Audit Recommendations Follow-Up Report

For the Period October 1, 2015
Through December 31, 2015

Project #16-05

Prepared by
Office of Inspector General

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

sfwmd.gov

SOUTH FLORIDA WATER MANAGEMENT DISTRICT

Memorandum

To: Governing Board Members

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

Date: March 12, 2016

Subject: Audit Recommendations Follow-Up Report -
              For the Period October 1, 2015 through December 31, 2015
              Project No. 16-15

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: Peter Antonacci
      Brian Accardo
      Terrie Bates
      Richard Bassell
      Doug Bergstrom
      Jill Creech
      Karen Estock
      Len Lindahl
      Ernest Marks
      John Mitnik
      Duane Piper

TABLE OF CONTENTS

***NOTE: Due to the nature of the subject matter contained in the Enterprise Network Security Audit, the report is exempt from public disclosure, pursuant to Chapter 119.071(3), Florida Statutes. Thus, the status of the recommendations for this audit are included in a separate Exhibit 5, which will be excluded from the publically available version of this follow-up report.**

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 October 1, 2015 through December 31, 2015 (the "Reporting Period"). As shown in Exhibit 1, as of October 1, 2015 there were 13 recommendations that were not yet Fully Implemented, consisting of 12 that were In-Process and one (1) that was Partially Implemented. During the Reporting Period, one (1) recommendation was reclassified as No Longer Applicable (see Exhibit 3, Audit No. 13-19, Recommendation #1). During the Reporting Period, 29 recommendations were added from three (3) newly issued reports. Twenty (20) of these recommendations were either implemented at the time of report issuance or were implemented during the Reporting Period. In total from all reports, 21 recommendations are In-Process of being Implemented or have been Partially Implemented as of December 31, 2015.

Our office is also monitoring the implementation status of the 10 recommendations made in the Operational Audit performed by the State of Florida Auditor General. Nine (9) of these recommendations were fully implemented during prior quarters and one (1) is in process of implementation by December 31, 2015.

Following is a brief description of the attached exhibits:

- **Exhibit 1:** 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:** 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:** 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:** Displays detail information regarding the status of each audit recommendation contained in the Operational Audit performed by the State of Florida Auditor General. The comment column provides narrative information regarding implementation progress.

- **Exhibit 5:** Displays detail information regarding the status of each audit recommendation contained in the Enterprise Network Perimeter Security Audit. These recommendations were included in a separate exhibit due to the nature of the subject matter contained in the report, which is exempt from public disclosure. Therefore, Exhibit 5 will be excluded from publically available versions of this follow-up report.

EXHIBIT 1
Summary of Recommendations Status
As of December 31, 2015

	In Process	Partially Implemented	Total
Prior Period Reports			
Status Prior Period (September 30, 2015)	12	1	13
Implemented, Partially Implemented, or Status Changed to No Longer Applicable, During Period	(1)	-	(1)
Remaining Recommendations to be Fully Implemented	11	1	12
Reports Issued During Current Period			
New Recommendations*	29	-	29
Implemented or Partially Implemented	(20)	-	(20)
Remaining Recommendations to be Fully Implemented	9	-	9
Current Status			
Remaining Recommendations to be Fully Implemented	**20**	**1**	**21**

* Initial Status is set as "In-Process"

EXHIBIT 2

Audit Reports With Implementation of Recommendations in Progress
As of December 31, 2015

