



Office of Inspector General Annual Report

Fiscal Year 2020

**Prepared by
Office of Inspector General**

**J. Timothy Beirnes, CPA, Inspector General
Ann Haga, Executive Assistant**

sfwmd.gov



SOUTH FLORIDA WATER MANAGEMENT DISTRICT

December 22, 2020

Governing Board Members:

Mr. Chauncey Goss, Chair
Mr. Scott Wagner, Vice-Chair
Ms. Cheryl Meads
Ms. Charlette Roman
Mr. Jay Steinle
Ms. Jacqui Thurlow-Lippisch
Mr. Ron Bergeron, Sr.

Re: Annual Report for Fiscal Year 2020

In accordance with the Audit and Finance Committee Charter and Section 20.055, Florida Statutes, I am pleased to submit the Office of Inspector General's Annual Report for Fiscal Year 2020. This report was prepared by Ann Haga, Executive Assistant, and myself. It summarizes the audits and investigations performed, as well as other projects and activities accomplished during the year.

The Office of Inspector General will continue to promote effective controls, evaluate program effectiveness, and identify opportunities to improve efficiencies in operations. We will continue to provide you and District management with quality information to assist in decision making and fulfilling your duties and responsibilities.

We appreciate the support and encouragement of the Governing Board, the Audit and Finance Committee, and the cooperation of District management and staff.

Sincerely,

A handwritten signature in blue ink that reads "J. Timothy Beirnes".

J. Timothy Beirnes, Inspector General
Office of Inspector General

C: Drew Bartlett, Executive Director
Senior Management Team

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INTRODUCTION

In accordance with the Section 20.055, Florida Statutes, this report summarizes the activities of the South Florida Water Management District's (the "District") Office of Inspector General (the "OIG") for the fiscal year ended September 30, 2020.

The OIG serves as an independent appraisal unit within the District to examine and evaluate its activities. The Inspector General reports directly to the District's Governing Board (the "Board"), through the Board's Audit & Finance Committee, whose members are appointed by the Chairman of the Board. The Audit & Finance Committee operates under an Audit & Finance Committee Charter established by the Board.

The Internal Audit Charter adopted by the Governing Board established an internal audit function within the OIG to provide a central point for coordination of activities that promote accountability, integrity, and efficiency in the operations of the District. The OIG is accorded unrestricted access to District facilities, records, and documents and is not limited as to the scope of work.

The duties and responsibilities of the Inspector General, as defined by Sections 373.079 and 20.055, Florida Statutes, include:

- advising in the development of performance measures,
- assessing the validity and reliability of performance measures,
- reviewing action taken by the District to improve performance,
- conducting, supervising or coordinating other activities to promote economy and efficiency,
- preventing and detecting fraud and abuse,
- coordinating with other auditors to avoid duplication, and
- ensuring that an appropriate balance is maintained between audits, investigations, and other accountability activities.

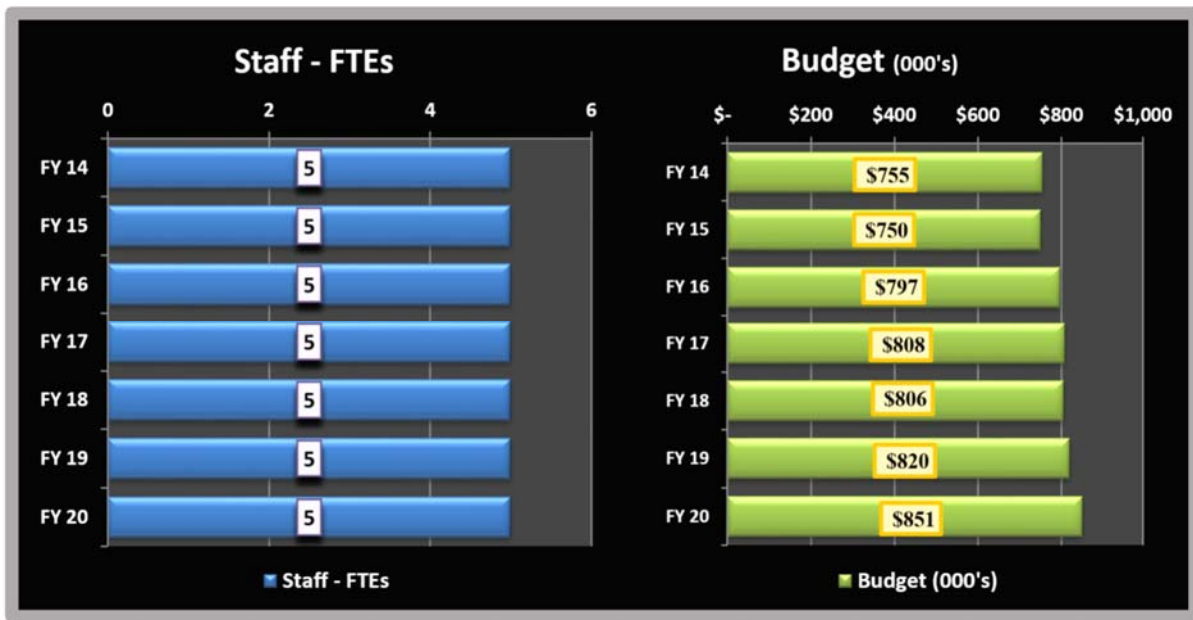
Pursuant to Sections 112.3187 through 112.31895 and Section 20.055, Florida Statutes, the Inspector General is also responsible for investigating Whistle-Blower Act complaints brought by District employees, former employees, agents, contractors, or citizens.

