

The Florida Senate
BILL ANALYSIS AND FISCAL IMPACT STATEMENT

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

Prepared By: The Professional Staff of the Committee on Appropriations

BILL: CS/CS/SB 354

INTRODUCER: Appropriations Committee; Community Affairs Committee; and Senator Stargel

SUBJECT: Government Accountability

DATE: March 6, 2018

REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Cochran	Yeatman	CA	Fav/CS
2.	Davis	Hansen	AP	Fav/CS
3.			RC	

Please see Section IX. for Additional Information:

COMMITTEE SUBSTITUTE - Substantial Changes

I. Summary:

CS/CS/SB 354 amends various statutes to enhance government accountability and auditing, based on recommendations noted in recent reports by the Auditor General. The bill:

- Specifies that the Governor or Commissioner of Education, or designee, may notify the Joint Legislative Auditing Committee of an entity's failure to comply with certain auditing and financial reporting requirements;
- Provides definitions for the terms "abuse," "fraud," and "waste;"
- Adds tourist development council and county tourism promotion agency to the definition of "local government entity;"
- States that local government entities do not include water management districts for the purposes of s. 11.45(2), F.S.;
- Includes tourist development councils and county tourism promotion agencies in the list of entities that the Auditor General may audit;
- Requires the Florida Clerks of Court Operations Corporation to notify quarterly the Legislature of any clerk not meeting workload performance standards;
- Requires each agency, the judicial branch, the Justice Administrative Commission, state attorneys, public defenders, criminal conflict and civil regional counsel, capital collateral regional counsel, the Guardian Ad Litem program, local governmental entities, charter schools, school districts, Florida College System institutions, and state universities to establish and maintain internal controls designed to prevent and detect fraud, waste, and abuse;

- Requires counties, municipalities, special districts, and water management districts to maintain certain budget documents on their websites for specified timeframes;
- Requires counties, municipalities, and special districts, water management districts and school districts to:
 - Provide an electronic copy of their respective budgets to the Office of Economic and Demographic Research (EDR), on forms prescribed by the EDR; and
 - Provide a copy of their budgets and a certification of timely filing to the clerk of the court. However, these requirements do not apply to a charter county in which the clerk of the court is not the county auditor.
- Provides that the clerk of court must notify the appropriate fiscal officer to withhold salary payments from the head of the local government entity or the superintendent of the school district until the reports are filed if a local government entity or school district fails to file required reports with the clerk of the court;
- Revises the monthly financial statement requirements for water management districts;
- Provides that the Department of Financial Services may request additional information from local government entities when preparing its annual verified report;
- Requires a local governmental entity, district school board, charter school, or charter technical career center, Florida College System board of trustees, or university board of trustees to respond to audit recommendations under certain circumstances;
- Begins the process of creating the Florida Open Financial Statement System to allow better access to financial reports filed by local governments;
- Requires school districts receiving annual federal, state, and local funds in excess of \$500 million to employ an internal auditor. The duties of the internal auditor must include oversight of every functional and program area of the school system;
- Requires the internal auditor to perform a comprehensive risk assessment of all areas of the school system every five years, and conduct other audits and reviews as the district school board directs to make a determination;
- Requires the internal auditor to prepare audit reports of his or her findings and establishes penalties for failure to produce financial records to the internal auditor;
- Establishes the Statewide Travel Management System (system) in law;
- Requires all executive branch state government agencies and the judicial branch to report public officer and employee travel information in the system;
- Additionally requires that all executive branch state government agencies and the judicial branch use the system for purposes of travel authorization and reimbursement;
- Requires reporting entities, to report monthly, all public officer and employee travel information resulting from an overnight stay in the system;
- Establishes a timeline for the Department of Management Services (DMS) to make travel reports for executive branch state government agencies, the judicial branch, and certain reporting entities available for public view;
- Requires reporting entities to redact confidential and exempt information from travel reports prior to posting them to the system and provides a process for reporting entities to follow when a travel report has been posted prior to proper redaction;
- Provides rulemaking authority to the DMS to administer provisions of the section pertaining to the system;
- Makes the requirements to implement the system for reporting entities contingent upon the Legislature appropriating at least \$5.4 million to the DMS for Fiscal Year 2018-2019;

- Requires an independent certified public accountant conducting an audit of a local governmental entity to determine, as part of the audit, whether the entity's annual financial report is in agreement with the entity's audited financial statements;
- Revises the composition of auditor selection committees;
- Requires completion of an annual financial audit of the Florida Virtual School; and
- Prohibits a board or commission from requiring a member of the public to provide an advance written copy of his or her testimony or comments as a precondition of being given the opportunity to be heard.

In addition, the bill limits the amount that may be reimbursed per day for state agency and judicial branch employee lodging expenses for travel under certain circumstances to \$150, and requires all governmental entities to use the statewide travel management system.

Executive branch state government agencies and the judicial branch may incur indeterminate additional costs associated with using the Statewide Travel Management System for travel authorization and reimbursement. The bill specifies the requirements to implement the system for reporting entities are contingent upon the Legislature appropriating at least \$5.4 million to the DMS for Fiscal Year 2018-2019.

Costs for the development of the Florida Open Financial Statement System are estimated to be \$500,000. There will be additional costs in future years to create the software tool needed to implement the system. The additional future needs are indeterminate.

II. Present Situation:

Various statutes ensure government accountability of state and local governments. For example, the Auditor General conducts audits of accounts and records of state agencies, state universities, state colleges, district school boards, and others as directed by the Joint Legislative Auditing Committee. The Auditor General conducts operational and performance audits on public records and information technology systems. The Auditor General also reviews all audit reports of local governmental entities, charter schools, and charter technical career centers. Other statutes require publishing of government budgets and other information online and require government entities to follow certain practices to promote efficiency and compliance within the entity.

Due to the disparate issues in the bill, the present situation for each section is discussed below in conjunction with the Effect of Proposed Changes.

