

Department of Financial Services

A map of the state of Florida is shown, filled with various scenic images including palm trees, a beach, a rocket launch, and a city skyline.

Reference Guide For State Expenditures

*Division of Accounting and Auditing
Bureau of Auditing
200 East Gaines Street
Tallahassee, Florida 32399-0355*

Table of Contents

INTRODUCTION.....	7
Authority.....	7
Mission of the Bureau of Auditing.....	7
Purpose.....	7
DEFINITIONS.....	8
ADVANCE PAYMENTS.....	13
Advances Pursuant To Section 215.422(14), F.S.	13
Advances Pursuant To Section 216.181(16), F.S.	13
Agreements for \$1,800 or Less.....	14
AGREEMENTS - AMENDMENTS, RENEWALS, & EXTENSIONS.....	14
Amendments.....	14
Renewals.....	14
Extensions.....	14
AGREEMENTS FOR SERVICES.....	15
AGREEMENTS FOR SERVICES - RECIPIENT/SUB-RECIPIENT.....	15
Federal Financial Assistance.....	15
State Financial Assistance.....	16
Payment requirements –.....	17
AGREEMENTS FOR SERVICES - REVIEW PROCESS.....	17
AGREEMENTS FOR SERVICES - VENDORS.....	18
Vendor agreements less than Category Two.....	18
Additional requirements for agreements crossing fiscal years.....	18
Additional requirements for agreements signed after start of services.....	18
Payment requirements.....	19
Purchasing Card Transactions – Services.....	19
AMERICANS WITH DISABILITIES ACT.....	19
ARTWORK IN STATE BUILDINGS.....	20
ASSIGNMENT OF PAYMENTS.....	20
AWARDS.....	20

Satisfactory Service Awards 20

Employee Gathering for Awards Presentation – State Owned Space..... 21

Rental Space and Travel Costs..... 21

Volunteer Recognition..... 21

BAR DUES.....**21**

BUILDING LEASES - PRIVATE SECTOR.....**22**

BUSINESS CARDS.....**22**

CELL PHONES AND OTHER COMMUNICATIONS.....**22**

General..... 22

Cellular Telephones - State Owned 22

Cellular Telephones - Personal 23

CLAIMS AGAINST THE STATE - LIMITATIONS.....**23**

Settlement Agreements..... 24

COST ANALYSIS.....**24**

COUNTY HEALTH UNIT TRUST FUND.....**24**

COURT REPORTER SERVICES.....**24**

CREDIT CARD FEES.....**24**

DEFERRED-PAYMENT COMMODITY CONTRACTS.....**24**

EDUCATIONAL COURSES AND OTHER TRAINING.....**25**

General..... 25

Community Leadership Courses 25

EMPLOYEE-EMPLOYER RELATIONSHIP DETERMINATION.....**25**

EQUIPMENT LEASES**27**

EXECUTIVE ORDERS.....**28**

EXPENSE, OCO, OR FCO DETERMINATION**28**

FCO - GRANTS AND AIDS APPROPRIATIONS**29**

FURNITURE.....**29**

INSURANCE**30**

INTERCHANGE OF PERSONNEL AMONG STATE AGENCIES**30**

INVOICES.....**30**

General.....	30
Invoice Requirements.....	30
INVOICE SAMPLING.....	31
JUSTICE ADMINISTRATIVE COMMISSION - DISBURSEMENTS.....	32
JOURNAL TRANSFERS.....	32
Journal Transfer One (JT-1).....	32
Journal Redistribution.....	32
Journal Transfer Two (JT-2).....	33
I. Journal Advice.....	33
II. Category 10XXXX- Operating Disbursements.....	34
III. Non-Operating Transfer.....	34
IV. Expenditure Refund.....	35
LAND PURCHASES.....	36
LEGAL ADVERTISING.....	36
LEGAL SERVICES.....	36
LEVIES/LIENS.....	36
Department of Revenue.....	36
Internal Revenue Service.....	36
LOBBYIST.....	37
MEMBERSHIP DUES/LICENSE FEES.....	37
MOTOR VEHICLES.....	38
Procurement of Motor Vehicles.....	38
Repairs or Maintenance.....	38
Personal Vehicle Damage - Department of Corrections.....	38
Vehicle Purchases from Surplus Property.....	39
MOVING EXPENSES - EMPLOYEE.....	39
MYFLORIDAMARKETPLACE (MFMP).....	39
NOTARY.....	40
PAYMENT PROCESSING.....	40
PAYMENT PROCESSING - AGREEMENTS FOR SERVICES.....	40

Cost Reimbursement	41
Fixed Unit Rate	42
Fixed Price	42
PERQUISITES	42
PHOTOGRAPHS OF PUBLIC OFFICIALS - MAKING AND DISSEMINATING.....	43
POSTAGE.....	43
PROCUREMENT DOCUMENTATION REQUIREMENTS - PURSUANT TO CHAPTER 287, F.S.	43
Competitive Solicitations.....	43
Exceptional Purchases and Non-competitive Procurements.....	43
PROFESSIONAL SERVICES.....	44
PROHIBITED EXPENDITURES.....	45
PROMOTIONAL ITEMS.....	45
PURCHASING CARD TRANSACTIONS.....	45
RECEIPT OF GOODS OR SERVICES-DOCUMENTATION REQUIREMENTS	45
FLAIR and MFMP Transactions.....	45
Purchasing Card Transactions.....	46
RECIPIENT/SUB-RECIPIENT AGREEMENTS	46
See "Agreements for Services - Recipient/Sub-recipients."	46
RECYCLING PROCEEDS.....	46
RETENTION SCHEDULE	47
SETTLEMENT OF CLAIMS AGAINST THE STATE.....	47
SPORTS EQUIPMENT - DEPARTMENT OF CORRECTIONS	48
SURPLUS PROPERTY	48
TAXES.....	49
Sales Taxes On Purchases By State Agencies	49
Purchasing Card Transactions- Sales Tax.....	49
TRAVEL.....	49
General Information.....	49
Automated Travel Systems.....	50
Conferences and Conventions	51

<i>Direct Billing Travel Cards</i>	52
<i>Direct Payment</i>	52
<i>Emergency Situations</i>	52
<i>Foreign Travel</i>	53
<i>Hotel and Auto Rental Receipts</i>	54
<i>Hotel Costs Shared By Multiple Travelers</i>	54
<i>Incidental Travel Expenses</i>	54
<i>Meals, Food, Beverages, and Travel Expenses For Emergency Operation And Relief Staff During Times Of Disaster/Emergency Assistance</i>	55
<i>Per Diem and Subsistence Allowances</i>	56
<i>Transportation</i>	57
<i>Mileage Allowances</i>	59
<i>Travel Advances</i>	60
<i>Travel Forms</i>	61
<i>The Authorization to Incur Travel Expense</i>	61
<i>The Voucher for Reimbursement of Travel Expenses</i>	61
<i>Purchasing Card Transactions – Travel</i>	61
VENDOR AGREEMENTS	63
<i>See "Agreements for Services – Vendors."</i>	63
VOLUNTEERS	63
VOUCHER SCHEDULE	63
<i>General</i>	63

INTRODUCTION

Authority

Article IV, Section 4(c), of the Constitution of the State of Florida states, "The Chief Financial Officer shall serve as the Chief Fiscal Officer of the State, and shall settle and approve accounts against the State."