OFFICE STAFF and BUDGET

During FY 2020, the Office of Inspector General consisted of the following staff:

| <u>Position</u> | <u>Certifications</u> |
|--------------------------------|--|
| Inspector General | <i>Certified Public Accountant (CPA)</i> <i>Certified Management Accountant (CMA)</i> <i>Certified Information Systems Auditor (CISA)</i> <i>Certified Information Technology Professional (CITP)</i> <i>Certified Inspector General (CIG)</i> |
| Lead Consulting Auditor | <i>Certified Public Accountant (CPA)</i> |
| Lead Consulting Auditor | <i>Certified Information Systems Auditor (CISA)</i> |
| Chief Investigator | <i>Certified Public Accountant (CPA)</i> <i>Certified Fraud Examiner (CFE)</i> <i>Certified Inspector General Investigator (CIGI)</i> |
| Executive Assistant | |

The following graphs show the trend in the number of full-time equivalent (FTE) staff and the Office of Inspector General's annual budget for the past several years.



The Office's budget includes the fees for the annual financial statement audit performed by the District's accounting firm. This amount was \$160,000 for FY 2020.

PROFESSIONAL DEVELOPMENT

In order for our Office to comply with the General Accounting Office's *Government Auditing Standards*, the Inspector General ensures that mandatory training requirements are satisfied for the entire Office of Inspector General staff. The goal of the program is to cost effectively increase professional knowledge and proficiency, and ensure that staff meets continuing professional education requirements.

During FY 2020, the staff received training in such topics as:

- Government Accounting Standards
- Government Auditing Standards
- Quality Assurance
- Information Systems & Security
- Fraud Detection and Investigation
- Management Advisory Services
- Construction Auditing
- Ethics

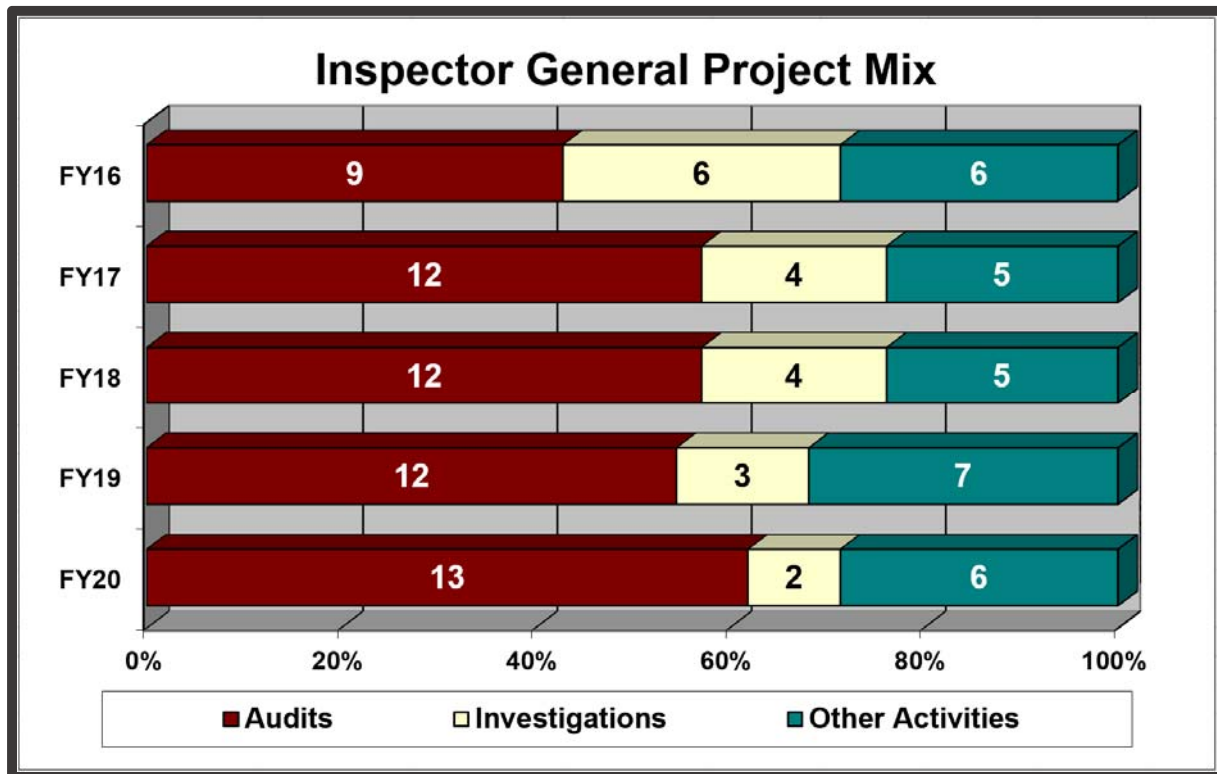
Professional development is provided through affiliations with several professional organizations, including the following:

