



Audit Recommendations Follow-Up Report

**For the Period April 1, 2023
Through June 30, 2023**

Project #23-11

**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: September 20, 2023

Subject: Audit Recommendations Follow-Up Report -
For the Period April 1, 2023 through June 30, 2023
Project No. 23-11

A handwritten signature in blue ink, appearing to be "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
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Jill Creech
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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, 2023 through June 30, 2023 (the "Reporting Period"). As shown in Exhibit 1, as of June 30, 2023, for previously issued audit reports, eight (8) recommendations were not yet Fully Implemented. The status of these eight (8) recommendations remained the same for the Reporting Period. During the Reporting Period, 12 recommendations were added from one (1) newly issued audit report. Six (6) of these recommendations were implemented during the Reporting Period or were implemented at the time of report issuance. In total from all reports, 14 recommendations are In-Process of being implemented as of June 30, 2023.

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, 2023, three (3) of the recommendations have been Fully Implemented, and two (2) have been Partially Implemented.

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, 2023

	In	Partially	
	Process	Implemented	Total
<u>Prior Period Reports</u>			
Status Prior Period (March 31, 2023)	8	-	8
Implemented, Partially Implemented, or Status Changed to No Longer Applicable, During Period	-	-	-
Remaining Recommendations to be Fully Implemented	8	-	8
<u>Recommendations from New Reports Issued</u>			
New Recommendations*	12	-	12
Implemented or Partially Implemented	(6)	-	(6)
Remaining Recommendations to be Fully Implemented	6	-	6
<u>Current Status</u>			
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 June 30, 2023

Audit No.	Audit Title	No. of Recs		In Process	Partially Implemented	No Longer Applicable	Implemented	
	Recommendations - Prior Period Reports							
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	
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	
21-08	Audit of Private Mitigation Banks	6	Initial Status	4	0	0	3	Open
			Change in Status	-1	0	0	-1	
			Current Period Status	3	0	0	2	
	Recommendations from New Reports Issued							
21-10	Audit of fleet Maintenance Operations	12	Initial Status	12	0	0	0	
			Change in Status	-6	0	0	6	
			Current Period Status	6	0	0	6	
	Recommendations - All Reports							
	TOTAL	45	Prior/Initial Status	21	0	0	25	
			Change in Status	-7	0	0	5	
			Status Current Period	14	0	0	30	
	Number of Recommendations Remaining to Be Fully Implemented	14		14	0			

EXHIBIT 3
Detail of In-Process and Partially Implemented Audit Recommendations
As of June 30, 2023

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	12/31/2023	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; 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. 9/2/2022 14 claims submitted. 12/7/2022 - 1 claim submitted 3/31/2023 - Working on 8 claims containing 15 tracts (\$19.5 million) 6/30/2023 Submitted 5 claims with 6 tracts (\$2.3M) on 5/20/23; 3 claims with 9 tracts (\$19.5M) ready for submittal; working on 3 claims with 13 tracts
18-08	13	Audit of Kissimmee River Restoration Project Cost Share For Land Acquisition Expenditures	In Process	In Process	12/31/2019	12/31/2023	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.	In Progress 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. Oct 2022 - No change on this item. 12/31/2022 (continuing to scrub data) 3/31/2023 - No change 6/30/2023 - No change
20-11	4	Audit of CERP Cost Share	In Process	In Process	7/31/2022	7/31/2023	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. 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. December 2022 Update: Staff are continuing to work on this. Staff did reach out to USACE to have the cost share updated to reflect interim credits that were submitted and not allocated on the cost share. The older records are still being reviewed. Staff are meeting (Budget and Finance) in March to follow-up on progress and next steps and will coordinate with SFWMD Policy staff if assistance is needed when reaching out to USACE. April 2023 Update: Staff met in April and Finance Section Leader is currently reviewing the details for this item and once completed will send a credit request letter to USACE and IG Office. June 2023: No update was provided for this item.

