



Audit Recommendations Follow-Up Report

**For the Period January 1, 2019
Through March 31, 2019**

Project #19-11

**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 6, 2019

Subject: Audit Recommendations Follow-Up Report -
For the Period January 1, 2019 through March 31, 2019
Project No. 19-11



This report 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.

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***NOTE: Due to the nature of the subject matter contained in the Audit of the Information Technology Continuity Operations/Disaster Recovery Plan, 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 4, which will be excluded from the publicly 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 January 1, 2019 through March 31, 2019 (the "Reporting Period"). As shown in Exhibit 1, as of December 31, 2018 there were four (4) recommendation that were not yet Fully Implemented from previously issued audit reports. One (1) of these recommendation's was implemented during the reporting period and the status of one (1) recommendation was changed to No Longer Applicable. Nineteen (19) recommendations were added from one newly issued audit report, of which seven (7) were either implemented at the time of report issuance or were implemented during the Reporting Period. In total from all reports, 14 recommendations are In-Process of being implemented as of March 31, 2019.

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 Audit of the Information Technology Continuity of Operations/Disaster Recovery Plan. 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 4 will be excluded from publicly available versions of this follow-up report.

EXHIBIT 1
Summary of Recommendations Status
As of March 31, 2019

| | In | Partially | |
|--|----------------|--------------------|--------------|
| Prior Period Reports | Process | Implemented | Total |
| Status Prior Period (December 31, 2018) | 4 | - | 4 |
| Implemented, Partially Implemented, or Status Changed to No Longer Applicable, During Period | (2) | - | (2) |
| Remaining Recommendations to be Fully Implemented | 2 | - | 2 |
| | | | |
| Reports Issued During Current Period | | | |
| New Recommendations* | 19 | - | 19 |
| Implemented or Partially Implemented | (7) | - | (7) |
| Remaining Recommendations to be Fully Implemented | 12 | - | 12 |
| | | | |
| Current Status | | | |
| Remaining Recommendations to be Fully Implemented | 14 | - | 14 |
| | | | |

* Initial Status is set as "In-Process"

EXHIBIT 2
Audit Reports With Implementation of Recommendations in Progress

As of March 31, 2019

| Audit No. | Audit Title | No. of Recs | | In Process | Partially Implemented | No Longer Applicable | Implemented | |
|-----------|---|-------------|-----------------------|------------|-----------------------|----------------------|-------------|----------|
| | Recommendations - Prior Period Reports | | | | | | | |
| 17-06 | Audit of O&M Capital Program | 13 | Initial Status | 1 | 0 | 0 | 12 | Complete |
| | | | Change in Status | -1 | 0 | 1 | 0 | |
| | | | Current Period Status | 0 | 0 | 1 | 12 | |
| 18-06 | Audit of the Information Technology Continuity of Operations/Disaster Recovery Plan | 5 | Initial Status | 2 | 0 | 0 | 3 | Open |
| | | | Change in Status | 0 | 0 | 0 | 0 | |
| | | | Current Period Status | 2 | 0 | 0 | 3 | |
| 18-13 | Audit of the Cell Phone Stipend Process | 2 | Initial Status | 1 | 0 | 0 | 1 | Complete |
| | | | Change in Status | -1 | 0 | 0 | 1 | |
| | | | Current Period Status | 0 | 0 | 0 | 2 | |
| | | | | | | | | |
| | Recommendations - Reports Issued During Current Period | | | | | | | |
| 18-08 | Audit of Kissimmee River Restoration Project Cost Share for Land Acquisition Expenditures | 19 | Initial Status | 19 | 0 | 0 | 0 | Open |
| | | | Change in Status | -7 | 0 | 0 | 4 | |
| | | | Current Period Status | 12 | 0 | 0 | 4 | |
| | | | | | | | | |
| | Recommendations - All Reports | | | 3 | | | | |
| | TOTAL | 39 | Prior/Initial Status | 23 | 0 | 0 | 16 | |
| | | | Change in Status | -9 | 0 | 1 | 5 | |
| | | | Status Current Period | 14 | 0 | 1 | 21 | |
| | Number of Recommendations Remaining to Be Fully Implemented | 14 | | 14 | 0 | | | |

