



**Audit of Operation, Maintenance, Repair,
Replacement, and Rehabilitation (OMRR&R)
Cost Share**

Project #24-14

**Prepared by
Office of the Inspector General**

**J. Timothy Beirnes, CPA, Inspector General
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SOUTH FLORIDA WATER MANAGEMENT DISTRICT

September 11, 2025

Governing Board Members

Re: Audit of OMRR&R Cost Share
Project No. 24-14

This audit was performed pursuant to the Inspector General's authority set forth in Chapter 20.055, F.S. Our audit objective primarily focused on determining whether the District requested credit for all eligible OMRR&R related expenses for CERP and Non-CERP projects. Jankie Bhagudas and I prepared this report.

Sincerely,

A handwritten signature in blue ink, reading "J. Timothy Beirnes".

J. Timothy Beirnes, CPA
Inspector General

TABLE OF CONTENTS

BACKGROUND.....	1
OBJECTIVE, SCOPE, AND METHODOLOGY	9
AUDIT RESULTS.....	11
Executive Summary.....	11
Process in Place to Claim Reimbursement from USACE for OMRR&R Cost Share Related Expenses.....	13
Unclaimed OMRR&R Reimbursement Due to the District	14
Unclaimed Reimbursements for Vehicle and Equipment Utilization Costs.....	15
Reimbursements Not Requested for FY 2021 and FY 2022 Expenses Incurred for New Project Transferred to the District	18
New Feature Transferred to Existing Project in FY 2020 but Reimbursements not Requested for FY 2020 Expenses	20
Reimbursement not Requested for Project Feature Transferred to the District Since January 2021	21
Project Feature Expenses Not Included in a Quarterly Analysis	22
Contract and Inventory Expenses not Included in Reimbursement Analysis.....	23
Unclaimed Salary and Overtime Expense Due to SAP Adjustments after Reimbursements Requested	25
Project Feature Reimbursements Calculated Using Lower than Approved Reimbursement Percentages.....	27
Unclaimed Salary Reimbursement for Melaleuca Eradication and Other Exotic Plants Grant.....	29

Depreciation Expense Reimbursement Calculated at 60% Instead of at 100%	31
Understated Indirect Cost Rates Used to Calculate Reimbursement and Other Miscellaneous Understatements	31
Overpayments Received from the USACE.....	33
Overstated Indirect Cost Rates Resulted in Overpayments from the USACE	34
Overstated Salary Related Expenses Resulted in Overpayments from the USACE	36
RECOMMENDATIONS.....	37

BACKGROUND

In accordance with the Office of Inspector General's Audit Plan, we conducted an Audit of the Operation, Maintenance, Repair, Replacement and Rehabilitation (OMRR&R) Cost Share Expenses.

The south Florida ecosystem covers approximately 18,000 square miles within the geographical boundaries of the South Florida Water Management District (District), extending from just south of Orlando through the Kissimmee River Basin, Lake Okeechobee and the Everglades to Florida Bay and the Florida Keys. The U.S. Army Corps of Engineers (USACE) – Jacksonville District's South Florida Ecosystem Restoration (SFER) Program includes several ecosystem restoration projects, as well as the Central and Southern Florida Project for Flood Control and Other Purposes (C&SF Project). The District is the Non-Federal Sponsor partnering with the USACE on implementation and long-term operation, maintenance, repair, replacement and rehabilitation (OMRR&R) of most of the projects included in the SFER Program. Some of the key SFER projects are listed below, along with the year that the original Project Cooperation Agreement (PCA) was executed for each project:

- Kissimmee River Restoration Project (1994)
- Modified Water Deliveries to Everglades National Park Project (1994)
- C-111 South Dade Project (1995)
- C-51 Impoundment/Stormwater Treatment Area 1 East Project (1999)
- Seven Critical Restoration Projects (2000)
- Manatee Pass Gates Projects (2001)
- Comprehensive Everglades Restoration Plan (CERP) Projects (Master Agreement executed in 2009 with individual Project Partnership Agreements [PPA] in various years):
 - Picayune Strand Restoration (2009)
 - Site 1 Impoundment Phase 1 (2010)
 - Indian River Lagoon South Phase 1 (2010)
 - Melalueca Eradication and Other Exotic Plants (2010)
 - Caloosahatchee River (C-43) West Basin Storage Reservoir (2016)

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- Broward County Water Preserve Areas (2016)
 - Biscayne Bay Coastal Wetlands Phase 1 (2016)
 - Central Everglades Planning Project (CEPP), South Phase (2020)
 - Central Everglades Planning Project, Everglades Agricultural Area (EAA) Phase (2021)

The CERP is the most comprehensive ecosystem restoration effort being implemented by the District and USACE. Congress approved the CERP as a framework for south Florida ecosystem restoration by enacting Section 601 of the Water Resources Development Act (WRDA) of 2000. It included conceptual plans for over 50 projects to be constructed over approximately 35 to 40 years. Congress required that additional documentation be completed before projects are authorized for construction. Project Implementation Reports for nine CERP Projects have been completed and all nine have been authorized by Congress for construction.

In August 2009, the District and USACE signed the *Master Agreement for Cooperation in Constructing and Operating, Maintaining, Repairing, Replacing and Rehabilitating Projects Authorized to be Undertaken Pursuant to the Comprehensive Everglades Restoration Plan* (CERP Master Agreement). The CERP Master Agreement requires that the District and USACE develop and maintain a Five-Year CERP OMRR&R Plan. As a result, the South Florida Ecosystem Restoration Program (SFER) Five-Year OMRR&R Plan was developed to fulfill the requirements of the CERP Master Agreement by providing five-year OMRR&R detailed summaries of activities and estimated annual costs for the five-year period. Further, the Plan was expanded to include a forecast of OMRR&R costs for Non-CERP projects in the SFER Program that the USACE has a responsibility to pay a portion of OMRR&R costs.

The OMRR&R Plan is used by the District and the USACE to prepare budget requests for upcoming fiscal years. Annual updates are a joint effort by the District and the USACE. Further, the Plan is updated annually to include the most current OMRR&R cost estimates, and OMRR&R costs for new PPAs that are scheduled for execution within the upcoming five-year period.

Federal statutes and/or USACE policy require the District to perform the OMRR&R for most Federal ecosystem restoration projects. However, the USACE is responsible to periodically inspect the OMRR&R work the District performs to ensure compliance with applicable project manuals and specifications. For all CERP, and some Non-CERP projects, the USACE is responsible for paying the District a percentage of the OMRR&R costs. The payment percentages are specified in each project agreement and range from 50% to 100%. The USACE is required to pay 50% of CERP OMRR&R costs.

The District's Budget Bureau prepares the budgeted information while the Ecosystem Restoration Program Support Unit and the USACE prepare other project specific data. Based on the Five-Year OMRR&R Plan for Fiscal Years 2024 to 2028, estimated costs of about \$152.7 million (District cost estimate = \$69.8 million: USACE cost estimate = \$82.9 million) and will be needed for CERP, CEPP, and Non-CERP OMRR&R activities.

District and USACE estimated expenses for FY 2025 – FY 2027 are summarized in the following table.

Summary of Estimated OMRR&R Costs for CERP, CEPP, and Non-CERP Projects – Fiscal Years 2025 - 2027						
Project Type	FY 2025		FY 2026		FY 2027	
	District	USACE	District	USACE	District	USACE
CERP	\$ 9,452,540	\$ 9,452,540	\$ 8,688,234	\$ 8,688,234	\$14,594,015	\$14,594,015
CERP-CEPP	17,492	17,492	17,768	17,768	781,237	781,237
NON-CERP	2,688,231	5,273,179	2,782,602	5,493,039	2,840,031	5,608,220
Total	\$12,158,263	\$14,743,211	\$11,488,604	\$14,199,041	\$18,215,283	\$20,983,472

CERP projects transferred to the District for OMRR&R occurs after completing an operational testing and monitoring period to ensure that the project, or a functional portion of the project, is operating as designed. Costs for the operational testing and monitoring period are tracked and reported as construction costs, which are considered creditable for cost share but not for OMRR&R. Once the operational testing and monitoring period is successfully completed and the USACE and District have determined that the project, or functional portion of the project, is “operational,” then

the project features are transferred to the District for OMRR&R activities. CERP, CERP-CEPP and Non-CERP projects / project features transferred to the District for OMRR&R are assigned grant numbers in SAP for revenue and expense tracking purposes.

The following tables summarize the CERP and Non-CERP project features and the percentage of OMRR&R costs that the USACE agreed to reimburse the District.

