



Audit Recommendations Follow-Up Report

**For the Period October 1, 2023
Through December 31, 2023**

Project #24-08

**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: February 20, 2024

Subject: Audit Recommendations Follow-Up Report -
For the Period October 1, 2023 through December 31, 2023
Project No. 24-08

A handwritten signature in blue ink, likely belonging to J. Timothy Beirnes, the Inspector General.

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
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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 October 1, 2023 through December 31, 2023 (the "Reporting Period"). As shown in Exhibit 1, as of September 30, 2023, for previously issued audit reports, six (6) recommendations were not yet Fully Implemented. During the Reporting Period two (2) of these recommendations were implemented. Also, seven (7) recommendations were added from a recently issued audit report. Two (2) of these recommendations were implemented at the time of report issuance and two (2) recommendations were implemented during the Reporting Period. In total from all reports, seven (7) recommendations were In-Process of being implemented as of December 31, 2023.

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 1
Summary of Recommendations Status
As of December 31, 2023

	In	Partially	
Prior Period Reports	Process	Implemented	Total
Status Prior Period (September 30, 2023)	6	-	6
Implemented, Partially Implemented, or Status Changed to No Longer Applicable, During Period	(2)	-	(2)
Remaining Recommendations to be Fully Implemented	4	-	4
Recommendations from New Reports Issued			
New Recommendations*	7	-	7
Implemented or Partially Implemented	(4)	-	(4)
Remaining Recommendations to be Fully Implemented	3	-	3
Current Status			
Remaining Recommendations to be Fully Implemented	7	-	7

* Initial Status is set as "In-Process"

EXHIBIT 2
Audit Reports With Implementation of Recommendations in Progress
As of December 31, 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	-1	0	0	1	
			Current Period Status	1	0	0	18	
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	
21-10	Audit of Fleet Maintenance Operations	12	Initial Status	1	0	0	11	Complete
			Change in Status	-1	0	0	1	
			Current Period Status	0	0	0	12	
	Recommendations from New Reports Issued							
22-20	Audit of CERP Land Acquisition Cost Share	7	Initial Status	7	0	0	0	Open
			Change in Status	-4	0	0	4	
			Current Period Status	3	0	0	4	
	Recommendations - All Reports							
	TOTAL	46	Prior/Initial Status	13	0	0	33	
			Change in Status	-6	0	0	6	
			Status Current Period	7	0	0	39	
	Number of Recommendations Remaining to Be Fully Implemented	7		7	0			

EXHIBIT 3
Detail of In-Process and Partially Implemented Audit Recommendations
As of December 31, 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	6/30/2024	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 Activity through 12/31/2023: Relocations - 1 pending 342 Submitted Acquisitions - 6 claims pending (11 tracts), 17 claims (28 tracts) Donations - 15 claims pending (35 tracts)
18-08	13	Audit of Kissimmee River Restoration Project Cost Share For Land Acquisition Expenditures	In Process	Implemented	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.	The Corps has agreed to our methodology for allocating costs going forward on all cost share projects. The staff cost data has been scrubbed and allocated to the tracts based on the acquisition date and the staff member's job title. Going forward, staff costs will be submitted with a claim using the F05-S form and all other costs are submitted on the F05 form. Real Estate considers this item resolved and no further action is needed.
20-11	4	Audit of CERP Cost Share	In Process	In Process	7/31/2022	7/31/2024	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.	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. September 30, 2023 - Coordination with the Finance, Land Resources and Engineering and Construction Bureaus have been completed. ERB staff will continue to seek assistance from Finance Bureau staff for review of financial assurance statements as they are received from permittees. December 2023 - No change in status. Staff has been redirected to work on FY2022 23 Audit and will continue their work on this finding once audit is completed.