The powers and duties of the Chief Financial Officer (CFO) are set forth in Chapter 17, Florida Statutes (F.S.). Section 17.03(1), F.S., requires that the CFO of this State, using generally accepted auditing procedures for testing or sampling shall examine, audit, and settle all accounts, claims, and demands against the State. Section 17.29, F.S., gives the CFO the authority to prescribe any rule he or she considers necessary to fulfill his or her constitutional and statutory duties, which include but are not limited to, procedures or policies related to the processing of payments from any applicable appropriation.

Mission of the Bureau of Auditing

The mission of the Bureau is to provide reasonable assurance to the taxpayers of Florida that funds disbursed from the State Treasury are valid obligations of the State and are in general compliance with applicable laws and rules.

Purpose

The purpose of this manual is to provide state agencies guidance regarding the requirements applicable to the disbursement of funds from the State Treasury, regardless of the payment methods (warrant, EFT, P-card). This reference guide does not cover all possible situations; some will need to be addressed on a case-by-case basis through consultation with the Bureau of Auditing.

DEFINITIONS

Accountable Plan - an arrangement that reimburses an employee for business expenses.

Actual Point of Origin - the geographic location where the travel begins.

Agency Head - with respect to an agency headed by a collegial body, the executive director or chief administrative officer of the agency.

Agreements - for the purpose of this document, agreements include Purchase Orders, Direct Orders, Memorandums of Understanding (MOU), Memorandums of Agreement (MOA), Contracts, Grants, etc.

Appropriation - a legal authorization to make expenditures for specific purposes within the amounts authorized in the appropriations act.

Approved Operating Budget or Approved Budget - the plan of operations consisting of the original approved operating budget and statement of intent.

Artist - an individual or group of individuals who profess and practice a demonstrated creative talent and skill in the area of music, dance, drama, folk art, creative writing, painting, sculpture, photography, graphic arts, craft arts, industrial design, costume design, fashion design, motion pictures, television, radio, or tape and sound recording, or in any other related field.

Best Value - the highest overall value to the State based on objective factors that include, but are not limited to, price, quality, design, and workmanship.

Authorized Person:

- (1) A person other than a public officer or employee as defined herein, whether elected or commissioned or not, who is authorized by an agency head to incur travel expenses in the performance of official duties.
- (2) A person who is called upon by an agency to contribute time and services as consultant or adviser.
- (3) A person who is a candidate for an executive or professional position.

Bureau - the Bureau of Auditing.

Commodity - any of the various supplies, materials, goods, merchandise, food, equipment and other personal property, including a mobile home, trailer or other portable structure with floor space of less than 5,000 square feet, purchased, leased or otherwise contracted for by the State and its agencies. "Commodity" also includes interest on deferred-payment commodity contracts approved pursuant to s. 287.063, F.S., entered into by an agency for the purchase of other commodities. However, commodities purchased for resale are excluded from this definition. Further, a prescribed drug, medical supply or device required by a licensed health care provider as a part of providing health services involving examination, diagnosis, treatment, prevention, medical consultation or administration for clients at the time the service is provided is not considered to be a "commodity." Printing of publications shall be considered a commodity when let per contract pursuant to s. 283.33, F.S., whether purchased for resale or not.

Common Carrier - train, bus, commercial airline operating scheduled flights or rental car of an established rental car firm.

Compensation - the total amount paid for professional services.

Competitive Sealed Bids, Competitive Sealed Proposals, or Competitive Sealed Replies - the process of receiving two or more sealed bids, proposals or replies submitted by responsive vendors and includes bids,

proposals or replies transmitted by electronic means in lieu of or in addition to written bids, proposals, or replies.

Competitive Solicitation or Solicitation - an invitation to bid (ITB), a request for proposals (RFP), or an invitation to negotiate (ITN).

Chief Financial Officer or Department - the State of Florida, Department of Financial Services or its head, the Chief Financial Officer, and the terms shall have the same meaning and be used interchangeably.

Conference - the coming together of persons with a common interest or interests for the purpose of deliberation, interchange of views or for the removal of differences or disputes and for discussion of their common problems and interests. The term also includes similar meetings such as seminars and workshops, which are large formal group meetings that are programmed and supervised to accomplish intensive research, study, discussion and work in some specific field or on a governmental problem or problems. A conference does not mean the coming together of agency or interagency personnel.

Continuing Appropriation - an appropriation automatically renewed without further legislative action, period after period, until altered or revoked by the Legislature.

Contractor - a person who contracts to sell commodities or contractual services.

Contract Summary Form - Summary of Contractual Services Agreement/Purchase Order Form.

Contractual Service - the rendering by a contractor of its time and effort rather than the furnishing of specific commodities. The term applies only to those services rendered by individuals and firms who are independent contractors, and such services may include, but are not limited to: evaluations; consultations; maintenance; accounting; security; management systems; management consulting; educational training programs; research and development studies or reports on the findings of consultants engaged there under; and professional, technical, and social services. "Contractual service" does not include any contract for the furnishing of labor or materials for the construction, renovation, repair, modification or demolition of any facility, building, portion of building, utility, park, parking lot or structure or other improvement to real property entered into pursuant to Chapter 255, F.S., and rules adopted there under.

Convention - an assembly of a group of persons representing persons and groups, coming together for the accomplishment of a purpose of interest to a larger group or groups. A convention does not mean the coming together of agency or interagency personnel.

Cost Analysis - an agency's documented review in accordance with s. 216.3475, F.S., of a provider's detailed budget to determine that all costs are reasonable, necessary and allowable by state law. A cost analysis is to be completed for service agreements in excess of Category Two, which are awarded on a non-competitive basis.

Disbursement - the payment for an expenditure.

Emergency Notice - notification of less than twenty-four (24) hours prior to scheduled departure.

Emergency Situation - circumstances in which there is an immediate danger or a threat of immediate danger to the public health, safety, or welfare or of other substantial loss to the State requiring emergency action.

Employee Cardholder (Cardholder) - an employee filling an FTE or OPS position within a state agency for whom an account is established by the Card Provider upon request by the Agency Purchasing Card Administrator through the State of Florida Accounting and Information Resource system Purchasing Card Module. An Employee Cardholder is designated and authorized by the state agency to be the sole user of an assigned Purchasing Card to make purchases within preset limits, on behalf of the state agency; appointed officers and others not on an entity's payroll, are non-employees, and not considered an Employee Cardholder.

Exceptional Purchase - any purchase of commodities or contractual services excepted by law or rule from the requirements for competitive solicitation including, but not limited to, purchases from a single source; purchases upon receipt of less than two responsive bids, proposals, or replies; purchases made by an agency, after receiving approval from the department, from a contract procured, pursuant to s. 287.057(1), (2), or (3), F.S., by another agency; and purchases made without advertisement in the manner required by s. 287.042(3)(b), F.S.

Expenditure - the creation or incurring of a legal obligation to disburse money.

Expense - the usual, ordinary and incidental expenditures by an agency or the judicial branch including, but not limited to, such items as contractual services, commodities and supplies of a consumable nature, current obligations and fixed charges and excluding expenditures classified as Operating Capital Outlay (OCO). Payments to other funds or local, state or federal agencies are included in this budget classification of expenditures.

Extension - an increase in the time allowed for a contract period due to circumstances which, without fault of either party, make performance impracticable or impossible, or which prevent a new contract from being executed, with or without a proportional increase in the total dollar amount, with any increase to be based on the method and rate previously established in the contract.

Firm - any individual, firm, partnership, corporation, association or other legal entity permitted by law to practice architecture, engineering or surveying and mapping in the State.