- Association of Inspectors General
- American Institute of Certified Public Accountants
- Institute of Internal Auditors
- Association of Local Government Auditors
- Institute of Management Accountants
- Information Systems Audit and Control Association
- Association of Certified Fraud Examiners

INSPECTOR GENERAL ACTIVITIES

The Inspector General prepares an annual audit plan that lists the audits and other activities that will be undertaken during the ensuing fiscal year. The Inspector General relies on a review of the District’s annual budget and work plans, analysis of financial information, and input from the Audit & Finance Committee and District management, to aid in the development of this plan. The Office of Inspector General continues to identify those programs that pose the greatest challenge to the District to assist in prioritizing audits, and to ensure the most effective use of staff resources. The Inspector General also considers the statutory responsibility to advise in the development of performance measurements, standards, and procedures in assessing District program risks.

The number of projects completed during the current and past fiscal years is illustrated in the following graph:



AUDITS & REVIEWS

In FY 2020, the Office of Inspector General focused on performance auditing and completed 13 audit and review projects. Performance audits include comments on economy & efficiency, program compliance, and results. A summary of each report follows.

Audit of Negotiated Work Order Contracts ***Project No. 18-18***

The primary objectives of the Audit of the District's Use of Contract Workers were to select a sample of work order contracts awarded for OMRR&R, and Survey and Mapping services to determine whether:

- 1) work orders were assigned to firms in an equitable manner, and
- 2) project managers negotiated fair and reasonable terms that consider the District's best interest.

The scope of our audit included OMRR&R work orders executed during the period August 2014 through April 2019, and for survey and mapping work orders awarded January 2018 through April 2019. We did not review work orders assigned under the Professional Engineering Services for Restoration Projects. We recently conducted an audit of work orders assigned under the Professional Engineering Services for Restoration Projects, dated November 16, 2016 that found that work orders issued under this Project were assigned in an equitable manner among qualified engineering firms and District project managers were diligent in negotiating work order pricing.

Our review of OMRR&R and Survey and Mapping work order assignments revealed that project management and Procurement staff complied with established processes and internal control are working as prescribed. Further, we found that work order awards were assigned in an equitable manner among qualified firms. Our review of e-mails, detailed spreadsheets and other documentation supporting work order pricing revealed that District project managers were diligent in negotiating OMRR&R and Survey and Mapping work orders and their efforts sometimes produced significant reductions in proposed work order pricing.

Our review also revealed that proposed work order pricing is not always negotiated. For small work orders, we found instances where the initial pricing was accepted by the project

manager. We also found instances where documentation supporting work order negotiations could be improved. Our Office conducts audits of the negotiations process routinely, and we recommend that project managers retain key negotiation documents supporting the final pricing for the contract period.

Audit of Software Licenses

Project No. 19-07

The objective of the Audit of Software Licenses was to examine the process for negotiating and executing software license agreements. The audit assessed whether all software used within the District was purchased from legitimate vendors, properly accounted for, and properly licensed. The audit scope covered software currently in the ALM system as well as software purchased since Fiscal Year 2016.

Overall, our testing showed that the controls that were in place over the software license compliance were working effectively to protect the networks at the District from unlicensed or unauthorized software. Our testing showed that software on the networks appeared compliant with licensing agreements and District usage policies. Access controls were in place to ensure that only local administrators can install software on the District network. The Asset Management team was tracking software license and maintenance costs effectively. The team had documented procedures for managing software maintenance costs.

We noted that the Asset Management team does not have controls documented for the process of sweeping the network for unlicensed or unauthorized software. Although there were no instances of unlicensed software found during the sweeps, the District was at risk of losing the knowledge base that was contained in the Asset Management team. The team has functioned well as a unit and has decades of experience.

The Asset Management staff used a manual effort to reconcile the software license sweep conducted on the network. The process was not as efficient as it could be and was time-consuming. The software license sweep on the network was done quarterly. However, the team was in the process of researching a new software that will incorporate all of the aspects of the license management including the software sweep and product library for the district's licenses.

