



Government Accountability Committee

November 7, 2017
1:30 PM--3:30 PM
Morris Hall (17 HOB)

Meeting Packet

Committee Meeting Notice

HOUSE OF REPRESENTATIVES

Government Accountability Committee

Start Date and Time: Tuesday, November 07, 2017 01:30 pm

End Date and Time: Tuesday, November 07, 2017 03:30 pm

Location: Morris Hall (17 HOB)

Duration: 2.00 hrs

Consideration of the following bill(s):

HB 11 Government Accountability by Metz

HB 67 Florida Slavery Memorial by McGhee, Lee

HB 185 Redirection of Fees to Tax Collectors by Mariano

HB 6003 Participant Local Government Advisory Council by White

NOTICE FINALIZED on 10/31/2017 4:16PM by Larson.Lisa

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: HB 11 Government Accountability

SPONSOR(S): Metz

TIED BILLS: **IDEN./SIM. BILLS:** SB 354

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR or BUDGET/POLICY CHIEF
1) Government Accountability Committee		Moore <i>AM</i>	Williamson <i>AW</i>

SUMMARY ANALYSIS

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 Legislative Auditing Committee. In addition, 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.

The bill amends statutes pertaining to government accountability and auditing. Specifically, the bill:

- Specifies that the Governor or Commissioner of Education, or designee, may notify the 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;"
- Requires each agency, the judicial branch, the Justice Administrative Commission, state attorneys, public defenders, criminal conflict and civil 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;
- Requires counties, municipalities, and water management districts to maintain certain budget documents on their websites for specified timeframes;
- Requires the Florida Clerks of Court Operations Corporation to notify the Legislature of any clerk not meeting workload performance standards;
- Revises the monthly financial statement requirements for water management districts;
- Revises the composition of auditor selection committees;
- Requires completion of an annual financial audit of the Florida Virtual School;
- Requires a local governmental entity, district school board, charter school, charter technical career center, Florida College System board of trustees, or university board of trustees to respond to audit recommendations under certain circumstances;
- 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;
- Limits to \$150 the amount that may be reimbursed per day for travel lodging expenses for certain employees under certain circumstances;
- Codifies the statewide travel management system in law and requires certain public entities to report public officer and employee travel information in the system; 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.

The bill may have an indeterminate but likely insignificant negative fiscal impact on state and local governments. See Fiscal Comments section.

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. EFFECT OF PROPOSED CHANGES:

Auditing

Auditor General

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 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 Legislative Auditing Committee.⁵ The Auditor General conducts operational and performance audits on public records and information technology systems and also 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 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 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

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/annualrpt.htm> (last visited October 27, 2017).

practices; support economical and efficient operations; ensure reliability of financial records and reports; and safeguard assets.

Section 11.45, F.S., defines the types of audits the Auditor General may conduct. That section 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 and financial requirements,¹¹ the 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 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

The bill authorizes the Governor or the Commissioner of Education, or his or her designee, to notify the 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.

The bill creates the following definitions:

- "Abuse" means behavior that is deficient or improper when compared with behavior that a prudent person would consider a reasonable and necessary operational practice given the facts and circumstances. The term includes the misuse of authority or position for personal gain.
- "Fraud" means obtaining something of value through willful misrepresentation, including, but not limited to, the intentional misstatements or intentional omissions of amounts or disclosures in financial statements to deceive users of financial statements, theft of an entity's assets, bribery, or the use of one's position for personal enrichment through the deliberate misuse or misapplication of an organization's resources.
- "Waste" means the act of using or expending resources unreasonably, carelessly, extravagantly, or for no useful purpose.

The bill amends the definition for "local governmental entity" for purposes of s. 11.45, F.S., to include a tourist development council and a county tourism promotion agency.

The bill exempts WMDs from being subject to audits of local governmental entities conducted pursuant to s. 11.45(2)(j), F.S. The bill authorizes the Auditor General to conduct audits or other engagements of

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.

tourist development councils and county tourism promotion agencies. The bill also makes conforming changes to the Auditor General's reporting requirement.

The bill amends 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 add local governmental entities and remove WMDs.

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, DFS, and all state awarding agencies, is required to review the threshold amount for requiring audits and may adjust the threshold amount.¹³

Effect of the Bill

The bill changes 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. The bill 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

If, by the first day in any fiscal year, a local governmental entity, district school board, charter school, or charter technical career center has not been notified that a financial audit for that fiscal year will be performed by the Auditor General, an entity meeting certain requirements must have an annual financial audit of its accounts and records completed within nine months after the end of its fiscal year by an independent certified public accountant.¹⁴ Section 218.39, F.S., specifies the minimum required information for the independent audits and provides for discussion between the governing body and the independent certified public accountant regarding certain specified conditions. If corrective action is required and has not been taken, the Legislative Auditing Committee can request a statement explaining why the corrective action has not been taken and take certain steps to determine whether the entity should be subject to further state action.¹⁵

¹³ Section 215.97(2)(a), F.S.

¹⁴ Section 218.39(1), F.S.

¹⁵ Section 11.40(2), F.S.

Effect of the Bill

The bill 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.

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 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, DFS is required to file a verified report with the Governor, Legislature, Auditor General, and 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.¹⁶

Effect of the Bill

The bill 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 bill requires the accountant to specify in the audit report the significant differences that exist between the audited financial statements and the annual financial report.

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

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 committee 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. Every procurement of audit services must be evidenced by a written contract embodying all provisions and conditions of the procurement.

Effect of the Bill

The bill requires 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 bill 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.

For each annual financial audit, the bill requires the auditor to submit the following information with the audit report:

- The date the entity's governing body approved the selection of the auditor and the date the entity and the auditor executed the most recent procurement contract;
- The first fiscal year for which the auditor conducted the audit under the most recently executed procurement contract; and
- The contract period, including renewals, and conditions under which the contract may be terminated or renewed.

On each occasion that an entity contracts with an auditor to conduct an annual financial audit, the bill requires the chair of the entity's governing body to execute an affidavit affirming that the auditor was selected in compliance with the auditor selection procedures. The affidavit must accompany the entity's first audit report prepared by the auditor under the most recently executed contract and include the following information:

- The date the entity's governing body approved the selection of the auditor;
- The first fiscal year for which the auditor conducted the audit; and
- The contract period, including renewals, and conditions under which the contract may be terminated or renewed.

If an entity fails to provide the Auditor General with the affidavit, the Auditor General must request the affidavit. If the affidavit is not provided within 45 days after the date of the request, the Legislative Auditing Committee must determine whether the entity should be subject to state action pursuant to s. 11.40(2), F.S.

If an entity fails to select an auditor in accordance with the auditor selection procedures, the bill requires the entity to again perform the auditor selection process to select an auditor to conduct audits for subsequent fiscal years if the original audit was performed under a multiyear contract. If performing the process again would preclude the entity from timely completing the annual financial audit, the entity must again perform the process for the subsequent annual financial audit. The bill prohibits a multiyear contract entered into between an entity and an auditor from prohibiting or restricting an entity from complying with the auditor selection requirements. If an entity fails to perform the auditor selection process again in accordance with these requirements, the bill requires the Legislative Auditing Committee to determine whether the entity should be subject to state action pursuant to s. 11.40(2), F.S. The Legislative Auditing Committee must also make such a determination if the entity provides the Auditor General with the required affidavit, but in fact failed to select an auditor in accordance with the auditor selection procedures.

The Florida Virtual School

Present Situation

The Florida Virtual School was created to develop and deliver online and distance learning education.¹⁷ 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.¹⁸

Effect of the Bill

The bill creates a new requirement for 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. The bill also makes conforming changes to the annual report provided to the Governor, the Legislature, the Commissioner of Education, and the SBE by requiring a copy of the audit report to be submitted with the board of trustees' annual statement.

Required Audits of Certain Educational Institutions

Present Situation

School districts, Florida College System institutions, and other institutions and agencies under the supervision of the 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.¹⁹

Effect of the Bill

The bill provides 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.

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

¹⁸ Section 1002.37(6), F.S.

¹⁹ Section 1010.30(2), F.S.

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.²⁰

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 financial accounts and reports must include provisions that are unique to K-12 school districts, Florida College System institutions, and state universities.²¹

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.²² 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.²³

Effect of the Bill

The bill requires state agencies, the judicial branch, local governmental entities, charter schools, school districts, Florida College System institutions, state universities, the Commission, each state attorney,

²⁰ Section 1002.33(9)(j), F.S.

²¹ Section 1010.01, F.S.

²² Section 43.16(5)(a), F.S.

²³ Section 43.16(5)(b), F.S.

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.

The bill also authorizes a district school board to retain an internal auditor to determine the adequacy of internal controls described above.

Online Posting of Governmental Budgets

Counties and Municipalities

Present Situation

Counties²⁴ and municipalities²⁵ 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.²⁶ Current law does not specify how long these documents must remain available on the website.

Effect of the Bill

The bill requires a tentative budget to remain on a county's or municipality's website for at least 45 days. The bill also requires a final budget to remain on the entity's website for at least two years. Finally, the bill requires an adopted amendment to a budget to remain on the website for at least two years.

Water Management Districts

Present Situation

Chapter 373, F.S., governs Florida's water resource management and authorizes the creation of water management districts (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 chapter 373, F.S.²⁷ There are five WMDs in Florida: Northwest Florida, Suwanee River, St. Johns River, Southwest Florida, and South Florida.²⁸ 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

The bill requires 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.

²⁴ Section 129.03, F.S.

²⁵ Section 166.241, F.S.

²⁶ Sections 129.06(2)(f)2., 166.241(5), and 189.016(7), F.S.

²⁷ Section 373.019(23), F.S.

²⁸ Section 373.069(1), F.S.

Other Provisions

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

The bill requires 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.

The 2016-17 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, the bill specified that an employee may expend his or her own funds for any lodging expenses in excess of the limit. This limit was also included in the 2017-18 implementing bill, which further specified that a "meeting" for purposes of the limit does not include travel activities for conducting an audit, examination, inspection, or investigation or travel activities related to a litigation or emergency response. This limit is in effect until July 1, 2018.

Effect of the Bill

The bill codifies the 2017-18 implementing bill's \$150 per day limit on lodging expenses in s. 112.061, F.S.

Statewide Travel Management System

Present Situation

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.

Proviso in specific appropriation 1965A of ch. 2016-66, L.O.F., provided \$1,800,000 in recurring General Revenue Funding to the Executive Office of the Governor (EOG) to acquire a statewide travel management system (system). EOG was required to undertake a competitive procurement for the system pursuant to s. 287.057, F.S. Additionally, \$2,800,000 in nonrecurring General Revenue Funding was provided to executive branch state agencies and the judicial branch for the implementation of the system.

The system was required to be able to electronically: interface with the Florida Accounting Information Resource Subsystem 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 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.

These requirements were also included as proviso in specific appropriation 2718A of ch. 2017-70, L.O.F., which also appropriated \$1,800,000 in recurring General Revenue Funding to the Department of Management Services for the operation and maintenance of the system.

Effect of the Bill

The bill codifies the definitions and requirements pertaining to the system in s. 112.061, F.S. Additionally, the bill will now require all agencies, including 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 to report public officer and employee travel information in the system.

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

The bill requires a WMD's monthly financial statement to be in the form and manner prescribed by DFS and requires each WMD to make the monthly financial statement available to the public on its website.

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

The bill specifies that a board or commission may not require 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

The bill 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.

B. SECTION DIRECTORY:

Section 1 amends s. 11.40, F.S., relating to the Legislative Auditing Committee.

Section 2 amends s. 11.45, F.S., relating to definitions; duties; authorities; reports; and rules of the Auditor General.

Section 3 amends s. 28.35, F.S., relating to the Florida Clerks of Court Operations Corporation.

Section 4 amends s. 43.16, F.S., relating to the Justice Administrative Commission.