Fixed Capital Outlay (FCO) - an appropriation category for the purchase of real property (land, buildings, including appurtenances, fixtures and fixed equipment, structures, etc.), including additions, replacements, major repairs and renovations to real property which materially extend its useful life or materially improve or change its functional use and including furniture and equipment necessary to furnish and operate a new or improved facility, when appropriated by the Legislature in the fixed capital outlay appropriation category.

Foreign Travel - travel outside the United States.

Invitation to Bid (ITB) - a written solicitation for competitive sealed bids. The ITB is used when the agency is capable of specifically defining the scope of work for which a contractual service is required or when the agency is capable of establishing precise specifications defining the actual commodity or group of commodities required. A written solicitation includes a solicitation that is electronically posted.

Invitation to Negotiate (ITN) - a written solicitation for competitive sealed replies to select one or more vendors with which to commence negotiations for the procurement of commodities or contractual service. The ITN is used when the agency determines that negotiations may be necessary for the State to receive the best value. A written solicitation includes a solicitation that is electronically posted.

Invoice - a written document submitted to a purchaser showing the quantity, price, terms, nature of delivery and other particulars of goods or services sold or services rendered.

Legislative Budget Request - a request to the Legislature, filed pursuant to s. 216.023, F.S., or supplemental detailed requests filed with the Legislature, for the amounts of money such agency or branch believes will be needed in the performance of the functions that it is authorized, or which it is requesting authorization by law, to perform.

Meal Allowance - the amount authorized by s. 112.061(6)(b), F.S., for each meal during the travel period.

Merchant - a vendor who accepts the State of Florida Purchasing Card.

Most Economical Class Of Transportation - the class having the lowest fare available.

Most Economical Method Of Travel - the mode of transportation (state-owned vehicle, privately-owned vehicle, common carrier, etc.) designated by an agency head in accordance with criteria prescribed by s. 112.061(7), F.S.

Non-Business Day - for a public officer or employee, a weekend or an authorized state holiday; for an authorized person it means a day on which such person was not scheduled to be performing service or contributing time to an agency.

Officer or Public Officer - an individual who in the performance of his or her official duties is vested by law with sovereign powers of government and who is either elected by the people or commissioned by the Governor and has jurisdiction extending throughout the State, or any person lawfully serving instead of either of the foregoing two classes of individuals as initial designee or successor.

Official Headquarters - the geographic location specified by s. 112.061(4), F.S.

Operating Capital Outlay (OCO) - an appropriation category for the purchase of equipment, fixtures and other tangible personal property of a non-consumable and nonexpendable nature, the value or cost of which is \$1,000 or more and the normal expected life of which is one (1) year or more, and hardback bound books that are circulated to students or the general public, the value or cost of which is \$25 or more, and hardback-covered bound books, the value or cost of which is \$250 or more.

Pay And Charge - a transaction which is vouchered in favor of the vendor for payment and list the individual to whom the expenses are being attributed as the sub-vendor.

Per Diem Rate - the amount authorized by s. 112.061(6)(a), F.S.

Personal Time - the time outside the regular work hours of a business day, a non-business day or a day for which the officer or employee had prior approval for a leave of absence.

Person with Disabilities - any person diagnosed as having a physical disability, including but not limited to blindness, or the loss of one or more life functions leaving that person mobility-impaired (or sensory-impaired) requiring the use of trained animal companions or prosthetic equipment including, but not limited to, crutches, walkers, canes, or wheelchairs.

Perquisites - those things, or the use thereof, or services that confer on the officers or employees receiving them a benefit that is in the nature of additional compensation, or that reduce to some extent the normal personal expenses of the officer or employee receiving the same. The term includes, but is not limited to, such things as quarters, subsistence, utilities, laundry services, medical service, and the use of state-owned vehicles for other than state purposes.

Point of Origin - the geographic location of a traveler's official headquarters or the geographic location where travel begins, whichever is lesser distance from the destination. (Refer to Attorney General Opinion 75-275)

Professional Services - pursuant to s. 287.055, F.S., those services within the scope of the practice of architecture, professional engineering, landscape architecture or registered surveying and mapping, as defined by the laws of the State, or those performed by any architect, professional engineer, landscape architect, or registered surveyor and mapper in connection with his or her professional employment or practice.

Purchasing Card (PCard) - restricted use, non-revolving credit card or plastic issued with respect to a state agency account requested through set up by the Agency Purchasing Card Administrator in the State of Florida Accounting and Information Resource system Purchasing Card Module.

Purchasing Card Transaction - a charge, credit, accounting correction or other activity associated with any state agency employee cardholder, which is transmitted by the Card Provider through an Electronic Data Interchange 811-Billing Statement to the Department of Financial Service, and represents the state agency electronic invoice. Transactions represent the acquisition of and/or payment for a commodity, group of commodities, contractual service or actual travel expenses otherwise reimbursable to the authorized person (traveler) pursuant to s. 112.061, F.S., using the Purchasing Card.

Renewal - contracting with the same contractor for an additional contract period after the initial contract period, only if pursuant to contract terms specifically providing for such renewal.

Request for Information (RFI) - a written request made by an agency to vendors for information concerning commodities or contractual services. Responses to these requests are not offers and may not be accepted by the agency to form a bidding contract.

Request For Proposals (RFP) - a written solicitation for competitive sealed proposals. The request for proposals is used when it is not practicable for the agency to specifically define the scope of work for which the commodity, group of commodities or contractual service is required and when the agency is requesting that a responsible vendor propose a commodity, group of commodities or contractual service to meet the specifications of the solicitation document. A written solicitation includes a solicitation that is electronically posted.

Responsible Vendor - a vendor who has the capability in all respects to fully perform the contract requirements and the integrity and reliability that will assure good-faith performance.

Responsive Bid, Responsive Proposal or Responsive Reply - a bid, or proposal or reply submitted by a responsive and responsible vendor, which conforms in all material respects to the solicitation.

Responsive Vendor - a vendor that has submitted a bid, proposal or reply that conforms in all material respects to the solicitation.

State Term Contract - a term contract that is negotiated and executed by the Department of Management Services and that is used by agencies and eligible users pursuant to s. 287.056, F.S.

Term Contract - an indefinite quantity contract to furnish commodities or contractual services during a defined period.

Travel Day - a period of 24 hours consisting of four quarters of 6 hours each.

Travel Period - a period of time between the time of departure and time of return.

Voucher - a standard Florida Accounting Information Resource (FLAIR) voucher schedule as prescribed by the Chief Financial Officer complete with invoices and such other supporting documentation necessary to authenticate the recording of a transaction into the accounting records of an agency which will also serve as an official request by an agency to the Bureau of Auditing for a payment in satisfaction of an obligation incurred by an agency.

ADVANCE PAYMENTS

Advances Pursuant To Section 215.422(14), F.S.

Advance payments may be made under s. 215.422(14), F.S., and Rule 69I-40.120(3), F.A.C., in accordance with the following:

1. Advance payment may be made for **maintenance agreements, software license agreements, and subscriptions** that meet one of the following criteria:
 - o Advance payment will result in a savings to the State that is equal to or greater than the amount the State would earn by investing the funds and paying in arrears.
 - o The goods or services are essential to the operation of a state agency and are available only if advance payment is made.

Prior approval of the Bureau of Auditing is not required for advance payments made for **maintenance agreements, software license agreements, and subscriptions** that are equal to or less than the threshold of Category Two as defined in s. 287.017, F.S., and meets one of the above criteria. The payment request must document that the payment meets one of the above criteria.

Prior approval of the Bureau of Auditing is required for advance payments made for **maintenance agreements, software license agreements, and subscriptions** that exceed the threshold of Category Two as defined by s. 287.017, F.S. Requests for advance payment approval must include information indicating that the payment meets one of the above criteria and that the agency has complied with applicable procurement requirements.