Audit of the Limerock Mining Lease Agreement

Project No. 18-09

The District owns land adjacent to a limerock mining operation in the Lake Belt area of Miami-Dade County that is leased to White Rock Quarries (WRQ). The District entered into a ten-year lease agreement that includes 3 five-year extensions with WRQ on April 12, 2006 to allow the company to mine, quarry, and process limerock on District land, which is used for road construction, asphalt pavement, and ready-mix concrete products. The District purchased the majority of this land on December 9, 1996, for \$2,350,000.



WRQ mining operation - A dragline excavating limerock

WRQ initiated mining operations on the Leased Premises in December 2015. Mining is expected to continue for 10 or more years but changes in economic conditions may impact the length of future operations. From the inception of mining operations through June 30, 2018, the District has received \$6.9 million in royalty payments from WRQ.

Our primary objective was to determine whether the District is receiving royalty payments from limerock mining operations at the Leased Premises that are accurately calculated and in accordance with agreement terms.

WRQ has primary oversight responsibility to manage the annual audit of accounts and records related to mining operations and surveying the quarry. We found that WRQ engaged a CPA firm to perform agreed upon procedures engagements for the periods ended April 10,

2016 through April 10, 2018, which are significantly less in scope than an audit and do not meet the intent of audit requirements in Section 2(i) of the lease agreement. Agreed upon procedures engagements only require the CPA to present their results as “findings”, but do not require attesting to those findings. Hence, the accountant’s reports for the periods ending April 10, 2016 through April 10, 2018 do not express an opinion on the royalty payments and as a result we did not place any reliance on the accountant’s report. It should further be noted that the accountant’s report is based on the survey data contained in the engineers reports but does not attest to the reliance of such data, which is normal in these situations since such knowledge is beyond an accountant’s expertise. Nonetheless, based on our own calculations (which were also based on the engineer’s survey data), we found the findings in the accountant’s report are reasonable.



Excavated above ground limerock pile

WRQ engaged the engineering firm, Fortin, Leavy & Skiles, Inc., to conduct the annual surveys and calculate the net tonnage of limerock mined. The annual survey for the periods ended April 10, 2016 through April 10, 2018, contained numerous engineering estimates and conversion factors to calculate net tonnage, which is used to verify that the proper amounts of annual royalty payments were made to the District. District staff verified quantity of tons reported in the annual surveys conducted by the engineering firm of Fortin, Leavy & Skiles, Inc.

Since the royalty payments are based on tons, the engineering annual survey uses a conversion factor of 1.30 to convert yards to tons. In order to determine how significant the conversion factor is to total royalty payments, we performed a sensitivity analysis and found

that the conversion factor has a material effect on total royalty payments. For example, cumulative royalty payments to the District, since inception, would have been \$500,000 higher using a conversion factor of 1.40 instead of 1.30, just one-tenth of a point higher. The estimated total royalty payments over the entire life of the quarry using a 1.40 conversion factor would be approximately \$3,000,000 higher.

Our discussion with the WRQ management team revealed that the cubic yards to tons conversion factor of 1.30 is based on the WRQ's historical data that was supported with calculations based on ASTM Standard C29/C29-09, which measures the bulk density of aggregate in a compacted or loose condition and voids at the WRQ mining operation for the 3-year period, January 2016 – August 2019. Based on these calculations, WRQ maintains that the 1.30 conversion factor is reasonable. A District engineer reviewed the methodology and determined that ASTM Standard C29/C29-09 is an acceptable methodology but its use requires regular sampling of the mining quarry. Industry expertise would be needed to verify the reasonableness of the conversion factor by determining whether ASTM Standard C29/C29-09 has been properly and consistently applied in establishing the conversion factor. We recommend that, going forward, management consider obtaining and reviewing test sample documentation from WRQ to support the 1.30 conversion factor and obtain external expert assistance, if deemed necessary.

Audit of District Matching of Save Our Everglades Trust Fund and Land Acquisition Trust Fund Appropriations

Project No. 19-13

Our audit objective of the Audit of District Matching of Save Our Everglades Trust Fund and Land Acquisition Trust Fund Appropriations was primarily focused on determining whether the District is on track to match SOETF and LATF appropriations received from the state for Everglades restoration by also making equal contributions towards Everglades restoration.

Overall, the District has an adequate process in place to comply with Chapter 373, Section 373.470, Subsection 6, Paragraph a (373.470 (6)(a), F.S.), which requires that the District equally match SOETF and certain LATF appropriations by providing funding or credit towards project / project components related to Everglades restoration. District contributions

to eligible projects are funded with ad-valorem and dedicated revenues. Expenditures funded with state appropriations are not used as matching District contributions. Compliance is determined based on cumulative state appropriations and District contributions during Fiscal Years 2000 – 2020.