Audit No.	Audit Title	No. of Recs		In Process	Partially Implemented	No Longer Applicable	Implemented	
	Recommedations - 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	
12-30	Audit of Grant Monitoring	2	Initial Status	1	0	0	1	Open
			Change in Status	0	0	0	0	
			Current Period Status	1	0	0	1	
13-16	Audit of Fixed Assets Processes and Procedures	9	Initial Status	4	0	1	4	Open
			Change in Status	0	0	0	0	
			Current Period Status	4	0	1	4	
13-19	Audit of Land Lease Financial Provisions	3	Initial Status	2	0	0	1	Open
			Change in Status	-1	0	1	0	
			Current Period Status	1	0	1	1	
14-07	Audit of Dispersed Water Management Program	15	Initial Status	5	0	0	10	Open
			Change in Status	0	0	0	0	
			Current Period Status	5	0	0	10	
	Recommendations - Reports Issued During Current Period							
13-22	Enterprise Network Perimeter Security Audit	10	Initial Status	10	0	0	0	Open
			Change in Status	-1	0	0	1	
			Current Period Status	9	0	0	1	
14-15	Audit of Fleet Utilization	14	Initial Status	14	0	0	0	Complete
			Change in Status	-14	0	0	14	
			Current Period Status	0	0	0	14	
15-07	Audit of Cash Receipts process	5	Initial Status	5	0	0	0	Complete
			Change in Status	-5	0	0	5	
			Current Period Status	0	0	0	5	
	Recommendations - All Reports							
	TOTAL	34	Prior/Initial Status	41	1	1	20	
			Change in Status	-21	0	1	20	
			Status Current Period	20	1	2	40	
	Number of Recommendations Remaining to Be Fully Implemented	**21**		**20**	**1**			

Prior Period = As of September 30, 2015

Audit No.	Rec No.	Audit Title	Status Prior Report	Status Current Report	Due Date Original	Due Date Revised	Recommendation	Management Response	Current Period Comments Regarding Status
08-09	2	Review of Internal Controls Over Fuel Inventory	Partially Implemented	Partially Implemented	9/30/2009	5/27/2016	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 129 Security Fencing is complete except for a small section left out for the gate installation after the culvert inspections. Completion date: May 27, 2016. The 131 is mostly complete except for the outfall gate area and some punch list items. Completion date: May 27, 2016
12-30	1	Audit of Grant Monitoring	In Process	In Process	12/30/2013	3/31/2016	Update the District's grant procedures and add a section for when the District is, or acts, as a grantor. The State of Florida's Contract and Grant User Guide is a good reference for updating the procedures.	Management agrees with the recommendation. Finance will revise the District grant procedures to include a section for when the District acts as a grantor.	A draft of a revised Grant Procedure, including when the District acts as a grantor, is completed and awaiting final approval.
13-16	1	Audit of Fixed Assets Processes and Procedures	In Process	In Process	4/10/2014	3/31/2016	Update the written policies and procedures to properly reflect the assignment of fixed asset responsibilities.	Management concurs with the recommendation. The fixed asset policies and procedures are in the process of being updated for changes in responsibilities, changes in the organization, and changes in processes.	The fixed asset policy and procedures have been updated and are awaiting final approval.
13-16	2	Audit of Fixed Assets Processes and Procedures	In Process	In Process	4/10/2014	3/31/2016	Update the written policies and procedures to reference and cite the applicability of Chapter 69I-73 F.A.C. and document compliance with the code requirements	Management concurs with the recommendation. The District's Fixed Assets Policy, Sec. 110-61 through Sec. 110-66, is in the process of being updated to include the District's responsibilities under Chapter 69I-73 F.A.C.	The fixed asset policy and procedures have been updated and are awaiting final approval.
13-16	5	Audit of Fixed Assets Processes and Procedures	In Process	In Process	4/10/2014	3/31/2016	Adopt procedures to document the research of missing inventory items, identify causes for the missing items, and take immediate corrective action.	Management concurs with the recommendation. The Fixed Asset procedures are being amended to require that the following steps be taken and documented when an asset is deemed missing: - Continue to search for the asset - Make inquiries to determine where it was last seen and who had possession of it - Contact all known users to see if anyone has knowledge of its whereabouts - Speculate as to what may have happened to the asset in order to determine if internal controls need to be strengthened - If there was evidence that the asset was stolen contact District Security Management and the appropriate law enforcement agency. - Indicate in the fixed asset records that the asset is in missing status - If the asset isn't found after two subsequent inventory counts then propose writing it off.	The fixed asset policy and procedures have been updated and are awaiting final approval.

