



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

**For the Period October 1, 2024  
Through December 31, 2024**

**Project #25-08**

**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, 2025

**Subject:** Audit Recommendations Follow-Up Report -  
For the Period October 1, 2024 through December 31, 2024  
Project No. 25-08

A handwritten signature in blue ink, likely belonging to J. Timothy Beirnes, is located to the right of 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.

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, 2024 through December 31, 2024 (the "Reporting Period"). As shown in Exhibit 1, as of September 30, 2024, for previously issued audit reports, four (4) recommendations were not yet Fully Implemented. Two (2) of these recommendations were implemented during the current Reporting Period. Also, 11 recommendations were added from one recently issued audit report. Six (6) of these new 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, 2024.

Commencing with this quarterly follow-up report, our office is also monitoring the implementation status of the three (3) recommendations made in the Operational Audit performed by the State of Florida Auditor General, issued in October 2024 (Report No. 2025-028). As of December 31, 2024, all three (3) of these recommendations have been fully 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 December 31, 2024

	In	Partially	
<b>Prior Period Reports</b>	<b>Process</b>	<b>Implemented</b>	<b>Total</b>
Status Prior Period (September 30, 2024)	4	-	4
Implemented, Partially Implemented, or Status Changed to No Longer Applicable, During Period	(2)	-	(2)
Remaining Recommendations to be Fully Implemented	2	-	2
<b>Recommendations from New Reports Issued</b>			
New Recommendations*	11	-	11
Implemented or Partially Implemented	(6)	-	(6)
Remaining Recommendations to be Fully Implemented	5	-	5
<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 December 31, 2024**

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	1	0	0	18	Open
			Change in Status	0	0	0	0	
			Current Period Status	1	0	0	18	
22-20	Audit of CERP Land Acquisition Cost Share	7	Initial Status	1	0	0	6	Complete
			Change in Status	-1	0	0	1	
			Current Period Status	0	0	0	7	
22-24	Audit of Land Sales Proceeds	4	Initial Status	2	0	0	2	Open
			Change in Status	-1	0	0	1	
			Current Period Status	1	0	0	3	
	<b>Recommendations from New Reports Issued</b>							
23-15	Audit of Land Sales Proceeds	11	Initial Status	11	0	0	0	
			Change in Status	-6	0	0	6	
			Current Period Status	5	0	0	6	
	<b>Recommendations - All Reports</b>							
	<b>TOTAL</b>	30	Prior/Initial Status	15	0	0	26	
			Change in Status	-8	0	0	8	
			Status Current Period	7	0	0	34	
	<b>Number of Recommendations Remaining to Be Fully Implemented</b>	7		7	0			

