



Audit Recommendations Follow-Up Report

**For the Period April 1, 2020
Through June 30, 2020**

Project #20-13

**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: August 6, 2020

Subject: Audit Recommendations Follow-Up Report -
For the Period April 1, 2020 through June 30, 2020
Project No. 20-13

A handwritten signature in blue ink, appearing to read "JTB", is located to the right of the "From:" field.

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 system as an integral part of monitoring the implementation status of audit recommendations. This system 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: Drew Bartlett
Jennifer Smith
John Mitnik
Carolyn Ansay
Christine Austen
Stephen Collins
Sean Cooley
Jill Creech
Lawrence Glenn
Candida Heater
Suelynn Kirkland
Jennifer Reynolds
Duane Piper
Rich Virgil

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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 April 1, 2020 through June 30, 2020 (the "Reporting Period"). As shown in Exhibit 1, as of March 31, 2020, sixteen (16) recommendations from previously issued audit reports were not yet Fully Implemented. During the Reporting Period, two (2) recommendations were fully implemented and one (1) recommendation was Partially Implemented. In total, from all reports, 13 recommendations are In-Process of being implemented and one (1) has been Partially Implemented as of June 30, 2020.

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 June 30, 2020

	In Process	Partially Implemented	Total
<u>Prior Period Reports</u>			
Status Prior Period (March 31, 2020)	16	-	16
Implemented, Partially Implemented, or Status Changed to No Longer Applicable, During Period	<u>(3)</u>	<u>1</u>	<u>(2)</u>
Remaining Recommendations to be Fully Implemented	<u>13</u>	<u>1</u>	<u>14</u>
<u>Reports Issued During Current Period</u>			
New Recommendations*	-	-	-
Implemented or Partially Implemented	<u>-</u>	<u>-</u>	<u>-</u>
Remaining Recommendations to be Fully Implemented	<u>-</u>	<u>-</u>	<u>-</u>
<u>Current Status</u>			
Remaining Recommendations to be Fully Implemented	<u><u>13</u></u>	<u><u>1</u></u>	<u><u>14</u></u>

* Initial Status is set as "In-Process"

EXHIBIT 2
Audit Reports With Implementation of Recommendations in Progress

As of June 30, 2020

Audit No.	Audit Title	No. of Recs		In Process	Partially Implemented	No Longer Applicable	Implemented	
Recommendations - Prior Period Reports								
18-06	Audit of Operations, Maintenance, Repair, Replacement and Rehabilitation (OMRR&R) Cost Share Expense	15	Initial Status	3	0	0	12	Open
			Change in Status	-1	1	0	0	
			Current Period Status	2	1	0	12	
18-08	Audit of Kissimmee River Restoration Project Cost Share for Land Acquisition Expenditures	19	Initial Status	8	0	0	11	Open
			Change in Status	0	0	0	0	
			Current Period Status	8	0	0	11	
18-17	Audit of the Employee Separation Process	4	Initial Status	3	0	0	1	Open
			Change in Status	-1	0	0	1	
			Current Period Status	2	0	0	2	
Recommendations - Reports Issued During Current Period								
18-09	Audit of the Limerock Mining Lease Agreement	1	Initial Status	1	0	0	1	Complete
			Change in Status	-1	0	0	-1	
			Current Period Status	0	0	0	0	
19-07	Audit of Software Licenses	1	Initial Status	1	0	0	0	Open
			Change in Status	0	0	0	1	
			Current Period Status	1	0	0	1	
Recommendations - All Reports								
	TOTAL	40	Prior/Initial Status	16	0	0	25	
			Change in Status	-3	1	0	1	
			Status Current Period	13	1	0	26	
	Number of Recommendations Remaining to Be Fully Implemented	14		13	1			

EXHIBIT 3
Detail of In-Process and Partially Implemented Audit Recommendations
As of June 30, 2020

