

SOUTH FLORIDA WATER MANAGEMENT DISTRICT



Office of Inspector General Annual Report

Fiscal Year 2009

Prepared by
Office of Inspector General

John W. Williams, Esq., Inspector General
J. Timothy Beirnes, CPA, Director of Auditing

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SOUTH FLORIDA WATER MANAGEMENT DISTRICT

November 12, 2009

Governing Board Members:

Mr. Eric Buermann, Esq., Chair
Mr. Jerry Montgomery, Vice-Chair
Mr. Joe Collins
Mr. Michael Collins
Mr. Charles J. Dauray
Ms. Shannon A. Estenoz
Mr. Kevin Powers
Mr. Patrick Rooney, Jr., Esq.

Re: Annual Report for Fiscal Year 2009

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 2009. This report was prepared by Tim Beirnes, Director of Auditing. 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 the District staff.

Sincerely,

A handwritten signature in black ink, appearing to read "John W. Williams", is written over a large, stylized graphic element that resembles a water drop or a splash.

John W. Williams, Esq.
Inspector General
Office of Inspector General

C: Carol Wehle
Tom Olliff
Sheryl Wood

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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, 2009.

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 Office of Inspector General to provide a central point for coordination of activities that promote accountability, integrity, and efficiency in the operations of the District. The Office of Inspector General 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.

STAFF

The Office of Inspector General currently consists of the following staff:

Position	Certifications
Inspector General	Certified Inspector General Member Florida Bar
Director of Auditing	Certified Public Accountant (CPA) Certified Management Accountant (CMA) Certified Information Systems Auditor(CISA) Certified Information Technology Professional CITP)
Lead Consulting Auditor	Certified Public Accountant
Lead Consulting Auditor	Certified Internal Auditor
Chief Investigator	Certified Public Accountant Certified Fraud Examiner
Lead Information Systems Auditor	Certified Information Systems Auditor(CISA)
Executive Assistant	

Affiliations with professional organizations are as follows:

- 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
- Florida Bar

CONTINUING PROFESSIONAL EDUCATION AND TRAINING

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.

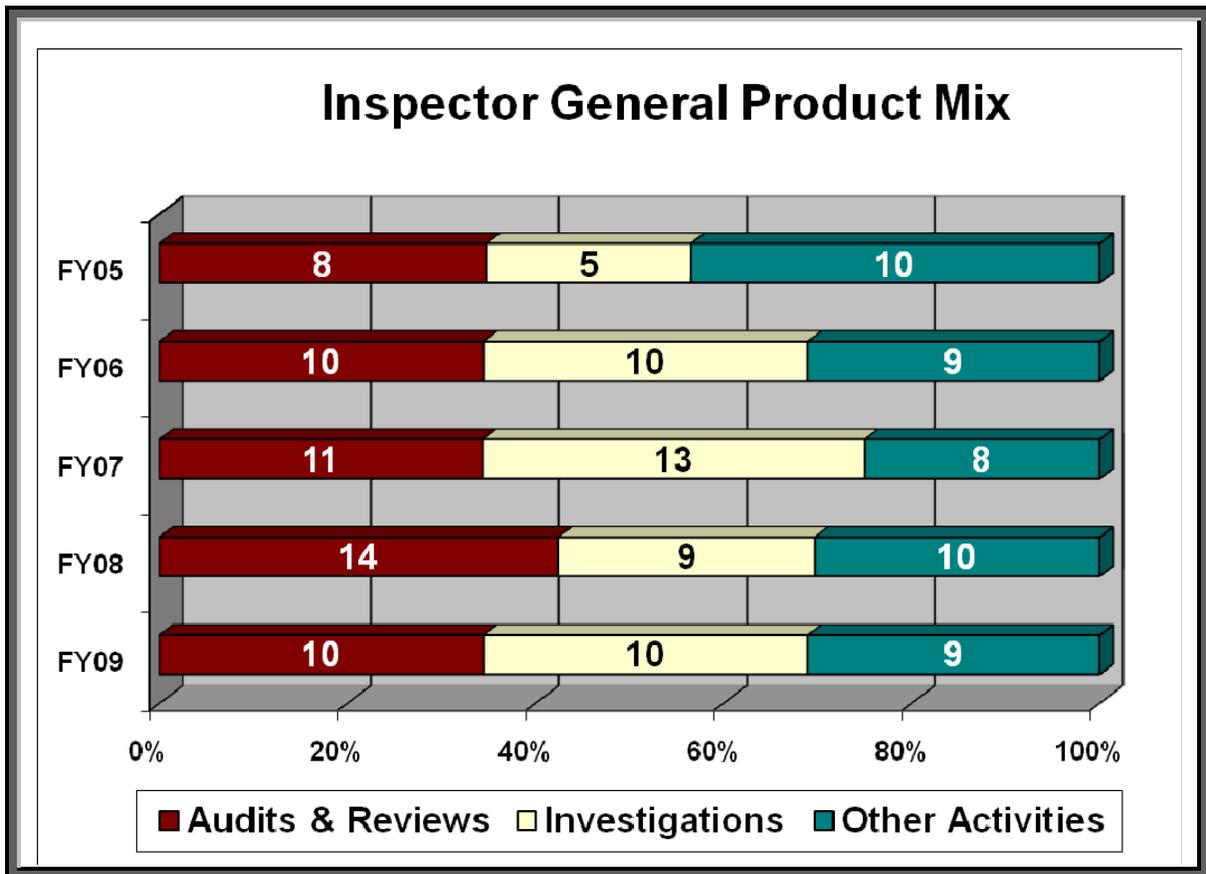
During FY 2009 the staff received training in such topics as:

- Government Accounting Standards
- Government Auditing
- Information Systems
- Auditing SAP systems
- Information Security
- Performance Measures
- Auditing Human Resources and Payroll Functions
- Fraud Detection and Investigation

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 Strategic and Annual 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.

Overall, the number of work products prepared in FY 2009 was comparable to previous fiscal years as illustrated in the following graph:



All audits, unless otherwise noted in the report, are conducted in accordance with generally accepted government auditing standards promulgated by the Comptroller General of the United States, which is commonly referred to as the “Yellow Book”. Reviews and investigations, unless otherwise noted in the report, are conducted in accordance with Principles and Standards for Offices of Inspector General promulgated by the Association of Inspectors General, which is commonly referred to as the “Green Book”.

AUDITS & REVIEWS

In FY 2009, the Inspector General's Office focused on performance auditing and completed 10 audits and reviews of programs and processes. Performance audits include comments on economy & efficiency, program compliance, and results. A summary of each report follows:

Audit of Land Stewardship Program

Project No. 07-06

The objective of this audit was to examine the Land Stewardship program and the processes used to manage District owned lands. We also examined how Land Managers, Project Managers, and other government agencies work together to coordinate land management activities.

We determined that unclear lines of project responsibility and some lack of communication between the project manager and the land manager contributed to some internal control breakdowns. To address these issues, Land Resources developed a more formalized land stewardship process, which included strengthening supervisory controls. In addition, the Environmental Resource Regulation Department has completed organizational changes to improve internal controls over the permitting process in Service Centers.

We also noted a control weakness in procedures to collect voluntary donations at the Dupuis Reserve. District management has implemented changes to strengthen control over the collection process.

Management concurred with all four recommendations presented in the audit report.

Review of Internal Controls Over Fuel Inventory

Project No. 08-09

This project was conducted at the request of Operations & Maintenance management and focused on reviewing and evaluating the adequacy of the system of internal controls over the purchasing, receiving and dispensing of fuel used for District

Pump and Field Station operations. Overall, we found that the District's internal controls over fuel inventory, combined with fuel supplier processes and procedures, provided reasonable assurance that fuel deliveries are in accordance with quantities ordered, usage is accurately recorded, and fuel inventories are adequately safeguarded against misappropriation. However, we made a few recommendations to strengthen internal controls. Management concurred with all five recommendations presented in the audit report.

Audit of Wireless Communication Devices ***Project No. 08-18***

This audit was conducted at the request of Executive Management to determine whether there were adequate controls over the administration of wireless communication devices.

The various audit issues were conveyed to, and addressed by, the Department of Information Technology's staff and management during the audit. It should be noted that most of the issues had already been resolved by the time of the final report issuance, which resulted in the District receiving \$32,603 in credits and reimbursements from various providers. Additionally, the Department of Information Technology, along with the Procurement Department's assistance, worked with the District's service providers to obtain the optimum pricing plan based on the District's usage patterns. This will result in annual savings of \$225,000 to \$250,000. Management concurred with all seven recommendations presented in the audit report.

Audit of Procurement Card Program ***Project No. 08-23***

This audit was conducted at the request of Executive Management and focused on determining whether the internal controls over the administration of the Procurement Card Program were sufficient and reasonable to ensure compliance with the District's policies and procedures. Overall, our audit revealed that the internal controls for the administration of the Procurement Card Program are sufficient and have been working well. Management concurred with all six recommendations presented in the audit report.

**Review of Executive Director's Travel Expenses
From April 1, 2008 to September 30, 2008
*Project No. 09-01***

The objective of this review was to determine whether travel reimbursements to the Executive Director were made in accordance with District travel policies and procedures and whether reimbursements were adequately substantiated, for the period April 1, 2008 to September 30, 2008. Overall, our review disclosed that travel reimbursements to the Executive Director were made in accordance the District's travel polices and procedures.

**Review of Executive Director's Travel Expenses
From October 1, 2008 to December 31, 2008
*Project No. 09-10***

The objective of this review was to determine whether travel reimbursements to the Executive Director were made in accordance with District travel policies and procedures and whether reimbursements were adequately substantiated, for the period October 1, 2008 to December 31, 2008. Overall, our review disclosed that travel reimbursements to the Executive Director were made in accordance the District's travel polices and procedures.

**Review of General Engineering and
Professional Services Contracts
*Project No. 09-15***

The objectives of this audit focused on determining whether General Engineering and Professional Services contract work orders are awarded in an equitable manner to prime contractors; whether prime contractors are utilizing Small Business Enterprise (SBE) subcontractors; whether adequate documentation is maintained to substantiate the level of effort/hours negotiated for executed work orders; and whether project managers are evaluating contractors' performances as required.

Overall, our review revealed that there are adequate controls in place to ensure that work orders are distributed equitably among prime contractors considering that many

factors may affect the amount of work assigned to a contractor. Our review of 14 work orders to determine whether costs were adequately substantiated revealed discrepancies in 5 of the 14 work orders. In four of the five cases the errors were minor; however, in one case due to a calculation error the contractor would have been overpaid \$89,500 by the District. This issue has been successfully resolved.

We found that in most instances non-SBE prime contractors are utilizing SBE subcontractors; however, there are instances where certain contractors are falling behind their utilization goals. Further, in instances where SBE subcontractors were not utilized and the reasons were documented, the reasons for non-utilization appeared to be reasonable. We also found that GEPS contractors are not being evaluated as required. Management concurred with all three recommendations presented in the audit report.

Follow-Up Audit

Follow-Up Audit for 10/1/08 – 3/3/09 Project No. 09-11

This report on the implementation status of audit recommendations was for the period October 1, 2008 through March 3, 2009 (the “Reporting Period”). The report revealed that management was doing a good job of implementing audit recommendations.

