



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

Project #18-06

Prepared by
Office of the Inspector General

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

July 11, 2019

Governing Board Members

Re: Audit of OMRR&R Cost Share
Project No. 18-06

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 and reimbursement 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

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BACKGROUND

In accordance with the Office of Inspector General's Audit Plan, we conducted an Audit of the Operations, 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 thereafter)
 - Picayune Strand Restoration (2009)
 - Site 1 Impoundment Phase 1 (2010)
 - Indian River Lagoon South Phase 1 (2010)
 - Melaleuca Eradication and Other Exotic Plants (2010)
 - Caloosahatchee River (C-43) West Basin Storage Reservoir (2016)
 - Broward County Water Preserve Areas (2016)

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- Biscayne Bay Coastal Wetlands Phase 1 (2016)

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 SFER Five-Year OMRR&R Plan was developed to fulfill the requirements of the CERP Master Agreement by providing 5-year OMRR&R expense forecasts of operations and maintenance expenses for CERP projects. Further, the Plan was expanded to include a forecast of OMRR&R costs for Non-CERP projects in the SFER Program for which the USACE has a responsibility to pay a portion of the OMRR&R costs.

Maintaining the Five-Year OMRR&R Plan is a joint effort by the District and the USACE. Specifically, the budgeted information is prepared by the District's Budget Planning and Report Section, while other project specific data are prepared by the Everglades Policy and Coordination Division and the USACE. Based on the Five-Year OMRR&R Plan for Fiscal Years 2019 – 2023, an estimated \$46 million has been budgeted for CERP and \$43 million for Non-CERP OMRR&R expenses for a total of \$89 million. (The 5-Year Summary of OMRR&R Estimates for CERP and Non-CERP Projects for Fiscal Years 2019 - 2023 are shown in Appendix 1)

The USACE uses the District's budget data to develop its OMRR&R budget requests. Further, the Plan is updated annually to include the following:

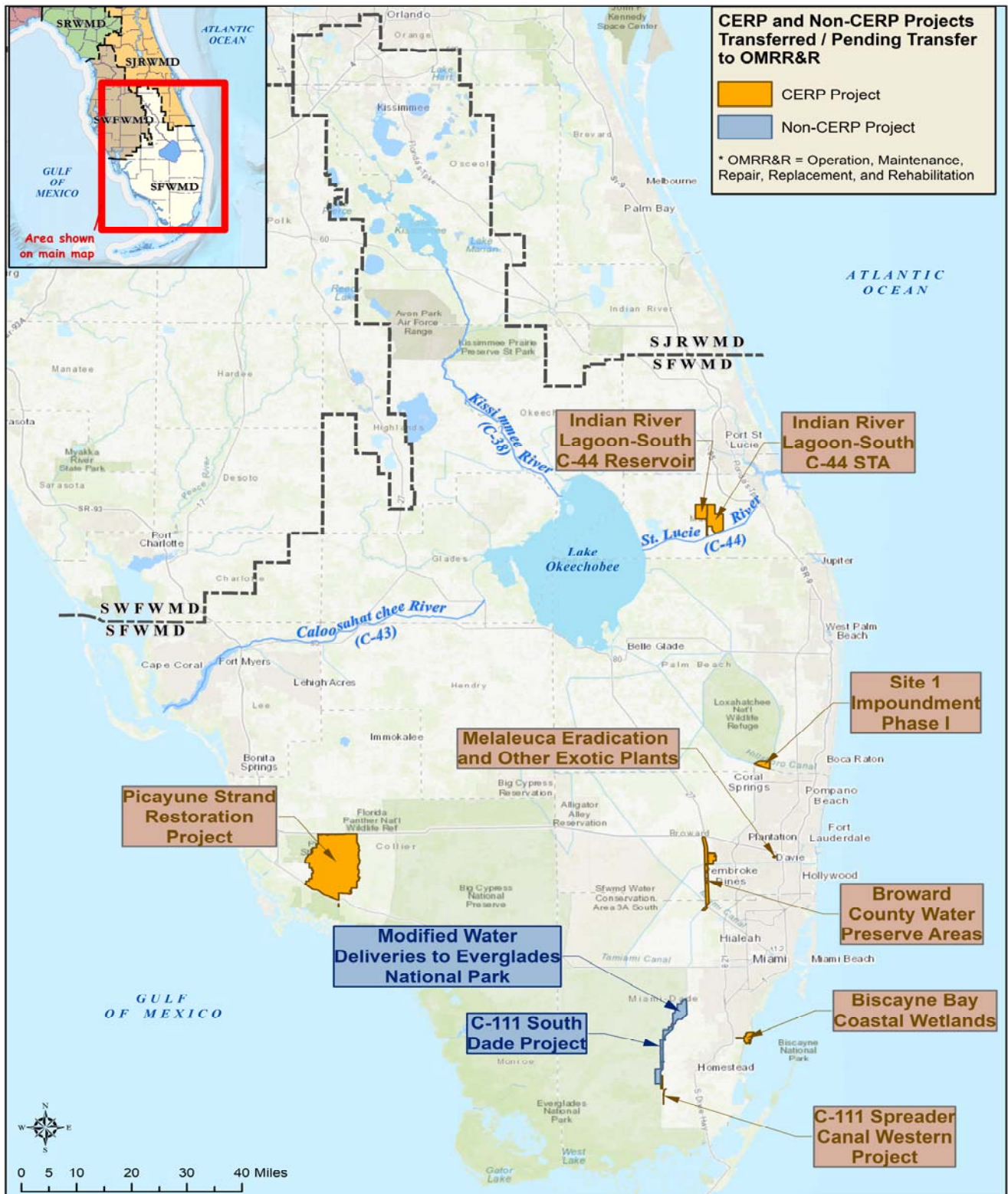
- The most current OMRR&R cost estimates;
- OMRR&R costs for new Project Partnership Agreements (PPAs) that are scheduled for execution within the upcoming 5-year period; and
- Newly identified OMRR&R requirements.

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

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 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 map on the following page shows the locations of CERP and Non-CERP projects / project features that have been transferred or will be transferred to OMRR&R by Fiscal Year 2024.

Locations of CERP and Non-CERP Projects / Project Features Transferred / Pending Transfer to OMRR&R by Fiscal Year 2024



User Name: iursu Remedy Ticket: 95151 Map Produced on Date: 5/15/2019 1:43:16 PM \\ad.sfwmd.gov\DFSRoot\GIS\GISBiz\INSPECTOR_GEN\mxd\20190514_CERP_NonCERP_Projects_Audit.mxd

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				
Project	Functional Portion	Transfer Date	SAP Grant Number	USACE Cost Share %
Indian River Lagoon South	C-44 Communications Tower & Compound	August 2014	3004	39.5%
	C-44 Intake Canal and Project Access Roads	June 2016	3004	50%
Melaleuca Eradication and Other Exotic Plants	Mass Rearing Annex	December 2013	3005	50%
Picayune Strand Restoration	Merritt Canal Phase	June 2016	3008	50%
	Faka Union Pump Station	January 2018		
Site 1 Impoundment Phase 1 (Note 1)	L-40 Levee Modifications and 6-Acre Wetland Wildlife Area	December 2016	#TBD	50%

Note 1:

The Everglades Policy & Coordination Division did not inform the Administrative Services Division of the transfer. Thus, as of February 2019, reimbursement has not been requested from the USACE and a grant number has not been created in SAP. This issue will be discussed in detail in the report.

Non-CERP Project with OMRR&R Responsibilities					
Project	Functional Portion	Agreement	SAP Grant Number	USACE Cost Share%	Notes
C-111 South Dade County Project - C&SF Water Deliveries to ENP	S-331	Supplemental agreement executed in 1993	3000	60%	USACE pays 60% of the costs for normal operations
C-111 South Dade County Project	S332D	PCA executed in 1995 and amended in 2014	3001	60%	USACE pays 60% of the costs for normal operations plus depreciation
	S332B and S332C		3002	60%	USACE pays 60% of the costs for normal operations plus depreciation
C-111 South Dade County- Replacement Discharges of the S-12 Structure	S331, S332B, S332C, S332D	PCA executed in April 2000 and amended in January 2004	3002	100%	USACE pays 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. <i>(Note 1)</i>
Modified Water Deliveries to Everglades National Park	8.5 Square Mile Area – e.g., C-357 L-357 S-357	Several locations - transferred between 2011 - 2018	3003	75%	USACE pays 75% of the maintenance cost

Note 1

The replacement discharges comply with the US Fish and Wildlife Service' biological opinion regarding jeopardy of the Cape Sable Seaside Sparrow.

Based on the Five-Year OMRR&R Plan for Fiscal Years 2020 – 2024, several additional CERP and Non-CERP projects/project features are projected to be transferred to the District for OMRR&R. Pending transfers are summarized in the following table.