III. Effect of Proposed Changes:

Auditing

Present Situation

The position of Auditor General is established by Art. III, s. 2 of the State Constitution. The Auditor General is appointed to office to serve at the pleasure of the Legislature, by a majority vote of the members of the Joint Legislative Auditing Committee, subject to confirmation by

both houses of the Legislature.¹ The appointment of the Auditor General may be terminated at any time by a majority vote of both houses of the Legislature.² At the time of appointment, the Auditor General must have been certified under the Public Accountancy Law in Florida for a period of at least 10 years and may not have less than 10 years' experience in an accounting or auditing related field.³

The Auditor General must conduct audits, examinations, or reviews of government programs⁴ as well as audit the accounts and records of state agencies, state universities, state colleges, district school boards, and others as directed by the Joint Legislative Auditing Committee.⁵ The Auditor General conducts operational and performance audits on public records and information technology systems and reviews all audit reports of local governmental entities, charter schools, and charter technical career centers.⁶

Various provisions require the Auditor General to compile and submit reports. For example, the Auditor General must annually compile and transmit to the President of the Senate, the Speaker of the House of Representatives, and the Joint Legislative Auditing Committee a summary of significant findings and financial trends identified in audit reports.⁷ The Auditor General also must compile and transmit to the President of the Senate, Speaker of the House of Representatives, and Joint Legislative Auditing Committee an annual report by December 1. The report must include a two-year work plan identifying the audit and other accountability activities to be undertaken and a list of statutory and fiscal changes recommended by the Auditor General.⁸ In addition, the Auditor General must transmit recommendations at other times during the year when the information would be timely and useful to the Legislature.⁹

The annual report for the Auditor General for November 1, 2015, through October 31, 2016, contained the following recommendation:¹⁰

The Legislature should consider amending applicable Florida Statutes to establish in law the responsibility of each state and local government for the establishment and maintenance of management systems and internal controls designed to prevent and detect fraud, waste, and abuse; promote and encourage compliance with applicable laws, rules, contracts, grant agreements, and best practices; support economical and efficient operations; ensure reliability of financial records and reports; and safeguard assets.

¹ Section 11.42(2), F.S.

² Section 11.42(5), F.S.

³ Section 11.42(2), F.S.

⁴ Section 11.45(7), F.S.

⁵ Section 11.45(2)(d)-(f), F.S.

⁶ Section 11.45(7)(b), F.S.

⁷ Section 11.45(7)(f), F.S.

⁸ Section 11.45(7)(h), F.S.

⁹ *Id.*

¹⁰ A copy of the report can be found online at: https://flauditor.gov/pages/pdf_files/annual%20report%202016.pdf (last visited November 1, 2017).

Section 11.45, F.S., defines the types of audits the Auditor General may conduct, requires certain state and local governmental audits to be conducted, and specifies the frequency with which the audits must occur. The Auditor General also may conduct other audits he or she determines to be appropriate.

Following notification by the Auditor General, the Department of Financial Services (DFS), or the Division of Bond Finance of the State Board of Administration of the failure of a local governmental entity, district school board, charter school, or charter technical career center to comply with applicable auditing, financial reporting, bond issuance notification, or bond verification provisions or the failure to disclose a financial emergency or provide information required during a financial emergency,¹¹ the Joint Legislative Auditing Committee may schedule a hearing to determine whether the entity should be subject to further state action. For purposes of s. 11.45, F.S., the term “local governmental entity” means a county agency, municipality, or special district as defined in s. 189.012, F.S.,¹² but does not include any housing authority established under ch. 421, F.S.

The Auditor General is also required to annually transmit, by July 15, to the President of the Senate, the Speaker of the House of Representatives, and the DFS a list of all school districts, charter schools, charter technical career centers, Florida College System institutions, state universities, and water management districts (WMDs) that have failed to comply with certain transparency requirements.

Effect of the Bill

Section 1 amends s. 11.40, F.S., to authorize the Governor or his or her designee, and the Commissioner of Education or his or her designee, to notify the Joint Legislative Auditing Committee that a local governmental entity, district school board, charter school, or charter technical career center has failed to comply with applicable auditing, financial reporting, bond issuance notification, or bond verification provisions or failed to disclose a financial emergency or provide information required during a financial emergency.

Section 2 amends s. 11.45, F.S., to define the terms abuse, fraud, and waste. These terms are related to the internal controls various government agencies must establish and maintain to prevent and detect fraud, waste, and abuse.

This section expands the definition of “local governmental entity” to include tourist development council and county tourism promotion agency. With this expanded definition, the Auditor

¹¹ Section 11.45, F.S., governs certain audits to be conducted by the Auditor General. Section 218.32(1), F.S., requires annual financial reports from local governmental entities. Section 218.38, F.S., requires notice of bond issuance and contains verification requirements. Section 218.503(3), F.S., requires certain entities to disclose a financial emergency and provide certain information concerning a financial emergency.

¹² Section 189.012(6), F.S., defines a “special district” to mean a unit of local government created for a special purpose, as opposed to a general purpose, which has jurisdiction to operate within a limited geographic boundary and is created by general law, special act, local ordinance, or by rule of the Governor and Cabinet. The term does not include a school district, a community college district, a special improvement district created pursuant to s. 285.17, F.S., a municipal service taxing or benefit unit as specified in s. 125.01, F.S., or a board which provides electrical service and which is a political subdivision of a municipality or is part of a municipality.

General is authorized to conduct audits or other engagements of tourist development councils and county tourism promotion agencies.

This section exempts WMDs from being subject to audits of local governmental entities conducted pursuant to s. 11.45(2)(j), F.S. With this change, the WMDs will be subject only to the periodic audits authorized by s. 11.45(2)(f), F.S.,¹³ rather than audits requested by the Joint Legislative Auditing Committee or when deemed necessary by the Auditor General.

This section expands the list of entities that must be included in the Auditor General report concerning entities that fail to comply with transparency requirements in s. 11.45, F.S., to include all local governmental entities rather than just the WMDs.

Florida Clerks of Court Operations Corporation

Present Situation

Currently, s. 28.35, F.S., requires the Florida Clerks of Court Operations Corporation (corporation) to develop and certify 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 must 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 must 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 must identify the nature of each deficiency and any corrective action recommended and taken by the affected clerk of the court. The corporation must notify the Legislature of any clerk not meeting workload performance standards and provide a copy of any corrective action plans.

Effect of the Bill

Section 3 amends s. 28.35, F.S., to require the corporation to notify the Legislature of any clerk not meeting the workload performance standards and provide a copy of any corrective action plans within 45 days after the end of each quarter. For purposes of s. 28.35, F.S., the quarters end on the last day of March, June, September, and December of each year.