EXHIBIT 3
Detail of In-Process and Partially Implemented Audit Recommendations
As of March 31, 2019

| Audit No. | Rec No. | Audit Title | Status Prior Report | Status Current Report | Due Date | | Recommendation | Management Response | Current Period Comments Regarding Status |
|-----------|---------|---|---------------------|-----------------------|------------|------------|---|--|--|
| | | | | | Original | Current | | | |
| 17-06 | 3 | Audit of O&M Capital Program | In Process | No Longer Applicable | 9/30/2019 | 9/30/2019 | Coordinate with the State and apply for any available grant infrastructure funding that may become available if the Federal Infrastructure Bill is passed. | Once the Federal Infrastructure Bill is passed, Operations, Engineering & Construction will work with Administrative Services to identify available funding and apply for the appropriate grants to secure for the program where possible. | The infrastructure bill proposed at the time of the audit was never passed by Congress. Thus, the status of this recommendation is being changed to "No Longer Applicable". If any such infrastructure bills are passed, and appropriated, in the future, management and staff can assess any available funding for the O&M Capital Maintenance Program at such future time. |
| 18-08 | 1 | Audit of Kissimmee River Restoration Project Cost Share For Land Acquisition Expenditures | In Process | In Process | 12/31/2019 | 12/31/2019 | Expedite KRRP claim submittals to the USACE for acquired tracts not yet submitted, donations, and relocation costs. | Agreed. Workload has been shifted to dedicate 1 FTE full-time and 1 FTE part-time to submit the backlog of claims (37 acquired tracts, 350 relocations and 50 donated tracts) within the next calendar year. | On schedule. Priority 1 item; full-time position hired and is transitioning from former position; part-time position currently working on 350 relocations. |
| 18-08 | 2 | Audit of Kissimmee River Restoration Project Cost Share For Land Acquisition Expenditures | In Process | In Process | 12/31/2019 | 12/31/2019 | Determine reasons why certified / approved tracts on the summary crediting spreadsheets are indicated as historical in IRIS and revise all relevant records; for example, summary crediting spreadsheets and IRIS, to reflect correct acreage, costs, and explanations. | Agreed. Real Estate will analyze certified / approved tracts shown in IRIS as historical and revise records accordingly | On schedule. Priority 3 item; Minor item to be completed after Priority 1 and 2 items. |
| 18-08 | 3 | Audit of Kissimmee River Restoration Project Cost Share For Land Acquisition Expenditures | In Process | In Process | 12/31/2019 | 12/31/2019 | Determine whether revised claim requests should be submitted to the USACE in instances where approved tracts and tracts that have been submitted but not yet approved by the USACE are indicated as historical in IRIS. | Agreed. Real Estate will analyze whether revised claim requests should be submitted for IRIS historical tracts and will submit revised claims, as needed. | On schedule. Priority 3 item; Minor item to be completed after Priority 1 and 2 items. |