Based on our audit, the District is projected to meet the contribution matching requirement. The Budget Bureau calculations showed that the District had about \$204.5 million more in eligible expenditures required to match SOETF and LATF appropriations. However, our audit tests disclosed a net of \$110.6 million in additional eligible matching contributions. As a result, the District is projected to exceed the matching requirement by about \$315 million, as shown in the following table.

| Summary of SOETF / LATF Appropriations & Eligible District Contributions Budget Bureau vs. Audited Amounts Fiscal Years 2000 – 2020 | | | |
|--|--|------------------------|-------------------|
| Appropriations Requiring Matching and Contributions | Budget Bureau Unaudited Amounts Adjusted to Reflect FY 2020 Actual Appropriations | Audited Amounts | Difference |
| Appropriations | \$ 1,805,837,947 | \$ 1,694,450,010 | \$ 111,387,937 |
| District Contributions (Actual and Estimated) | \$ 2,010,210,157 | \$ 2,009,442,648 | \$ (767,509) |
| Surplus District Matching Contribution | \$ 204,372,210 | \$ 314,992,638 | \$ 110,620,428 |

Overall, we concluded that the Budget Bureau’s tracking spreadsheet overstated the District’s matching contributions by \$110,620,428. Specifically, we found the following:

- The District’s SEOTF and LATF funding amounts requiring District matching on the Budget Bureau’s SOETF / LATF tracking spreadsheet were overstated by \$111,387,937.
- The District’s eligible matching expenditures were overstated by a net amount totaling \$767,509 on the Budget Bureau’s SOETF / LATF tracking spreadsheet.

SOETF appropriations to the District for Fiscal Year 2020 were authorized during the 2019 legislative session. As a result, the appropriations matching requirement covering 2000

– 2020 specified in Chapter 373, Section 373.470, Subsection 6, Paragraph a (373.470 (6)(a), F.S.) has been completed and no further District matching may be required; however, the legislature could extend the District contribution requirement. If the legislature were to extend the SOETF / LATF matching requirement to future fiscal years, the District would likely be unable to fulfill the matching requirement, especially considering that state funding will likely be substantially higher over the next few years. Consequently, the Budget Bureau intends to closely monitor the upcoming 2020 - 2021 legislations and will coordinate with relevant staff and the District’s legislative liaison to elevate any concerns should any proposed legislation include an extension to the SOETF / LATF cost matching requirements.

During our audit, the Budget Bureau has addressed some of the issues we identified. In addition, we made five recommendations to improve the SOETF / LATF appropriation and contribution matching process.

Audit of Education Reimbursement Program ***Project No. 19-17***

The audit objective of the Audit of Education Reimbursement Program primarily focused on determining whether tuition reimbursements are made in accordance with the District’s policy and procedures. The audit also included assessing the value the program provides in preparing District employees to take on higher job responsibilities. The audit scope covered payments made to employees between January 2017 and August 2019. The audit did not discuss post-separation repayments, because this topic was covered in the Employee Separation audit (audit number 18-17). To analyze the value the program provides the District, we reviewed promotion records and data for employees between January 2009 and December 2016.

We found that there were controls in place and working effectively to ensure that employees do not receive more than the allowable amount (currently \$5,250) annually. We also noted that the employees were being reimbursed for attending accredited institutions.

Overall, our testing showed that the controls over the Education Reimbursement Program could be strengthened. Not all required documents were on file for each of the payments tested. Moreover, not all reimbursement requests included the required receipts and

supporting documentation to show proof the course was paid for by the employee prior to reimbursement. Also, we noted that there were payments made for fees and materials which were not consistent throughout the program.

The Education Reimbursement Program policy and documented program procedures were vague, which allowed for many of the issues we noted during audit testing. A reimbursement program should have a sufficient set of procedures to ensure that all payments are accurate and allow for the most efficient use of these benefits. However, because the Education Reimbursement Program does not have sufficient guidelines, we noted a total of \$41,149 in questioned costs due to insufficient supporting documentation and inconsistencies in expenses approved for payments. We made four recommendations to improve the controls and accuracy of reimbursements in the program.

We noted that the District does not track the overall effectiveness of the program to the District. We were able to obtain sufficient data to perform an analysis which indicated that employees who used the program the most received almost three times the number of promotions compared to the District staff overall. Thus, this data appears to indicate that the Education Reimbursement Program is beneficial in preparing employees for positions requiring higher level skill sets. The District would benefit from tracking effectiveness of the program. We made one recommendation to consider developing a method of tracking the effectiveness and outcomes of program participation.

Audit of the District's Use of Contract Workers

Project No. 19-14

The primary objectives of the Audit of the District's Use of Contract Workers were to determine whether contract workers are used in a cost-effective manner for job functions that appear to be:

- temporary in nature,
- and/or requires specific expertise for a one-time project,
- and/or to fill in for an employee that is on a temporary leave of absence.

The scope of our audit covered contract worker assignments for Fiscal Years 2017 through 2019.

