



**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
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SOUTH FLORIDA WATER MANAGEMENT DISTRICT

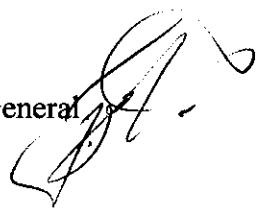
Memorandum

To: Audit and Finance Committee Members:
Mr. Charles J. Dauray, Chair
Mr. Eric Buermann, Member
Mr. Michael Collins, Member
Mr. Joe Collins, Member

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

Date: September 9, 2009

Subject: Audit Recommendations Follow-Up Report -
For the Period June 3, 2009 Through August 28, 2009
Project No. 09-25



This audit was performed pursuant to the Inspector General's authority set forth in Chapter 20.055, F.S. Enclosed is the subject report that was conducted to assess the progress made in implementing audit recommendations.

In our efforts to continue to improve the audit process we utilize an audit recommendations tracking database as an integral part of monitoring the implementation status of audit recommendations. This database contains the basic audit information and recommendations. This system provides us with a vehicle to communicate and gather feedback on the status of the audit recommendations with the Governing Board, District management and the audited department/office.

Tim Beirnes, Director of Auditing, prepared this report. Should you have any questions concerning the enclosed report, please feel free to call me at (561) 682-6128.

C: Carol Wehle
Tom Olliff

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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	<u>(1)</u>	<u>-</u>	<u>(1)</u>
Remaining Recommendations to be Fully Implemented	<u>3</u>	<u>1</u>	<u>4</u>
Reports Issued During Current Period			
New Recommendations*	13	-	13
Implemented or Partially Implemented	<u>(12)</u>	<u>1</u>	<u>(11)</u>
Remaining Recommendations to be Fully Implemented	<u>1</u>	<u>1</u>	<u>2</u>
Current Status			
Remaining Recommendations to be Fully Implemented	<u><u>4</u></u>	<u><u>2</u></u>	<u><u>6</u></u>

* 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		
# 5	Determine the amount of unclaimed expenses incurred for environmental assessments and submit a claim for these expenses as construction costs.	In Process	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.
	Original Due Date: 12/31/2007		Auditor Update: 9/3/2009
	Revised Due Date: 3/31/2010		
# 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	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.
	Original Due Date: 12/31/2007		Auditor Update: 9/3/2009
	Revised Due Date: 3/31/2010		
07-36	Audit of the Information Technology Department		
# 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		
08-12	Review of the GEPS Services Contracts		
# 3	Consider seeking authorization for additional staff positions in order to replace higher cost contractor workers, that are performing on-going activities, with employees.	In Process	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.
	Original Due Date: 1/1/2010		Auditor Update:
	Revised Due Date: 9/30/2010		
08-18	Audit of the Administration of Wireless Communication Devices		
# 1	Complete developing and implementing formal written policies and procedures pertaining specifically for cell phones,	In Process	This written policy is currently being reviewed by the Executive Director for approval.

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		