Public Employee Travel Expenses

Present Situation

Section 112.061, F.S., establishes the rates of per diem and subsistence allowance for travel by public officers and employees. When traveling to a convention or conference or to conduct bona fide state business, a traveler is authorized to receive \$80 per diem. However, if actual expenses exceed \$80, the traveler may receive \$6 for breakfast, \$11 for lunch, \$19 for dinner, and the actual expenses for lodging at a single-occupancy rate.

¹³ Section 11.45(2)(f), F.S., states in part that at least every three years, the Auditor General shall conduct operational audits of the accounts and records of water management districts.

The 2017-18 implementing bill created a limit on the amount of actual expenses for lodging that may be reimbursed under certain circumstances. The bill provided that when an employee of a state agency or the judicial branch is attending a meeting, conference, or convention organized or sponsored in whole or in part by a state agency or the judicial branch, the reimbursement for lodging expenses may not exceed \$150 per day. However, an employee may expend his or her own funds for any lodging expenses in excess of the limit. This limit is in effect until July 1, 2018.

Section 112.061(2)(a), F.S., defines the term “agency or public agency” to mean any office, department, agency, division, subdivision, political subdivision, board, bureau, commission, authority, district, public body, body politic, county, city, town, village, municipality, or any other separate unit of government created pursuant to law.

The Fiscal Year 2016-2017 General Appropriations Act (GAA) appropriated \$1,800,000 in recurring General Revenue funding to the Executive Office of the Governor (EOG) to acquire a Statewide Travel Management System (system). The EOG was required to undertake a competitive procurement for the system pursuant to s. 287.057, F.S. In addition, \$2,800,000 in nonrecurring General Revenue funding was provided to executive branch state agencies and the judicial branch for their portion relating to implementation of the system.¹⁴

The system was required to be able to electronically: interface with the Florida Accounting Information Resource Subsystem (FLAIR) and the Personnel Information System; generate uniform travel authorization request and travel voucher forms pursuant to s. 112.061, F.S.; and receive approvals for travel. The system was also required to include search features that query travel information by specific criteria. Proviso also required the EOG and the Legislature to have access to the system for purposes of generating reports on all travel completed by executive branch state agencies and the judicial branch.

The system was also required to include search features that query travel information by specific criteria. Additionally, proviso in the Fiscal Year 2016-2017 GAA required the EOG and the Legislature to have access to the system for purposes of generating reports on all travel completed by executive branch state agencies and the judicial branch.

The EOG directed the Department of Management Services (DMS) to become the lead agency on procuring and establishing the system. Proviso in Specific Appropriation 2718A of ch. 2017-70, L.O.F., provided \$1,800,000 in recurring General Revenue funding to the DMS to operate and maintain a statewide travel management system (system).

Effect of the Bill

Section 5 amends s. 112.061, F.S., to limit the reimbursement of lodging expenses associated with the attendance at a meeting, conference, or convention organized or sponsored by a state agency or judicial branch. Such reimbursement cannot exceed \$150 per day for executive and judicial branch employees. The section clarifies that a “meeting” does not include the travel

¹⁴ Specific Appropriation 1965A, Ch. 2016-66, L.O.F.

activities associated with an audit, examination, or inspection or the travel activities relating to litigation or an emergency response.

This section also:

- Establishes the “Statewide Travel Management System” (system) as the system used by the DMS to:
 - Collect and store information relating to public officer or employee travel information;
 - Standardize and automate agency travel management;
 - Allow for travel planning and approval, expense reporting, and reimbursement; and
 - Allow travel information queries.
- Requires that each executive branch state government agency and the judicial branch must use the system for:
 - Travel authorization;
 - Travel reimbursement; and
 - Reporting all public officer and employee travel information, including, but not limited to:
 - Name and position title;
 - Purpose of travel;
 - Dates and location of travel;
 - Mode of travel;
 - Confirmation from the head of the agency or designee authorization, if required; and
 - Total travel cost.
- Requires that by November 1, 2018, the DMS shall make available to the public, all travel reports posted on the system for executive branch state agencies and the judicial branch.
- Requires that each “reporting entity” must report into the system, information relating to all travel resulting in an overnight stay by a public officer or employee, including:
 - Name and position title;
 - Purpose of travel;
 - Dates and location of travel;
 - Mode of travel; and
 - Total travel cost.
- Specifies the term “reporting entity” includes each municipality, county, local constitutional officer, county school district, state college, state university, and water management district.
- Specifies that each reporting entity shall post one travel report per entity; however, a “local constitutional officer” may post a separate travel report from the respective county travel report.
- Defines the term “local constitutional officer” to include sheriffs, tax collectors, property appraisers, supervisors of elections, clerks of the circuit court, county commissioners, district school board members, and superintendents of schools.
- Requires that on a monthly basis, each reporting entity shall post on the system, a report for the previous month’s travel, which resulted in an overnight stay.
- Requires the DMS to provide a format and method for reporting entities to post travel reports on the system.
- Requires that no later than November 1, 2019, each reporting entity shall post monthly travel reports relating to all travel resulting in an overnight stay for public officers and employees into the statewide travel management system.

- Requires that beginning December 1, 2019, the DMS shall make available to the public all travel reports posted on the system for each reporting entity.
- Makes the requirements to implement the system for reporting entities contingent upon the Legislature appropriating at least \$5.4 million to the DMS for Fiscal Year 2018-2019.
- Provides that travel reports made available on the system may not reveal information made confidential or exempt by law. Specifying that each reporting entity must redact confidential or exempt information from a travel report before posting the report on the system. If the posting reporting entity becomes aware that an improperly redacted travel report has been posted to the system, the reporting entity must notify the DMS and immediately request removal of the travel report from the system. The reporting entity must then republish a properly redacted version of the travel report within seven business days on the system.
- Provides that the Secretary of the DMS, and any officer, employee or contractor of the DMS is not responsible for redacting confidential or exempt information from a travel report posted on the system.
- Provides that the posting of travel reports on the system does not supersede the duty of a reporting entity to respond to a public records request or subpoena for the information.
- Amends s. 112.061(9), F.S., providing that the DMS may adopt rules to administer the provisions of this section relating to the Statewide Travel Management System.

