



Audit Recommendations Follow-Up Report

**For the Period April 1, 2021
Through June 30, 2021**

Project #21-14

**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 3, 2021

Subject: Audit Recommendations Follow-Up Report -
For the Period April 1, 2021 through June 30, 2021
Project No. 21-14

A handwritten signature in blue ink, appearing to be "JTB", is written over the "From:" line.

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
Stephen Collins
Sean Cooley
Jill Creech
Lawrence Glenn
Candida Heater
SueLynn Kirkland
Jennifer Reynolds
Duane Piper
Rich Virgil
Lourdes Woytek

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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, 2021 through June 30, 2021 (the "Reporting Period"). As shown in Exhibit 1, as of March 31, 2021, for previously issued audit reports, 13 recommendations were not yet Fully Implemented, including one (1) recommendation that was Partially Implemented. During the Reporting Period, five (5) recommendations were Fully Implemented. One recommendation was added from one (1) newly issued audit report. This one (1) recommendation was Fully Implemented at the time of report issuance. In total from all reports, eight (8) recommendations are In-Process of being implemented and one (1) has been Partially Implemented as of June 30, 2021.

Our office is also monitoring the implementation status of the five (5) recommendations made in the Operational Audit performed by the State of Florida Auditor General, issued in January 2021 (Report No. 2021-102). As of June 30, 2021, two (2) of the recommendations have been Fully Implemented, two (2) have been Partially Implemented, and one recommendation is In Process of implementation.

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 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 1

Summary of Recommendations Status

As of June 30, 2021

	In	Partially	
Prior Period Reports	Process	Implemented	Total
Status Prior Period (September 30, 2020)	13	1	14
Implemented, Partially Implemented, or Status Changed to No Longer Applicable, During Period	(5)	-	(5)
Remaining Recommendations to be Fully Implemented	8	1	9
Reports Issued During Current Period			
New Recommendations*	1	-	1
Implemented or Partially Implemented	(1)	-	(1)
Remaining Recommendations to be Fully Implemented	-	-	-
Current Status			
Remaining Recommendations to be Fully Implemented	8	1	9

* Initial Status is set as "In-Process"

EXHIBIT 2
Audit Reports With Implementation of Recommendations in Progress
As of June 30, 2021

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	0	1	0	14	Open
			Change in Status	0	0	0	0	
			Current Period Status	0	1	0	14	
18-08	Audit of Kissimmee River Restoration Project Cost Share for Land Acquisition Expenditures	19	Initial Status	5	0	0	14	Open
			Change in Status	-1	0	0	1	
			Current Period Status	4	0	0	15	
18-17	Audit of the Employee Separation Process	4	Initial Status	2	0	0	2	Complete
			Change in Status	-2	0	0	2	
			Current Period Status	0	0	0	4	
19-13	Audit of District Matching of Save Our Everglades Trust Fund and Land Acquisition Trust Fund Appropriations	5	Initial Status	4	0	0	1	Open
			Change in Status	0	0	0	0	
			Current Period Status	4	0	0	1	
19-17	Audit of the Education Reimbursement Program	5	Initial Status	2	0	0	3	Complete
			Change in Status	-2	0	0	2	
			Current Period Status	0	0	0	5	
	Recommendations - Reports Issued During Current Period							
20-10	Audit of Outsourced Functions	1	Initial Status	1	0	0	0	Complete
			Change in Status	-1	0	0	1	
			Current Period Status	0	0	0	1	
	Recommendations - All Reports							
	TOTAL	1	Prior/Initial Status	14	1	0	34	
			Change in Status	-6	0	0	6	
			Status Current Period	8	1	0	40	
	Number of Recommendations Remaining to Be Fully Implemented	49		8	1			

EXHIBIT 3
Detail of In-Process and Partially Implemented Audit Recommendations
As of June 30, 2021

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	Partially Implemented	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 up. This portion of the audit finding coming 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. 10/14/2020 - Status remains the same 2/16/2021 - The outstanding payments are related to the depreciation payments for S-332B,C,D. All other OMRR&R payments are being reimbursed on a timely manner. 5/26/2021 The outstanding payments related to the depreciation payments for S-332B,C,D. are soon to be resolved. The District should be receiving a formal letter denying the invoices due to the arrangement of the District and USACE each constructiong equally S-322 B & C.