CERP Project Features Transferred to OMRR&R Expense Cost Share Percentage: USACE = 50% and District = 50% As of Fiscal Year 2023	
Project Feature	Transfer Date
Indian River Lagoon South - Grant 3004	
C-44 Communications Tower & Compound (<i>Only 39.5 %</i>)	August 2014
C-44 Intake Canal and Project Access Roads	June 2016
Melaleuca Eradication & Other Exotic Plants - Grant 3005	
Mass Rearing Annex	December 2013
Biscayne Bay Coastal Wetlands Phase 1 - Grant 3007	
L-31 East Flow-way – S-712A & B Culverts	May 2018
Deering Estate Features – S-700; L-31 East Flow-way – S-23A, B, C, and D Culverts	July 2019
L-31 East Flow-way – S-706A, B, C, and S-708 Culverts	January 2021
Picayune Strand Restoration - Grant 3008	
Merritt Canal Phase	June 2016
Faka Union and Miller Canal Phase	January 2018
Miller Pump Station and Manatee Mitigation and Southwest Protection	March 2020
Miller Road Removal	November 2022
Site 1 Impoundment Phase 1 - Grant 3009	
L-40 Levee Modifications & 6-Acre Wetland Wildlife Area	December 2016
Broward County WPA - Grant 3010	
Northern Mitigation Area A Berms	March 2020
Caloosahatchee River (C-43) West Basin Storage Reservoir - Grant 3011	
Pump Station 476	July 2020
Pump Station 470	December 2023
CEPP South - Grant 3012	
S-333N	January 2023

Non-CERP Project Features Transferred to OMRR&R As of Fiscal Year 2023		
Project Features	Agreement	USACE Reimbursement Percentage
C-111 South Dade County Project - Central and Southern Florida Project Flood Mitigation Operations - Grant 3000		
S-331	Supplemental agreement executed in 1993	USACE pays 60% of costs for normal operation and maintenance when pumps are not operating to divert water from the S-12 structures plus quarterly depreciation of \$4,800
C-111 South Dade County Project – Construction Modification - Grant 3001		
S332D	PCA executed in 1995, Amended in 2014	USACE pays 60% of pumping costs
C-111 South Dade Project – Replacement Discharge of the S-12 Structure to Preserve the Cape Sable Seaside Sparrow - Grant 3002		
S332B and S332C	PCA executed in April 2000,	USACE pays 60% of the costs during normal operations
S331, S332B, S332C, S332D	Amended in January 2004	<i>(Note Below)</i>
<u>Note:</u> Prior to August 31, 2020, the USACE paid 100% of the costs for operation and maintenance costs for pump stations when pumps are operating to divert water away from the S-12 Structures for the protection of the Cape Sable Seaside Sparrow. As a result of an amended cooperative agreement (Combined Operational Plan), the USACE changed the reimbursement to 60% effective September 1, 2020. The COP water control plan no longer diverts water to the C-111 South Date project.		
Modified Water Deliveries to Everglades National Park - Grant 3003		
8.5 Square Mile Area – e.g., C-357, L-357, S-357	Several features – transferred between 2011 - 2018	USACE pays 75% of the eligible maintenance cost. (USACE is responsible for 100% of water control structures in WCA 3; District is responsible for 100% land maintenance)

Based on the Five-Year OMRR&R Plan for Fiscal Years 2024 – 2028, several additional CERP and CEPP projects/project features are projected to be transferred to the District for OMRR&R by 2028. Pending transfers are summarized in the following table.

Estimated Transfer Dates for Additional CERP Project / Project Features to OMRR&R Through 2028			
Project		Functional Portion	Estimated Transfer Date
CERP	Indian River Lagoon South	C-23/24 Interconnect	July 2026
		C-44 STA, C-44 Reservoir, and C-44 Pump Station	November 2026
		C-23/24 STA	January 2027
	Biscayne Bay Coastal Wetlands Phase 1	L-31 East Flow-way – Pump Stations S-709, S-705, S-703	October 2024
		L-31 East Flow-way – Pump Stations S-703, S-705, S-710, S-711, S-711E Outlet Spreader Canal, and Seepage Collection Ditch	October 2025
		Cutler Wetlands Features	September 2026
	Picayune Strand Restoration	US 41 Culverts	October 2024
		Southwest Protection Features	Fiscal Year 2025
		Faka and Miller Canal Plugging	Fiscal Year 2026
	Caloosahatchee River (C-43)	Reservoir	June 2027
	C-111 Spreader Canal Western	Frog Pond Detention Area and Aeroject Canal Features	Pending PPA
	Central Everglades Planning Project	CEPP South – DPM S-152, L-67C Degrade and Backfill	June 2024
		CEPP South – S-356E & S-355W	Fiscal Year 2027
		CEPP South – S-631, S-632, S-633	Fiscal Year 2028
		CEPP North – All Features	Fiscal Year 2028
		CEPP New Water – Seepage Barrier Wall	Pending PPA
		CEPP EAA – A-2 STA	December 2026

The District and the USACE jointly determined expenditure types and activities eligible for OMRR&R reimbursement. Eligible costs may include the following: District staff salaries, including fringe benefits and indirect overhead costs in accordance with the District's annual Indirect Cost Plan approved by the USACE; contractual services; operating expenses; and costs for use of District helicopters, vehicles and equipment based on usage rates approved annually by the USACE

The following are the specific expenditure types and activities that the USACE and District agree are eligible OMRR&R costs.

Summary of Program Elements for OMRR&R Cost Tracking	
<i>Inspections, Major Repairs, Refurbishment and Replacement (Capital Projects)</i>	Non-recurring and non-routine inspections and maintenance such as: major repairs and replacement of communication and control systems; major pump station repairs, replacement or rehabilitation; culvert replacement and modifications; structure and bridge inspections, major modifications and repairs; and major canal/levee maintenance and rehabilitation costs.
<i>Environmental Compliance</i>	Regulatory compliance, permitting, and contamination assessments costs.
<i>Movement of Water</i>	Pumping operations such as fuel and electricity for pump stations; automation software for the control room and weather systems; and associated operational support costs such as meteorological data service costs. Uniforms; small tools; project building and grounds maintenance; travel; and field station/control room staff support costs.
<i>Structure & Pump Station Maintenance & Refurbishment</i>	Repair and replacement construction of structural items such as culverts and catwalks; preventative maintenance of structures; overhaul and refurbishment of structures; pump station maintenance; pump station repairs/refurbishment; and machine shop support costs.
<i>Canal / Levee Maintenance</i>	Berm and levee maintenance; mowing of canal banks, berms and levees; tree management; and canal inspections and maintenance costs.
<i>Electronics / Communications and Control</i>	Maintenance and replacement of command & control equipment, data loggers, and remote terminal units (RTU); physical installation, maintenance, repair, programming of supervisory control and data acquisition (SCADA) equipment; and monitoring and assessment of flow conditions costs.

Summary of Program Elements for OMRR&R Cost Tracking	
<i>Aquatic / Exotic Plant Control</i>	Control of aquatic and terrestrial invasive exotic and native nuisance plants; and for evaluation of biological control agents for controlling exotic plants costs.
<i>Right-of-Way Management</i>	Processing of right-of-way occupancy permits within the project footprint; supporting permits; and compliance monitoring and enforcement of right-of-way permits costs.
<i>Water Management System and Operational Decision Support System</i>	Support of the Water Management System, which is used to provide real-time and historical hydro-meteorological data and decision support tools to the District's Operations Control Center.
<i>Land Stewardship</i>	Includes activities such as prescribed burning, exotic plant control, security, infrastructure maintenance, and cleanup of illegally dumped materials.
<i>Monitoring Activities</i>	Sampling and associated laboratory analysis for permit or project required monitoring, including water quality, hydrologic, meteorological, groundwater wells, biological, vegetation, threatened and endangered species costs.

Approximately 90 days prior to a project transfer to OMRR&R, the Field Operations Division provides a listing of project features to the Finance and Budget Bureaus and works with both Bureaus to set up account codes in the Plant Maintenance and Funds Management module for tracking OMRR&R costs.

Each quarter, the Finance Bureau generates Business Warehouse cost reports for each OMRR&R grant, which are further analyzed and used as the basis for OMRR&R invoices. Invoices and supporting documentation are routed to the following staff, if necessary, for internal review and approval:

- Field Station Superintendents
- Project Manager – Office of Policy and Coordination Division
- Bureau Chiefs for Field Operations Region 1 and Region 2
- Other relevant staff

After the internal review, the OMRR&R invoices are transmitted to the USACE with a cover letter signed by the Director of the Administrative Services Division requesting USACE payment for the appropriate portion of OMRR&R costs.