Florida Single Audit Act

Present Situation

The Florida Single Audit Act, codified in s. 215.97, F.S., is designed to:

- Establish uniform state audit requirements for state financial assistance provided by state agencies to nonstate entities to carry out state projects;
- Promote sound financial management, including effective internal controls, with respect to state financial assistance administered by nonstate entities;
- Promote audit economy and efficiency by relying to the extent possible on already required audits of federal financial assistance provided to nonstate entities;
- Provide for identification of state financial assistance transactions in the state accounting records and recipient organization records;
- Promote improved coordination and cooperation within and between affected state agencies providing state financial assistance and nonstate entities receiving state assistance; and
- Ensure, to the maximum extent possible, that state agencies monitor, use, and follow-up on audits of state financial assistance provided to nonstate entities.

Pursuant to the Florida Single Audit Act, certain entities that meet the “audit threshold” requirements are subject to a state single audit or a project-specific audit. Currently, the “audit threshold” requires 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 to have a state single audit, or a project-specific audit, for such fiscal year. Every two years, the Auditor General, after consulting with the Executive Office of the Governor, the DFS, and all state awarding agencies, is required to review the threshold amount for requiring audits and may adjust the threshold amount.¹⁵

¹⁵ Section 215.97(2)(a), F.S.

Effect of the Bill

Section 11 amends s. 215.97, F.S., to change the requirement that the Auditor General review the threshold amount for requiring audits from every two years to “periodically;” however, the term “periodically” is not defined. This section also authorizes the Auditor General to recommend to the Legislature a statutory change to revise the threshold amount in its annual report.

Annual Financial Audit Reports

Present Situation

Counties, school districts, municipalities with revenues or expenditures of more than \$250,000 per year, special districts with revenues or expenditures of more than \$100,000 per year, school districts, charter schools, and charter technical career centers are required to conduct an annual audit, unless informed by the first day of the fiscal year that a financial audit by the Auditor General will be performed for that fiscal year.¹⁶ Municipalities with revenues or expenditures between \$100,000 and \$250,000 and special districts with revenues or expenditures between \$50,000 and \$100,000 are required to conduct audits on a triennial basis.¹⁷

The auditor meets with the chair of the entity to discuss comments that will be included in the report and informs the entity’s governing body if deteriorating financial conditions exist that may cause a financial emergency in the absence of corrective actions being taken or a deficit exists for which there are insufficient funds to cover.¹⁸ The officer’s explanation or rebuttal of the auditor’s findings, including corrective actions to be taken, must be filed with the entity’s governing body within 30 days after the delivery of the auditor’s findings.¹⁹

The audit report must be filed with the Auditor General within 45 days of delivery to the governing body of the audited entity, but no later than nine months after the end of the audited entity’s fiscal year.²⁰ The audit report must include a written statement describing corrective actions to be taken in response to each of the auditor’s recommendations included in the report. If an audited entity fails to take full corrective action in response to a recommendation that was included in the two preceding financial audit reports, the Auditor General must notify the Joint Legislative Auditing Committee.²¹

Effect of the Bill

Section 15 amends s. 218.39, F.S., to require all municipalities and special districts to complete an annual financial audit starting in Fiscal Year 2018-2019. Local government entities required to submit an annual financial audit report to the Auditor General must do so no later than six

¹⁶ Section 218.39(1), F.S.

¹⁷ Section 218.39(1)(g)-(h), F.S. In fiscal year 2016, 17 municipalities reported revenue or expenditures of less than \$250,000. *See* Local Government Financial Reporting, Department of Financial Services, <https://apps.fldfs.com/localgov/reports/default.aspx> (last visited Feb. 22, 2018).

¹⁸ Section 218.39(5), F.S.

¹⁹ Section 218.39(6), F.S.

²⁰ Section 218.39(7), F.S.

²¹ Section 218.39(8), F.S.

months after the end of the fiscal year. The Auditor General may extend the deadline for up to 90 days if the Governor declares a state of emergency within 30 days of the submission deadline.

This section also provides that if an audit report contains a recommendation that was included in the preceding financial audit report but remains unaddressed, the governing body of the audited entity, within 60 days after delivery of the audit report to the governing body, must indicate during a regularly scheduled public meeting whether it intends to take a corrective action, the corrective action to be taken, and when the corrective action will occur. If the governing body does not intend to take any corrective action, it must explain its decision at the public meeting.

Section 25 amends s. 1011.60, F.S., to require each school district required to file an annual financial report to submit an electronic copy to the Department of Education certifying the report was timely filed to maintain eligibility for the Florida Education Finance Program.

Auditor Selection Procedures

Present Situation

Section 218.391, F.S., outlines the process that each local governmental entity, district school board, charter school, or charter technical career center must follow in selecting an auditor to conduct the annual financial audit of the entity required by s. 218.39, F.S. Each entity is required to establish an audit committee to assist the governing body in selecting the auditor. Each noncharter county's audit committee must consist of each of its officers elected pursuant to the State Constitution and one member of the board of county commissioners or its designee. The audit committees must publicly announce requests for proposals for the audit services. The law specifies the factors that must be considered in selecting the auditor and the procedures for negotiating for compensation.

Effect of the Bill

Section 16 amends s. 218.391, F.S., to require every county's audit committee to consist of each county officer elected pursuant to the State Constitution or the county charter, or their respective designees, and one member of the board of county commissioners or its designee. The section requires the audit committee for a municipality, special district, district school board, charter school, or charter technical career center to consist of at least three members, one of whom must be a member of the governing body of the entity. That member must serve as the audit committee's chair. An employee, chief executive officer, or 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 audit committee but may serve in a nonvoting advisory capacity. At least one member of the audit committee should have experience in finance, business, or government operations.

For each of the annual financial audits, certain information relating to the selection of the auditor and the contract for such services must be included in the management letter. If an entity fails to select an auditor in compliance with the new process, the Joint Legislative Auditing Committee must determine whether the entity should be subject to state action pursuant to 11.40(2), F.S.

