



South Florida Water Management District

Governing Board Audit and Finance Committee MEETING MINUTES

February 13, 2008

9:00 AM

District Headquarters - B-1 Auditorium
3301 Gun Club Road
West Palm Beach, FL 33406

Members Present:

Michael Collins

Charles Dauray

Shannon Estenoz

Patrick Rooney

Members Absent:

Harkley Thornton

1. Call meeting to Order - Charles Dauray, Committee Chair

Chairman Dauray called the meeting to order at 9:05 am.

2. Approval of Minutes

Approval of Minutes of January 31, 2008, meeting held in West Palm Beach, Florida.

Ms. Estenoz requested one modification to the minutes. The minutes were approved as amended.

Motion made by Michael Collins, seconded by Shannon Estenoz to approve the following item :(2). Vote called. Voting yes: Charles Dauray, Patrick Rooney, Michael Collins, Shannon Estenoz. Motion passed.

3. Agenda Changes / Additions / Deletions

Chairman Dauray announced the agenda addendum. Agenda Item 11 was added to the agenda (Policy for Governing Board and Advisory Committee Meetings).

4. Audit of the Uses of Series 2006 Certificates of Participation Proceeds - Jankie Bhagudas, Lead Consulting Auditor, Office of Inspector General

Jankie Bhagudas, Lead Consulting Auditor, presented information on the audit of uses of Series 2006 Certificates of Participation (COPs) proceeds.

Ms. Bhagudas provided background information and the audit objectives of determining whether the proceeds from the Series 2006 Certifications of Participation are being used for authorized purposes.

Ms. Bhagudas reported on the audit results and recommendations to improve the controls which are to implement procedures to ensure that the Accounting Division staff substantiates interest earnings before posting it to the District's financial system.

Motion made by Michael Collins, seconded by Shannon Estenoz to approve the following item :(4). Vote called. Voting yes: Charles Dauray, Patrick Rooney, Michael Collins, Shannon Estenoz. Motion passed.

5. Audit of State and Federal Cost Share Agreements - Dan Sooker, Chief Investigator, Office of Inspector General

Dan Sooker, Chief Investigator, presented information on the audit of State and Federal Cost Share Agreements. The audit focused on seven critical restoration cost-sharing projects with the U.S. Army Corps of Engineers (USACE). The objective was to verify that the District and the USACE are contributing their share of the committed participation.

Mr. Sooker reported on the elimination of potential liability through an amendment or other offset. He reported on the Tamiami Trail Culvert project.

Mr. Collins provided comment on in-kind credits. He opposes any agreements with the Federal Government unless the accountability is resolved.

Ms. Estenoz asked about the agreement process with the USACE.

Mr. Williams provided additional information on the costs of critical projects.

Mr. Collins provided comments on cost share agreements and disputes between the USACE and the District.

Ms. Wehle reported the District shares details of expenditures with the Corps and it is not reciprocated.

Kim Taplin, USACE, said she will provide that information back to the USACE and will work with the District to resolve the issues.

Ms. Estenoz requested the language be modified in future agreements.

Mr. Collins reported on Project Delivery Teams and the current statutes and rules.

Mr. Collins said there needs to be a level of accountability within the federal process.

Ms. Taplin will provide a status report of the USACE's accountability process at the next Audit and Finance Committee meeting.

Motion made by Michael Collins, seconded by Shannon Estenoz to approve the following item :(5). Vote called. Voting yes: Charles Dauray, Patrick Rooney, Michael Collins, Shannon Estenoz. Motion passed.

6. Audit Recommendations Follow-up Report for Fiscal Year 2007 - Tim Beirnes, Director of Auditing, Office of Inspector General

Tim Beirnes, Director of Auditing, presented information on the follow up reports for FY07 and audit recommendations. Mr. Beirnes reported that management is doing a good job of implementing the audit recommendations.

7. Inspector General's Annual Report for Fiscal Year 2007 - John W. Williams, Inspector General, Office of Inspector General

John Williams, Inspector General, presented the Inspector Generals annual report for FY 2007.

8. Treasurers Investment Report and Independent Review of Investment Policies and Strategies - Paul E. Dumars, Sr., Chief Financial Officer and Steve Freilich, Treasurer

Steve Freilich, Treasurer, lead a presentation of an Independent third party review, given by Mr. Steven Alexander of PFM Asset Management, on the District's investment portfolio and current investment policy.

The report concluded that, overall, the District's portfolio is sound with the exception on a small portion of the assets held with the State Board of Administration's Local Government Investment Trust.

The report's summary was discussed covering certain recommendations to enhance the Investment Procedures and Policy.

The Audit and Finance Committee approved all recommendations within the report except for the recommendation to establish a separate Treasury Investment Committee to provide investment oversight. The Audit and Finance Committee recommends that the Audit and Finance Committee serves this role.

Motion made by Michael Collins, seconded by Shannon Estenoz to approve the following item:(8). Vote called. Voting yes: Charles Dauray, Patrick Rooney, Michael Collins, Shannon Estenoz. Motion passed.

9. Old Business / New Business

There was no old/new business to discuss.

10. Public Comment

There was no public comment.

11. Discussion on Governing Board Meetings Policies and Procedures - Tom Olliff, Assistant Executive Director, Executive Office

Mr. Olliff provided information on the guidance outlined in a memorandum by Chairman Buermann presented to Carol Wehle, Executive Director.

In the memorandum, there was direction to thoroughly review every area of the District's administrative overhead costs to eliminate unnecessary spending, include reviewing the Governing Board expenses and reallocate the savings to fund projects focused on the District's core mission.

The Audit and Finance Committee recommended approval of a Resolution establishing a policy for conducting Governing Board and Advisory Committee meetings which reinforces the Governing Board's commitment to hold off-site meetings to promote open government, accessibility, and public involvement while ensuring the conservative use of taxpayer resources.

The Committee also directed staff to develop specific procedures and guidelines within the next 60 days for hosting off-site meetings such as:

- Primarily using District facilities or other government owned facilities,
- Using hotels or conference facilities only when other public facilities are not available or not an effective meeting location and
- Using hotels that hold the Florida Department of Environmental Protection's "Green Lodging" certification as directed in the Governor's Climate Change Executive Orders.
- Following state statutes for the reimbursement of meeting and travel expenses and
- Using available technology such as "web-casts" to broaden public access to meetings.

The Committee also directed staff to establish and codify other coordinating procedures such as structure, guidelines, and protocol for conducting Governing Board, Sub-Committee and Advisory Committee meetings.

Motion made by Michael Collins, seconded by Shannon Estenoz to approve the following item :(11). Vote called. Voting yes: Charles Dauray, Patrick Rooney, Michael Collins, Shannon Estenoz. Motion passed.

12. Adjourn

Chair Dauray adjourned the meeting at 10:30 am.

Chairman Charles Dauray
Audit and Finance Committee

Recorded By:

Cathy Widness
Administrative Assistant Senior
Governing Board and Executive Services
SFWM