Section 5 amends s. 112.061, F.S., relating to per diem and travel expenses of public officers, employees, and authorized persons.

Section 6 amends s. 129.03, F.S., relating to preparation and adoption of county budgets.

Section 7 amends s. 129.06, F.S., relating to execution and amendment of county budgets.

Section 8 amends s. 166.241, F.S., relating to fiscal years, budgets, and budget amendments for municipalities.

Section 9 amends s. 215.86, F.S., relating to management systems and controls for state agencies and the judicial branch.

Section 10 amends s. 215.97, F.S., relating to the Florida Single Audit Act.

Section 11 amends s. 215.985, F.S., relating to transparency in government spending.

Section 12 amends s. 218.32, F.S., relating to annual financial reports for local governmental entities.

Section 13 amends s. 218.33, F.S., relating to local governmental entities; establishment of uniform fiscal years and accounting practices and procedures.

Section 14 amends s. 218.39, F.S., relating to annual financial audit reports.

Section 15 amends s. 218.391, F.S., relating to auditor selection procedures.

Section 16 amends s. 286.0114, F.S., relating to public meetings; reasonable opportunity to be heard; attorney fees.

Section 17 amends s. 373.536, F.S., relating to water management district budgets.

Section 18 amends s. 1001.42, F.S., relating to powers and duties of district school boards.

Section 19 amends s. 1002.33, F.S., relating to charter schools.

Section 20 amends s. 1002.37, F.S., relating to the Florida Virtual School.

Section 21 amends s. 1010.01, F.S., relating to uniform records and accounts.

Section 22 amends s. 1010.30, F.S., relating to audits required.

Section 23 amends s. 218.503, F.S., relating to determination of financial emergency.

Section 24 specifies that the act fulfills an important state interest.

Section 25 provides an effective date of July 1, 2018.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

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

2. Expenditures:

See Fiscal Comments.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

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

2. Expenditures:

See Fiscal Comments.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

None.

D. FISCAL COMMENTS:

The bill may have an indeterminate but likely insignificant negative fiscal impact on state agencies, the court system, court-related entities, local governments, district school boards, charter schools, and state colleges and universities because it requires them to establish specified internal controls. This requirement may require additional time and expense to create the internal controls.

The bill may have an indeterminate but likely insignificant negative fiscal impact on 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, related to any additional workload of reporting public officer and employee travel information in the Statewide Travel Management System.

The bill may have an indeterminate positive fiscal impact on state agencies and the judicial branch because it limits to \$150 the amount that may be reimbursed per day for employee travel lodging expenses under certain circumstances.

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

The county/municipality mandates provision of Art. VII, s. 18 of the State Constitution may apply because the bill requires county and municipal governments to establish and maintain specified internal controls and requires the reporting of certain travel information in the statewide travel management system. An exemption may apply if the bill results in an insignificant fiscal impact to county or municipal governments. An exception also may apply because similarly situated persons are all required to comply and the bill specifies that it serves an important state interest.

2. Other:

Other Comments: Single-Subject Requirement

Article III, s. 6 of the State Constitution provides, in relevant part, that "[e]very law shall embrace but one subject and matter properly connected therewith, and the subject shall be briefly expressed in the title." In interpreting this provision, the Florida Supreme Court has stated, "[a]n act may be as broad as the Legislature chooses, provided the matters included in the act have a natural or logical connection."²⁹

The title of the bill is "Government Accountability" and it contains many provisions related to governmental auditing and reporting requirements. Section 13 of the bill 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. It is unclear whether a reviewing court would conclude that this provision has a "natural or logical connection" with government accountability.

B. RULE-MAKING AUTHORITY:

The bill requires DFS to specify the form and manner for the submission of WMD monthly financial statements.

C. DRAFTING ISSUES OR OTHER COMMENTS:

Cross-reference Correction

The bill creates a new subsection in s. 1002.37, F.S., which requires a cross-reference to s. 1002.37(8)(a), F.S., contained in s. 1002.455, F.S., to be changed to s. 1002.37(9)(a), F.S. This technical change should be included in the bill.

Statewide Travel Management Database

The bill defines the "statewide travel management system" to mean the system acquired by the EOG. However, the system was not acquired by the EOG and was instead acquired by the Department of Management Services, which also operates the system. This technical change should be included in the bill.

IV. AMENDMENTS/ COMMITTEE SUBSTITUTE CHANGES

Not applicable.

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A bill to be entitled
 An act relating to government accountability; amending
 s. 11.40, F.S.; specifying that the Governor, the
 Commissioner of Education, or the designee of the
 Governor or of the commissioner, may notify the
 Legislative Auditing Committee of an entity's failure
 to comply with certain auditing and financial
 reporting requirements; amending s. 11.45, F.S.;
 defining the terms "abuse," "fraud," and "waste";
 revising the definition of the term "local
 governmental entity"; excluding water management
 districts from certain audit requirements; removing a
 cross-reference; authorizing the Auditor General to
 conduct audits of tourist development councils and
 county tourism promotion agencies; revising reporting
 requirements applicable to the Auditor General;
 amending s. 28.35, F.S.; revising reporting
 requirements applicable to the Florida Clerks of Court
 Operations Corporation; amending s. 43.16, F.S.;
 revising the responsibilities of the Justice
 Administrative Commission, each state attorney, each
 public defender, the criminal conflict and civil
 regional counsel, the capital collateral regional
 counsel, and the Guardian Ad Litem Program, to include
 the establishment and maintenance of certain internal

26 controls; amending s. 112.061, F.S.; revising certain
 27 lodging rates for the purpose of reimbursement to
 28 specified employees; authorizing an employee to expend
 29 his or her funds for certain lodging expenses;
 30 defining the term "statewide travel management
 31 system"; requiring agencies and the judicial branch to
 32 report certain travel information of public officers
 33 and employees in the statewide travel management
 34 system; requiring executive branch state agencies and
 35 the judicial branch to use the statewide travel
 36 management system for certain purposes; amending ss.
 37 129.03, 129.06, and 166.241, F.S.; requiring counties
 38 and municipalities to maintain certain budget
 39 documents on the entities' websites for a specified
 40 period; amending s. 215.86, F.S.; revising the
 41 purposes for which management systems and internal
 42 controls must be established and maintained by each
 43 state agency and the judicial branch; amending s.
 44 215.97, F.S.; revising certain audit threshold
 45 requirements; amending s. 215.985, F.S.; revising the
 46 requirements for a monthly financial statement
 47 provided by a water management district; amending s.
 48 218.32, F.S.; revising the requirements of the annual
 49 financial audit report of a local governmental entity;
 50 authorizing the Department of Financial Services to

51 request additional information from a local
 52 governmental entity; requiring a local governmental
 53 entity to respond to such requests within a specified
 54 timeframe; requiring the department to notify the
 55 Legislative Auditing Committee of noncompliance;
 56 amending s. 218.33, F.S.; requiring local governmental
 57 entities to establish and maintain internal controls
 58 to achieve specified purposes; amending s. 218.39,
 59 F.S.; requiring an audited entity to respond to audit
 60 recommendations under specified circumstances;
 61 amending s. 218.391, F.S.; revising membership for the
 62 audit committee; prohibiting an audit committee member
 63 from being an employee, a chief executive officer, or
 64 a chief financial officer of the respective
 65 governmental entity; requiring an auditor to include
 66 certain information in a management letter; requiring
 67 the chair of a governmental entity's governing body to
 68 submit an affidavit containing certain information
 69 when the entity contracts with an auditor to conduct
 70 an audit; providing requirements and procedures for
 71 selecting an auditor; requiring the Legislative
 72 Auditing Committee to determine whether a governmental
 73 entity should be subject to state action under certain
 74 circumstances; amending s. 286.0114, F.S.; prohibiting
 75 a board or commission from requiring an advance copy

76 of testimony or comments from a member of the public
 77 as a precondition to being given the opportunity to be
 78 heard at a public meeting; amending s. 373.536, F.S.;
 79 deleting obsolete language; requiring water management
 80 districts to maintain certain budget documents on the
 81 districts' websites for a specified period; amending
 82 s. 1001.42, F.S.; authorizing additional internal
 83 audits as directed by the district school board;
 84 amending s. 1002.33, F.S.; revising the
 85 responsibilities of the governing board of a charter
 86 school to include the establishment and maintenance of
 87 internal controls; amending s. 1002.37, F.S.;
 88 requiring completion of an annual financial audit of
 89 the Florida Virtual School; specifying audit
 90 requirements; requiring an audit report to be
 91 submitted to the board of trustees of the Florida
 92 Virtual School and the Auditor General; deleting
 93 obsolete provisions; amending s. 1010.01, F.S.;
 94 requiring each school district, Florida College System
 95 institution, and state university to establish and
 96 maintain certain internal controls; amending s.
 97 1010.30, F.S.; requiring a district school board,
 98 Florida College System institution board of trustees,
 99 or university board of trustees to respond to audit
 100 recommendations under certain circumstances; amending

101 s. 218.503, F.S.; conforming provisions and cross-
 102 references to changes made by the act; declaring that
 103 the act fulfills an important state interest;
 104 providing an effective date.
 105

106 Be It Enacted by the Legislature of the State of Florida:
 107

108 Section 1. Subsection (2) of section 11.40, Florida
 109 Statutes, is amended to read:

110 11.40 Legislative Auditing Committee.—

111 (2) Following notification by the Auditor General, the
 112 Department of Financial Services, ~~or~~ the Division of Bond
 113 Finance of the State Board of Administration, the Governor or
 114 his or her designee, or the Commissioner of Education or his or
 115 her designee of the failure of a local governmental entity,
 116 district school board, charter school, or charter technical
 117 career center to comply with the applicable provisions within s.
 118 11.45(5)-(7), s. 218.32(1), s. 218.38, or s. 218.503(3), the
 119 Legislative Auditing Committee may schedule a hearing to
 120 determine if the entity should be subject to further state
 121 action. If the committee determines that the entity should be
 122 subject to further state action, the committee shall:

123 (a) In the case of a local governmental entity or district
 124 school board, direct the Department of Revenue and the
 125 Department of Financial Services to withhold any funds not

126 pledged for bond debt service satisfaction which are payable to
 127 such entity until the entity complies with the law. The
 128 committee shall specify the date that such action must ~~shall~~
 129 begin, and the directive must be received by the Department of
 130 Revenue and the Department of Financial Services 30 days before
 131 the date of the distribution mandated by law. The Department of
 132 Revenue and the Department of Financial Services may implement
 133 ~~the provisions of~~ this paragraph.

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

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

149 2. A local ordinance, notify the chair or equivalent of
 150 the local general-purpose government pursuant to s. 189.0652 and

151 the Department of Economic Opportunity that the special district
 152 has failed to comply with the law. Upon receipt of notification,
 153 the department shall proceed pursuant to s. 189.062 or s.
 154 189.067. If the special district remains in noncompliance after
 155 the process set forth in s. 189.0652, or if a public hearing is
 156 not held, the Legislative Auditing Committee may request the
 157 department to proceed pursuant to s. 189.067(3).

158 3. Any manner other than a special act or local ordinance,
 159 notify the Department of Economic Opportunity that the special
 160 district has failed to comply with the law. Upon receipt of
 161 notification, the department shall proceed pursuant to s.
 162 189.062 or s. 189.067(3).

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

166 Section 2. Subsection (1), paragraph (j) of subsection
 167 (2), paragraph (u) of subsection (3), and paragraph (i) of
 168 subsection (7) of section 11.45, Florida Statutes, are amended,
 169 and paragraph (x) is added to subsection (3) of that section to
 170 read:

171 11.45 Definitions; duties; authorities; reports; rules.—

172 (1) DEFINITIONS.—As used in ss. 11.40-11.51, the term:

173 (a) "Abuse" means behavior that is deficient or improper
 174 when compared with behavior that a prudent person would consider
 175 a reasonable and necessary operational practice given the facts

176 | and circumstances. The term includes the misuse of authority or
 177 | position for personal gain.