Audit No.	Rec No.	Audit Title	Status Prior Report	Status Current Report	Due Date Original	Due Date Revised	Recommendation	Management Response	Current Period Comments Regarding Status
13-16	7	Audit of Fixed Assets Processes and Procedures	In Process	In Process	4/10/2014	3/31/2016	Establish procedures to perform an inventory whenever there is a change in custodian or custodian's delegate.	Management concurs with the recommendation and will work with Human Resources to determine how Finance will be notified when there are changes in asset custodians.	The fixed asset policy and procedures have been updated and are awaiting final approval.
13-19	1	Audit of Land Lease Financial Provisions	In Process	No Longer Applicable	4/10/2014	12/31/2015	Update IRIS database functionality to include lessee compliance with financial provisions and establish a single point record of lessee compliance with all lease provisions.	Management concurs with the recommendation that using one software program to administer the District is preferred as it would streamline the number of processes necessary to administer real estate lease agreements. Acknowledging that the use of multiple software programs is less efficient in the management of the real estate leasing program, staff submitted to the Information Technology (IT) Bureau in August of 2012, a Project Charter for the inclusion of the leasing administration procedures into the IRIS (Integrated Real Estate Information Systems) database. The purpose was to enhance the application features or functions in IRIS to support the Section's additional tracking needs. However, the additional work by IT to modify the IRIS application fell below the current prioritized list of District software modifications that IT has the staffing capability to complete. In concurrence with the audit recommendation Information Technology and Leasing will work together to map the lessee compliance process to identify potential efficiencies gained by updating the IRIS application. When completed, a new work request will be prepared and presented to management for approval. If funded, IT will schedule resources according to management guidance.	On October 14, 2015 the IT Governance (business leadership) Team reviewed this proposed request to modify the Land Leases Financial Provisions to not be a priority among all the IT initiatives under consideration. No time estimates were provided by IT for possible reconsideration of the request. Therefore, Real Estate Management requests this audit recommendation be closed. **IG's Comment:** Since the IT Governance Team has considered this projects, and other initiatives were determined to be of higher priority, this recommendation's status will be reclassified as No Longer Applicable.
13-19	2	Audit of Land Lease Financial Provisions	In Process	In Process	4/10/2014	6/30/2016	Amend the District leasing policy to allow the District staff to use lessee deposited funds for property damage, land clean-up and other mitigation purposes. Further, the policy should also be amended to authorize staff to increase staff to increase lessee required deposits on a case by case basis to mitigate land use risk.	Management concurs with the audit recommendation and will direct staff to begin preparation of a Governing Board resolution to amend the leasing policy as proposed.	The current schedule is to present a new lease policy to the Governing Board in April or May 2016 for consideration and adoption.
13-22	1	Enterprise Network Perimeter Security Audit					Due to the nature of the subject matter contained in the Enterprise Network Security Audit, the report is exempt from public disclosure; thus, the status of the recommendations for this audit are included in a separate Exhibit 5. Therefore, Exhibit 5 will be excluded from the publically available version of this follow-up report.		