Audit No.	Rec No.	Audit Title	Status Prior Report	Status Current Report	Due Date		Recommendation	Management Response	Current Period Comments Regarding Status
					Original	Current			
18-06	1	Audit of Operations, Maintenance, Repair, Replacement and Rehabilitation (OMRR&R) Cost Share Expense	In Process	Partially Implemented	9/30/2019	On-Going	Continue working with the USACE and OMB officials to resolve OMRR&R budget and reimbursement issues.	This is an ongoing task until the OMRR&R issue is resolved. On May 7th and 8th, the District received two guests from OMB. They were given tours of project sites and several discussions took place about the problems associated with lack of OMRR&R funding. In addition, on June 11th, the District communicated to the USACE that the District would not accept any additional funding transfers until the issue is resolved. The District response also suggests that project features may be returned to the USACE. Discussions will continue until resolution is reached.	*Ongoing to continue working with the USACE and OMB officials on the budget and reimbursement issues. The District and USACE are having quarterly meetings to discuss funding issues, payments and upcThis portion of the audit finding oming projects. Our last meeting was 9/11/19. *04/24/2020 - A quarterly meeting on 4/17/2020 with SFWMD & USACE financial and project staff, all agreed to the records that all back invoices have federal funding to pay and USACE has appropriated funds to continue to pay for FY2019-20 invoices. USACE is supposed to be submitting a letter to SFWMD Executive Director that invoices are caught up and paid and that funds are available for FY2019-20. The only potential outstanding financial matter is the depreciation payments. 7/8/2020 USACE reimbursements for operational and maintenance invoices are paid as well as back invoices. USACE is actively seeking appropriations to cover OMRR&R costs. This portion of the audit finding is completed. The backlog payments pertaining to the depreciation payments remains unpaid, but other actions are being discussed for the replacement of the S-332B, S-322C, S-322D structures that may change the original settlement.
18-06	5	Audit of Operations, Maintenance, Repair, Replacement and Rehabilitation (OMRR&R) Cost Share Expense	In Process	In Process	12/31/2019	9/30/2020	Implement procedures to ensure that upon the USACE's approval of fringe benefit and indirect costs rates, fringe and indirect costs previously submitted to the USACE using temporary rates are recalculated and any additional payments due to / from the District are determined.	Concur. We will build into our review and invoicing process.	New process: The finance staff will send an invoice to the USACE upon approval of the new confirmed fringe benefits and indirect cost rates from the USACE on a yearly basis, as well as any additional payments due to/ from the District while using the temporary rates if determined. *4/28/2020 - SFWMD staff have received an update to the indirect rate calculation 4/21/2020 from the outside consultants. Staff are reviewing the report. Staff are projecting that the rate for FY2018-19 expenses memo will be submitted to USACE by July 2020 and will then evaluate the impact on prior invoices submitted. FY2019-20 rates will begin shortly after the finalization of the FY2018-19 CAFR which will be completed 4/30/2020. *7/08/2020 - The approved FY19 Indirect Cost Rates have been uploaded in BW. Staff will be evaluating and submitting additional invoices for reimbursement pertaining to the new rates by 9/30/2020. Staff has implemented using the new rates for the 3rd Quarter and revisions to the 2nd Quarter.
18-06	6	Audit of Operations, Maintenance, Repair, Replacement and Rehabilitation (OMRR&R) Cost Share Expense	In Process	In Process	9/30/2019	9/30/2020	Verify the accuracy of fringe benefit and indirect cost rates when preparing quarterly OMRR&R cost share invoices.	Concur. We will build into our process.	*4/28/2020 - SFWMD staff have received an update to the indirect rate calculation 4/21/2020 from the outside consultants. Staff are reviewing the report. Staff are projecting that the rate for FY2018-19 expenses memo will be submitted to USACE by July 2020 and will then evaluate the impact on prior invoices submitted. FY2019-20 rates will begin shortly after the finalization of the FY2018-19 CAFR which will be completed 4/30/2020. 7/08/2020 - The approved FY19 Indirect Cost Rates have been updated in BW. Staff will be evaluating and submitting additional invoices for reimbursement pertaining to the new rates by 9/30/2020.