OBJECTIVE, SCOPE, AND METHODOLOGY

Our audit objective primarily focused on determining whether the District requested credit for all eligible OMRR&R related expenses for CERP and Non-CERP projects. To accomplish our objectives, we performed the following:

- Reviewed several Five-Year OMRR&R Plans (for example, FY 2019 – FY 2023 and FY 2024 – FY 2028) to understand the OMRR&R cost share process.
- Interviewed Administrative Services Division and other relevant District staff to obtain an understanding of the reimbursement request process for OMRR&R expenses.
- Independently generated the SAP Business Warehouse each OMRR&R expense report used to prepare quarterly reimbursement invoice for each grant covering FY 2019 to FY 2023 (October 1, 2018, to September 30, 2023). We then analyzed the data generated to determine quarterly USACE reimbursement due to the District.
- Compared our quarterly results to the Finance Bureau's OMRR&R quarterly reimbursement invoices and supporting documentation submitted to the USACE covering FY 2019 to FY 2023 to determine whether reimbursement was requested for all eligible costs and in accordance with each grant's reimbursement percentage. In instances where there were discrepancies, we obtained explanations from Finance Bureau staff.
- Determined whether the Finance Bureau properly requested reimbursement for all eligible vehicle and equipment utilization expenses for FY 2019 – FY 2024.
- Determined whether the USACE reimbursed for OMRR&R cost share expenses in a timely manner.
- Determined whether the Finance Bureau OMRR&R reimbursements include all projects and project features, after the date they are transferred to the District.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

AUDIT RESULTS

Executive Summary

Overall, the District has an adequate process in place to ensure that eligible OMRR&R expenses are tracked; however, additional improvements are needed to further strengthen the process. Our analysis disclosed that the District could be eligible for an additional \$2,449,564 in reimbursements for eligible OMRR&R share expenses from the USACE. Our findings are summarized in the following table.

OMRR&R Reimbursements Due to the District from the USACE Fiscal Years 2019 - 2023	
Expenditure Classifications	Due From / To USACE
Additional Reimbursements Due to the District	
Unclaimed Vehicle & Equipment Utilization Costs (FY 2019 - 2024)	\$ 1,642,090
Prior audit - Unclaimed vehicle & equipment utilization costs for FY 2016 – 2018 submitted to USACE for reimbursement. USACE staff verbally denied the claim. District did not follow-up with USACE	197,111
Unclaimed Reimbursements for 1) New Project and 2) Additional Project Feature Transferred to Existing Project	327,259
Contract and Inventory Expenses not included in Reimbursement Analysis	177,696
Unclaimed Salary and Overtime Expenses Due to SAP Adjustments after Reimbursement Analysis	97,993
Project Feature Reimbursements Calculated Using Lower than Approved Reimbursement Percentages	32,262
Miscellaneous Issues - Incorrect Depreciation Calculations, Unclaimed Salaries, Understated Indirect Rates, and Unclaimed Inventory	16,111
Total Additional Reimbursement Identified by Audit	\$ 2,490,522
Over Reimbursements from the USACE	
Overstated Indirect Rate Used to Calculate Reimbursement	\$ (22,667)
Overstated Salary Amounts Included in Reimbursement Calculations (\$17,895) and other Miscellaneous Overstatement (\$396)	(18,291)
Total Over Reimbursements	\$ (40,958)
Total Additional Reimbursement Due from the USACE	\$ 2,449,564

It should be noted that we previously audited OMRR&R cost share expenses covering FY 2016 to 3rd quarter of FY 2018 (*Audit #18-06*). We found that an additional \$14 million in reimbursements were due from the USACE (over \$500,000 due to additional reimbursements found by our audit, about \$12.5 million in depreciation related expenses, and about \$1 million in unpaid expense reimbursements) and made 15 recommendations to improve the OMRR&R cost share process. Based on our current audit, we concluded that there have been some improvements; for example, revisions were made to the excel file used to exclude ineligible expenses; however, some of our current findings are similar to prior findings; specifically, unclaimed expenses for vehicle and equipment utilization, project features, and salary related expenses. In addition, incorrect indirect rates were used to calculate reimbursements. In our prior audit, we found that due to budget issues the USACE owed the District over \$1 million for operations and maintenance expense reimbursements for FY 2016 to FY 2018. However, for our current audit period covering FY 2019 – FY 2023, the District requested reimbursement for over \$31.6 million in OMRR&R expenses, and we concluded that the USACE has been reimbursing the District in a timely manner

We made 29 recommendations to improve the OMRR&R cost share process.

Process in Place to Claim Reimbursement from USACE for OMRR&R Cost Share Related Expenses

Overall, the District has an adequate process in place to ensure that eligible OMRR&R expenses are tracked; however, some improvements are needed to further strengthen the process. On a quarterly basis, the Finance Bureau generates SAP Business Warehouse cost reports for each agreement, which have been developed to ensure that all OMRR&R costs are captured. The report is downloaded into an excel file and the Finance Bureau analyzes expenses by grant number to determine cost share eligibility. The reports are the basis for preparing OMRR&R reimbursement requests in the USACE's required format. Expense details and invoices are routed to the following staff, if necessary, for internal review and approval:

- Field Station Superintendents
- Project Manager - Office of Policy and Coordination
- Bureau Chiefs for Field Operations Region 1 and Region 2
- Monitoring Lead and Bureau Chief (if monitoring costs are included)

For each agreement, Finance Bureau staff determines the total eligible cost, shareable expenses, and applies the reimbursement percentage per the respective PPA agreement. The USACE is then invoiced for the reimbursement amount. After internal review and approval, the OMRR&R invoices are transmitted to the USACE under a cover letter signed by the Director of the Administrative Services Division requesting payment for the USACE's cost share portion of the OMRR&R costs.

Based on the Five-Year OMRR&R Plan, the USACE reviews the invoices for reasonableness and sufficiency. In addition, the USACE is also responsible for periodic inspections of OMRR&R activities to ensure compliance with applicable project manuals and specifications. The USACE's Operations Division is required to complete their invoice review within 20 days after receiving a District invoice. After invoice approval, the USACE determines its OMRR&R management and oversight costs incurred during the corresponding invoice period. District staff works with the USACE to resolve any issues.

Unclaimed OMRR&R Reimbursements Due to the District

Our analysis disclosed that, due to various reasons, the District could be eligible for an additional \$2,490,522 in reimbursement for OMRR&R cost share expenses from the USACE for the period October 1, 2018, to September 30, 2023. The costs are summarized in the table below and followed by detailed explanations for each item.

Unclaimed OMRR&R Reimbursements Identified Fiscal Years 2019 – 2023 (Note 1)	
Reimbursement Classifications	Additional Amounts Due from the USACE
Unclaimed vehicle & equipment utilization costs (FY 2019 – 2024)	\$ 1,642,090
Prior audit - Unclaimed vehicle & equipment utilization costs for FY 2016 – 2018 submitted to USACE. USACE staff verbally denied the claim. District did not follow-up with USACE	197,111
New project transferred to the District in FY 2021; however, reimbursements not claimed for FY 2021 and FY 2022	171,883
Additional feature transferred to the District for an existing project in FY 2020; however, reimbursements not claimed for FY 2020 expenses	55,163
Reimbursement not claimed for an existing project feature claimed in previous quarters	100,213
Eligible expenses missing project feature and expense type data not analyzed for reimbursement	177,696
Unclaimed salary and overtime expenses – primarily due to adjustments in SAP after Finance Bureau’s reimbursement analysis	97,993
Project feature reimbursements calculated using lower than approved reimbursement percentages	32,262
Unclaimed salary expenses for Melaleuca Eradication grant	5,835
Depreciation reimbursement calculation at 60% instead of 100%	5,760
Indirect expenses calculated using lower than approved rates (\$4,266) and other unclaimed miscellaneous expenses (\$250)	4,516
Total Additional Reimbursement Due to the District	\$ 2,490,522

Note 1 – Scope of review for all expenses covered FY 2019 to FY 2023 except vehicle and equipment utilization costs which covered FY 2019 to FY 2024. In addition, our prior audit disclosed \$179,676 in unclaimed vehicle and equipment utilization during FY 2016 to FY 2018 (3rd quarter). The \$197,111 is for unclaimed expenses for FY 2016 – FY 2018 (including the 4th quarter of FY 2018).

In our prior audit, we found that due to budget issues the USACE owed the District over \$1 million for operations and maintenance expense reimbursements for FY 2016 to FY 2018. For our current audit period covering FY 2019 – FY 2023, the District requested over \$31.6 million in OMRR&R expense reimbursements, and we concluded that the USACE has been reimbursing the District in a timely manner.