The Florida Virtual School

Present Situation

The Florida Virtual School was created to develop and deliver online and distance learning education.²² The Commissioner of Education is charged with monitoring the Florida Virtual School. In pertinent part, the law requires the board of trustees to submit an annual report to the Governor, the Legislature, the Commissioner of Education, and the State Board of Education (SBE) that must address:

- The operations and accomplishments of the Florida Virtual School within the state and those occurring outside the state as Florida Virtual School Global;
- 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;
- The assets and liabilities of the Florida Virtual School and Florida Virtual School Global at the end of the fiscal year;
- 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;
- Recommendations regarding the unit cost of providing services to students through the Florida Virtual School and Florida Virtual School Global; and
- Recommendations regarding an accountability mechanism to assess the effectiveness of the services provided by the Florida Virtual School and Florida Virtual School Global.²³

The Auditor General must conduct an operational audit of the Florida Virtual School, including Florida Virtual School Global.²⁴ The scope of the audit must include, but is not limited to, the administration of responsibilities relating to personnel; procurement and contracting; revenue production; school funds, including internal funds; student enrollment records; franchise agreements; information technology utilization, assets, and security; performance measures and standards; and accountability. The law specifies that the final report on the audit must be submitted to the President of the Senate and the Speaker of the House of Representatives no later than January 31, 2014.²⁵

Effect of the Bill

Section 21 amends s. 1002.37, F.S., to require the Florida Virtual School to have an annual financial audit of its accounts and records conducted by an independent auditor who is a licensed certified public accountant. The independent auditor must conduct the audit in accordance with rules adopted by the Auditor General and must 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. The independent auditor must submit the audit report to the board of trustees and the Auditor General no later than nine months after the end of the preceding fiscal year.

²² Section 1002.37(1)(a), F.S.

²³ Section 1002.37(6), F.S.

²⁴ Section 1002.37(11), F.S.

²⁵ *Id.*

Local Governmental Entity Annual Financial Reports

Present Situation

Section 218.32, F.S., requires local governmental entities that are required to provide for an audit under s. 218.39, F.S., to submit an audit report and annual financial report to the DFS within 45 days after completion of the audit report, but no later than nine months after the end of the fiscal year. The annual financial report must be signed by the chair of the governing body and the chief financial officer of the local governmental entity. The law also specifies the information that must be included in the report.

In addition, the DFS is required to 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.²⁶

Effect of the Bill

Section 13 amends s. 218.32, F.S., to provide that the Legislature intends to create the Florida Open Financial Statement System. The system will be an interactive repository for governmental financial statements. The Chief Financial Officer (CFO) may consult with stakeholders, including the department, the Auditor General, a representative of a municipality or county, a representative of a special district, a municipal bond investor, and an information technology professional employed in the private sector for input on the design and implementation of the system.

This section permits the CFO to choose contractors to build one or more eXtensible Business Reporting Language (XBRL) taxonomies suitable for state, county, municipal, and special district financial filings and to create a software tool that enables financial statement filers to create XBRL documents consistent with the taxonomy or taxonomies. XBRL is a global standard for exchanging business information. The CFO must recruit and select contractors through an open request for proposals process pursuant to ch. 287, F.S., and all work must be completed by December 31, 2021. If the CFO deems the work products adequate, all local governmental financial statements pertaining to fiscal years ending on or after September 1, 2022, must be filed in XBRL format and must meet the validation requirements of the relevant taxonomy.

Local government entities required to submit an audit report and annual financial report to the DFS must do so no later than six months after the end of the fiscal year. An extension of the deadline is allowed for up to 90 days if the Governor declares a state of emergency within 30 days of the submission deadline.

Each local government entity must submit an electronic copy of the annual financial report and a statement certifying the document was timely filed with the DFS to the clerk of the court.

²⁶ Section 218.32(2), F.S.

However, these requirements do not apply to a charter county in which the clerk of the court is not the county auditor. Starting in Fiscal Year 2018-2019, the bill provides that if a local government entity fails to submit information to the clerk of the court, the clerk must notify the appropriate fiscal officer of the local government to suspend salary payments to the head of the local government entity until such time as the information is provided to the clerk. The clerk must notify the appropriate local fiscal officer to resume payments when the clerk receives the information.

This section requires an independent certified public accountant conducting an audit of a local governmental entity pursuant to s. 218.39, F.S., to determine, as part of the audit, whether the entity's annual financial report is in agreement with the entity's audited financial statements. If the audited financial statements are not in agreement with the annual financial report, the section requires the accountant to specify in the audit report the significant differences that exist between the audited financial statements and the annual financial report.

This section also authorizes the DFS, in preparing the verified report, to request additional information from the local governmental entity. Any additional information requested must be provided to the DFS within 45 days after the request. If the local governmental entity does not comply with the request, the DFS must notify the Joint Legislative Auditing Committee, which may take action pursuant to s. 11.40(2), F.S.

This section requires the DFS to post a copy of each local government entity's annual financial report to its website within 12 months of the conclusion of the fiscal year for which the report was compiled.

Required Audits of Certain Educational Institutions

Present Situation

School districts, Florida College System institutions, and other institutions and agencies under the supervision of the State Board of Education (SBE) and state universities under the supervision of the Board of Governors (BOG) are subject to the audit provisions of ss. 11.45 and 218.39, F.S. If an audit contains a significant finding, the district school board, the Florida College System institution board of trustees, or the university board of trustees is required to conduct an audit overview during a public meeting.²⁷

Effect of the Bill

Section 23 amends s. 1010.30, F.S., to provide that if an audit report includes a recommendation that was included in the preceding financial audit report but remains unaddressed, the district school board, the Florida College System institution board of trustees, or the university board of trustees must indicate during a regularly scheduled public meeting whether it intends to take corrective action, the corrective action to be taken, and when the corrective action will occur within 60 days after the delivery of the audit report. If the district school board, Florida College System institution board of trustees, or university board of trustees does not intend to take corrective action, it must explain its decision at the public meeting.

²⁷ Section 1010.30(2), F.S.

Internal Controls to Prevent and Detect Fraud, Waste, and Abuse

Present Situation

State Agencies and the Judicial Branch

Section 215.86, F.S., requires each state agency and the judicial branch as defined in s. 216.011, F.S., to establish and maintain management systems and controls that promote and encourage compliance; economic, efficient, and effective operations; reliability of records and reports; and safeguarding of assets. It requires accounting systems and procedures to be designed to fulfill the requirements of generally accepted accounting principles.

Local Governmental Entities

Section 218.33, F.S., requires each local governmental entity to begin its fiscal year on October 1 and end it on September 30. Section 218.33(2), F.S., requires each local governmental entity to follow uniform accounting practices and procedures as provided by rule of DFS to assure the use of proper accounting and fiscal management by such units. Such rules must include a uniform classification of accounts.