As of October 1, 2008, there were eight (8) recommendations that were not yet fully implemented, consisting of five (5) that were In-Process and three (3) that were Partially Implemented. During the Reporting Period, four (4) of these recommendations were fully implemented. As of March 3, 2009, four (4) remained in various stages of implementation, consisting of three (3) that were In-Process and one (1) that was Partially Implemented.

During the Reporting Period, 12 recommendations were added from three (3) newly issued reports. As of March 3, 2009, four (4) of these recommendations were fully implemented. Thus, eight (8) recommendations from newly issued reports remained in various stages of implementation (including three (3) that were partially implemented). In total from all reports, there were 12 recommendations that were In-Process of being

implemented or had been Partially Implemented as of March 3, 2009. The full report is included at Appendix 1.

Follow-Up Audit for 3/3/09 – 6/2/09
Project No. 09-18

This report on the implementation status of audit recommendations was for the period March 3, 2009 through June 2, 2009 (the “Reporting Period”). The report revealed that management was doing a good job of implementing audit recommendations.

As of March 3, 2009 there were twelve (12) recommendations that were not yet fully implemented, consisting of eight (8) that were In-Process and four (4) that were Partially Implemented. Since then, eight (8) of these recommendations had been fully implemented. As of June 2, 2009, four (4) remained in various stages of implementation, consisting of three (3) that were In-Process and one (1) that was Partially Implemented. During the Reporting Period, no recommendations were added to the recommendations tracking database. The full report is included at Appendix 2.

Follow-Up Audit for 6/3/09 – 8/28/09
Project No 09-25

This report on the implementation status of audit recommendations was for the period June 3, 2009 through August 28, 2009 (the “Reporting Period”). The report revealed that management was doing a good job of implementing audit recommendations.

As of June 3, 2009 there were five (5) recommendations that were not yet fully implemented, consisting of four (4) that were In-Process and one (1) that was Partially Implemented. During the Reporting Period one (1) of these recommendations was fully implemented. As of August 28, 2009, four (4) remained in various stages of implementation, consisting of three (3) that were In-Process and one (1) that was Partially Implemented.

During the Reporting Period, 13 recommendations were added from two (2) newly issued reports. As of June 3, 2009, 11 of these recommendations had been fully implemented. Thus, two (2) recommendations from newly issued reports remained in various stages of implementation (including one (1) that was In-Process and one (1) that had been partially implemented). In total from all reports, there were six (6) recommendations that were In-Process of being implemented or had been Partially Implemented as of August 28, 2009. The full report is included at Appendix 3.

INVESTIGATIONS

Investigations 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 also refers certain cases to our Office. We completed 10 investigations during FY 2009. A short summary of each investigation is as follows:

Investigation of a Complaint Alleging Purchase Improprieties and Retaliatory Action Against a Former Employee

Project No. 08-22

Our Office received a complaint from a former employee alleging that the District improperly restricted competition and bypassed standard procurement procedures to purchase three drought related pumps for the S-72 emergency weir construction project. The former employee also alleged that the District took retaliatory personal action against him. We investigated the complaint to determine whether there was any validity to the allegation. We concluded that there was no merit to the complaint.

Review of MWI Award to Provide Pump Equipment System for Compartment B Buildout Project RFP# 6000000189

Project No. 09-03

The complainant asserted that District staff allowed the prevailing vendor to employ different specifications from those contained in the proposal. We investigated the complaint to determine whether there was any validity to the allegations. We concluded that the complaint did not have any merit.

Investigation of Alleged Staff Misconduct at the CREW Environmental Center

Project No. 09-05

We received a complaint alleging that a District Land Management Technician was involved in theft of District resources and other unethical activities. The complainant alleged that a Land Management Technician took a small amount of fuel for

personal use. Further, the complainant contended that the District's Land Management Technician attempted to profit from harvesting palmetto berries on District land. We found no evidence to support the allegations.

**Investigation of Alleged Procurement
Irregularities at the Clewiston Field Station**
Project No. 09-06

We investigated a complaint received from an outside contractor alleging procurement irregularities at the Clewiston Field Station (the "Field Station"). The complainant alleged that a District employee promoted and directed work to a certain contractor. In addition, he contended that the Field Station process for obtaining competitive quotes and selecting contractors appeared unfair and may be susceptible to outside influences.

We concluded that the complaint was not sustained. However, we found that the District employee's arrangement to board his horse on property belonging to a relative of an employee of a District vendor created an appearance of impropriety. Although we did not determine this to be a direct violation of District ethic policies, in order to maintain outside vendor confidence in the Field Station procurement process, we recommend that the District employee find another arrangement.

Investigation of Alleged Land Acquisition Fraud
Project No. 09-12

We investigated a complaint alleging that the District and a Florida Legislator engaged in fraud to acquire the complainants' 2.2 acre land parcel in Martin County, Florida. Funding for the acquisition was provided through a \$200,000 legislative appropriation. The land acquisition closing occurred on October 27, 1998, over ten years ago.

The complainants contended that they should have received the full \$200,000 State appropriation rather than the \$125,000 that they were paid for their land. The complainants' reported the alleged fraud to the Florida Department of Law Enforcement

(FDLE) and the Department of Environmental Protection (DEP) shortly after the acquisition and these departments conducted thorough investigations.

We concluded that the complainants' allegation of fraud was unfounded. The complainants were willing sellers and voluntarily sold their property to the District for \$125,000, which was the fair market value of the property as determined by a qualified outside appraiser. In addition, FDLE and DEP Ombudsman investigations found that the acquisition was handled properly and in accordance with Florida statutes and other administrative rules.

**Investigation of Regulatory Staff Misconduct
Regarding Water Restriction Enforcement
*Project No. 09-13***

We received a complaint alleging that District regulatory staff assigned to the Lower West Coast Regional Service Center failed to enforce compliance with water restrictions applicable to the Caloosahatchee River Watershed. The Caloosahatchee River Watershed was experiencing severe water shortage conditions which resulted in a Governing Board Declaration of Emergency Modified Phase II Water Restrictions that were effective on April 13, 2007. We found no evidence to substantiate and corroborate the complainant's allegations. We conclude that the complainant's allegation was not sustained.

**Allegations of Waste, Mismanagement, and Other Abuses
Regarding Pre-Qualified Vendor Procurement Process
*Project No. 09-14***

We received a complaint from a company alleging that the District's pre-qualified vendor process resulted in waste, mismanagement and other abuses. The complainant's allegations stemmed from being denied the opportunity to bid on the Lake Trafford dredging project, because the company had not participate in the pre-qualified vendor solicitation. The complainant contended that denying them the opportunity to bid because they were not one of the pre-qualified vendors resulted in limiting competition and thus would result in higher prices. We found that the allegations were unfounded and

that the District received a good bid response from the pre-qualified vendors, and resulted in the District receiving a good competitive price for the work. The lowest bid was also well below the engineering cost estimate.

Investigation Regarding SBE Contractor Non-Payment
Project No. 09-17

A Small Business Enterprise (SBE) vendor complained that they were not paid for the all the work. The prime contractor asserted that they had terminated the SBE contractor and withheld payment due to unsatisfactory work. The District terminated the prime contractor's contract due to failure to notify the District of such termination of the SBE vendor. Such notification was required by the contract and thus was considered a breach of contract. We concluded that Procurement's actions were appropriate.

Investigation of Alleged Fraudulent Reporting of SBE Utilization
Project No. 09-24

A Small Business Enterprise (SBE) vendor contended that the amount reported to the District by the prime contractor for SBE participation included a \$50,000 payment for work they performed for the prime contractor on a non-District project.

We could not conclusively determine whether the prime contractor's check for \$50,000 payable to the SBE subcontractor represented an advance payment for another project or a performance bonus paid related to the District's project, as the prime contractor contended. As a result, we could not sustain the complainant's allegation, nor could we definitely conclude that the allegations were unfounded.

Investigation of Complaint Regarding
Inequitable Distribution of Overtime
Project No. 09-29

We received a complaint that a certain administrative assistant was consistently allowed 1½ hours per day of overtime while others were excluded. We examined payroll

records and concluded that there was one administrative assistant that consistently worked overtime on average of about 1 hour per day. We concluded that this was a management issue and relayed the information to human resources and management to determine whether the overtime was justified. No formal report was issued.

OTHER PROJECTS

Assistance to Management

The Office of Inspector General periodically receives requests from District departments to consult with, and provide advice, on various projects. Such projects may entail examination, investigation or analysis of specific matters. This support may involve financial analysis, performance reviews, information systems reviews, review of rule or policy changes, contract pricing verification, or serving in an advisory capacity to assist in the decision making process regarding specific projects. In FY 2009 the Office of Inspector General provided assistance with the termination of the Barnard Parsons Joint Venture contract to construct the EAA Reservoir. The dispute was settled in mediation on August 25, 2009.

Administrative Projects

During FY 2009 our Office completed the following eight administrative projects:

- Developed FY 2010 Audit Plan.
- Completed the Office of Inspector General Annual Report for FY 2008.
- Maintained and updated the Office of Inspector General Web Site.
- Participated on an Association of Local Government Auditors team to perform a peer review for Miami-Dade County, Florida.
- Assisted District staff with providing information to the Florida Office of Program Policy Analysis and Government Accountability (OPPAGA) pursuant to their program evaluation and justification review.
- Delivered a presentation at the 2009 annual conference of the Association of Local Government Auditors.
- Managed the contract with Sharpton Brunson and Company for External Independent Auditing Services. The District received an unqualified opinion on its financial statements for the year ended September 30, 2008.
- An RFP was issued to solicit proposals from qualified Certified Public Accounting firms to provide independent financial audits for the three fiscal years

ending September 30, 2009 through September 30, 2011, with the option to extend for an additional two years. On June 11, 2009, the Governing Board approved the ranking of two short-listed firms and authorized entering negotiations. We were unsuccessful in negotiating a contract with Ernest & Young, the number one ranked firm. We successfully negotiated a contract with McGladrey & Pullen, the number two ranked firm. An initial audit entrance conference was held on August 27, 2009 and the firm commenced interim fieldwork on August 31, 2009.

SPECIAL RECOGNITIONS

Association of Local Government Auditors Knighton Award

The Association of Local Government Auditors (ALGA) Awards Committee selected our *Audit of the Everglades Agricultural Area A-1 Reservoir Construction Management at Risk Contract* as the winner for the 2008 Knighton Gold Award in the Small audit organization category. The award recognizes audits that demonstrated that it is among the best of local government audit organizations. A presentation of the audit report delivered at the 2009 annual conference for the Association of Local Government Auditors.

Certifications

- John Williams attended The Association of Inspectors General, Certified Inspector General Institute, at American University in Washington D.C. and earned the designation of Certified Inspector General.
- Kit Robbins, Lead Information Systems Auditor, earned the Certified Information Systems Auditor designation.

APPENDIX 1

SOUTH FLORIDA WATER MANAGEMENT DISTRICT



Audit Recommendations Follow-Up Report

**For the Period October 1, 2008
Through March 3, 2009**

Project #09-11

**Prepared by
Office of Inspector General**

**John W. Williams, Esq., Inspector General
J. Timothy Beirnes, CPA, Director of Auditing**

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EXECUTIVE SUMMARY

Audit recommendations target the economy and efficiency of District operations and compliance with our policies and statutory responsibilities. Our recommendations also focus on providing District management with suggestions that facilitate their achievement of program goals and objectives. To be effective, audit recommendations must be implemented. Additionally, *Government Auditing Standards* require following up on audit recommendations in previously issued audit reports. Accordingly, the Inspector General's Office periodically surveys departments to determine the implementation status of recommendations and to encourage their completion. This information is maintained in the Inspector General's audit recommendation tracking database. The system allows each audit staff member to update the recommendation's "status" after reviewing information provided by the departments and offices.