| Audit No. | Rec No. | Audit Title | Status Prior Report | Status Current Report | Due Date | | Recommendation | Management Response | Current Period Comments Regarding Status |
|-----------|---------|---|---------------------|-----------------------|------------|------------|---|--|--|
| | | | | | Original | Current | | | |
| 18-08 | 4 | Audit of Kissimmee River Restoration Project Cost Share For Land Acquisition Expenditures | In Process | In Process | 12/31/2019 | 12/31/2019 | Request credit for unclaimed expenses charged to tracts already certified by the USACE; for example, reservation credits and salary expenses. | Agreed. Real Estate will work with the Office of the Inspector General to identify a list of tracts and then analyze and compile any unclaimed expenses and submit revised claims to the USACE. | On schedule. Priority 3 item; Minor item to be completed after Priority 1 and 2 items. |
| 18-08 | 5 | Audit of Kissimmee River Restoration Project Cost Share For Land Acquisition Expenditures | In Process | In Process | 12/31/2019 | 12/31/2019 | Consider compiling the documentation supporting the \$29,450 in relocation expenses that were denied and resubmit to the USACE for credit. | Agreed. Real Estate will analyze, compile and submit additional information for any denied portions of claims, and submit revised claims to the USACE as appropriate. | On schedule. Priority 3 item; Minor item to be completed after Priority 1 and 2 items. |
| 18-08 | 6 | Audit of Kissimmee River Restoration Project Cost Share For Land Acquisition Expenditures | In Process | In Process | 12/31/2019 | 12/31/2019 | Submit revised claims for unclaimed expenses charged to the tracts that have been submitted for credit but not yet approved by the USACE. | Agreed. Real Estate will work with the Office of the Inspector General to identify a list of tracts and then analyze and compile any unclaimed expenses and submit revised claims to the USACE as appropriate. | On schedule. Priority 3 item; Minor item to be completed after Priority 1 and 2 items. |
| 18-08 | 7 | Audit of Kissimmee River Restoration Project Cost Share For Land Acquisition Expenditures | In Process | Implemented | 1/10/2019 | 1/10/2019 | Change IRIS acreage data for the 58 tracts related to the Grape Hammock / Chandley Point fish camp to zero acre for each tract. | Completed - A review of IRIS indicates that all tracts in component "Grape Hammock / Chandley Point Septics" show 0.00 acre. | Complete. Recommendation was implemented at time of report issuance. |

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|-----------|---------|---|---------------------|-----------------------|------------|------------|---|--|---|
| | | | | | Original | Current | | | |
| 18-08 | 8 | Audit of Kissimmee River Restoration Project Cost Share For Land Acquisition Expenditures | In Process | Implemented | 4/1/2019 | 4/1/2019 | Review and update expenses on master and/or the summary crediting spreadsheets for tracts that have been acquired but not yet submitted for credit to the USACE to reflect additional expenses resulting from understatements and reductions resulting from duplicate tracts. | Agreed. Real Estate will work with the Office of the Inspector General to identify a list of duplicate tracts and then analyze all the acquired but not yet submitted tracts and make any needed adjustments to the master crediting spreadsheet and non-federal cost share spreadsheet. | Complete; 3/21/19 versions of the master crediting and non-federal cost share spreadsheets have been modified to decrease potential credit by deleting any duplicate tracts. |
| 18-08 | 9 | Audit of Kissimmee River Restoration Project Cost Share For Land Acquisition Expenditures | In Process | Implemented | 12/31/2019 | 12/31/2019 | Update donated lands costs on the master spreadsheet and the master crediting spreadsheet to reflect administrative expenses and include tract 19101-067 as a donated tract on the lower basin's summary crediting spreadsheet. | Agreed. This tract has already been certified and a claim for administrative expenses in the amount of \$200 was credited. Real Estate has added this tract to the donated tracts to be submitted with a value of \$9,261, using the property appraiser's value of \$2,100 per acre for 4.41 acres. A revised claim will be submitted as part of Recommendation 1. | Complete; 3/21/19 versions of the master credit and non-federal cost share spreadsheets have been modified to increased or decrease values of not yet submitted tracts based on a recent desktop appraisal by our staff appraiser. Tract 19101-067 is now shown as "To Be Submitted" with a value of \$9,261 |
| 18-08 | 10 | Audit of Kissimmee River Restoration Project Cost Share For Land Acquisition Expenditures | In Process | Implemented | 4/1/2019 | 4/1/2019 | Reduce expenses classified as real estate costs to be submitted for credit on the master spreadsheet by overstated, unsubstantiated, not-creditable, or previously identified by our <i>Audit of KRRP Cost Share – Restoration Evaluation Expenditures</i> | Agreed. Real Estate will analyze all the identified overstated, unsubstantiated, not-creditable, or previously identified by previous audit, and will adjust the Master Crediting Summary Spreadsheet and the Non-Federal Expenditures Cost Spreadsheet as each item is researched and determined to be accurate. | Complete; 3/21/19 versions of the master crediting and non-federal cost share spreadsheets have been modified to decrease the potential amount of credit by deleting all environmental costs previously submitted and denied for credit. Potential credit for Oak Creek monitoring, and relocations of a bridge and fiber optic line were all deleted, since these costs are now being submitted as construction costs. |
| 18-08 | 11 | Audit of Kissimmee River Restoration Project Cost Share For Land Acquisition Expenditures | In Process | In Process | 12/31/2019 | 12/31/2019 | Analyze all tracts that were allocated base salary expense in Fiscal Years 2009 and 2010 to determine whether expenses were allocated to creditable tracts. Consider requesting credit for the unclaimed salary expenses for the tracts were where already certified or submitted for credit. | Agreed. Real Estate will analyze the FY09 and FY10 salary expenses and request credit for any allowable, unclaimed salary expenses. | On schedule; Priority 3 item; minor item to be completed after Priority 1 and 2 items |