178 | (b)~~(a)~~ "Audit" means a financial audit, operational audit,
 179 | or performance audit.

180 | (c)~~(b)~~ "County agency" means a board of county
 181 | commissioners or other legislative and governing body of a
 182 | county, however styled, including that of a consolidated or
 183 | metropolitan government, a clerk of the circuit court, a
 184 | separate or ex officio clerk of the county court, a sheriff, a
 185 | property appraiser, a tax collector, a supervisor of elections,
 186 | or any other officer in whom any portion of the fiscal duties of
 187 | a body or officer expressly stated in this paragraph are the
 188 | above are under law separately placed by law.

189 | (d)~~(e)~~ "Financial audit" means an examination of financial
 190 | statements in order to express an opinion on the fairness with
 191 | which they are presented in conformity with generally accepted
 192 | accounting principles and an examination to determine whether
 193 | operations are properly conducted in accordance with legal and
 194 | regulatory requirements. Financial audits must be conducted in
 195 | accordance with auditing standards generally accepted in the
 196 | United States and government auditing standards as adopted by
 197 | the Board of Accountancy. When applicable, the scope of
 198 | financial audits must ~~shall~~ encompass the additional activities
 199 | necessary to establish compliance with the Single Audit Act
 200 | Amendments of 1996, 31 U.S.C. ss. 7501-7507, and other

201 applicable federal law.

202 (e) "Fraud" means obtaining something of value through
 203 willful misrepresentation, including, but not limited to, the
 204 intentional misstatements or intentional omissions of amounts or
 205 disclosures in financial statements to deceive users of
 206 financial statements, theft of an entity's assets, bribery, or
 207 the use of one's position for personal enrichment through the
 208 deliberate misuse or misapplication of an organization's
 209 resources.

210 (f)~~(d)~~ "Governmental entity" means a state agency, a
 211 county agency, or any other entity, however styled, that
 212 independently exercises any type of state or local governmental
 213 function.

214 (g)~~(e)~~ "Local governmental entity" means a county agency,
 215 municipality, tourist development council, county tourism
 216 promotion agency, or special district as defined in s. 189.012.
 217 The term,~~but~~ does not include any housing authority established
 218 under chapter 421.

219 (h)~~(f)~~ "Management letter" means a statement of the
 220 auditor's comments and recommendations.

221 (i)~~(g)~~ "Operational audit" means an audit whose purpose is
 222 to evaluate management's performance in establishing and
 223 maintaining internal controls, including controls designed to
 224 prevent and detect fraud, waste, and abuse, and in administering
 225 assigned responsibilities in accordance with applicable laws,

226 administrative rules, contracts, grant agreements, and other
 227 guidelines. Operational audits must be conducted in accordance
 228 with government auditing standards. Such audits examine internal
 229 controls that are designed and placed in operation to promote
 230 and encourage the achievement of management's control objectives
 231 in the categories of compliance, economic and efficient
 232 operations, reliability of financial records and reports, and
 233 safeguarding of assets, and identify weaknesses in those
 234 internal controls.

235 (j)~~(h)~~ "Performance audit" means an examination of a
 236 program, activity, or function of a governmental entity,
 237 conducted in accordance with applicable government auditing
 238 standards or auditing and evaluation standards of other
 239 appropriate authoritative bodies. The term includes an
 240 examination of issues related to:

- 241 1. Economy, efficiency, or effectiveness of the program.
- 242 2. Structure or design of the program to accomplish its
 243 goals and objectives.
- 244 3. Adequacy of the program to meet the needs identified by
 245 the Legislature or governing body.
- 246 4. Alternative methods of providing program services or
 247 products.
- 248 5. Goals, objectives, and performance measures used by the
 249 agency to monitor and report program accomplishments.
- 250 6. The accuracy or adequacy of public documents, reports,

251 or requests prepared under the program by state agencies.

252 7. Compliance of the program with appropriate policies,
253 rules, or laws.

254 8. Any other issues related to governmental entities as
255 directed by the Legislative Auditing Committee.

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

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

271 ~~(m)~~ "Waste" means the act of using or expending resources
272 unreasonably, carelessly, extravagantly, or for no useful
273 purpose.

274 (2) DUTIES.—The Auditor General shall:

275 (j) Conduct audits of local governmental entities when

276 determined to be necessary by the Auditor General, when directed
 277 by the Legislative Auditing Committee, or when otherwise
 278 required by law. No later than 18 months after the release of
 279 the audit report, the Auditor General shall perform such
 280 appropriate followup procedures as he or she deems necessary to
 281 determine the audited entity's progress in addressing the
 282 findings and recommendations contained within the Auditor
 283 General's previous report. The Auditor General shall notify each
 284 member of the audited entity's governing body and the
 285 Legislative Auditing Committee of the results of his or her
 286 determination. For purposes of this paragraph, local
 287 governmental entities do not include water management districts.
 288

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

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

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

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

303 (7) AUDITOR GENERAL REPORTING REQUIREMENTS.—

304 (i) The Auditor General shall annually transmit by July
 305 15, to the President of the Senate, the Speaker of the House of
 306 Representatives, and the Department of Financial Services, a
 307 list of all school districts, charter schools, charter technical
 308 career centers, Florida College System institutions, state
 309 universities, and local governmental entities ~~water management~~
 310 ~~districts~~ that have failed to comply with the transparency
 311 requirements as identified in the audit reports reviewed
 312 pursuant to paragraph (b) and those conducted pursuant to
 313 subsection (2).

314 Section 3. Paragraph (d) of subsection (2) of section
 315 28.35, Florida Statutes, is amended to read:

316 28.35 Florida Clerks of Court Operations Corporation.—

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

319 . (d) Developing and certifying a uniform system of workload
 320 measures and applicable workload standards for court-related
 321 functions as developed by the corporation and clerk workload
 322 performance in meeting the workload performance standards. These
 323 workload measures and workload performance standards shall be
 324 designed to facilitate an objective determination of the
 325 performance of each clerk in accordance with minimum standards

326 for fiscal management, operational efficiency, and effective
 327 collection of fines, fees, service charges, and court costs. The
 328 corporation shall develop the workload measures and workload
 329 performance standards in consultation with the Legislature. When
 330 the corporation finds a clerk has not met the workload
 331 performance standards, the corporation shall identify the nature
 332 of each deficiency and any corrective action recommended and
 333 taken by the affected clerk of the court. For quarterly periods
 334 ending on the last day of March, June, September, and December
 335 of each year, the corporation shall notify the Legislature of
 336 any clerk not meeting workload performance standards and provide
 337 a copy of any corrective action plans. Such notifications shall
 338 be submitted no later than 45 days after the end of the
 339 preceding quarterly period. As used in this subsection, the
 340 term:

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

346 2. "Workload performance standards" means the standards
 347 developed to measure the timeliness and effectiveness of the
 348 activities that are accomplished by the clerk in the performance
 349 of the court-related duties of the office as defined by the
 350 membership of the Florida Clerks of Court Operations

351 Corporation.

352 Section 4. Subsections (6) and (7) of section 43.16,
 353 Florida Statutes, are renumbered as subsections (7) and (8),
 354 respectively, and a new subsection (6) is added to that section
 355 to read:

356 43.16 Justice Administrative Commission; membership,
 357 powers and duties.—

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

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

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

367 (c) Support economical and efficient operations.

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

369 (e) Safeguard assets.

370 Section 5. Subsection (6) of section 112.061, Florida
 371 Statutes, is amended, and subsection (16) is added to that
 372 section, to read:

373 112.061 Per diem and travel expenses of public officers,
 374 employees, and authorized persons.—

375 (6) RATES OF PER DIEM AND SUBSISTENCE ALLOWANCE.—For

376 purposes of reimbursement rates and methods of calculation, per
 377 diem and subsistence allowances are provided as follows:

378 (a) All travelers shall be allowed for subsistence when
 379 traveling to a convention or conference or when traveling within
 380 or outside the state in order to conduct bona fide state
 381 business, which convention, conference, or business serves a
 382 direct and lawful public purpose with relation to the public
 383 agency served by the person attending such meeting or conducting
 384 such business, either of the following for each day of such
 385 travel at the option of the traveler:

- 386 1. Eighty dollars per diem; or
- 387 2. If actual expenses exceed \$80, the amounts permitted in
 388 paragraph (b) for subsistence, plus actual expenses for lodging
 389 at a single-occupancy rate, except as provided in paragraph (c),
 390 to be substantiated by paid bills therefor.

391
 392 When lodging or meals are provided at a state institution, the
 393 traveler shall be reimbursed only for the actual expenses of
 394 such lodging or meals, not to exceed the maximum provided for in
 395 this subsection.

396 (b) All travelers shall be allowed the following amounts
 397 for subsistence while on Class C travel on official business as
 398 provided in paragraph (5) (b):

- 399 1. Breakfast.....\$6
- 400 2. Lunch.....\$11

401 3. Dinner.....\$19

402 (c) Actual expenses for lodging associated with the
 403 attendance of an employee of a state agency or the judicial
 404 branch at a meeting, conference, or convention organized or
 405 sponsored in whole or in part by a state agency or the judicial
 406 branch may not exceed \$150 per day. However, an employee may
 407 expend his or her own funds for any lodging expenses that exceed
 408 \$150 per day. For purposes of this paragraph, a meeting does not
 409 include travel activities for conducting an audit, examination,
 410 inspection, or investigation or travel activities related to a
 411 litigation or emergency response.

412 (d)~~(e)~~ No one, whether traveling out of state or in state,
 413 shall be reimbursed for any meal or lodging included in a
 414 convention or conference registration fee paid by the state.

415 (16) STATEWIDE TRAVEL MANAGEMENT SYSTEM.-

416 (a) For purposes of this subsection, "statewide travel
 417 management system" means the system acquired by the Executive
 418 Office of the Governor to:

- 419 1. Standardize and automate agency travel management;
- 420 2. Allow for travel planning and approval, expense
 421 reporting, and reimbursement; and

422 3. Allow a person to query travel information by public
 423 employee or officer name and position title, purpose of travel,
 424 dates and location of travel, mode of travel, confirmation of
 425 agency head or designee authorization if required, and total

426 travel cost.

427 (b) All agencies and the judicial branch must report
 428 public officer and employee travel information in the statewide
 429 travel management system, including, but not limited to, officer
 430 or employee name and position title, purpose of travel, dates
 431 and location of travel, mode of travel, confirmation of agency
 432 head or designee authorization if required, and total travel
 433 cost. At a minimum, such information must be reported in the
 434 statewide travel management system on a monthly basis.

435 (c) All executive branch state agencies and the judicial
 436 branch must use the statewide travel management system for
 437 purposes of travel authorization and reimbursement.

438 Section 6. Paragraph (c) of subsection (3) of section
 439 129.03, Florida Statutes, is amended to read:

440 129.03 Preparation and adoption of budget.—

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

449 (c) The board shall hold public hearings to adopt
 450 tentative and final budgets pursuant to s. 200.065. The hearings

451 shall be primarily for the purpose of hearing requests and
452 complaints from the public regarding the budgets and the
453 proposed tax levies and for explaining the budget and any
454 proposed or adopted amendments. The tentative budget must be
455 posted on the county's official website at least 2 days before
456 the public hearing to consider such budget and must remain on
457 the website for at least 45 days. The final budget must be
458 posted on the website within 30 days after adoption and must
459 remain on the website for at least 2 years. The tentative
460 budgets, adopted tentative budgets, and final budgets shall be
461 filed in the office of the county auditor as a public record.
462 Sufficient reference in words and figures to identify the
463 particular transactions must ~~shall~~ be made in the minutes of the
464 board to record its actions with reference to the budgets.