Unclaimed Reimbursements for Vehicle and Equipment Utilization Costs

The District tracks vehicle and equipment usage hours during the performance of OMRR&R activities. Beginning in Fiscal Year 2016, the USACE approved cost share reimbursement for vehicle and equipment usage costs related to OMRR&R activities. Each year the District submits a detailed vehicle and equipment usage rates including the methodology of how the rates were established to the USACE for approval. Upon the USACE's annual approval, the District can request cost share reimbursement for creditable vehicle and equipment usages. It should be noted that our prior audit disclosed that the Finance Bureau did not request reimbursement from the USACE for any vehicle and equipment usage costs during our audit period which covered the period FY 2016 to FY 2018 (3rd quarter). The prior audit report concluded that the District was entitled to reimbursement of \$179,676 for vehicle and equipment usage costs. Finance Bureau staff stated that they requested reimbursement for the \$179,676 in unclaimed utilization expenses but did not receive reimbursement from the USACE. Finance Bureau staff stated USACE staff verbally responded that no funding available for reimbursement. The Finance Bureau stated they never received the denial in writing and never followed up with the USACE. As a result, we recommend that the District re-submit a reimbursement request for vehicle and equipment usage costs during our prior audit period which covered the period FY 2016 to FY 2018 (3rd quarter) plus the 4th quarter of FY 2018. Based on our analysis, for the period covering FY 2016 to FY 2018, the District is entitled to an additional \$197,111.

Our current audit disclosed that the Finance Bureau has not been requesting reimbursement for vehicle and equipment usage costs since our last audit. As part of our tests, we generated utilization data for FY 2019 to FY 2023 using the Business

Warehouse query that was developed to capture utilization expenses. However, our analysis disclosed several issues with the data generated by the query and concluded the data was unreliable. As a result, we requested assistance from the Administrative Services' Process and Project Control Section and the Information Technology's Business Services Section. The Lead SAP Business Warehouse Developer of the Business Services Section performed a detailed analysis of the query to determine reasons for the faulty data and made necessary revisions to the query. It should be noted that the Finance Bureau was not aware of the query deficiencies since vehicle utilization expenses were not requested.

Based on the SAP BW Developer's analysis, for the period covering FY 2019 to FY 2024, the District is entitled to \$1,642,090 in reimbursements from USACE for vehicle utilization. As previously stated, for the period covering FY 2016 to FY 2018, the District is entitled to an additional \$197,111. Thus, for FY 2016 to FY 2024, the District's cost share vehicle/equipment amount is \$1,839,201. The following table summarizes eligible unclaimed vehicle and equipment cost for FY 2019 to FY 2024.

Unclaimed Vehicle and Equipment Utilization Reimbursements Fiscal Years 2019 - 2024			
Fiscal Year	Utilization Hours	Total Vehicle and Equipment Expenses	Unclaimed Vehicle and Equipment Usage Amounts
2019	2,822	\$ 119,438	\$ 74,682
2020	6,422	263,052	175,645
2021	8,753	487,260	344,538
2022	9,683	323,897	225,379
2023	12,626	527,072	368,255
2024	14,469	691,839	453,591
Total	54,775	\$ 2,412,558	\$ 1,642,090

The following are examples of some of the issues we found during our review of the Business Warehouse vehicle and equipment expense reports we independently generated.

- Each vehicle / equipment class is assigned a fixed hourly utilization rate for the fiscal year. However, the utilization report disclosed several issues with the query. Specific vehicle and equipment classes were assigned several different hourly rates, for example, the approved FY 2023 rate for a pickup truck ≥ 1 ton was \$45.00 per hour. However, the following are hourly rates indicated on the utilization the report: \$42, \$45, \$84, \$90, \$135, \$180, \$225, \$270, \$315, \$360, and \$405. The SAP BW Developer explained that due to an error in the utilization report, the daily hourly rate would increase in instances where there were identical records for the same day, for example, the hourly rate automatically tripled if there are three identical time entries for the same vehicle on the same day.
- The reports included employee expenses, for example, pump station operators and structure maintenance technicians. Employee salary expenses are not eligible vehicle and utilization expenses.

The Finance Bureau staff responsible for preparing the quarterly invoices should be instructed to generate quarterly utilization reports, submit invoices to USACE, and coordinate with the Information Technology's Business Services Section, if issues are noted. Further, the Finance Bureau should consider additional oversight to ensure reimbursements are requested.

Reimbursements Not Requested for FY 2021 and FY 2022 Expenses Incurred for New Project Transferred to the District

Based on our review of the Five-Year OMRR&R Plan for FY 2024 – FY 2028, the first project feature (S-476 Pump Station) of the Caloosahatchee River (C-43) West Basin Storage project was transferred to the District in July 2020. However, the OMRR&R transfer form was signed by the District’s Chief Engineer in November 2020 and the USACE in February 2021. Based on the PPA agreement between the USACE and the District, the USACE is required to reimburse the District for 50% of eligible OMRR&R expenses. Our review disclosed that the project feature transfer and acceptance standard operating process was not followed. Further, the Finance Bureau did not request OMRR&R cost reimbursement from the USACE for Fiscal Years 2021 and 2022, after it was notified of the transfer. The Finance Bureau first requested reimbursement from the USACE in December 2023 for its share of Fiscal Year 2023 costs.

Relevant staff responsible for facilitating the S-476 Pump Station transfer process were not notified of the transfer in a timely manner. Specifically, based on a September 2021 email (about six months after the USACE’s February 2021 approval), an Ecosystem Restoration Division staff stated that a review of the “the C-43 transfer issue” concluded that the S-476 Pump Station transfer was not done in accordance with transfer procedures. The procedures outline steps for District transfers to the USACE and the USACE transfers to the District. Project managers’ involvement is critical in the project feature transfer process and responsible for ensuring all relevant units and staff are notified of upcoming transfers; however, this transfer was initiated from the engineering unit and relevant units and staff were not notified in a timely manner. For example, the project manager would notify the Ecosystem Restoration Program Support Unit’s Principal Federal Policy Analyst, who in turn would notify the various units including the Budget Bureau, Finance Bureau, Engineering and Construction Bureau, and the Field Operations Division to initiate the OMRR&R processing and billing. The Ecosystem Restoration Division implemented additional steps, for example, reminding project managers about CERP project feature transfers and discussing upcoming transfers at quarterly meetings.

Further, we concluded that although the Finance Bureau was included in the September 2021 email, no action was taken until December 2023 to request reimbursement for Fiscal Year 2023, and reimbursement was not requested for Fiscal Years 2021 and 2022 expenses. Expenses charges to the grant began in August 2021. Based on our analysis, we determined that during Fiscal Years 2021 and 2022, the District incurred \$343,765 (includes fringe and indirect expense amounts) in OMRR&R expenditures relating to the operation of the S-476 Pump Station, which means that the District is entitled to \$171,883 in reimbursement from the USACE; thus, the Finance Bureau should request reimbursement.

It should be noted that in our prior OMRR&R Audit, we also found that a project (Site 1 Impoundment) was transferred to the District in December 2016; however, reimbursement was not being requested. Reimbursement was requested because of our audit. Further, we recommended that a process be implemented to ensure that the Administrative Services Division is notified in a timely manner of project, and project features, transferred to the District for OMRR&R. Several project features will be transferred to the District in the near future; thus, there needs to be strict compliance with the standard operating process regarding the transfer of project features for OMRR&R by ensuring sufficient communications between the Ecosystem Restoration Division and the Administrative Services Division. Further, the Finance Bureau has to implement steps to ensure that reimbursements are requested for newly transferred project features in a timely manner.

New Feature Transferred to Existing Project in FY 2020 but Reimbursements not Requested for FY 2020 Expenses

In March 2020, the Miller Pump Station feature of the Picayune Strand Restoration Project was transferred to the District for OMRR&R. Several project features (Pump Stations S488 and S487, and Levee L488) of the Picayune Strand Restoration Project were transferred prior to March 2020 and the Finance Bureau has been requesting expense reimbursements for these features as required; however, our review disclosed that, although OMRR&R expenses for the Miller Pump Station were included in the reimbursement data reports generated by the Finance Bureau for the 3rd and 4th quarters of Fiscal Year 2020, the Finance Bureau did not analyze and request reimbursements for 50% of the eligible expenses from the USACE. Further, these expenses were reflected as eligible for reimbursement on the data reports generated by the Finance Bureau.