Charter Schools

Section 1002.33, F.S., authorizes charter schools as part of Florida's state program of education. In addition to creating charter schools, that section also imposes certain requirements on charter schools. In pertinent part, the law provides that the governing body of a charter school is responsible for:

- Ensuring that the charter school has retained a certified public accountant or auditor to perform its annual audit;
- Reviewing and approving the audit report;
- Establishing a corrective plan, if necessary;
- Monitoring a financial recovery plan to ensure compliance; and
- Participating in governance training approved by the Department of Education, which must include government in the sunshine, conflicts of interest, ethics, and financial responsibility.²⁸

School Districts, Florida College System Institutions, and State Universities

Current law requires the financial records and accounts of each school district, Florida College System institution, and other institution or agency under the supervision of the SBE to be prepared and maintained as prescribed by law and rules of the SBE. The financial records and accounts of each state university under the supervision of the BOG must be prepared and maintained as prescribed by law and rules of the BOG. Rules of the SBE and rules of the BOG must incorporate the requirements of law and accounting principles generally accepted in the United States and must include a uniform classification of accounts. Each state university must annually file with the BOG financial statements prepared in conformity with these requirements. The BOG's rules must prescribe the filing deadline for the financial statements. The required

²⁸ Section 1002.33(9)(j), F.S.

financial accounts and reports must include provisions that are unique to K-12 school districts, Florida College System institutions, and state universities.²⁹

Justice Administrative Commission

The Justice Administrative Commission (Commission) is created in s. 43.16, F.S. As one of its duties, the Commission is charged with maintaining a central state office for administrative services and assistance on behalf of state attorneys and public defenders, the capital collateral regional counsel, the criminal conflict and civil regional counsel, and the Guardian Ad Litem Program.³⁰ Additionally, the Commission records and submits certain documents prepared by a state attorney, public defender, or criminal conflict and civil regional counsel or the Guardian Ad Litem Program, including necessary budgets, vouchers that represent valid claims for reimbursement by the state for authorized expenses, and other things incidental to the proper administrative operation of the office, such as revenue transmittals to the Chief Financial Officer and automated systems plans.³¹

Effect of the Bill

Sections 4, 10, 14, 20 and 22 amend ss. 43.16, 215.86, 218.33, 1002.33, and 1010.01, F.S., respectively, to require state agencies, the judicial branch, local governmental entities, charter schools, school districts, Florida College System institutions, state universities, 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 to establish and maintain internal controls designed to:

- Prevent and detect fraud, waste, and abuse, as defined in s. 11.45(1), F.S.;
- Promote and encourage compliance with applicable laws, rules, contracts, grant agreements, and best practices;
- Support economical and efficient operations;
- Ensure reliability of financial records and reports; and
- Safeguard assets.

Section 19 amends s. 1001.42, F.S., to require school districts receiving annual federal, state, and local funds in excess of \$500 million to employ an internal auditor. The duties of the internal auditor must include oversight of every functional and program area of the school system.

Additionally, this section requires the internal auditor to perform a comprehensive risk assessment of all areas of the school system every five years, and conduct other audits and reviews as the district school board directs to determine:

- The adequacy of internal controls designed to prevent and detect fraud, waste, and abuse.
- Compliance with applicable laws, rules, contracts, grant agreements, district school board-approved policies, and best practices.
- The efficiency of operations.
- The reliability of financial records and reports.
- The safeguarding of assets.

²⁹ Section 1010.01, F.S.

³⁰ Section 43.16(5)(a), F.S.

³¹ Section 43.16(5)(b), F.S.

- Financial solvency.
- Projected revenues and expenditures.
- The rate of change in the general fund balance.

This section requires the internal auditor to prepare audit reports of his or her findings and establishes penalties for failure to produce financial records to the internal auditor.³²

Online Posting of Governmental Budgets

Present Situation

Counties and Municipalities

Counties³³ and municipalities³⁴ are required to post their tentative budgets on their websites two days prior to consideration of the budget at a public hearing. The final budget of a county or municipality must be posted on its website within 30 days after adoption. An amendment to a budget must be posted to the website within five days of adoption.³⁵ Current law does not specify how long these documents must remain available on the website.

Effect of the Bill

Sections 6, 7 and 8 amend ss. 129.03, 129.06, and 166.241, F.S., respectively, to require a tentative budget to remain on a county or municipality's website for at least 45 days. The sections also requires a final budget to remain on the entity's website for at least two years. Finally, the sections requires an adopted amendment to a budget to remain on the website for at least two years.

The bill also requires the county or municipality to submit an electronic copy of the final budget to the Office of Economic and Demographic Research (EDR) within 30 days after the budget is adopted. The bill allows for an extension of the deadline for up to 90 days if the Governor declares a state of emergency within 30 days of the submission deadline.

The county or municipality must also submit to the clerk of the court a copy of the information that was submitted to the EDR, a copy of the final budget that was posted on the county's website, and a statement certifying both of these items were submitted and posted in a timely manner. However, these requirements do not apply to a charter county in which the clerk of the court is not the county auditor.

³² Section 11.47(3), F.S. Any person who willfully fails or refuses 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 is guilty of a misdemeanor of the first degree. Section 11.47(4), F.S.

³³ Section 129.03, F.S.

³⁴ Section 166.241, F.S.

³⁵ Sections 129.06(2)(f)2., 166.241(5), and 189.016(7), F.S.

Present Situation

Special Districts

A “special district” is defined as a unit of local government created for a special purpose, as opposed to a general purpose, which has jurisdiction to operate within a limited geographic boundary and is created by general law, special act, local ordinance, or by rule of the Governor and Cabinet. The term does not include a school district, a community college district, a special improvement district created pursuant to s. 285.17, F.S., a municipal service taxing or benefit unit as specified in s. 125.01, F.S., or a board which provides electrical service and which is a political subdivision of a municipality or is part of a municipality.³⁶ Special districts are required to post their tentative budgets on their websites two days prior to consideration of the budget at a public hearing and must remain on the website for at least 45 days. The final budget of a special district must be posted on its website within 30 days after adoption and must remain on the website for at least two years.³⁷

Effect of the Bill

Section 9 amends s. 189.016, F.S., to require a special district to submit an electronic copy of the final budget to the EDR within 30 days after the budget is adopted. The bill allows for an extension of the deadline for up to 90 days if the Governor declares a state of emergency within 30 days of the submission deadline.

The special district must also submit to the clerk of the court a copy of the information that was submitted to the EDR, a copy of the final budget that was posted on the county’s website, and a statement certifying both of these items were submitted and posted in a timely manner.