This report on the implementation status of audit recommendations is for the period October 1, 2008 through March 3, 2009 (the "Reporting Period"). As shown in Exhibit 1, as of October 1, 2008 there were eight (8) recommendations that were not yet fully implemented, consisting of five (5) that were In-Process and three (3) that were Partially Implemented. Since then, four (4) of these recommendations have been fully implemented. As of March 3, 2009, four (4) remain in various stages of implementation, consisting of three (3) that are In-Process and one (1) that is Partially Implemented.

During the Reporting Period, 12 recommendations were added from three (3) newly issued reports. As of March 3, 2009, four (4) have been fully implemented. Thus, eight (8) recommendations from newly issued reports remain in various stages of implementation (including three (3) that have been partially implemented). In total from all reports, there are currently 12 recommendations that are In-Process of being implemented or have been Partially Implemented as of March 3, 2009.

There were no recommendations changed to the “No Longer Applicable” status during the current Reporting Period. The “No Longer Applicable” category includes items where conditions have changed subsequent to issuance of the audit report that rendered the recommendation no longer relevant, such as:

- Alternative compensating controls have been put in place.
- A decision was made to implement a new system that will address the issue making it impractical to retrofit the existing system.
- The policy, statute, or rule has changed.
- Change in strategic direction.

No recommendations fell into the “Not Implemented” category for the current and the previous report.

Following is a brief description of the attached exhibits:

- **Exhibit 1:** This Exhibit displays a summary of recommendation statuses for all audit reports with recommendations in process of implementation. Exhibit 1 also shows the changes in the status of recommendations from the beginning of the period to the end of the period.
- **Exhibit 2:** This Exhibit shows a summary of the changes in the status of recommendations by each audit report. Exhibit 2 shows only those audit reports that contained one or more recommendations that had not been fully implemented at the beginning of the reporting period.
- **Exhibit 3:** This exhibit displays detail information regarding the status of each audit recommendation. This includes the status of the recommendation for the prior reporting period and the status at the end of the current period. The comment columns provide narrative information regarding implementation progress. Exhibit 3 also includes details regarding recommendations in audit reports issued during the current reporting period (i.e., since September 30, 2008).
- **Exhibit 4:** This exhibit is a report printed directly from our Access database that contains additional information (such as estimated completion dates) for the 12 recommendations that are still in process of being fully implemented as of March 3, 2009.

EXHIBIT 1
Summary of Recommendations Status

	In Process	Partially Implemented	Total
<u>Prior Period Reports</u>			
Status Beginning of Period	5	3	8
Implemented or Partially Implemented During Period	<u>(2)</u>	<u>(2)</u>	<u>(4)</u>
Remaining Recommendations to be Fully Implemented	<u>3</u>	<u>1</u>	<u>4</u>
<u>Reports Issued During Current Period</u>			
New Recommendations*	12	-	12
Implemented or Partially Implemented	<u>(7)</u>	<u>3</u>	<u>(4)</u>
Remaining Recommendations to be Fully Implemented	<u>5</u>	<u>3</u>	<u>8</u>
<u>Current Status</u>			
Remaining Recommendations to be Fully Implemented	<u>8</u>	<u>4</u>	<u>12</u>

* Initial Status is set as "In-Process"

EXHIBIT 2
Audit Reports With Implementation of Recommendations in Progress
As of March 3, 2009

Audit No.	Audit Title	No. of Recs		In Process	Partially Implemented	No Longer Applicable	Implemented	
Recommendations - Prior Period Reports								
01-11	Hydrologic Modeling Program	7	Status Prior Period	0	1	0	6	Complete
			Change in Status	0	-1	0	1	
			Status Current Period	0	0	0	7	
05-15	Review of the Procurement Process	8	Status Prior Period	0	1	0	7	Complete
			Change in Status	0	-1	0	1	
			Status Current Period	0	0	0	8	
06-18	Audit of State and Federal Cost Share Agreements (Non-KRR & CERP)	3	Status Prior Period	1	0	0	2	Complete
			Change in Status	-1	0	0	1	
			Status Current Period	0	0	0	3	
06-19	Audit of the KRR Restoration Project In-Kind Credit Request Process	10	Status Prior Period	4	1	0	5	Open
			Change in Status	-1	0	0	1	
			Status Current Period	3	1	0	6	
Recommendation - Report Issued During Current Period								
07-36	Audit of the Information Technology Department	2	Status Prior Period	2	0	0	0	Open
			Change in Status	0	0	0	0	
			Status Current Period	2	0	0	0	
08-04	Audit of CERP Land Acquisition costs Incurred by Other Organizations	7	Status Prior Period	7	0	0	0	Open
			Change in Status	-5	3	0	2	
			Status Current Period	2	3	0	2	
08-12	Review of the GEPS Services Contracts	3	Status Prior Period	3	0	0	0	Open
			Change in Status	-2	0	0	2	
			Status Current Period	1	0	0	2	
TOTAL								
		40	Status Prior Period	17	3	0	20	
			Change in Status	-9	1	0	8	
			Status Current Period	8	4	0	28	
Number of Recommendations Remaining to Be Fully Implemented		12		8	4			

Prior Period = As of September 30, 2008

EXHIBIT 3

Detail of In-Process and Partially Implemented Audit Recommendations

Audit No.	Rec No.	Audit Title	Status Prior Report	Status Current Report	Recommendation	Management Response	Prior Period Comments Regarding Status	Current Period Comments Regarding Status
01-11	5	Hydrologic Modeling Program	Partially Implemented	Implemented	Ensure that a disaster recovery backup copy of the server data is created and stored at an off-site location.	IT will review the backups and the procedures used for this server to make sure they adhere to the recommendations.	IT is implementing a full disaster recovery plan for the entire District. The HESM systems is a portion of the comprehensive disaster recovery plan. However, the phase of the project they currently in does not include HESM's systems and data. They have assessed HESM's immediate needs for phase 2, which include all of the modeling equipment necessary to support District Emergency operations. Terremark, Inc., also known as the NAP (network access point/provider), has been engaged and already possesses District infrastructure on their premises.	HESM has worked with the Information Technology Department to identify critical modeling data to be stored offsite. The volume of information is estimated at one (1) Terabyte of data. This data is backed up to tape and stored off-site with U and Me Records Management and Destruction on a weekly basis. The Network Access Point of the Americas is for critical systems that must be functioning immediately after a disaster whereas U and Me Records Management and Destruction is the preferred method of storing data off-site.
05-15	8	Review of the Procurement Process	Partially Implemented	Implemented	Develop a plan to monitor P-Card activity and consider increasing the maximum threshold for both P-Cards and PD's to \$2,500.	Agree with this recommendation.	The Bank of America "Works" software was partially implemented on 8/7/07. The procurement card administration portion has been implemented and all cardholder data is in the "Works" software. The complete implementation requires special programming for SAP to communicate with the "Works" software. The program has been written: however, software testing has been interrupted due to data format issues which are currently being resolved. After the program testing is completed Procurement will complete training for users, and then roll out the new software to all cardholders, finance, and managers. The "Works" software will allow the District to monitor transactions on a daily basis and improve our auditing capabilities. Once the benefits of the new software are proven, we will ask for an increase to the \$2,500 single purchase limit. The new target date for increasing the threshold is 12/31/08.	The Bank of America "Works" Program has been fully implemented. 80% of the District staff who allocate the P-Card purchases to the correct accounts or internal orders have been trained on the use of the program. At this time, Procurement is not recommending an increase in the threshold amount. As a cost savings initiative, Procurement and Finance will investigate the possibility of paying vendors via credit card in lieu of a check. Purchases will be tracked in SAP using the materials management functionality just as is done today. The only difference is the method of payment.

Audit No.	Rec No.	Audit Title	Status Prior Report	Status Current Report	Recommendation	Management Response	Prior Period Comments Regarding Status	Current Period Comments Regarding Status
06-18	2	Audit of State and Federal Cost Share Agreements (Non-KRR & CERP)	In Process	Implemented	Eliminate any liability that may exist when the critical projects are complete through amendment or other offset.	Staff will review the remaining work to be completed for the critical Restoration Projects and work with the USACE to determine how to complete the projects such that the cost share is as close to 50/50 as possible.	Item 2 legislative changes have not occurred. When or if, they will take place is uncertain. The District and Corps did review the Critical Restoration Project cost balancing last spring. The costs for the projects appear to be in balance enough that the Corps is currently not asking for additional cash payments. There have been delays in the completion of the Lake Okeechobee Water Retention Critical Restoration Project and the Ten Mile Creek Reservoir Critical Restoration Project. These delays have made the final costs of these two projects more uncertain, thus, the cost share balance is more uncertain. The Lake Okeechobee project was delayed due to the drought. Construction is complete and the project is in the final operational testing phase. Due to the drought, there was not enough water available to test the facility. With this year's summer rains, there is now enough water for the operational testing. This project should be finished by the end of FY09 and cost balancing can be done at that time. There are uncertainties about what is needed to finish the T	The SFWMD has drafted new federal legislative language that has been submitted to the Florida Delegation. This new language may be included in a Water Resource Development Act or an Appropriations Bill, this year or in 2010, to provide authorization for the Army Corps to carry over credit from one Critical Project to another. This would allow the Corps' to cost share across Critical Projects in the future. If this legislation amendment occurs, then liability will be eliminated as described in Recommendation #2.
06-19	2	Audit of the KRR Restoration Project In-Kind Credit Request Process	In Process	In Process	Submit future restoration In-Kind Credit Requests at least annually to the USACE for restoration expenses and land acquisition expenses not charged to specific tracts.	As noted in the audit, the District has elected to complete some Critical Restoration Projects (Lake Trafford, Southern CREW and Tamiami Culverts) on its own. This has created an imbalance in the 50/50 cost share. The District did this because the USACE was approaching its legislative spending cap for the Critical Projects. This would have prevented them from further financial participation.	Claims of all land acquisition expenses have been submitted to the USACE up through 8/18/08. All expenses have been assigned to a tract number. The Kissimmee Division is still working with the USACE to finalize the backlog of restoration expenses for 1992-2004.	The Kissimmee Division is working with USACE to finalize the backlog of in-kind credit requests for 1992-2004. USACE staff are currently reviewing these requests and have informed the District of an estimated completion date of 3/10/09. The remaining backlog of requests (2005-2008) will be submitted shortly. Future requests will be submitted at least annually.