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	9/30/2021	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.	In Process. Priority 1 item; 1 full-time FTE and 2 part-time FTEs currently working on claim submittals. Submitted 316 of the 336 relocations through 7/20/2021 . Still waiting for input from the Corps on methodology for submitting donations. Working on acquired tracts.
18-08	4	Audit of Kissimmee River Restoration Project Cost Share For Land Acquisition Expenditures	In Process	In Process	12/31/2019	9/30/2021	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.	In Process. Priority 2; Found 13 occurrences of grazing reservations that need to be claimed. Made notes in comment section for follow-up. 7/20/2021 Submitted 6 revised claims.
18-08	5	Audit of Kissimmee River Restoration Project Cost Share For Land Acquisition Expenditures	In Process	In Process	12/31/2019	9/30/2021	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.	In Process. Priority 2; Found 18 occurrences of denied admin or relocation expenses. Made notes in comment section for follow-up.
18-08	6	Audit of Kissimmee River Restoration Project Cost Share For Land Acquisition Expenditures	In Process	Implemented	12/31/2019	6/30/2021	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.	Complete. Priority 2; Found 1 occurrence of grazing reservation that needs to be claimed. Made notes in comment section for follow-up. 7/20/2021 Submitted for claim.
18-08	13	Audit of Kissimmee River Restoration Project Cost Share For Land Acquisition Expenditures	In Process	In Process	12/31/2019	9/30/2021	Request credit for all unclaimed creditable salary related expenses incurred during October 1, 2006 to present and any subsequent salary related expenses.	Agreed. Priority 3 - 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 3 item; Minor item to be completed after Priority 2. 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.

Audit No.	Rec No.	Audit Title	Status Prior Report	Status Current Report	Due Date		Recommendation	Management Response	Current Period Comments Regarding Status
					Original	Current			
18-17	3	Audit of the Employee Separation Process	In Process	Implemented	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.	3/31/2021 - Information Technology is replacing the legacy account provisioning system. This new system will improve reliability in synchronizing accounts between SAP and other information technology systems. A contract has been issued and project kicked off. This new system is on track for completion by 9/30/2021.
18-17	4	Audit of the Employee Separation Process	In Process	Implemented	9/30/2020	6/30/2021	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.	3/31/2021 - 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. The target date for completion of this feature of the new control system is 6/30/2021. 7/14/2021 The new access control system installation is complete and operational. It is linked to active directory and fully functional. The system now automatically deactivates an access control badge when the network account is disabled. This has so far proven to be functional with a few of off-boarded staff in these past few weeks. This project was completed before the targeted date of 6/30/2021.
19-13	2	Audit of District Matching of Save Our Everglades Trust Fund and Land Acquisition Trust Fund Appropriations	In Process	In Process	11/30/2020	9/30/2021	Initiate the expenditures reanalysis to determine whether the criteria used to determine expense match eligibility are still valid and /or needs updating.	Management concurs and will review the current presentation that entails the previously approved matching criteria and those expenses that were deemed as not eligible for matching with Executive Management and DEP to determine if there are additional expense criteria that may qualify.	10/28/2020 Budget Bureau staff will set up time with Executive Management and then DEP to review the presentation of eligible criteria for matching and update presentation and expenditure analysis. 2/16/2021 Status remains the same. 5/28/2021 Status remains the same 7/30/2021 Status remains the same, extended due date.
19-13	3	Audit of District Matching of Save Our Everglades Trust Fund and Land Acquisition Trust Fund Appropriations	In Process	In Process	11/30/2020	9/30/2021	Determine the correct SOETF and /or LATF appropriation amounts that require matching contributions by the District for Fiscal Years 2011, 2012, 2013, 2017, and 2019.	Management concurs to reevaluate those sources included within the GAA line items to correct amounts requiring matching contributions. Staff has already started updating the matching spreadsheet against the GAA lines for the respective fiscal years	10/28/2020 Budget Bureau staff have updated the spreadsheet but it is still in DRAFT format and will finalize the entire spreadsheet analysis once No. 19-13 No. 2 has been completed for a comprehensive update. 2/16/2021 Status remains the same. 5/28/2021 Status remains the same 7/30/2021 Status remains the same, extended due date.
19-13	4	Audit of District Matching of Save Our Everglades Trust Fund and Land Acquisition Trust Fund Appropriations	In Process	In Process	11/30/2020	9/30/2021	Ensure that the Budget Bureau's tracking spreadsheet correctly reflects the following: SEOTF / LATF appropriations that require expenditure matching by the District, eligible matching expenditures, and indirect expenses.	Management concurs to update the tracking spreadsheet based upon the reevaluation of those sources included within the GAA line items requiring matching contributions. Staff has already started updating the matching spreadsheet against the GAA lines for the respective fiscal years	10/28/2020 Budget Bureau staff have updated the spreadsheet but it is still in DRAFT format but does have to update prior year with Finance Bureau's updated indirect cost that they have caught up per the OMRR&R audit and will finalize the entire spreadsheet analysis once No. 19-13 No. 2 has been completed for a comprehensive update. 2/16/2021 Status remains the same. 5/28/2021 Status remains the same 7/30/2021 Status remains the same, extended due date.