Present Situation

Water Management Districts (WMD)

Chapter 373, F.S., governs Florida’s water resource management and authorizes the creation of WMDs, which are given taxing authority. A WMD is defined as “any flood control, resource management, or water management district” operating under the authority of ch. 373, F.S.³⁸ There are five WMDs in Florida: Northwest Florida, Suwanee River, St. Johns River, Southwest Florida, and South Florida.³⁹ Section 373.536, F.S., governs the budget process for WMDs and requires a WMD’s tentative budget to be posted on the WMD’s website at least two days before budget hearings are conducted. The law requires a WMD’s final adopted budget to be posted on the WMD’s official website within 30 days after adoption.

Effect of the Bill

Section 18 amends s. 373.536, F.S., to require a WMD’s tentative budget to remain on the WMD’s website for at least 45 days and requires the final adopted budget to remain on the website for at least two years.

³⁶ Section 189.012(6), F.S.

³⁷ Section 189.016(4), F.S.

³⁸ Section 373.019(23), F.S.

³⁹ Section 373.069(1), F.S.

The bill also requires the WMD to submit an electronic copy of the final budget to the EDR within 30 days after the budget is adopted. The bill allows for an extension of the deadline for up to 90 days if the Governor declares a state of emergency within 30 days of the submission deadline.

The WMD must also submit to the clerk of the court a copy of the information that was submitted to the EDR, a copy of the final budget that was posted on the county's website, and a statement certifying both of these items were submitted and posted in a timely manner.

Beginning in Fiscal Year 2018-2019, the bill provides that if a WMD fails to submit information to the clerk of the court, the clerk must notify the appropriate fiscal officer to suspend future salary payments for the executive director of that WMD until such time as the information is provided to the clerk.

Present Situation

School Districts

Section 1011.03, F.S., requires each district school board to post its tentative budget on the district's official website at least two days prior to consideration of the budget at a public hearing. The final budget of a county or municipality must be posted on its website within 30 days after adoption. The district school superintendent is required to transmit two copies of the adopted budget to the Department of Education.

Effect of the Bill

Section 24 amends s. 1011.03, F.S., to require the district school board budget officer to submit an electronic copy of the final budget to the EDR within 30 days after the budget is adopted. The bill allows for an extension of the deadline for up to 90 days if the Governor declares a state of emergency within 30 days of the submission deadline.

The district school board budget officer must also submit to the clerk of the court a copy of the information that was submitted to the EDR, a copy of the final budget that was posted on the district school's website, and a statement certifying both of these items were submitted and posted in a timely manner.

Beginning in Fiscal Year 2018-2019, the bill provides that if a district school board budget officer fails to submit information to the clerk of the court, the clerk must notify the appropriate fiscal officer to suspend future salary payments for the superintendent of that district until such time as the information is provided to the clerk.

Transparency in Government Spending

Present Situation

The Transparency Florida Act (Act), codified in s. 215.985, F.S., requires the Governor, in consultation with the appropriations committees of the House and Senate, to maintain a central website providing access to all other websites required to be linked under the Act. It also requires certain budget information, certain contract information, and minimum functionality standards to

be readily available online. In pertinent part, s. 215.985(11), F.S., requires each WMD to provide a monthly financial statement to its governing board and make the statement available for public access on its website.

Effect of the Bill

Section 12 amends s. 215.985, F.S., to require a WMD's monthly financial statement to be in the form and manner prescribed by the DFS and requires each WMD to make the monthly financial statement available to the public on its website.

Office of Economic and Demographic Research (EDR)

Effect of the Bill

Section 26 requires the EDR to develop forms by July 15, 2018, for the purpose of submitting budget data. The forms must provide "broad, but meaningful" categories for organizing expenditures. By December 1, 2018, the EDR is required to submit a report to the President of the Senate and Speaker of the House of Representatives that:

- Identifies a structure to create unique area profiles for the counties, municipalities, special districts, water management districts, and school districts that would assist the public to make simple, direct comparisons between governmental entities of the same type;
- Provides recommendations for metrics for ranking the reporting entities based on the final budget information submitted to the EDR. The metrics must allow the public to make direct comparisons between different local governments; and
- Provides recommendations to provide this information in a cost-effective manner.

Reasonable Opportunity to Be Heard at Public Meetings

Present Situation

Section 286.0114, F.S., requires, with certain exceptions, that members of the public be provided a reasonable opportunity to be heard before a board or commission. The law describes a general public comment process and allows entities to prescribe how public comment is made and create certain reasonable limitations.

Effect of the Bill

Section 17 amends s. 286.0114, F.S., to prohibit a board or commission from requiring a member of the public to provide an advance written copy of his or her testimony or comments as a precondition of being given the opportunity to be heard at a meeting.

Statement of Legislative Findings

Section 32 specifies 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. In addition, a proper and legitimate state purpose is served when the travel records of state and local employees are transparent to members of the public. The Legislature further finds that a proper and legitimate state purpose is served when local

governments ensure the budgets, annual financial report, and associated data for various governmental entities are available to, and usable by, the public.

Sections 27, 28, 29, 30 and 31 amend ss. 165.0615, 189.066, 189.069, 189.074 and 218.503, F.S., to correct cross-references.

Section 33 provides an effective date of July 1, 2018.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

Article VII, s. 18(a) of the Florida Constitution provides, in pertinent part, that no county or municipality shall be bound by any general law requiring such county or municipality to spend funds or to take an action requiring the expenditure of funds unless the legislature has determined that such law fulfills an important state interest and:

- The law requiring such expenditure is approved by two-thirds of the membership in each house of the legislature; or
- The expenditure is required to comply with a law that applies to all persons similarly situated, including the state and local governments.

Article VII, s. 18(d) of the Florida Constitution provides, in pertinent part, that laws having insignificant fiscal impact are exempt from the mandates requirements.

This bill requires county and municipal governments to establish and maintain specified internal controls, to post government budgets online, and to use the statewide travel management system. Section 32 of the bill specifies that the bill serves an important state interest. An exception may apply because the bill applies to similarly situated persons (municipalities, counties, water management districts, school districts, state agencies and other governmental entities).