Audit No.	Rec No.	Audit Title	Status Prior Report	Status Current Report	Recommendation	Management Response	Prior Period Comments Regarding Status	Current Period Comments Regarding Status
06-19	3	Audit of the KRR Restoration Project In-Kind Credit Request Process	In Process	In Process	Remind the USACE that the District is awaiting a response to the request for approval to use the same fringe benefit and indirect cost rates as those approved for CERP.	Water Resource Development Act (WRDA) 2007 became law on November 8, 2007 and will help reduce this cost-share imbalance. WRDA 2007 increased the USACE authorized spending cap for Critical Restoration Projects from \$75 million to \$95 million. The USACE will allocate a portion of this increased funding to the District sponsored projects.	Staff continues to remind the USACE that we are waiting on a response for this issue. We will continue to work with the USACE until we receive a response.	An e-mail was sent to USACE representatives on February 20, 2009 inquiring whether they have accepted the District's Indirect Cost Rate plan for the Kissimmee River Restoration Project. As of 3/5/09, the USACE has not responded.
06-19	5	Audit of the KRR Restoration Project In-Kind Credit Request Process	In Process	In Process	Determine the amount of unclaimed expenses incurred for environmental assessments and submit a claim for these expenses as construction costs.	Each Critical Restoration Project is covered by a separate Project Cooperative Agreement, which outlines cost-sharing responsibilities for the project. Currently, there is no provision to balance the 50/50 cost-share across all of the projects. This sets up a situation where the USACE is required to request cash contributions for some projects and provide reimbursement for others. In the upcoming Water Resource Development Acts or	Land Acquisition staff is still in the process of determining all the expenses associated with the environmental assessments and reporting them as construction expenses, instead of land acquisition expenses. Since completion of the audit, the environmental assessment expenses have not been submitted as land acquisition expenses.	Previously, it was reported that this recommendation had been complied with through Kissimmee Division's submittal of the pre-acquisition environmental land assessment costs as part of the construction cost submittal. Kissimmee Division and the Land Acquisition Department are verifying the records were submitted. This requires examining prior documents and consulting with the USACE. Staff anticipates this will take 3 months for verification.
06-19	9	Audit of the KRR Restoration Project In-Kind Credit Request Process	In Process	Implemented	Ensure that Land Acquisition expedites its reconciliation to determine the claim status of completed acquisitions.	Agree. Land Acquisition and Management will submit annual credit reconciliation status report within five months of the preceding fiscal year. (October 2006 – September 2007 would be submitted by February 28, 2008.)	Land Acquisition staff have completed reconciling the costs up through 8/18/08. Staff is working with the USACE to review this information.	For the past two years, the Land Acquisition Department has gone through a process with the USACE to arrive at a base report regarding the status of Kissimmee acquisitions and crediting. There is now agreement and that this base report is captured in IRIS. At the beginning of each calendar year, the updated report is sent to the USACE for their review. The first annual report for review was sent out this week.
06-19	10	Audit of the KRR Restoration Project In-Kind Credit Request Process	Partially Implemented	Partially Implemented	Reconcile total expenditures charged to the KRR program per the District's financial system ("F" program code) to total expenditures claimed for in-kind credit (or will be claimed in the future under the established process.)	Agree. Watershed Management now uses P3E project management software for the Kissimmee River Restoration Project and updates are made monthly to reflect budget expenditures.	Reconciliation of the expenses in the Land Acquisition and Land Management Department and Kissimmee Division has been completed, so the expenditures are charged to the Kissimmee River Restoration Program. Under the realignment, Everglades Restoration will coordinate with the Operations and Maintenance Resource Area to determine if there are any outstanding expenditures that will need to be reconciled.	Total expenditures charged to the KRR program have been reconciled with total expenditures claimed for in-kind credit. All future expenditures and in-kind credit claims will be reconciled under the established process. We are in the process of verifying that Everglades Restoration and Operations and Maintenance Resource areas are coordinating to determine if there are any outstanding expenditures that will need to be reconciled.

Audit No.	Rec No.	Audit Title	Status Prior Report	Status Current Report	Recommendation	Management Response	Prior Period Comments Regarding Status	Current Period Comments Regarding Status
Audit Reports Issued During Period								
07-36	1	Audit of the Information Technology Department	N/A - New Recommendation	In Process	Consider hiring full time employees for IT positions considered permanent and ongoing.	We agree that the addition of the 39 FTEs to cover core functions that are currently performed by contractors would result in a savings of approximately \$2.6 million dollars per year on an ongoing basis. We would prefer to have FTEs performing these core functions because we believe our staffing model would be more stable. We also recognize that there may be limitations to the number of FTEs that can be added at this time.	N/A - New Recommendation	Coordination with the Governors Office was delayed due to uncertainty regarding impacts to revenues in the FY09 and FY10 budgets and the need for staff to focus on other budget priorities. During the last 6 months it did not seem feasible that permission to hire 39 FTEs would be forthcoming. The same deadline of October 2009 would be proposed for coordination of this issue with the governor's office.
07-36	2	Audit of the Information Technology Department	N/A - New Recommendation	In Process	Consider hiring full time employees for IT positions considered permanent and ongoing.	We agree that a strategy and a plan of action and milestones should be completed to optimize the use of contract workers. We already have several processes in place that control this function.	N/A - New Recommendation	The production of this plan was delayed due to uncertainties on whether it would be feasible to proceed with the IT contractor/FTE conversion. The revised date for completion of the draft plan is May 31, 2009.
08-04	1	Audit of CERP Land Acquisition Costs Incurred by Other Organizations	N/A - New Recommendation	Partially Implemented	Reduce the cost of the tracts identified in this audit report as being overstated in the District's accounting records.	Management concurs with the recommendation and will research the tracts identified in the audit and adjust the carrying values accordingly.	N/A - New Recommendation	Four tracts have been researched and adjustments have been booked to the general ledger. Seven tracts are still being researched.
08-04	2	Audit of CERP Land Acquisition Costs Incurred by Other Organizations	N/A - New Audit Report	Partially Implemented	Develop and document procedures to ensure that the Accounting Division is made keenly aware of tracts acquired with contributions from external partners and the details regarding the contributions (e.g., whether contributions were made for title interest, whether contributions were not proportionate to the percentage of title interest given up for the contribution).	Management concurs with the recommendation. The Land Acquisition Department together with the Accounting Division will work together to develop procedures that will ensure that land is recorded properly.	N/A - New Recommendation	New procedures to identify land acquisitions involving external partners are being drafted by the Real Estate Financial Overview Process (REFOP) Team. The REFOP Team meets monthly and consists of key staff from Land Acquisition, Accounting and Financial Services, and Budget. Process improvements and land transactions are discussed and communication between the functional areas has been greatly improved. Land Acquisition has also given Finance access to the Integrated Real Estate Information System (IRIS) and provides a monthly closing report and Governing Board Chart to Finance via e-mail. Finally, the Accounting and Financial Services Division has reconciled all land acquisitions occurring in FY08 as reflected in IRIS to the District's financial records. This reconciliation process has been expanded to FY07 and FY09 acquisitions, as well.

Audit No.	Rec No.	Audit Title	Status Prior Report	Status Current Report	Recommendation	Management Response	Prior Period Comments Regarding Status	Current Period Comments Regarding Status
08-04	3	Audit of CERP Land Acquisition Costs Incurred by Other Organizations	N/A - New Audit Report	In Process	Remove all State-owned tracts from the District's asset records.	Management concurs with the recommendation and will write-off the purchase price of land that is not owned by the District	N/A - New Recommendation	The five tracts identified in the audit as State-owned and reflected in the District's books are still being researched.
08-04	4	Audit of CERP Land Acquisition Costs Incurred by Other Organizations	N/A - New Audit Report	Implemented	Ensure that the Accounting Division's records have been adjusted to reflect all CERP land disposals by Land Acquisition and that the appropriate gains or losses have been recorded.	Management concurs with the recommendation. Land Acquisition Department will provide the list of all disposals to the Accounting Division and the Accounting Division will write-off the purchase price of land that has been disposed and record the gain or loss.	N/A - New Recommendation	The two tracts identified in the audit that were not owned by the District but reflected as District assets have been researched and written off.
08-04	5	Audit of CERP Land Acquisition Costs Incurred by Other Organizations	N/A - New Audit Report	Implemented	Ensure that Land Acquisition notifies the Accounting Division for all tracts that have either been merged, split or disposed of, so that the accounting records reflect updated tract information.	Agree. Land Acquisition will develop a procedure for notifying the Accounting Division of tracts that have been merged, split or disposed.	N/A - New Recommendation	Land Acquisition provides a monthly report to the Finance Division informing them of all land transactions including mergers, splits or disposals. Finance receives an e-mail notice generated through IRIS when any land transaction is entered into IRIS. Finance is able to review the disposal transactions through IRIS to obtain the transaction details and make the needed adjustments to the financial records. In addition, complex transactions are discussed at the monthly Real Estate Financial Overview Process (REFOP) Team meeting.
08-04	6	Audit of CERP Land Acquisition Costs Incurred by Other Organizations	N/A - New Audit Report	In Process	Compare Land Acquisition's listing of tracts acquired for CERP to the SAP Asset Module to ensure that all tracts are accurately reflected in the Accounting Division's records.	Management concurs with the recommendation. The Accounting Division and Land Acquisition will work together to reconcile Land Acquisition's records to records within SAP.	N/A - New Recommendation	The audit identified eight tracts where the asset records in IRIS do not agree with SAP. Documentation for these tracts are in the process of being turned over to Finance to be researched. Land Acquisition has provided their acquisition reports for FY07, FY08 and the first quarter of FY09 so that a match and compare can be undertaken by Finance. Any discrepancies found will be discussed at the monthly Real Estate Financial Overview Process (REFOP) Team meeting.
08-04	7	Audit of CERP Land Acquisition Costs Incurred by Other Organizations	N/A - New Audit Report	Partially Implemented	Develop procedures to ensure that all donated tracts are properly recorded in the District's accounting records.	Management concurs with the recommendation. Land Acquisition will develop a procedure notifying the Accounting Division of donated tracts	N/A - New Recommendation	The Real Estate Financial Overview Process (REFOP) Team is developing a procedure to address valuation issues for donated tracts. Donations are included in the monthly closing report to Finance

Audit No.	Rec No.	Audit Title	Status Prior Report	Status Current Report	Recommendation	Management Response	Prior Period Comments Regarding Status	Current Period Comments Regarding Status
08-12	1	Review of the GEPS Services Contracts	N/A - New Audit Report	Implemented	Take steps to ensure that project managers and Procurement's contract specialists closely review all cost estimates to make certain that labor categories are specific and that the labor rates correspond to those negotiated by Procurement.	Procurement concurs with this recommendation. Responsibility for review and approval of all project cost estimates has always resided with District Project Managers. Not only must they be sure that the cost estimate is realistic as far as level of effort and other direct cost estimates are concerned, but they must also verify that the hourly labor rates by job classification are consistent with what has been negotiated and agreed to in the contract. With respect to the General Engineering Professional Services (GEPS) contracts, there is a section of Procurement's web site dedicated to providing information on these contracts which includes a scanned copy of the negotiated Exhibit "L" rate schedule posted at the time of contract execution and these schedules are updated any time changes are made through the contract amendment process. This allows for convenient access to current information by Project Managers.	N/A - New Recommendation	Recommendation was implemented at the time the final report was issued. See management response.
08-12	2	Review of the GEPS Services Contracts	N/A - New Audit Report	Implemented	Ensure that project managers and Procurement contract specialists are aware that negotiated labor rates should be utilized regardless of whether the work being awarded is the result of emergency actions.	Procurement concurs with this recommendation. Please see response to Recommendation #1 above. The revamped GEPS procedure and training are applicable to all work orders, regardless of whether or not they are classified as emergencies and this has been communicated to staff.	N/A - New Recommendation	Recommendation was implemented at the time the final report was issued. See management response.
08-12	3	Review of the GEPS Services Contracts	N/A - New Audit Report	In Process	Consider seeking authorization for additional staff positions in order to replace higher cost contractor workers, that are performing on-going activities, with employees.	Management concurs with this recommendation; however, the addition of Full Time Employees (FTEs) to the District's authorized staffing levels is being coordinated between the Executive Office and the Governor's Office.	N/A - New Recommendation	Procurement agrees with this recommendation; however, the Executive Office is in discussions regarding the feasibility of implementing this recommendation and they have taken the lead for this recommendation.

