



**Audit Recommendations
Follow-Up Report
For Fiscal Year 2006**

Project #06-32

**Prepared by
Office of Inspector General**

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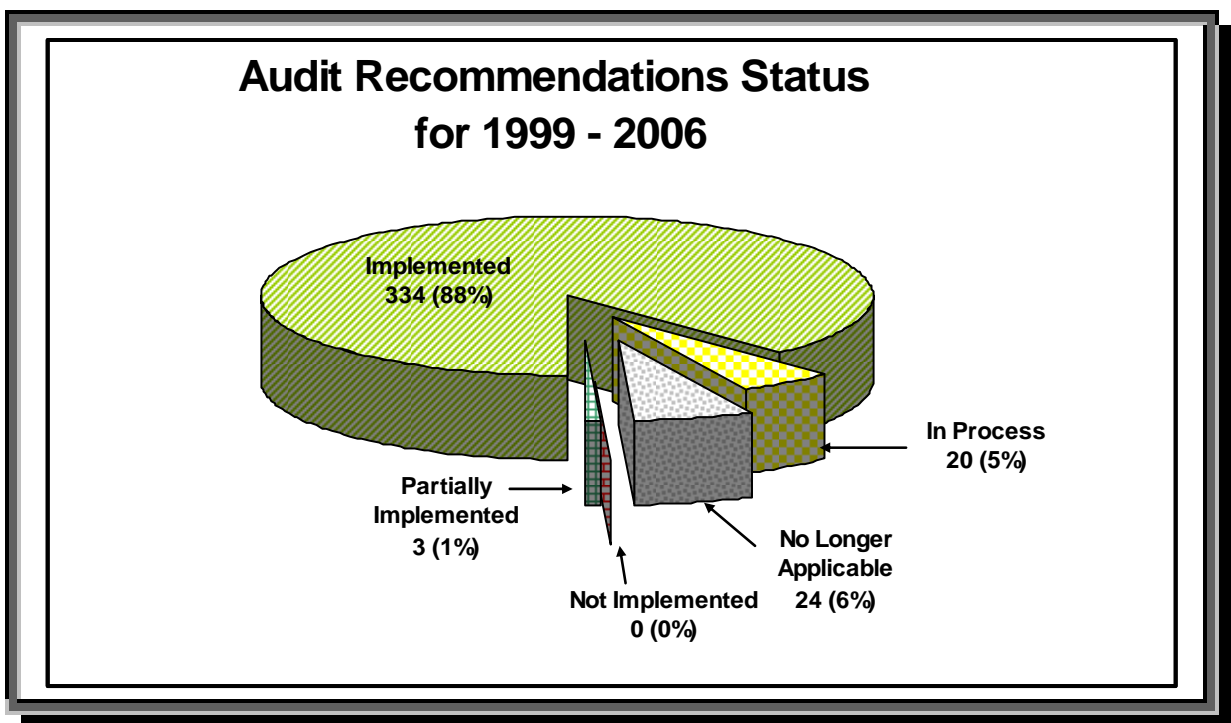
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EXECUTIVE SUMMARY

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 Inspector General's Office periodically 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 database. 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 seven fiscal years 1999 through 2006. We are pleased to report that District management has satisfactorily addressed most of our 381 audit recommendations as shown in the following graph.