Audit No.	Rec No.	Audit Title	Status Prior Report	Status Current Report	Due Date		Recommendation	Management Response	Current Period Comments Regarding Status
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18-08	1	Audit of Kissimmee River Restoration Project Cost Share For Land Acquisition Expenditures	In Process	In Process	12/31/2019	9/30/2020	Expedite KRRP claim submittals to the USACE for acquired tracts not yet submitted, donations, and relocation costs.	Agreed. Workload has been shifted to delete 1 FTE full-time and 1 FTE part-time to submit the backing of claims (37 acquired tracts, 350 relocations and 50 donated tracts) within the next calendar year.	Delayed. Priority 1 item; 1 full-time FTE and 2 part-time FTEs currently working on claim submittals. Submitted 110 of the 300+ relocations through 7/22/2020. Still waiting for input from the Corps on methodology for submitting donations.
18-08	2	Audit of Kissimmee River Restoration Project Cost Share For Land Acquisition Expenditures	In Process	In Process	12/31/2019	9/30/2020	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	Delayed. Priority 2; Minor item to be completed after Priority 1.
18-08	3	Audit of Kissimmee River Restoration Project Cost Share For Land Acquisition Expenditures	In Process	In Process	12/31/2019	9/30/2020	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.	Delayed. Priority 2; Minor item to be completed after Priority 1.
18-08	4	Audit of Kissimmee River Restoration Project Cost Share For Land Acquisition Expenditures	In Process	In Process	12/31/2019	9/30/2020	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.	Delayed. Priority 2; Minor item to be completed after Priority 1.
18-08	5	Audit of Kissimmee River Restoration Project Cost Share For Land Acquisition Expenditures	In Process	In Process	12/31/2019	9/30/2020	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.	Delayed. Priority 2; Minor item to be completed after Priority 1.
18-08	6	Audit of Kissimmee River Restoration Project Cost Share For Land Acquisition Expenditures	In Process	In Process	12/31/2019	9/30/2020	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.	Delayed. Priority 2; Minor item to be completed after Priority 1.

Audit No.	Rec No.	Audit Title	Status Prior Report	Status Current Report	Due Date		Recommendation	Management Response	Current Period Comments Regarding Status
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18-08	13	Audit of Kissimmee River Restoration Project Cost Share For Land Acquisition Expenditures	In Process	In Process	12/31/2019	9/30/2020	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.	Delayed. Priority 2 item; Minor item to be completed after Priority 1. Costs have been updated through 12/4/2019 and reflected on the Master Cost Share spreadsheet update on 12/20/2019, but a claim has not yet been sent.
18-08	19	Audit of Kissimmee River Restoration Project Cost Share For Land Acquisition Expenditures	In Process	In Process	3/31/2019	9/30/2020	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.	Delayed; Office of Federal Policy & Coordination Item. The District's cash contribution reflected on the latest PB2a (7/20/20) is \$9.327M. Monthly meetings continue to be held between SFWMD and USACE to resolve cost crediting discrepancies.
18-17	1	Audit of the Employee Separation Process	In Process	Implemented	9/30/2019	9/30/2020	The Human Resources Bureau should strengthen controls over the separation of contract workers to ensure that: • Contractor access information is up to-date and accurate • Contractors who have left the District are immediately removed from network access • Contract information is available in a central location for efficiency	Management made several recommendations for edits to the draft audit report related to this item. Those edits were incorporated in the Audit report. Management will identify methodologies to ensure timely and proper notification of contingent worker end dates. Human Resources will explore changing the end date from one year to six months in SAP.	Completed: Information Technology Division have taken the following steps to strengthen controls over the separation of contract workers: a) Develop a contingent worker report that runs semi-annually and is shared with the other divisions. b) Divisions review the report and confirm any inactive contingent workers and accounts to be offboarded by Human Resources. HR and IT review the process to ensure contingent worker information is up-to-date and accurate. Completion date: 1/31/2020.
18-17	3	Audit of the Employee Separation Process	In Process	In Process	9/30/2020	9/30/2021	The IT Bureau should review the feasibility of programming a direct communication link between HRIS and network accounts to avoid issues that occur with the current interface.	IOM currently provides integration with HRIS and Active Directory, Exchange and other target systems. Programming a direct link from HRIS to target systems would simplify the system and increase reliability. The IT Division will consider replacing IOM with a direct link from HRIS to the target systems. This effort will be considered during budget planning for future fiscal years and will need to be prioritized against other IT initiatives.	Delayed: Information Technology has proposed a budget for FY21 to replace the existing identity management system. If budget is approved the target completion for this effort would be 9/30/2021.
18-17	4	Audit of the Employee Separation Process	In Process	In Process	9/30/2020	12/31/2021	The District Security and IT Bureau should ensure that the new badge access system captures and maintains all pertinent information on badge access such as activated and disabled dates.	IT and Field Operations and Land Management Divisions will ensure that the new badge access system captures and maintains badge access information including activation and deactivation dates.	In Progress: District Security and the Information Technology Division are replacing the access control system. The new system will link directly to the network account and deactivate the access control badge when the network account is disabled. Estimated implementation for headquarters is extended to 12/31/2020. The remote offices will follow. During the interim offboarding will be done manually after receipt of the termination email notifying of an employee separation.