Exhibit 4

Status of Recommendations Not Fully Implemented

Audit No.	Audit Name	Recommendation	Current Status	Auditor's Comment
06-19	Audit of the KRR Restoration Project In-Kind Credit Request Process			
# 2	Submit future restoration In-Kind Credit Requests at least annually to the USACE for restoration expenses and land acquisition expenses not charged to specific tracts.	In Process		<p>The Kissimmee Division is working with USACE to finalize the backlog of in-kind credit requests for 1992-2004. USACE staff are currently reviewing these requests and have informed the District of an estimated completion date of 3/10/09. The remaining backlog of requests (2005-2008) will be submitted shortly. Future requests will be submitted at least annually.</p> <p>Auditor Update: 3/5/2009</p>
	Original Due Date: 9/30/2007			
	Revised Due Date: 9/30/2009			
# 3	Remind the USACE that the District is awaiting a response to the request for approval to use the same fringe benefit and indirect cost rates as those approved for CERP.	In Process		<p>An e-mail was sent to USACE representatives on February 20, 2009 inquiring whether they have accepted the District's Indirect Cost Rate plan for the Kissimmee River Restoration Project. As of 3/5/09, the USACE has not responded.</p> <p>Auditor Update: 3/5/2009</p>
	Original Due Date: 12/31/2007			
	Revised Due Date: 9/30/2009			
# 5	Determine the amount of unclaimed expenses incurred for environmental assessments and submit a claim for these expenses as construction costs.	In Process		<p>Previously, it was reported that this recommendation had been complied with through Kissimmee Division's submittal of the pre-acquisition environmental land assessment costs as part of the construction cost submittal. Kissimmee Division and the Land Acquisition Department are verifying the records were submitted. This requires examining prior documents and consulting with the USACE. Staff anticipates this will take 3 months for verification.</p> <p>Additionally, a procedure has been set up with the Kissimmee Division whereby the Land Acquisition Department will gather and provide environmental costs to the Kissimmee Division and be submitted to the USACE for credit under construction. This procedure is now documented in the Integrated Real Estate Information System (IRIS).</p> <p>Auditor Update: 3/5/2009</p>
	Original Due Date: 12/31/2007			
	Revised Due Date: 5/1/2009			
# 10	Reconcile total expenditures charged to the KRR program per the District's financial	Partially Implemented		Total expenditures charged to the KRR program have been reconciled with total

Audit No.	Audit Name
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Recommendation	Current Status	Auditor's Comment
<p>system ("F" program code) to total expenditures claimed for in-kind credit (or will be claimed in the future under the established process.)</p> <p>Original Due Date: 12/31/2007</p> <p>Revised Due Date: 6/30/2009</p>		<p>expenditures claimed for in-kind credit. All future expenditures and in-kind credit claims will be reconciled under the established process. We are in the process of verifying that Everglades Restoration and Operations and Maintenance Resource areas are coordinating to determine if there are any outstanding expenditures that will need to be reconciled.</p> <p>Auditor Update: 3/5/2009</p>

07-36	Audit of the Information Technology Department
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# 1	Consider hiring full time employees for IT positions considered permanent and ongoing.	In Process	<p>Coordination with the Governors Office was delayed due to uncertainty regarding impacts to revenues in the FY09 and FY10 budgets and the need for staff to focus on other budget priorities. During the last 6 months it did not seem feasible that permission to hire 39 FTEs would be forthcoming. The same deadline of October 2009 would be proposed for coordination of this issue with the governor's office.</p> <p>Auditor Update: 3/5/2009</p>
	Original Due Date: 10/30/2009		
	Revised Due Date: 10/1/2009		
# 2	Develop a written outsourcing strategy which optimizes the use of contract workers on a cost effective basis.	In Process	<p>The production of this plan was delayed due to uncertainties on whether it would be feasible to proceed with the IT contractor/FTE conversion. The revised date for completion of the draft plan is May 31, 2009.</p> <p>Auditor Update: 3/5/2009</p>
	Original Due Date: 11/30/2008		
	Revised Due Date: 5/31/2009		

08-04	Audit of CERP Land Acquisition Costs Incurred by Other Organizations
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# 1	Reduce the cost of the tracts identified in this audit report as being overstated in the District's accounting records.	Partially Implemented	<p>Four tracts have been researched and adjustments have been booked to the general ledger. Seven tracts are still being researched.</p> <p>Auditor Update: 3/5/2009</p>
	Original Due Date: 1/1/2009		
	Revised Due Date: 4/1/2009		
# 2	Develop and document procedures to ensure that the Accounting Division is made keenly aware of tracts acquired with contributions from external partners and the details regarding the contributions (e.g., whether contributions were made for title interest, whether contributions were not proportionate to the percentage of title interest given up for the contribution).	Partially Implemented	<p>New procedures to identify land acquisitions involving external partners are being drafted by the Real Estate Financial Overview Process (REFOP) Team. The REFOP Team meets monthly and consists of key staff from Land Acquisition, Accounting and Financial Services, and Budget. Process improvements and land transactions are discussed and communication between the functional areas has been greatly improved. Land Acquisition has also given Finance access to the Integrated</p>

Audit No.	Audit Name
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Recommendation	Current Status	Auditor's Comment
<p>Original Due Date: 2/1/2009</p> <p>Revised Due Date: 5/1/2009</p>		<p>Real Estate Information System (IRIS) and provides a monthly closing report and Governing Board Chart to Finance via e-mail. Finally, the Accounting and Financial Services Division has reconciled all land acquisitions occurring in FY08 as reflected in IRIS to the District's financial records. This reconciliation process has been expanded to FY07 and FY09 acquisitions, as well.</p> <p>Auditor Update: 3/5/2009</p>
<p># 3 Remove all State-owned tracts from the District's asset records.</p> <p>Original Due Date: 1/1/2009</p> <p>Revised Due Date: 5/1/2009</p>	In Process	<p>The five tracts identified in the audit as State-owned and reflected in the District's books are still being researched.</p> <p>Auditor Update: 3/5/2009</p>
<p># 6 Compare Land Acquisition's listing of tracts acquired for CERP to the SAP Asset Module to ensure that all tracts are accurately reflected in the Accounting Division's records.</p> <p>Original Due Date: 4/1/2009</p> <p>Revised Due Date: 5/1/2009</p>	In Process	<p>The audit identified eight tracts where the asset records in IRIS do not agree with SAP. Documentation for these tracts are in the process of being turned over to Finance to be researched. Land Acquisition has provided their acquisition reports for FY07, FY08 and the first quarter of FY09 so that a match and compare can be undertaken by Finance. Any discrepancies found will be discussed at the monthly Real Estate Financial Overview Process (REFOP) Team meeting.</p> <p>Auditor Update: 3/5/2009</p>
<p># 7 Develop procedures to ensure that all donated tracts are properly recorded in the District's accounting records.</p> <p>Original Due Date: 2/1/2009</p> <p>Revised Due Date: 5/1/2009</p>	Partially Implemented	<p>The Real Estate Financial Overview Process (REFOP) Team is developing a procedure to address valuation issues for donated tracts. Donations are included in the monthly closing report to Finance</p> <p>Auditor Update: 3/5/2009</p>

08-12	Review of the GEPS Services Contracts
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<p># 3 Consider seeking authorization for additional staff positions in order to replace higher cost contractor workers, that are performing on-going activities, with employees.</p> <p>Original Due Date: 1/1/2010</p> <p>Revised Due Date: 1/1/2010</p>	In Process	<p>Procurement agrees with this recommendation; however, the Executive Office is in discussions regarding the feasibility of implementing this recommendation and they have taken the lead for this recommendation.</p> <p>Auditor Update: 3/5/2009</p>
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APPENDIX 2

SOUTH FLORIDA WATER MANAGEMENT DISTRICT



Audit Recommendations Follow-Up Report

**For the Period March 3, 2009
Through June 2, 2009**

Project #09-18

**Prepared by
Office of Inspector General**

**John W. Williams, Esq., Inspector General
J. Timothy Beirnes, CPA, Director of Auditing**

sfwmd.gov

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EXECUTIVE SUMMARY

Audit recommendations target the economy and efficiency of District operations and compliance with our policies and statutory responsibilities. Our recommendations also focus on providing District management with suggestions that facilitate their achievement of program goals and objectives. To be effective, audit recommendations must be implemented. Additionally, *Government Auditing Standards* require following up on audit recommendations in previously issued audit reports. Accordingly, the Inspector General's Office periodically surveys departments to determine the implementation status of recommendations and to encourage their completion. This information is maintained in the Inspector General's audit recommendation tracking database. The system allows each audit staff member to update the recommendation's "status" after reviewing information provided by the departments and offices.

This report on the implementation status of audit recommendations is for the period March 3, 2009 through June 2, 2009 (the "Reporting Period"). As shown in Exhibit 1, as of March 3, 2009 there were twelve (12) recommendations that were not yet fully implemented, consisting of eight (8) that were In-Process and four (4) that were Partially Implemented. Since then, eight (8) of these recommendations have been fully implemented. As of June 2, 2009, four (4) remain in various stages of implementation, consisting of three (3) that are In-Process and one (1) that is Partially Implemented. During the Reporting Period, no recommendations were added to our recommendations tracking database.

There were no recommendations changed to the "No Longer Applicable" status during the current Reporting Period. The "No Longer Applicable" category includes items where conditions have changed subsequent to issuance of the audit report that rendered the recommendation no longer relevant, such as:

- Alternative compensating controls have been put in place.
- A decision was made to implement a new system that will address the issue making it impractical to retrofit the existing system.
- The policy, statute, or rule has changed.
- Change in strategic direction.

No recommendations fell into the “Not Implemented” category for the current and the previous report.

Following is a brief description of the attached exhibits:

- **Exhibit 1:** This Exhibit displays a summary of recommendation statuses for all audit reports with recommendations in process of implementation. Exhibit 1 also shows the changes in the status of recommendations from the beginning of the period to the end of the period.
- **Exhibit 2:** This Exhibit shows a summary of the changes in the status of recommendations by each audit report. Exhibit 2 shows only those audit reports that contained one or more recommendations that had not been fully implemented at the beginning of the reporting period.
- **Exhibit 3:** This exhibit displays detail information regarding the status of each audit recommendation. This includes the status of the recommendation for the prior reporting period and the status at the end of the current period. The comment column provides narrative information regarding implementation progress.
- **Exhibit 4:** This exhibit is a report printed directly from our Access database that contains additional information.