Estimated Transfer Dates for Additional CERP and Non-CERP Project / Project Features to OMRR&R by Fiscal Year 2024			
Project		Functional Portion	Estimated Transfer Date
CERP Projects	Indian River Lagoon South	C-44 STAs	October 2019
		C-44 Reservoir and C-44 Pump Station	April 2022
	Picayune Strand Restoration	Miller Pump Station	June 2019
		Manatee Mitigation Feature	March 2020
		Road Removal	October 2022
		Southwest Protection Features, Faka and Miller Canal Plugging	October 2024
	C-111 Spreader Canal Western	Frog Pond Detention Area and Aerojet Canal Features	March 2020
	Biscayne Bay Coastal Wetlands Phase 1	Deering Estate Features, L-31 East Flow-way – S23A, B, C & D Culverts; S-712A & B Culverts	January 2019 (Note 1)
		L-31 East Flow-way – S-706A, B, C, and S-708 Culverts; Pump Stations S-703, S-705, S-709, S-710, S-711; Outlet Spreader Canal, and Seepage Collection Ditch	April 2021
		Cutler Wetlands Features	Fiscal Year 2023
	Broward County Water Preserve Areas	Northern Mitigation Area A Berms	June 2019
Non-CERP	C-111 South Dade Project	North Detention Area Features	February 2019
		L-360E and L-360W Internal Flow-way Berms	June 2019
		L-321 Internal Flow-way Berm L-357W Levee	February 2019
		L-31W Plugs and Weir	December 2018

Note 1

Features were transferred in January 2019. However, project manager was unaware of OMRR&R transfer process. Issue is being addressed.

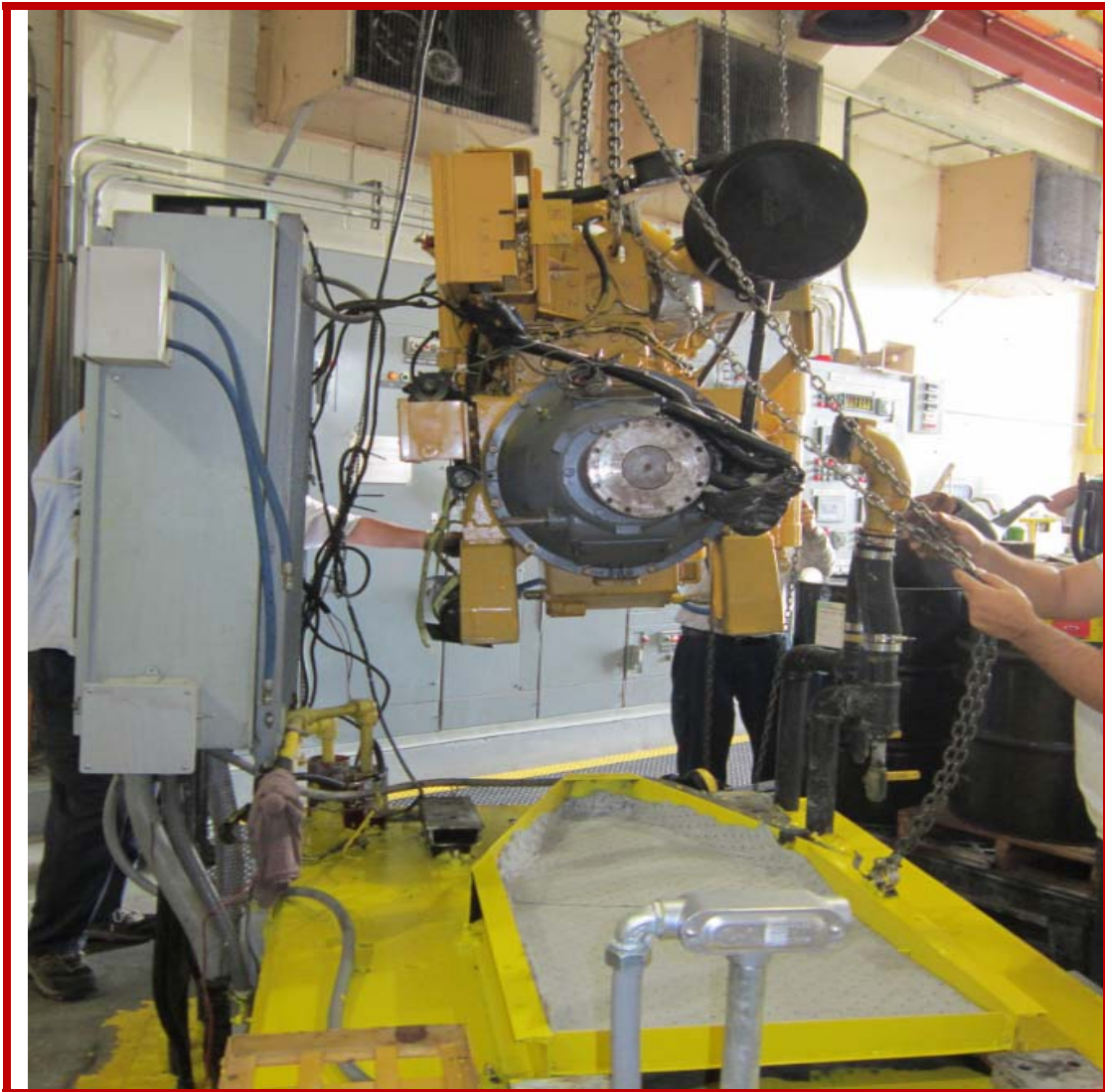
Staff needs to follow-up on all project feature transfers to OMRR&R to ensure that reimbursements are requested in a timely manner.

The District and the USACE jointly determined expenditure types and activities eligible for OMRR&R reimbursement. Eligible costs include salaries (including fringe and indirect overhead), contractual services, operating expenses, and depreciation for the C-111 South Dade County Project (S332B, S332-C, and S332-D). Eligible costs also include vehicles and equipment, for which the usage rates are approved annually by the USACE. Some of these reimbursable expenses are classified under several specific program elements used by the Field Operations and Land Management Division.

- **Movement of Water:** Includes costs for 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. Also includes costs for uniforms; small tools; project building and grounds maintenance; travel; and field station/control room staff support.
- **Structure & Pump Station Maintenance & Refurbishment:** Includes costs for 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.
- **Monitoring Activities:** Includes costs sampling and associated laboratory analysis for permit or project required monitoring, including water quality, hydrologic, meteorological, groundwater wells, biological, vegetation, threatened and endangered species.

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- **Inspections, Major Repairs, Refurbishment and Replacement (Capital Projects)**: Includes costs for 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.

Pump Station S-331 - Engine Removal for Overhaul



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- **Canal / Levee Maintenance:** Includes costs for berm and levee maintenance; mowing of canal banks, berms and levees; tree management; and canal inspections and maintenance.
 - **Aquatic / Exotic Plant Control:** Includes costs for control of aquatic and terrestrial invasive exotic and native nuisance plants; and for evaluation of biological control agents for controlling exotic plants.

Treatment of Cogon Grass in the Picayune Strand Restoration Area



- **Environmental Compliance:** Includes costs for regulatory compliance, permitting, and contamination assessment.

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- **Electronics / Communications and Control:** Includes costs for 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.
 - **Right-of-Way Management:** Includes costs for processing of right-of-way occupancy permits within the project footprint; supporting permits; and compliance monitoring and enforcement of right-of-way permits.
 - **Water Management System and Operational Decision Support System:** Includes costs for support of the Water Management System, which is used to provide real-time and historical hydro-meteorological data and decision support tools to the SFWMD's Operations Control Center.
 - **Land Stewardship:** Where applicable to the authorized OMRR&R for a project, includes costs for land stewardship activities such as prescribed burning, exotic plant control, security, infrastructure maintenance, and cleanup of illegally dumped materials.

The Administrative Services Division coordinated with the Information Technology Division and created specifications in SAP to identify and track OMRR&R reimbursable costs. On a quarterly basis, the Finance Bureau generate Business Warehouse cost reports for each OMRR&R / SAP grant, which are used as the basis for OMRR&R invoice and supporting documentation. Invoices are routed to the following staff, if necessary, for internal review and approval:

- Field Station Superintendents
- Project Manager – Everglades Policy and Coordination Division
- Bureau Chiefs for Field Operations Region 1 and Region 2
- Monitoring Lead and Bureau Chief (if monitoring costs are associated)

After the internal review, the OMRR&R invoices are transmitted to the USACE under 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 and reimbursement 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, Fiscal Year 2018 – Fiscal Year 2022 and Fiscal Year 2019 – Fiscal Year 2023) to understand the OMRR&R program.
- Interviewed Administrative Services Division and other relevant District staff to obtain an understanding of the reimbursement request process for OMRR&R expenses.
- Determined whether the USACE reimbursed for OMRR&R cost share expenses in a timely manner.
- Analyzed Finance Bureau’s OMRR&R quarterly reimbursement invoices and supporting documentation covering October 1, 2015 to June 30, 2018 to determine whether reimbursement was requested for all eligible costs and in accordance with each grant’s cost reimbursement percentage.
- Independently generated the SAP Business Warehouse reports used to prepare the reimbursement invoice, reviewed SAP work order details as needed, and conducted various audit tests. In instances where there were discrepancies, we obtained explanations from the Finance and Budget Bureaus’ staff.

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, some improvements are needed to further strengthen the process. Our analysis disclosed that due to various reasons the District could be eligible for an additional \$535,568 in cost share expenses from the USACE for the period October 1, 2015 to June 30, 2018. Further details of these OMRR&R expenditures are summarized in the following table.