465 Section 7. Paragraph (f) of subsection (2) of section
466 129.06, Florida Statutes, is amended to read:

467 129.06 Execution and amendment of budget.—

468 (2) The board at any time within a fiscal year may amend a
469 budget for that year, and may within the first 60 days of a
470 fiscal year amend the budget for the prior fiscal year, as
471 follows:

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

476 adopted following a public hearing.

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

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

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

491 166.241 Fiscal years, budgets, and budget amendments.—

492 (3) The tentative budget must be posted on the
 493 municipality's official website at least 2 days before the
 494 budget hearing, held pursuant to s. 200.065 or other law, to
 495 consider such budget and must remain on the website for at least
 496 45 days. The final adopted budget must be posted on the
 497 municipality's official website within 30 days after adoption
 498 and must remain on the website for at least 2 years. If the
 499 municipality does not operate an official website, the
 500 municipality must, within a reasonable period of time as

501 established by the county or counties in which the municipality
 502 is located, transmit the tentative budget and final budget to
 503 the manager or administrator of such county or counties who
 504 shall post the budgets on the county's website.

505 (5) If the governing body of a municipality amends the
 506 budget pursuant to paragraph (4)(c), the adopted amendment must
 507 be posted on the official website of the municipality within 5
 508 days after adoption and must remain on the website for at least
 509 2 years. If the municipality does not operate an official
 510 website, the municipality must, within a reasonable period of
 511 time as established by the county or counties in which the
 512 municipality is located, transmit the adopted amendment to the
 513 manager or administrator of such county or counties who shall
 514 post the adopted amendment on the county's website.

515 Section 9. Section 215.86, Florida Statutes, is amended to
 516 read:

517 215.86 Management systems and controls.—Each state agency
 518 and the judicial branch as defined in s. 216.011 shall establish
 519 and maintain management systems and internal controls designed
 520 to:

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

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

525 (3) Support economical and ~~economic,~~ efficient, ~~and~~

526 ~~effective operations.~~

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

528 ~~(5) Safeguard and safeguarding of assets. Accounting~~

529 ~~systems and procedures shall be designed to fulfill the~~

530 ~~requirements of generally accepted accounting principles.~~

531 Section 10. Paragraph (a) of subsection (2) of section
532 215.97, Florida Statutes, is amended to read:

533 215.97 Florida Single Audit Act.-

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

535 (a) "Audit threshold" means the threshold amount used to
536 determine when a state single audit or project-specific audit of

537 a nonstate entity shall be conducted in accordance with this

538 section. Each nonstate entity that expends a total amount of

539 state financial assistance equal to or in excess of \$750,000 in

540 any fiscal year of such nonstate entity shall be required to

541 have a state single audit, or a project-specific audit, for such

542 fiscal year in accordance with the requirements of this section.

543 ~~Every 2 years the Auditor General,~~ After consulting with the

544 Executive Office of the Governor, the Department of Financial

545 Services, and all state awarding agencies, the Auditor General

546 shall periodically review the threshold amount for requiring

547 audits under this section and may recommend any appropriate

548 statutory change to revise the threshold amount in the annual

549 report submitted pursuant to s. 11.45(7)(h) to the Legislature

550 ~~adjust such threshold amount consistent with the purposes of~~

551 ~~this section.~~

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

554 215.985 Transparency in government spending.—

555 (11) Each water management district shall provide a
 556 monthly financial statement in the form and manner prescribed by
 557 the Department of Financial Services to the district's ~~its~~
 558 governing board and make such monthly financial statement
 559 available for public access on its website.

560 Section 12. Paragraph (d) of subsection (1) and subsection
 561 (2) of section 218.32, Florida Statutes, are amended to read:

562 218.32 Annual financial reports; local governmental
 563 entities.—

564 (1)

565 (d) Each local governmental entity that is required to
 566 provide for an audit under s. 218.39(1) must submit a copy of
 567 the audit report and annual financial report to the department
 568 within 45 days after the completion of the audit report but no
 569 later than 9 months after the end of the fiscal year. In
 570 conducting an audit of a local governmental entity pursuant to
 571 s. 218.39, an independent certified public accountant shall
 572 determine whether the entity's annual financial report is in
 573 agreement with the audited financial statements. If the audited
 574 financial statements are not in agreement with the annual
 575 financial report, the accountant shall specify and explain the

576 significant differences that exist between the audited financial
 577 statements and the annual financial report.

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

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

597 (b) The amount of outstanding long-term debt by each local
 598 governmental entity. For purposes of this paragraph, the term
 599 "long-term debt" means any agreement or series of agreements to
 600 pay money, which, at inception, contemplate terms of payment

601 | exceeding 1 year in duration.

602 | Section 13. Subsection (3) of section 218.33, Florida
603 | Statutes, is renumbered as subsection (4), and a new subsection
604 | (3) is added to that section to read:

605 | 218.33 Local governmental entities; establishment of
606 | uniform fiscal years and accounting practices and procedures.-

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

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

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

613 | (c) Support economical and efficient operations.

614 | (d) Ensure reliability of financial records and reports.

615 | (e) Safeguard assets.

616 | Section 14. Subsections (8) through (12) of section
617 | 218.39, Florida Statutes, are renumbered as subsections (9)
618 | through (13), respectively, and a new subsection (8) is added to
619 | that section to read:

620 | 218.39 Annual financial audit reports.-

621 | (8) If the audit report includes a recommendation that was
622 | included in the preceding financial audit report but remains
623 | unaddressed, the governing body of the audited entity, within 60
624 | days after the delivery of the audit report to the governing
625 | body, shall indicate during a regularly scheduled public meeting

626 whether it intends to take corrective action, the intended
 627 corrective action, and the timeframe for the corrective action.
 628 If the governing body indicates that it does not intend to take
 629 corrective action, it must explain its decision at the public
 630 meeting.

631 Section 15. Subsection (2) of section 218.391, Florida
 632 Statutes, is amended, and subsections (9) through (13) are added
 633 to that section, to read:

634 218.391 Auditor selection procedures.-

635 (2) The governing body of a ~~charter~~ county, municipality,
 636 special district, district school board, charter school, or
 637 charter technical career center shall establish an audit
 638 committee.

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

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

651 (c) An employee, chief executive officer, or chief
 652 financial officer of the county, municipality, special district,
 653 district school board, charter school, or charter technical
 654 career center may not serve as a member of an audit committee
 655 established under this subsection.

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

662 (9) For each audit required by s. 218.39, the auditor
 663 shall include the following information in the management letter
 664 prepared pursuant to s. 218.39(4):

665 (a) The date the entity's governing body approved the
 666 selection of the auditor and the date the entity and the auditor
 667 executed the most recent contract pursuant to subsection (7);

668 (b) The first fiscal year for which the auditor conducted
 669 the audit under the most recently executed contract pursuant to
 670 subsection (7); and

671 (c) The contract period, including renewals, and
 672 conditions under which the contract may be terminated or
 673 renewed.

674 (10) On each occasion that an entity contracts with an
 675 auditor to conduct an audit pursuant to s. 218.39, an affidavit

676 shall be executed by the chair of the entity's governing body in
677 a format prescribed in accordance with rules adopted by the
678 Auditor General, affirming that the auditor was selected in
679 compliance with the requirements of subsections (3)-(6). The
680 affidavit must accompany the entity's first audit report
681 prepared by the auditor under the most recently executed
682 contract pursuant to subsection (7). The affidavit shall include
683 the following information:

684 (a) The date the entity's governing body approved the
685 selection of the auditor;

686 (b) The first fiscal year for which the auditor conducted
687 the audit; and

688 (c) The contract period, including renewals, and
689 conditions under which the contract may be terminated or
690 renewed.

691 (11) If the entity fails to select the auditor in
692 accordance with the requirements of subsections (3)-(6), the
693 entity shall again perform the auditor selection process in
694 accordance with this section to select an auditor to conduct
695 audits for subsequent fiscal years if the original audit was
696 performed under a multiyear contract.

697 (a) If performing the auditor selection process again in
698 accordance with this section would preclude the entity from
699 timely completing the annual financial audit required by s.
700 218.39, the entity shall again perform the auditor selection

701 process in accordance with this section for the subsequent
702 annual financial audit. A multiyear contract entered into
703 between an entity and an auditor after the effective date of
704 this act may not prohibit or restrict an entity from complying
705 with the section.

706 (b) If the entity fails to perform the auditor selection
707 process again, pursuant to this subsection, the Legislative
708 Auditing Committee shall determine whether the entity should be
709 subject to state action pursuant to s. 11.40(2).

710 (12) If the entity fails to provide the Auditor General
711 with the affidavit required by subsection (10), the Auditor
712 General shall request that the entity provide the affidavit. The
713 affidavit must be provided within 45 days after the date of the
714 request. If the entity does not comply with the Auditor
715 General's request, the Legislative Auditing Committee shall
716 determine whether the entity should be subject to state action
717 pursuant to s. 11.40(2).

718 (13) If the entity provides the Auditor General with the
719 affidavit required in subsection (10) but failed to select the
720 auditor in accordance with the requirements of subsections (3)-
721 (6), the Legislative Auditing Committee shall determine whether
722 the entity should be subject to state action pursuant to s.
723 11.40(2).

724 Section 16. Subsection (2) of section 286.0114, Florida
725 Statutes, is amended to read:

726 286.0114 Public meetings; reasonable opportunity to be
 727 heard; attorney fees.-

728 (2) Members of the public shall be given a reasonable
 729 opportunity to be heard on a proposition before a board or
 730 commission. The opportunity to be heard need not occur at the
 731 same meeting at which the board or commission takes official
 732 action on the proposition if the opportunity occurs at a meeting
 733 that is during the decisionmaking process and is within
 734 reasonable proximity in time before the meeting at which the
 735 board or commission takes the official action. A board or
 736 commission may not require a member of the public to provide an
 737 advance written copy of his or her testimony or comments as a
 738 condition of being given the opportunity to be heard at a
 739 meeting. This section does not prohibit a board or commission
 740 from maintaining orderly conduct or proper decorum in a public
 741 meeting. The opportunity to be heard is subject to rules or
 742 policies adopted by the board or commission, as provided in
 743 subsection (4).

744 Section 17. Paragraph (e) of subsection (4), paragraph (d)
 745 of subsection (5), and paragraph (d) of subsection (6) of
 746 section 373.536, Florida Statutes, are amended to read:

747 373.536 District budget and hearing thereon.-

748 (4) BUDGET CONTROLS; FINANCIAL INFORMATION.-

749 (e) ~~By September 1, 2012,~~ Each district shall provide a
 750 monthly financial statement in the form and manner prescribed by

751 the Department of Financial Services to the district's governing
 752 board and make such monthly financial statement available for
 753 public access on its website.

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

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

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

774 (d) The final adopted budget must be posted on the water
 775 management district's official website within 30 days after

776 adoption and must remain on the website for at least 2 years.

777 Section 18. Paragraph (1) of subsection (12) of section
778 1001.42, Florida Statutes, is amended to read:

779 1001.42 Powers and duties of district school board.—The
780 district school board, acting as a board, shall exercise all
781 powers and perform all duties listed below:

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

785 (1) *Internal auditor.*—May employ an internal auditor to
786 perform ongoing financial verification of the financial records
787 of the school district and such other audits and reviews as the
788 district school board directs for the purpose of determining:

789 1. The adequacy of internal controls designed to prevent
790 and detect fraud, waste, and abuse as defined in s. 11.45(1).

791 2. Compliance with applicable laws, rules, contracts,
792 grant agreements, district school board-approved policies, and
793 best practices.

794 3. The efficiency of operations.

795 4. The reliability of financial records and reports.

796 5. The safeguarding of assets.