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	7/31/2023	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. 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. December 2022 Update: Staff are reviewing records available. Staff are meeting (Budget and Finance) in March to follow-up on progress and next steps and will coordinate with SFWMD Policy staff if assistance is needed when reaching out to USACE. April 2023 Update: Staff met in April and Finance Section Leader is currently reviewing the details for this item and once completed will send a credit request letter to USACE and IG Office. All items have to be researched and classified properly (CERP Design, Accel8 Design) prior to resubmission letter for request June 2023: No update was provided for this item.
20-11	7	Audit of CERP Cost Share	In Process	In Process	7/31/2021	7/31/2023	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. October 2022 Update: Staff will continue to work towards accomplishing this recommendation. December 2022 Update: Staff are reviewing records that are available. Staff are meeting (Budget and Finance) in March to follow-up on progress and next steps, such as obtaining management or PM review and signature (if required) and if partial records obtained can be submitted. April 2023 - A meeting was held in April and Budget Section Leader will review all differences from prior to FY2011 and will concentrate on the most material differences. We determined that researching the immaterial differences did not make sense from a cost / benefit perspective. June 2023: No update was provided for this item.
21-08	1	Audit of Private Mitigation Banks	In Process	In Process	9/30/2022	9/30/2023	Evaluate the mitigation banks perpetual maintenance funding needs based on the most current cost and other financial information. If inadequate, develop a funding plan with the mitigation banker while the mitigation bank has credits available to sell.	The Environmental Resource Bureau (ERB) has notified all bankers to provide certified, updated cost estimates for the remaining construction and implementation costs and perpetual management costs, and current financial statements for their financial mechanisms from the financial institutions. Moving forward, the cost estimates are to be provided on a biennial basis and the financial statements are to be provided at the interval used by the financial institution. Chapter 62-342.700(14)(c), FAC states, "...If the value of any financial responsibility mechanism is less than the total amount of the current construction and implementation and perpetual management cost estimates, the banker shall, upon Agency approval of the cost adjustment statement, increase the value of the financial mechanism to reflect the new estimate within 60 days." If a necessary adjustment is not made within 60 days, the banker will be deemed in noncompliance and subject to enforcement action.	January 13, 2023 - Information has been received from all the mitigation banks permitted by the District. Of the 17 mitigation banks permitted by the District, 14 are in compliance with the financial terms contained in their respective Permits. Two of the remaining three that are not in compliance have received notices of noncompliance and credit sales have been suspended. One is submitting information for a permit modification to change their financial assurance type to achieve compliance. April 5, 2023 - of the 3 remaining banks mentioned in the January 2023 comments, 2 (Shingle Creek Mitigation Bank and Twin Oaks Mitigation Bank) are submitting permit modifications which will bring them into compliance with their Financial Assurance documents. The remaining bank (Collany Mitigation Bank) has not responded to repeated requests for documentation and their credits available for sale remain frozen. Credit Releases for this bank total 9.56 with only 0.02 credits sold to date. July 17, 2023 - Of the 3 remaining banks mentioned in the January 2023 comments, 2 banks (Shingle Creek Mitigation Bank and Twin Oaks Mitigation Bank) have submitted permit modifications which will bring them into compliance with their Financial Assurance documents. The permit modification for Shingle Creek Mitigation Bank will be issued prior to July 31, 2023. On June 30, 2023, Twin Oaks Mitigation Bank was granted a 90-day extension to resolve the outstanding issues associated with their financial assurance mechanism prior to freezing their credit sales. The remaining bank (Collany Mitigation Bank) has not responded to repeated requests for documentation and their credits available for sale remain frozen. Credit Releases for this bank total 9.56 with only 0.02 credits sold to 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			
21-08	4	Audit of Private Mitigation Banks	In Process	In Process	9/30/2022	9/30/2023	Consider Finance Bureau staff review of the mitigation banker's perpetual maintenance fund financial assurance calculations for reasonableness.	ERB staff will coordinate with the Finance Bureau for initial assistance and training in analyzing the financial statements submitted by the bankers' financial institutions. ERB staff will also coordinate with the Land Resources and Engineering and Construction Bureaus for current unit costs for land management and construction to aid in evaluation of the biennial cost estimates. The results of the analyses will determine the need for adjustments to the principal balances of the financial mechanisms.	January 11, 2023 - The Finance Bureau has been contacted and a request was made for a PowerPoint presentation on understanding and evaluating financial statements as they pertain to mitigation banking. The PowerPoint training will be provided to Regulatory staff responsible for mitigation banking compliance. The Finance Bureau is also analyzing the Perpetual Management Funds based on the bank statements provided by the mitigation bankers and will make further recommendations to strengthen the District's mitigation banking program. A construction and implementation and perpetual management spreadsheet utilized by FDEP was supplied to each mitigation banker and to the District's Land Management Bureau. The spreadsheet is a comprehensive list of activities that may be undertaken to develop and manage the bank. Land Management provided their costs for items that are frequently encumbered on District lands to serve as a basis for determining the accuracy and validity of information received from the mitigation bankers. The cost comparison was completed for each bank as responses were received. No significant discrepancies were noted. April 5, 2023 - Regulation and Budget and Finance staff are meeting every other week to develop a training program for Regulatory staff on reading and understanding the many forms of Financial Assurance statements that are submitted. Completion of the training package is anticipated to be in early May. July 17, 2023 - Budget and Finance staff are continuing to develop PowerPoint training materials for Regulation staff regarding reading and understanding many forms of Financial Assurance statements that are submitted on a monthly basis. Regulation staff are continuing to coordinate with Budget and Finance to see when these materials will be completed.
21-08	5	Audit of Private Mitigation Banks	In Process	In Process	Unknown	Unknown	Coordinate through relevant staff and District legislative liaison to change the mandated 6% interest earning rate on perpetual maintenance funds to a more reasonable rate that reflects long term market conditions. (i.e. the 10-year US Treasury interest rate).	Changing the rate of return will require legislative ratification and rulemaking at the State level initiated by FDEP. Coordination with FDEP and the District's legislative lobbyist will need to occur at the appropriate time that a bill addressing this topic is proposed or being reviewed in a committee.	January 11, 2023 - The Florida Association of Mitigation Bankers and the Florida Department of Environmental Protection are working on revising the Mitigation Banking Rules including the interest earnings related to perpetual management. Regulation receives quarterly updates from FDEP on progress made on revisions and will continue to provide input as this process unfolds. Regulation staff will coordinate with the District's Legislative Regional Representative who tracks legislation being considered at the State level regarding changes to the Mitigation Banking Rules. The USACE has already implemented changes to newly issued permits and permit modifications using a 3% rate of return and it is anticipated that the State will implement similar changes for consistency. April 5, 2023 - FDEP and the Florida Association of Mitigation Bankers are meeting to revise Mitigation Banking Rules which will require legislative approval. This will include revising the 3% rate of return. No determination has been made as to what financial market index will be used to establish perpetual funding. July 17, 2023 - Updated Mitigation Banking Rule language has been drafted and will be shared with the public and the Florida Association of Mitigation Bankers in September. Updates to the rule will require legislative approval. This update will revise the 6% rate of return that is currently required. The draft rule language proposes that the amount of financial responsibility is calculated to include a principal amount that, when managed and invested, is sufficient to be reasonably expected to generate a gross annual return that, after inflation and applicable administrative fees, is equal to the annual cost of perpetual management
21-10	1	Audit of Fleet Maintenance Operations	In Process	In Process	9/30/2023	9/30/2023	Develop written policies and procedures regarding the completion timeframe for preventative maintenance and inspection work orders (PMPL work orders)	Fleet Maintenance to work with Fleet STAN to develop written processes which will be stored on the STAN Team's SharePoint site.	June 30, 2023 - Fleet Analyst 2 has taken the lead and is working with the Fleet STAN team in development and finalization of the written policy.