OMRR&R Reimbursements Due to the District from the USACE		
Expenditure Classifications		Due from USACE
Additional Reimbursements Identified by Audit	Incorrect Fringe and Indirect Rates Used	\$ 33,476
	Unclaimed Expenses	56,899
	Invoice Calculation Errors for SAP Grant 3002	345,666
	Unclaimed Vehicle and Equipment Usage Costs	179,676
	Unclaimed Cost Share Expenses for Project Feature Transferred Since December 2016	60,629
	Overstated Costs (Primarily Due to Staff Oversight)	(140,778)
	Total Additional Payments Identified by Audit	\$ 535,568
Unpaid	Depreciation - Fiscal Years 2016 – 2019	\$ 12,487,937
	Operation and Maintenance Reimbursements – Fiscal Years 2016, 2017, and 2018 (1 st – 3 rd Quarters)	\$ 1,086,721
	Total Unpaid Invoiced Expenses	\$ 13,574,658
Total Reimbursement Due from the USACE		\$ 14,110,226

Starting in Fiscal Year 2016, the USACE's annual budget request to pay the District for its share of OMRR&R costs has been insufficient. As a result, the USACE owes the District \$13,574,658, which is comprised of \$1,086,721 in operation and maintenance expenses and \$12,487,937 for depreciation. District management had discussions with USACE officials at all levels on several occasions expressing concerns about the funding issue.

We made 15 recommendations to improve the OMRR&R cost share process.

Process in Place to Claim Reimbursement 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 reports are used as the basis for preparing OMRR&R invoices and supporting documentation in the format required by the USACE. Expenses 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 apply the reimbursement percentage per the agreement. The USACE is 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's review of the invoice is required to be completed within 60 days after an invoice is received from the District. After invoice approval, the USACE determines its OMRR&R management and oversight costs incurred during the corresponding invoice period. These costs are allocated between the District and the USACE. As a result, the District's invoiced amount may not equal the USACE's payment amount. The USACE has 30 days to determine these costs and make payment to the District. District staff works with the USACE to resolve any issues.

It should be noted that although the USACE requires that the District provides detailed invoices and supporting documentation for each payment request, it does not provide any supporting documentation to the District for its management and oversight costs that are deducted from the District's invoiced amount for each OMRR&R agreement. Thus, the District cannot substantiate the USACE's expenses. When OMRR&R payments are received it is sometimes difficult for Finance Bureau staff to determine the corresponding invoice the payment was for. In some instances, the District amount invoiced is equivalent to the USACE payment amount; however, in many instances, the District's invoiced amounts are reduced by the USACE's management and oversight costs; however, the USACE's payment detail information does not reference the agreement or District's invoice number. Finance Bureau staff find it difficult and time consuming to match invoices and payments. Finance Bureau staff usually have to call the USACE staff for explanations.

To determine whether the District requested reimbursement for all eligible costs, we independently generated the quarterly SAP OMRR&R Business Warehouse reports used by the Finance Bureau for October 1, 2015 to June 30, 2018, and determined the USACE reimbursement due to the District per agreement per quarter. We then compared our results to the amounts the District invoiced the USACE.

Our analysis disclosed that, due to various reasons, the District could be eligible for an additional \$535,568 from the USACE for the period October 1, 2015 to June 30, 2018. Further, we noted several common reasons for the additional reimbursement costs due to the District. As a result, we grouped costs into major categories based on our analysis and discussions with Finance Bureau staff. The costs are summarized in the following table and represent the net of amounts for all OMRR&R agreements.

Additional OMRR&R Eligible Expenses Identified October 1, 2015 – June 30, 2018	
Expenditure Classifications	Additional Payments Due from the USACE
Incorrect Fringe and Indirect Rates Used	\$ 33,476
Unclaimed Expenses	56,899
Invoice Calculation Errors for SAP Grant 3002	345,666
Unclaimed Vehicle & Equipment Usage Costs	179,676
Unclaimed Cost Share Expenses for Project Feature Transferred Since December 2016	60,629
Overstated Costs (Primarily Due to Staff Oversight)	(140,778)
Total	\$ 535,568

Additional Payments Due to the District for Fringe Benefit and Indirect Costs

The USACE formally approved the fringe benefit and indirect cost rates for Fiscal Years 2016 and 2017 in January 2018. Prior to approval, the Finance Bureau mostly used the Fiscal Year 2014 USACE approved fringe benefit and indirect cost rates to determine fringe and indirect cost amounts for most quarterly OMRR&R cost share invoices for Fiscal Years 2016 and 2017. In addition, the Finance Bureau mostly used the USACE Fiscal Year 2017 approved rates for Fiscal Year 2018 invoices.

As part of our audit tests, we re-calculated the fringe and indirect costs using the approved rates for all OMRR&R related salaries and compared the results to the amounts claimed by the District. We concluded that based on the approved rates for Fiscal Year 2016 and 2017, the District could request additional cost share payments totaling at least \$33,476. This was due to the slightly higher approved rates for Fiscal Years 2016 and 2017 compared to the Fiscal Year 2014 rates and the use of incorrect rates when calculating fringe benefit and indirect costs for certain quarters. Our findings are summarized in the following table.

Additional Amounts To / From District Due to Approved Fringe Benefit and Indirect Costs Rates (<i>Note 1</i>)		
Fiscal Year	Quarter	Understated (Overstated)
2016	1 st Quarter	\$ 13,013
	2 nd Quarter	2,106
	3 rd Quarter	2,568
	4 th Quarter	934
2017	1 st Quarter	6,919
	2 nd Quarter	8,677
	3 rd Quarter	6,203
	4 th Quarter	(4,878)
2018	1 st Quarter	(2,066)
	2 nd Quarter	-
	3 rd Quarter	-
Total		\$ 33,476

Note 1

- The Finance Bureau applied the incorrect cost share percentages to expenses charged to SAP Grant 3002 for the 4th Quarter of Fiscal Year 2016 through the 4th Quarter of Fiscal Year 2017. As a result, we did not include the understated / overstated fringe and indirect costs for SAP Grant 3002 in this category. Instead, any additional fringe and indirect costs due to / from the District are reflected as calculation errors, which are discussed in a separate section of our report.
- We did not analyze salary related expenses for Melaleuca Eradication and Other Exotic Plants (SAP Grant 3005) because the amounts charged were minimal and appears adequately documented. Further, in Fiscal Year 2018 the USACE requested that the District submit salary expenses at the end of the fiscal year instead of quarterly. We noted that Fiscal Year 2014 rates were used as temporary rates for Fiscal Years 2016 and 2017. As a result, the District may have to invoice the USACE for additional reimbursements.

The following are examples of incorrect fringe benefit and indirect rate applications we found during our analysis.

- **SAP Grant 3002 – Fiscal Year 2016 – 1st Quarter:** Based on our review of the invoice and supporting documentation, the Finance Bureau used a fringe benefit rate of 15.0724% for salaries charged during normal operations and maintenance and 15.1501% for salaries charged during operations to divert water away from the S-12 Structures for protection of the Cape Sable Seaside Sparrow. The Fiscal Year 2014 fringe benefit rate of 56.15387% should have been applied to all salary expenses since it was the most recent USACE approved rate. Using the incorrect fringe rate resulted in understating the USACE's cost share amount by \$11,496 at the time the invoice was submitted for reimbursement. It should be noted the Fiscal Year 2014 rates were used for all other OMRR&R grants during this quarter.

- **All OMRR&R SAP Grants (Except SAP Grant 3002) – Fiscal Year 2017 – 4th Quarter:** Our review disclosed that the Fiscal Year 2017 approved fringe rates was correctly applied to all grants; however, the Fiscal Year 2014 indirect rate was used to calculate indirect costs. The Fiscal Year 2017 indirect rate should have been used to calculate indirect costs. The indirect rate was 72.96337% for Fiscal Year 2014 and 68.63501% for Fiscal Year 2017. This error resulted in overstating the USACE's cost share amount by \$4,878. Note that cost share for all expenses charged to SAP Grant 3002 during this quarter are classified as calculation error and discussed separately.

- **All OMRR&R SAP Grants – Fiscal Year 2018 – 1st Quarter:** Since the USACE's Fiscal Year 2018 rates were not approved at the time of this invoice submission, the approved Fiscal Year 2017 fringe and indirect rates should have been used to calculate cost share amounts for salary related expenses. The Fiscal Year 2017 fringe benefit rates for regular salary and overtime were applied to all salary and overtime expenses; however, the Fiscal Year 2014 indirect rate was used to calculate indirect costs for SAP Grant 3003 and an

unapproved indirect rate was used for all other grants. These errors resulted in overstating the USACE's cost share amount by \$2,066.

It should be noted that fringe and indirect costs are not calculated in SAP. These costs are calculated within the quarterly Business Warehouse report. According to SAP Software Services staff, rates are incorporated into a Business Warehouse upon the Finance Bureau's request. Based on discussions with Finance Bureau and SAP Software Services staff, it appears that the rate application inconsistencies were due to errors. As a result, Finance Bureau and SAP Software Services should implement further controls to ensure that the correct rates are used. Further, during the invoice preparation process, the Finance Bureau should ensure that the rates and the calculations are correct.

Unclaimed OMRR&R Related Expenses

Our audit disclosed that the Finance Bureau did not identify \$86,441 in OMRR&R expenses as eligible for cost share during Fiscal Year 2016 through Fiscal Year 2018 (1st to 3rd quarters). We determined that these expenses would result in additional \$56,899 in reimbursement from the USACE. The unclaimed expenses are summarized in the following table.