797

798 The internal auditor shall report directly to the district
799 school board or its designee.

800 Section 19. Paragraph (j) of subsection (9) of section

801 1002.33, Florida Statutes, is amended to read:
 802 1002.33 Charter schools.—
 803 (9) CHARTER SCHOOL REQUIREMENTS.—
 804 (j) The governing body of the charter school shall be
 805 responsible for:
 806 1. Establishing and maintaining internal controls designed
 807 to:
 808 a. Prevent and detect fraud, waste, and abuse as defined
 809 in s. 11.45(1).
 810 b. Promote and encourage compliance with applicable laws,
 811 rules, contracts, grant agreements, and best practices.
 812 c. Support economical and efficient operations.
 813 d. Ensure reliability of financial records and reports.
 814 e. Safeguard assets.
 815 ~~2.4.~~ Ensuring that the charter school has retained the
 816 services of a certified public accountant or auditor for the
 817 annual financial audit, pursuant to s. 1002.345(2), who shall
 818 submit the report to the governing body.
 819 ~~3.2.~~ Reviewing and approving the audit report, including
 820 audit findings and recommendations for the financial recovery
 821 plan.
 822 ~~4.a.3.a.~~ Performing the duties in s. 1002.345, including
 823 monitoring a corrective action plan.
 824 b. Monitoring a financial recovery plan in order to ensure
 825 compliance.

826 5.4. Participating in governance training approved by the
 827 department which must include government in the sunshine,
 828 conflicts of interest, ethics, and financial responsibility.

829 Section 20. Subsections (6) through (10) of section
 830 1002.37, Florida Statutes, are renumbered as subsections (7)
 831 through (11), respectively, present subsection (6) is amended,
 832 and a new subsection (6) is added to that section, to read:

833 1002.37 The Florida Virtual School.—

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

848 ~~(7)(6)~~ The board of trustees shall annually submit to the
 849 Governor, the Legislature, the Commissioner of Education, and
 850 the State Board of Education the audit report prepared pursuant

851 | to subsection (6) and a complete and detailed report setting
 852 | forth:

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

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

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

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

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

876 (e)~~(f)~~ Recommendations regarding an accountability
 877 mechanism to assess the effectiveness of the services provided
 878 by the Florida Virtual School and Florida Virtual School Global.

879 Section 21. Subsection (5) is added to section 1010.01,
 880 Florida Statutes, to read:

881 1010.01 Uniform records and accounts.—

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

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

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

889 (c) Support economical and efficient operations.

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

891 (e) Safeguard assets.

892 Section 22. Subsection (2) of section 1010.30, Florida
 893 Statutes, is amended to read:

894 1010.30 Audits required.—

895 (2) If a school district, Florida College System
 896 institution, or university audit report includes a
 897 recommendation that was included in the preceding financial
 898 audit report but remains unaddressed ~~an audit contains a~~
 899 ~~significant finding~~, the district school board, the Florida
 900 College System institution board of trustees, or the university

901 board of trustees, within 60 days after the delivery of the
 902 audit report to the school district, Florida College System
 903 institution, or university, shall indicate ~~conduct an audit~~
 904 ~~overview~~ during a regularly scheduled public meeting whether it
 905 intends to take corrective action, the intended corrective
 906 action, and the timeframe for the corrective action. If the
 907 district school board, Florida College System institution board
 908 of trustees, or university board of trustees indicates that it
 909 does not intend to take corrective action, it shall explain its
 910 decision at the public meeting.

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

913 218.503 Determination of financial emergency.—

914 (3) Upon notification that one or more of the conditions
 915 in subsection (1) have occurred or will occur if action is not
 916 taken to assist the local governmental entity or district school
 917 board, the Governor or his or her designee shall contact the
 918 local governmental entity or the Commissioner of Education or
 919 his or her designee shall contact the district school board, as
 920 appropriate, to determine what actions have been taken by the
 921 local governmental entity or the district school board to
 922 resolve or prevent the condition. The information requested must
 923 be provided within 45 days after the date of the request. If the
 924 local governmental entity or the district school board does not
 925 comply with the request, the Governor or his or her designee or

926 the Commissioner of Education or his or her designee shall
 927 notify ~~the members of~~ the Legislative Auditing Committee, which
 928 ~~who~~ may take action pursuant to s. 11.40(2) ~~11.40~~. The Governor
 929 or the Commissioner of Education, as appropriate, shall
 930 determine whether the local governmental entity or the district
 931 school board needs state assistance to resolve or prevent the
 932 condition. If state assistance is needed, the local governmental
 933 entity or district school board is considered to be in a state
 934 of financial emergency. The Governor or the Commissioner of
 935 Education, as appropriate, has the authority to implement
 936 measures as set forth in ss. 218.50-218.504 to assist the local
 937 governmental entity or district school board in resolving the
 938 financial emergency. Such measures may include, but are not
 939 limited to:

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

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

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

949 (d) Making such inspections and reviews of records,
 950 information, reports, and assets of the local governmental

951 entity or district school board as are needed. The appropriate
 952 local officials shall cooperate in such inspections and reviews.

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

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

960 (g)1. Establishing a financial emergency board to oversee
 961 the activities of the local governmental entity or the district
 962 school board. If a financial emergency board is established for
 963 a local governmental entity, the Governor shall appoint board
 964 members and select a chair. If a financial emergency board is
 965 established for a district school board, the State Board of
 966 Education shall appoint board members and select a chair. The
 967 financial emergency board shall adopt such rules as are
 968 necessary for conducting board business. The board may:

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

972 b. Consult with officials and auditors of the local
 973 governmental entity or the district school board and the
 974 appropriate state officials regarding any steps necessary to
 975 bring the books of account, accounting systems, financial

976 | procedures, and reports of the local governmental entity or the
 977 | district school board into compliance with state requirements.

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

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

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

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

1000 | 1. Provision for payment in full of obligations outlined

1001 in subsection (1), designated as priority items, which are
 1002 currently due or will come due.

1003 2. Establishment of priority budgeting or zero-based
 1004 budgeting in order to eliminate items that are not affordable.

1005 3. The prohibition of a level of operations which can be
 1006 sustained only with nonrecurring revenues.

1007 4. Provisions implementing the consolidation, sourcing, or
 1008 discontinuance of all administrative direction and support
 1009 services, including, but not limited to, services for asset
 1010 sales, economic and community development, building inspections,
 1011 parks and recreation, facilities management, engineering and
 1012 construction, insurance coverage, risk management, planning and
 1013 zoning, information systems, fleet management, and purchasing.

1014 Section 24. The Legislature finds that a proper and
 1015 legitimate state purpose is served when internal controls are
 1016 established to prevent and detect fraud, waste, and abuse and to
 1017 safeguard and account for government funds and property.
 1018 Therefore, the Legislature determines and declares that this act
 1019 fulfills an important state interest.

1020 Section 25. This act shall take effect July 1, 2018.



Amendment No.

COMMITTEE/SUBCOMMITTEE ACTION

ADOPTED	___	(Y/N)
ADOPTED AS AMENDED	___	(Y/N)
ADOPTED W/O OBJECTION	___	(Y/N)
FAILED TO ADOPT	___	(Y/N)
WITHDRAWN	___	(Y/N)
OTHER	_____	

1 Committee/Subcommittee hearing bill: Government Accountability
 2 Committee
 3 Representative Metz offered the following:

Amendment

4
 5
 6 Remove lines 417-418 and insert:
 7 management system" means the system acquired by the Department
 8 of Management Services to:

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: HB 67 Florida Slavery Memorial
SPONSOR(S): McGhee, Lee and others
TIED BILLS: **IDEN./SIM. BILLS:** SB 286

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR or BUDGET/POLICY CHIEF
1) Oversight, Transparency & Administration Subcommittee	10 Y, 0 N	Toliver	Harrington
2) Government Operations & Technology Appropriations Subcommittee	12 Y, 0 N	Keith	Topp
3) Government Accountability Committee		Toliver <i>HT</i>	Williamson <i>Law</i>

SUMMARY ANALYSIS

The Capitol Complex is comprised of an area encompassing the capitol building, its surrounding environs, and the State Capital Circle Office Complex (CCOC). Currently, the Capitol Complex has on its grounds various memorials and monuments, however, no memorial or monument concerning slavery currently exists within the Capitol Complex. Current law specifies that a monument may not be constructed or placed on the premises of the Capitol Complex unless authorized by general law and unless the design and placement of the monument is approved by the Department of Management Services (DMS) after considering the recommendations of the Florida Historical Commission.

The bill establishes the Florida Slavery Memorial, which is to be administered by DMS. The bill requires DMS to develop a plan for the design, placement, and cost of the memorial, which must include the designation of an appropriate public area for the memorial on the premises of the Capitol Complex, not to include the CCOC. Additionally, DMS must submit the plan to the Governor, the President of the Senate, and the Speaker of the House of Representatives.

The bill has an insignificant fiscal impact to expenditures of DMS. It does not appear to have a fiscal impact on local governments.

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. EFFECT OF PROPOSED CHANGES:

Background

Capitol Complex Monuments

A monument¹ may not be constructed or placed on the premises of the Capitol Complex unless authorized by general law and unless the design and placement of the monument is approved by the Department of Management Services (DMS) after considering the recommendations of the Florida Historical Commission.² DMS must coordinate with the Division of Historical Resources of the Department of State regarding a monument's design and placement.³ In addition, DMS, in consultation with the Florida Historical Commission, must set aside an area of the Capitol Complex to be dedicated as a memorial garden for the placement of authorized monuments.⁴

Section 281.01, F.S., defines the term "Capitol Complex" as:

[T]hat portion of Tallahassee, Leon County, Florida, commonly referred to as the Capitol, the Historic Capitol, the Senate Office Building, the House Office Building, the Knott Building, the Pepper Building, the Holland Building, and the curtilage of each, including the state-owned lands and public streets adjacent thereto within an area bounded by and including Monroe Street, Jefferson Street, Duval Street, and Gaines Street. The term shall also include the State Capital Circle Office Complex located in Leon County, Florida.

Current law authorizes various memorials, monuments, and places of recognition on the grounds of the Capitol Complex.⁵ The list of memorials and monuments include:

- The Florida Veterans' Walk of Honor;⁶
- The Florida Veterans' Memorial Garden;⁷
- The POW-MIA Chair of Honor Memorial;⁸
- Florida Law Enforcement Officers' Hall of Fame;⁹
- Florida Women's Hall of Fame;¹⁰ and
- The Florida Holocaust Memorial.¹¹

Currently, there is not a Slavery Memorial located within the Capitol Complex.

¹ Section 265.111(1), F.S., defines the term "monument" to mean a permanent structure such as a marker, statue, sculpture, plaque, or other artifice, including living plant material, placed in remembrance or recognition of significant person or event in Florida history. The term does not include any "Official Florida Historical Marker" as defined in s. 267.021, F.S.

² Section 265.111(2), F.S.

³ *Id.*

⁴ Section 265.111(3), F.S.

⁵ *See* ch. 265, F.S.

⁶ Section 265.0031, F.S.

⁷ *Id.*

⁸ Section 265.00301, F.S.

⁹ Section 265.0041, F.S.

¹⁰ Section 265.001, F.S.

¹¹ Section 365.005, F.S.

Division of Historical Resources

The Division of Historical Resources, which is established within the Department of State,¹² in part, is responsible for:

- Developing a comprehensive statewide historic preservation plan.
- Directing and conducting a comprehensive statewide survey of historic resources and maintaining an inventory of such resources.
- Ensuring that historic resources are taken into consideration at all levels of planning and development.
- Providing public information, education, and technical assistance relating to historic preservation programs.¹³

Florida Historical Commission

The Florida Historical Commission (commission) was established in 2001 to enhance public participation and involvement in the preservation and protection of the state's historic and archaeological sites and properties.¹⁴ The commission is part of the Department of State and is tasked with advising and assisting the Division of Historical Resources in carrying out its programs, duties, and responsibilities.¹⁵

The commission is composed of 11 members: seven are appointed by the Governor in consultation with the Secretary of State, two by the President of the Senate, and two by the Speaker of the House of Representatives.¹⁶ The commission must include:

- A licensed architect with expertise in historic preservation and architectural history;
- A professional historian in the field of American history;
- A professional architectural historian;
- An archaeologist specializing in the field of prehistory;
- An archaeologist specializing in the historic period; and
- Representatives of the public with demonstrated interest in the preservation of Florida's historical and archaeological heritage.¹⁷

The commission must provide assistance, advice, and recommendations to the Division of Historical Resources.¹⁸ Current law further requires the commission to provide recommendations to the DMS on the design and placement of monuments authorized by general law to be placed on the premises of the Capitol Complex.¹⁹

Effect of the Bill

The bill establishes the Florida Slavery Memorial to recognize the fundamental injustice, cruelty, brutality, and inhumanity of slavery in the United States and the American Colonies and to honor the nameless and forgotten men, women, and children who have gone unrecognized for their undeniable and weighty contributions to the United States. It requires DMS to administer the memorial.