In addition, the bill may be exempt from the mandates requirements if the costs incurred by the municipalities and counties to comply are \$2.05 million or less (the threshold for “insignificant”⁴⁰ fiscal impact for Fiscal Year 2017-2018).⁴¹

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

⁴⁰ An insignificant fiscal impact is the amount not greater than the average statewide population for the applicable fiscal year times \$0.10. See Florida Senate Committee on Community Affairs, *Interim Report 2012-115: Insignificant Impact*, (September 2011), available at <http://www.flsenate.gov/PublishedContent/Session/2012/InterimReports/2012-115ca.pdf> (last visited Nov. 9, 2017).

⁴¹ Based on the Demographic Estimating Conference’s population adopted on December 5, 2017. The conference packet is available at <http://edr.state.fl.us/Content/conferences/population/ConferenceResults.pdf> (last visited Dec. 22, 2017).

D. Other Constitutional Issues:

Section 13 requires the salary of the head of the local entity to be withheld if a local government fails to submit specified information to the clerk of the court. If that head of the local entity is a constitutional officer, such as a county commissioner, school board member or a school superintendent, that officer has legal right to receive salary as long as he or she holds the office and performs the requisite duties.^{42, 43}

V. Fiscal Impact Statement:**A. Tax/Fee Issues:**

None.

B. Private Sector Impact:

State agency and judicial branch personnel may incur additional costs to the extent lodging costs exceed \$150 per day when such personnel are required to travel for official business.

C. Government Sector Impact:

Executive branch state government agencies and the judicial branch may incur indeterminate additional costs associated with using the Statewide Travel Management System (system). The bill makes the requirements to implement the system for reporting entities contingent upon the Legislature appropriating at least \$5.4 million to the Department of Management Services (DMS) for Fiscal Year 2018-2019.

State agencies, the court system, court-related entities, local governments, district school boards, charter schools, and state colleges and universities may incur minimal costs associated with establishing and maintaining the specified internal controls.

State agencies and the judicial branch may avoid some travel costs associated with the limitations of lodging expenses.

The Department of Financial Services estimates the costs for the development of the Florida Open Financial Statement System to be \$500,000. There will be additional costs in future years to create the software tool needed to implement the system. The additional future needs are indeterminate.

The bill has an indeterminate, but likely insignificant negative fiscal impact to expenditures and staff time of the Office of Economic and Demographic Research (EDR). The bill requires that the EDR, by July 15, 2018, develop forms for the submittal of budget data from certain specified entities. Additionally, the bill requires the EDR to compile and submit a report to the President of the Senate and Speaker of the House of

⁴² Section 111.045, F.S.

⁴³ see Flack v. Graham, 453 So. 2d 819 (Fla. 1984).

Representatives by December 1, 2018. In the report, the EDR is required to identify a structure to allow the public to make simple, direct comparisons between governmental entities of the same type; enable the public to rank entities of the same type based on submitted budget data; and, offer recommendations to provide this information in a cost-effective manner. According to the EDR, current resources are adequate to absorb these costs.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Statutes Affected:

This bill substantially amends the following sections of the Florida Statutes: 11.40, 11.45, 28.35, 43.16, 112.061, 129.03, 129.06, 165.0615, 166.241, 189.016, 189.066, 189.069, 189.074, 215.86, 215.97, 215.985, 218.32, 218.33, 218.39, 218.391, 218.503, 286.0114, 373.536, 1001.42, 1002.33, 1002.37, 1010.01, 1010.30, 1011.03, and 1011.60.

This bill also creates two undesignated sections of Florida law.

IX. Additional Information:

A. Committee Substitute – Statement of Substantial Changes:

(Summarizing differences between the Committee Substitute and the prior version of the bill.)

CS/CS by Appropriations on March 2, 2018:

The committee substitute:

- Requires counties, municipalities, special districts, water management districts, and school districts to:
 - Post annual budgets to their respective websites for two years;
 - Post tentative budgets to their websites for 45 days;
 - Provide an electronic copy of their budgets to the Office of Economic and Demographic Research (EDR), on forms prescribed by the EDR; and
 - Provide a copy of their budgets and certification of timely filing to the clerk of the court. However, a charter county in which the clerk of the court is not the county auditor is excluded.
- Provides that if a local government entity or school district fails to file required reports with the clerk of the court, the clerk must notify the appropriate fiscal officer to withhold salary payments from the head of the local government entity or the superintendent of the school district until the reports are filed.
- Requires all municipalities and special districts to conduct an annual audit.
- Requires the Joint Legislative Auditing Committee to conduct a hearing upon receiving notification from the Auditor General, the Department of Financial Services, the Division of Bond Finance of the State Board of Administration, the

Governor, or the Commissioner of Education that a local government entity has failed to file required reports.

- Begins the process of creating the Florida Open Financial Statement System to allow better access to financial reports filed by local governments.
- Requires school districts receiving annual federal, state, and local funds in excess of \$500 million to employ an internal auditor. The duties of the internal auditor must include oversight of every functional and program area of the school system.
- Requires the internal auditor to perform a comprehensive risk assessment of all areas of the school system every five years, and conduct other audits and reviews as the district school board directs to make a determination.
- Requires the internal auditor to prepare audit reports of his or her findings and establishes penalties for failure to produce financial records to the internal auditor.
- Establishes the Statewide Travel Management System (system) in law.
- Requires all executive branch state government agencies and the judicial branch to report public officer and employee travel information in the system.
- Additionally requires that all executive branch state government agencies and the judicial branch use the system for purposes of travel authorization and reimbursement.
- Requires “reporting entities”, which are defined in the bill to include municipalities, counties, local constitutional officers, county school districts, state colleges, state universities, and water management districts, to report monthly, all public officer and employee travel information resulting from an overnight stay in the system.
- Establishes a timeline for the Department of Management Services (DMS) to make travel reports for executive branch state government agencies, the judicial branch, and certain reporting entities available for public view.
- Requires reporting entities to redact confidential and exempt information from travel reports prior to posting them to the system and provides a process for reporting entities to follow when a travel report has been posted prior to proper redaction.
- Provides rulemaking authority to the DMS to administer provisions of the section pertaining to the system.
- Makes the requirements to implement the system for reporting entities contingent upon the Legislature appropriating at least \$5.4 million to the DMS for Fiscal Year 2018-2019.
- Clarifies the finding of an important state interest.

CS by Community Affairs on November 7, 2017:

Identifies the Department of Management Services as the body that acquired the statewide travel management system, not the Executive Office of the Governor.

B. Amendments:

None.