Based on our analysis, we determined that during the 3rd and 4th quarters of Fiscal Year 2020, the District incurred expenses totaling \$110,327 (including fringe and indirect expense amounts) in OMRR&R expenditures relating to the operation of the Miller Pump Station. We calculated that the District is entitled to \$55,163 in reimbursements for the 3rd (\$19,112) and 4th (\$36,051) quarters of FY 2020. As a result, the Finance Bureau should request reimbursement. The Finance Bureau began requesting reimbursement in the 1st quarter of FY 2021.

Reimbursement not Requested for Project Feature Transferred to the District Since January 2021

As part of our audit tests, we determined whether the District is requesting OMRR&R cost share reimbursements for all project features transferred to the District. Our review of the Five-Year OMRR&R Plan for 2024 – 2028, disclosed that the Biscayne Bay Coastal Wetlands Phase 1 Project's features S-706A, B, C, and S-708 culverts were listed as transferred to the District for OMRR&R operations in January 2021; however, our review of the Biscayne Bay Coastal Wetlands Phase1 (Grant 3007) reimbursement requests for FY 2021 – FY 2023 disclosed that there were no reimbursement requests for these features.

The Ecosystem Restoration Division's Principal Federal Policy Analyst explained that the District sent the relevant transfer documents to the USACE in July 2020. In January 2021, the USACE mistakenly responded that the structures were not included in the PPA, thus not eligible for OMRR&R reimbursements. These structures were included in the 2018 amended PPA. The Principal Federal Policy Analyst followed-up with USACE staff and explained that the PPA was amended, and structure expenses were eligible for OMRR&R cost share expense. The USACE staff promised a revised letter which the Ecosystem Restoration Division did not receive. The Analyst stated that the letter may have been misplaced. However, the District did not follow up with the USACE. As a result, the project features were not set up for cost share in SAP and the District did not request cost share reimbursement for USACE.

The Principal Federal Policy Analyst stated that in November 2024, the District realized the culverts were not included in the Five-Year Plan. As a result, the District informed the USACE of the error and the USACE agreed to approve the transfer. Further, USACE agreed that the District can request cost share for all eligible costs beginning in January 2021. The District will include estimated costs for the structures in the next Five-Year Plan.

Our review of the Five-Year OMRR&R Plan for 2024 – 2028, also disclosed that features S-712A and S-712B were listed as transferred to the District for OMRR&R operations in May 2018; however, our review of the Biscayne Bay Coastal Wetlands Phase 1 (Grant 3007) reimbursement requests for FY2019 – FY 2023 disclosed that there were no reimbursement requests for these features. As a result, Administrative Services and the Ecosystem Restoration Divisions need to follow-up.

To ensure that the District is requesting reimbursement for all eligible OMRR&R cost share expenses, the Ecosystem Restoration and the Administrative Services Divisions should review all OMRR&R project features transferred to the District to ensure that reimbursements are being requested from the USACE for all project features.

Project Feature Expenses Not Included in a Quarterly Analysis

Our analysis disclosed that the Finance Bureau requested reimbursement for the Picayune Strand Restoration Project's Pump Station S488 for all quarters in our audit scope periods except one. Specifically, during FY 2019 to FY 2023, the Finance Bureau requested reimbursements for Pump Station S488 for all quarters except for the 1st quarter of FY 2021. It appears reimbursement was not requested because of an erroneous omission by the Finance Bureau. Our review disclosed that although OMRR&R expenses for Pump Station S488 were included in the reimbursement data reports generated by the Finance Bureau for the 1st quarter of FY 2021, the Finance Bureau did not analyze and request reimbursement for 50% of the eligible expenses from the USACE. Further, these expenses were reflected as eligible for reimbursement on the data reports generated by the Finance Bureau. Based on our analysis, we determined that during the 1st quarter of FY 2021, the District incurred \$200,426 (includes fringe and indirect expense amounts) in OMRR&R expenditures relating to the operation of Pump Station S488 and the District is entitled to \$100,213 in reimbursements. The Finance Bureau should request reimbursement of the \$100,213 in eligible for Pump Station S488. Further, the Finance Bureau staff responsible for OMRR&R reimbursement analysis must carefully review the Business Warehouse query data to ensure reimbursements are requested for all eligible project features.

Contract and Inventory Expenses not Included in Reimbursement Analysis

We found that the Finance Bureau did not analyze all eligible contract and inventory expenses when determining OMRR&R reimbursements from the USACE. Specifically, as part of our audit, we independently generated and analyzed OMRR&R quarterly expenses and compared our results to the Finance Bureau's results. We determined that the Finance Bureau did not request reimbursements totaling \$177,696. Specifically, we determined that eligible contract and/or inventory expenses, included primarily in the FY 2021 4th quarter Business Warehouse OMRR&R report, were missing a sponsored name and a program name. The Finance Bureau overlooked these expenses during its analysis. The sponsored program was indicated as "#" and the sponsored class was indicated as "not assigned". The sponsored program is a specific project feature or component of the grant, for example, S331. The sponsored class is the expense type, for example, salaries, overtime, contractual services and supplies, and inventory. It should be noted that the Business Warehouse report included other fields of data that would have helped in determining the sponsored program and the sponsored class. Further, responsible Field Station staff could have also assisted the Finance Bureau in determining the sponsored program and class.

Details of the unclaimed reimbursement amounts are summarized in the following table.

Eligible Contract and Inventory Expenses Classified as “Unassigned” Not Analyzed for Reimbursement					
Fiscal Year	Quarter	Grant #	Reimbursement Percentage	Total Expenses (Includes Fringe and Indirect)	Reimbursement Amount Due
2021	4 th Quarter	3000	60%	\$ 9,250	\$ 5,550
		3002	60%	4,750	2,850
		3003	75%	71,289	53,467
		3004	39.5%	4,074	1,609
		3007	50%	8,969	4,485
		3008	50%	215,441	107,721
		3009	50%	655	328
2022	2 nd Quarter	3000	60%	2,018	1,211
2023	1 st Quarter	3003	75%	633	475
Total				\$ 317,079	\$ 177,696

The Finance Bureau should request reimbursement of the \$177,696 in eligible “unassigned” expenses. Further, Finance Bureau staff responsible for OMRR&R reimbursement analysis must carefully review Business Warehouse query data for “unassigned” expense.

Unclaimed Salary and Overtime Expenses Due to SAP Adjustments after Reimbursements Requested

We concluded that the District should request an additional \$97,993 in reimbursements from the USACE for eligible salary and overtime payroll expenses. Specifically, these expenses were payroll adjustments made after the Finance Bureau generated the Business Warehouse expense reimbursement reports used to determine reimbursement from the USACE. These adjustments increased salary related reimbursement due to the District. The expenses are classified as follows:

- \$57,503 in additional reimbursement for expenses incurred during the 4th quarter of FY 2021 that were not posted to SAP Finance Module. As a result, the expenses were not captured when the Finance Bureau generated the Business Warehouse expense reimbursement report for the period. This issue was not discovered until February and March of 2022 by the Budget Bureau. Finance Bureau staff stated that issue never happened before and there is now a verification process after each payroll to ensure all payroll data is reflected in SAP Finance Module.
- \$40,490 in additional reimbursement for expenses adjusted after the Finance Bureau generated the BW expense reimbursement reports. The adjustments appear to be time charge corrections.

Unclaimed salary related expense details are shown in the following table.

Salary and Overtime Expense Adjusted (Increased) After BW Expense Report Used to Determine Reimbursement Generated				
Fiscal Year / Quarter	Grant #	Reimbursement Percentage	Total Expenses (Includes Fringe and Indirect)	Reimbursement Amount Due to the District
Expenses Not Posted to SAP Finance Module Issue Discovered in February and March 2022				
2021 – 4 th Quarter	3000	60%	\$ 5,116	\$ 3,070
	3001	60%	5,284	3,170
	3002	60%	13,914	8,348
	3003	75%	37,180	27,885
	3004	50% and 39.50%	352	173
	3007	50%	7,792	3,896
	3008	50%	21,922	10,961
Total			\$ 91,560	\$ 57,503
Expenses Adjusted Shortly After Report Generated – Time Charge Adjustments				
2020 – 4 th Quarter	3000, 3001, 3002, 3003, 3007, 3008	Various	\$ 19,110	\$ 12,059
2022 – 1 st Quarter	3000, 3001, 3003, 3007, 3008	Various	7,887	4,801
2022 – 4 th Quarter	3002, 3003, 3007	Various	2,236	1,461
2023 – 3 rd Quarter	3001, 3002, 3003, 3007, 3008	Various	31,313	21,958
2023 – 1 st - 4 th Quarters	3011	50%	422	211
Total			\$ 60,968	\$ 40,490
TOTAL			\$ 152,528	\$ 97,993

The Finance Bureau should request the \$97,993 in reimbursements from the USACE for the unclaimed salary and overtime expenses not claimed due to SAP adjustments after reimbursement was requested from the USACE. In addition, the Finance Bureau should determine whether salary and overtime expenses were adjusted after OMRR&R invoices were submitted to the USACE and submit reimbursement adjustments as necessary.

