

# FLORIDA HOUSE OF REPRESENTATIVES

## BILL ANALYSIS

*This bill analysis was prepared by nonpartisan committee staff and does not constitute an official statement of legislative intent.*

**BILL #:** [HB 5201](#) [PCB SAB 25-01](#)

**TITLE:** State Financial Accounting

**SPONSOR(S):** Lopez, V.

**COMPANION BILL:** None

**LINKED BILLS:** None

**RELATED BILLS:** None

### Committee References

[Orig. Comm.: State Administration Budget](#)

12 Y, 0 N



[Budget](#)

26 Y, 0 N

## SUMMARY

### Effect of the Bill:

The bill conforms current law to the proposed House of Representatives' Fiscal Year 2025-2026 General Appropriations Act (GAA). The bill deletes statutory references to the state's current accounting and financial management system known as the Florida Accounting Information Resource (FLAIR) that is set to retire in Fiscal Year 2026-2027. The bill conforms statutes in accordance with the new Planning and Ledger Management (PALM) system that will replace FLAIR.

### Fiscal or Economic Impact:

The House GAA includes positions and funding for the PALM Project. See Section on Fiscal or Economic Impact.

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## ANALYSIS

### EFFECT OF THE BILL:

The bill deletes statutory references to Florida's current accounting system known as the [Florida Accounting Information Resource](#) (FLAIR). The bill conforms statute to the new state accounting system known as the [Planning and Ledger Management](#) (PALM). (Sections [1](#), [2](#), [3](#), [7](#), [8](#), [9](#), [10](#), [11](#), and [12](#)).

The bill clarifies that if interest is incurred on an invoice owed by the state, but the original appropriation is no longer available or has been depleted, the agency may pay the interest with a similar appropriation category. (Section [4](#)).

The bill removes obsolete requirements of the Chief Financial Officer (CFO) to accept comments from specific parties regarding proposed [charts of account](#) and directs the CFO to provide various parties a report recommending a uniform chart of accounts. These requirements of the CFO have been accomplished and are no longer needed in statute. (Section [5](#)).

The bill specifies that a [public records](#) request or subpoena for a document or accounting record must be made to the entity that the document or accounting record was recorded. (Section [6](#)).

The effective date of the bill is July 1, 2025. (Section [13](#)).

### FISCAL OR ECONOMIC IMPACT:

#### STATE GOVERNMENT:

The House General Appropriations Act (GAA) includes positions and funding for the PALM Project. Current accounting functions included in FLAIR will be updated in compliance with the new accounting system (PALM). The bill removes FLAIR account codes that are in statute and used for state trust funds. Since 2012, the Legislature has appropriated approximately \$379.4 million to replace FLAIR. The Fiscal Year 2025-2026 Legislative Budget

**STORAGE NAME:** h5201a.BUC

**DATE:** 4/2/2025

Request (LBR) to fund the PALM Project is \$57.2 million. The State Administration Budget Subcommittee recommendation funds three PALM staffing LBR issues for \$3.2 million in the Department of Financial Services.

### Department of Financial Services (DFS)

DFS current operational costs for the PALM Project:

Program	FTE	Base (Recurring)	Nonrecurring	Total FY 2024-25
Legal Services - Independent Verification and Validation (IV&V)		7,920,000		7,920,000
Florida Planning Accounting and Ledger Management	71.00	9,919,049	49,381,361	59,300,410

The Information Technology Budget & Policy Subcommittee budget recommendation for Fiscal Year 2025-2026 provides funding for the FLAIR Replacement Contract, PALM Readiness, and PALM Contingency LBR issues submitted by DFS<sup>1</sup>:

ISSUE CODE	ISSUE TITLE	ALL FUNDS	COMMENTS
3600PC0	FLORIDA PLANNING, ACCOUNTING, AND LEDGER MANAGEMENT (PALM) READINESS	4,292,007	Provides nonrecurring funding to support the integration of agency applications with the Florida PALM System.
36105C0	FLAIR REPLACEMENT	46,736,435	Provides nonrecurring funding for Year 12 of the Florida PALM Project and Year 8 of the Software and System Integrator (SSI) contract.
36105C1	PLANNING, ACCOUNTING, AND LEDGER MANAGEMENT CONTRACT CONTINGENCY	3,000,000	Provides nonrecurring funding for unforeseen costs to successfully implement the PALM solution.
<b>GRAND TOTAL</b>		<b>54,028,442</b>	

## RELEVANT INFORMATION

### SUBJECT OVERVIEW:

#### State Automated Management Accounting Subsystem

In 1980, the Florida Legislature enacted the Florida Fiscal Accounting Management Information System Act.<sup>2</sup> This act standardized the financial management and accounting practices for the state and was meant to provide well timed date for statewide financial statements. The State Automated Management Accounting Subsystem (SAMAS) was developed from 1983-1986 and agencies began implementing SAMAS to manage their financial accounting.<sup>3</sup>

#### [Florida Accounting Information Resource Subsystem](#)

<sup>1</sup> See [Information Technology Budget and Policy Subcommittee Chair's Budget Proposal FY 2025-2026](#).

<sup>2</sup> [Ch. 80-45, Laws of Fla.](#)

<sup>3</sup> Florida Auditor General, *Florida Accounting Information Resource Subsystem (FLAIR)*, [flauditor.gov/pages/pdf\\_files/2016-032.pdf](https://flauditor.gov/pages/pdf_files/2016-032.pdf) (last visited Mar. 17, 2025).