Audit No.	Rec No.	Audit Title	Status Prior Report	Status Current Report	Due Date		Recommendation	Management Response	Current Period Comments Regarding Status
					Original	Current			
21-10	2	Audit of Fleet Maintenance Operations	In Process	In Process	6/30/2023	9/30/2023	Ensure that all field station fleet staff responsible for closing fleet work orders accurately reflect the work order completion date in SAP Plant Maintenance	Fleet management will ensure responsible staff are educated on the need to change the default date to the actual date the work was completed when closing the work order in SAP. This will become a recurring reminder with the team being established as part of item 9 below.	June 30, 2023 - Fleet STAN team members from Okeechobee and St. Cloud are working on a step-by-step process for proper close out procedures.
21-10	3	Audit of Fleet Maintenance Operations	In Process	Implemented	3/31/2023	3/31/2023	Take steps to ensure that vehicles assigned to District areas other than field stations (for example, other bureaus and sections) are available for maintenance in a timely manner.	Fleet management will reiterate to all other District Divisions the importance of dropping off vehicles when PM schedules come due. Fleet management has the option to shut off fueling capability for any units that are grossly past due.	June 30, 2023 - Fleet Bureau Chief has discussed at monthly senior manager's meeting. Additionally, the fleet shop will now notify fleet management of any areas not complying so that the situation can be addressed at a higher level.
21-10	4	Audit of Fleet Maintenance Operations	In Process	In Process	6/30/2023	9/30/2023	The West Palm Beach Field Station should consider whether it would be beneficial to stagger PMPL work order planned dates throughout the month rather than having planned dates at the beginning of the month.	West Palm Beach Field Station to stagger start dates to 50% at the first of the month and 50% at the end of the month.	June 30, 2023 - WPB shop supervisor is working with SAP master data staff to equalize the number of PM's each month and to stagger the start dates within each month.
21-10	5	Audit of Fleet Maintenance Operations	In Process	Implemented	6/30/2023	6/30/2023	The Fort Lauderdale Field Station should consider taking appropriate steps so that PMPL crane inspections planned for October are not performed in January of the following year (i.e., at least 90 days after the planned date).	Ft. Lauderdale Field Station will reset the PMPL crane inspections for October starting the beginning of FY 2024 following the completion of the FY 2023 in January.	June 30, 2023 - Necessary changes have been made.
21-10	6	Audit of Fleet Maintenance Operations	In Process	In Process	6/30/2023	9/30/2023	Ensure that fleet maintenance staff responsible for scheduling PMPL work orders schedule maintenance and inspection work orders for the same vehicle/equipment based on the planned dates per the SAP Plant Maintenance module and not delay work orders to perform both tasks at the same time.	Fleet Management will direct staff responsible for this task to not delay any scheduled work orders. Also, Fleet management will work with those same staff to arrive at a reasonable timeframe in which to perform scheduled tasks early if the vehicle is already in the shop for work.	June 30, 2023 - Fleet maintenace staff have been directed to perform any work due within the next 30 days anytime a vehicle is in the shop. Fleet Analyst 2 is developing written policy.

