



**Audit Recommendations
Follow-Up Report
For the Period January 1, 2013
Through March 31, 2013**

Project # 13-15

**Prepared by
Office of Inspector General**


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

Memorandum

To: Governing Board Members

From: J. Timothy Beirnes, CPA, Inspector General
Office of Inspector General 

Date: May 16, 2013

Subject: Audit Recommendations Follow-Up Report -
For the Period January 1, 2013 through March 31, 2013
Project No. 13-15

This audit was performed pursuant to the Inspector General's authority set forth in Section 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 organizational units.

Should you have any questions concerning the enclosed report, please feel free to call me at (561) 682-6398.

C: Melissa Meeker
Carolyn Ansay

TABLE OF CONTENTS

EXECUTIVE SUMMARY1

EXHIBIT 1: Summary of Recommendations Status3

EXHIBIT 2: Reports With Implementation of Recommendations in Progress4

**EXHIBIT 3: Detail of In-Process and Partially Implemented Audit
Recommendations5**

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 Office of Inspector General has performed follow-up audit work since the office was established in 1996. Every quarter our office 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 system. 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 January 1, 2013 through March 31, 2013 (the "Reporting Period"). As shown in Exhibit 1, as of December 31, 2012 there were 18 recommendations that were not yet Fully Implemented, consisting of 16 that were In-Process and two (2) that were Partially Implemented. Since then, four (4) of these recommendations have been Fully Implemented.

During the Reporting Period, no recommendations were added from newly issued reports. There are currently 14 recommendations that are In-Process of being implemented or have been Partially Implemented as of March 31, 2013.

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 1
Summary of Recommendations Status

As of March 31, 2013

	In Process	Partially Implemented	Total
Prior Period Reports			
Status Prior Period (December 31, 2012)	16	2	18
Implemented or Partially Implemented During Period	(4)	-	(4)
Remaining Recommendations to be Fully Implemented	<u>12</u>	<u>2</u>	<u>14</u>
Reports Issued During Current Period			
New Recommendations*	-	-	-
Implemented or Partially Implemented	-	-	-
Remaining Recommendations to be Fully Implemented	-	-	-
Current Status			
Remaining Recommendations to be Fully Implemented	<u>12</u>	<u>2</u>	<u>14</u>

* Initial Status is set as "In-Process"

EXHIBIT 2
Audit Reports With Implementation of Recommendations in Progress
As of March 31, 2013

Audit No.	Audit Title	No. of Recs		In Process	Partially Implemented	No Longer Applicable	Implemented	
Recommendations - Prior Period Reports								
08-09	Review of Internal Controls Over Fuel Inventory	5	Initial Status	0	1	0	4	Open
			Change in Status	0	0	0	0	
			Current Period Status	0	1	0	4	
10-07	Audit of the RECOVER Program	4	Initial Status	0	1	0	3	Open
			Change in Status	0	0	0	0	
			Current Period Status	0	1	0	3	
11-05	Audit of the Disaster Recovery Plan	7	Initial Status	2	0	0	5	Open
			Change in Status	-1	0	0	1	
			Current Period Status	1	0	0	6	
11-11	Audit of Surplus Lands	10	Initial Status	8	0	0	2	Open
			Change in Status	0	0	0	0	
			Current Period Status	8	0	0	2	
11-19	Post Implementation Review of the District's ePermitting System	1	Initial Status	1	0	0	0	Complete
			Change in Status	-1	0	0	1	
			Current Period Status	0	0	0	1	
11-20	Audit of the Lake Belt Mitigation Fund	8	Initial Status	2	0	0	6	Complete
			Change in Status	-2	0	0	2	
			Current Period Status	0	0	0	8	
12-16	Audit of Land Lease Compliance	4	Initial Status	3	0	0	1	Open
			Change in Status	0	0	0	0	
			Current Period Status	3	0	0	1	
Recommendations - All Reports								
TOTAL			Prior/Initial Status	16	2	0	21	
			Change in Status	-4	0	0	4	
			Status Current Period	12	2	0	25	
Number of Recommendations Remaining to Be Fully Implemented		14		12	2			

Prior Period = As of December 31, 2012

EXHIBIT 3
Detail of In-Process and Partially Implemented Audit Recommendations
As of March 31, 2013