Summary of Unclaimed Cost Share Expenses						
Fiscal Year	Qtr.	SAP Grant Number	Cost Share%	Expense Type	Total Amount	Cost Share Amount
2016	1 st	3000	60%	Contractual Services	\$ 1,098	\$ 1,588
				Inventory	1,549	
		3001	60%	Salaries, Overtime, Fringe and Overhead	14,861	23,776
				Contractual Services	4,472	
				Inventory	20,293	
		3002 – Normal Operations	60%	Overtime, Fringe, and Overhead	677	14,513
				Contractual Services	3,278	
				Inventory	20,233	
		2 nd	3002 – CSSS Operations	100%	Inventory	10,583
	3003		75%	Contractual Services	3,232	3,590
				Inventory	1,555	
2017	3 rd	3000	60%	Contractual Services	564	338
		3001	60%	Contractual Services	184	111
	4 th	3001	60%	Contractual Services	13	8
		3008	50%	Inventory	1,318	659
2018	1 st	3002– CSSS Operations	100%	Overtime, Fringe and Overhead	118	118
		3003	75%	Overtime, Fringe and Overhead	808	835
				Contractual Services	305	
	3 rd	3001	60%	Overtime, Fringe and Overhead	61	37
		3002 – Normal Operations	60%	Salaries, Overtime, Fringe and Overhead	1,239	743
Total Unclaimed Expenses					\$ 86,441	\$ 56,899

Our analysis disclosed that in most instances these expenses were not claimed due to oversights by the Finance Bureau. Specifically, in some instances, expenses were indicated as eligible on the Finance Bureau's working spreadsheets; however, they were omitted from the final invoices. In addition, we found some instances where eligible permitting expenses were not claimed. As a result, the Finance Bureau should carefully review all documentation to ensure all eligible expenses are submitted to the USACE for cost share and ensure that staff responsible for preparing invoices are aware of all reimbursable expenses.

Incorrect Calculations Resulted in Understated Cost Share Expenses for Diverting Water To Protect the Cape Sable Seaside Sparrow

Based on a Cooperative Agreement for the Interim Structural and Operational Plan and Interim Operating Plan, dated April 2000, and amended January 2004, the USACE is required to pay the District 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). During normal operations; i.e., when water is not diverted from the S-12 structures for the protection of the CSSS, the USACE's cost share rate is 60% for all pump stations (Non-CSSS operations).

Our audit disclosed that the District can request an additional \$345,666¹ from the USACE in cost share expenses primarily because the Finance Bureau calculated most CSSS expenses at a cost share rate of 60% instead of 100%. CSSS and Non-CSSS related expenses are categorized in SAP and in the Business Warehouse report used to determine creditable costs; however, errors made by the Finance Bureau when preparing the invoices resulted in understating the amounts due to the District. Our analysis disclosed calculation errors in five of the 11 sampled quarters we reviewed. Our findings are summarized in the following table and further detailed in subsequent tables.

Summary of Additional Payment Owed to the District Due to Incorrect Calculations		
Fiscal Year	Quarter	Additional Costs to be Claimed
FY 2016	4 th Quarter	\$ 176,298
FY 2017	1 st Quarter	28,657
FY 2017	2 nd Quarter	10,732
FY 2017	3 rd Quarter	12,109
FY 2017	4 th Quarter	117,903
Total		\$ 345,699

¹ Our calculations are included the in Fiscal Years 2016 and 2017 fringe and indirect rates approved USACE in January 2018.

Our findings are detailed in the following tables.

Additional Costs to be Claimed <i>Incorrect Calculations of Cost Share Amount for SAP Grant 3002</i>				
	Description of Unclaimed Cost	Per Audit	Invoiced	Difference
2016 - 4 th Quarter	<ul style="list-style-type: none"> ➤ Primary reason for the unclaimed cost was because CSSS and normal operations cost share amounts were incorrectly calculated. Specifically, the Finance Bureau's cost share claim included \$429,615 for normal operations and \$8,120 for CSSS operations. Our analysis revealed \$142,728 should have been invoiced for normal operations and \$471,306 should have been invoiced for CSSS operations. ➤ Finance Bureau's cost share amounts were based on incorrect supporting documentation that were overstated when compared to the back-up documentation submitted to the USACE and the amounts we determined were creditable. ➤ Expenses were overstated by \$11,398 because work order cost adjustments were not taken into consideration. 	\$ 614,033	\$ 437,735	\$ 176,298
2017 - 1 st Quarter	<ul style="list-style-type: none"> ➤ The District is due additional cost share payment because CSSS and normal operations cost share amounts were incorrectly calculated. Specifically, the Finance Bureau's cost share claim included \$227,738 for normal operations and \$25,227 for CSSS operations. Our analysis revealed \$192,485 should have been invoiced for normal operations and \$89,137 should have been invoiced for CSSS operations. 	\$ 281,622	\$ 252,965	\$ 28,657

Additional Costs to be Claimed <i>Incorrect Calculations of Cost Share Amount for SAP Grant 3002</i>				
	Description of Unclaimed Cost	Per Audit	Invoiced	Difference
2017 – 2nd Quarter	<ul style="list-style-type: none"> ➤ The District is due cost share payments because CSSS and normal operations cost share amounts were incorrectly calculated. Specifically, the Finance Bureau's claim included \$154,467 for normal operations and \$23,183 for CSSS operations. Our analysis revealed \$149,170 should have been invoiced for normal operations and \$39,212 should have been invoiced for CSSS operations. 	\$ 188,382	\$ 177,650	\$ 10,732
2017 – 3rd Quarter	<ul style="list-style-type: none"> ➤ Primary reason for the unclaimed cost was because CSSS and normal operations cost share amounts were incorrectly calculated. Specifically, the Finance Bureau's claim included \$128,575 for normal operations and \$18,157 for CSSS operations. Our analysis revealed \$118,350 should have been invoiced for normal operations and \$40,491 should have been invoiced for CSSS operations. ➤ The Finance Bureau did not request reimbursement for \$1,700 in permit expenses. ➤ Expenses were overstated by \$869 because work order cost adjustments were not taken into consideration. 	\$ 158,841	\$ 146,732	\$ 12,109
2017 – 4th Quarter	<ul style="list-style-type: none"> ➤ Primary reason for the unclaimed cost was because CSSS and normal operations cost share amounts were incorrectly calculated. Specifically, the Finance Bureau's claim included \$254,410 for normal operations and \$22,876 for CSSS operations. Our analysis revealed \$93,198 should have been invoiced for normal operations and \$301,991 should have been invoiced for CSSS operations. ➤ The Finance Bureau did not request reimbursement for \$3,190 in inventory (fuel) expenses. 	\$ 395,189	\$ 277,286	\$ 117,903
	Total Unclaimed Expenses – SAP Grant 3002	\$1,638,067	\$1,292,368	\$ 345,699

It appears that the incorrect calculation issues for SAP Grant 3002 have been resolved since we did not find any calculation errors for Fiscal Year 2018 (1st to the 3rd quarters). Nevertheless, the Finance Bureau must continue to take steps to ensure that reimbursements are correctly calculated. Unclaimed expenses result in lower USACE cost share amount, which can impact District revenue.

Creditable Vehicle and Equipment Usage Costs Unclaimed Since Fiscal Year 2016

Beginning in Fiscal Year 2016, the USACE approved reimbursement for vehicle and equipment usage costs for OMRR&R activities. However, our audit disclosed that the District has not invoiced the USACE for any vehicle and equipment usage costs. At the beginning of our audit, we discussed this issue with Administrative Services Division staff who acknowledged that it had to be addressed. However, as of March 2019, it has not been resolved.

Each year the District provides detailed vehicle and equipment usage rates including the methodology of how the rates were established to the USACE. Upon the USACE's annual approval, the District can request cost share reimbursement for creditable vehicle and equipment usages. The following are examples of the vehicle and equipment and the hourly usage rate that Field Operations and Land Management Division charged to OMRR&R work orders during Fiscal Year 2018. (A complete list is shown in Appendix II)

- Pick-up truck \leq 1 ton @ \$28 per hour
- Pick-up truck $>$ 1 ton @ \$37 per hour
- Sports utility vehicle @ \$26 per hour
- Semi-tractor / trailer @ 195 per hour
- Crane \geq 50 ton @ \$213 per hour

The District tracks vehicle and equipment usage hours during the performance of cost shareable OMRR&R activities. These costs are tracked via charges to work orders for OMRR&R projects / project features. We determined vehicle and equipment usage costs charged to OMRR&R related work orders from Fiscal Year 2016 to Fiscal Year 2018 (1st to 3rd quarters). We found that that during October 1, 2015 to June 30, 2018, vehicle and equipment usage charged to OMRR&R related activities totaled an estimated \$263,320. Based on the cost share percentage for each OMRR&R grant, we determined that the District is entitled to \$179,676 in cost share reimbursements from the USACE.

The following table summarizes the unclaimed vehicle and equipment cost share amounts due from the USACE.

Unclaimed Vehicle and Equipment Usage Expenses		
Fiscal Year / Quarter		Unclaimed Vehicle and Equipment Usage Amounts
Fiscal Year 2016	1 st Quarter	\$ 318
	2 nd Quarter	11,493
	3 rd Quarter	18,205
	4 th Quarter	28,838
Fiscal Year 2017	1 st Quarter	22,061
	2 nd Quarter	36,528
	3 rd Quarter	7,829
	4 th Quarter	10,594
Fiscal Year 2018	1 st Quarter	14,337
	2 nd Quarter	11,867
	3 rd Quarter	17,606
Total		\$ 179,676

Based on discussions with Administrative Services Division staff, a Business Warehouse report has been specifically developed to generate OMRR&R vehicle and equipment costs; however, it has not yet been implemented. We concluded that Budget and Finance Bureaus' staff have to further resolve some items before the report can be implemented and vehicle and equipment expenses can be submitted for reimbursement; for example, the Finance Bureau staff responsible for preparing the quarterly invoices have to be instructed how to generate the report and invoice for the costs.