EXHIBIT 1
Summary of Recommendations Status
As of June 2, 2009

	In	Partially	
Prior Period Reports	Process	Implemented	Total
Status Beginning of Period	8	4	12
Implemented or Partially Implemented During Period	<u>(5)</u>	<u>(3)</u>	<u>(8)</u>
Remaining Recommendations to be Fully Implemented	<u>3</u>	<u>1</u>	<u>4</u>
Reports Issued During Current Period			
New Recommendations*	-	-	-
Implemented or Partially Implemented	<u>-</u>	<u>-</u>	<u>-</u>
Remaining Recommendations to be Fully Implemented	<u>-</u>	<u>-</u>	<u>-</u>
Current Status			
Remaining Recommendations to be Fully Implemented	<u>3</u>	<u>1</u>	<u>4</u>

* Initial Status is set as "In-Process"

EXHIBIT 2
Audit Reports With Implementation of Recommendations in Progress
As of June 2, 2009

Audit No.	Audit Title	No. of Recs		In Process	Partially Implemented	No Longer Applicable	Implemented	
Recommendations - Prior Period Reports								
06-19	Audit of the KRR Restoration Project In-Kind Credit Request Process	10	Status Prior Period	3	1	0	6	Open
			Change in Status	-1	0	0	1	
			Status Current Period	2	1	0	7	
07-36	Audit of the Information Technology Department	2	Status Prior Period	2	0	0	0	Open
			Change in Status	-1	0	0	1	
			Status Current Period	1	0	0	1	
08-04	Audit of CERP Land Acquisition costs Incurred by Other Organizations	7	Status Prior Period	2	3	0	2	Complete
			Change in Status	-2	-3	0	5	
			Status Current Period	0	0	0	7	
08-12	Review of the GEPS Services Contracts	3	Status Prior Period	1	0	0	2	Complete
			Change in Status	-1	0	0	1	
			Status Current Period	0	0	0	3	
Recommendation - Report Issued During Current Period								
	No new recommendations added.							
	TOTAL	22	Status Prior Period	8	4	0	10	
Change in Status			-5	-3	0	8		
Status Current Period			3	1	0	18		
	Number of Recommendations Remaining to Be Fully Implemented	4		3	1			

Prior Period = As of March 3, 2009

EXHIBIT 3
Detail of In-Process and Partially Implemented Audit Recommendations
As of June 2, 2009

Audit No.	Rec No.	Audit Title	Status Prior Report	Status Current Report	Due Date		Recommendation	Management Response	Current Period Comments Regarding Status
					Original	Revised			
06-19	2	Audit of the KRR Restoration Project In-Kind Credit Request Process	In Process	In Process	9/30/2007	9/30/2009	Submit future restoration In-Kind Credit Requests at least annually to the USACE for restoration expenses and land acquisition expenses not charged to specific tracts.	As noted in the audit, the District has elected to complete some Critical Restoration Projects (Lake Trafford, Southern CREW and Tamiami Culverts) on its own. This has created an imbalance in the 50/50 cost share. The District did this because the USACE was approaching its legislative spending cap for the Critical Projects. This would have prevented them from further financial participation.	The Kissimmee Division is working with USACE to finalize the backlog of in-kind credit requests for 1992-2004. USACE staff are currently reviewing these requests and have informed SFWMD of an estimated completion date of 3/10/09. The remaining backlog of requests (2005-2008) will be submitted shortly. Future requests will be submitted at least annually. Still on target to be completed by the revised due date of 9/30/09.
06-19	3	Audit of the KRR Restoration Project In-Kind Credit Request Process	In Process	Implemented	12/31/2007	9/30/2009	Remind the USACE that the District is awaiting a response to the request for approval to use the same fringe benefit and indirect cost rates as those approved for CERP.	Water Resource Development Act (WRDA) 2007 became law on November 8, 2007 and will help reduce this cost-share imbalance. WRDA 2007 increased the USACE authorized spending cap for Critical Restoration Projects from \$75 million to \$95 million. The USACE will allocate a portion of this increased funding to the District sponsored projects.	On March 24, 2009, the USACE sent correspondence back to the District confirming that the District has approval to use the same fringe benefit and indirect cost rates for the Kissimmee River Restoration project as those approved for CERP.
06-19	5	Audit of the KRR Restoration Project In-Kind Credit Request Process	In Process	In Process	12/31/2007	9/30/2009	Determine the amount of unclaimed expenses incurred for environmental assessments and submit a claim for these expenses as construction costs.	Each Critical Restoration Project is covered by a separate Project Cooperative Agreement, which outlines cost-sharing responsibilities for the project. Currently, there is no provision to balance the 50/50 cost-share across all of the projects. This sets up a situation where the USACE is required to request cash contributions for some projects and provide reimbursement for others. In the upcoming Water Resource Development Acts or Appropriation Bills, the District will attempt to get Congress to authorize the USACE to balance the 50/50 cost-share across all projects with the District. This would eliminate the need for cash contributions and reimbursements	Finance staff is assisting the Kissimmee Construction Project Division in preparing their USACE construction costs submission, including environmental risk assessment costs. Environmental assessment costs have not yet been submitted. In communication with the USACE, it was determined that the cost of environmental assessments related to land acquisition should be submitted as an adjunct to project construction costs, not as a cost to land acquisition. Therefore, environmental assessment costs were formally withdrawn and relevant documentation was provided to the Kissimmee Construction Projects Division for their submission of project construction costs to the USACE. The revised completion date for submitting these costs is July 2009 (Previous revised completion date was 5/1/09)

Audit No.	Rec No.	Audit Title	Status Prior Report	Status Current Report	Due Date		Recommendation	Management Response	Current Period Comments Regarding Status
					Original	Revised			
06-19	10	Audit of the KRR Restoration Project In-Kind Credit Request Process	Partially Implemented	Partially Implemented	12/31/2007	6/30/2009	Reconcile total expenditures charged to the KRR program per the District's financial system ("F" program code) to total expenditures claimed for in-kind credit (or will be claimed in the future under the established process.)	Agree. Watershed Management now uses P3E project management software for the Kissimmee River Restoration Project and updates are made monthly to reflect budget expenditures.	Total expenditures charged to the KRR program have been reconciled with total expenditures claimed for in-kind credit. All future expenditures and in-kind credit claims will be reconciled under the established process. We are in the process of verifying that Everglades Restoration and Operations and Maintenance Resource areas are coordinating to determine if there are any outstanding expenditures that will need to be reconciled. Still on target to be completed by the revised due date of 6/30/2009.
07-36	1	Audit of the Information Technology Department	In Process	In Process	10/30/2009	Unable to Determine	Consider hiring full time employees for IT positions considered permanent and ongoing.	We agree that the addition of the 39 FTEs to cover core functions that are currently performed by contractors would result in a savings of approximately \$2.6 million dollars per year on an ongoing basis. We would prefer to have FTEs performing these core functions because we believe our staffing model would be more stable. We also recognize that there may be limitations to the number of FTEs that can be added at this time.	The IT Department agrees with this recommendation; however, the Executive Office is in discussions regarding the feasibility of implementing this recommendation and they have taken the lead for this recommendation.
07-36	2	Audit of the Information Technology Department	In Process	Implemented	11/30/2008	5/31/2009	Consider hiring full time employees for IT positions considered permanent and ongoing.	We agree that a strategy and a plan of action and milestones should be completed to optimize the use of contract workers. We already have several processes in place that control this function.	During the preparation of the FY '10 budget submission, the IT Department initiated an involved process to optimize our outsourcing opportunities. First, every contractual position was reviewed to determine the necessity. Then, we identified areas where FTEs could share some of the work load to maximize the knowledge transfer and cost savings. Next, we reduced hours of each of the contractors to maximize our cost savings. Finally, these efforts resulted in a cost savings of \$1.39 million (23% reduction) in contractual funds, a deletion of 4 contractors, and a reduction of at least 50% of the time allowed for 3 other contractors.
08-04	1	Audit of CERP Land Acquisition Costs Incurred by Other Organizations	Partially Implemented	Implemented	1/1/2009	4/1/2009	Reduce the cost of the tracts identified in this audit report as being overstated in the District's accounting records.	Management concurs with the recommendation and will research the tracts identified in the audit and adjust the carrying values accordingly.	There were eleven land tracts identified in the audit findings whose costs were over-stated. The eleven tracts have been researched, and adjustments have been booked to the general ledger (Palmar 23100-084, 085; Palmar 23116-018, 019, 022, 023, 024; Allapattah GM100-005, 007; and Westerra X100-025, 027).

Audit No.	Rec No.	Audit Title	Status Prior Report	Status Current Report	Due Date		Recommendation	Management Response	Current Period Comments Regarding Status
					Original	Revised			
08-04	2	Audit of CERP Land Acquisition Costs Incurred by Other Organizations	Partially Implemented	Implemented	2/1/2009	5/1/2009	Develop and document procedures to ensure that the Accounting Division is made keenly aware of tracts acquired with contributions from external partners and the details regarding the contributions (e.g., whether contributions were made for title interest, whether contributions were not proportionate to the percentage of title interest given up for the contribution).	Management concurs with the recommendation. The Land Acquisition Department together with the Accounting Division will work together to develop procedures that will ensure that land is recorded properly.	New procedures have been implemented by the Accounting and Financial Services Division to identify land acquisitions involving external partners including the review of each Governing Board agenda involving MOA/MOU's or funding agreements, and review of all purchase and sale agreements of land. In addition, monthly meetings with the Land Acquisition Department and the Accounting and Financial Services Division are being held to discuss land transactions. Finally, the Accounting and Financial Services Division has reconciled all land acquisitions occurring in FY 09 and 08 as reflected in IRIS to the District's financial records.
08-04	3	Audit of CERP Land Acquisition Costs Incurred by Other Organizations	In Process	Implemented	1/1/2009	5/1/2009	Remove all State-owned tracts from the District's asset records.	Management concurs with the recommendation and will write-off the purchase price of land that is not owned by the District	There were five tracts identified in the audit findings as owned by the State that are reflected in the District's books. The five tracts have been researched, removed from District assets records, and adjustments have been reflected in the general ledger (W9308-130, W9309-168, 462; W9310-027; FG100-017).
08-04	6	Audit of CERP Land Acquisition Costs Incurred by Other Organizations	In Process	Implemented	4/1/2009	5/1/2009	Compare Land Acquisition's listing of tracts acquired for CERP to the SAP Asset Module to ensure that all tracts are accurately reflected in the Accounting Division's records.	Management concurs with the recommendation. The Accounting Division and Land Acquisition will work together to reconcile Land Acquisition's records to records within SAP.	There were eight tracts identified in the audit findings whose asset records in IRIS do not agree to SAP. These tracts have been researched and adjustments have been made. (Pines Ventures W9201-018; Beame GR100-082; Weekley W9201-061, 072, 075, 076, 080, 087)
08-04	7	Audit of CERP Land Acquisition Costs Incurred by Other Organizations	Partially Implemented	Implemented	2/1/2009	5/1/2009	Develop procedures to ensure that all donated tracts are properly recorded in the District's accounting records.	Management concurs with the recommendation. Land Acquisition will develop a procedure notifying the Accounting Division of donated tracts	There were eight tracts identified in the audit findings whose asset records in IRIS do not agree to SAP. These tracts have been researched and adjustments have been made. (Pines Ventures W9201-018; Beame GR100-082; Weekley W9201-061, 072, 075, 076, 080, 087)
08-12	3	Review of the GEPS Services Contracts	In Process	Implemented	1/1/2010	1/1/2010	Consider seeking authorization for additional staff positions in order to replace higher cost contractor workers, that are performing on-going activities, with employees.	Management concurs with this recommendation; however, the addition of Full Time Employees (FTEs) to the District's authorized staffing levels is being coordinated between the Executive Office and the Governor's Office.	Procedures are now in place in the Accounting and Financial Services Division to identify donated tracts prior to the receipt of the donation. New procedures include the review of each Governing Board agenda involving donations and review of all land agreements. In addition, monthly meetings with the Land Acquisition Department and the Accounting and Financial Services Division are being held to discuss land transactions.