Audit No.	Rec No.	Audit Title	Status Prior Report	Status Current Report	Due Date		Recommendation	Management Response	Current Period Comments Regarding Status
					Original	Revised			
08-09	2	Review of Internal Controls Over Fuel Inventory	Partially Implemented	Partially Implemented	9/30/2009	3/15/2016	Implement physical security measures that were identified by Emergency/Security Management.	Fencing repairs will be done in FY2010. New fences will be deferred to future years due to FY2010 budget constraints. For security systems, we will coordinate with Security Management to have them budget for these systems in future years.	The fencing for the north shore pump station (i.e. 127, 129, 131, 133, and 193) has been added to the trash rake projects at each of the sites. Due to funding constraints, estimated completion dates for S131, S135 and S153 is 1/15/2016 and S129 and S133 is 3/15/2016.
10-07	1	Audit of the RECOVER Program	Partially Implemented	Partially Implemented	10/31/2011	6/30/2013	Develop jointly with the USACE an updated RECOVER Program Management Plan as required by the CERP Master Program	Agree. A draft PMP update has been submitted and circulated with the expectation that the Design Coordination Team (a partnership with the Corps) will review in May. Following comments, it is expected that the PMP will be finalized by October 2011.	The Adaptive Management and Assessment Program Management Plan, under RECOVER, has been updated and signed and is posted to Documentum. The final edits to the RECOVER PMP are underway and should be completed by June.
11-05	4	Audit of the Disaster Recovery Plan	In Process	In Process	4/12/2012	5/15/2013	Consider assigning the responsibility of coordinating a single Disaster Recovery Plan to an appropriate District Project Manager outside of the Information Technology Bureau.	Concur. Emergency Management has this responsibility currently. Plans are developed in the Emergency Management Section that has District-wide application. However, each Bureau/Section within the District is responsible for developing operational procedures that will explain "how" these plans will be executed. Each of these groups has Standard Operating Procedures (SOP) Coordinators that work very closely with Emergency Management to ensure conformity and applicability with umbrella District-wide plans. Emergency Management reviews procedures and meets with the SOP Coordinators periodically. Emergency Management will continue to work with the IT Bureau to ensure applicable emergency plans and procedures are updated and tested.	Emergency Management has completed the first draft of the Post Disaster Recovery Plan. Final document to be completed by May 15, 2013.

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11-05	7	Audit of the Disaster Recovery Plan	In Process	Implemented	9/30/2012	9/30/2013	Determine an updated, accepted Recovery Time Objective and a Recovery Point Objective for the single Disaster Recovery Plan.	Concur. The Information Technology Bureau will provide definitions of Recovery Time Objective (RTO) and Recovery Point Objective (RPO) to the Emergency Management Advisory Committee (see recommendation 6) and ask that defining acceptable measures for the District's business recovery be assigned. In general, RTO is the duration of time and a service level within which a business process must be restored after a disaster in order to avoid unacceptable consequences, or the acceptable amount of time to restore the function. The RPO is the maximum tolerable period in which data might be lost from an IT service due to a major incident. The business leadership team will ultimately set the RTO and RPO metrics to fit within the available resources. The RPO time period and the RTO time duration will be completed and included along with Audit Recommendation #4 and #6. When recommended by the IT Bureau, Emergency Management will provide the information to the Emergency Management Advisory Committee for final approval. Once approved, the information will be provided to the Emergency Management Director for inclusion in appropriate planning documents	All RPO and RTO for mission critical functions that must be resumed within 7 days have been analyzed by IT and the acceptable RPO and RTO has been presented to the Emergency Management Office for approval. IT will update the DR Plan and ensure that normal life cycle of review validate all acceptable RPO and RTO.
11-11	1	Audit of Surplus Lands	In Process	In Process	8/31/2013	9/30/2013	Conduct a detailed assessment of all District lands to identify those lands, which are required for mission-related purposes and projects, and those lands that should be considered for surplus. Further, ensure that the review process is adequately documented and include justifications why parcels are or are not needed for mission-related purposes	Management agrees.	In process and on schedule. Development of a new Land Assessment Process was initiated in May 2012 and is scheduled for completion by September 30, 2013.
11-11	2	Audit of Surplus Lands	In Process	In Process	8/31/2013	9/30/2013	Consider performing a review for surplus District lands on a periodic basis utilizing the results of the initial comprehensive assessment.	Management agrees. After the initial review process is completed, a determination will be made to address the most appropriate frequency for future land assessments for District lands.	On schedule. The frequency and timing needed to assess District land inventory for potential surplus will be included as part of the Land Assessment Process currently being developed and scheduled for completion in August 2013. Because the current land assessment is much more thorough than was anticipated in the audit, it is anticipated that the frequency of this type of assessment will not only be repeated as necessary, and not more often than every 3-5 years.