2. Advance payment may be made **for all other goods and services if approved in advance by the Bureau of Auditing**. Criteria for approval includes:
 - o Advance payment will result in a savings to the State that is equal to or greater than the amount the State would earn by investing the funds and paying in arrears.
 - o The goods or services are essential to the operation of a state agency and are available only if advance payment is made.

Requests for advance payment approval must include information indicating that the payment meets one of the above criteria and that the agency has complied with applicable procurement requirements.

Purchasing Card Transactions - Advances

Purchasing cards may be used for advance payments in accordance with the above criteria.

Advances Pursuant To Section 216.181(16), F.S.

Section 216.181(16), F.S., provides for advances for program startup or advances for contracted services to governmental entities and not-for-profit organizations. The amount that may be advanced shall not exceed the expected cash needs of the contractor or recipient within the initial three months. Thereafter, disbursements shall only be on a reimbursement basis. Advance payments may be made for cost-reimbursement and fixed-price contracts.

Agencies specifically authorized by the General Appropriations Act to make advance payments and wishing to advance beyond the initial three months expected cash needs must request a waiver from the Bureau of Auditing. The request for waiver must include:

1. The appropriation line item number.
2. Justification for advancing funds beyond the three months' expected cash needs.

The waiver request should be sent to Bureau of Auditing, Department of Financial Services, 200 East Gaines Street, Tallahassee, Florida 32399-0355 for approval prior to submitting for payment. The waiver request will then be forwarded to the appropriations committees of both houses of the Legislature for consultation and comments. The Legislature has fourteen days to respond to the request. The agency will be notified in writing of the approval or disapproval of the request. If approved, a copy of the approval must be submitted with the payment request.

Purchasing Card Transactions - Advances

Purchasing cards **may not** be used to make advance payments allowed under s. 216.181(16)(b), F.S.

Agreements for \$1,800 or Less

To reduce the time and cost required to process small routine monthly or quarterly payments on annual agreements which are \$1,800 or less, agencies are authorized to process annual advance payments on such agreements.

AGREEMENTS - AMENDMENTS, RENEWALS, & EXTENSIONS

Amendments

Agreements (DO, PO, two-party written agreement) may be amended by executing a written amendment issued prior to the expiration of the agreement. Amendments are effective on the date of execution.

Pursuant to s. 215.425, F.S., additional compensation is prohibited after the services are rendered or the contract is made. If the total amount of a fixed unit rate agreement is being increased and the unit rate remains the same, then it can be assumed that the provider will be performing additional units of service. All other agreements must clearly show the additional services that will be provided. **The method of procurement for additional services in excess of Category Two must be documented and provided to the Bureau upon request.**

Renewals

Renewals must be executed prior to the expiration date of the agreement, and must have all the same terms and conditions of the original agreement. Renewals are contingent on **satisfactory performance evaluation** and may be renewed for a period that may not exceed three years or the term of the original contract, whichever is longer.

If the goods or services are purchased as a result of a competitive solicitation, the renewal price must be specified in the bid, proposal or reply.

Note: Agreements procured as an emergency or single source may not be renewed.

Extensions

Extensions can be for up to six months with all the same terms and conditions of the original agreement. The extension must be signed prior to the expiration date of the agreement. There can be only one extension of a agreement unless the failure to meet the terms of the agreement is due to events beyond the control of the provider of the goods or services.

AGREEMENTS FOR SERVICES

Agreements for services are used to purchase time and effort rather than commodities. These agreements may be in the form of: Purchase orders, Direct orders, Memorandums of Understanding (MOU), Memorandums of Agreement (MOA), Contracts, Grants, etc.

- Contractual service agreements are between the State and a **vendor**. For more information, see "Agreements for Services – Vendor."
- Grant agreements are between the State and a **recipient or sub-recipient** and are funded with an award of Federal or State Financial Assistance. For more information, see "Agreements for Services - Recipient/Sub-recipient."
 - When Federal Domestic Assistance is involved, State agencies use the criteria established in OMB Circular A-133 to determine whether the agreement is with a vendor or a sub-recipient.
 - When State Financial Assistance is involved, State agencies use the Florida Single Audit Checklist for Non-state Organizations - Recipient/Sub-recipient vs. Vendor Determination form to determine whether the agreement is with a vendor or recipient. The checklist is available at <https://apps.fldfs.com/fsaa/links.aspx>.

AGREEMENTS FOR SERVICES - RECIPIENT/SUB-RECIPIENT

Recipient/Sub-recipient agreements must contain the following:

Scope of Work - A scope of work that clearly establishes the tasks that the recipient or sub-recipient is required to perform.

Deliverables - Specific quantifiable units of deliverables that must be received and accepted in writing by the agency before payment. Each deliverable must be directly related to the scope of work and must specify the required minimum level of service to be performed and the criteria for evaluating the successful completion of each deliverable.

Note: Reports are sometimes confused with deliverables. Reports alone may not necessarily be a deliverable, but the means of attesting to the services provided during the reporting period (payment period).

Documentation Requirements - the documentation required to evidence the completion of all required tasks specified in the agreement.

Additional provisions -

As s. 216.311, F.S., provides that an agency may not enter into an agreement to spend funds in excess of appropriations, the language required in s. 287.0582, F.S., must be included in agreements funded by federal and/or state financial assistance, where applicable.

The standard audit language specified in Rule 69I-5.006(3), F.A.C., must be included in the agreement. This language is available at: <https://apps.fldfs.com/fsaa/links.aspx>.

If the recipient agreement is procured under s. 287.057, F.S., then the requirements under "Agreements for Services - Vendors" will also apply.

Federal Financial Assistance

Agreements with subrecipients funded by discretionary grant awards from the federal government must include the provisions listed below. Applicability to federal entitlement programs or formula based

awards should be determined on a case by case basis pursuant to federal regulations for these programs.

The Office of Federal Financial Management has confirmed to the Department of Financial Services that if the State receives an award of federal financial assistance in the form of a grant or cooperative agreement, any sub-award for the purpose of the grant is subject to the rules applicable to the grant, **even if the sub-award is on a fixed price basis**. Agreements (sub-awards) with sub-recipients of federal financial assistance must require the following, as applicable:

- a. Compliance with OMB Circular A-133 – Audits of States, Local Governments and Non-Profit Organizations.
- b. Compliance with OMB Circular A-21 – Cost Principles for Educational Institutions (2 CFR, Part 220); A-87 Cost Principles for State, Local, and Indian Tribal Governments (2 CFR, Part 225); or A-122 – Cost Principles for Non-Profit Organizations, as appropriate (2 CFR, Part 230).
- c. Compliance with OMB Circular A-102 – Grants and Cooperative Agreements with State and Local Governments.
- d. Compliance with OMB Circular A-110 – Uniform Administrative Requirements for Grants and Other Agreements with institutions of Higher Learning, Hospitals, and Other Non-Profit Organizations (2 CFR, Part 215).

(1) This circular also applies to **sub-awards** made by State and Local Governments to organizations covered by the circular and provides that:

- a) A grant may be charged only allowable costs resulting from obligations incurred during the specified funding period.
- b) Any balance of unobligated cash that has been advanced or paid that is not authorized to be retained for other projects must be refunded to the federal government.
- c) Any funds paid in excess of the amount to which the recipient is finally determined to be entitled, under the terms and conditions of the award, constitutes a debt to the Federal government.

