



Approved Audit Plan For Fiscal Year 2019-2020

**Prepared by
Office of Inspector General**

J. Timothy Beirnes, CPA, Inspector General



SOUTH FLORIDA WATER MANAGEMENT DISTRICT

MEMORANDUM

To: Governing Board Members

From: J. Timothy Beirnes, CPA, Inspector General,
Office of Inspector General

Date: November 21, 2019

A handwritten signature in blue ink, appearing to be "JTB", is written over the "From" and "Date" lines.

Subject: Approved Audit Plan for Fiscal Year 2019-2020

I am pleased to present the Approved Audit Plan for Fiscal Year 2019-2020. The development of the plan was shaped using a systematic approach to help us decide what audits need to be done. The planning process helps us to develop the theme for our audits and identify an appropriate mix of various types of audits. The audit plan helps us to determine how we can best allocate our resources and capitalize on our individual strengths.

Effective audit planning is crucial to the success of the Inspector General's Office. Our planning process involved understanding our responsibility, recapping where we have been, and identifying the auditable universe and the risks associated with various programs and activities. The Internal Audit Charter requires the Audit and Finance Committee to approve the final annual audit plan. The proposed plan was approved by the Audit and Finance Committee on November 14, 2019.

Our Guidance

The first step in our current planning process was to ask ourselves what is the Inspector General Office's mandate. Our mandate to perform audits is clearly specified in Section 20.055 F.S., *Agency Inspectors General*. It states that in carrying out our audit mandate we should:

1. Review and evaluate the internal controls that ensure fiscal accountability.
2. Review post audit sampling of payments and accounts, where appropriate.
3. Advise in the development of performance measures for evaluating District programs.
4. Conduct financial, compliance, electronic data processing and performance audits of the District.

While the scope and assignment of audits is entirely left to the discretion of the Inspector General, the statute provides that the agency head may, at any time, direct the Inspector General to perform an audit of a program function or organizational unit. In the past, we received a number of requests from both the Governing Board and District staff to perform necessary Inspector General projects. Therefore, executing our work plan necessitates flexibility to accommodate special requests and investigations.

Our Planning Approach

Each year the District prepares a five-year Strategic Plan to guide management and staff in fulfilling the District's mission. The Strategic Plan for 2020-2025 is the product of the yearly planning cycle, which is the approach to establishing priorities, allocating resources, implementing projects, and providing accountability. The budget process then allocates resources to accomplish the planned activities.

Our audit planning process began with reviewing the Strategic Plan for 2020-2025 and the FY 2019-2020 Budget to identify those programs, activities and functions that we consider present potential risk to the District. In addition to specific programs, we also focused on identifying processes that are critical to the planning cycle that affect all programs.

The audit plan reflects a consideration of risk and its relationship to the District's mission and objectives. The most ubiquitous risks to the District's mission revolve around spending, operations, data integrity and reliability, disaster recovery/contingency planning, regulatory compliance, and public perception. Some District programs, such as our many restoration projects, depend on land acquisition and construction processes, which represent high risks due to the mere magnitude of the financial resources to be consumed. Others, such as regulation, have inherent risks that are not necessarily related to program expenditures or dollar magnitude but rather represent high risk due to the nature of the function where consistency, objectivity, integrity, and strict adherence to rules and regulations are essential.

Our audit plan is designed to provide sufficient coverage over time to reach all significant program areas. During FY 2019-2020, we will continue to use our best judgment in prioritizing audit activities so as to be responsive to the most immediate needs of the District's Governing Board and executive management. The approved work plan for FY 2019-2020 provides audit projects for specific District programs, as well as, audits of processes that affect all District programs.

Approved Audit Plan FY 2019-2020

November 21, 2019

Page 3 of 3

Provision is also made for following up on the status of implementing prior audit recommendations as required by *Government Auditing Standards* and the District's *Internal Audit Charter*. Additionally, the audit plan provides flexibility to investigate Whistle-blower complaints and for special audit requests from the Governing Board and senior District management.

The attached schedule details the Approved Audit Plan for Fiscal Year 2019-2020.

C: Drew Bartlett
 Jennifer Smith
 John Mitnik
 Paula Cobb
 Christine Austen
 Stephen Collins
 Sean Cooley
 Jill Creech
 Lawrence Glenn
 Candida Heater
 SueLYnn Kirkland
 Jennifer Leeds
 Duane Piper
 Rich Virgil

Approved Audit Projects FY 2019-2020

Divisions

Audit Projects	Audit of CERP Cost Share Status	Office of Everglades Policy & Coordination
	Audit of RECOVER Program	
	Audit of the IT Help Desk Function	Information Technology
	GASB Statement No. 87 Implementation	Administrative Services
	Audit of Fixed Assets Processes and Procedures	
	Audit of Fleet Maintenance Operations	Field Operations & Land Management
	Audit of Outsourced Functions	Multiple/ All Divisions
	Audit of Grant Monitoring	
Recurring Audit Projects	2020 Audit of Internal Controls Over DMV Data	Information Technology
	Monitoring of Procurement Card Transactions	Administrative Services / All Divisions
	Monitoring of Negotiated Contract Work Orders	
	Audit Follow-Up	All Divisions
	Investigations of Complaints	
	Special Audit Requests Gov Brd & Management	
Administrative Projects	Prepare Audit Plan for Fiscal Year 2020-2021	
	Prepare Inspector General Annual Report	