Cost Share Reimbursement Not Requested for Project Feature Transferred to the District Since December 2016

Based on our review of the Five-Year OMRR&R Plan for Fiscal Years 2018 – 2022, and discussions with Everglades Policy and Coordination Division staff, Phase 1 of the Site 1 Impoundment Project was transferred to the District for OMRR&R activities on December 1, 2016; however, we concluded that the District has never requested any OMRR&R cost share expenses from the USACE. This CERP project feature was constructed to improve the ecological habitat and reduce the amount of seepage loss from the Loxahatchee National Wildlife Refuge. The OMRR&R feature requires operation and maintenance of 15,000 linear feet of the L-40 levee and a 6-acre wildlife wetland area. Based on an agreement between the USACE and the District, the USACE is required to reimburse the District for 50% of eligible expenses. Further, based on the Five-Year OMRR&R Plans for Fiscal Years 2018 – 2022 and Fiscal Years 2019 – 2023, the Budget Bureau estimated expenses of \$142,000 annually for Fiscal Years 2018 and 2019 for this project feature.

The Everglades Policy and Coordination Division coordinates project /project feature transfers from the USACE and informs relevant business areas including the Administrative Services Division of transfers so they can initiate the cost share expense reimbursements process. However, in this instance it appears that the Everglades Policy and Coordination Division did not inform the Administrative Services Division; i.e., the Budget Bureau.

According to Finance Bureau staff, in October 2018 the USACE reminded them to initiate invoicing for reimbursement and this information was relayed to Budget Bureau staff. As of March 2019, no action has been taken by the Budget Bureau to initiate the cost share process; for example, the Budget Bureau has to coordinate with the SAP Software Services to create a grant in SAP to track OMRR&R costs related to Phase 1 of the Site 1 Impoundment Project.

Based on our analysis of L-40 work order expenses, we determined that an estimated \$121,259 in eligible cost share expenses were incurred during December 1, 2016 to February 12, 2019, which would result in an estimated cost share reimbursement of \$60,629 to the District. It should be noted that expenses were primarily salary expenses including fringe benefits and indirect overhead costs.

There needs to be improved communications between the Everglades Policy and Coordination Division and the Administrative Services Division since other project features will be transferred to the District in the near future; for example, the Picayune Strand Restoration Project's Miller Pump Station is estimated to be transferred in June 2019. Since the Budget Bureau provides the budgeted information for projects / project features in the Five-Year OMRR&R Plan, it could assist in the communication process.

Cost Share Requests Included Overstated Expenses

Our audit disclosed that the Finance Bureau's cost share requests to the USACE during Fiscal Year 2016 through Fiscal Year 2018 (1st to 3rd quarters) included \$219,566 in total overstated expenses that resulted in overstated cost share payments totaling \$140,778.

These overstated expenses are summarized and detailed in the following tables.

Summary of Overstated Expenses	
Fiscal Year	Amount
Fiscal Year 2016	\$ 88,130
Fiscal Year 2017	3,606
Fiscal Year 2018	49,042
Total	\$ 140,778

Summary of Overstated Expenses						
FY	Quarter	SAP Grant Number	Cost Share %	Expense Type	Total Amount	Cost Share Amount
2016	2 nd	3001	60%	Overtime, Fringe and Overhead	\$ 507	
				Contractual Services	6,551	
		3002 – Normal Operations	60%	Salaries, Fringe and Overhead	886	
				Inventory	12,505	
	3 rd	3001	60%	Contractual Services	543	326
		3002 – Normal Operations	60%	Salaries, Fringe and Overhead	68	
				Contractual Services	25,892	
				Inventory	228	
		3002 – Replacement Discharges	100%	Contractual Services	1,531	1,531
		3003	75%	Contractual Services	42,092	
				Inventory	2,060	
		4 th	3001	60%	Contractual Services	37,719
	3008		50%	Salaries, Fringe and Overhead	4,286	
				Inventory	807	
Total Overstated Expenses					\$ 135,675	\$ 88,130

Summary of Overstated Expenses						
FY	Quarter	SAP Grant Number	Cost Share %	Expense Type	Total Amount	Cost Share Amount
2017	1 st	3001	60%	Salaries, Fringe and Overhead	\$ 151	\$ 91
		3008	50%	Salaries, Fringe and Overhead	1,264	770
				Contractual Services	140	
				Inventory	136	
	3 rd	3003	75%	Contractual Services	382	286
	4 th	3001	60%	Contractual Services	640	384
		3004	39.5%	Salaries, Fringe and Overhead	65	26
		3008	50%	Salaries, Fringe and Overhead	1,290	2,049
				Contractual Services	43	
				Inventory	2,765	
Total Overstated Expenses					\$ 6,876	\$ 3,606

Summary of Overstated Expenses						
FY	Qtr	SAP Grant Number	Cost Share %	Expense Type	Total Amount	Cost Share Amount
2018	1 st	3000	60%	Salaries, Fringe and Overhead	\$ 674	\$ 440
				Contractual Services	60	
		3001	60%	Salaries, Fringe and Overhead	517	310
		3002 – Normal Operations	60%	Salaries, Overtime, Fringe and Overhead	935	1,227
				Contractual Services	1,110	
		3002 – Replacement Discharges	100%	Salaries, Fringe and Overhead	152	152
				Inventory	2,938	2,938
		3003	75%	Salaries, Fringe and Overhead	440	330
				Contractual Services	52	39
		3008	50%	Salaries, Overtime, Fringe and Overhead	10,942	8,252
				Contractual Services	121	
				Inventory	5,441	
	2 nd	3000	60%	Salaries, Fringe and Overhead	8,963	6,526
				Contractual Services	1,914	
		3002 – Normal Operations	60%	Contractual Services	83	50
		3002 – Replacement Discharges	100 %	Contractual Services	119	119
		3008	50%	Salaries, Fringe and Overhead	598	299
	3 rd	3000	60%	Contractual Services	13,785	8,271
		3001	60%	Contractual Services	6,420	3,852
		3002	60%	Contractual Services	86	52
		3003	75%	Inventory	21,409	16,057
		3008	50%	Contractual Services	256	128
Total Overstated Expenses					\$ 77,015	\$ 49,042

Our analysis disclosed that in most instances the expenses were overstated due to an oversight in a spreadsheet formula used by the Finance Bureau to determine eligible cost share costs. At the end of each quarter, the Finance Bureau generates a Business Warehouse report that was developed to capture costs charged to OMRR&R grants. This report is downloaded into an excel file and expenses are analyzed by grant number by the Finance Bureau to determine cost share eligibility. Specifically, the spreadsheet contains formulas and if an expense item meets certain criteria; for example, expense type and/or amount, it is classified as either eligible or ineligible for cost share. Ineligible types of expenses include the following: accrued salaries, cash discounts, receiving amounts, and any expense amount equal to or less than zero dollars. It should be noted reports are also sent to relevant staff involved in overseeing OMRR&R activities, for example; project managers, bureau chiefs, and field station superintendents for eligibility review.

Based on our analysis, we concluded that not all negative expense amounts, should be classified as ineligible when determining cost share reimbursements due to the following:

- Some negative amounts represented work order reductions / adjustments for salaries, contractual services, and inventory related expenses. Thus, the Finance Bureau has not been taking work order / expense reductions into consideration when determining cost share expenses. Failure to consider adjustments resulted in overstated expenses. As a result, some work order / expense amounts submitted to the USACE for reimbursement were overstated.
- We noted a few instances where accrued wages were invoiced, which reduced the District's cost share amount.

In order to ensure that accurate OMRR&R work order expenses are submitted to the USACE for payment, the Finance Bureau has to revise the excel formula when determining eligible and ineligible expenses. It should be noted that during our audit, the Finance Bureau staff stated that they began analyzing negative expenses amounts to ensure that USACE invoiced amounts are accurate.

USACE's Funding for OMRR&R Expenses Insufficient

Starting in Fiscal Year 2016, the USACE's annual budget request to pay the District for its share of OMRR&R costs has been insufficient. As a result, the USACE owes the District \$13,574,658, which is comprised of the following:

- \$1,086,721 for routine operation and maintenance expenses invoiced during Fiscal Years 2016 to 2018 (1st to 3rd quarters)
- \$12,487,937 for depreciation expenses invoiced during Fiscal Years 2016 - 2019

The District had discussions with USACE officials at all levels on several occasions expressing concerns about the funding issue. For example, in a letter to the USACE, dated May 2018, the District informed the USACE about concerns regarding decreased USACE funding for OMRR&R related activities; and requested a change in the budget prioritization process to honor the cost share partnership between the USACE and the District. The District management and the former Governing Board Chair have communicated the following concerns to the USACE:

- Beginning in Fiscal Year 2017, it appeared that the USACE has zeroed out its budget request for the South Florida Ecosystem Restoration's (SFER) OMRR&R Program. The OMRR&R payments were viewed as reimbursements instead of funding requests / contractual obligations. As a result, the requests were "zeroed" out or given a low priority
- Based on the enacted Fiscal Year 2018 and the President's Budget for Fiscal Year 2019, the District estimated a deficit of USACE funding for OMRR&R related activities totaling \$25.9 million, which is comprised of the unpaid and projected expenses for routine OMRR&R activities and depreciation for Fiscal Years 2016 to 2019.
- The federal share for OMRR&R activities and pump station depreciation for Fiscal Years 2020 to 2028 is estimated to be \$101.6 million.