The bill requires DMS to develop a plan for the design, placement, and cost of the memorial. The plan must include the designation of an appropriate public area for the memorial on the premises of the Capitol Complex, not including the State Capital Circle Office Complex. DMS must consider the recommendations of the commission and must coordinate with the Division of Historical Resources in

¹² Section 20.10(2)(b), F.S.

¹³ Section 267.031(5), F.S.

¹⁴ Chapter 2001-199, L.O.F.; codified as s. 267.0612, F.S.

¹⁵ Section 267.0612, F.S.

¹⁶ Section 267.0612(1)(a)1., F.S.

¹⁷ *Id.*

¹⁸ *See s.* 267.0612(6), F.S.

¹⁹ Section 267.0612(9), F.S.

developing the plan. Additionally, DMS must submit the plan to the Governor, the President of the Senate, and the Speaker of the House of Representatives.

B. SECTION DIRECTORY:

Section 1 creates s. 265.006, F.S., establishing the Florida Slavery Memorial.

Section 2 provides an effective date of July 1, 2018.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

None.

2. Expenditures:

There is an insignificant fiscal impact to expenditures of DMS to develop a plan for the design, placement, and cost of the memorial. Costs associated with developing the plan can be handled within existing resources.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

None.

2. Expenditures:

None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

None.

D. FISCAL COMMENTS:

None.

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

Not applicable. The bill does not appear to affect county or municipal governments.

2. Other:

None.

B. RULE-MAKING AUTHORITY:

None.

C. DRAFTING ISSUES OR OTHER COMMENTS:

None.

IV. AMENDMENTS/ COMMITTEE SUBSTITUTE CHANGES

None.

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A bill to be entitled
 An act relating to the Florida Slavery Memorial;
 creating s. 265.006, F.S.; providing legislative
 intent; establishing the Florida Slavery Memorial;
 providing for administration of the memorial by the
 Department of Management Services; directing the
 department to develop a specified plan for the design,
 placement, and cost of the memorial and submit the
 plan to the Governor and Legislature; providing an
 effective date.

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

Section 1. Section 265.006, Florida Statutes, is created
 to read:

265.006 Florida Slavery Memorial.—

(1) It is the intent of the Legislature to recognize the
 fundamental injustice, cruelty, brutality, and inhumanity of
 slavery in the United States and the American Colonies and to
 honor the nameless and forgotten men, women, and children who
 have gone unrecognized for their undeniable and weighty
 contributions to the United States.

(2) There is established the Florida Slavery Memorial.

(a) The memorial is administered by the Department of
 Management Services.

26 (b) The Department of Management Services shall develop a
27 plan for the design, placement, and cost of the memorial. The
28 plan shall include the designation of an appropriate public area
29 for the memorial on the premises of the Capitol Complex, as
30 defined in s. 281.01, not including the State Capital Circle
31 Office Complex. The department shall consider the
32 recommendations of the Florida Historical Commission as required
33 pursuant to ss. 265.111 and 267.0612(9) and shall coordinate
34 with the Division of Historical Resources of the Department of
35 State in developing the plan. The department shall submit the
36 plan to the Governor, the President of the Senate, and the
37 Speaker of the House of Representatives.

38 Section 2. This act shall take effect July 1, 2018.

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: HB 185 Redirection of Fees to Tax Collectors
SPONSOR(S): Mariano and others
TIED BILLS: IDEN./SIM. BILLS: SB 322

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR or BUDGET/POLICY CHIEF
1) Government Accountability Committee		Roth <i>DR</i>	Williamson <i>Law</i>

SUMMARY ANALYSIS

Current law requires every applicant for an original driver license to pass an examination; however, the Department of Highway Safety and Motor Vehicles (DHSMV) may waive the examination for an applicant in certain situations. Driver license testing can be administered at state driver license offices or by tax collector licensing agents, Driver Education Licensing Assistance Programs, and authorized third party testers.

Any applicant who fails to pass the initial driver license knowledge test incurs a \$10 fee for each subsequent test, while any applicant who fails to pass the initial driver license skills test incurs a \$20 fee for each subsequent test. Currently, the fees for subsequent tests, regardless of whether the test is administered by DHSMV or a tax collector, are deposited into the Highway Safety Operating Trust Fund.

A driver license can be suspended or revoked if the driver breaks laws or becomes an unsafe driver. Any person who applies for reinstatement following the suspension or revocation of the person's driver license must pay a service fee of \$45 following a suspension and \$75 following a revocation. Any person who applies for reinstatement of a commercial driver license following a disqualification must pay a service fee of \$75. DHSMV is required to collect all of these fees at the time of reinstatement and deposit them into the Highway Safety Operating Trust Fund and General Revenue Fund.

Tax collectors currently process some of the driver license testing and reinstatements; however, they do not currently receive any of the fees associated with providing these services.

The bill provides that when the tax collector administers a subsequent knowledge test, the tax collector retains the \$10 fee, minus the general revenue surcharge. Additionally, the bill provides that for a subsequent skills test administered by the tax collector, the tax collector retains the \$20 fee, minus the general revenue surcharge.

The bill also provides that when the tax collector processes the \$45 fee for reinstatement of a driver license following a suspension, the tax collector retains \$15 (minus the general revenue surcharge), \$15 is deposited into the Highway Safety Operating Trust Fund, and \$15 is deposited into the General Revenue Fund. Additionally, the bill provides that when the tax collector processes the \$75 fee received from a licensee for reinstatement of a driver license following a revocation or disqualification, the tax collector retains \$20 (minus the general revenue surcharge), \$20 is deposited into the Highway Safety Operating Trust Fund, and \$35 is deposited into the General Revenue Fund.

The bill appears to have a negative fiscal impact to the Highway Safety Operating Trust Fund and a positive fiscal impact for local tax collectors.

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. EFFECT OF PROPOSED CHANGES:

Current Situation

Examination of Driver License Applicants

Current law requires every applicant for an original driver license to pass an examination. However, the Department of Highway Safety and Motor Vehicles (DHSMV) may waive the examination for an applicant who is otherwise qualified and who surrenders a valid driver license from another state or a province of Canada, or a valid driver license issued by the United States Armed Forces, if the driver applies for a Florida license of an equal or lesser classification.¹

The applicant must demonstrate that he or she:

- Reads and understands road signs, traffic signals, and highway markings;
- Knows Florida driving laws;
- Meets minimum vision standards;
- Has the knowledge, skills, and experience to drive safely; and
- Has no physical or mental condition that affects his or her ability to drive safely.²

In order to demonstrate the above-mentioned abilities and skills, the applicant is required to take three exams: vision and hearing screening, knowledge exam, and driving skills exam.³ The knowledge exam consists of 50 multiple-choice questions about Florida traffic laws, safe driving practices, and identifying traffic controls.⁴ Some of the skills tested on the driving skills exam include three-point turning, parking, backing up, passing, and following at a safe distance.⁵

Driver license testing can be administered at state driver license offices or by tax collector licensing agents, Driver Education Licensing Assistance Programs, or authorized third party testers.⁶

Any applicant who fails to pass the initial knowledge test incurs a \$10 fee for each subsequent test, while any applicant who fails to pass the initial skills test incurs a \$20 fee for each subsequent test.⁷ Currently, the fees for subsequent tests, regardless of where the test is administered, are deposited into the Highway Safety Operating Trust Fund.⁸

According to DHSMV, the county tax collectors perform the subsequent driver license knowledge and skills tests while the fees associated with these tests are remitted to DHSMV.⁹

¹ Section 322.12(1), F.S.

² Section 322.12(3), F.S.

³ Department of Highway Safety and Motor Vehicles, *The Official Handbook: Florida Class E Driver License* (2017), p. 87, available at <https://www.flhsmv.gov/handbooks/englishdriverhandbook.pdf> (last visited October 31, 2017).

⁴ *Id.* at 88.

⁵ *Id.* at 89.

⁶ Section 322.56(1), F.S.

⁷ Section 322.12(1), F.S.

⁸ Section 322.12(1), F.S.

⁹ Email from Jennifer Langston, Legislative Affairs Director, Department of Highway Safety and Motor Vehicles, RE: HB 545-Additional Questions (February 16, 2017).

Suspension and Revocation of a Driver License

A driver license can be suspended¹⁰ or revoked¹¹ if the driver breaks laws or becomes an unsafe driver. Some of the reasons a driver license can be suspended include:

- Failure to stop for a school bus;¹²
- Failure to carry insurance on the vehicle;¹³
- Refusal to take a test to show if the driver is driving while under the influence of alcohol or drugs;¹⁴ and
- Failure to pay child support.¹⁵

Likewise, some of the reasons a driver license can be revoked include:

- Driving while under the influence of alcohol, drugs, or other controlled substances;¹⁶
- Conviction of murder resulting from the operation of a motor vehicle;¹⁷
- Failure to stop and render aid as required in the event of a motor vehicle crash resulting in the death or personal injury of another;¹⁸ and
- Any felony in the commission of which a motor vehicle is used.¹⁹

There are different driver license reinstatement processes and fees depending on the type of suspension or revocation issued. Section 322.21(8), F.S., provides that any person who applies for reinstatement following the suspension or revocation of the person's driver license must pay a service fee of \$45 following a suspension and \$75 following a revocation, which is in addition to the fee for a license. Any person who applies for reinstatement of a commercial driver license following the disqualification²⁰ of the person's privilege to operate a commercial motor vehicle must pay a service fee of \$75, which is in addition to the fee for a license. DHSMV must collect all of these fees at the time of reinstatement, issue proper receipts for such fees, and promptly transmit all funds as follows:

- Of the \$45 fee received from a licensee for reinstatement following a suspension, DHSMV deposits \$15 in the General Revenue Fund and \$30 in the Highway Safety Operating Trust Fund.
- Of the \$75 fee received from a licensee for reinstatement following a revocation or disqualification, DHSMV deposits \$35 in the General Revenue Fund and \$40 in the Highway Safety Operating Trust Fund.

According to DHSMV, the county tax collectors process some driver license reinstatements; however, the tax collectors do not receive any of the fees associated with providing these services.²¹

Proposed Changes

The bill amends s. 322.12(1), F.S., to provide that when the tax collector administers a subsequent knowledge test, the tax collector retains the \$10 fee minus the general revenue surcharge (which is currently 8 percent). Additionally, the bill amends s. 322.12(1), F.S., to provide that for a subsequent skills test administered by the tax collector, the tax collector retains the \$20 fee minus the general revenue surcharge.

¹⁰ Section 322.01(40), F.S., defines "suspension" as "the temporary withdrawal of a licensee's privilege to drive a motor vehicle."

¹¹ Section 322.01(36), F.S., defines "revocation" as "the termination of a licensee's privilege to drive."

¹² Section 318.18(5), F.S.

¹³ Section 316.646(3), F.S.

¹⁴ Section 322.2615, F.S.

¹⁵ Section 322.245, F.S.

¹⁶ Section 322.28, F.S.

¹⁷ Section 322.26(1)(a), F.S.

¹⁸ Section 322.26(4), F.S.