State Financial Assistance

Agreements with recipients of state financial assistance, **even if awarded on a fixed price basis**, must require:

- a. Compliance with s. 215.97, F.S.
- b. Expenditures of state financial assistance be in compliance with laws, rules and regulations applicable to expenditures of State funds, including, but not limited to, the Reference Guide for State Expenditures.
- c. A provision stating that an agreement may be charged only with allowable costs resulting from obligations incurred during the term of the agreement.
- d. A provision that any balances of unobligated cash that have been advanced or paid that is not authorized to be retained for direct program costs in a subsequent period must be refunded to the State.

Payment requirements –

- The method of payment (fixed unit rate, fixed price, cost reimbursement, etc.).
- Invoice requirements.
- Documentation that is required to accompany each invoice and the format in which it is to be submitted.

Note - For more information, see "Invoices."

AGREEMENTS FOR SERVICES - REVIEW PROCESS

Agreements for services that meet any one of the below criteria, must be submitted to the Bureau of Auditing for review:

- Agreements based on state term contracts and having a value of **\$500,000 or more**.
- Agreements with a value of **\$1,000,000 or more**.
- Agreements that do not identify a total contract amount.
- Agreements, which are amended to **\$1,000,000 or more**.

Note: Agreements that do not meet these criteria may also be requested by the Bureau of Auditing.

The following documentation must be submitted upon execution of the agreement for review:

- A complete copy of the agreement, including all attachments/exhibits.
- Any required special approvals (Attorney General, advance payment, etc.).
- Procurement documentation (bid tab, proposal evaluation, etc.).
- A cost analysis for non-competitive procurements exceeding Category Two.

The Bureau will focus its review on the scope of work, deliverables, financial consequences, compliance with the state term contract (if applicable) and payment terms as well as the compliance requirements for state and federal financial assistance established by Chief Financial Officer Memorandum No. 4 (2005-06). The Bureau will complete the review and provide its conclusions to the submitting agency. Payments related to an agreement pending review will not be held pending completion of that review.

The Bureau will notify the agency of its findings upon completion of the review and identify any required corrective action to be taken. The Bureau will work with the agency in implementing the corrective action. Payments may be withheld on agreements identified as having serious deficiencies (e.g., no scope of work, deliverables, acceptance criteria, and financial consequences).

While the Bureau has determined that the types of agreements listed below are exempted from the review process, they must still be submitted if they meet the established criteria. Agencies may make a written request for additional exemptions.

- Building Construction
- Architect/Engineers
- Legal Services (including Court Reporting)
- Janitorial
- Courier Services

AGREEMENTS FOR SERVICES - VENDORS

Vendor agreements in excess of Category Two must meet the requirements of s. 287.058, F.S., including but not limited to the following:

Scope of Work - A scope of work that clearly establishes the tasks that the vendor is required to perform.

Deliverables - Specific quantifiable units of deliverables that must be received and accepted in writing by the agency before payment. Each deliverable must be directly related to the scope of work and must specify the required minimum level of service to be performed and the criteria for evaluating the successful completion of each deliverable.

Note: Reports are sometimes confused with deliverables. Reports alone may not necessarily be a deliverable, but the means of attesting to the services provided during the reporting period (payment period).

Documentation Requirements - the documentation required to evidence the completion of all required tasks specified in the agreement.

Financial Consequences - An agreement should contain financial consequences in the event that the provider fails to perform in accordance with the agreement.

Note - Section 287.058 (1), F.S., authorizes the use of a purchase order for contractual services, if the provisions of paragraphs (a)-(i) are included in the purchase order or solicitation. The purchase order must include an adequate description of the services, the contract period, and the method of payment.

In lieu of printing the provisions of paragraphs (a)-(i) in the contract document or purchase order, agencies may incorporate the requirements of paragraphs (a)-(i) by reference.

Vendor agreements less than Category Two

Contractual services agreements for Category Two or less must be evidenced by a written agreement or a purchase order. The written agreement or purchase order must contain sufficient detail for a proper audit, must be signed by purchasing or contracting personnel acting on behalf of the agency, and may contain the provisions and conditions provided in s. 287.058 (1), F.S.

Additional requirements for agreements crossing fiscal years

Provision of s. 287.0582, F.S. - Contingency Provision - This provision is required for any agreement that crosses fiscal years. If an agreement is to be paid from a continuing appropriation (such as FCO), this provision is not applicable. However, it is the agency's responsibility to identify the payment as coming from a continuing appropriation.

Additional requirements for agreements signed after start of services

Section 287.058 (2), F.S., requires that both parties shall sign a written agreement or contract prior to the rendering of the services for contractual service agreements costing in excess of Category Two threshold except in the case of a valid emergency as certified by the agency head. The certification of an emergency must be prepared within thirty (30) days after the contractor begins rendering the service and must state the particular facts and circumstances which precluded the execution of the written agreement prior to the rendering of the service.

If the agency fails to have the contract signed by the agency head and the contractor prior to rendering the contractual service, and if an emergency does not exist, the agency head must, no later than 30 days after

the contractor begins rendering the service, certify the specific conditions and circumstances to DMS as well as describe actions taken to prevent recurrence of such noncompliance.

Noncompliance with these requirements will necessitate that the agency and the contractor enter into a settlement agreement. See "Settlement of Claims against the State."

Payment requirements

- The method of payment (fixed unit rate, fixed price, cost reimbursement, etc.).
- Invoice requirements. (For more information, see "Invoices")
- Documentation that is required to accompany each invoice and the format in which it is to be submitted.

Purchasing Card Transactions - Services

Agencies may use the purchasing card for service direct billings that do not exceed \$75,000 in a State fiscal year. The provisions of ss. 287.057 and 287.058, F.S., must be documented in the agency's files. The purchasing card system cannot be used to sub-divide purchases to circumvent State purchasing laws.

Section 287.058(4), F.S., stipulates that procurement of contractual services of the value of the threshold amount included in s. 287.017, F.S., for Category Two or less shall be supported by a written agreement or purchase order. Signed and dated purchasing card receipts meet this requirement for purchases of contractual services for Category Two amounts or less. Purchases exceeding Category Two must be preceded by a contract document, whether by written agreement or purchase order.

AMERICANS WITH DISABILITIES ACT

The Americans with Disabilities Act (ADA), PL 101-336, requires that agencies, as employers, make several determinations when an applicant or employee requests "reasonable accommodation" for a disability and provide the "reasonable accommodation." The ADA provides that records related to an individual's disability must be kept confidential. In order to comply with the requirements of the ADA and still maintain some measure of accountability for State funds expended, the need for purchasing items necessary for an agency to comply with the ADA should be documented in the following manner.

When a payment is requested pursuant to the American with Disabilities Act (ADA), the payment request shall include a signed statement from the agency head or designee certifying that:

1. An employee of the agency, an applicant for a position or other covered person has requested a "reasonable accommodation" pursuant to ADA to assist him/her in performing his/her duties, applying for a position or other covered activity.
2. The agency has determined that the individual is a "qualified individual with a disability" as defined in the ADA.
3. The agency has determined that the purchase of the item in question is a "reasonable accommodation" pursuant to ADA for that employee, applicant or person.
4. The agency will maintain all records related to this purchase for seven years and make those records available for review to those persons authorized to review such records.

The ADA provides that records related to an individual's disability must be kept confidential; therefore, payment information related to providing a "reasonable accommodation" shall contain a file number or

other code by which the voucher can be readily traced to the confidential records maintained by the agency.

ARTWORK IN STATE BUILDINGS

Section 255.043, F.S., allows for the purchase of artwork for state buildings when included in the appropriation for the original construction of such building in an amount of 0.5 percent of the total appropriations, not to exceed \$100,000. Evidence of notification by the agencies receiving original appropriations for construction to the Florida Arts Council must be included with invoices submitted for payment pursuant to this section.