Project Feature Reimbursements Calculated Using Lower than Approved Reimbursement Percentages

Our audit disclosed that the District can request an additional \$32,262 from the USACE for cost share expenses because the Finance Bureau calculated reimbursement amounts based on lower than the approved reimbursement percentage. Specifically, based on our review the Five-Year OMRR&R Plan for FY 2024-2028 and various Grant 3000 invoices (Contract # C90-1190 - S-311 Federal Cost Share – Supplemental Agreement 1), for Pump Station S-331, the USACE will pay 60% of the costs for normal operations and maintenance when the pumps are not operating to divert water from the S-12 Structures. Our analysis of the 20 quarterly invoices submitted to the USACE during FY 2019 to FY 2023, disclosed that in three instances the Finance Bureau erroneously requested reimbursement at a rate of 50% instead of 60%. Based on our calculations, the District can request an additional \$31,725 in reimbursement for the three quarters.

Our review of the invoices for IRL-S C-44 Phase 1 project features (Grant 3004) disclosed that the three OMRR&R features that are reimbursed at different rates. Intake Canal expenses are reimbursed at 50% and B414 and B415 communication towers are reimbursed at 39.50%. We found that the Finance Bureau used incorrect percentages, which understated the amount due to the District. As a result, the District is due an additional \$537.

Our audit results are summarized in the following table

Reimbursement Amount Calculated Using Lower than Approved Percentages						
Fiscal Year Quarter	Grant # / Grant Name	Reimbursement Percentage		Audit – Amount Due	Reimbursement Requested by Finance Bureau	Additional Amount Due to the District
		Grant	Finance Bureau			
2020 – 2 nd Quarter	3000 – Pump Station S331	60%	50%	\$ 74,120	\$ 61,766	\$ 12,354
2020 – 3 rd Quarter				51,612	43,010	8,602
2020 – 4 th Quarter				64,615	53,846	10,769
2019 – 1 st Quarter	3004 - IRL	50%	39.50%	1,243	1,163	80
2019 – 2 nd Quarter		50%	39.50%	3,380	2,923	457
Total				\$194,970	\$ 162,708	\$ 32,262

The Finance Bureau should request the \$32,262 in reimbursements from the USACE for the unclaimed expenses. In addition, the Finance Bureau should ensure correct percentages are used to calculate reimbursements.

Unclaimed Salary Reimbursements for Melaleuca Eradication and Other Exotic Plants Grant

The purpose of the Melaleuca Eradication and Other Exotic Plants – Implement Biological Controls project (Grant 3005) is to combat the spread of invasive plant species using biological agents. Based on the Project Partnership Agreement (PPA), the USACE and the District funds the United States Department of Agriculture (USDA) Agricultural Research Service (ARS) Laboratory located in Davie, Florida to achieve the project’s objectives. The Land Resources Bureau’s Vegetation Management Section monitors this agreement and provides guidance to the USDA. As a result, staff are required to charge time spent monitoring the agreement to Grant 3005. On a quarterly basis or every two quarters, the USDA submits an invoice to the Finance Bureau for expense reimbursement. The Finance Bureau is required to include District staff’s salary expenses charged to the project and submit an invoice to the USACE requesting 50% reimbursement of expenses for the USDA’s and the District’s expenses. The District funds the remaining 50% of expenses.

Our review disclosed that the Finance Bureau does not always request reimbursement for District salary-related expenses. Specifically, we concluded that the Finance Bureau should have requested an additional \$5,835 in reimbursement during FY 2019 – FY 2023. Further, it appears that that the Vegetation Management Section staff did not consistently charge time worked to the project, for example, during FY 2023, District staff charged a single hour to the grant. Our results are summarized in the following table.

Unclaimed Salary and Overtime Reimbursements Grant 3005 – Fiscal Years 2019 -2023		
Fiscal Year	Unclaimed Amount	Audit Observations
2019	\$ 1,993	No reimbursement requested; 52 hours charged for the year
2020	3,077	No reimbursement requested for 1 st – 3 rd quarters; total of 93 hours charged for the year reimbursement requested for 13 hours
2021	231	52 hours charged for the year; reimbursement not requested for 6 hours
2022	534	49.5 hours charged for the year; reimbursement not requested for 12.5 hours
2023	Only 1 hour charged and claimed	Only 1 hour charged for the year; reimbursement requested for the hour
Total	\$ 5,835	

According to the Management Section Administrator, there was a staffing vacancy, which has now been filled, and minimal oversight over the project. In addition, there was some confusion about who is responsible for ensuring network / activity codes are created and work orders are charged to the grant. The Vegetation Management Section Administrator consulted with the Budget Bureau to resolve this issue and will ensure Vegetation Management staff are appropriately charging their time to this project.

It is important that the Vegetation Management Section staff charge time spent monitoring this agreement and provide guidance to the USDA for the grant and that the Finance Bureau requests reimbursement for all time charged to the grant. Accurate labor charges result in additional reimbursements of cost share expenses to the District.

Depreciation Expense Reimbursement Calculated at 60% Instead of at 100%

The District is entitled to \$4,800 quarterly for OMRR&R depreciation expenses associated with Pump Stations S331 and S332 (Grant 3000). The depreciation reimbursement is not subjected to the 60% reimbursement percentage the District is entitled to for other eligible expenses. Our analysis disclosed that for the 1st, 2nd, and 3rd quarters of FY 2019, the Finance Bureau requested reimbursement for 60% of the \$4,800 (\$2,880 each quarter) instead of the entire \$4,800, which resulted in \$1,920 in unclaimed expenses each quarter. As a result, for the 1st, 2nd, and 3rd quarters the Finance Bureau requested reimbursement for \$8,640 instead of \$14,400. Based on the incorrect calculation, the Finance Bureau should request an additional \$5,760 from the USACE.

Understated Indirect Cost Rates Used to Calculate Reimbursement and other Miscellaneous Understatements

Our audit disclosed that the Finance Bureau calculated indirect reimbursement amounts using an erroneous rate that was lower than the approved rate, which resulted in understated reimbursement from the USACE totaling \$4,266. During FY 2019, OMRR&R expenses incurred for Grant 3002 (based on cooperative agreement relating to preservation of the Cape Sable Seaside Sparrow [CSSS]), the District was entitled to receive 100% of the operations and maintenance costs for temporary pump stations S-332B and S-332C, pump station S-331, and pump station S-332D during the operating period when water is being diverted away from the S-12 structures for protection of the Cape Sable Seaside Sparrow (CSSS operations).

Based on our review of the FY 2019 quarterly invoices for Grant 3002 submitted to the USACE for reimbursements, we found that the Finance Bureau used an indirect cost rate of 0.68637% instead of the USACE approved indirect cost rate of 65.66301% to determine CSSS expenses for the 2nd, 3rd, and 4th quarters. The Finance Bureau's rate calculation error resulted in understated reimbursement to the District totaling \$4,266.

The results of our analysis are shown in the following table.

Incorrect Indirect Cost Rate Percentage Used to Calculate Cape Sable Seaside Sparrow Expense Reimbursement Fiscal Year 2019						
Quarter	Indirect Cost - Reimbursement %		Salary Expense	Indirect Expenses		Additional Amount Due to the District
	Finance Bureau	Audit		Requested by Finance Bureau	Due per Audit	
2 nd	0.68635%	65.66301%	\$ 3,084	\$ 21	\$ 2,026	\$ 2,005
3 rd			2,287	16	1,502	1,486
4 th			1,192	8	783	775
Total Amount Due to District			\$ 6,563	\$ 45	\$ 4,311	\$ 4,266

It should be noted that fringe rates are included in Business Warehouse OMRR&R reimbursement reports and fringe expenses are automatically calculated within the reports. However, the indirect overhead rates cost rates are not reflected in SAP. As a result, the Finance Bureau must manually input the fringe rate in applicable worksheets during the OMRR&R reimbursement analysis. Finance Bureau staff should carefully review indirect rates and expenses amounts to ensure correct rates are used to calculate reimbursements. In the instances that we identified, a closer review would have indicated that indirect expenses totaling \$8 to \$21 was incorrect.