¹⁹ Section 322.26(3), F.S.

²⁰ Section 320.01(15), F.S., defines "disqualification" as "a prohibition, other than an out-of-service order, that precludes a person from driving a commercial motor vehicle."

²¹ *Supra* note 9.

The bill amends s. 322.21(8), F.S., to provide that when the tax collector processes the \$45 fee received from a licensee for reinstatement of a driver license following a suspension, the tax collector retains \$15 (minus the general revenue surcharge), \$15 is deposited into the Highway Safety Operating Trust Fund, and \$15 is deposited into the General Revenue Fund. Additionally, the bill provides that when the tax collector processes the \$75 fee received from a licensee for reinstatement of a driver license following a revocation or disqualification, the tax collector retains \$20 (minus the general revenue surcharge), \$20 is deposited into the Highway Safety Operating Trust Fund, and \$35 is deposited into the General Revenue Fund.

B. SECTION DIRECTORY:

Section 1: Amends s. 322.12, F.S., relating to examination of applicants.

Section 2: Amends s. 322.21, F.S., relating to license fees; procedure for handling and collecting fees.

Section 3: Provides an effective date of July 1, 2018.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

The Revenue Estimating Conference (REC) has not reviewed this bill; however, on March 10, 2017, the REC reviewed a bill with a similar provision.²² The consensus estimate for that bill was that the Highway Safety Operating Trust Fund would experience a reduction in revenues of approximately \$4.9 million associated with the transfer of certain driver license-related fees to the county tax collectors.

2. Expenditures:

None.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

The REC has not reviewed this bill; however, on March 10, 2017, the REC reviewed a bill with a similar provision.²³ The consensus estimate for that bill was that the county tax collectors would experience an increase of approximately \$4.9 million in additional revenue.

2. Expenditures:

None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

None.

D. FISCAL COMMENTS:

None.

²² Revenue Estimating Conference, Analysis of 2017 House Bill 545, p. 308 (March 10, 2017).

²³ *Id.*

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

Not applicable. This bill does not appear to require counties or municipalities to spend funds or take an action requiring the expenditure of funds; reduce the authority that counties or municipalities have to raise revenues in the aggregate; or reduce the percentage of a state tax shared with counties or municipalities.

2. Other:

None.

B. RULE-MAKING AUTHORITY:

None.

C. DRAFTING ISSUES OR OTHER COMMENTS:

None.

IV. AMENDMENTS/ COMMITTEE SUBSTITUTE CHANGES

Not applicable.

1 A bill to be entitled
 2 An act relating to redirection of fees to tax
 3 collectors; amending s. 322.12, F.S.; providing for
 4 allocation of fees from certain driver license
 5 examinations administered by tax collectors; amending
 6 s. 322.21, F.S.; providing for allocation of fees from
 7 certain driver license reinstatement services
 8 performed by tax collectors; providing an effective
 9 date.

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

12
 13 Section 1. Subsection (1) of section 322.12, Florida
 14 Statutes, is amended to read:

15 322.12 Examination of applicants.—

16 (1) It is the intent of the Legislature that every
 17 applicant for an original driver license in this state be
 18 required to pass an examination pursuant to this section.
 19 However, the department may waive the knowledge, endorsement,
 20 and skills tests for an applicant who is otherwise qualified and
 21 who surrenders a valid driver license from another state or a
 22 province of Canada, or a valid driver license issued by the
 23 United States Armed Forces, if the driver applies for a Florida
 24 license of an equal or lesser classification. An ~~Any~~ applicant
 25 who fails to pass the initial knowledge test incurs a \$10 fee

26 for each subsequent test, to be deposited into the Highway
 27 Safety Operating Trust Fund, except that if a subsequent test is
 28 administered by the tax collector, the tax collector shall
 29 retain such \$10 fee, less the general revenue service charge set
 30 forth in s. 215.20(1). ~~An~~ Any applicant who fails to pass the
 31 initial skills test incurs a \$20 fee for each subsequent test,
 32 to be deposited into the Highway Safety Operating Trust Fund,
 33 except that if a subsequent test is administered by the tax
 34 collector, the tax collector shall retain such \$20 fee, less the
 35 general revenue service charge set forth in s. 215.20(1). A
 36 person who seeks to retain a hazardous-materials endorsement,
 37 pursuant to s. 322.57(1)(e), must pass the hazardous-materials
 38 test, upon surrendering his or her commercial driver license, if
 39 the person has not taken and passed the hazardous-materials test
 40 within 2 years before applying for a commercial driver license
 41 in this state.

42 Section 2. Subsection (8) of section 322.21, Florida
 43 Statutes, is amended to read:

44 322.21 License fees; procedure for handling and collecting
 45 fees.—

46 (8) A ~~Any~~ person who applies for reinstatement following
 47 the suspension or revocation of the person's driver license must
 48 pay a service fee of \$45 following a suspension, and \$75
 49 following a revocation, which is in addition to the fee for a
 50 license. A ~~Any~~ person who applies for reinstatement of a

51 commercial driver license following the disqualification of the
 52 person's privilege to operate a commercial motor vehicle shall
 53 pay a service fee of \$75, which is in addition to the fee for a
 54 license. The department shall collect all of these fees at the
 55 time of reinstatement. The department shall issue proper
 56 receipts for such fees and shall promptly transmit all funds
 57 received by it as follows:

58 (a) Of the \$45 fee received from a licensee for
 59 reinstatement following a suspension:

60 1. If the reinstatement is processed by the department,
 61 the department shall deposit \$15 in the General Revenue Fund and
 62 \$30 in the Highway Safety Operating Trust Fund.

63 2. If the reinstatement is processed by the tax collector,
 64 \$15, less the general revenue service charge set forth in s.
 65 215.20(1), shall be retained by the tax collector, \$15 shall be
 66 deposited into the Highway Safety Operating Trust Fund, and \$15
 67 shall be deposited into the General Revenue Fund.

68 (b) Of the \$75 fee received from a licensee for
 69 reinstatement following a revocation or disqualification:

70 1. If the reinstatement is processed by the department,
 71 the department shall deposit \$35 in the General Revenue Fund and
 72 \$40 in the Highway Safety Operating Trust Fund.

73 2. If the reinstatement is processed by the tax collector,
 74 \$20, less the general revenue service charge set forth in s.
 75 215.20(1), shall be retained by the tax collector, \$20 shall be

76 deposited into the Highway Safety Operating Trust Fund, and \$35
77 shall be deposited into the General Revenue Fund.

78
79 If the revocation or suspension of the driver license was for a
80 violation of s. 316.193, or for refusal to submit to a lawful
81 breath, blood, or urine test, an additional fee of \$130 must be
82 charged. However, only one \$130 fee may be collected from one
83 person convicted of violations arising out of the same incident.
84 The department shall collect the \$130 fee and deposit the fee
85 into the Highway Safety Operating Trust Fund at the time of
86 reinstatement of the person's driver license, but the fee may
87 not be collected if the suspension or revocation is overturned.
88 If the revocation or suspension of the driver license was for a
89 conviction for a violation of s. 817.234(8) or (9) or s.
90 817.505, an additional fee of \$180 is imposed for each offense.
91 The department shall collect and deposit the additional fee into
92 the Highway Safety Operating Trust Fund at the time of
93 reinstatement of the person's driver license.

94 Section 3. This act shall take effect July 1, 2018.

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: HB 6003 Participant Local Government Advisory Council
SPONSOR(S): White
TIED BILLS: **IDEN./SIM. BILLS:** SB 614

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR or BUDGET/POLICY CHIEF
1) Oversight, Transparency & Administration Subcommittee	12 Y, 0 N	Moore	Harrington
2) Government Accountability Committee		Moore <i>AM</i>	Williamson <i>Raw</i>

SUMMARY ANALYSIS

The Local Government Surplus Funds Trust Fund (Florida PRIME) was created in 1977 to promote, through state assistance, the maximization of net interest earnings on invested surplus funds of local governments. All units of local government in Florida are permitted to jointly invest their surplus funds in Florida PRIME. The State Board of Administration is responsible for administering Florida PRIME, and independent oversight is provided by the Investment Advisory Council and the Participant Local Government Advisory Council. The six-member Participant Local Government Advisory Council was created by the Legislature in 2008 following an unanticipated liquidity crisis in Florida PRIME for the purpose of regularly reviewing the administration of Florida PRIME and making recommendations regarding such administration to the Trustees. In its 2017 report, the council expressed that it had achieved all of its objectives, and recommended discontinuing the council.

The bill repeals the Participant Local Government Advisory Council.

The bill does not appear to have a fiscal impact on the state or local governments.

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. EFFECT OF PROPOSED CHANGES:

Background

Florida PRIME

The Local Government Surplus Funds Trust Fund (Florida PRIME) was created in 1977 to promote, through state assistance, the maximization of net interest earnings on invested surplus funds of local governments.¹ All units of local government² in Florida are permitted to jointly invest their surplus funds in Florida PRIME. In addition, the State Board of Administration (SBA) may invest any funds of state agencies, state universities or colleges, and any of their direct support organizations in Florida PRIME.³ The SBA is responsible for administering Florida PRIME, and independent oversight is provided by the Investment Advisory Council and the Participant Local Government Advisory Council. As of August 31, 2017, Florida PRIME contains approximately \$8.9 billion in assets and serves 745 participants across the state.⁴

State Board of Administration

The State Board of Administration (SBA) is established by Article IV, s. 4(e) of the State Constitution, and is composed of the Governor as Chair, the Chief Financial Officer as Treasurer, and the Attorney General as Secretary, who are collectively known as the Trustees. The statutory mandate of the SBA is to invest, manage, and safeguard assets of the Florida Retirement System Trust Fund as well as the assets of a variety of other funds, including Florida PRIME.⁵

Investment Advisory Council

The Investment Advisory Council provides independent oversight of the SBA's funds and major investment responsibilities, including Florida PRIME.⁶ The SBA appoints nine members to serve on the council for four-year terms, subject to Senate confirmation.⁷ Members must possess special knowledge, experience, and familiarity with portfolio management, institutional investments, and fiduciary responsibilities.⁸ The council is responsible for reviewing investments made by the staff of the SBA and making recommendations regarding investment policy, strategy, and procedures.⁹ The council meets quarterly to discuss general policies such as risk budgets, alternative investments, and investment protection principles.

2008 Legislation

In 2007, Florida PRIME experienced an unanticipated liquidity crisis when participants withdrew an unprecedented \$14 billion in funds in a single month. The withdrawals were triggered by fears of exposure to so-called "subprime commercial paper." Florida PRIME held a small amount of securities that, while rated top-tier at the time of purchase, subsequently became distressed. Faced with this liquidity crisis, the SBA Trustees implemented a temporary four-day freeze on withdrawals and deposits

¹ Section 218.401, F.S.

² The term "unit of local government" means any governmental entity within the state not part of state government and includes any county, municipality, school district, special district, clerk of circuit court, sheriff, property appraiser, tax collector, supervisor of elections, authority, board, public corporation, or any other political subdivision of the state. Section 218.403(11), F.S.

³ Section 215.44(1), F.S.

⁴ *Monthly Summary Report: August 2017*, Florida PRIME, available at https://www.sbafla.com/prime/Portals/8/PRIME_Monthly_%20Summary_%20ReportFINAL083117.pdf.

⁵ *2015-2016 Investment Report*, State Board of Administration, at 3-6, available at <https://www.sbafla.com/fsb/Portals/FSB/Content/Performance/Annual/2015-16%20AIR.pdf?ver=2017-01-03-121048-220>.

⁶ Section 215.444(1), F.S.

⁷ Section 215.444(1)-(2), F.S.

⁸ Section 215.444(2), F.S.

⁹ Section 215.444(1), F.S.

and created a separate second fund, the Fund B Surplus Funds Trust Fund, to hold these distressed securities.