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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20-11	5	Audit of CERP Cost Share	In Process	In Process	1/31/2022	7/31/2024	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. September 2023: Finance staff has made good progress on gathering support for this item but to complete may require some more time and effort researching older reports and letters for additional details. Loss of key staff member in Department who had good understanding of WIK has made progress challenging. Hoping to send request to USACE by December of this year or March of next year. December 2023: Staff will continue working towards this finding and working towards a completion of June 30, 2024.
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. October 2023: The support needed to provide the response has not been completed due to on-going budget development and reporting deadlines along with project requests. 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. Our current goal would be to complete review and submit by June, 30, 2024. December 2023: Staff will continue working towards this finding and working towards a completion of June 30, 2024.

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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21-10	7	Audit of Fleet Maintenance Operations	In Process	Implemented	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. September 30, 2023 - The Fleet STAN Team has developed an acceptable list of aftermarket filters. Next step is implementation with the storerooms. December 31, 2023 - Store rooms and procurement working together and are now ordering only approved filters from the written documents.
22-20	1	Audit of CERP Land Acquisition Cost Share	In Process	In Process	12/31/2023	6/30/2024	Finalize the <i>Land Certification and Crediting Procedures</i> by completing procedures for CERP land crediting.	The existing <i>Land Certification and Crediting Procedures</i> will be updated to document process improvements gleaned from the KRRP Audit #18-08, and currently in use.	In process
22-20	2	Audit of CERP Land Acquisition Cost Share	In Process	In Process	10/31/2023	6/30/2024	Take necessary steps to determine whether environmental risk assessment expenses should be submitted for credit as land acquisition related expenses by the Real Estate Bureau or as construction related expenses by the Finance Bureau. Inform the Finance Bureau staff if the USACE determines that they are responsible for environmental risk assessment credit requests.	Real Estate staff will follow up on previous requests to the USACE to confirm that environmental risk assessment expenses are construction related.	Real Estate received an email from USACE's Real Estate Division Chief in Jacksonville confirming that environmental expenses are construction costs; forwarded to Ecosystem Restoration Planning Bureau and asked if they are getting credit for these costs; waiting for a reply.

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22-20	3	Audit of CERP Land Acquisition Cost Share	In Process	Implemented	9/26/2023	9/26/2023	Ensure Real Estate Bureau crediting staff responsible for preparing credit submittal to thoroughly review credit requests to ensure credit is requested for all eligible expenses.	Real Estate Bureau crediting staff will be instructed to conduct a thorough review of final credit packages to ensure eligible expenses are accounted for.	Recommendation was implemented at the time of report issuance on 9/26/2023.
22-20	4	Audit of CERP Land Acquisition Cost Share	In Process	Implemented	9/26/2023	9/26/2023	Require the Real Estate Bureau Section Leader to carefully review all credit requests to ensure accuracy, uniformity, completeness, and inclusion of all eligible expenses.	Real Estate Bureau Section Leader will carefully review all credit requests to ensure accuracy, uniformity, completeness, and inclusion of all eligible expenses.	Recommendation was implemented at the time of report issuance on 9/26/2023.
22-20	5	Audit of CERP Land Acquisition Cost Share	In Process	Implemented	12/31/2023	12/31/2023	Develop and periodically update listing of CERP project components/features that are eligible for credit submittal.	A list of CERP project components/features eligible for credit submittal will be developed and kept current.	CERP project information is continually updated in the real estates database (IRIS) to ensure that an accurate listing can be extracted using Jaspersoft as needed.

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22-20	6	Audit of CERP Land Acquisition Cost Share	In Process	Implemented	12/31/2023	12/31/2023	Create and maintain a master spreadsheet for CERP credit requests (similar to the <i>KRRP Master Crediting Summary Spreadsheet</i>) that includes data such as tract information, date credit request submitted, amount of credit request, approval and denial amounts, land cost and administrative costs, and relevant notes.	A master spreadsheet will be credited to include relevant data and notes.	Information for each credit request is input into real estate's database (IRIS), and certification/crediting report can be printed using Jaspersoft, as needed.
22-20	7	Audit of CERP Land Acquisition Cost Share	In Process	In Process	12/31/2023	6/30/2024	Consider documenting the steps to determine eligible CERP land acquisition related salary expenses.	The steps required to determine eligible CERP land acquisition related salary expenses will be documented as a part of the procedures referenced in Recommendation #1 above.	In process