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|-----------|---------|---|---------------------|-----------------------|------------|------------|--|---|---|
| | | | | | Original | Current | | | |
| 18-08 | 12 | Audit of Kissimmee River Restoration Project Cost Share For Land Acquisition Expenditures | In Process | In Process | 12/31/2019 | 12/31/2019 | Consider requesting the Finance Bureau's assistance in determining creditable Fiscal Years 2009 and 2010 fringe and indirect expenses associated with the creditable tracts. | Agreed. Real Estate will request assistance from the Finance Bureau when it analyzes the FY09 and FY10 salary expenses described in Recommendation 11. | On schedule; Priority 3 item; minor item to be completed after Priority 1 and 2 items |
| 18-08 | 13 | Audit of Kissimmee River Restoration Project Cost Share For Land Acquisition Expenditures | In Process | In Process | 12/31/2019 | 12/31/2019 | Request credit for all unclaimed creditable salary related expenses incurred during October 1, 2006 to present and any subsequent salary related expenses. | Agreed. Real Estate will request an update of salary expenses from the Finance Bureau to bring salary costs current and submit the salary expenses for credit. | On schedule; Priority 3 item; minor item to be completed after Priority 1 and 2 items |
| 18-08 | 14 | Audit of Kissimmee River Restoration Project Cost Share For Land Acquisition Expenditures | In Process | In Process | 12/31/2019 | 12/31/2019 | Review all non-salary related expenses classified as real estate costs not previously submitted for credit (on the master spreadsheet) for creditable expenses and request credit. | Agreed. The tracts to be submitted need to have the administrative costs researched prior to requesting credit. The administrative costs reflected on the Master Crediting Summary Spreadsheet were estimated based on the project-wide historical average of 13%. The remarks on the spreadsheet state that the administrative costs were estimated. | On schedule; Priority 1 item; as part of Audit No. 18 01, administrative costs will be researched as each crediting package is compiled and the spreadsheets will be updated accordingly. |
| 18-08 | 15 | Audit of Kissimmee River Restoration Project Cost Share For Land Acquisition Expenditures | In Process | Implemented | 1/10/2019 | 1/10/2019 | Revise all KRRP spreadsheets to reflect the USACE credited amount for the Rolling Meadow Ranch acquisition. | Completed - Real Estate has updated the Master Crediting Summary Spreadsheet and the Non-Federal Expenditures Cost Spreadsheet to reflect that Rolling Meadows crediting is complete and that the amount of credit received is \$6,763,304.78. Denied amounts have been reflected as well on said spreadsheets. | Complete: Recommendation was implemented at time of report issuance. |