Audit No.	Rec No.	Audit Title	Status Prior Report	Status Current Report	Due Date Original	Due Date Revised	Recommendation	Management Response	Current Period Comments Regarding Status
14-07	1	Audit of Dispersed Water Management Program	In Process	In Process	12/31/2017	3/31/2016	Ensure the storage needs assessment for north of Lake Okeechobee (LO) is completed in a timely manner.	Shared responsibilities: All District users, in enjoying the benefits of Information Technology, should take reasonable steps to secure their own system(s), become aware and follow District Policy, as well as exercise due care in the communication and storage of sensitive information	**Updated 01/27/16:** Draft of Northern Everglades Water Storage (NEWS) report addressing suitability of sites north of Lake Okeechobee for Dispersed Water Management projects is complete, and is awaiting Executive Office review.
14-07	2	Audit of Dispersed Water Management Program	In Process	In Process	9/30/2015	06/31/2016	If the suitability analysis for north of Lake Okeechobee concludes that certain operational DWM projects in specific sub-watersheds are not in the preferred mix of projects to meet storage goals, then consider terminating the contracts.	The Storage Needs of the Lake project is a comprehensive, long term effort to reassess total storage needed north and south of LO to maintain the lake within the established stage envelope and minimize damaging discharges to the estuaries; identify the best combination of storage by sub-watershed to meet the total storage goal; perform a water storage technology suitability analysis specific to north of LO; and determine the best tools to accomplish storage needs. Storage features being considered are deep and shallow storage, Aquifer Storage and Recovery and Dispersed Water Management (DWM). Completion of this effort will require the commitment of resources from multiple resource areas across the District as well as external contractor support.	**Updated 01/27/16: Executive Office** review of the draft section described needs to be completed prior to analyzing existing operational projects. However, initial review indicates that no operational projects would be recommended for termination based on this criteria.
14-07	3	Audit of Dispersed Water Management Program	In Process	In Process	9/30/2016	12/31/2016	Consider performing the same storage needs assessment for the St. Lucie and the Caloosahatchee River Watersheds.	One component of the suitability analysis for the Storage Needs North of the Lake Project is to identify the primary criteria needed to successfully implement DWM projects and limitations of DWM, which will in turn be used to locate areas north of LO where DWM would be most feasible and necessary. Development of suitability criteria will consider key cost and feasibility drivers such as hydrology, engineering constraints, topography, soils, and land use. The purpose of the knowledge gained with this analysis is to assist with prioritizing areas of focus for future DWM expansion. The suitability analysis will not provide information at the individual project level; it will provide information at the sub-watershed level. The DMW program will use the results from this effort along with actual project data to evaluate existing contracts.	**Updated 01/27/16:** Storage needs assessments for the St. Lucie and Caloosahatchee River Watersheds will be initiated upon completion of the North of the Lake assessment, utilizing lessons learned in that process.
14-07	8	Audit of Dispersed Water Management Program	In Process	In Process	6/30/2015	3/31/2016	Consider revising the water retention model used to estimate water retention capacities for the NE-PES projects by taking into account cascading basins, actual data, and stakeholder concerns.	The District has created a project to analyze if the Potential Water Retention Model (PWRM), developed specifically for the NE-PES projects, will be used to evaluate future private projects on ranchlands or whether another methodology is more appropriate. In addition, this effort will look at the appropriate model to use to evaluate other DWM projects, such as water farming and storage on public lands. If the PWRM tool is chosen for future use, the model will be refined as appropriate.	**Updated 01/27/16:** A replacement model has been developed by District modeling staff, and is currently under an internal review/iterative testing process as well as developing a graphic user interface (GUI). Testing and GUI development should be completed within one to two months.
14-07	9	Audit of Dispersed Water Management Program	In Process	In Process	9/30/2015	5/31/2016	Train staff to use the model so that water retention capacities can be closely monitored.	Staff training will take place on the selected model developed in response to Recommendation #8 above.	**Updated 01/27/16:** Staff training will take place on the selected model developed in response to Recommendation #8 above. Completion date updated to reflect schedule drag on Recommendation #8.