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11-11	3	Audit of Surplus Lands	In Process	In Process	8/31/2013	9/30/2013	Require that the annual requests to staff identify potential surplus District lands are adequately documented.	Management agrees. A review of the appropriate documentation to be included in surplus land consideration by staff will be included in the new land assessment process currently being developed.	On schedule. A new process to include a much more extensive level of input from appropriate District staff will be included in the new Land Assessment Process. On January 14, 2013 an email was sent to all of the District Staff -SME to fill out a form in reference to Surplus lands. This will be done on an as needed basis once the first round has been completed. District staff throughout the agency are now being included in the land assessment process.
11-11	6	Audit of Surplus Lands	In Process	In Process	6/30/2013	6/30/2013	Consider proposing revisions of Chapter 373.089, Florida Statutes, to the Florida's Department of Environmental Protection. REVISIONS SHOULD ADDRESS appraisal and advertisements timeframe requirements.	Management agrees. Due to the necessity to prepare a proposal to DEP, the anticipated completion time cannot be attained before the next legislative cycle.	On schedule to be completed by 6/30/2013
11-11	7	Audit of Surplus Lands	In Process	In Process	12/31/2012	9/30/2013	Establish detailed marketing strategies for disposing surplus tracts in an efficient manner. Consider strategies such as notifying neighboring landowners and posting sale signs on the properties.	Management agrees.	A new process is being developed to include notification of neighboring landowners, staff (SME), stakeholders, government agencies and interested parties in order to increase awareness of upcoming surplus bid requests. A list for notifying neighbors of lands has already approved for surplus and is currently being prepared. Process development is being synchronized with the Land Assessment Process.
11-11	8	Audit of Surplus Lands	In Process	In Process	8/31/2013	9/30/2013	Conduct a detailed assessment of all District lands to determine whether additional lands could be leased.	Management agrees. This will coincide with the completion of the land assessment process currently in development.	On schedule. A new inventory review process is ahead of schedule and is being synchronized with the Land Assessment Process to ensure a complete review of potential leased lands. The Web site has been completed. Region 1 of 5 have been reviewed and estimating to review one per month. As this lease assessment is connected to the land assessment process, the assessments will be synchronized for completion at the same time.

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11-11	9	Audit of Surplus Lands	In Process	In Process	3/31/2013	12/1/2013	Explore the potential of leasing additional lands for communications towers or tower space to businesses in the telecommunication industry.	Management agrees.	A review process is on schedule to identify potential sites for tower and communication system leases. Due date change due to shortage of staff. A meeting to re-initiate the discussions/analysis is scheduled for May 15, 2013.
11-11	10	Audit of Surplus Lands	In Process	In Process	9/30/2013	9/30/2013	Expedite the assessment process to determine whether the 10,775 acres of additional lands are leasable and, if so, initiate the leasing process.	Management agrees. The assessment process has been initiated. The 10,775 acres are located in multiple zones and is being reviewed by zones.	On schedule. These lands are currently being reviewed to identify their lease potential. As this lease assessment is connected to the land assessment process, the assessments will be synchronized for completion at the same time.
11-19	1	Post Implementation Review of the District's ePermitting System	In Process	Implemented	5/31/2014	5/31/2014	Determine whether the existing contract worker's skill set will be needed on a permanent on-going basis, and if so, consider replacing the contract worker with a District staff.	The Information Technology Bureau agrees that the contract worker's skill set will be needed on a permanent on-going basis. As a mandated (FS Ch 288.109) application that is public facing there will be a need to maintain the application, implement software updates, and develop potential enhancements. The application was created using contract workers with specific programming skills. These skill-sets are in the process of being developed among District staff through redirection of vacancies and recruitment of the necessary level of skills.	The current FTE staff has completed knowledge transfer and is prepared to support ePermitting at the end of the FY13 Project (100787).
11-20	3	Audit of Lake Belt Mitigation Fund	In Process	Implemented	12/31/2012	2/28/2013	The District should consider recommending to the Lake Belt Mitigation Committee that it establish competitive processes for procurements exceeding certain dollar thresholds.	All contracting for Lake Belt Mitigation Committee-approved projects that is implemented by the District is done in accordance with the District's procurement policy. Scopes of Work and cost proposals for mitigation activities implemented by the Miami-Dade Limestone Product Association itself are reviewed and approved by the interagency committee, following input from the engineering, construction and technical staff from the committee member agencies. District staff will discuss the issue with the Lake Belt Mitigation Committee at an upcoming meeting.	This recommendation was presented to the Lake Belt Mitigation Committee on February 22, 2013. The committee approved a motion to request a cost comparison review be performed by the SFWMD and/or USACE staff on MDLPA sponsored construction contracts greater than \$1 million prior to committee approval.
11-20	4	Audit of Lake Belt Mitigation Fund	In Process	Implemented	10/31/2012	1/31/2013	Ensure that the Wetlands Mitigation Permanent Fund is funded by an additional \$820,349 for long-term land management in the Pennsoco area.	Budget Bureau staff will include an operating transfer from the Wetland Mitigation Restoration Fund (Fund 211) to the Wetland Mitigation Permanent Fund (Fund 701) in the updated Fiscal Year 2013 budget to be considered for adoption by the Governing Board in September.	An Interfund transfer of \$820,349 from the Wetlands Mitigation Fund to the Wetland Mitigation Permanent Fund has been included in the FY14 Preliminary Budget being submitted to the Governor/Legislature January 15, 2013 for review prior to the August 1 tentative budget submittal and final adoption by the Governing Board September, 2013.