ASSIGNMENT OF PAYMENTS

Pursuant to s. 215.965, F.S., payments due vendors or employees cannot be assigned by changing the payee's name from ultimate beneficiary to an assignee. However, subject to approval of each individual agency, state warrants may be issued in favor of an employee or a vendor and be delivered to the assignee. Authorization from the payee and agency should be on file prior to payment.

For the majority of vendor contracts the ultimate beneficiary is the vendor supplying the service, but on some contracts, the ultimate beneficiary may be a third party that the vendor owes a legal monetary obligation. In these situations, the contract may be amended to correctly state the party who is the ultimate beneficiary of state funds and the party who will be supplying the services to the State. These cases must be analyzed on a case-by-case basis. Such a contract would have all parties in agreement, especially between the vendor and the third party. The liability of the State should be addressed in the contract by the vendor supplying the service and the ultimate beneficiary. Nevertheless, the best way to handle these situations will be to have the vendor and the third party settle their financial matters between themselves and the State pay the vendor supplying the service.

Section 215.965, F.S., does not preclude payments being made jointly to an ultimate beneficiary and third party.

AWARDS

When requesting payment for individual awards, the employee's name must be provided.

Satisfactory Service Awards

Pursuant to s. 110.1245, F.S., each department head is authorized to incur expenditures for giving awards in the following situations:

1. Retiring state employees whose service has been satisfactory may be awarded suitable framed certificates, pins and other tokens of appreciation and recognition. Awards may not exceed \$100 each, plus applicable taxes.
2. Each department head is authorized to incur expenditures to award suitable framed certificates, pins, or other tokens of recognition to state employees who demonstrate satisfactory service in the agency or to the State, in appreciation and recognition of such service. Such awards may not cost in excess of \$100 each, plus applicable taxes.
3. Any appointed member of a state board or commission, whose service to the State has been satisfactory, upon the expiration of the board or commission member's final term in the position may be awarded suitable framed certificates, plaques or other tokens of appreciation and recognition not to exceed \$100 each, plus applicable taxes.

Employee Gathering for Awards Presentation – State Owned Space

While there may be benefits in bringing employees together to witness the presentation of awards, in terms of improved employee motivation and morale, such benefits are often difficult to measure. Agencies are encouraged to consider the full costs of such events against the benefits derived from such costs, and reevaluate the decision to hold such events at taxpayer expense. The cost of such a gathering can be calculated in terms of the time involved in such an event and the salaries of the employees participating. This includes not only the time of those actually attending the event (time spent going to the location of the event, at the event and returning to their workstations), but also the time spent by employees in arranging such events and in notifying employees of the time and location of the event. In addition to the salary (including overtime and compensatory time), there may be costs associated with travel that must be included.

Rental Space and Travel Costs

The cost of renting space for the purpose of gathering employees together for the sole purpose of witnessing the presentation of awards or the travel costs incurred for the sole purpose of attending an awards presentation event are **not allowable state expenditures**. However, travel expenses for award winners to travel to an awards presentation event may be paid by state funds.

Volunteer Recognition

Pursuant to s. 110.503(5), F.S., each department or agency using the services of volunteers is authorized to incur expenditures not to exceed \$100 each, plus applicable taxes for suitable framed certificates, plaques or other tokens of recognition to honor, reward or encourage volunteers for their service.

Pursuant to s. 110.504(6), F.S., incidental recognition benefits or incidental non-monetary awards may be furnished to volunteers serving in state departments to award, recognize or encourage volunteers for their service. The awards may not cost in excess of \$100 each plus applicable tax.

BAR DUES

If specifically authorized by law, each state agency, at the discretion of the agency head, may expend funds for bar dues and for legal education courses for attorneys employed by the State as legal staff. Attorneys are defined as individuals employed by the State of Florida as a general counsel, deputy general counsel, assistant general counsel, or attorney performing work as legal staff.

Payment for bar dues is limited to The Florida Bar basic annual dues found under the membership fees section of the annual membership form. Payment will not be made for:

- Section or division dues.
- Local bar dues.
- Bar dues applicable to another state or jurisdiction unless the agency can demonstrate that the legal staff's membership is essential to the performance of his or her duties.

BUILDING LEASES - PRIVATE SECTOR

Pursuant to ss. 255.25 and 255.254, F.S., any agency requiring lease space must obtain approval from the Department of Management Services (DMS).

Vouchers for the payment of building leases must include the approved lease number from DMS, if applicable. Leases may not be paid in advance; however, vouchers may be submitted for payment after the 20th of the month for which payment is required.

Prior to leasing buildings that require renovation at state expense, agencies should determine if it is in the best interest of the State to lease the building rather than leasing space that meets the agency's needs. Justification must be maintained by the agency and furnished to the Bureau of Auditing upon request.

Purchasing Card Transactions - Leases of Buildings

Agencies may use purchasing cards for leasing buildings in accordance with the above guidelines.

BUSINESS CARDS

State agencies should review the necessity of business cards for its employees and limit the purchase of business cards to those employees who actually need the cards to carry out their official duties and responsibilities. Gold sealed cards may be purchased for employees filling Selected Exempt, Senior Management and equivalent or higher positions. The more economical one-color cards may be purchased for other employees who need cards.

Payment request for business cards other than the most economical one-color cards must include information showing that the employee for whom the cards are being purchased is filling a Selected Exempt, Senior Management, or equivalent position.

CELL PHONES AND OTHER COMMUNICATIONS

General

Charges for Universal Service Support (also known as Universal Community Charges or Federal Universal Service Fees) may be paid from state funds. These are NOT taxes, therefore the State of Florida is not exempt.

The State of Florida and its political subdivisions are exempt from federal communication tax on communications services defined as local telephone services, toll telephone services and teletypewriter exchange services. Federal communication tax included on invoices for such services should be deleted from the invoices prior to processing of payment.

Cellular Telephones - State Owned

Cellular telephones should only be used for conducting official state business when a conventional telephone is not readily available. State agencies should have established internal controls over the use of state-owned or leased cellular telephones to ensure that payments relating to the cellular telephones serve a specific authorized public purpose. Billing options should be reviewed to determine that the most economical option is selected considering the specific usage requirements of the cellular telephone user.

Personal use of state-owned or leased cellular telephones should be discouraged. In the event that personal calls are made or received, there should be procedures in place to ensure that payment is received for the personal use prior to payment to the service provider while observing the requirements of s. 215.422 F.S. This may be accomplished by:

1. Having the employee provide a personal check or money order made payable to the service provider for the personal portion of the invoice. If the personal portion of the invoice is less than one dollar (\$1), agencies will not be required to obtain payment from the employee. The payment should be mailed to the service provider along with the State's portion.
2. If an agency elects to make payment in full to the service provider, the employee should provide a personal check or money order made payable to the state agency. The personal check or money order should be deposited in the appropriate state account prior to the mailing of the state warrant.

If the plan is based on actual usage, the employee would pay the charge for the personal call plus any applicable taxes.

If the plan includes a specific number of minutes allowed for a specified fee, the following instructions are to be used to calculate the amount the employee would reimburse the state agency for personal calls. When the plan minutes allowed are **not exceeded**, the employee would pay the prorated per minute rate. Divide the number of plan minutes allowed by the monthly fee to determine the prorated per minute rate. For example, if a plan has a monthly fee of thirty dollars (\$30) for 200 minutes, the employee would pay 15 cents (\$30/200) for every minute of personal usage on the state cell telephone.