In addition, we identified \$250 in unclaimed miscellaneous salary and inventory expenses.

Overpayments Received from the USACE

Our audit disclosed \$40,958 in overpayments as shown in the following table with detailed explanations in the report sections that follow.

Unclaimed OMRR&R Reimbursements Identified Fiscal Years 2019 - 2023	
Reimbursement Classifications	Amounts Due To the USACE
Overstated Expenses Resulted in Overpayments	
Reimbursements Calculated Using Overstated Indirect Cost Rates	\$ 22,667
Reimbursements Calculated Using Overstated Salary Amounts - Not Substantiated by Supporting Data	17,895
Miscellaneous Overstated Expenses	396
Total Overpayments Received from the USACE	\$ 40,958

Overstated Indirect Cost Rates Resulted in Overpayments from the USACE

Our audit disclosed that the Finance Bureau used incorrect indirect cost rates to calculate reimbursement from the USACE for FY 2019 expenses which resulted in overpayments totaling \$22,667 to the District. Specifically, the Finance Bureau used incorrect indirect cost rates that were greater than the correct rates. Further, these rates were not the most recent available rates.

The results of our analysis are summarized in the following table.

Overstated Reimbursement from the USACE Due to Incorrect / Overstated Indirect Cost Percentages - Fiscal Year 2019			
Fiscal Year 2019	Indirect Cost Rates / Rate Sources		Amount Due to USACE – Over Reimbursements
	Finance Bureau	Audit	
1 st Quarter	72.96337% <u>Source</u> - FY 2014 Rate Letter Dated 3/25/2014	68.63501% <u>Source</u> - FY 2017 Rate Letter Dated 9/26/2017	\$ 7,315
2 nd Quarter	68.63501% <u>Source</u> - FY 2017 Rate Letter Dated 9/26/2017	65.66301% <u>Source</u> - FY 2018 Rate Letter Dated 1/31/2019	5,046
3 rd Quarter			4,089
4 th Quarter			6,217
Total Amount Due to the USACE			\$ 22,667

The following are additional details of the incorrect indirect rate applications.

- **Fiscal Year 2019 – 1st Quarter:** Our review disclosed that the FY 2017 approved indirect and fringe rates were the most recent available rates at the time the Finance Bureau analyzed and requested FY 2019 1st quarter reimbursement. The FY 2017 fringe rates was correctly applied via SAP to calculate fringe costs for all grants. However, the Finance Bureau incorrectly applied the FY 2014 indirect rate to calculate indirect reimbursements instead of the FY 2017 rates. The FY 2014 indirect rate was 72.96337%, which was higher than the 68.63501% rate for FY 2017. This error resulted in an over reimbursement of \$7,315 from the USACE to the District.

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- **Fiscal Year 2019 – 2nd, 3rd, and 4th Quarters:** Our review disclosed that the FY 2018 approved indirect and fringe rates were the most recent available rates at the time the Finance Bureau analyzed FY 2019 2nd, 3rd, and 4th quarter reimbursements. The FY 2018 fringe rates were correctly applied via SAP to calculate fringe costs for all grants. However, the Finance Bureau used the FY 2017 indirect rate to calculate indirect reimbursements instead of the FY 2018 rates. The FY 2017 indirect rate was 68.63501%, which was higher than the 65.66301% for FY 2018. This error resulted in an over reimbursement of \$15,352 from the USACE to the District.

It should be noted that our analysis disclosed several other instances where the Finance Bureau used understated indirect rates to determine indirect expenses, for example, 1st quarter of FY 2020 and 1st quarter of FY 2021. The Finance Bureau discovered the errors and made the necessary corrections. The Finance Bureau is required to use the most recent USACE approved fringe and indirect rates to calculate fringe and indirect expense amounts for quarterly OMRR&R cost share invoices. As previously stated, fringe rates are included in SAP and fringe expenses are automatically calculated within the quarterly Business Warehouse OMRR&R reimbursement reports. Thus, fringe benefit reimbursement amounts were correct; however, the Finance Bureau is responsible for determining the correct indirect cost rate and then use the rate to calculate indirect costs.

Based on the repeated use of incorrect indirect rates, the Finance Bureau should consult with the Information Technology's Business Services Section to determine whether indirect rates can be incorporated in the OMRR&R expense report. If not feasible, steps should be implemented to ensure that the correct rates are used. The Finance Bureau can easily determine which indirect cost rate to use by performing the following steps:

- Determine fringe rate used on the Business Warehouse OMRR&R report
- Review USACE approved rate letters to determine the source of the fringe rate on the report
- Use indirect cost indicated on the corresponding letter

Overstated Salary Related Expenses Resulted in Overpayments from the USACE

Our audit disclosed that the Finance Bureau's cost share requests for the 2nd quarter of FY 2023 included \$12,583 in overstated salary related expenses that resulted in overstated reimbursement from the USACE totaling \$17,895. Our analysis of the excel spreadsheet data used to determine reimbursement amounts disclosed that the salary amounts on the Finance Bureau's summary sheets for grants 3000, 3001, 3002, 3003, 3007, and 3008 were overstated when compared to the detailed salary data for each grant. Expense amounts on the summary sheets are used to determine reimbursements due to the District. Consequently, the reimbursement amounts were overstated. The Finance Bureau's detailed salary amounts were the same as the amounts we independently generated and deemed eligible for cost share. We found that the amounts on the summary sheets included accrued salary expenses which are ineligible for cost share reimbursement because all data on the excel spreadsheet were not fully analyzed. The overstated expenses are summarized in the following table.

Salary Related Expense Reimbursements Due to the USACE 2 nd Quarter — Fiscal Year 2023				
Grant #	Audit = Finance Bureau Detailed Amt	Finance Summary Sheet Detail	Finance Overstatement – Ineligible Accruals	Overpayment (Includes Fringe + Indirect + Grant %)
3000	\$ 19,600	\$ 21,887	\$ 2,287	\$ 3,320
3001	39,962	40,250	288	419
3002	50,962	53,986	3,024	4,389
3003	87,854	90,038	2,184	3,962
3007	7,510	8,964	1,454	1,758
3008	52,243	55,589	3,346	4,047
	\$ 258,131	\$ 270,714	\$ 12,583	\$ 17,895

In addition, we identified \$396 in overstated miscellaneous salary and inventory expenses. The Finance Bureau should compare summary expenses amounts to the detailed amounts for all grants to ensure that accurate OMRR&R expenses are submitted to the USACE for reimbursement.

RECOMMENDATIONS

1. **Request reimbursement from the USACE for the \$1,642,090 in unclaimed vehicle and equipment utilization costs for Fiscal Years 2019 to 2024.**

Management Response: Management agrees with the recommendation and will prepare the reimbursement request package.

Responsible Division: Administrative Services

Estimated Completion: September 15, 2025

2. **Resubmit a reimbursement request to the USACE for the \$197,111 in unclaimed vehicle and equipment utilization costs for Fiscal Years 2016 to 2018.**

Management Response: Management agrees with the recommendation and will prepare the reimbursement request package.

Responsible Division: Administrative Services

Estimated Completion: September 30, 2025

3. **Instruct the Finance Bureau to analyze vehicle and equipment utilization costs quarterly and submit quarterly reimbursement requests to the USACE.**

Management Response: Management agrees with the recommendation and will verify vehicle and equipment utilization costs are included in the quarterly reimbursement package.

Responsible Division: Administrative Services

Estimated Completion: September 30, 2025

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4. **The Finance Bureau should coordinate with the Information Technology's Business Services Section when there are issues with the Business Warehouse OMRR&R vehicle and equipment query.**

Management Response: Management agrees with the recommendation and will coordinate with the ITBS Section when there are issues with the BW OMRR&R vehicle and equipment query.

Responsible Division: Administrative Services

Estimated Completion: Ongoing/As Needed

5. **The Ecosystem Restoration Division should closely monitor the status of project features scheduled to be transferred to the District to ensure compliance with the transfer and acceptance process for OMRR&R project features.**

Management Response: Management agrees with recommendation and will coordinate monthly with Ecosystem Restoration Division staff to review the project features transfer scheduled.

Responsible Division: Administrative Services together with Ecosystem Restoration

Estimated Completion: Ongoing monthly status as of September 30, 2025

6. **The Finance Bureau should implement steps to ensure expense reimbursements for newly transferred project features are requested in a timely manner.**

Management Response: Management agrees with the recommendation and will implement steps to ensure that expense reimbursements for newly transferred project features are requested timely.

