



## **Audit Recommendations Follow-Up Report**

**For the Period July 1, 2022  
Through September 30, 2022**

**Project #23-01**

**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:** November 8, 2022

**Subject:** Audit Recommendations Follow-Up Report -  
For the Period July 1, 2022 through September 30, 2022  
Project No. 23-01

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

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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.

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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 July 1, 2022 through September 30, 2022 (the "Reporting Period"). As shown in Exhibit 1, as of June 30, 2022, for previously issued audit reports, nine (9) recommendations were not yet Fully Implemented, including one (1) recommendation that was Partially Implemented. During the Reporting Period, two (2) recommendation were Fully Implemented, including completion of the one (1) formally Partially Implemented recommendation. In total from all reports, seven (7) recommendations are In-Process of being implemented as of September 30, 2022.

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 September 30, 2022, three of the recommendations have been Fully Implemented, and two (2) have been Partially Implemented.

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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 September 30, 2022

	In	Partially	
<b>Prior Period Reports</b>	<b>Process</b>	<b>Implemented</b>	<b>Total</b>
Status Prior Period (June 30, 2022)	8	1	9
Implemented, Partially Implemented, or Status Changed to No Longer Applicable, During Period	(1)	(1)	(2)
Remaining Recommendations to be Fully Implemented	7	-	7
<b>Reports Issued During Current Period</b>			
New Recommendations*	-	-	-
Implemented or Partially Implemented	-	-	-
Remaining Recommendations to be Fully Implemented	-	-	-
<b>Current Status</b>			
<b>Remaining Recommendations to be Fully Implemented</b>	<b>7</b>	<b>-</b>	<b>7</b>

\* Initial Status is set as "In-Process"

**EXHIBIT 2**  
**Audit Reports With Implementation of Recommendations in Progress**  
**As of September 30, 2022**

Audit No.	Audit Title	No. of Recs		In Process	Partially Implemented	No Longer Applicable	Implemented	
	<b>Recommendations - Prior Period Reports</b>							
18-08	Audit of Kissimmee River Restoration Project Cost Share for Land Acquisition Expenditures	19	Initial Status	2	0	0	17	Open
			Change in Status	0	0	0	0	
			Current Period Status	2	0	0	17	
19-13	Audit of District Matching of Save Our Everglades Trust Fund and Land Acquisition Trust Fund Appropriations	5	Initial Status	0	1	0	4	Complete
			Change in Status	0	-1	0	1	
			Current Period Status	0	0	0	5	
20-11	Audit of CERP Cost Share	8	Initial Status	3	0	0	5	Open
			Change in Status	0	0	0	0	
			Current Period Status	3	0	0	5	
21-09	Audit of Fleet Utilization & Replacement	10	Initial Status	3	0	0	7	Open
			Change in Status	-1	0	0	1	
			Current Period Status	2	0	0	8	
	<b>Recommendations - All Reports</b>							
	<b>TOTAL</b>	42	Prior/Initial Status	8	1	0	33	
			Change in Status	-1	-1	0	2	
			Status Current Period	7	0	0	35	
	<b>Number of Recommendations Remaining to Be Fully Implemented</b>	<b>7</b>		<b>7</b>	<b>0</b>			