Exhibit 4

Status of Recommendations Not Fully Implemented

Audit No.	Audit Name		
Recommendation	Current Status	Auditor's Comment	
06-19	Audit of the KRR Restoration Project In-Kind Credit Request Process		
# 2	Submit future restoration In-Kind Credit Requests at least annually to the USACE for restoration expenses and land acquisition expenses not charged to specific tracts.	In Process	<p>The Kissimmee Division is working with USACE to finalize the backlog of in-kind credit requests for 1992-2004. USACE staff are currently reviewing these requests and have informed SFWMD of an estimated completion date of 3/10/09. The remaining backlog of requests (2005-2008) will be submitted shortly. Future requests will be submitted at least annually. Still on target to be completed by the revised due date of 9/30/09.</p> <p>Auditor Update: 6/9/2009</p>
	Original Due Date: 9/30/2007		
	Revised Due Date: 9/30/2009		
# 5	Determine the amount of unclaimed expenses incurred for environmental assessments and submit a claim for these expenses as construction costs.	In Process	<p>Finance staff is assisting the Kissimmee Construction Project Division in preparing their USACE construction costs submission, including environmental risk assessment costs. Environmental assessment costs have not yet been submitted. In communication with the USACE, it was determined that the cost of environmental assessments related to land acquisition should be submitted as an adjunct to project construction costs, not as a cost to land acquisition. Therefore, environmental assessment costs were formally withdrawn and relevant documentation was provided to the Kissimmee Construction Projects Division for their submission of project construction costs to the USACE. The revised completion date for submitting these costs is July 2009 (Previous revised completion date was 5/1/09)</p> <p>Auditor Update: 6/9/2009</p>
	Original Due Date: 12/31/2007		
	Revised Due Date: 9/30/2009		
# 10	Reconcile total expenditures charged to the KRR program per the District's financial system ("F" program code) to total expenditures claimed for in-kind credit (or will be claimed in the future under the established process.)	Partially Implemented	<p>Total expenditures charged to the KRR program have been reconciled with total expenditures claimed for in-kind credit. All future expenditures and in-kind credit claims will be reconciled under the established process. We are in the process of verifying that Everglades Restoration and Operations and Maintenance Resource areas are coordinating to determine if there are any outstanding expenditures that will need to be reconciled. Still on target to be completed by the revised due date of 6/30/2009.</p>

Audit No.	Audit Name
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Recommendation	Current Status	Auditor's Comment
Original Due Date: 12/31/2007		Auditor Update: 6/9/2009
Revised Due Date: 6/30/2009		

07-36	Audit of the Information Technology Department
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# 1	Consider hiring full time employees for IT positions considered permanent and ongoing.	In Process	The IT Department agrees with this recommendation; however, the Executive Office is in discussions regarding the feasibility of implementing this recommendation and they have taken the lead for this recommendation.
	Original Due Date: 10/30/2009		Auditor Update: 6/9/2009
	Revised Due Date: 10/1/2009		



**Audit Recommendations
Follow-Up Report
For the Period June 3, 2009
Through August 28, 2009**

Project #09-25

**Prepared by
Office of Inspector General**

**John W. Williams, Esq., Inspector General
J. Timothy Beirnes, CPA, Director of Auditing**

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EXECUTIVE SUMMARY

Audit recommendations target the economy and efficiency of District operations and compliance with our policies and statutory responsibilities. Our recommendations also focus on providing District management with suggestions that facilitate their achievement of program goals and objectives. To be effective, audit recommendations must be implemented. Additionally, *Government Auditing Standards* require following up on audit recommendations in previously issued audit reports. Accordingly, the Inspector General's Office periodically surveys departments to determine the implementation status of recommendations and to encourage their completion. This information is maintained in the Inspector General's audit recommendation tracking database. The system allows each audit staff member to update the recommendation's "status" after reviewing information provided by the departments and offices.

This report on the implementation status of audit recommendations is for the period June 3, 2009 through August 28, 2009 (the "Reporting Period"). As shown in Exhibit 1, as of June 3, 2009 there were five (5) recommendations that were not yet fully implemented, consisting of four (4) that were In-Process and one (1) that was Partially Implemented. Since then, one (1) of these recommendations has been fully implemented. As of August 28, 2009, Four (4) remain in various stages of implementation, consisting of three (3) that are In-Process and one (1) that is Partially Implemented.

During the Reporting Period, 13 recommendations were added from two (2) newly issued reports. As of June 3, 2009, 11 of these recommendations have been fully implemented. Thus, two (2) recommendations from newly issued reports remain in various stages of implementation (including one (1) that is In-Process and one (1) that has been partially implemented). In total from all reports, there are currently six (6) recommendations that are In-Process of being implemented or have been Partially Implemented as of August 28, 2009.

There were no recommendations changed to the “No Longer Applicable” status during the current Reporting Period. The “No Longer Applicable” category includes items where conditions have changed subsequent to issuance of the audit report that rendered the recommendation no longer relevant, such as:

- Alternative compensating controls have been put in place.
- A decision was made to implement a new system that will address the issue making it impractical to retrofit the existing system.
- The policy, statute, or rule has changed.
- Change in strategic direction.

No recommendations fell into the “Not Implemented” category for the current and the previous report.

Following is a brief description of the attached exhibits:

- **Exhibit 1:** This Exhibit displays a summary of recommendation statuses for all audit reports with recommendations in process of implementation. Exhibit 1 also shows the changes in the status of recommendations from the beginning of the period to the end of the period.
- **Exhibit 2:** This Exhibit shows a summary of the changes in the status of recommendations by each audit report. Exhibit 2 shows only those audit reports that contained one or more recommendations that had not been fully implemented at the beginning of the reporting period.
- **Exhibit 3:** This exhibit displays detail information regarding the status of each audit recommendation. This includes the status of the recommendation for the prior reporting period and the status at the end of the current period. The comment column provides narrative information regarding implementation progress.
- **Exhibit 4:** This exhibit is a report printed directly from our Access database that contains additional information.

EXHIBIT 1
Summary of Recommendations Status

As of August 28, 2009

	In	Partially	
Prior Period Reports	Process	Implemented	Total
Status Beginning of Period	4	1	5
Implemented or Partially Implemented During Period	(1)	-	(1)
Remaining Recommendations to be Fully Implemented	3	1	4
Reports Issued During Current Period			
New Recommendations*	13	-	13
Implemented or Partially Implemented	(12)	1	(11)
Remaining Recommendations to be Fully Implemented	1	1	2
Current Status			
Remaining Recommendations to be Fully Implemented	4	2	6

* Initial Status is set as "In-Process"

EXHIBIT 2
Audit Reports With Implementation of Recommendations in Progress
As of August 28, 2009

Audit No.	Audit Title	No. of Recs		In Process	Partially Implemented	No Longer Applicable	Implemented	
Recommendations - Prior Period Reports								
06-19	Audit of the KRR Restoration Project In-Kind Credit Request Process	10	Prior Period Status	2	1	0	7	Open
			Change in Status	-1	0	0	1	
			Current Period Status	1	1	0	8	
07-36	Audit of the Information Technology Department	2	Prior Period Status	1	0	0	1	Open
			Change in Status	0	0	0	0	
			Current Period Status	1	0	0	1	
08-12	Review of the GEPS Services Contracts	3	Prior Period Status	1	0	0	2	Open
			Change in Status	0	0	0	0	
			Current Period Status	1	0	0	2	
Recommendation - Report Issued During Current Period								
08-18	Audit of the Administration of Wireless Communication Devices	7	Initial Status	7	0	0	0	Open
			Change in Status	-6	0	0	6	
			Current Period Status	1	0	0	6	
08-23	Audit of the Procurement Card Program	6	Initial Status	6	0	0	0	Open
			Change in Status	-6	1	0	5	
			Current Period Status	0	1	0	5	
Recommendations - All Reports								
TOTAL			Prior/Initial Status	17	1	0	10	
			Change in Status	-13	1	0	12	
			Status Current Period	4	2	0	22	
Number of Recommendations Remaining to Be Fully Implemented		6		4	2			

Prior Period = As of June 3, 2009

EXHIBIT 3
Detail of In-Process and Partially Implemented Audit Recommendations
As of August 28, 2009

Audit No.	Rec No.	Audit Title	Status Prior Report	Status Current Report	Due Date		Recommendation	Management Response	Current Period Comments Regarding Status
					Original	Revised			
06-19	2	Audit of the KRR Restoration Project In-Kind Credit Request Process	In Process	Implemented	9/30/2007	N/A	Submit future restoration In-Kind Credit Requests at least annually to the USACE for restoration expenses and land acquisition expenses not charged to specific tracts.	As noted in the audit, the District has elected to complete some Critical Restoration Projects (Lake Trafford, Southern CREW and Tamiami Culverts) on its own. This has created an imbalance in the 50/50 cost share. The District did this because the USACE was approaching its legislative spending cap for the Critical Projects. This would have prevented them from further financial participation.	A process has been established to provide the information annually.
06-19	5	Audit of the KRR Restoration Project In-Kind Credit Request Process	In Process	In Process	12/31/2007	3/31/2010	Determine the amount of unclaimed expenses incurred for environmental assessments and submit a claim for these expenses as construction costs.	Each Critical Restoration Project is covered by a separate Project Cooperative Agreement, which outlines cost-sharing responsibilities for the project. Currently, there is no provision to balance the 50/50 cost-share across all of the projects. This sets up a situation where the USACE is required to request cash contributions for some projects and provide reimbursement for others. In the upcoming Water Resource Development Acts or Appropriation Bills, the District will attempt to get Congress to authorize the USACE to balance the 50/50 cost-share across all projects with the District. This would eliminate the need for cash contributions and reimbursements	Finance staff has been assisting the Kissimmee Division in preparing their USACE construction costs submission, including environmental risk assessment costs. The changeover to SAP in 2004-2005 posed a minor challenge to reconciling costs, but it is anticipated that submissions from 2005- 2009 will be provided to the USACE by the early 2010 if not sooner.
06-19	10	Audit of the KRR Restoration Project In-Kind Credit Request Process	Partially Implemented	Partially Implemented	12/31/2007	3/31/2010	Reconcile total expenditures charged to the KRR program per the District's financial system ("F" program code) to total expenditures claimed for in-kind credit (or will be claimed in the future under the established process.)	Agree. Watershed Management now uses P3E project management software for the Kissimmee River Restoration Project and updates are made monthly to reflect budget expenditures.	The changeover to SAP in 2004-2005 posed a minor challenge to reconciling costs, but it is anticipated that submissions from 2005- 2009 will be provided to the USACE by the early 2010 if not sooner.