When the plan minutes allowed **are exceeded**, the employee would pay the excess per minute rate for every minute of personal usage on the state cell telephone.

Cellular Telephones - Personal

Reimbursement to employees for occasional use of personal cellular telephones to conduct official state business will be made only when substantiated by documentation showing that the call was necessarily made for the official state business of the agency. If the business call made on the employee's personal cellular telephone **does not** result in additional charges to the employee, reimbursement for the business call is disallowed. However, if the state business call results in additional charges, the employee may be reimbursed up to the per-minute rate charged, plus applicable taxes, for the excess minutes incurred as a result of usage for official state business. Employees will be required to provide a statement certifying that the calls were necessary and were for official state business. No payment will be made for any portion of the employee's personal monthly charges, taxes on the basic monthly fee, or charges related to obtaining documentation listing individual telephone calls.

If it is necessary for an employee to consistently use his or her personal telephone to conduct the duties and responsibilities of a state agency, then the agency should consider providing use of a state cellular telephone.

Purchasing Card Transactions - Cellular Telephones

Agencies may use purchasing cards to pay the monthly usage and airtime fees for state-owned or leased cellular telephones and pagers.

If agencies elect to use purchasing cards to pay cellular telephone vendors, the payments to the card provider must be paid in full. Reimbursement of personal calls should be documented either in the Purchasing Card Module or with the purchasing card reconciliation report.

CLAIMS AGAINST THE STATE - LIMITATIONS

Section 95.11(2) (b), F.S., places a **five-year** limitation on legal or equitable actions on a contract, obligation or liability **founded on a written instrument**. Section 95.11(3)(k), F.S., places a **four year** limitation on actions on a contract, obligation, or liability **not founded on a written instrument**, including

an action for the sale and delivery of goods, wares, and merchandise. Any claim exceeding the time limits provided herein shall be considered past the statute of limitations for claims against the State.

Settlement Agreements

See "Settlement of Claims Against the State" section.

COST ANALYSIS

Agreements for services awarded on a non-competitive basis must comply with the requirements of s. 216.3475, F.S. Agencies are required to maintain records to support a cost analysis for these agreements. Detailed budgets are required to be submitted by the person or entity awarded funding in excess of Category Two and must be reviewed by the agency. The agency must document its review of the individual cost elements from the submitted budget for allowability, reasonableness, and necessity. The cost analysis form to be used by the agencies is located at www.myfloridacfo.com/aadir/bureau_audit.htm.

If an agency desires to use an alternate form, the form must be submitted to the Bureau of Auditing for review and approval prior to its use.

County Health Unit Trust Fund

Pursuant to s. 154.02, F.S., monies of a county health unit trust fund may be expended by the Department of Health for the respective county health departments in accordance with budgets and plans agreed upon by the county authorities of each health unit and the Department of Health. County health units are subject to s. 287.057, F.S., for procurement requirements unless the payment information includes a written certification from the agency stating that county purchasing procedures were followed. The certification must contain a cross reference to the specific sections of the county purchasing procedures being applied.

COURT REPORTER SERVICES

Court reporting services and fees must be in compliance with ss. 287.059(14) and (15), F.S.

CREDIT CARD FEES

Annual fees may not be paid to any credit card company.

DEFERRED-PAYMENT COMMODITY CONTRACTS

These purchases must be made in accordance with s. 287.063, F.S. An agency entering into any commodity contract requiring deferred payments and payment of interest must be sent to the Bureau of Accounting for prior approval and pre-audit.

Agencies seeking to finance equipment must use the "Consolidated Equipment Financing Program" (CEFP). Information on this program may be found on the DFS website, http://www.myfloridacfo.com/aadir/statewide_financial_reporting/index.htm. Agencies who would like an exemption from this program must have approval from the Bureau of Accounting. Chapter 69I-3, F.A.C. provides guidance on the CEFP and exemptions from the program.

Examples of equipment financed through this program are computers, copiers, communication systems, laboratory equipment, medical equipment and printers.

Payments that include interest shall be object coded 6100 (interest), and 6200 (principal).

Universities can also use the CEFP. The CEFP has historically provided more favorable interest rates than what an individual agency could procure in the financial market.

EDUCATIONAL COURSES AND OTHER TRAINING

General

Section 110.1099, F.S., provides that a state employee may receive a voucher or grant for matriculation fees to attend **work-related** courses at **public community colleges, public career centers, or public universities**. State agencies may reimburse an employee for educational courses that are designed to improve the efficiency of an employee when the courses are directly related to the employee's current job duties. All required books associated with the course may also be reimbursed from state funds. Any books purchased with state funds must become the property of the State. Cost for courses that are not in compliance with the statute **will not be paid**. The invoice for payment must include the improved efficiency or the benefit to the State derived from the course and the position title of the employee.

State agencies may pay for other training that is directly related to an employee's current job duties and is primarily of benefit to the State. The invoice submitted for payment must include the employee's position title and the benefits to the State.

Community Leadership Courses

Generally, Community Leadership courses do not fall within the statutory duties and responsibilities of state agencies. Therefore, payment by a state agency for an employee to attend such a course would generally not be a proper expenditure of state funds.

Various chambers of commerce throughout the State offer training courses. The courses are entitled "Leadership (city or area)." The stated purpose of these courses is to improve the quality, quantity and effectiveness of leadership in the city or area by:

1. Identifying and selecting current and potential leaders from diverse backgrounds.
2. Exposing the participants to social, economic and political issues facing the city or area in order to stimulate their interest in seeking leadership positions within the community.
3. Providing the participants with factual information about the city or area.
4. Building and maintaining networks of community leaders who know and respect each other.

Agencies with specific statutory authority to provide this training to employees and wishing to send an employee to community leadership courses should request prior approval from the:

**Department of Financial Services
Bureau of Auditing
200 East Gaines Street
Tallahassee, Fl. 32399-0355**

Requests must cite the specific statutory authority for the agency to send employees to the classes or cite the specific statutory duty or responsibility, which necessitates the agency sending an employee to such a class. Any payment request that does not include prior approval may be denied.

EMPLOYEE-EMPLOYER RELATIONSHIP DETERMINATION

When entering into agreements for personal services, agencies should determine if an employer-employee relationship exists. The IRS generally provides that the relationship of employer and employee exists when the person or persons for whom the services are performed have the right to control and direct the individual who performs the services, not only as the result to be accomplished by the work but also as to

the details and means by which that result is accomplished. If it is determined that such a relationship does exist, the employee should be paid through the payroll system and not as an independent contractor. It is incumbent on each agency to evaluate the circumstances of each contractual relationship. Any penalties that may be imposed by the IRS for failure to make the proper determination of the employment relationship will be borne by the agency making the initial determination.

Circumstances of an employment relationship may be submitted to the IRS for its determination using a Form SS-8.