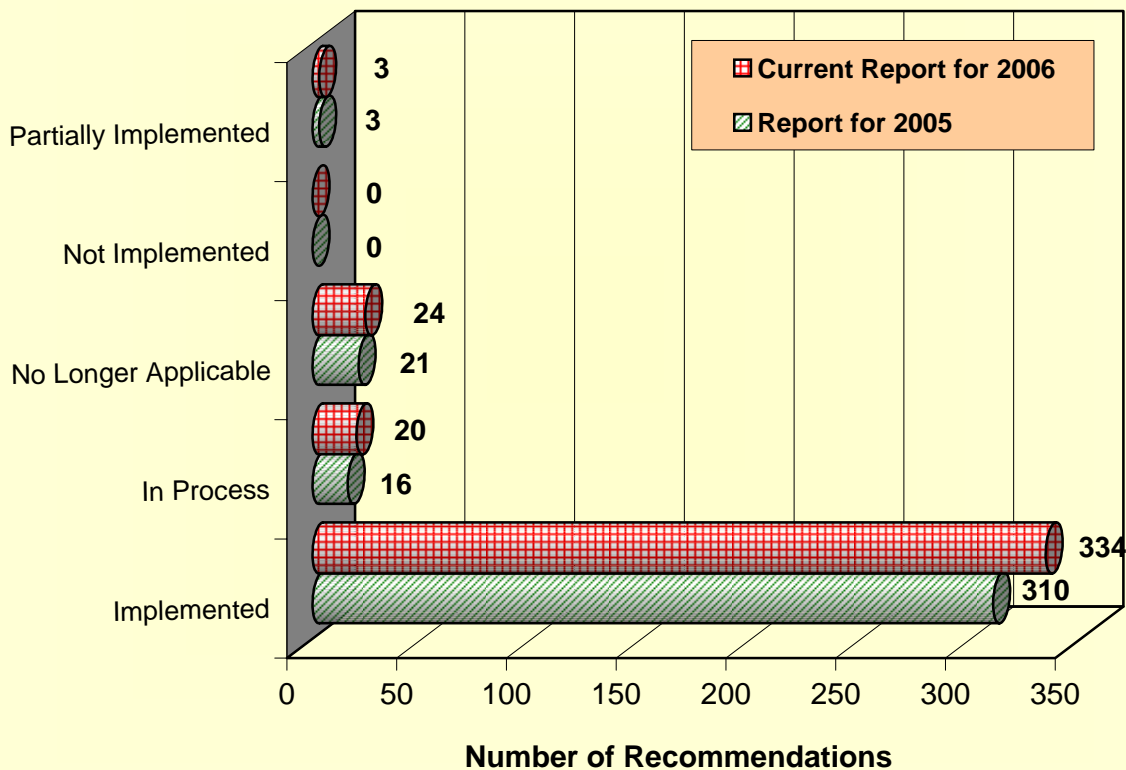
The status of recommendations in this year's report is comparable to last year's, as shown in the graph on the following page. **Notable is that no recommendations fell into the "Not Implemented" category for the current and previous years.** The "No Longer Applicable" category includes items where conditions have changed subsequent to issuance of the audit report that rendered the recommendation no longer relevant, such as:

- Alternative compensating controls have been put in place.
- A decision was made to implement a new system that will address the issue making it impractical to retrofit the existing system (e.g. eQuest, IRIS, ePermitting, etc).
- The policy, statute, or rule has changed (e.g. repeal of the MBE Rule).

FY 2006 Compared to FY 2005

Status of Recommendations	2006	%	2005	%
Implemented	334	88%	310	89%
In Process	20	5%	16	4%
No Longer Applicable	24	6%	21	6%
Not Implemented	0	0%	0	0%
Partially Implemented	3	1%	3	1%
TOTAL	381		350	

Recommendation Status FY 2006 vs. FY 2005



Audit Name	Audit No.	Implemented	In Process	No Longer Applicable	Not Implemented	Partially Implemented
Audit of District Mitigation Banks	06-16	2	2			
Results of Monthly Review of Acceler8 Expenditures	06-15		3			
Review of Controls Over the Acceler8 Construction Management Process	06-13		5			
Review of Controls Over Acceler8 Contract Payments	06-05	1	2			
Audit of the District's process for FEMA Reimbursement	06-04	5	1			
Review of Record System for Success Indicator Reporting	05-18	2				
Audit of FY 2005 Second Quarter Annual Work Plan Success Indicators	05-16	1				
Review of the Procurement Process	05-15	6	1			
Review of the New Budget Process	05-14	1				
Audit of Construction Management Practices	05-10	10				
Audit of the District's Fleet Operations	04-08	5	2	1		
Audit of Cooperative Agreements	04-02	4				
Audit of the Real Estate Appraisal Process	03-15	9		1		
Audit of Implementation of CERP	03-07	5	2			
H & H Modeling Services	03-04	2				
Audit of the District's Public Information and Outreach Program	02-23	9				
Audit of the Water Supply Plans Implementation	02-22	5				
Audit of the Interim Land Management Program	02-21	13				
District Outsourcing Study	02-19	2		3		
Audit of Lake Okeechobee Protection Act	02-17	3				
Broward Tax Collector Costs & Excess Fee Refund	02-14	1				
Proposed Upgrade/Replacement of SCADA System	02-13	2				1
Audit of District Training Programs	02-06	9				
Finance/Payroll Change Control, Backup & Recovery Process Controls	01-21	5				
Audit of Water Use Permitting	01-20	12	1	1		
Governing Board "Breakfast" Meetings Investigation w/ Sunshine Law	01-19	4				
Audit of Capital Maintenance Protocol	01-18	5		1		
Audit of Claimed Interest Costs-Foster Wheeler Environmental Co-#C8301	01-17			1		
Everglades Construction Project Cooperative Agreements	01-14	5				
Hydrologic Modeling Program	01-11	4	1			2
Post Implementation, Computerized Maint. Management Sys.	01-10	5		1		
Investigation of Okeechobee Service Center Complaint	01-09	3				
Audit of Land Acquisitions	01-07	7				