**EXHIBIT 3**  
**Detail of In-Process and Partially Implemented Audit Recommendations**  
**As of December 31, 2024**

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	6/30/2025	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.	Sept 30, 2024: 18 donation tracts remain to be submitted. Appraisals complete on 9 tracts and staff is compiling claim requests for submittal; remaining 9 tracts are being appraised June 30, 2024: Submitted 1 relocation claim and 1 acquired tract. Appraisal complete for 1st donated tract containing 620 acres and claim is being prepared. Working on the appraisal for 7 donated tracts; claim to follow. The only claims remaining are on donated tracts, which require historical appraisals that are extremely time consuming. <b>Dec. 30, 2024: Claim submitted for 1 tract (620 acres). Appraisals complete on 12 tracts and staff is working on claims; appraisals on 5 tracts are in progress. (17 donation tracts remain to be submitted)</b>
22-20	1	Audit of CERP Land Acquisition Cost Share	In Process	Implemented	12/31/2023	12/31/2024	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.	Sept 30, 2024: in progress. <b>Dec. 30, 2024: changes to Certification and Crediting Procedures have been documented</b>
22-24	2	Audit of Land Sales Proceeds	In Process	In Process	9/30/2024	6/30/2025	Determine whether the \$173,544 remitted to DEP as part of unspent surplus funds in the Water Management Land, Preservation 2000, and Florida Forever Trust Funds was remitted erroneously. If so, determine the appropriate action to resolve this issue.	Management concurs. February 26, 2024, this was discussed with DEP, and they requested a copy of the audit. Staff will work with DEP to try and resolve.	October 2024 Update - A copy of the Audit was provided and staff are still working with DEP. DEP is to discuss with Division of State Lands. <b>December 2024 Update - There has been no change in the status of this finding.</b>
22-24	4	Audit of Land Sales Proceeds	In Process	Implemented	9/30/2024	10/31/2024	Ensure that the \$7,602 in administrative revenue erroneously deposited to the SOETF restricted sales proceeds is transferred to the appropriate account.	Management concurs. Budget staff will add a budget line item to the FY2024 - 2025 budget with a supporting operating transfer from SOETF restricted sales proceeds fund 412100 to Ad Valorem general revenue fund 101000.	October 2024 Update - Staff has determined that it is best to move revenue in FY2023-24 from Investment earnings from fund 412100 to fund 101000 for the \$7,602 versus through an operating transfer in the adopted FY2024-25 budget. The Journal entry will be processed by October 31 during the adjustment period to FY2023-24. <b>December 2024 Update - Staff has processed the journal entry from Investment earnings from fund 412100 to fund 101000 for the \$7,602.</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			
23-15	1	Audit of Land Lease Compliance	In Process	In Process	7/31/2025	7/31/2025	Implement a process to ensure land managers follow-up with lessees to determine whether inspections deficiencies are resolved. Consider requiring land managers to document communications and resolutions.	Management concurs with recommendation. 1) Request IT amend inspection report to include date violations are to be rectified. 2) Staff will request IT provide a violation report from the Survey 123 software.	On target. Meeting with IT in February to start revisions.
23-15	2	Audit of Land Lease Compliance	In Process	In Process	7/31/2025	7/31/2025	Consider tracking and monitoring the status of inspection deficiencies the District is responsible for resolving.	Management concurs with recommendations. 1) The Land Stewardship Section is developing a process to identify, track, and monitor assets and management needs outside of the lease inspection process. 2) The Lease Inspection survey will be limited to those items specifically identified as a lessee responsibility.	In progress. On target.
23-15	3	Audit of Land Lease Compliance	In Process	In Process	7/31/2025	7/31/2025	Ensure that all Land Stewardship Section land managers are aware of lease inspection guidelines.	Management concurs with recommendation. Land Stewardship management will review lease inspection guidelines with land managers.	Projected completion by July 31, 2025. Completion of revisions to Survey 123 is needed to complete this recommendation.
23-15	4	Audit of Land Lease Compliance	In Process	In Process	7/31/2025	7/31/2025	Consider implementing the following process enhancements to ensure that all land managers are applying consistent criteria when identifying lease deficiencies: 1.) provide training, if necessary, 2.) require supervisors to periodically accompany land managers during inspections to assess inspection consistency among land managers.	Management concurs with recommendation 1.) Management will provide necessary training to land managers. 2.) Supervisors will periodically accompany land managers on inspections.	Projected completion by July 31, 2025. Completion of revisions to Survey 123 is needed to complete this recommendation.
23-15	5	Audit of Land Lease Compliance	In Process	Implemented	9/30/2024	9/30/2024	Determine whether lessees or the District is responsible for maintaining the water surface management system and revise the surface water management system lease provision accordingly, if necessary.	Management concurs with recommendation. 1.) The surface water management system is the District's responsibility and the lease agreement language templates and exhibits will be revised. 2.) All features requiring maintenance by the lessee will be specifically identified.	Complete