To minimize the impact of staff shortages in certain professions over the past several years, contract workers were added through level-of-effort work orders. These contract workers essentially performed the same day-to-day activities on a full-time basis, often at District headquarters, as District staff. Generally, District staff performing the same job activities are less costly than contract workers for recurring day-to-day activities. We recommended the District consider hiring staff to replace contract workers that are assigned to long term projects and day-to-day activities ordinarily performed by District staff where it is cost-effective.

The District engaged two contract workers through work orders with professional engineering firms for over three years to augment project management staff and oversee various priority projects in the Operations and Maintenance Capital Program. The District paid between \$119 and \$175 per hour for these contract workers, which is considerably more than District project management staff. The District could save approximately \$288,000 annually if District staff performed these job functions instead of contract workers.

We also found opportunities for savings in the water quality monitoring discipline. The District conducts water quality monitoring with a blend of contractors and staff. We identified two contractors conducting recurring water quality monitoring that can be done more cost effectively with in-house staff. The District could save approximately \$100,000, annually after an initial investment of \$69,000 for vehicles and other equipment, if the work was conducted by in-house staff rather than contractors. Other savings opportunities may arise as water quality monitoring contracts, having favorable terms to the District, expire and likely will not be renewed.

The District is responsible for approximately 1,200 monitoring sites. The number of monitoring sites continues to increase as new restoration projects are brought on-line. The District maintains these sites with a blend of employees and contract workers. Eleven SCADA contract workers perform regular and preventive maintenance on 380 sites, while 22 District employees in the SCADA Maintenance Unit maintain the remaining sites. Our analysis of contractor and District cost to perform all SCADA preventive maintenance work indicated that in-house costs including salary, benefits, and annual vehicle maintenance expenses, would be only slightly higher than contractor costs after an initial investment of \$142,000 for trucks and tools to equip staff. The SCADA Project Manager contends that District staff does a superior

job, possessing an ownership quality and are better trained to address technical and other issues that may arise when on-site.

Prior to the COVID-19 pandemic, the District was having difficulty recruiting for engineering, information technology, heavy equipment operators and hydrological positions. The *District Vacant Position Report* revealed that many of these positions were opened for over 100 days, with some high demand engineering and information technology jobs open for over 200 days. In the interim, contract workers were added to augment staff to meet workload demands.

During periods of low unemployment, governments are under intense competition from the private sector, which often pays higher salaries; thus, making it generally more difficult to recruit experienced talent. Conversely, governments have an easier time recruiting during economic downturns. In a strong economy, wages tend to rise to attract the best talent and meet demand. Prior to the pandemic, it appears that District compensation had not kept competitive with the private sector and had fallen below market rates for certain positions, based on discussions with District supervisors regarding their recruiting experiences. The COVID-19 pandemic has had a substantial impact on the job market; however, the longer-term impact is uncertain for high demand job which have previously been difficult to fill.

We recommended that the District consider periodically reviewing and monitoring its compensation package, particularly for job categories in high demand (e.g., engineering and SAP software services) to determine whether the District compensation is competitive.

Audit of Employee Time Coding Process ***Project No. 20-03***

The Audit of Employee Time Coding Process focused on determining whether District employees' time charges reflect activities performed. On a bi-weekly basis, District employees' timesheets are completed using SAP's Employee Self Service (ESS) or the Cross-Application Time Sheet (CAT2). Improper employee time coding can result in adverse financial consequences to the District. The most significant financial impact is understating the District's in-kind credit contributions towards cost share projects with the U.S. Army Corps of Engineers. The District is entitled to claim in-kind credit for internal labor hours incurred for certain project related activities and credit can only be requested if internal labor hours are

charged to project activities/orders. In addition, accurate time charges are essential for proper resource planning, budgeting, and performance evaluation. Accurate time charges are also an indication of adequate controls over time worked and that supervisors responsible for approving timesheets are aware of their staff's activities.

Overall, based on our analysis of employee time charges for those employees who were assigned to project and work order related activities during Fiscal Years 2018 and 2019, we concluded that most employees' charges to cost centers and project/work order related activities appeared reasonable; however, some employees' time charges did not reflect their work activities. Our Office conducted a similar audit in Fiscal Year 2013 (*Audit of Employee Time Coding Process – Audit #13-13*). The results of the current audit revealed significant improvements in employee time charges to project activities compared to the prior audit results.

We analyzed time worked for 284 selected employees that were assigned to eight sections throughout the District who should have charged time worked primarily to project and/or work activities in Fiscal Years 2018 and 2019. These eight sections are as follows: Engineering Design, Infrastructure Management, Modeling, and Applied Hydraulics, Permitting Acquisition and Compliance, Land Stewardship, Water Quality Treatment, and SCADA. Based on our analysis and discussions with relevant staff, we concluded that the time these 284 selected employees charged to project activities, work orders, and cost centers appeared reasonable based on their job responsibilities.