In the May 2018 letter, the District requested that the USACE pay the District for outstanding obligations and adjusts its budgets for Fiscal Years 2018 and 2019 to pay for its share of OMRR&R expenditures. As discussed above, some progress has been made. Specifically, as of May 2019, the total actual invoiced unpaid balance is \$14,049,618,² which indicates that the USACE has been reimbursing the District for some OMRR&R expenses.

Further, in December 2018, the former Executive Director met with Office of Management and Budget (OMB) to discuss the funding issues. Subsequently, in February 2019, the former Executive Director sent a letter to OMB citing the following:

- Lack of USACE funding could result in Florida taxpayers funding the Federal Government's share with ad valorem dollar.
- OMB can assist the District to resolve the budget issue. The District explained that it appeared that budget requests for OMRR&R are viewed as reimbursements instead of funding requests / contractual obligations. As a result, the requests were "zeroed" out or given a low priority. It should be noted that in a letter, dated January 25, 2019, to the District, the Assistant Secretary of the Army for Civil Works confirmed OMRR&R related costs represent payments not reimbursements. Further, the Department of the Army is working with OMB to resolve this issue.
- Funds have not been budgeted for next year's OMRR&R activities. Thus, the District requested OMB's assistance in working with the Assistant Secretary of the Army for Civil Works and his team to resolve the funding issue to ensure the District receives its payments for OMRR&R activities.

The District relies on Federal funding to perform OMRR&R. As a result, a decrease in Federal funding could result in the reduction of OMRR&R activities, which could impact the environmental benefits of the projects and decrease the life of the project features.

² This unpaid balance includes invoiced amounts for Fiscal Year 2016 – Fiscal Year 2019 (1st quarter).

The following summarizes the status of unreimbursed OMRR&R expenses from the USACE, as of March 2019.

Unreimbursed Depreciation and Operations and Maintenance Expenses

Based on Amendment 1 of the Project Cooperation Agreement for the Central and Southern Florida Project C-111 (South Dade County), executed in December 2014, the USACE and the District estimated depreciation to the District for temporary pump stations S332B, S332C, and S332D. For Fiscal Year 2016 to 2020,³ the agreed upon depreciation payments to the District would be \$4,148,415 annually. The USACE advised the District that the US Congress has to appropriate funding for the depreciation payments; thus, payments will be subjected to the availability of funds. Depreciation payments due to the District during Fiscal Years 2016 to 2019 totaled \$16,593,660; however, as of March 2019, the District has received payments totaling only \$4,105,723 (25%). Thus, \$12,487,937 (75%) remains unreimbursed. The USACE's last depreciation payment was made in January 2019 and it was applied to the Fiscal Year 2019 balance per the USACE's request. The estimated depreciation payments due to the District for the remaining useful life of this project is approximately \$24 million.

³ Per the PCA Amendment, the USACE and the District will review and revise payments scheduled to start in Fiscal Year 2021.

The payments and balances are summarized in the following table.

Depreciation Reimbursements Status for C-111 South Dade Temporary Pump Stations S332B, S332C, S332D Fiscal Years 2016 - 2019					
Fiscal Year	Amount Due	Amount Paid		Balance Due from USACE	
FY 2016	\$ 4,148,415	\$ 776,262	18%	\$ 3,372,153	81%
FY 2017	4,148,415	2,700,700	65%	1,447,715	35%
FY 2018	4,148,415	-	-	4,148,415	100%
FY 2019	4,148,415	628,761	15%	3,519,654	85%
Total	\$ 16,593,660	\$ 4,105,723	25%	\$ 12,487,937	75%

In addition, outstanding cost share operating expense payments, as of May 2019, are summarized in the following table.

Unpaid Operations and Maintenance Expenses Fiscal Years 2016 – 2018 (1st - 3rd Quarters)				
Fiscal Year	Invoiced Amount	Amount Received	USACE Administrative Reductions⁴	Unpaid Amount
FY 2016	\$ 3,172,719	\$ 2,095,206	\$ 13,365	\$ 1,064,148
FY 2017	2,927,541	2,851,683	59,811	16,047
FY 2018	3,263,304	3,256,778	-	6,526
Total	\$ 9,363,564	\$ 8,203,667	\$ 73,176	\$ 1,086,721

The Finance Bureau manually compiled the unpaid operations and maintenance expenses data from several sources within SAP using invoiced and payment data and explained that the compilation was a time-consuming process. Since these reimbursements are monitored by management, the Finance Bureau should consider coordinating with the SAP Software Services to develop a comprehensive report to capture the status of OMRR&R cost share amounts invoiced and payments received.

⁴ Reductions made by the USACE for reviewing District invoices.

RECOMMENDATIONS

1. **Continue working with the USACE and OMB officials to resolve OMRR&R budget and reimbursement issues.**

Management Response: This is an ongoing task until the OMRR&R issue is resolved. On May 7th and 8th, the District received two guests from OMB. They were given tours of project sites and several discussions took place about the problems associated with lack of OMRR&R funding. In addition, on June 11th, the District communicated to the USACE that the District would not accept any additional project feature transfers until the issue is resolved. The District response also suggested that project features may be returned to the USACE. Discussions will continue until resolution is reached.

Responsible Division: Everglades Policy & Coordination Division and Executive Office

Estimated Completion: Ongoing

2. **Request that the USACE provide the District with supporting documentation for the management and oversight costs that it charges to OMRR&R projects / project features.**

Management Response: Concur. Administrative Services Division Budget and Finance staff, Everglades Policy and Coordination Division staff and USACE staff met on 6/10/19 at 9:00 a.m. to discuss various topics that included two requests to aid in aligning the USACE payment to the District Invoices. (1). The Districts request for USACE payments to include a reconciliation of management and oversight costs and (2). USACE to include as back-up documentation with the payment their federal “Order For Supplies or Services” Form and document in the “RR Ref. No.” field the District Invoice numbers that coincide with the payment. USACE staff agreed to provide both requests.

Responsible Division: Administrative Services Division (Finance Bureau)

Estimated Completion: Request for documentation was completed on 6/10/19. It will remain unknown until the next invoices that are submitted, and payment is received if this request is fulfilled.

- 3. Consider developing a comprehensive SAP / Business Warehouse report to capture the status of OMRR&R cost share amounts invoiced, and payments received and outstanding from the USACE.**

Management Response: Concur. Staff is currently maintaining a cumulative excel spreadsheet of invoices submitted by grant/project turned over to the OMRR&R phase and the amount owed/unpaid. SAP is currently used for reporting cost data for OMRR&R, but a manual process of pulling information from SAP and updating the excel spreadsheet. Efficiencies from developing reports will be considered but will require the District's Information Technology Bureau involvement to determine SAP capabilities. Moreover, the future USACE involvement of data interchange will likely influence the quality of the reports.

Responsible Division: Administrative Services Division (Finance Bureau) working with Information Technology Bureau Business Warehouse team.

Estimated Completion: Unknown on completion. Staff will submit a ticket with the Information Technology Bureau to scope out the functional and technical spec for the report.

- 4. Request payment for the estimated \$33,476 in additional fringe benefits and indirect costs resulting from the USACE's approved fringe and indirect costs rates for Fiscal Years 2016 and 2017.**

Management Response: Concur. However, we request the Inspector General's detailed calculations as supporting documentation.

Responsible Division: Administrative Services Division (Finance Bureau)

Estimated Completion: September 2019

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5. **Implement procedures to ensure that upon the USACE's approval of fringe benefit and indirect costs rates, fringe and indirect costs previously submitted to the USACE using temporary rates are recalculated and any additional payments due to / from the District are determined.**

Management Response: Concur. We will build into our review and invoicing process.

Responsible Division: Administrative Services Division (Finance Bureau)

Estimated Completion: December 2019

6. **Verify the accuracy of fringe benefit and indirect cost rates when preparing quarterly OMRR&R cost share invoices.**

Management Response: Concur. We will build into our process.

Responsible Division: Administrative Services Division (Finance Bureau)

Estimated Completion: September 2019

7. **Request cost share reimbursement for the estimated \$56,899 in unclaimed OMRR&R related expenses.**

Management Response: Concur. However, we request the Inspector General's detailed calculations as supporting documentation.

Responsible Division: Administrative Services Division (Finance Bureau)

Estimated Completion: September 2019

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- 8. Ensure that Finance Bureau staff responsible for preparing OMRR&R cost share invoices are aware of all creditable expenses and carefully analyze the Business Warehouse reports to ensure that creditable expenses are not omitted from the invoiced amounts submitted to the USACE for cost share payment.**

Management Response: Concur. We will build into our process and seek additional training as needed.

Responsible Division: Administrative Services Division (Finance Bureau)

Estimated Completion: September 2019

- 9. Request reimbursement from the USACE for the estimated \$345,699 resulting from incorrect cost share calculations for pumping operations that diverted water to protect the Cape Sable Seaside Sparrow.**

Management Response: Concur. However, we request the Inspector General's detailed calculations as supporting documentation.