Audit No.	Rec No.	Audit Title	Status Prior Report	Status Current Report	Due Date Original	Due Date Revised	Recommendation	Management Response	Current Period Comments Regarding Status
14-15	1	Audit of Fleet Utilization	In Process	Implemented	8/13/2015	8/13/2015	Consider increasing funding allocated to fleet replacement in future budgets and implement a plan to replace the District's aging fleet.	This recommendation is acknowledged, but the Inspector General's Office (IG) must understand that increasing funding for Fleet Replacement is out of the Bureau's control and entirely a function of the budget office. Fleet Management has a five year plan to replace the District aging fleet, but with reduced funding we can only work within the limitation of the budget.	Recommendation completed at time of report issuance.
14-15	2	Audit of Fleet Utilization	In Process	Implemented	10/1/2016	10/16/2015	Ensure that the estimated miles/hours and maintenance costs in the Fleet Management Unit's fleet replacement analysis are properly calculated and that the replacement costs are reasonable.	Fleet Management will ensure that the spreadsheet formulas for calculating cost per mile (CPM), Cost per hour (CPH), and maintenance cost are correct and that estimated replacement cost are reasonable. Fleet will explore the possibility of automating the process by creating SAP/BW canned reports to replace the Excel Spreadsheets.	Completed on 10/16/2015. Staff developed BW report ZZPM_CO2 to generate Cost Per Mile (CPR) and Cost Per Hour (CPH) rates. This report has replaced/enhanced the manual Excel Spreadsheet.
14-15	3	Audit of Fleet Utilization	In Process	Implemented	8/13/2015	8/13/2015	Develop sound criteria for determining which light vehicles should be included in the calculation to determine the average maintenance cost per mile.	Fleet Management has developed Cost Per Mile (CPM) rates per class independent of the replacement analysis. These rates will be used when determining if vehicles or equipment meet the replacement criteria. In other words, the Cost Per Mile (CPM) will be pre-established similarly to the Age (12 years), and Miles (180,000). This will reduce the confusion in figuring out the cost per mile criteria for fleet replacement.	Recommendation completed at time of report issuance.
14-15	4	Audit of Fleet Utilization	In Process	Implemented	8/13/2015	8/13/2015	Semi-annually monitor those light vehicles with low utilization that cost centers indicated would realize increase utilization in the future. Inform pertinent management as necessary.	Management concurs with this recommendation and have implemented semi-annual monitoring.	Recommendation completed at time of report issuance.
14-15	5	Audit of Fleet Utilization	In Process	Implemented	12/1/2015	8/13/2015	Require cost centers to take a more active role in monitoring utilization of vehicles/equipment/boats.	Currently, the field stations are monitoring their utilization by running BW reports, annual or semiannual. This represents approximately 83% of the District fleet. The cost centers outside of OM usually track their utilization using trip logs which are scanned into server monthly. Fleet Management will play a greater role in emphasizing the effectiveness of monitoring fleet utilization at the cost center level. This issue has also been taken up by the Fleet STAN Team.	Recommendation completed at time of report issuance.
14-15	6	Audit of Fleet Utilization	In Process	Implemented	12/1/2015	10/16/2015	Assess whether all vehicles/equipment/boats with low utilization are needed. Surplus those that not needed.	Utilization assessment is an ongoing process through our annual and semi-annual utilization analysis of not just vehicles but marine and other equipment. An indication of this is we have two airboats to be sent to auction for underutilization. One was sent last month. The next utilization analysis will be performed in October 2015. Vehicles that are underutilized without justification will be sent to auction.	The 2015 Fleet Utilization Report was completed and submitted to Management for review.

Audit No.	Rec No.	Audit Title	Status Prior Report	Status Current Report	Due Date Original	Due Date Revised	Recommendation	Management Response	Current Period Comments Regarding Status
14-15	7	Audit of Fleet Utilization	In Process	Implemented	8/13/2015	8/13/2015	Dispose of the Miami Field Station's malfunctioning dump truck (V2353-10027877) in a cost efficient manner.	The Miami dump truck was repaired by replacing the hydraulic pump. Okeechobee Field station traded their 1998, Dump Truck, V1812 for V2353. V1812 was sent to auction.	Recommendation completed at time of report issuance.
14-15	8	Audit of Fleet Utilization	In Process	Implemented	8/13/2015	8/13/2015	Continue to assess whether new construction equipment and other fleet purchases can be shared by field stations and other cost centers in order to increase utilization and reduce costs.	Management concurs with the recommendation. This is an ongoing process. The south is currently sharing one (1) motor grader between three field stations, Miami, Homestead, and Ft. Lauderdale. With the possible merger of the field stations (Okeechobee & St. Cloud) this will be more feasible.	Recommendation completed at time of report issuance.
14-15	9	Audit of Fleet Utilization	In Process	Implemented	8/13/2015	8/13/2015	Consider a vehicle's age, mileage, maintenance cost per mile, and utilization levels, as necessary, before making costly repairs.	Fleet Maintenance has always considered the above indicators prior to costly repairs. However, the IG must understand that sometime the Division has no choice but to proceed with the repairs despite the cost. This can be attributed to the lack of spare vehicles or vehicle availability. Divisions are keeping vehicles longer due to lack of replacement capital. When these vehicles fail, the repairs are necessary to keep the vehicle on the road.	Recommendation completed at time of report issuance.
14-15	10	Audit of Fleet Utilization	In Process	Implemented	8/13/2015	8/13/2015	Consider keeping the three cranes if the cranes will continue to be utilized and maintenance costs remain minimal.	Management concurs with recommendation	Recommendation completed at time of report issuance.
14-15	11	Audit of Fleet Utilization	In Process	Implemented	8/13/2016	8/13/2015	Perform a cost benefit analysis if at a future time it is determined that costly major overhauls are required to determine whether it would be cost effective to perform the overhaul or dispose of the cranes and rent as needed.	Management concurs with recommendation.	Recommendation completed at time of report issuance.
14-15	12	Audit of Fleet Utilization	In Process	Implemented	8/13/2015	8/13/2015	Explore the option of disposing of the cranes if the newer cranes can fulfill the District's needs.	Management concurs with recommendation.	Recommendation completed at time of issuance.