Our audit also disclosed that some employees in five sections (Project Management, Survey and Mapping, Everglades and Local Project Coordination, Coastal Ecosystems, and Vegetation Management) needed to improve their time charges to accurately reflect their work activities. Based on our analysis and discussions with supervisors/employees, we concluded that 16 of 66 employees' time charges in Fiscal Year 2018 and 22 of 76 employees time charges in Fiscal Year 2019, in these five sections, did not appropriately reflect the work activities the employees performed. We also analyzed the time charges of the Clewiston Field Station's employees and concluded that three of the 41 employees in Fiscal Year 2018 and 3 of 45 employees in Fiscal Year 2019 did not appropriately reflect the activities they performed. The supervisors approving these employees' timesheets should have ensured that time charges properly reflected work activities. We also analyzed the Fiscal Year 2019 internal labor data

maintained in Project System for a sample of projects and concluded that most employees' charged time to project activities; however, some employees worked on projects but did not charge all time worked to project activities.

Audit of the Information Technology Solution Center

Project No. 20-06

The Audit of the Information Technology Solution Center assessed the efficiency and effectiveness of the IT Help Desk function in responding to employee's needs. The audit also reviewed general system controls for the RemedyForce system.

The annual budget for the Help Desk activities, encompassing the three employees who answer the phone and emails along with the supervisor, is \$364,319. Overall, the IT Solutions Center (ITSC) appears to be running effectively to meet the District's business needs, and the RemedyForce system appears to be complete and accurate. IT management does not compare its metrics to industry help desk benchmarks; however, our audit procedures entailed comparing the District to the Service Desk Institute's Benchmark Study. We concluded that the ITSC is in alignment with other IT help desk operations globally. The ITSC also received high customer service ratings, with an overall Extremely Satisfied rating of 89%, and a Very Satisfied rating of 9.7%, indicating a high effectiveness rating from the District as a whole.

Although the ITSC does not adhere to a set of benchmarks or standards to gauge their effectiveness or maintain a Service/Experience Level Agreement (SLA/XLA), it has not deterred the ITSC from providing quality service. We attribute this to ITSC being staffed with employees who have many years of experience; however, projected retirements in the upcoming fiscal years will result in changing the ITSC's composition and leadership. Without metrics or a service level agreement in place, future staff turnover and changes in leadership could alter the ITSC's future efficiency and effectiveness. Benchmarks and metrics are an effective way to ensure that the ITSC continues to provide the levels of service that meets the District's needs. We recommended considering adopting a set of benchmarks/metrics that are reviewed on a consistent basis to ensure that the ITSC continues to perform up to clearly stated standards of efficiency and effectiveness, even as staffing and business operations change.

Shortly after our office commenced this audit, the COVID-19 pandemic impacted the District's normal operations. Many District employees transitioned to working from home and

on alternate schedules, using both personal and District-owned devices. This emergency transition occurred within a week and resulted in elevated demands on the ITSC function.

ITSC staff stepped up to the challenge of not only providing service to the District's employees, as the transition to working from home occurred, but also being able to learn and adapt to the new myriad of devices, software, and setups that employees used at home to continue business operations. The ITSC Staff, also working from home, were forced to learn about new devices and technology to assist District employees.

Audit of DMV File Security

Project No. 20-12

In accordance with Section VI. *Compliance and Control Measures*, of the Memorandum of Agreement (MOU) between the District and the Department of Highway Safety and Motor Vehicles (DMV) dated February 7, 2018, our Office conducted an audit of District internal controls related to employee DMV records that are received monthly. The MOU requires the District to physically secure driver license data and to ensure proper and authorized use of the DMV records. The District's Occupational Safety Manager is responsible for reviewing the DMV records for current driver's license suspensions, and other major infractions to ensure that employees operating District vehicles have valid Florida driver licenses.

The District is required to establish a system of internal controls related to the monthly DMV Report to ensure that driver's license information is secured against unauthorized access, distribution, use, modification or disclosure. Our examination of this system found that adequate internal controls are in place to secure the DMV records. As a result, the District is in full compliance with the MOU.

Audit Recommendations Follow-Up Reports

Audit Recommendations Follow-Up Report for 7/1/19 – 9/30/19 Project No. 20-02

This report on the implementation status of audit recommendations was for the period July 1, 2019 through September 30, 2019 (the “Fourth Quarter of FY 2019 Reporting Period”). As of June 30, 2019, there was 12 recommendations that were not yet Fully Implemented from previously issued audit reports, which were in the process of being implemented. During the Fourth Quarter of FY 2019 Reporting Period, 19 recommendations were added from two (2) newly issued audit report, of which 10 were either implemented at the time of report issuance or were implemented during the Fourth Quarter of FY 2019 Reporting Period. In total from all reports, 21 recommendations were In-Process of being implemented as of September 30, 2019.

