Audit Recommendations Follow-Up Report

**For the Period October 1, 2018
Through December 31, 2018**

Project #19-04

**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: January 28, 2019

Subject: Audit Recommendations Follow-Up Report -
             For the Period October 1, 2018 through December 31, 2018
             Project No. 19-04

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.

C: Ernest Marks
      Carlyn Kowalsky
      Joel Arrieta
      Terrie Bates
      Candida Heater
      Jill Creech
      Stephen Collins
      John Mitnik
      Duane Piper
      Eva Velez

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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 October 1, 2018 through December 31, 2018 (the "Reporting Period"). As shown in Exhibit 1, as of September 30, 2018 there were two (2) recommendation that were not yet Fully Implemented from previously issued audit reports. These recommendations are in the process of being implemented. During the Reporting Period, 11 recommendations were added from three (3) newly issued audit report. Eight (8) of these recommendations were either implemented at the time of report issuance or were implemented during the Reporting Period. In total from all reports, four (4) recommendations are In-Process of being implemented as of December 31, 2018.

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 December 31, 2018

	In Process	Partially Implemented	Total
Prior Period Reports			
Status Prior Period (September 30, 2018)	2	-	2
Implemented, Partially Implemented, or Status Changed to No Longer Applicable, During Period	(1)	-	(1)
Remaining Recommendations to be Fully Implemented	1	-	1
Reports Issued During Current Period			
New Recommendations*	11	-	11
Implemented or Partially Implemented	(8)	-	(8)
Remaining Recommendations to be Fully Implemented	3	-	3
Current Status			
Remaining Recommendations to be Fully Implemented	**4**	**-**	**4**

* Initial Status is set as "In-Process"

EXHIBIT 2
Audit Reports With Implementation of Recommendations in Progress
As of December 31, 2018

Audit No.	Audit Title	No. of Recs		In Process	Partially Implemented	No Longer Applicable	Implemented	
			Recommedations - Prior Period Reports					
16-06	Audit of the Kissimmee River Restoration Program Cost Share	3	Initial Status	1	0	0	2	Complete
			Change in Status	-1	0	0	1	
			Current Period Status	0	0	0	3	
17-06	Audit of O&M Capital Program	13	Initial Status	13	0	0	0	Open
			Change in Status	-12	0	0	12	
			Current Period Status	1	0	0	12	
	Recommendations - Reports Issued During Current Period							
18-12	Audit of the Python Elimination Program	4	Initial Status	4	0	0	0	Complete
			Change in Status	-4	0	0	4	
			Current Period Status	0	0	0	4	
18-06	Audit of the Information Technology Continuity of Operations/Disaster Recovery Plan	5	Initial Status	5	0	0	0	Open
			Change in Status	-3	0	0	3	
			Current Period Status	2	0	0	3	
18-13	Audit of the Cell Phone Stipend Process	2	Initial Status	2	0	0	1	Open
			Change in Status	-1	0	0	0	
			Current Period Status	1	0	0	1	
	Recommendations - All Reports			3				
	TOTAL	27	Prior/Initial Status	25	0	0	3	
			Change in Status	-21	0	0	20	
			Status Current Period	4	0	0	23	
	Number of Recommendations Remaining to Be Fully Implemented	**4**		**4**	**0**			

Audit No.	Rec No.	Audit Title	Status Prior Report	Status Current Report	Due Date Original	Due Date Current	Recommendation	Management Response	Current Period Comments Regarding Status
16-06	1	Audit of the Kissimmee River Restoration Project Cost Share Program	In Process	Implemented	12/31/2017	12/1/2018	Ensure that the Real Estate Division submit a credit request to the USACE for the $1,090,771 in land acquisition related expenses.	Management agrees. Management will direct staff to begin preparation of a credit request to the USACE for District expenses incurred during Fiscal Years 2010, 2011, and 2012 in the amount of $1,090,771 in land acquisition related expenses.	The remaining open issue pertaining to Oak Creek Technical Support expenses that were identified during the audit, totaling $1M, was submitted to USACE in early December 2018.
17-06	3	Audit of O&M Capital Program	In Process	In Process	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.	Any potential federal infrastructure bill has been deferred to 2019.
18-12	1	Audit of the Python Elimination Program	In Process	Implemented	11/7/2018	11/7/2018	Consider performing periodic surprise cash counts of the safe at the Homestead Field Station.	Management agrees. The project manager can perform this task during his regular trips to the Homestead Field Station and will report the count to both the Land Resources and Finance Bureaus. It should also be noted that the Finance Bureau is investigating the possibility of providing weekly direct deposits to the program participants as a replacement to our current cash system. Once this is in place, this recommendation would become non-applicable.	Recommendation was implemented at time of report issuance.
18-12	2	Audit of the Python Elimination Program	In Process	Implemented	11/7/2018	11/7/2018	Install a camera at the Homestead Field Station's python intake area to document who is on premises and the cash exchanged.	Management agrees. Camera has been installed	Recommendation was implemented at time of report issuance.
18-12	3	Audit of the Python Elimination Program	In Process	Implemented	11/7/2018	11/7/2018	Consider replacing unproductive Program participants with new applicants.	Management sgrees. Three Program participants have been identified for potential removal. One will be automatically removed and replaced, while the other two will be given an opportunity to increase participation. At least one replacement participant has been identified and is undergoing the vetting process.	Recommendation was implemented at time of report issuance.
18-12	4	Audit of the Python Elimination Program	In Process	Implemented	11/7/2018	11/7/2018	Delegate bi-weekly invoice preparation to the Program participants.	Management agree. A temporary invoice template has been created and sent out for the Program participants to use going forward. The Information Technology Division will be creating an electronic invoice for the participants to use for the long-term.	Recommendation was implemented at time of report issuance.

Audit No.	Rec No.	Audit Title	Status Prior Report	Status Current Report	Due Date Original	Due Date Current	Recommendation	Management Response	Current Period Comments Regarding Status
18-13	1	Audit of the Cell Phone Stipend Process	In Process	In Process	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 documents are complete and in the legal and executive review process for approval. The ETA is February 15, 2019.
18-13	2	Audit of the Cell Phone Stipend Process	In Process	Implemented	11/7/2018	11/7/2018	Implement and maintain a formally documented review process to ensure that when employees transfer to new positions their stipend eligibility is reassessed, and that stipends are aligned with the business needs of the District.	Asset Management receives a monthly report for organizational title changes. When an employee with a stipend moves to a new organization or has a title change from their current job family, Asset Management will contact the new supervisor to confirm that the stipend is still required. In addition, every six months Information Technology will send a stipend report to Executive Management for their review.	Recommendation was implemented at time of report issuance.