Audit No.	Rec No.	Audit Title	Status Prior Report	Status Current Report	Due Date		Recommendation	Management Response	Current Period Comments Regarding Status
					Original	Current			
21-10	7	Audit of Fleet Maintenance Operations	In Process	In Process	12/31/2023	12/31/2023	Consider addressing fleet maintenance staff's concerns about the level of service and quality of filters procured from the current contracted vendor via the MRP ordering system.	Fleet management has had initial conversations with the fleet STAN Team to gather more information. Changes are needed to move away for the current Vendor and move towards OEM (Original Equipment Manufacturer) and/or limited aftermarket manufacturers that provide quality filters. Fleet management will work with procurement to explore the possibility of the changes through the MRP system, if quality filters will have to be ordered outside of the MRP process. The fleet STAN will work on establishing a list of acceptable aftermarket manufacturers.	June 30, 2023 - Fleet STAN team has determined which brands are acceptable and is developing written guidance.
21-10	8	Audit of Fleet Maintenance Operations	In Process	Implemented	6/30/2023	6/30/2023	Implement steps to ensure that planned maintenance scheduled for vehicles/equipment assigned to other field stations are not overlooked so that preventive maintenance is performed in a timely manner.	There is an existing SAP rule that addresses this. Managers and supervisors will revisit with all relevant planners to ensure the process is followed.	June 30, 2023 - Fleet STAN team will have a recurring reminder for each meeting to remind staff. Fleet Bureau Chief will be covering at next O & M manager's meeting.
21-10	9	Audit of Fleet Maintenance Operations	In Process	Implemented	6/30/2023	6/30/2023	Consider requiring relevant field station fleet maintenance staff to meet and discuss their processes/practices regarding managing, monitoring, and completing PMPL fleet maintenance work orders to share lessons learned and best practices.	Senior Planners to conduct regularly scheduled meeting with fleet planners and parts coordinators for lessons learned and housekeeping.	June 30, 2023 - Fleet STAN team will have a recurrent reminder for each meeting to remind staff.
21-10	10	Audit of Fleet Maintenance Operations	In Process	Implemented	4/13/2023	4/13/2023	Increase efforts to ensure improvement in the maintenance goal for planned and unplanned work orders.	While small improvements can be made through improving the proper coding of work order types, the current hurdle rate of 80/20 is not realistic or attainable for the following reasons. 1) Large amount of fleet units overdue for replacement. Vehicles being kept beyond the established replacement criteria is leading to more unplanned breakdown work orders. 2) Several years ago, the district moved away from semi-annual to annual preventative maintenance plans. This significantly reduced the number of work orders contributing to the planned side of the equation as the hurdle rate remained unchanged at 80% planned to 20% unplanned.	Recommendation was implemented at time of report issuance.