Audit Recommendations Follow-Up Report for 10/1/19 – 12/31/19 Project No. 20-05

This report on the implementation status of audit recommendations was for the period October 1, 2019 through December 31, 2019 (the “First Quarter of FY 2020 Reporting Period”). As of September 30, 2019, there were 21 recommendations that were not yet Fully Implemented from previously issued audit reports. Seven (7) of these recommendations were implemented during the First Quarter of FY 2020 Reporting Period. In total from all reports, 14 recommendations were In-Process of being implemented as of December 31, 2019.

Audit Recommendations Follow-Up Report for 1/1/20 – 3/31/20
Project No. 20-09

This report on the implementation status of audit recommendations was for the period January 1, 2020 through March 31, 2020 (the “Second Quarter of FY 2020 Reporting Period”). As of December 31, 2019, there were 14 recommendations that were not yet Fully Implemented from previously issued audit reports and were in process of being implemented. Four (4) recommendations were added from three (3) newly issued audit reports, of which one (1) recommendation was implemented at the time of report issuance and one (1) recommendation was implemented during the Second Quarter of FY 2020 Reporting Period. In total from all reports, 16 recommendations were In-Process of being implemented as of March 31, 2020.

Audit Recommendations Follow-Up Report for 4/1/20 – 6/30/20
Project No. 20-13

This report on the implementation status of audit recommendations was for the period April 1, 2020 through June 30, 2020 (the “Third Quarter of FY 2020 Reporting Period”). As of March 31, 2020, there were 16 recommendations that were not yet fully implemented from previously issued audit reports. Two (2) of these recommendations were fully implemented and one (1) recommendation was partially implemented during the Third Quarter of FY 2020 Reporting Period. In total, from all reports, 13 recommendations were In-Process of being implemented as of June 30, 2020.

INVESTIGATIONS and OTHER REVIEWS

Investigation issues arise from many different sources including: District management, District staff members, vendors, and citizens. The Chief Inspector General for the Office of the Governor and other State Agency Inspectors General's also refer certain cases to our office. Our office may also be requested to review other matters throughout the year. The following sections including a short summary of each of these projects.

Governor's Executive Order 20-44

On February 20, 2020, the Governor issued Executive Order Number 20-44 regarding sole-source, public-private agreements and other specific contracts and agreements. The executive order applied to all state agencies as well as water management districts. EO 20-44 required the District to provide the following information:

- A list of all entities named in the statutes with which the agency must form a sole source, public-private agreement; and
- A list of all entities that, through contract or other agreements with the State [District], annually receives 50% or more of their budget from the State [District] or from a combination of State [District] and Federal funds.
- For each entity identified that meets the above criteria, determine the amount of compensation paid to the contractor's executive leadership team for the past year.
- If the compensation totals exceed limits set forth in federal or state law and regulations, the matter shall be referred to the Office of the Chief Inspector General for investigation and appropriate action.

We coordinated with Administrative Services and the Procurement Bureau to identify any District contractual agreements that may be applicable to EO 20-44. The review did not identify any contracts or other agreements that were of the nature or met the criteria thresholds specified in the Governor's Executive Order 20-44.

C-44 Contract Review

At the request of management, our Office reviewed the circumstances surrounding the termination of the C-44 Reservoir/STA Project (C-44 Project) contractor, Blue Goose Growers, LLC, dba Blue Goose Construction (BGC), to determine whether contract modifications were timely and appropriate. We were also requested to identify any observations for improvement that may be applied to future District projects. Our review results were provided to the Office of Counsel.

OTHER PROJECTS

Auditor General

In March 2020, the Auditor General commenced an operational audit of the District covering the period from October 1, 2018 through December 31, 2019. Due to the COVID-19 pandemic, all the audit work was performed remotely through electronic means. After completion of fieldwork, the Auditor General staff held a virtual audit exit conference with District personnel on August 25, 2020. The audit was in review stage as of September 30, 2020. The Inspector General served as the liaison with the Auditor General during this audit.

Section 11.45(2)(f), Florida Statutes, was amended in 2011 to add water management districts to the list of agencies that the Auditor General is required to audit at least every 3 years. Although the Auditor General previously had the authority to audit water management districts at their discretion, this statutory change makes it a mandatory requirement. This was the third audit of the District since the statute was amended.

Administrative Projects

During FY 2020, our Office completed the following administrative projects:

- Developed the FY 2021 Annual Audit Plan.
- Completed the Office of Inspector General Annual Report.
- Maintained and updated the Office of Inspector General Web Site.
- Managed the District's contract with RSM, US, LLP, for External Independent Auditing Services. The District received an unqualified opinion on its financial statements for the year ended September 30, 2019.
- Provided advisory support to the Finance Bureau regarding implementation of Governmental Accounting Standard 87 (GASB 87) implementation.