A bill to be entitled
An act relating to fiscal accountability for
nongovernmental entities; amending s 215.971, F.S.;
revising the required contents of agency agreements
that provide state financial assistance or federal
financial assistance to certain entities; requiring
certain nonstate entities that enter into agency
agreements funded with federal or state financial
assistance funds to comply with specified audit
requirements at specified intervals; providing an
exception; amending s. 215.985, F.S.; defining the
term "nongovernmental entity"; requiring
nongovernmental entities that have received specified
revenues from governmental entities to provide an
annual report to the Department of Management
Services; requiring the report to be verified;
requiring the department to annually publish the
report information on its website beginning on a
specified date; requiring the nongovernmental entity
to publish the report information on its website;
requiring nongovernmental entities to submit certain
attestations before receiving government funds;
providing applicability; creating s. 215.986, F.S.;
defining the terms "administrative expenses" and
"nongovernmental entity"; providing a limitation on

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the amount of state-appropriated funds a
nongovernmental entity may expend on administrative
expenses; requiring a nongovernmental entity to use
private entity funds before using state-appropriated
funds for certain purposes; providing an effective
date.

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

Section 1. Subsection (1) of section 215.971, Florida
Statutes, is amended, and subsection (4) is added to that
section, to read:

215.971 Agreements funded with federal or state
assistance.—

(1)(a) An agency agreement that provides state financial
assistance to a recipient or subrecipient, as those terms are
defined in s. 215.97, or that provides federal financial
assistance to a subrecipient, as defined by applicable United
States Office of Management and Budget circulars, must include
all of the following:

1.(a) A provision specifying a scope of work that clearly
establishes the tasks that the recipient or subrecipient is
required to perform.

2.(b) A provision dividing the agreement into quantifiable
units of deliverables that must be received and accepted in
writing by the agency before payment. Each deliverable must be
directly related to the scope of work and specify the required
minimum level of service to be performed and the criteria for
evaluating the successful completion of each deliverable.

3. (c) A provision specifying the financial consequences
that apply if the recipient or subrecipient fails to perform the
minimum level of service required by the agreement. The
provision can be excluded from the agreement only if financial
consequences are prohibited by the federal agency awarding the
grant. Funds refunded to a state agency from a recipient or
subrecipient for failure to perform as required under the
agreement may be expended only in direct support of the program
from which the agreement originated.

4. (d) A provision specifying that a recipient or
subrecipient of federal or state financial assistance may expend
funds only for allowable costs resulting from obligations
incurred during the specified agreement period.

5. (e) A provision specifying that any balance of
unobligated funds which has been advanced or paid must be
refunded to the state agency.

6. (f) A provision specifying that any funds paid in excess
of the amount to which the recipient or subrecipient is entitled
under the terms and conditions of the agreement must be refunded
to the state agency.

7. (g) Any additional information required pursuant to s.
215.97.

(b) In addition to the requirements contained in paragraph (a), an agency agreement that provides state financial assistance to a recipient or subrecipient that is a nonprofit organization or a for-profit organization, as those terms are defined in s. 215.97(2), or that provides federal financial assistance to a subrecipient that is a nonprofit organization or a for-profit organization, must include all of the following:

1. A provision specifying that funds will only be expended in accordance with their stated purpose and for the benefit of the public.

2. A provision prohibiting the funds from being loaned to another entity for any purpose or donated as charitable or political contributions.

3. A provision prohibiting the funds from being used for bonuses, exit bonuses, incentive payments, or severance payments to employees of a nonprofit organization or a for-profit organization, except as provided in s. 215.986.

4. A provision prohibiting the funds from being used to retain a lobbyist to represent the nonprofit organization or for-profit organization before the legislative or executive branch. However, a full-time employee of a nonprofit organization may register as a lobbyist and represent the organization before the legislative or executive branch. Except as a full-time employee of a nonprofit organization, a person
may not accept public funds from a nonprofit organization or a for-profit organization for lobbying.

(4)(a) A nonprofit organization or a for-profit organization that enters into an agency agreement funded with federal or state financial assistance and derives 50 percent or more of its revenue from federal or state funds must comply with the audit requirements of this subsection. The results of each audit must be submitted to the agency with which the organization has an agreement. For purposes of this subsection, federal or state financial assistance does not include the receipt of federal or state Medicaid funds.

(b) The nonprofit organization or the for-profit organization shall have the following independent audits conducted, as applicable:

1. For a nonprofit organization or a for-profit organization that receives federal or state financial assistance equal to or greater than $150,000 each fiscal year for 3 consecutive fiscal years, the organization must have a financial audit, as defined in s. 11.45(1), completed by no later than 6 months after the end of the entity's third fiscal year. The financial audit must be conducted by an independent auditor in accordance with auditing standards stated in the rules of the Auditor General. An audit under this subparagraph is not required more frequently than once every 3 fiscal years. The audit requirements of this subparagraph do not apply to a
nonprofit organization or a for-profit organization during any year in which the organization is required to conduct a state single audit pursuant to s. 215.97.