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18-09	1	Audit of the Limerock Mining Lease Agreement	In Process	Implemented	6/31/2020	9/30/2020	Going forward, consider obtaining and reviewing test sample documentation from WRQ to support the 1.30 conversion factor and obtain external expert assistance, if deemed necessary.	Staff will make inquiries to determine the extent and cost effectiveness of hiring an external rock mining expert or entity to review available WRQ test sample documentation supporting the 1.30 conversion factor used to calculate rental income from the mining lease. Staff recommendation on whether to proceed with hiring such external expertise will be provided to District Management and the Office of Inspector General within the estimated completion period.	<p>The District engaged a professional engineering firm to perform a third-party review of White Rock Quarries' (WRQ) bulk density data and the derived conversion factors, as well as the methods to obtain the data. The firm confirmed that the methods used to determine the bulk density values, ASTM Standard C29/C29M-09, 10.1 Rodding Procedure or 12.1 Shoveling Procedure, are industry standard and appropriate for this application. There are bulk density values as determined by WRQ, as well as bulk density values for the same aggregates as determined by a third-party testing facility during the 2015 to 2019 time period. It was found that there were differences between the bulk density values as determined by the two testing entities ranging from less than 1% to 17.1% for the different individual products. Also, the general range of data values were comparable to limestone aggregates across WRQ's marketplace. A review of the mathematical process used to determine the conversion factors found the methodology to be correct.</p> <p>Due to the reported variances in the bulk density values as determined by a third-party testing entity versus internal White Rock Quarry data, the engineering firm recommended that the District conduct split sampling of the limestone aggregates. The split sample should be analyzed by a District selected geotechnical lab as well as White Rock's internal lab and their third-party lab. The split samples should be conducted on a quarterly basis for one year in an effort to objectively assess trends in the bulk density data. Upon review of this data, a determination can be made as to decreasing the frequency of additional third-party testing.</p>
19-07	2	Audit of Software Licenses	In Process	In Process	9/30/2020	9/30/2020	The IT Department should evaluate the cost and benefit of software that could integrate all the licensing compliance needs of Asset Management into one system.	Information Technology is in the process of evaluating software products to replace the end of life Asset Lifecycle Management (ALM) tool. The intent is to select a product that in addition to replacing ALM also includes software metering and software discovery tools.	As of June 30, 2020 Information Technology was in the process of meeting with the vendors for product demos. As of Friday July 10th the demos were completed and IT is in the process of obtaining quotes. IT will have a follow up meeting with the team to discuss the demos. A selection and purchase order is expected by 9/30/2020.