Audit No.	Rec No.	Audit Title	Status Prior Report	Status Current Report	Due Date		Recommendation	Management Response	Current Period Comments Regarding Status
					Original	Current			
21-10	11	Audit of Fleet Maintenance Operations	In Process	Implemented	6/30/2023	6/30/2023	Ensure that field station fleet maintenance staff accurately classify all preventive maintenance work orders.	Senior Planners will incorporate retraining and reinforcement of already established criteria for correct type of work orders into the recurring meetings.	June 30, 2023 - Fleet STAN team will have a recurring reminder for each meeting to remind staff.
21-10	12	Audit of Fleet Maintenance Operations	In Process	Implemented	4/13/2023	4/13/2023	District management should continue considering increasing funding allocated to fleet replacement.	This same item was identified on the Audit of Fleet replacement and utilization in 2021. Since that time fleet management has used that report as additional justification to request additional funding for fleet replacements and has received and additional \$3M in both 2022 and 2023 fiscal years for a total of \$6M to date. Fleet management will continue to request additional funding in future years.	Recommendation was implemented at 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	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>June 2022 Update - 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.</p> <p>September 2022 Update - Draft procedures have been reviewed with revisions; updates for resubmittal and inclusion in the next submittal to the Executive Director. Revisions included staff assignments with the reclassification of a position to be in the review chain of reconciliations.</p> <p>December 2022 Update - Procedures are still to be submitted to the Executive Director for review and approval. Staff will make this a priority to move the procedures for approval.</p> <p>March 2023 - Status remains the same. Procedures need to be submitted for Executive Director approval.</p> <p>June 2023 - Status remains the same. Procedures need to be submitted for Executive Director approval.</p>

Audit	Rec		Status Prior	Status Current		Management	Current Period Comments
No.	No.	Audit Title	Report	Report	Recommendation	Response	Regarding Status
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>June 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.</p> <p>September 2022 Update - Draft procedures are prepared with updated revisions clearly identifying staff positions responsible for processing deposits as often as daily to maintain appropriate cash receipt deposit procedure. There are currently 4 Finance Bureau staff cross-trained with authority to process deposits on site.</p> <p>December 2022 Update - Procedures are still to be submitted to the Executive Director for review and approval. Staff will make this a priority to move the procedures for approval.</p> <p>March 2023 - Status remains the same. Procedures need to be submitted for Executive Director approval.</p> <p>June 2023 - Status remains the same. Procedures need to be submitted for Executive Director approval.</p>