



Audit Recommendations Follow-Up Report

**For the Period January 1, 2017
Through March 31, 2017**

Project #17-11

**Prepared by
Office of Inspector General**

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



SOUTH FLORIDA WATER MANAGEMENT DISTRICT

Memorandum

To: Governing Board Members

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

Date: May 5, 2017

Subject: Audit Recommendations Follow-Up Report -
For the Period January 1, 2017 through March 31, 2017
Project No. 17-11

A handwritten signature in blue ink, likely belonging to J. Timothy Beirnes, the Inspector General.

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
Dorothy Bradshaw
Stephen Collins
Jill Creech
Joel Arrieta
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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 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, 2017 through March 31, 2017 (the "Reporting Period"). As shown in Exhibit 1, as of January 1, 2017 there were seven (7) recommendations that were not yet Fully Implemented. During the Reporting Period, one (1) of these recommendations was completed. During the Reporting Period, no recommendations were added from newly issued audit reports. In total from all reports, six (6) recommendations are In-Process of being implemented as of March 31, 2017.

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 1
Summary of Recommendations Status
As of March 31, 2017

	In	Partially	
Prior Period Reports	Process	Implemented	Total
Status Prior Period (December 31, 2016)	7	-	7
Implemented, Partially Implemented, or Status Changed to No Longer Applicable, During Period	(1)	-	(1)
Remaining Recommendations to be Fully Implemented	6	-	6
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	6	-	6

* Initial Status is set as "In-Process"

EXHIBIT 2
Audit Reports With Implementation of Recommendations in Progress
As of March 31, 2017

Audit No.	Audit Title	No. of Recs		In Process	Partially Implemented	No Longer Applicable	Implemented	
	Recommendations - Prior Period Reports							
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	
15-08	Audit of Permit Application Process	5	Initial Status	1	0	0	4	Complete
			Change in Status	-1	0	0	1	
			Current Period Status	0	0	0	5	
15-17	Audit of Investment Management	4	Initial Status	2	0	0	2	Open
			Change in Status	0	0	0	0	
			Current Period Status	2	0	0	2	
	Recommendations - All Reports							
	TOTAL	18	Prior/Initial Status	7	0	1	10	
			Change in Status	-1	0	0	1	
			Status Current Period	6	0	1	11	
	Number of Recommendations Remaining to Be Fully Implemented	6		6	0			

Prior Period = As of December 31, 2016

EXHIBIT 3
Detail of In-Process and Partially Implemented Audit Recommendations
As of March 31, 2017

Audit No.	Rec No.	Audit Title	Status Prior Report	Status Current Report	Due Date		Recommendation	Management Response	Current Period Comments Regarding Status
					Original	Current			
13-16	1	Audit of Fixed Assets Processes and Procedures	In Process	In Process	4/10/2014	6/30/2017	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 submitted to the Office of Counsel for review and approval.
13-16	2	Audit of Fixed Assets Processes and Procedures	In Process	In Process	4/10/2014	6/30/2017	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 submitted to the Office of Counsel for review and approval.
13-16	5	Audit of Fixed Assets Processes and Procedures	In Process	In Process	4/10/2014	6/30/2017	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 submitted to the Office of Counsel for review and approval.
13-16	7	Audit of Fixed Assets Processes and Procedures	In Process	In Process	4/10/2014	6/30/2017	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 submitted to the Office of Counsel for review and approval.
15-08	10	Audit of Permit Application Process	In Process	Implemented	8/31/2016	3/31/2017	Revise the District's Delegation of Authority and Designation of Responsibilities memorandum to authorize the Bureau Chief of Environmental Resource Permitting and Service Center Regulatory Administrators to approve modifications of conceptual permits that are consistent with the assumptions made in the original conceptual permit	The Regulation Division will work with the Office of Counsel and the Executive office to update the District's Delegation of Authority and Designation of Responsibilities memorandum as reflected in the audit recommendations.	The Delegations and Designations of SFWMD Policies draft update includes this delegation effective 2/10/2017.

Audit No.	Rec No.	Audit Title	Status Prior Report	Status Current Report	Due Date		Recommendation	Management Response	Current Period Comments Regarding Status
					Original	Current			
15-17	1	Audit of Investment Management	In Process	In Process	7/31/2016	7/31/2017	Prepare a long and short term cash flow forecast at the start of each fiscal year and update it monthly for changes that may affect near-term cash needs.	PFM will work with the Treasurer to create a long and short term cash flow forecast to aid in the investment of surplus funds.	PFM currently working with Treasurer to create long and short term cash flow forecasts. Estimated completion date is July 2017.
15-17	2	Audit of Investment Management	In Process	In Process	7/31/2016	7/31/2017	Update the Investment Policy to eliminate ambiguous provisions related to mortgage backed securities.	PFM will work with the Treasurer to review the current policy and communicate any policy change recommendations to the Audit and Finance Committee.	PFM currently working with Treasurer to review current policy. Estimated completion date is July 2017.