2. For a nonprofit organization or a for-profit organization that receives federal or state financial assistance equal to or greater than $300,000 each fiscal year for 5 consecutive fiscal years, the organization must have an operational audit, as defined in s. 11.45(1), completed no later than 6 months after the end of the entity's fifth fiscal year. The operational audit must be conducted by an independent auditor in accordance with auditing standards stated in the rules of the Auditor General. An audit under this subparagraph is not required more frequently than once every 5 fiscal years.

3. For a nonprofit organization or a for-profit organization that receives federal or state financial assistance equal to or greater than $500,000 each fiscal year for 7 consecutive fiscal years, the organization must have a performance audit, as defined in s. 11.45(1), completed no later than 6 months after the end of the entity's seventh fiscal year. The independent entity must have at least 5 years of experience conducting performance audits, must conduct audits according to applicable auditing or evaluation standards of appropriate authoritative bodies, must follow applicable industry best practices, and may not have any affiliation or financial involvement in the reviewed organization. An audit under this paragraph is not required more frequently than once every 7 fiscal years.
subparagraph is not required more frequently than once every 7 fiscal years.

(c) This subsection does not apply to a citizen support organization or a direct-support organization created or authorized pursuant to law and created, approved, or administered by a state agency.

Section 2. Paragraph (d) of subsection (2) of section 215.985, Florida Statutes, is redesignated as paragraph (e), a new paragraph (d) is added to that subsection, and subsection (6) of that section is amended, to read:

215.985 Transparency in government spending.—
(2) As used in this section, the term:
(d) "Nongovernmental entity" means a nonprofit corporation.

(6)(a) The Department of Management Services shall establish and maintain a website that provides current information relating to each employee or officer of a state agency, a state university, a Florida College System institution, or the State Board of Administration, regardless of the appropriation category from which the person is paid.

1.(a) For each employee or officer, the information must include, at a minimum, his or her:

a. Name and salary or hourly rate of pay.
b. Position number, class code, and class title.
c. Employing agency and budget entity.

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2. (b) The information must be searchable by state agency, state university, Florida College System institution, and the State Board of Administration, and by employee name, salary range, or class code and must be downloadable in a format that allows offline analysis.

   (b)1. A nongovernmental entity that receives at least 50 percent of its revenue, calculated using the nongovernmental entity's fiscal year, from governmental entities or a nongovernmental entity that meets the audit threshold requirements in s. 215.97 in any fiscal year, must submit to the Department of Management Services by December 31 of each year a report that includes the name, position, and all compensation earned or awarded, whether paid or accrued, regardless of contingency, to each director, board member, chief executive officer, chief financial officer, chief operating officer, or other person performing equivalent functions. The report must be verified as provided in s. 92.525 by the chief executive officer or chief financial officer of the nongovernmental entity.

2. Beginning February 1, 2023, and each February 1 thereafter, the Department of Management Services shall include the information reported in subparagraph 1. on the website established under paragraph (a).

3. A nongovernmental entity required to submit a report under subparagraph 1. must publish the reported information on its website if the entity maintains a website.
4. Before receiving funds from a governmental entity, a nongovernmental entity that:
   a. Received funding subject to this paragraph in the previous year must submit to the governmental entity an attestation verified as provided in s. 92.525, that the nongovernmental entity has submitted the report required in subparagraph 1.; or
   b. Did not receive funding subject to this paragraph in the previous year must submit to the governmental entity an attestation verified as provided in s. 92.525, that the nongovernmental entity did not receive funding in the previous year.

5. A governmental entity may not expend or transfer funds to a nongovernmental entity until the nongovernmental entity has complied with the requirements of this paragraph.

Section 3. Section 215.986, Florida Statutes, is created to read:

215.986 Restrictions on administrative expenses for certain nongovernmental entities.—

(1) As used in this section, the term:
   (a) "Administrative expenses" mean expenditures that are considered indirect operating costs of a nongovernmental entity, including, but not limited to:
      1. General administration and general expenses including accounting, support services, and personnel, including all
compensation earned by or awarded to such personnel, whether paid or accrued, regardless of contingency, unless the compensation is explicitly included in the General Appropriations Act or the compensation relates to the employment of an employee whose services are integral to a project or activity of the nongovernmental entity. However, compensation earned by or awarded to a director, board member, chief executive officer, chief financial officer, chief operating officer, or other person performing equivalent functions, whether paid or accrued, regardless of contingency, shall not be considered integral to a project or activity of a nongovernmental entity.

2. Equipment and capital improvements, depreciation on buildings, interest on debt associated with such buildings, and operations and maintenance expenses.

(b) "Nongovernmental entity" means a nonprofit corporation that receives at least 50 percent of its revenue, in any fiscal year of the nongovernmental entity, from state-appropriated funds, including state-appropriated federal funds.

(2) A nongovernmental entity may not expend more than 15 percent of state-appropriated funds, including state-appropriated federal funds, on administrative expenses. A nongovernmental entity that receives funds from private entities must first use the funds received from the private entities to pay its administrative expenses before using state-appropriated funds.
funds, including state-appropriated federal funds.

Section 4. This act shall take effect July 1, 2022.