**EXHIBIT 3**  
**Detail of In-Process and Partially Implemented Audit Recommendations**  
**As of September 30, 2022**

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	1	Audit of Kissimmee River Restoration Project Cost Share For Land Acquisition Expenditures	In Process	In Process	12/31/2019	12/31/2022	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.	<b>In Process.</b> Priority 1 item; Submitted 336 of the 336 relocations through 10/20/2021. Working on donation tracts and will submit even though the Corps was silent on methodology we proposed. Continue to work on acquired tracts and submitted claims with questions from the Corps. <b>9/2/2022 14 claims submitted.</b>
18-08	13	Audit of Kissimmee River Restoration Project Cost Share For Land Acquisition Expenditures	In Process	In Process	12/31/2019	12/31/2022	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.	<b>In Progress</b> Priority 2 item; Costs continue to be reflected on the Master Cost Share spreadsheet. Corps has agreed to our method for allocating costs to tracts. The form will be called F05-S and will only include salaries. Staff continue to scrub the data for accuracy before a claim can be submitted. Microsoft Access is being used to create the F05-S. <b>Oct 2022 -No change on this item.</b>
19-13	5	Audit of District Matching of Save Our Everglades Trust Fund and Land Acquisition Trust Fund Appropriations	Partially Implemented	<b>Completed</b>	4/30/2021	9/30/2022	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. 10/21/2021 - Staff met with FDEP on August 24, 2021 and provided FDEP with a status update that the District would be filing a completed report. Staff will be meeting with the Administrative Services Division Director to review the final report and will be submitting to FDEP. December 2021 Update - The staff and Division director review occurred. Report is now final and will be submitted by end of February. June 2022 Update - Report for DEP has been finalized and will be delivered to DEP by 9/30/2022. <b>October 2022 Update: Item complete, report was delivered to DEP on 10/19/2022</b>
20-11	4	Audit of CERP Cost Share	In Process	In Process	7/31/2022	12/31/2022	Consult with the USACE to ensure that expenses initially classified as deferred and subsequently approved are reflected as approved on the USACE spreadsheet.	Management concurs with the recommendation. Finance will consult with the USACE and provide documentation to ensure that expenses initially classified as deferred and subsequently approved are reflected as approved on the USACE spreadsheet.	December 2021 Update: No material update at this time. This item will be added to the agenda to discuss with USACE on the next financial meeting. March 2022 Update: No Material update at this time. Staff will continue to work towards accomplishing this recommendation through the transition process of redirecting these duties to a newly hired staff member. June 2022 Update: Newly hired staff will continue to work towards accomplishing this recommendation June 2022 Update: Staff research identified documentation for \$3,052,475.37 to be resubmitted to USACE for approval. For \$531,285.00, staff located a prior approval from USACE. \$130,442.40 will remain uncredited due to duplication or lack of documentation. June 2022 Update -Report for DEP has been finalized and will be delivered to DEP by 9/30/2022. <b>October 2022 Update: Newly hired Finance staff member will research these costs and will re-submit once all support documentation has been gathered and reviewed thoroughly.</b>



Audit No.	Rec No.	Audit Title	Status Prior Report	Status Current Report	Due Date		Recommendation	Management Response	Current Period Comments Regarding Status
					Original	Current			
20-11	5	Audit of CERP Cost Share	In Process	In Process	1/31/2022	12/31/2022	Consult with the USACE to determine whether the District can be credited for any of the \$3,714,203 in disallowed/disputed/deferred due to inadequate documentation.	Management concurs with the recommendation. Finance Bureau will meet with the Ecosystem Restoration Planning Bureau to set our strategy and process for this request and will provide the USACE with the necessary documentation to obtain credit.	December 2021 Update: New due date 7/31/22. This item will be added to the agenda to discuss with USACE on the next financial meeting. March 2022 Update: No Material update at this time. Staff will continue to work towards accomplishing this recommendation through the transition process of redirecting these duties to a newly hired staff member. June 2022 Update: Staff research identified documentation for \$3,052,475.37 to be resubmitted to USACE for approval. For \$531,285.00, staff located a prior approval from USACE. \$130,442.40 will remain uncredited due to duplication or lack of documentation. <b>October 2022 Update: Newly hired Finance staff member is reviewing available documentation and will re-submit once all support documentation has been gathered and reviewed thoroughly.</b>
20-11	7	Audit of CERP Cost Share	In Process	In Process	7/31/2021	12/31/2022	Instruct the Budget and Finance Bureaus to research and resolve the understated CERP design and construction related expenses identified by the Budget Bureau as occurring prior to Fiscal Year 2011.	Management concurs with the recommendation. The Budget and Finance Bureaus will work together to research and resolve the understated CERP design and construction expenses that occurred prior to Fiscal Year 2011. Supporting documentation will be provided to the USACE to obtain credit.	December 2021 Update: No Material update at this time. March 2022 Update: No Material update at this time. Staff will continue to work towards accomplishing this recommendation. June 2022 Update: Staff will continue to work towards accomplishing this recommendation. <b>October 2022 Update: Staff will continue to work towards accomplishing this recommendation.</b>
21-09	5	Audit of Fleet Utilization & Replacement	In Process	Completed	9/30/2022	9/30/2022	Analyze the different types of trailer and marine units and determine whether additional replacement criteria should be developed and implemented. Consider whether this analysis should be conducted for other classes of vehicle/equipment.	Fleet Management agrees. Newly hired Fleet Analyst will review and make necessary changes.	02/24/22 - This item is planned for this year following the conclusion of the annual utilization report. 4/20/22 Fleet analysts are currently researching practices and standards at other government and private entities to develop valuable utilization thresholds. 7/28/22 - Research/analysis is still ongoing. <b>10/24/22 Complete</b>
21-09	8	Audit of Fleet Utilization & Replacement	In Process	In Process	6/30/2022	12/31/2022	Analyze each cost center's utilization levels and reasons for low utilization and determine whether vehicle/equipment swaps are warranted.	Fleet Management agrees and will utilize the upcoming additional Fleet Analyst position to analyze responsible cost centers detailed reasons for all vehicle/equipment that were not adequately utilized and make necessary changes.	02/04/22-Discussion on on the need to move equipment and vehicle has been discussed with the Assistant Executive Officer who has put the division directors on notice that this will be forthcoming. Recommendations will be made by fleet staff at the conclusion of the annual utilization report to the assistant executive officer at which time swaps/moves will be initiated. 7/28/22 - Task still in process. Fleet analysts looking at different alternatives to identify "like" vehicles that are eligible for swaps. <b>10/24/22 Task still In Process, extening estimated completion date to 12/31/22.</b>
21-09	10	Audit of Fleet Utilization & Replacement	In Process	In Process	9/30/2022	12/31/2022	Develop updated written replacement and utilization criteria for all vehicle/equipment after the Fleet Unit's analysis is completed.	Fleet Management will research and implement revised utilization criteria as appropriate.	02/4/22-This item is planned for this year following the conclusion of the annual utilization report. 4/20/22- Fleet analysts are currently researching practices and standards at other government and private entities to develop realistic thresholds. 7/28/22 Research/analysis is still ongoing. <b>10/24/22 - New replacement criteria is complete. Final review for a changes to the utilization is in process...completion date is now 12/31/22.</b>