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12-16	2	Audit of Land Lease Compliance	In Process	In-Process	12/31/2012	10/31/2013	<p>Consider conducting pastureland improvements, where needed, through lease credit to lessees for enhancements made.</p>	<p>Some of the District's interim project lands are former croplands (E.g., citrus, sugarcane, vegetables) and typically do not have the optimal forage grass species needed on-site should land managers decide to convert the land or leases used to cattle grazing. These lower-quality grazing lands are appraised at a lower market rent than those properties that contain optimal grazing biomass. When the former cropland properties are advertised for a cattle grazing lease, the result are a lower minimum bid price.</p> <p>The Leasing & Mitigation Administrative Unit currently has a process or mechanism in place to provide credits to new lessees that are required to erect fencing around the perimeter of their cattle grazing leases. Therefore, it is possible to consider lease credits for pastureland improvements and enhancements. District management must consider the costs of offering rent credits for fencing and pastureland improvements against the anticipated revenue generated for the lease and cost of the land management activities should the property remain vacant.</p> <p>Agricultural leases terms are held at a maximum of ten years. Depending on the size of the property and the linear feet of fencing needed, the District may not see a positive revenue generated from the lease until the last couple of years of the lease term. If the District were to add the extra expense of pastureland improvement credits to the existing fencing credits, then there is the possibility of not generating any lease revenue at all. In addition, management must also consider the long-term land management goals for these former cropland properties. If the land will eventually be used for a construction project where the soils will be significantly disturbed, then foraging improvements may be a viable option to increase the interim value of the land for grazing. However, many of the District's grazing leases occur on lands acquired for conservation and restoration purposed. Prescribe grazing is used on these areas as a land management tool to manage native vegetation and reduce some exotic plant species. Planting exotic grasses on these areas to support increased cattle stocking rates would be contrary to the overall management strategy for these lands and would increase the exotic plant control costs associated with planned restoration activities.</p> <p>[Continued on next page]</p>	<p>Staff from both Land Management and Land Leasing began working on a cost/benefit analysis which is anticipated to be finished by the revised due date.</p>

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								The project's construction schedule should be considered as well. If the project will start within the ten-year lease term, then money may be owed to the lessee for their fence and forage improvement. If the project schedule indicates that the construction commencement is ten to twenty years away, then the District should be able to generate more income on the second lease when the pastureland improvement are fully realized and the costs recuperated. As requested, the leasing & Mitigation Administrative Unit, in coordination with the Land Management Unit, will perform a cost/benefit analysis of offering lease credits for both fencing and pastureland improvements /enhancements to cattle lessees on properties with less than optimal foraging material with consideration of the long-term land management goals.	
12-16	3	Audit of Land Lease Compliance	In Process	In-Process	12/31/2012	10/31/2013	Determine the correct acreage that should be used to calculate District royalty income.	Staff Agrees that the land acquisition documents and the lease contract for White Rock have conflicting numbers for the exact amount of acreage owned by the District. The leasing & Mitigation Administrative Unit will work directly with the Real Estate Unit to conduct a thorough review of the closing documents in order to determine the correct acreage figure to be used in the lease. The results will be reported to the IG's Office and corrected in the lease contract.	A meeting was held on April 25, 2013, to evaluate the inconsistencies in the total number of acres owned by the District. It was determined that the correct total acreage is 202.02 based on a revised legal description written in 2010. The next step will be to amend the White Rock lease to correct the lease language and attachments.
12-16	4	Audit of Land Lease Compliance	In Process	In-Process	12/31/2012	10/31/2013	Consider jointly selecting and engaging an independent engineering firm with WRQ or engaging a firm independent of WRQ to verify the annual calculation of lime rock yielded.	Staff in the Land Leasing & Mitigation Administration Unit, in coordination with the Office of Everglades Policy, will meet with the lessee (White Rock) representatives and discuss the possibility of amending and modifying the lease documents to contract with an independent entity to verify the annual amount of lime rock extracted from the leased property.	An internal staff discussion meeting is scheduled for April 29, 2013, to discuss the method of determining lime rock yield and to develop a list of possible third party engineering firms. A meeting with White Rock will be scheduled subsequent to the meeting.