Responsible Division: Administrative Services Division (Finance Bureau)

Estimated Completion: September 2019

10. Request cost share reimbursement from the USACE for the estimated \$179,676 in unclaimed OMRR&R vehicle and equipment usage costs incurred during October 1, 2015 to June 30, 2018, and other unclaimed amounts incurred subsequently.

Management Response: Concur. However, we request the Inspector General's detailed calculations as supporting documentation.

Responsible Division: Administrative Services Division (Finance Bureau & Budget Bureau)

Estimated Completion: September 2019

11. Address the \$140,778 in erroneous overstated expenses submitted for payment during period October 1, 2015 to June 30, 2018 with the USACE.

Management Response: Concur. However, we request the Inspector General's detailed calculations as supporting documentation. Also, we will consider reducing / netting this credit against a future invoice.

Responsible Division: Administrative Services Division (Finance Bureau)

Estimated Completion: September 2019

12. Revise the formula on the Finance Bureau's OMRR&R quarterly spreadsheet that is used to determine eligible and ineligible expenses to ensure that expenses adjustments (denoted by negative dollar amounts) are considered when determining creditable costs.

Management Response: Concur. This has been completed.

Responsible Division: Administrative Services Division (Finance Bureau)

Estimated Completion: February 2019

13. Ensure that vehicle and equipment usage costs are incorporated in the quarterly OMRR&R invoices submitted to the USACE.

Management Response: Concur. Staff will work on updating the invoices and reporting to include the vehicle and equipment usage.

Responsible Division: Administrative Services Division (Finance & Budget Bureaus)

Estimated Completion: September 2019

14. Create a grant in SAP for Phase 1 of the Site 1 Impoundment Project in SAP and request credit for all unclaimed costs.

Management Response: Concur. Staff will develop the grant prior to the new fiscal year and pull associated costs to include in final fiscal year 2018-19 invoices.

Responsible Division: Administrative Services Division (Finance & Budget Bureaus)

Estimated Completion: September 2019 (grant creation), November 2019 (invoices for unclaimed costs)

15. The Everglades Policy and Coordination Division and the Administrative Services Division should implement a process to ensure that the Administrative Services Division is notified in a timely manner of project / project features transferred to the District for OMRR&R.

Management Response: Concur. The Everglades Policy and Coordination Division does have a process to notify the Administrative Services Division when project features are transferred. It consists of contacting Division Directors and associated staff in both Budget and Finance Bureaus as well as O&M Divisions via an email consisting of the transfer paperwork and a message stating the feature has been transferred. The instance of Site 1 Impoundment was an error due to personnel changes and office reorganization. In order to ensure this, staff will meet with project managers and train them on the current procedures and process. This will ensure that Administrative Services Division is promptly notified of project feature transfers to the District for OMRR&R. Additionally, there have been quarterly meetings set-up between USACE Jacksonville District financial staff as well as Everglades Policy and Coordination Division Staff and Administrative Services Division Budget and Finance staff to assure District and USACE records are consistent, which includes projects that have been transferred during the quarter.

Responsible Division: Everglades Policy and Coordination Division

Estimated Completion: June 30, 2019

APPENDIX I

5-Year Summary of OMRR&R Estimates for CERP Projects

Fiscal Years 2019 – 2023

OMRR&R Project Feature	FY2018/19		FY2019/20		FY2020/21		FY2021/22		FY2022/23	
	Operations	Maintenance	Operations	Maintenance	Operations	Maintenance	Operations	Maintenance	Operations	Maintenance
Biscayne Bay Coastal Wetlands (Cutler Wetlands)										
SFWMD	0	0	0	0	0	0	0	0	216,297	157,502
USACE	0	0	0	0	0	0	0	0	216,297	157,502
TOTAL	0	0	0	0	0	0	0	0	432,593	315,003
OMRR&R Project Feature	FY2018/19		FY2019/20		FY2020/21		FY2021/22		FY2022/23	
	Operations	Maintenance	Operations	Maintenance	Operations	Maintenance	Operations	Maintenance	Operations	Maintenance
Biscayne Bay Coastal Wetlands (Deering Estate)										
SFWMD	159,180	146,936	160,734	130,991	160,984	130,991	161,243	136,081	161,507	130,991
USACE	159,180	146,936	160,734	130,991	160,984	130,991	161,243	136,081	161,507	130,991
TOTAL	318,359	293,871	321,467	261,982	321,968	261,982	322,485	272,162	323,014	261,982
OMRR&R Project Feature	FY2018/19		FY2019/20		FY2020/21		FY2021/22		FY2022/23	
	Operations	Maintenance	Operations	Maintenance	Operations	Maintenance	Operations	Maintenance	Operations	Maintenance
Biscayne Bay Coastal Wetlands (L-31E Contract #2)										
SFWMD	12,786	9,899	12,786	9,899	12,786	9,899	12,786	9,899	12,786	9,899
USACE	12,786	9,899	12,786	9,899	12,786	9,899	12,786	9,899	12,786	9,899
TOTAL	25,572	19,797	25,572	19,797	25,572	19,797	25,572	19,797	25,572	19,797
OMRR&R Project Feature	FY2018/19		FY2019/20		FY2020/21		FY2021/22		FY2022/23	
	Operations	Maintenance	Operations	Maintenance	Operations	Maintenance	Operations	Maintenance	Operations	Maintenance
Biscayne Bay Coastal Wetlands (L-31E Contract #3)										
SFWMD	24,471	62,136	24,704	62,136	24,946	62,136	25,195	62,136	25,450	62,136
USACE	24,471	62,136	24,704	62,136	24,946	62,136	25,195	62,136	25,450	62,136
TOTAL	48,942	124,272	49,408	124,272	49,891	124,272	50,390	124,272	50,900	124,272
OMRR&R Project Feature	FY2018/19		FY2019/20		FY2020/21		FY2021/22		FY2022/23	
	Operations	Maintenance	Operations	Maintenance	Operations	Maintenance	Operations	Maintenance	Operations	Maintenance
Biscayne Bay Coastal Wetlands (L-31E Contract #4)										
SFWMD	0	0	0	0	141,381	64,724	339,114	129,097	328,294	129,097
USACE	0	0	0	0	141,381	64,724	339,114	129,097	328,294	129,097
TOTAL	0	0	0	0	282,762	129,448	678,228	258,193	656,588	258,193
OMRR&R Project Feature	FY2018/19		FY2019/20		FY2020/21		FY2021/22		FY2022/23	
	Operations	Maintenance	Operations	Maintenance	Operations	Maintenance	Operations	Maintenance	Operations	Maintenance
Biscayne Bay Coastal Wetlands (L-31E Contract #5)										
SFWMD	0	0	0	0	128,032	24,394	255,614	48,653	255,869	48,653
USACE	0	0	0	0	128,032	24,394	255,614	48,653	255,869	48,653
TOTAL	0	0	0	0	256,064	48,787	511,228	97,305	511,738	97,305
OMRR&R Project Feature	FY2018/19		FY2019/20		FY2020/21		FY2021/22		FY2022/23	
	Operations	Maintenance	Operations	Maintenance	Operations	Maintenance	Operations	Maintenance	Operations	Maintenance
Broward County Water Preserve Areas (C-11 Impoundment)										
SFWMD	0	0	0	0	0	0	0	0	226,063	28,240
USACE	0	0	0	0	0	0	0	0	226,063	28,240
TOTAL	0	0	0	0	0	0	0	0	452,125	56,479

APPENDIX I **5-Year Summary of OMRR&R Estimates for CERP Projects** **Fiscal Years 2019 - 2023**

OMRR&R Project Feature		FY2018/19		FY2019/20		FY2020/21		FY2021/22		FY2022/23	
		Operations	Maintenance	Operations	Maintenance	Operations	Maintenance	Operations	Maintenance	Operations	Maintenance
Broward County Water Preserve Areas (C-11 Mitigation Area)	SFWMD	8,574	0	21,049	0	21,232	0	21,421	0	21,615	0
	USACE	8,574	0	21,049	0	21,232	0	21,421	0	21,615	0
	TOTAL	17,148	0	42,098	0	42,464	0	42,842	0	43,229	0
C-111 Spreader Canal Western	SFWMD	486,940	78,524	827,324	90,188	819,548	138,019	816,544	100,368	820,150	92,188
	USACE	486,940	78,524	827,324	90,188	819,548	138,019	816,544	100,368	820,150	92,188
	TOTAL	973,880	157,048	1,654,648	180,376	1,639,096	276,037	1,633,087	200,736	1,640,300	184,376
Caloosahatchee River (C-43) West Basin Storage Reservoir	SFWMD	0	0	0	0	0	0	0	0	0	0
	USACE	0	0	0	0	0	0	0	0	0	0
	TOTAL	0	0	0	0	0	0	0	0	0	0
IRL-S C-44 Reservoir & STA (Contract #1)	SFWMD	34,160	6,467	34,569	6,467	34,990	6,467	35,423	6,467	35,870	6,467
	USACE	34,160	6,467	34,569	6,467	34,990	6,467	35,423	6,467	35,870	6,467
	TOTAL	68,320	12,934	69,137	12,934	69,980	12,934	70,846	12,934	71,739	12,934
IRL-S C-44 Reservoir & STA (Pump Station)	SFWMD	0	0	0	0	0	0	162,015	33,021	276,780	38,873
	USACE	0	0	0	0	0	0	162,015	33,021	276,780	38,873
	TOTAL	0	0	0	0	0	0	324,029	66,042	553,559	77,745
IRL-S C-44 Reservoir & STA (Contract #2 - Reservoir)	SFWMD	0	0	0	0	0	0	142,023	0	283,718	0
	USACE	0	0	0	0	0	0	142,023	0	283,718	0
	TOTAL	0	0	0	0	0	0	284,046	0	567,436	0
IRL-S C-44 Reservoir & STA (Contract #3 - STA)	SFWMD	365,920	0	488,346	9,277	485,584	0	486,017	0	486,464	0
	USACE	365,920	0	488,346	9,277	485,584	0	486,017	0	486,464	0
	TOTAL	731,839	0	976,691	18,553	971,168	0	972,034	0	972,927	0
Melaleuca Eradication & Other Exotic Plants - Biological Controls	SFWMD	365,920	0	366,081	0	366,247	0	366,418	0	366,594	0
	USACE	365,920	0	366,081	0	366,247	0	366,418	0	366,594	0
	TOTAL	731,839	0	732,161	0	732,493	0	732,836	0	733,188	0