As an aid to assist agencies in making a determination of the employee-employer relationship, the following twenty factors have been established. These factors have been developed only as guides for determining whether an individual is an employee. Special scrutiny is required in applying the twenty factors to assure that formalistic aspects of an arrangement designed to achieve a particular status do not obscure the substance of the arrangement. The twenty factors are as follows:

1. **Instructions.** A worker who is required to comply with other persons' instructions about when, where and how he or she is to work is ordinarily an employee. This control factor is present if the person or persons for whom the services are performed have the right to require compliance with instructions.
2. **Training.** Training a worker by requiring an experienced employee to work with the worker by corresponding with the worker, by requiring the worker to attend meetings or by using other methods, indicates that the person or persons for whom the services are performed want the services performed in a particular method or manner.
3. **Integration.** Integration of the worker's services into the business operations generally shows that the worker is subject to direction and control. When the success or continuation of a business depends to an appreciable degree upon the performance of certain services, the workers who perform those services must necessarily be subject to a certain amount of control by the owner of the business.
4. **Services Rendered Personally.** If the services must be rendered personally, presumably the person or persons for whom the services are performed are interested in the methods used to accomplish the work as well as in the results.
5. **Hiring, Supervising and Paying Assistants.** If the person or persons for whom the services are performed hire, supervise and pay assistants, that factor generally shows control over the workers on the job. However, if one worker hires, supervises, and pays the other assistants pursuant to a contract under which the worker agrees to provide materials and labor and under which the worker is responsible only for the attainment of a result, this factor indicates an independent contractor status.
6. **Continuing Relationship.** A continuing relationship between the worker and the person or persons for whom the services are performed indicates that an employer-employee relationship exists. A continuing relationship may exist where work is performed at frequently recurring although irregular intervals.
7. **Set Hours of Work.** The establishment of set hours of work by the person or persons for whom the services are performed is a factor indicating control.
8. **Full-Time Required.** If the worker must devote substantially full time to the business of the person or persons for whom the services are performed, such person or persons have control over the amount of time the worker spends working and impliedly restricts the worker from doing other gainful work. An independent contractor, on the other hand, is free to work when and for whom he or she chooses.
9. **Doing Work on Employer's Premises.** If the work is performed on the premises of the person or persons for whom the services are performed, that factor suggests control over the worker, especially if the work could be done elsewhere. Work done off the premises of the person or persons receiving the services, such as at the office of the worker, indicates some freedom from control. However, this fact by itself does not mean that the worker is not an employee. The importance of this factor depends on the nature of the service involved and the extent to which an employer generally would require that employees perform such

services on the employer's premises. Control over the place of work is indicated when the person or persons for whom the services are performed have the right to compel the worker to travel a designated route, to canvass a territory within a certain time or to work at specific places as required.

10. **Order of Sequence Set.** If a worker must perform services in the order or sequence set by the person or persons for whom the services are performed, that factor shows that the worker is not free to follow the worker's own pattern of work but must follow the established routines and schedules of the person or persons for whom the services are performed. Often, because of the nature of an occupation, the person or persons for whom the services are performed do not set the order of the services or set the order infrequently. It is sufficient to show control, however, if such a person or persons retain the right to do so.
11. **Oral or Written Reports.** A requirement that the worker submit regular or written reports to the person or persons for whom the services are performed indicates a degree of control.
12. **Payment by Hour, Week, Month.** Payment by the hour, week or month generally points to an employer-employee relationship, provided that this method of payment is not just a convenient way of paying a lump sum agreed upon as the cost of a job. Payment made by the job or on a straight commission generally indicates that the worker is an independent contractor.
13. **Payment of Business and/or Traveling Expenses.** If the person or persons for whom the services are performed ordinarily pay the worker's business and/or traveling expenses, the worker is ordinarily an employee. An employer, to be able to control expenses, generally retains the right to regulate and direct the worker's business activities.
14. **Furnishing of Tools and Materials.** The fact that the person or persons for whom the services are performed furnish significant tools, materials and other equipment tends to show the existence of an employer-employee relationship.
15. **Significant Investment.** If the worker invests in facilities that are used by the worker in performing services and are not typically maintained by employees (such as the maintenance of an office rented at fair value from an unrelated party), that factor tends to indicate that the worker is an independent contractor. On the other hand, lack of investment in facilities indicates dependence on the person or persons for whom the services are performed for such facilities and, accordingly, the existence of an employer-employee relationship.
16. **Realization of Profit or Loss.** A worker who can realize a profit or suffer a loss as a result of the worker's services (in addition to the profit or loss ordinarily realized by employees) is generally an independent contractor, but the worker who cannot is an employee.
17. **Working for More Than One Firm at a Time.** If a worker performs more than the minimum service for a multiple of unrelated persons or firms at the same time, that factor generally indicates that the worker is an independent contractor.
18. **Making a Service Available to General Public.** The fact that a worker makes his or her services available to the general public on a regular and consistent basis indicates an independent contractor relationship.
19. **Right to Discharge.** The right to discharge a worker is a factor indicating that the worker is an employee and the person possessing the right is an employer. An employer exercises control through the threat of dismissal, which causes the worker to obey the employer's instructions. An independent contractor, on the other hand, cannot be fired so long as the independent contractor produces a result that meets the contract specifications.
20. **Right to Terminate.** If the worker has the right to end his or her relationship with the person for whom the services are performed at any time he or she wishes without incurring liability, that factor indicates an employer-employee relationship.

Equipment Leases

Equipment leases that have an annual cost anticipated to exceed the purchasing Category Two threshold established in s. 287.017, F.S., require prior approval from the Bureau of Accounting. If the monthly lease cost for equipment is greater than one-twelfth of the Category Two threshold, but the annual cost will be

less than the Category Two threshold, each voucher submitted for payment should include documentation indicating that the annual cost will not exceed the Category Two threshold.

In computing the total lease cost for determination as to whether the annual lease cost exceeds the Category Two threshold, maintenance and other periodic costs to be incurred by the lessee for the equipment must be added to the lease payments. Equipment is defined as a functional unit and not as an individual component. For example, an agency may not acquire, by lease, equipment costing less than Category Two threshold annually, avoiding Bureau of Accounting approval, and then add other components to the equipment which increases the total annual cost above the threshold.

Requests for Bureau of Accounting approval to lease equipment above the Category Two threshold must be submitted with the Lease Checklist to financing@myfloridacfo.com or to:

**Department of Financial Services
Bureau of Accounting
200 East Gaines Street
Tallahassee, Florida 32399-0354**

The lease checklist is available at:

http://www.myfloridacfo.com/aadir/statewide_financial_reporting/index.htm

Vouchers submitted for payment of leases requiring prior approval of the Bureau of Accounting must show the lease approval number assigned by the Bureau of Accounting.

Regardless of the annual cost of the lease or the acquisition method, it shall be the responsibility of the procuring agency to evaluate and maintain documentation to support that a lease is economically prudent and cost-effective.

Agencies with special needs for leasing equipment, such as short-term needs for surveying, monitoring and research connected with wildlife studies or preservation are exempt from the requirement to obtain prior approval. A certification from the agency head or designee supporting the decision to lease must be attached to the voucher submitted for payment.

The Bureau of Accounting will review leases less than or equal to Category Two, upon agency request.

Purchasing Card Transactions – Leases of Equipment

Agencies may use purchasing cards for leasing equipment in accordance with the above requirements.

EXECUTIVE ORDERS

The Governor has the authority to sign executive orders under s. 252.36, F.S. All executive orders have the full force and effect of law. Most executive orders are for emergencies dealing with hurricanes, tropical storms, wildfires, floods, tornadoes, citrus canker and other states of emergency. An executive order may suspend the purchasing rules and regulations.

EXPENSE, OCO, OR FCO DETERMINATION

Determination of whether a purchase should be made from an expense, OCO, or FCO appropriation is based on the cost of the functional unit. A functional unit is defined as a collection of items purchased at the same time that must be combined or used together to achieve a particular purpose. For example, when purchasing computer hardware, a functional unit would include the central processing unit with RAM, hard drive, monitor, keyboard, external drives, and mouse. Total system upgrades or the adding of new components costing \$1,000 or greater should be paid from OCO appropriations. However, upgrades, repairs or replacements of individual components may be made from expense appropriations if the cost of