South Florida Water Management District Office of Inspector General Approved Audit Plan for Fiscal Year 2019-2020					
Division	Bureau/ Section	Project Title	Background	Objectives	Rational for Audit
Audit Projects					
Office of Everglades Policy & Coordination	Office of Federal Policy & Coordination	Audit of Comprehensive Everglades Restoration Program (CERP) Cost Share	The Water Resources Development Act of 2000 (WRDA 2000) established the framework for the Comprehensive Everglades Restoration Plan (CERP). WRDA 2000 required integration of Federal and State projects and activities related to CERP and provides for 50/50 cost sharing between the Federal (USACE) and the non-Federal Local Sponsor (SFWMD). The District is providing most of the land and some of the engineering and construction cost while the USACE will incur a larger portion of the engineering and construction cost. Programmatic costs are also cost shared 50/50.	Examinee the District's process for preparing In-Kind Credit Requests to ensure the District is requesting credit for all eligible costs related to the CERP Project. The audit will also assess whether adequate supporting documentation is maintained for such expenditures. The audit scope will include non real estate cost (which will be a audited as a separate project)	Failure to claim credit for eligible expenditures that may have been overlooked would result in additional cost to the District.
Office of Everglades Policy & Coordination	Office of Federal Policy & Coordination	Audit of RECOVER Program	RECOVER is an arm of the Comprehensive Plan (CERP) responsible for linking science and the tools of science to a set of system-wide planning, evaluation and assessment tasks. RECOVERS' objectives are to (1) Evaluate and assess Comprehensive Plan performance, (2) Refine and improve the plan during the implementation period, and (3) Ensure that a system-wide perspective is maintained throughout the restoration program.	We will review the original agreement for RECOVER and determine where the District and U.S. Army Corps of Engineers' are today in terms of expenditures and expected deliverables and the future course for the program.	RECOVER is a function of Everglades Restoration, the District's largest program.
Information Technology	Solution Center	Audit of the IT Help Desk Function	The District's IT Department operates a help des function to assist employees with technical difficulties and other technology related issues.	The audit will assess the efficiency and effectiveness of the IT Help Desk function in responding to employee's needs.	The audit will determine that IT technological assistance to employees are performed in an efficient and effective manner. The function has not been previously audited.

South Florida Water Management District
Office of Inspector General
Approved Audit Plan for Fiscal Year 2019-2020

Division	Bureau/ Section	Project Title	Background	Objectives	Rational for Audit
Administrative Services	Finance	GASB Statement No. 87 Implementation	The Governmental Accounting Standards Board (GASB) recently issued Statement No. 87 establishing standards of accounting and financial reporting for leases by lessees and lessors. The requirements apply to financial statements of all state and local governments. The new statement will affect accounting for the District's real estate, building and equipment leases as well as Dispersed Water Management agreements. GASB 87 will be effective for the District's 2021 fiscal year. Due to the complexity of the new standard and the number of District lease agreements, implementing the new standard will require a significant amount of time by various District staff.	This project will entail assisting Finance with implementation of GASB 87 and provide a pre-audit of the final analysis to determine whether the standard has been properly implemental. It will also entail coordinating with the District accounting firm, RSM to ensure that the new standard is properly implemented.	Many other governments are incurring considerable expense to hire consultants to assist with implementing GASB 87. The IG assistance with help avoid incurring such expense.
Administrative Services	Finance	Audit of Fixed Assets Processes and Procedures	The District has established policies, procedures, and process for acquiring, safeguarding, transferring, and disposing of fixed assets. The policies incorporate requirements specified in Florida Statutes. Assets are recorded in the SAP system and periodic physical inventories are performed.	Provide an independent review of the District's asset management processes and procedures for fixed assets; including a comparison of the District's procedures to industry best practices in order to identify potential improvements.	The fixed asset field staff and fixed asset accounting staff were consolidated into a single organizational unit. The audit will identify best practices for potential improvements to incorporate into District practices.

