the inspector general is appointed by the agency head. For state agencies under the jurisdiction of the Governor, the inspector general is appointed by the Chief Inspector General (CIG). The agency head or CIG is authorized to set the salary of the inspector general.

The Florida Housing Finance Corporation (corporation) is the state's affordable housing finance agency. The corporation is authorized to employ an inspector general, who is appointed by the corporation's executive director, with the advice and consent of the corporation's nine-member board of directors.

Effective July 1, 2017, the bill prohibits a state agency that enters into an employment agreement, or renewal or renegotiation of an existing contract or employment agreement, with an inspector general or deputy inspector general from offering a bonus on work performance in the contract or agreement. The awarding of such a bonus is also prohibited.

The bill also specifically applies these prohibitions to the corporation.

The bill may have a positive fiscal impact on state agency expenditures because agencies are no longer permitted to provide bonuses to inspectors general or deputy inspectors general. The bill does not appear to have a fiscal impact on local government.

The bill was approved by the Governor on June 2, 2017, ch. 2017-49, L.O.F., and became effective on that date.

## I. SUBSTANTIVE INFORMATION

### A. EFFECT OF CHANGES:

#### Background

##### Inspectors General

Authorized under s. 20.055, F.S., an Office of Inspector General is established in each state agency<sup>1</sup> to provide a central point for the coordination and responsibility for activities that promote accountability, integrity, and efficiency in government. For state agencies under the jurisdiction of the Cabinet or the Governor and Cabinet, the inspector general is appointed by the agency head.<sup>2</sup> For state agencies under the jurisdiction of the Governor, the inspector general is appointed by the Chief Inspector General (CIG).<sup>3</sup> The agency head or CIG is authorized to set the salary of the inspector general.<sup>4</sup>

Each agency inspector general is responsible for the following:

- Advising in the development of performance measures, standards, and procedures for the evaluation of state agency programs;
- Assessing the reliability and validity of information provided by the agency on performance measures and standards;
- Reviewing the actions taken by the agency to improve agency performance, and making recommendations, if necessary;
- Supervising and coordinating audits, investigations, and reviews relating to the programs and operations of the agency;
- Conducting, supervising, or coordinating other activities carried out or financed by the agency for the purpose of promoting economy and efficiency in the administration of, or preventing and detecting fraud and abuse in, its programs and operations;
- Providing central coordination of efforts to identify and remedy waste, abuse, and deficiencies to the agency head or the CIG; recommending corrective action concerning fraud, abuses, and deficiencies; and reporting on the progress made in implementing corrective action;
- Coordinating agency-specific audit activities between the Auditor General, federal auditors, and other governmental bodies to avoid duplication;
- Reviewing rules relating to the programs and operations of the agency and making recommendations concerning their impact;
- Ensuring that an appropriate balance is maintained between audit, investigative, and other accountability activities; and
- Complying with the General Principles and Standards for Offices of Inspector General as published and revised by the Association of Inspectors General.<sup>5</sup>

##### Florida Housing Finance Corporation

The Florida Housing Finance Corporation (corporation), a public corporation administratively housed within the Department of Economic Opportunity,<sup>6</sup> is the state's affordable housing finance agency. As

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<sup>1</sup> Section 20.055(1)(d), F.S., defines the term "state agency" as each department created pursuant to chapter 20, F.S., and also includes the Executive Office of the Governor, the Department of Military Affairs, the Fish and Wildlife Conservation Commission, the Office of Insurance Regulation of the Financial Services Commission, the Office of Financial Regulation of the Financial Services Commission, the Public Service Commission, the Board of Governors of the State University System, the Florida Housing Finance Corporation, the Agency for State Technology, the Office of Early Learning, and the state courts system.

<sup>2</sup> Section 20.055(1)(a), F.S., defines the term "agency head" as the Governor, a Cabinet officer, a secretary as defined in s. 20.03(5), F.S., or an executive director as defined in s. 20.03(6), F.S. It also includes the chair of the Public Service Commission, the Director of the Office of Insurance Regulation of the Financial Services Commission, the Director of the Office of Financial Regulation of the Financial Services Commission, the board of directors of the Florida Housing Finance Corporation, the executive director of the Office of Early Learning, and the Chief Justice of the State Supreme Court.

<sup>3</sup> Section 20.055(3)(a)1., F.S.

<sup>4</sup> Section 20.055(3)(a)2., F.S.

<sup>5</sup> Section 20.055(2), F.S.

<sup>6</sup> Section 420.504(1), F.S.

such, the corporation is responsible for increasing the amount of affordable housing available to individuals and families by stimulating investment of private capital and encouraging public and private sector housing partnerships. To accomplish this, the corporation uses federal and state resources to finance the development of safe, affordable homes and rental housing and to assist first-time homebuyers.<sup>7</sup>

The corporation is authorized to employ an inspector general, who is appointed by the corporation's executive director, with the advice and consent of the corporation's nine-member board of directors.<sup>8</sup> The inspector general is charged with performing the same duties outlined above for inspectors general of other state agencies.<sup>9</sup>

### **Effect of the Bill**

The bill prohibits a state agency that enters into an employment agreement, or renewal or renegotiation of an existing contract or employment agreement, with an inspector general or deputy inspector general from offering a bonus on work performance in the contract or agreement. The awarding of such a bonus is also prohibited.

The bill also specifically applies these prohibitions to the corporation.

These prohibitions become effective July 1, 2017.

## **II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT**

### **A. FISCAL IMPACT ON STATE GOVERNMENT:**

#### **1. Revenues:**

The bill does not appear to have an impact on state government revenues.

#### **2. Expenditures:**

The bill may have a positive fiscal impact on agency expenditures because agencies will no longer be permitted to provide bonuses to inspectors general or deputy inspectors general.

### **B. FISCAL IMPACT ON LOCAL GOVERNMENTS:**

#### **1. Revenues:**

The bill does not appear to have an impact on local government revenues.

#### **2. Expenditures:**

The bill does not appear to have an impact on local government expenditures.

### **C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:**

None.

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<sup>7</sup> See ss. 420.502 and 420.507, F.S.

<sup>8</sup> Section 420.506(2), F.S.

<sup>9</sup> *Id.*

D. FISCAL COMMENTS:

None.