Audit No.	Rec No.	Audit Title	Status Prior Report	Status Current Report	Due Date		Recommendation	Management Response	Current Period Comments Regarding Status
					Original	Revised			
07-36	1	Audit of the Information Technology Department	In Process	In Process	10/30/2009	Unable to Determine	Consider hiring full time employees for IT positions considered permanent and ongoing.	We agree that the addition of the 39 FTEs to cover core functions that are currently performed by contractors would result in a savings of approximately \$2.6 million dollars per year on an ongoing basis. We would prefer to have FTEs performing these core functions because we believe our staffing model would be more stable. We also recognize that there may be limitations to the number of FTEs that can be added at this time.	The IT Department agrees with this recommendation; however, the Executive Office is in discussions regarding the feasibility of implementing this recommendation and they have taken the lead for this recommendation.
08-12	3	Review of the GEPS Services Contracts	In Process	In Process	11/1/2010	Unable to Determine	Consider seeking authorization for additional staff positions in order to replace higher cost contractor workers, that are performing on-going activities, with employees.	Management concurs with this recommendation; however, the addition of Full Time Employees (FTEs) to the District's authorized staffing levels is being coordinated between the Executive Office and the Governor's Office.	Procurement agrees with this recommendation; however, the Executive Office is in discussions regarding the feasibility of implementing this recommendation and they have taken the lead for this recommendation.
08-18	1	Audit of the Administration of Wireless Communication Devices	In Process	In Process	8/14/2009	9/30/2009	Complete developing and implementing formal written policies and procedures pertaining specifically for cell phones, Blackberries, and air cards. In addition, ensure employees and contract workers have a clear understanding of the policies and procedures.	The Information Technology Department has developed a written procedure that pertains specifically to cell phones, Blackberries, and air cards. The IT staff will work with Creative Services to publicize the procedure through the "News You Can Use" and post the procedure on the District's internal website. In addition, we will suggest that a new section regarding wireless devices use and responsibilities be added to the New Employee Orientation program.	This written policy is currently being reviewed by the Executive Director for approval.
08-18	2	Audit of the Administration of Wireless Communication Devices	In Process	Implemented	6/30/2009	N/A	Consider terminating service or reassigning those devices that are not being efficiently utilized. Further, in cases where there is minimal utilization of Blackberries consider assigning cell phones.	The Information Technology Department concurs with the recommendation. The Information Technology Department will be implementing a detailed reporting process for monitoring wireless communication device utilization. This report will be provided to the Department Directors monthly. Department directors are responsible to review device assignments and utilization. After this review is completed, devices with low utilization may be reassigned or terminated as per the direction of the department directors. Information Technology will monitor the Department's responses on a monthly basis.	Completed on 6/30/2009. Detailed usage reports are sent to each department director on a monthly basis for review and justification of devices. A yearly renewal justification process was implemented and as a result the number of assigned devices has been reduced.

Audit No.	Rec No.	Audit Title	Status Prior Report	Status Current Report	Due Date		Recommendation	Management Response	Current Period Comments Regarding Status
					Original	Revised			
08-18	3	Audit of the Administration of Wireless Communication Devices	In Process	Implemented	6/30/2009	N/A	Require that Information Technology and the various departments monitor utilization levels on an on-going basis and consult with each other regarding devices with consistently low utilization levels.	The Information Technology Department concurs with the recommendation. The Information Technology Department will be implementing a detailed reporting process for monitoring wireless communication device utilization levels. This report will be provided to the Department Directors monthly. Department directors are responsible to review device assignments and utilization. After this review is completed, devices with low utilization may be reassigned or terminated as per the direction of the Department Director. Information Technology will monitor the Department's responses on a monthly basis.	Completed on 6/30/2009. Detailed usage reports are sent to each department director on a monthly basis for review and justification of devices.
08-18	4	Audit of the Administration of Wireless Communication Devices	In Process	Implemented	6/2/2009	N/A	Information Technology should send out monthly reminders to relevant department staff to ensure they notify Information Technology when employees and contract workers with District-issued wireless devices separate from the District so that their devices can either be cancelled or wireless records updated if the devices will be reassigned.	The Information Technology Department concurs with the recommendation. The Department has taken actions to include a wireless administration return clause in the Human Resources "Termination/Separation" notification and thus will address these items as they occur. Recommendations 2, 3, and 4 will work concurrently for effective management of wireless administration. In addition, we cover the cancellation aspect in our Standard Operating Procedure for Wireless Devices. The monthly reports provided by IT will include contract workers. We expect that the Department reviewers will notify IT when a contractor leaves the District and the project manager and/or hiring manager will ensure that any non-business charges are collected from the contractor or contract agency before final payments are released.	Completed on 6/2/2009. Information Technology is notified of each employment separation. The District issued wireless device is then immediately terminated and retrieved.

Audit No.	Rec No.	Audit Title	Status Prior Report	Status Current Report	Due Date		Recommendation	Management Response	Current Period Comments Regarding Status
					Original	Revised			
08-18	5	Audit of the Administration of Wireless Communication Devices	In Process	Implemented	7/29/2009	N/A	Consider blocking access to international calls for employees/contract workers whose job responsibilities do not require international communication.	The Information Technology Department concurs with the recommendation. The Department has engaged the service provider AT&T to block all access to international calls. This feature will only be added on a case by case basis with written departmental approval. Sprint does have limitations to the regions identified as international, meaning that the Caribbean, Mexico and Canada are not considered "international" and therefore can not be blocked. However, as an additional monitoring step, the monthly summary usage reports will show miscellaneous charges such as international calls making it easier for managers to identify non-business activity.	Completed on 7/8/2009. Information Technology has blocked the international calling feature on all District issued wireless devices.
08-18	6	Audit of the Administration of Wireless Communication Devices	In Process	Implemented	8/14/2009	N/A	Require that the various departments review the monthly invoice to ensure that devices are being used primarily for District-related businesses. Any unusual usage (e.g., long distance calls, tolls free calls, call forwarding) should be deterred and promptly discussed with the employee or contract worker to assess whether they were in connection with District business.	The Information Technology Department concurs with the recommendation. Information Technology has updated the content and format of the monthly billing report to provide greater detail so that non-business usage can be clearly identified by the responsible Department manager(s). For example, the report will show all charges for any additional services used, such as: long distance, text messaging, information (411), call forwarding, or third party purchases listed by person.	Completed on 6/1/2009. Detailed usage reports are sent to each department director on a monthly basis for review and justification of devices. A memo is also sent with the monthly bill to remind employees of the reimbursement process for non-District related use.
08-18	7	Audit of the Administration of Wireless Communication Devices	In Process	Implemented	8/14/2009	N/A	Consider re-evaluating the process for assigning employees and contract workers wireless devices and require periodic justification for renewals.	The Information Technology Department concurs with the recommendation. The Department has revised the "Wireless Device Request" form to include a renewal process. The Information Technology Department will implement an annual true-up request and will submit to the Department Directors to ensure that the wireless device is required for each employee's job function as currently assigned.	Completed on 7/2/2009. An updated device request form requiring detailed justification has been published. This form is also part of the yearly device renewal process.
08-23	4	Audit of the Procurement Card Program	In Process	Partially Implemented	3/30/2009	10/20/2009	Include procedures covering emergency cards in the User's Manual and the Article II Procurement Card Procedures.	Procurement concurs with this recommendation. Staff will add written emergency card usage procedures to the User's Manual. Written procedures will also be added to the Procurement Manual.	The user manual has been updated. Staff will request authorization and approval from the Governing Board to add written emergency card usage procedures to Article II of the Procurement Card Procedures. Additionally, these written procedures will also be added to the Procurement Manual.

Audit No.	Rec No.	Audit Title	Status Prior Report	Status Current Report	Due Date		Recommendation	Management Response	Current Period Comments Regarding Status
					Original	Revised			
08-23	5	Audit of the Procurement Card Program	In Process	Implemented	3/30/2009	N/A	Update written procedures to address the Procurement Department's review of monthly statements to include required attributes audited, exception handling and follow-up procedures.	Procurement concurs with this recommendation. Procurement will develop written procedures for Monthly procurement card statement reviews.	Procurement developed written procedures for Monthly procurement card statement reviews.
08-23	6	Audit of the Procurement Card Program	In Process	Implemented	4/30/2009	N/A	Review and update the merchant category codes regarding those that should be blocked and ensure that the User Manual and Works blocked codes are consistent.	Procurement concurs with this recommendation. Procurement will review and update the merchant category codes and ensure that any code that should be blocked is blocked. Procurement will also ensure that the blocked codes in the User Manual and the Works software program are consistent.	Procurement reviewed and updated the merchant category codes and ensured that any code that should be blocked were blocked. Procurement also ensured that the blocked codes in the User Manual and the Works software program were consistent.

Exhibit 4

Status of Recommendations Not Fully Implemented

Audit No.	Audit Name		
Recommendation	Current Status	Auditor's Comment	
06-19	Audit of the KRR Restoration Project In-Kind Credit Request Process		
<p># 5 Determine the amount of unclaimed expenses incurred for environmental assessments and submit a claim for these expenses as construction costs.</p> <p>Original Due Date: 12/31/2007 Revised Due Date: 3/31/2010</p>	<p>In Process</p>	<p>Finance staff has been assisting the Kissimmee Division in preparing their USACE construction costs submission, including environmental risk assessment costs. The changeover to SAP in 2004-2005 posed a minor challenge to reconciling costs, but it is anticipated that submissions from 2005- 2009 will be provided to the USACE by the early 2010 if not sooner.</p> <p>Auditor Update: 9/3/2009</p>	
<p># 10 Reconcile total expenditures charged to the KRR program per the District's financial system ("F" program code) to total expenditures claimed for in-kind credit (or will be claimed in the future under the established process.)</p> <p>Original Due Date: 12/31/2007 Revised Due Date: 3/31/2010</p>	<p>Partially Implemented</p>	<p>The changeover to SAP in 2004-2005 posed a minor challenge to reconciling costs, but it is anticipated that submissions from 2005- 2009 will be provided to the USACE by the early 2010 if not sooner.</p> <p>Auditor Update: 9/3/2009</p>	
07-36	Audit of the Information Technology Department		
<p># 1 Consider hiring full time employees for IT positions considered permanent and ongoing.</p> <p>Original Due Date: 10/30/2009 Revised Due Date: 10/1/2009</p>	<p>In Process</p>	<p>The IT Department agrees with this recommendation; however, the Executive Office is in discussions regarding the feasibility of implementing this recommendation and they have taken the lead for this recommendation.</p> <p>Auditor Update: 6/9/2009</p>	
08-12	Review of the GEPS Services Contracts		
<p># 3 Consider seeking authorization for additional staff positions in order to replace higher cost contractor workers, that are performing on-going activities, with employees.</p> <p>Original Due Date: 1/1/2010 Revised Due Date: 9/30/2010</p>	<p>In Process</p>	<p>Procurement agrees with this recommendation; however, the Executive Office is in discussions regarding the feasibility of implementing this recommendation and they have taken the lead for this recommendation.</p> <p>Auditor Update:</p>	
08-18	Audit of the Administration of Wireless Communication Devices		
<p># 1 Complete developing and implementing formal written policies and procedures pertaining specifically for cell phones,</p>	<p>In Process</p>	<p>This written policy is currently being reviewed by the Executive Director for approval.</p>	

Audit No.	Audit Name
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Recommendation	Current Status	Auditor's Comment
Blackberries, and air cards. In addition, ensure employees and contract workers have a clear understanding of the policies and procedures.		
Original Due Date: 8/14/2009		Auditor Update: 9/8/2009
Revised Due Date: 9/30/2009		

08-23	Audit of the Procurement Card Program
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#4	Include procedures covering emergency cards in the User's Manual and the Article II Procurement Card Procedures.	Partially Implemented	The user manual has been updated. Staff will request authorization and approval from the Governing Board to add written emergency card usage procedures to Article II of the Procurement Card Procedures. Additionally, these written procedures will also be added to the Procurement Manual.
	Original Due Date: 3/30/2009		Auditor Update: 9/3/2009
	Revised Due Date: 10/20/2009		