Audit Name	Audit No.	Implemented	In Process	No Longer Applicable	Not Implemented	Partially Implemented
Quarterly Voucher Audit	01-04	11				
Human Resources Follow-up	01-03	1				
Review of Contracting Practices	01-01	3				
Audit of the Prescribed Burning Program	00-16	8				
Hurricane Freddy Exercise After Action Self Assessment	00-13	30				
Diver Program Study	00-11	3				
Software Licensing Compliance Audit	00-09	5				
Audit of Outside Legal Costs	00-07	8				
Cash Management Audit	00-05	6				
Small Purchasing Practices	00-04	15		2		
Review of Water Quality Monitoring Programs	00-03	4				
Study of the Span of Control	99-28	4		2		
Permitting of District Works	99-27	7				
Computer Services Work Order Contract Review	99-26	4		5		
Fleet Management Investigation	99-20	3				
Audit of the Mitigation Banking Program	99-18	6				
Investigation of Willing Seller Program in 8 1/2 Square Mile Area	99-17	1		1		
Non-merit Salary Actions	99-14	4				
Vegetation Management Program	99-13	11				
Implementation of the Procurement Redesign	99-12	2		4		
Audit of Leased Worker Program	99-10	9		1		
Audit of Environmental Regulation Compliance Division	99-09	5				
Follow-up on State Auditor Report	99-05	6				
STA 3/4 Pre-Award Audit - Nodarse & Associates	99-04	28				
STA 3/4 Pre Award Audit - Burns & McDonnell	99-02	1				
EAA Permit Fee Investigation	99-01	2				
Number of Audits	59					
Total Recommendations	381	334	20	24	0	3

Status of Recommendations Not Fully Implemented

Audit No.	Audit Name		
Recommendation	Current Status		Auditor's Comment
01-11	Hydrologic Modeling Program		
# 2	The District should adopt a formal System Development Life Cycle process for model development including design, development, testing, implementation, and maintenance (change management) with all the necessary authorizing documentation (audit trail) for the steps in the process.	Partially Implemented	<p>CMM Level 2 deliverables were completed during FY06. Implementation of the practices defined in these deliverables continues in FY07. Full implementation of Level 3 deliverables will likely be delayed due to budget cuts and priority reassignments of key staff on the project. However, progress continues against the two areas originally recommended for level 3 implementation in the Strategic Modeling Plan. At the end of FY07, all level 2 items will be implemented and three level 3 areas as well. Current outlook is for full level 3 implementation by Q2 FY09. Change management is currently in effect (as part of the Configuration Management efforts) for the RSM. A configuration management plan exists for the RSM and is being followed. It will serve as an example to be followed by other projects within HESM in due time.</p> <p>.</p> <p>Original Due Date: 9/20/2002 Revised Due Date: 9/30/2007</p> <p>Auditor Update: 11/1/2006</p>
# 5	Ensure that a disaster recovery backup copy of the server data is created and stored at an off-site location.	In Process	<p>IT has pursued Terramark, Inc., located in Miami FL, to address disaster recovery issues. HESM continues to backup critical model runs internally.</p> <p>Original Due Date: 10/10/2002 Revised Due Date: 9/30/2007</p> <p>Auditor Update: 11/1/2006</p>
# 7	Efforts to replace the Sun/Solaris Workstations for District modelers with the less expensive power PC/Linux configuration utilizing public domain software should be completed.	Partially Implemented	<p>The 2x2 model porting to Linux is close to being completed. Sun workstations are being phased out in lieu of Sun servers, so even without a fully ported 2x2, there is currently significantly less dependence on Sun hardware. All new modeling efforts continue to be developed and maintained on the Linux platform.</p> <p>Original Due Date: 7/31/2003 Revised Due Date: 9/30/2007</p> <p>Auditor Update: 11/1/2006</p>
01-20	Audit of Water Use Permitting		
# 4	Consider a permit condition that encourages electronic entry of required data by water use permit holders.	In Process	<p>The District Leadership Team decided that e-permitting would be designed and implemented by a District IT team working as part of a larger inter-District team of IT specialists.</p>

Audit No.	Audit Name
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Recommendation	Current Status	Auditor's Comment
<p>Original Due Date: 12/31/2003</p> <p>Revised Due Date: 3/31/2007</p>		<p>Implementation of e-permitting will occur in December 2006. Once e-permitting has been deployed, the IT team will then begin building an e-reporting system for the compliance units District-wide. The IT project manager anticipates that deployment of e-reporting will occur during the 2nd quarter of FY 2007.</p> <p>Auditor Update: 10/20/2006</p>