Audit No.	Rec No.	Audit Title	Status Prior Report	Status Current Report	Due Date		Recommendation	Management Response	Current Period Comments Regarding Status
					Original	Current			
19-13	5	Audit of District Matching of Save Our Everglades Trust Fund and Land Acquisition Trust Fund Appropriations	In Process	In Process	4/30/2021	10/1/2021	Inform FDEP of the District's compliance status with Chapter 373, Section 373.470, Subsection 373.470(6), Paragraph 373.470 (6)(a), F.S., which requires that SOETF and/or LATF appropriations be matched by District contributions.	Management concurs and has provided DEP with several updates upon request and will provide a final spreadsheet illustrating the Districts matching of sources through Fiscal Year 2019-2020 in compliance with mentioned statutes.	10/28/2020 Findings of this audit was discussed with DEP staff and Budget staff will provide a final record once findings No. 19-13 No. 2-4 have been completed 2/16/2021 We have discussed with DEP the status of the District's matching status but have not sent a formal record. 5/28/2021 Status remains the same 7/30/2021 Status remains the same, extended due date.
19-17	1	Audit of the Education Reimbursement Program	In Process	Implemented	10/31/2020	6/30/2021	Consider developing a method of tracking the effectiveness (promotion rates) and outcomes (program completion rates) of employees in the Education Reimbursement Program.	The effectiveness of the District's Educational Reimbursement Program can be measured by a variety of factors; the promotion rate being one of them. We will work with Leadership to identify key metrics for the program effectiveness.	2/1/2021 All education reimbursement records have been moved to electronic format, so going forward, the records will be more readily retrieved. Additionally, education reimbursement procedures have been drafted with changes, based upon the audit recommendations, which are being routed for internal review, then followed by legal review, and ultimately, Executive Director's approval. 4/29/2021 The Educational Reimbursement procedure has been updated and approved by the Executive Director. Municode still needs to update the procedure changes, which will be the last step. 7/14/2021 The Education Reimbursement Procedure has been updated on Municode.
19-17	2	Audit of the Education Reimbursement Program	In Process	Implemented	10/31/2020	6/30/2021	Develop a more comprehensive Educational Reimbursement Policy and procedural guidelines to address program requirements such as: a. Documentation requirements b. Fees and other costs eligible for reimbursement. c. Financial assistance calculations in reimbursement, and d. Repayment to the District in the event of overpayment or findings of false documentation.	The Education Reimbursement Procedure will be modified to include all four points outlined in the bullets above, as it would provide more clarity for all using the program. The District houses the program requirements in a procedure, versus a policy for all our programs. This has been the guidance HR has received from our legal office and ensures a consistent approach to HR policies and procedures.	2/1/2021 All education reimbursement records have been moved to electronic format, so going forward, the records will be more readily retrieved. Additionally, education reimbursement procedures have been drafted with changes, based upon the audit recommendations, which are being routed for internal review, then followed by legal review, and ultimately, Executive Director's approval. 4/29/2021 The Educational Reimbursement procedure has been updated and approved by the Executive Director. Municode still needs to update the procedure changes, which will be the last step. 7/14/2021 The Education Reimbursement Procedure has been updated on Municode.
20-10	1	Audit of Outsourced Functions	In Process	Implemented	4/8/2021	4/8/2021	Consider whether performing the field station vegetation management function using District staff instead of contractors would be beneficial to overall field station operations, considering the comparable cost of both methods.	The Field Operation Division does not have the available Fulltime Equivalent Employees (FTEs) to consider taking on the vegetation management function that is now being performed by contractors. Please note that not all vegetation management is contracted out. Field Operations currently performs vegetation management in the form of slope mowing of the East Coast Protective Levee and select areas, aquatic vegetation management and emergency tree removals. With "New Works Projects" such as; the C44 Reservoir and Stormwater Treatment Area (STA), C-43 Reservoir and the A-2 Reservoir and STA, Field Operations will be further limited in the area of staffing to be able to take on the function of vegetation management that is currently performed by contractors.	Recommendation was implemented at the time of report issuance.