APPENDIX I **5-Year Summary of OMRR&R Estimates for CERP Projects** **Fiscal Years 2019 - 2023**

OMRR&R Project Feature		FY2018/19		FY2019/20		FY2020/21		FY2021/22		FY2022/23	
Pcayune Strand Restoration (Faka Union)	Operations	336,269	70,178	485,651	131,305	666,433	91,805	580,603	96,755	585,709	91,805
	Maintenance										
	SFWM										
	USACE										
	TOTAL	672,537	140,356	971,301	262,610	1,332,865	183,610	1,161,206	193,509	1,171,418	183,610
OMRR&R Project Feature		FY2018/19		FY2019/20		FY2020/21		FY2021/22		FY2022/23	
Pcayune Strand Restoration (Manatee Mitigation)	Operations	9,663	4,000	9,663	4,000	9,663	4,000	9,663	4,000	9,663	4,000
	Maintenance										
	SFWM										
	USACE										
	TOTAL	19,326	8,000	19,326	8,000	19,326	8,000	19,326	8,000	19,326	8,000
OMRR&R Project Feature		FY2018/19		FY2019/20		FY2020/21		FY2021/22		FY2022/23	
Pcayune Strand Restoration (Merritt)	Operations	523,984	62,717	574,009	89,717	587,528	62,717	483,944	67,667	498,553	62,717
	Maintenance										
	SFWM										
	USACE										
	TOTAL	1,047,967	125,434	1,148,017	179,434	1,175,055	125,434	967,887	135,333	997,106	125,434
OMRR&R Project Feature		FY2018/19		FY2019/20		FY2020/21		FY2021/22		FY2022/23	
Pcayune Strand Restoration (Miller)	Operations	115,558	55,491	411,478	141,673	559,118	141,673	482,018	141,673	479,109	141,673
	Maintenance										
	SFWM										
	USACE										
	TOTAL	231,115	110,981	822,955	283,345	1,118,235	283,345	964,035	283,345	958,218	283,345
OMRR&R Project Feature		FY2018/19		FY2019/20		FY2020/21		FY2021/22		FY2022/23	
Pcayune Strand Restoration (Southwest Protection Feature)	Operations	0	0	0	0	8,500	0	8,500	0	8,500	0
	Maintenance										
	SFWM										
	USACE										
	TOTAL	0	0	0	0	17,000	0	17,000	0	17,000	0
OMRR&R Project Feature		FY2018/19		FY2019/20		FY2020/21		FY2021/22		FY2022/23	
Site 1 Impoundment - Phase 1	Operations	77,611	0	46,551	0	54,248	0	54,451	0	37,159	0
	Maintenance										
	SFWM										
	USACE										
	TOTAL	155,222	0	93,101	0	108,496	0	108,901	0	74,318	0
SFWM Total		2,155,114		3,462,941		4,081,218		4,442,989		5,136,147	
USACE Total		2,155,114		3,462,941		4,081,218		4,442,989		5,136,147	
TOTAL CERP OMRR&R Costs		4,310,227		6,925,882		8,162,435		8,885,978		10,272,294	

APPENDIX I
5-Year Summary of OMRR&R Estimates for Non-CERP Projects
Fiscal Years 2019 - 2023

OMRR&R Project Feature		FY2018/19		FY2019/20		FY2020/21		FY2021/22		FY2022/23	
Modified Water Deliveries to ENP (8.5 Square Mile Area)	Operations										
	Maintenance										
	SFWMID	63,509	49,955	63,509	47,410	71,009	70,663	63,509	51,297	63,534	51,297
	USACE	190,527	149,864	190,527	142,229	213,027	211,988	190,527	153,891	190,602	153,891
TOTAL		254,036	199,818	254,036	189,638	284,036	282,650	254,036	205,188	254,136	205,188
OMRR&R Project Feature		FY2018/19		FY2019/20		FY2020/21		FY2021/22		FY2022/23	
Modified Water Deliveries to ENP (S-356)	Operations										
	Maintenance										
	SFWMID	102,438	55,911	127,413	63,883	127,413	55,911	127,413	55,911	127,413	55,911
	USACE	307,313	167,732	382,238	191,648	382,238	167,732	382,238	167,732	382,238	167,732
TOTAL		409,750	223,642	509,650	255,531	509,650	223,642	509,650	223,642	509,650	223,642
OMRR&R Project Feature		FY2018/19		FY2019/20		FY2020/21		FY2021/22		FY2022/23	
C-111 South Dade County - C&SF Flood Mitigation Operations (S-331)	Operations										
	Maintenance										
	SFWMID	78,369	79,401	78,369	75,454	78,389	75,454	78,369	75,454	78,369	75,454
	USACE	117,554	119,101	117,554	113,180	117,583	113,180	117,554	113,180	117,554	113,180
TOTAL		195,923	198,502	195,923	188,634	195,972	188,634	195,923	188,634	195,923	188,634
OMRR&R Project Feature		FY2018/19		FY2019/20		FY2020/21		FY2021/22		FY2022/23	
C-111 South Dade County - Ecosystem Restoration Operations (S-332B, S-332C & S-322D)	Operations										
	Maintenance										
	SFWMID	261,206	211,845	261,206	212,045	262,193	270,260	262,193	200,045	261,226	169,850
	USACE	391,809	317,768	391,809	318,068	393,289	405,389	393,289	300,068	391,838	254,774
TOTAL		653,015	529,613	653,015	530,113	655,482	675,649	655,482	500,113	653,064	424,624
OMRR&R Project Feature		FY2018/19		FY2019/20		FY2020/21		FY2021/22		FY2022/23	
C-111 South Dade County - Replacement Discharges of the S-12 Structures (S-331, S-332B, S-332C & S-322D)	Operations										
	Maintenance										
	SFWMID	0	0	0	0	0	0	0	0	0	0
	USACE	871,666	639,793	871,666	629,661	874,250	629,661	874,199	629,661	871,717	629,661
TOTAL		871,666	639,793	871,666	629,661	874,250	629,661	874,199	629,661	871,717	629,661
OMRR&R Project Feature		FY2018/19		FY2019/20		FY2020/21		FY2021/22		FY2022/23	
C-111 South Dade County (S-332B, S-332C & S-322D) Depreciation Payments	Operations										
	Maintenance										
	SFWMID	0	2,765,610	0	2,765,610	0	1,429,674	0	1,429,674	0	442,160
	USACE	0	4,148,414	0	4,148,414	0	2,144,510	0	2,144,510	0	663,240
TOTAL		0	6,914,024	0	6,914,024	0	3,574,184	0	3,574,184	0	1,105,400
SFWMID Total		505,522	3,162,721	530,497	3,164,401	539,003	1,901,960	531,484	1,812,380	530,541	794,671
USACE Total		1,878,868	5,542,671	1,953,793	5,543,200	1,980,387	3,672,460	1,957,807	3,509,042	1,953,949	1,982,478
TOTAL Non-CERP OMRR&R Costs		2,384,390	8,705,392	2,484,290	8,707,601	2,519,390	5,574,420	2,489,290	5,321,422	2,484,490	2,777,149

Appendix II
USACE Approved Vehicle and Equipment Rates
Fiscal Year 2018

Classification	Cost Per Hour
Airboat and Trailer	\$102
ATV	\$20
Barge	\$74
Boat, Aquamog	\$48
Boat/Motor/Trailer	\$36
Crane < 50 Ton	\$117
Crane \geq 50 Ton	\$213
Dozer	\$42
Dragline	\$229
Excavator	\$58
Gradall	\$63
Grader	\$32
Loader, Skid Steer	\$37
Loader, Wheel	\$37
Loader/Backhoe, Comb	\$9
Rock Sifter	\$13
Sedan	\$10
Semi-Tractor/Trailer	\$195
SUV	\$26
Tow Boat	\$36
Tractor, Mowing	\$19
Truck, Boom Crane	\$197
Truck, Bucket	\$147
Truck, Dump <18 YD	\$155
Truck, Dump \geq 18 YD	\$163
Truck, Flatbed	\$147
Truck, Pickup > 1Ton	\$37
Truck, Pickup \leq 1Ton	\$28
Truck, Trash	\$93
Van	\$43
Vibro Hammer	\$108