Responsible Division: Administrative Services

Estimated Completion: September 30, 2025

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- 7. Instruct the Finance Bureau staff responsible for OMRR&R reimbursements to carefully analyze all Business Warehouse report data to ensure reimbursement is requested for all eligible project features expenses.**

Management Response: Management agrees with the recommendation and will carefully analyze BW report data to ensure reimbursements are requested for all eligible project features expenses.

Responsible Division: Administrative Services

Estimated Completion: September 30, 2025

- 8. Ensure reimbursements are requested for the Biscayne Bay Coastal Wetlands Phase 1 Project's S-706A, B, C, and S-708 culverts.**

Management Response: Management agrees with the recommendation and will request reimbursements for the Biscayne Bay Coastal Wetlands Phase 1 Project's S-706A, B, C, and S-708 culverts.

Responsible Division: Administrative Services

Estimated Completion: September 30, 2025

- 9. Determine whether reimbursement should be requested for the Biscayne Bay Coastal Wetlands Phase 1 Project's S-712A and S-712B culverts, which were transferred to the District in May 2018.**

Management Response: Management will review and discuss potential reimbursement requests with the grant project team.

Responsible Division: Administrative Services

Estimated Completion: November 30, 2025

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- 10. Instruct the Ecosystem Restoration and the Administrative Services Divisions to review all OMRR&R project features transferred to the District to ensure that reimbursements are being requested from the USACE for all transferred project features.**

Management Response: Management agrees with the recommendation and will review all OMRR&R project features transferred to the District to ensure that reimbursements are being requested from the USACE.

Responsible Division: Administrative Services

Estimated Completion: September 30, 2025

- 11. Consider requiring the Finance Bureau to routinely determine whether salary and overtime expenses were adjusted after OMRR&R invoices were submitted to the USACE reimbursements. Submit adjusted requests to the USACE, as necessary.**

Management Response: Management agrees with the recommendation and will routinely review invoices to determine if salary and overtime expenses were adjusted after OMRR&R initial submittal of invoices to USACE for reimbursement.

Responsible Division: Administrative Services

Estimated Completion: September 30, 2025

- 12. Ensure that Land Resources Bureau's Vegetation Management Section staff who work on the Melaleuca Eradication and Other Exotic Plants (Grant 3005) project to charge all time worked to the proper account codes.**

Management Response: Management agrees with the recommendation and will coordinate with the Vegetation Management Section to ensure staff time appropriately charges to the project/grant.

Responsible Division: Administrative Services

Estimated Completion: Ongoing/As Needed

13. Consult with the Information Technology's Business Services Section to determine whether indirect rates can be incorporated in the BW OMRR&R reimbursement report. If not feasible, the Finance Bureau should consider the following steps to ensure the correct indirect rate is used to calculate indirect expense reimbursements:

- *Determine fringe rate used on the Business Warehouse OMRR&R report,*
- *Review USACE approved rate letters to determine the source of the fringe rate on the report,*
- *Use the indirect rate indicated on the matching letter.*

Management Response: Management agrees with the recommendation and will consult with the ITBS Section to determine whether indirect rates can be incorporated in the BW reports.

Responsible Division: Administrative Services

Estimated Completion: Ongoing

14. Implement additional steps to ensure all expenses indicated on OMRR&R excel spreadsheets are included in the quarterly reimbursement analysis.

Management Response: Management agrees with recommendation and will implement additional steps to ensure all expenses indicated on the OMRR&R excel spreadsheets are included in the quarterly reimbursement analysis.

Responsible Division: Administrative Services

Estimated Completion: September 30, 2025

15. Designate a second Finance Bureau staff to review all quarterly OMRR&R reimbursement invoices for completeness and accuracy.

Management Response: Management agrees with the recommendation and will designate a second Finance Bureau staff member to review all OMRR&R quarterly reimbursement invoices for completeness and accuracy.

Responsible Division: Administrative Services

Estimated Completion: September 30, 2025

16. Develop a checklist of items incorporating the issues found in our audit that Finance Bureau staff responsible for OMRR&R cost share analysis and reimbursement should verify when preparing reimbursement invoices.

Management Response: Management agrees with the recommendation and will develop a checklist incorporating findings from the audit for Finance Bureau staff to follow while preparing invoices.

Responsible Division: Administrative Services

Estimated Completion: September 30, 2025

17. Request the \$171,883 in reimbursements from the USACE for the Caloosahatchee River (C-43) West Basin Storage's S-476 Pump Station unclaimed Fiscal Year 2021 and Fiscal Year 2022 expenses.

Management Response: Management agrees with the recommendation and will request \$171,883 in reimbursements for the Caloosahatchee River (C-43) West Basin Storage's S-476 Pump Station unclaimed FY2021 and FY2022 expenses.

Responsible Division: Administrative Services

Estimated Completion: September 15, 2025

18. Request the \$55,163 in reimbursements from the USACE for the 3rd and 4th quarters of Fiscal Year 2020 for the Picayune Strand Restoration Project's Miller Pump Station.

Management Response: Management agrees with the recommendation and will request \$55,163 for 3rd and 4th quarters of FY2020 for the Picayune Strand Restoration Project's Miller Pump Station.

Responsible Division: Administrative Services

Estimated Completion: September 15, 2025

19. Request the \$100,213 in unclaimed reimbursements from the USACE for the Picayune Strand Restoration Project's Pump Station S488 expenses incurred during the 1st quarter of Fiscal Year 2021.

Management Response: Management agrees with the recommendation and will request \$100,213 in unclaimed reimbursements for Picayune Strand Restoration Project's Pump Station S488 expenses incurred during the 1st quarter of FY2021.

Responsible Division: Administrative Services

Estimated Completion: September 15, 2025

20. Request the \$177,696 in unclaimed reimbursements from the USACE in reimbursements for the "unassigned" Fiscal Year 2021, 2022, and 2023 expenses.

Management Response: Management agrees with the recommendation and will request \$177,696 in unclaimed reimbursements for "unassigned" Fiscal Years 2021, 2022, and 2023 expenses.

Responsible Division: Administrative Services

Estimated Completion: September 15, 2025

21. Request the \$97,993 in reimbursements from the USACE for the unclaimed salary and overtime expenses due to adjustments after reimbursement was requested.

Management Response: Management agrees with the recommendation and will request \$97,993 for the unclaimed salary and overtime expenses due to adjustments after prior submittal.

Responsible Division: Administrative Services

Estimated Completion: September 15, 2025

22. Request the \$32,262 due to incorrect calculations using lower than approved reimbursement percentages.

Management Response: Management agrees with the recommendation and will request \$32,262 due to incorrect calculations, using lower than approved reimbursement percentages.

Responsible Division: Administrative Services

Estimated Completion: September 15, 2025

23. Request the \$5,760 due to incorrect depreciation calculations.

Management Response: Management agrees with the recommendation and will request \$5,750 due to incorrect depreciation calculations.

Responsible Division: Administrative Services

Estimated Completion: September 15, 2025

24. Request the \$5,835 due the unclaimed salary expenses related to the Melaleuca Eradication and Other Exotic Plants – Implement Biological Controls project.

Management Response: Management agrees with the recommendation and will request \$5,835 for unclaimed salary expenses related to the Melaleuca Eradication and Other Exotic Plants.

Responsible Division: Administrative Services

Estimated Completion: September 15, 2025

25. Request the \$4,266 due to use of incorrect indirect cost percentages.

Management Response: Management agrees with the recommendation and will request \$4,266 due to use of incorrect indirect cost percentages.

Responsible Division: Administrative Services

Estimated Completion: September 15, 2025

26. Request the \$250 due to unclaimed miscellaneous inventory and salary.

Management Response: Management agrees with the recommendation and will request \$250 for unclaimed miscellaneous inventory and salary.

Responsible Division: Administrative Services

Estimated Completion: September 15, 2025

27. Credit the USACE \$22,667 for overstated reimbursements due to indirect expenses.

Management Response: Management agrees with the recommendation and will credit the USACE \$22,667 for overstated reimbursements due to indirect expenses.

Responsible Division: Administrative Services

Estimated Completion: September 15, 2025

28. Credit the USACE \$17,895 for overstated reimbursements due to overstated salary expenses.

Management Response: Management agrees with the recommendation and will credit the USACE \$17,895 for overstated reimbursements due to overstated salary expenses.

Responsible Division: Administrative Services

Estimated Completion: September 15, 2025

29. Credit the USACE \$396 for overstated reimbursements due to miscellaneous costs.

Management Response: Management agrees with recommendation. and will credit the USACE \$396 for overstated reimbursements due to miscellaneous costs.

Responsible Division: Administrative Services

Estimated Completion: September 15, 2025