EXHIBIT 4
Auditor General Operational Audit Recommendations

Issued January 2021

Audit No.	Rec No.	Audit Title	Status Prior Report	Status Current Report	Recommendation	Management Response	Current Period Comments Regarding Status
AG2021-102	2	Auditor General Operational Audit	In-Process	In-Process	District policies and procedures should require that records be maintained to demonstrate that bank account reconciliations are timely prepared and reviewed and approved by a supervisor and that accounting entries are promptly made to resolve reconciling items.	District staff agrees with the Auditor General finding stated above. Cash and investment statements are received through the normal mail delivery process and in fewer cases, uploaded from their respective websites. Going forward, all statements will be dated by Finance personnel when received and then saved in the file repository. Bank account reconciliations will also be dated when prepared, reviewed and approved by a supervisor. There are no established timeframes for the review of bank and investment account reconciliations or the resolution of reconciling items. Further, there are many factors that may affect the review of reconciliations and/or the resolution of reconciling items. For this reason, establishing a strict timeframe for these items is not practical; however, a timelier review and resolution of reconciling items is recognized as needing improvement.	May 2021 Update - District staff is working towards the maintaining of records and when the bank account reconciliations are received, they are digitized (if applicable), put on the shared server, and text is added to indicate date received. The reconciliations process for timely preparation is still in process. June 2021 Update- Review and Approval of reconciliations is in progress for May Bank recons and reconciliation items are being researched. Statements are now routinely stamped with the date received.
AG2021-102	3	Auditor General Operational Audit	In-Process	Partially Implemented	The District should establish policies and procedures to require a time frame for depositing total daily collections totaling less than \$125,000 as well as documentation evidencing, at the initial point of collection, the dates and amounts of collections and the identity of the employee receiving the collections. In addition, transfer documents should be used to evidence the transfer of collections between employees.	The District agrees with the Auditor General finding stated above. The District recognizes the importance of depositing its cash receipts timely and believes that it has been prudent with the custodianship as well as the timely depositing of its cash collections regardless of the amounts received. Since the prior Auditor General's report (No. 2018-208), the District implemented a process whereby monies coming into the Cashier office are date stamped and initialed when received. However, considering the Auditor General's recommendation, revisions of current policies and procedures will be considered related to the timing of internal transfers and bank deposits for collections totaling less than \$125,000.	May 2021 Update - Implementing a District-wide form that will be required when monies are collected and transferred to Finance. The form will contain the name of the person receiving the collection, the date and the amount. The form, along with the collection will be remitted to the Cashier's office within the timeframe imposed by District Policy/Procedure. The Cashier will acknowledge receipt of monies by signing and dating the form. Cash will be recorded in General Ledger and deposited per Policy. Also, due to several new staff within the District a communication will be sent out to all Administrative, Bureau Chiefs, Section Administrators of the form and policy. Additionally, the District policy is being reviewed. June 2021 Update - All checks received in the Cashier's office are being stamped with the date received. Each location has a form that is used to send checks to the Cashier's office which shows received and transferred dates. The Cashier stamps these forms with the date and then return a copy to the department. Staff has revised District Policy to require delivery of money within 2 working days or 4 working days for onsite and offsite respectively. Staff proposed policy changes needs to be reviewed and presented the District Board for approval.
AG2021-102	4	Auditor General Operational Audit	In-Process	Partially Implemented	The Board should revise District policies governing IG duties to align with State law. Such revisions should require that long-term and annual audit plans identify the resources to be devoted to the respective audits and that both plans be submitted to the Board for approval.	The District's Governing Board delegates the authority to approve the Inspector General's audit plans to the Audit and Finance Committee in the Audit and Finance Committee Charter. The Internal Audit Charter will be modified to require the Inspector General submit both the annual and long-term plans to the Audit and Finance Committee for approval, and such proposed changes will be presented to the Governing Board for their consideration and approval. The recommended changes were applied to the Audit Plan for Fiscal Year 2020-2021 and Long-Term Audit Plan for Fiscal Years 2022-2026, approved by the Audit and Finance Committee on November 12, 2020, which included both the annual and long-term plans as well as the projected associated resources for each audit.	The recommended changes were applied to the Audit Plan for Fiscal Year 2020-2021 and Long-Term Audit Plan for Fiscal Years 2022-2026, approved by the Audit and Finance Committee on November 12, 2020, which included both the annual and long-term plans as well as the projected associated resources for each audit. The Internal Audit Charter is in the process of being revised to ensure consistency with State statutes.