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| | | | | | Original | Current | | | |
| 18-08 | 16 | Audit of Kissimmee River Restoration Project Cost Share For Land Acquisition Expenditures | In Process | Implemented | 1/10/2019 | 1/10/2019 | Ensure that time spent by staff on KRRP land certifications and other related KRRP activities are charged by employees to the KRRP | Completed - Staff will charge time to the timesheet codes provided by the project manager going forward. | Complete; Recommendation was implemented at time of report issuance. |
| 18-08 | 17 | Audit of Kissimmee River Restoration Project Cost Share For Land Acquisition Expenditures | In Process | In Process | 12/31/2019 | 12/31/2019 | Determine whether time spent by staff on KRRP land certifications and other related KRRP activities and not directly charged to the KRRP can be submitted for credit. | Agreed. Real Estate will request timesheet records for the former employee that was not charging her time to the project and will analyze if it is a good use of staff time to correct past time entries and request credit. | On schedule; Priority 3 item; minor item to be completed after Priority 1 and 2 items |
| 18-08 | 18 | Audit of Kissimmee River Restoration Project Cost Share For Land Acquisition Expenditures | In Process | Implemented | 12/31/2019 | 12/31/2019 | Implement steps to ensure that all KRRP land acquisition related expense spreadsheets are updated timely to reflect accurate costs and acreage data. | Agreed. Future recordkeeping will be managed in a timely manner as the backlog of claims is completed (see Recommendation 1). | Complete; both cost share spreadsheets have been updated and will be updated in a timely manner as new packages are submitted for credit as credit is received from the Corps |
| 18-08 | 19 | Audit of Kissimmee River Restoration Project Cost Share For Land Acquisition Expenditures | In Process | In Process | 3/31/2019 | 6/30/2019 | Ensure that the District's cash contribution amount of \$9,623,241 is reflected on the USACE's master cost share spreadsheet. | Agreed. Per USACE email dated 11/14/18, SFWMD's cash contribution should be \$9,326,723. <input type="checkbox"/> SFWMD Real Estate is currently updating the real estate spreadsheet. Their estimated completion date is late January 2019. <input type="checkbox"/> Once that update has been completed, USACE will provide an updated PB2a shortly thereafter. <input type="checkbox"/> A meeting will need to be scheduled with USACE to review the updated report and come to a common understanding of expenditures that have been approved, disallowed, or are still pending. This will likely be scheduled in March. | In Progress; Office of Federal & Coordination Item; Real Estate Division updated the KRR Non-Federal Expenditures Cost Sheet on 3/21/19. USACE is currently reviewing the spreadsheet. A meeting will be set up between USACE and SFWMD during the week of 4/15/19 to address questions. The PB2a will be updated by USACE following that meeting |

| Audit No. | Rec No. | Audit Title | Status Prior Report | Status Current Report | Due Date | | Recommendation | Management Response | Current Period Comments Regarding Status |
|-----------|---------|---|---------------------|-----------------------|------------|-----------|--|---|---|
| | | | | | Original | Current | | | |
| 18-13 | 1 | Audit of the Cell Phone Stipend Process | In Process | Implemented | 12/31/2018 | 2/15/2019 | Update the Wireless Device policies and procedures in Municode. The policies should include, but not be limited to: • All requirements necessary to be approved for the stipend (including documentation and usage requirements for each stipend level); • Use of text messages for District purposes; and • Any actions that will result in removal from the stipend program. | The Cell Phone Stipend Procedure will be added to the Wireless Device Procedure in Municode (Article VII Section 230). The implementation and removal of the stipend will be at the discretion of Executive Management. The usage of text messaging is addressed under Section 230-114 – Short Message Service (SMS) – Text Messages – Instant Messages - Chat. | The Information Technology (IT) Division completed the update of the Wireless Device procedure, which was reviewed and approved by legal. The update procedures were published on January 31, 2019 in Municode Sec. 230-115 – Cell Phone Stipend Procedure. |