South Florida Water Management District
Office of Inspector General
Approved Audit Plan for Fiscal Year 2019-2020

Division	Bureau/ Section	Project Title	Background	Objectives	Rational for Audit
Field Operations & Land Management	Field Operations - Region 3	Audit of Fleet Maintenance Operations	The District operates and maintains a fleet of over 1,000 vehicles and heavy equipment units. District field station staff perform a significant portion of the fleet maintenance and repairs, with support from vendors for certain types of repairs (e.g., body work).	Objectives of this audit will include: 1) Assessing the effectiveness and efficiency of the vehicle maintenance function. 2) Examining the vehicle replacement cycle process.	The last audit regarding fleet operations was performed in FY2013.
Multiple	Multiple	Audit of Outsourced Functions	The District outsources various functions throughout the District, including various maintenance functions.	Audit objectives will entail analyzing the cost of outsourced functions compared to what these functions would cost if performed using in-house resources.	The audit will provide a comprehensive assessment of all the District's outsourced functions to ensure that outsourcing provides the most cost efficient means of providing such services.
Multiple	Multiple	Audit of Grant Monitoring	The District provides significant funds to outside organizations such as other governments, private businesses, and land owners, for the purpose of implementing District programs that advance the District's mission.	Objectives of this audit will include: 1) Determining if grant monitoring policies and procedures are sufficient, 2) Assessing the effectiveness of the monitoring process, 3) Identifying potential best practices by evaluating grant monitoring processes.	Proper controls in monitoring grants are imperative to ensure that funds are used for the intended purpose and that expenditures and any cost sharing requirements are in accordance with the grant agreements.

<p style="text-align: center;">South Florida Water Management District Office of Inspector General Approved Audit Plan for Fiscal Year 2019-2020</p>					
Division	Bureau/ Section	Project Title	Background	Objectives	Rational for Audit
Information Technology	IT Operations Section	2020 Audit of Internal Controls Over DMV Data	District employee's driving records are received monthly from the Florida Department of Highway Safety and Motor Vehicles (DMV). The data is reviewed by the Occupational Safety manager for current driver license suspensions, and other major infractions, for those employees authorized to drive District vehicles. The data is received pursuant to a Memorandum of Understanding (MOU) with the DMV.	Determine whether District internal controls related to the drivers license information received from the DMV are sufficient to ensure that DMV records are adequately protected from unauthorized access, distribution, use, modification, or disclosure.	Section V.F. of the MOU requires the District to complete an annual audit to ensure proper and authorized use and dissemination of the data.
Administrative Services	Procurement	Monitoring of Procurement Card Transactions	The District issues procurement cards to certain District employees to provide an efficient payment method for small purchases. The Procurement Department manages the program.	Periodically examine procurement card transactions to ensure that they are: 1) Appropriate District expenditures. 2) Contain adequate supporting documentation. 3) Properly recorded in the accounting records.	Although procurement cards are used to pay for small purchases, they represent a significant number of transactions annually.
Administrative Services	Procurement/ All Bureaus	Monitoring of Negotiated Contract Work Orders	The District engages firms for various types of services under work order type contracts. Firms are prequalified through a Request for Proposal (RFP) or Request for Qualifications (RFQ) process and work orders are negotiated with the prequalified firms as services are needed.	Periodically select a sample of contracts to ensure that work orders are properly negotiated in a manner that maintains the District's best interest.	The work order contract approach provides significant efficiency to the procurement process; however, it also increases the risk that staff may not represent sufficient diligence in negotiation the best possible cost for the District. Continuous audit oversight of negotiated work orders will assist in mitigate this risk.
All Divisions	All Bureaus	Audit Follow-Up	Generally Accepted Government Audit Standards require follow-up regarding the implementation status of pervious audit findings and recommendations.	Verify that recommendations in prior audit reports have been appropriately implemented in a timely manner and provide a written report to the Executive Management team and the Governing Board.	Follow-up on previous audit recommendations is required by Government Auditing Standards and the District's Internal Audit Charter.
All Divisions	All Bureaus	Investigate Whistle-Blower and Other Complaints	The Office of Inspector General periodically receives Whistle-Blower complaints. Our office has a statutory responsibility to investigate these complaints and issue a report of our findings and conclusions.	Review each complaint to assess its validity. Whistle-blower complaints are received intermittently during the year.	The IG is responsible for performing investigations per Section 20.055, F. S., and the District's <i>Internal Audit Charter</i> .
All Divisions	All Bureaus	Audit Requests from Governing Board and Senior District Staff	The Inspector General's Office will entertain requests for audit and investigations from Governing Board and Senior District Staff on an as needed basis.	As specified in the Inspector General Act & District Policy (Internal Audit Charter)	Provides flexibility in the audit plan to accommodate special requests for audits and investigations from the Governing Board and senior management that arise throughout the year.

South Florida Water Management District Office of Inspector General Approved Audit Plan for Fiscal Year 2019-2020					
Division	Bureau/ Section	Project Title	Background	Objectives	Rational for Audit
Administrative Projects					
N/A	N/A	Audit Plan for Fiscal Year 2021	The Audit and Finance Committee Charter requires the Inspector General to submit an annual work plan to the committee for approval	Prepare an annual work plan and submit it to the Audit and Finance Committee for approval in accordance with the Audit and Finance Committee Charter.	N/A
N/A	N/A	Office of Inspector General Annual Report for FY 2019	State Statutes, Section 20.055(7) requires the Inspector General to submit an annual report to the agency head.	Prepare an annual report summarizing each audit and investigation completed during the year.	N/A