Audit No.	Rec No.	Audit Title	Status Prior Report	Status Current Report	Due Date Original	Due Date Revised	Recommendation	Management Response	Current Period Comments Regarding Status
14-15	13	Audit of Fleet Utilization	In Process	Implemented	8/13/2015	8/13/2015	Take action to ensure that District contract specifications do not include fleet purchases with contract funds.	This will be communicated in writing to the Divisions that have previously included vehicles and equipment as part of their contractual agreement with contractors. Concur with recommendation.	Recommendation completed at time of report issuance.
14-15	14	Audit of Fleet Utilization	In Process	Implemented	8/13/2015	8/13/2015	Ensure that all District vehicles/equipment are acquired by the Fleet Management Unit using state or local government contracts or District bid solicitations to obtain the best prices.	Ninety percent of Fleet purchases are through the Sheriff Association Contract, Florida Department of Management Services State Contact, and the National Joint Power Association (NJPA) Contract. The other ten percent are purchased through competitive bidding or other contracts. Vehicles that were purchased as part of projects constitute a minute percentage of total vehicles purchased. Every effort will be made to curtail, if not eliminate this practice.	Recommendation completed at time of report issuance.
15-07	1	Audit of the Cash Receipts Process	In Process	Implemented	11/12/2015	11/12/2015	Evaluate the benefits of having Service Centers and Field Stations restrictively endorse all checks at the point of collection.	Management agrees with the recommendation and will provide each location that receives customer checks with a stamp to restrictively endorse the checks.	Recommendation completed at time of report issuance.
15-07	2	Audit of the Cash Receipts Process	In Process	Implemented	11/12/2015	11/12/2015	Train the Cashier's back-up to restrictively endorse and date stamp checks received by the Cashier's office.	Management agrees with the recommendation and will instruct staff who are temporarily assuming the role of Cashier in how to properly handle checks.	Recommendation completed at time of report issuance.
15-07	3	Audit of the Cash Receipts Process	In Process	Implemented	10/1/2015	10/1/2015	Revise current wireless device procedures to permit reasonable incidental use and discontinue cellular phone fee.	Management agrees with the recommendation and will discontinue the requirement for District cell phone users to pay the District for reasonable incidental personal cell phone usage.	Recommendation completed at time of report issuance.
15-07	4	Audit of the Cash Receipts Process	In Process	Implemented	10/1/2015	10/1/2015	Continue IT Asset Management Section monthly cellular phone bill monitoring to identify non-use and ensure that employee personal use is incidental.	Management agrees with the recommendation and will continue to monitor monthly cell phone bills to ensure that any personal use is reasonable and incidental.	Recommendation completed at time of report issuance.
15-07	5	Audit of the Cash Receipts Process	In Process	Implemented	10/1/2015	10/1/2015	Consider phasing out the current cellular phone plans and move the remaining employees in the District cellular phone plans to a District stipend payment plan.	Management agrees with the recommendation and is transitioning smart-phone users, with the exception of certain upper management, to the stipend.	Recommendation completed at time of report issuance.

EXHIBIT 4
Auditor General Recommendations
As of December 31, 2015

Audit No.	Rec No.	Audit Title	Status Prior Report	Status Current Report	Recommendation	Management Response	Current Period Comments Regarding Status
	2	Auditor General Operational Audit	In- Process	Partially Implemented	The District should develop or enhance written procedures for Accounts Receivable and Key Permit Access Refunds and ensure that these procedures are continuously updated for changes in key controls or personnel.	**Accounts Receivable** - The Districts concurs with the recommendation and will be evaluating the accounts receivable process and procedures and make the appropriate changes. **Key Permit Access Refunds** - The District has assembled a team to re-evaluate and document the key deposit process. The goal is to design a process that is efficient and which contains internal controls to ensure that District stakeholder assets are properly safeguarded. Once completed, this process will become the basis for a procedure that will be included in the District Policies and Procedures Manual.	**Accounts Receivable**: In Process Estimated Completion Date - March 31, 2016