## EXHIBIT 4

### Auditor General Operational Audit Recommendations

Issued January 2021

Audit	Rec		Status Prior	Status Current			
No.	No.	Audit Title	Report	Report	Recommendation	Management Response	Current Period Comments Regarding Status
AG2021-102	2	Auditor General Operational Audit	In-Process	Partially Implemented	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.	<p>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.</p> <p>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.</p> <p>Sept 2021 Update - as of October 20, 2021 review and approval of bank reconciliations continues. August bank reconciliations have been reviewed and approved. September are being completed currently. Reconciling items are being addressed and resolved as part of the year-end process and preparation for the FY21 Financial Audit. Additionally, District policies and procedures are being reviewed for November 2021 Governing Board approval.</p> <p>December 2021 Update - Policies were updated and approved at the December Governing Board meeting and no change was made related to reconciliations as the policy has a 30 day time limit. Statements are being dated when received. Timely reconciliations are still in progress. Procedures are being reviewed for best inclusion of this recommendation for submittal to the Executive Director.</p> <p>March 2022 Update - Timely reconciliations are still in progress. Records are being maintained and dated and reviewed and approved by a supervisor, as recommended. The outstanding item is that the Procedures are being reviewed for best inclusion of this recommendation for submittal to the Executive Director.</p> <p style="text-align: right;"><b>June 2022 Update -</b></p> <p><b>Draft procedures are updated and review will be scheduled prior to end of fiscal year for implementation. Staff can now redirect their attention to this item now that the FY21 Audit was completed and received 6/28/2022.</b></p>
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.	<p>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.</p> <p>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.</p> <p>Sept 2021 Update - As of October 20, 2021 Finance Bureau continue to stamp upon receipt, all checks for deposit and processes the deposit by the cashier or a cross trained Finance Bureau/AGT Section staff member. Proposed revisions to the Policy have been submitted for Executive Team review for the upcoming Agency-wide Agenda Item presenting recommended revisions to the existing policy to the Governing Board approval in November.</p> <p>December 2021 Update: Policy Section 110-125 was updated and approved at the December Board meeting. Procedures are being reviewed for update and submittal to the Executive Director.</p> <p>March 2022 Update: Procedures are still being worked on for all of the Finance section and still to be submitted to the Executive Director for approval. Staff will redirect their attention back to this once the FY2020-21 Audit is completed.</p> <p style="text-align: right;"><b>June</b></p> <p><b>2022 Update: Draft procedures are updated and review will be scheduled prior to end of the fiscal year for implementation. Staff can now redirect their attention to this item now that the FY21 Audit was completed and received 6/28/2022.</b></p>