In 2008, the Legislature passed a law to address the repayment of principal to Florida PRIME participants¹⁰ and statutorily created the Fund B Surplus Funds Trust Fund (Fund B). Fund B's goal was to maximize the present value of original principal balances.

Participant Local Government Advisory Council

As part of the 2008 legislation, the Legislature created the Participant Local Government Advisory Council for the purpose of regularly reviewing the administration of Florida PRIME and making recommendations regarding such administration to the SBA Trustees. The six members of the council, who serve four-year terms, must be appointed by the SBA and are subject to confirmation by the Senate. Members must possess special knowledge, experience, and familiarity obtained through active, long-standing, and material participation in the dealings of Florida PRIME.¹¹ The council is required to prepare and submit a biennial report to the SBA, the Trustees, the Investment Advisory Council, and the Joint Legislative Auditing Committee that describes the council's activities and recommendations.¹²

In its 2017 report, the council expressed that it had achieved all of its objectives since its creation, including providing guidance and oversight for all of Florida PRIME's operations and investment activities. Specifically, Florida PRIME's investment portfolio had increased by 86 percent, representing \$4.9 billion in net-asset-value growth. In addition, in September 2015, the legacy Fund B original principal amount was returned in full to fund participants alongside a significant proportion of the November 2007 interest earnings. For these reasons, the report recommended discontinuing the council while simultaneously maintaining all current risk controls, investment policies, and participant disclosures.¹³

Effect of Proposed Changes

The bill repeals the Participant Local Government Advisory Council. It also makes conforming changes.

B. SECTION DIRECTORY:

Section 1. amends s. 218.409, F.S., abolishing the Participant Local Government Advisory Council.

Section 2. amends s. 218.421, F.S., conforming provisions to changes made by the bill.

Section 3. amends s. 218.422, F.S., conforming provisions to changes made by the bill.

Section 4. provides an effective date of July 1, 2018.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

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

¹⁰ Section 218.421, F.S.

¹¹ Section 218.409(10)(a), F.S.

¹² Section 218.409(10)(b), F.S.

¹³ *Biennial Report 2017*, Participant Local Government Advisory Council, at 19, available at https://www.sbafla.com/prime/Portals/8/PLGAC/PLGAC_BiennialReport2017.pdf.

2. Expenditures:

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

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

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

2. Expenditures:

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

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

None.

D. FISCAL COMMENTS:

None.

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

Not applicable. The bill does not appear to require counties or municipalities to spend funds or take action requiring the expenditures of funds; reduce the authority that counties or municipalities have to raise revenues in the aggregate; or reduce the percentage of state tax shared with counties or municipalities.

2. Other:

None.

B. RULE-MAKING AUTHORITY:

The bill does not appear to create a need for rulemaking or rulemaking authority.

C. DRAFTING ISSUES OR OTHER COMMENTS:

None.

IV. AMENDMENTS/ COMMITTEE SUBSTITUTE CHANGES

None.

1 A bill to be entitled
 2 An act relating to the Participant Local Government
 3 Advisory Council; amending s. 218.409, F.S.;
 4 abolishing the Participant Local Government Advisory
 5 Council; amending ss. 218.421 and 218.422, F.S.;
 6 conforming provisions to changes made by the act;
 7 providing an effective date.

8
 9 Be It Enacted by the Legislature of the State of Florida:

10
 11 Section 1. Paragraph (d) of subsection (2), subsection
 12 (6), paragraph (a) of subsection (8), and subsections (9) and
 13 (10) of section 218.409, Florida Statutes, are amended to read:
 14 218.409 Administration of the trust fund; ~~creation of~~
 15 ~~advisory council.~~—

16 (2)

17 (d) The investment policy shall be reviewed and approved
 18 annually by the trustees or when market changes dictate, and in
 19 each event the investment policy shall be reviewed by the
 20 Investment Advisory Council ~~and by the Participant Local~~
 21 ~~Government Advisory Council.~~

22 (6)(a) The board or a professional money management firm
 23 shall provide a report, at a minimum monthly or upon the
 24 occurrence of a material event, to every participant having a
 25 beneficial interest in the trust fund, the board's executive

26 director, the trustees, the Joint Legislative Auditing
 27 Committee, and the Investment Advisory Council, ~~and the~~
 28 ~~Participant Local Government Advisory Council~~. The report shall
 29 include:

30 1. Reports of any material impacts on the trust fund and
 31 any actions or escalations taken by staff to address such
 32 impacts. The trustees shall provide quarterly a report to the
 33 Joint Legislative Auditing Committee that the trustees have
 34 reviewed and approved the monthly reports and actions taken, if
 35 any, to address any impacts.

36 2. A management summary that provides an analysis of the
 37 status of the current investment portfolio and the individual
 38 transactions executed over the last month. This management
 39 summary shall be prepared in a manner that will allow anyone to
 40 ascertain whether investment activities during the reporting
 41 period have conformed to investment policies. Such reporting
 42 shall be in conformance with best market practices. The board or
 43 a professional money management firm shall furnish upon request
 44 the details of an investment transaction to any participant, the
 45 trustees, and the Investment Advisory Council, ~~and the~~
 46 ~~Participant Local Government Advisory Council~~.

47 (b) The market value of the portfolio shall be calculated
 48 daily. Withdrawals from the trust fund shall be based on a
 49 process that is transparent to participants and will ensure that
 50 advantages or disadvantages do not occur to parties making

51 deposits or withdrawals on any particular day. A statement of
 52 the market value and amortized cost of the portfolio shall be
 53 issued to participants in conjunction with any deposits or
 54 withdrawals. In addition, this information shall be reported
 55 monthly with the items in paragraph (a) to participants, the
 56 trustees, and the Investment Advisory Council, ~~and the~~
 57 ~~Participant Local Government Advisory Council~~. The review of the
 58 investment portfolio, in terms of value and price volatility,
 59 shall be performed with practices consistent with the GFOA
 60 Recommended Practice on "Mark-to-Market Practices for State and
 61 Local Government Investment Portfolios and Investment Pools." In
 62 defining market value, consideration shall be given to GASB
 63 Statement 31. Additional reporting may be made to pool
 64 participants through regular and frequent ongoing multimedia
 65 educational materials and communications, including, but not
 66 limited to, historical performance, investment holdings,
 67 amortized cost and market value of the trust fund, credit
 68 quality, and average maturity of the trust fund investments.

69 (8)(a) The principal, and any part thereof, of each
 70 account constituting the trust fund is subject to payment at any
 71 time from the moneys in the trust fund. However, the executive
 72 director may, in good faith, on the occurrence of an event that
 73 has a material impact on liquidity or operations of the trust
 74 fund, for 48 hours limit contributions to or withdrawals from
 75 the trust fund to ensure that the board can invest moneys

76 entrusted to it in exercising its fiduciary responsibility. Such
 77 action must be immediately disclosed to all participants, the
 78 trustees, the Joint Legislative Auditing Committee, and the
 79 Investment Advisory Council, ~~and the Participant Local~~
 80 ~~Government Advisory Council~~. The trustees shall convene an
 81 emergency meeting as soon as practicable from the time the
 82 executive director has instituted such measures and review the
 83 necessity of those measures. If the trustees are unable to
 84 convene an emergency meeting before the expiration of the 48-
 85 hour moratorium on contributions and withdrawals, the moratorium
 86 may be extended by the executive director until the trustees are
 87 able to meet to review the necessity for the moratorium. If the
 88 trustees agree with such measures, the trustees shall vote to
 89 continue the measures for up to an additional 15 days. The
 90 trustees must convene and vote to continue any such measures
 91 before the expiration of the time limit set, but in no case may
 92 the time limit set by the trustees exceed 15 days.

93 (9) The Auditor General shall conduct an annual financial
 94 audit of the trust fund, which shall include testing for
 95 compliance with the investment policy. The completed audit shall
 96 be provided to the participants, the board, the trustees, the
 97 Investment Advisory Council, ~~the Participant Local Government~~
 98 ~~Advisory Council~~, and the Joint Legislative Auditing Committee.
 99 As soon as practicable, but no later than 30 days after
 100 completion of the audit, the trustees shall report to the Joint

101 Legislative Auditing Committee that the trustees have reviewed
 102 the audit of the trust fund and shall certify that any necessary
 103 items are being addressed by a corrective action plan that
 104 includes target completion dates.

105 ~~(10)(a) There is created a six-member Participant Local~~
 106 ~~Government Advisory Council for the purposes of regularly~~
 107 ~~reviewing the administration of the trust fund and making~~
 108 ~~recommendations regarding such administration to the trustees.~~
 109 ~~The members of the council shall be appointed by the board and~~
 110 ~~subject to confirmation by the Senate. Members must possess~~
 111 ~~special knowledge, experience, and familiarity obtained through~~
 112 ~~active, long-standing, and material participation in the~~
 113 ~~dealings of the trust fund. Each member shall serve a 4-year~~
 114 ~~term. Any vacancy shall be filled for the remainder of the~~
 115 ~~unexpired term. The council shall annually elect a chair and~~
 116 ~~vice chair from within its membership. A member may not serve~~
 117 ~~consecutive terms as chair or vice chair.~~

118 ~~(b) The council shall prepare and submit a written~~
 119 ~~biennial report to the board, trustees, the Investment Advisory~~
 120 ~~Council, and the Joint Legislative Auditing Committee that~~
 121 ~~describes the activities and recommendations of the council.~~

122 Section 2. Paragraph (c) of subsection (2) and paragraph
 123 (a) of subsection (3) of section 218.421, Florida Statutes, are
 124 amended to read:

125 218.421 Fund B Surplus Funds Trust Fund; purpose;

126 rulemaking; administration; reporting.-

127 (2)

128 (c) The investment policy shall be reviewed and approved
 129 by the trustees upon the transfer of the funds into the trust
 130 fund or when market changes dictate, and in each event, the
 131 investment policy shall be reviewed by the Investment Advisory
 132 Council ~~and by the Participant Local Government Advisory~~
 133 ~~Council.~~

134 (3)(a) The board or a professional money management firm
 135 shall provide a report at a minimum, monthly, or upon the
 136 occurrence of a material event, to every participant having a
 137 beneficial interest in the trust fund, the board's executive
 138 director, the trustees, the Joint Legislative Auditing
 139 Committee, and the Investment Advisory Council, ~~and the~~
 140 ~~Participant Local Government Advisory Council.~~ The report shall
 141 include:

142 1. Reports of any material impacts on the trust fund, and
 143 any actions or escalations taken by staff to address such
 144 impacts. The trustees shall provide quarterly a report to the
 145 Joint Legislative Auditing Committee that the trustees have
 146 reviewed and approved the monthly reports and actions taken, if
 147 any, to address any impacts.

148 2. A management summary that provides an analysis of the
 149 status of the current investment portfolio and the individual
 150 transactions executed over the last month. This management

151 summary shall be prepared in a manner that will allow anyone to
 152 ascertain whether investment activities during the reporting
 153 period have conformed to investment policies. Such reporting
 154 shall be in conformance with best market practices.

155 3. The board or a professional money management firm shall
 156 furnish upon request the details of an investment transaction to
 157 any participant, the trustees, and the Investment Advisory
 158 Council, ~~and the Participant Local Government Advisory Council.~~

159 Section 3. Section 218.422, Florida Statutes, is amended
 160 to read:

161 218.422 Fund B Surplus Funds Trust Fund; review.—Unless
 162 the Fund B Surplus Funds Trust Fund has been terminated by law
 163 or through self-liquidation, prior to the 2013 Regular Session
 164 of the Legislature, the Auditor General shall review the trust
 165 fund and the steps taken up to that time to return as much of
 166 the principal to the participants as possible and provide a
 167 summary report to the board, the trustees, the President of the
 168 Senate, the Speaker of the House of Representatives, and the
 169 Investment Advisory Council, ~~and the Participant Local~~
 170 ~~Government Advisory Council.~~

171 Section 4. This act shall take effect July 1, 2018.