Audit No.	Rec No.	Audit Title	Status Prior Report	Status Current Report	Due Date		Recommendation	Management Response	Current Period Comments Regarding Status
					Original	Current			
23-15	6	Audit of Land Lease Compliance	In Process	Implemented	7/31/2024	7/31/2024	Revise the repairs lease provision to exclude lessees' responsibility for repair and maintenance for water surface management systems, if necessary.	Management concurs with recommendation. The repairs language in the lease template has been revised to remove the surface water management system responsibility from the lessee.	Complete
23-15	7	Audit of Land Lease Compliance	In Process	Implemented	7/31/2024	7/31/2024	Determine whether the fencing/gates lease provision requires clarification.	Management concurs with recommendation. 1.)The fencing/gate language has been revised in the lease template. 2.) For new leases, all lessee responsibilities will be clearly identified.	Complete
23-15	8	Audit of Land Lease Compliance	In Process	Implemented	7/31/2024	7/31/2024	Assess whether baseline inspections are required for renewed lease agreements. If not, revise the baseline inspection lease requirement.	Management concurs with recommendation. Baseline inspections will be required for new leases.	Complete
23-15	9	Audit of Land Lease Compliance	In Process	Implemented	7/31/2024	7/31/2024	Ensure that all new and renewed lease agreements include the timeframe specified in the revised repairs provision.	Management concurs with recommendation. 1.)The timeframe to rectify issues will be specified in the District's notice that will be sent to the lessee. 2.) The provision has been revised in the lease template for all new and renewed lease agreements.	Complete
23-15	10	Audit of Land Lease Compliance	In Process	Implemented	12/31/2024	12/31/2024	Consider reviewing boilerplate land lease agreements to determine whether additional revisions are warranted.	Management concurs with recommendation. A review of the lease agreement template will be made to revise or delete boilerplate language as appropriate.	Completed

Audit No.	Rec No.	Audit Title	Status Prior Report	Status Current Report	Due Date		Recommendation	Management Response	Current Period Comments Regarding Status
					Original	Current			
23-15	11	Audit of Land Lease Compliance	In Process	In Process	12/31/2024	7/31/2025	Ensure land managers make extra efforts to obtain lessees' signatures on semi-annual inspection results.	Management concurs with recommendations. Lessee will be sent a copy of the inspection with any violations noted to their email address on file with a response requirement.	Current phase of semi-annual inspections are in progress. Lessees will be sent copies of inspection reports by July 31, 2025.

**EXHIBIT 4**  
**Auditor General Operational Audit Recommendations**

Issued October 2024

Audit No.	Rec No.	Audit Title	Status Prior Report	Status Current Report	Recommendation	Management Response	Current Period Comments Regarding Status
AG2025-28	1	Auditor General Operational Audit	In-Process	Implemented	The District should continue efforts to ensure that bank account reconciliations are timely prepared, reviewed, and approved and require that records be maintained to demonstrate who prepared each bank account reconciliation, when the reconciliation was prepared, and who reviewed and approved the reconciliation, along with proper explanations and resolutions for any reconciling items.	District staff agrees with the Auditor General finding stated above. Restructuring of the Finance Bureau has enabled workload distribution to clearly demonstrate segregation of duty with appropriate supervisory review to be completed in a timely fashion. Bank statements are timestamped, the name of each preparer and reviewer along with the respective dates are noted on the front pages of each monthly reconciliation package.	The recommendations were implemented for the reconciliation process. Statements are timestamped; reconciliations are completed by staff and reviewed by a supervisor. Reconciling items are documented within the reconciliation document.
AG2025-28	2	Auditor General Operational Audit	In-Process	Implemented	The District should continue efforts to require and ensure that District records identify who receives collections and establish responsibility for collections transferred between employees.	District staff agrees with the Auditor General's finding stated above. Finance staff has implemented a log to identify segregation of incoming payments, cash and checks, to provide full chain of custody. Finance has also established cross training to ensure when the cashier is not available the chain of custody is clearly documented.	The recommendations were implemented and the log continues to be updated daily for incoming payments, cash, and checks to provide full chain of custody transparency.
AG2025-28	3	Auditor General Operational Audit	In-Process	Implemented	The District should establish procedures to require documented verification that subcontractors are appropriately licensed before they commence work on District projects. Such procedures could require District personnel to verify each subcontractor's license or, alternatively, to document evaluations of the effectiveness of the prime contractor's license verification process.	District staff agrees with the Auditor General finding stated above. The District has revised its Application for Payment, Contractor's Affidavit, to contain a certification by Contractor that all subcontractors retained to complete the work have the proper licensure required by law. The Application for Payment is submitted by Contractor during the course of the work in	Procurement implemented the change to the "South Florida Water Management District Application for Payment Contractor's Affidavit" item 3 regarding subcontractor licensure shortly after our discussions at the "formal audit exit conference" which was held 6/19/24. The form was revised as of 7/16/2024 with OC recommended language.