In 1997, SAMAS was renamed as the Florida Accounting Information Resource Subsystem (FLAIR).<sup>4</sup> FLAIR is a mainframe computer-based ledger accounting system utilized by the state to process financial transactions and record accurate data.<sup>5</sup> The Department of Financial Services (DFS) operates and maintains the FLAIR system and is the functional owner of FLAIR.<sup>6</sup> The Division of Information Systems operates the Chief Financial Officer's Data Center that maintains FLAIR. FLAIR is also used to create the State's Annual Comprehensive Financial Report pursuant to [s. 216.102\(3\)](#), F.S. All State agencies payroll, expense processing, retirement, reemployment compensation, and public assistance is processed and tracked through FLAIR.

### [Florida Planning and Ledger Management](#)

In October 2013, DFS procured a study of FLAIR and to provide a recommendation to either replace or enhance FLAIR. The FLAIR Study was delivered to DFS in March 2014, and DFS reviewed and published the FLAIR Study in April 2014. Based on the analysis completed in the FLAIR Study, the consultant recommended that the State replace FLAIR and the DFS's Cash Management System (CMS) with a commercial off-the-shelf Enterprise Resource Planning (ERP) solution.<sup>7</sup> CMS allows state agencies to deposit funds directly to the Treasury bank account across hundreds of bank locations and receive interest on account balances and operate small disbursement accounts with no service charges.<sup>8</sup>

In 2014, DFS created the Florida Planning, Accounting, and Ledger Management (Florida PALM) project to replace FLAIR and the cash management and accounting management components of the CMS with a cloud-hosted enterprise resource planning financial management solution designed to modernize the State's financial management processes and system. Beginning with the CMS implementation (CMS Wave) in July 2021, this multi-year project was designed to transition FLAIR and CMS functions, as well as additional functionality. The CMS Wave transitioned the functions related to the management of bank cash, participant invested cash, and Treasury investments from the CMS to Florida PALM.<sup>9</sup>

The Florida PALM project has a current go-live date of July 2026 with a contingency to move the go-live date to January 2027 if agencies are not ready.

### [Charts of Account](#)

The CFO maintains the charts of account for state agencies. Charts of account is a compilation of uniform data codes that are used for reporting governmental assets, liabilities, equities, revenues, and expenditures to the CFO.<sup>10</sup> [Chapter 2011-44, Laws of Fla.](#), required the CFO to include entities that were previously not included in the charts of account such as educational entities and higher education institutions to establish uniform reporting requirements. The CFO was required to conduct workshops with affected governmental entities to gather reporting requirements, and to issue proposed charts of account by July 1, 2013. Comments to the proposed accounts were to be received by November 1, 2013. By January 15, 2014, the CFO submitted to the Governor, the President of the Senate, and the Speaker of the House of Representatives a final report recommending uniform charts of account meeting the specified conditions. The Legislature did not adopt the recommendations.

### [Public Records](#)

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<sup>4</sup> [Ch. 97-286, Laws of Fla.](#)

<sup>5</sup> Department of Financial Services, *Florida Accounting Resource (FLAIR)*, <https://flair.dbf.state.fl.us/> (last visited Mar. 17, 2025).

<sup>6</sup> [S. 215.94\(2\), F.S.](#)

<sup>7</sup> Florida Auditor General, *Florida Accounting Information Resource Subsystem (FLAIR)*, [flauditor.gov/pages/pdf\\_files/2016-032.pdf](https://flauditor.gov/pages/pdf_files/2016-032.pdf) (last visited Mar. 17, 2025).

<sup>8</sup> Department of Financial Services, *Cash Management*, <https://www.myfloridacfo.com/division/treasury/cash-management>

<sup>9</sup> Florida Auditor General, *Florida Accounting Information Resource Subsystem (FLAIR)*, [flauditor.gov/pages/pdf\\_files/2016-032.pdf](https://flauditor.gov/pages/pdf_files/2016-032.pdf) (last visited Mar. 17, 2025).

<sup>10</sup> [S. 215.89\(2\)\(a\), F.S.](#)

[Article I, s. 24\(a\) of the State Constitution](#), sets forth the state’s public policy regarding access to government records. This section guarantees every person a right to inspect or copy any public record of the legislative, executive, and judicial branches of government. The Legislature, however, may provide by general law for the exemption of records from the requirements of [Article I, s. 24\(a\) of the State Constitution](#).<sup>11</sup> The general law must state with specificity the public necessity justifying the exemption<sup>12</sup> and must be no broader than necessary to accomplish its purpose.<sup>13</sup>

As functional owners of the state accounting system, DFS is responsible for the security of all data records existing within and transferred from their information subsystems.<sup>14</sup> Each agency is responsible for the accuracy of the information entered into the accounting subsystem. Currently, DFS is subject to public records requests as the functional owner of the state accounting system.

## BILL HISTORY

COMMITTEE REFERENCE	ACTION	DATE	STAFF DIRECTOR/ POLICY CHIEF	ANALYSIS PREPARED BY
<a href="#">Orig. Comm.: State Administration Budget Subcommittee</a>	12 Y, 0 N		Topp	Perez
<a href="#">Budget Committee</a>	26 Y, 0 N	4/2/2025	Pridgeon	Perez

<sup>11</sup> [Art. I, s. 24, Fla. Const.](#)

<sup>12</sup> This portion of a public record exemption is commonly referred to as a “public necessity statement.”

<sup>13</sup> [Art. I, s. 24, Fla. Const.](#)

<sup>14</sup> [S. 215.93\(5\), F.S.](#)