02-13	Proposed Upgrade/Replacement of SCADA System
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# 2	The site survey should be validated to ensure that surveyed sites are necessary and do not duplicate existing or projected new sites.	Partially Implemented	<p>The SCADA and Hydro Data Management Department commissioned the following studies:</p> <ol style="list-style-type: none"> 1. Pilot study on the Enhancement of Stage Monitoring Network for Greater Everglades Wetland Areas (completed October 2004). 2. Pilot Study for Flow and Stage Network Optimization for Lower Kissimmee Basin (completed August 2005). 3. Stage Network Design for Greater Everglades Areas (anticipated completion December 2006). 4. Rain Gage Network Optimization Study for the South Florida Water Management District (Study was completed on April 2006. Implementation of the study is ongoing – anticipated completion December 2010, depending on availability of funding). 5. SCADA 10-Year Strategic Plan (ongoing - updated growth projections anticipated January 2007). <p>Auditor Update: 11/2/2006</p>
	<p>Original Due Date: 9/30/2003</p> <p>Revised Due Date: 12/30/2010</p>		

03-07	Audit of Implementation of CERP
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# 5	Create a separate indirect cost pool for Land Resources.	In Process	<p>Implementation was put on hold awaiting the implementation of SAP. Now that SAP has been implemented, CERP staff is assessing whether such system would be cost effective. Also, more than half of the CERP lands has already been acquired and the USACE may change crediting agreement from purchase value to value at time of PCA.</p> <p>Auditor Update: 11/13/2006</p>
	<p>Original Due Date: 9/30/2003</p> <p>Revised Due Date: 3/31/2007</p>		

Audit No.	Audit Name		
Recommendation		Current Status	Auditor's Comment
# 7	Consider having the same auditor perform a combined audit covering expenditures of both entities or engage an auditing firm to audit the USACE's CERP expenditures. Original Due Date: 6/30/2004 Revised Due Date: 3/31/2007	In Process	The District has engaged external auditors to perform a combined audit of District and USACE expenditures. The audit is currently underway. Auditor Update: 11/7/2006
04-08	Audit of the District's Fleet Operations		
# 1	Consider implementing a charge-back system concurrent with the eQuest Project. Original Due Date: 10/1/2006 Revised Due Date: 10/30/2007	In Process	The charge-back system is under consideration. Other projects and issues are considered priority at this time. Auditor Update: 10/26/2006
# 8	Determine whether the District has a legal basis for a claim against the Help Desk contractor and, if so, the corresponding dollar amount of such claim. Original Due Date: 12/30/2005 Revised Due Date: 12/30/2006	In Process	Fleet determined that the cost of the vehicle usage by the Help Desk contractor (Akibia) was \$1,480. Fleet plans to consult with the Office of Counsel to write a letter to Akibia informing them of their liability to the District. Auditor Update: 10/18/2006
05-15	Review of the Procurement Process		
# 8	Develop a plan to monitor P-Card activity and consider increasing the maximum threshold for both P-Cards and PD's to \$2,500. Original Due Date: 9/30/2006 Revised Due Date: 3/1/2007	In Process	The District is in discussion with Bank of America to implement monitoring software to safeguard p-card program. When software is in place the request to increase the threshold to \$2,500 will be made. Auditor Update: 11/2/2006
06-04	Audit of the District's Process for FEMA Reimbursement		
# 4	Implement time reporting training for field level employees to ensure that sufficient detail is recorded for the Accounting Division to evaluate whether the work done is eligible for FEMA reimbursement. Original Due Date: 1/7/2007 Revised Due Date: 1/7/2007	In Process	Field employees have been trained on the SAP work order system. This system has hurricane codes and other details for Accounting to use when preparing reports for FEMA reimbursement. Auditor Update: 11/1/2006
06-05	Review of Controls Over Acceler8 Contract Payments		
# 1	Require either the Lead Financial Analyst or the Co-Project Director (both of these individuals are District employees) to review pay authorizations and supporting documentation before payment requests are forwarded to the Assistant Deputy Executive Director for approval. These additional	In Process	CERP & Acceler8 have recently announced a reorganization that will address the issues raised by the audit report. Once the reorganization is fully in place, all contract and purchase order approvals will be through District staff.

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Recommendation	Current Status	Auditor's Comment		
reviews should be done in instances where payments have been approved by two consultants and the next required approval is the Assistant Deputy Executive Director. Original Due Date: 10/1/2006 Revised Due Date: 11/15/2006		Auditor Update: 10/27/2006		
# 2 Develop written procedures for approving contract payments to ensure authorized signers have a clear understanding of their responsibilities. Original Due Date: 10/31/2006 Revised Due Date: 11/30/2006	In Process	The Program Coordinator, recently added to Acceler8's, is pulling together the documentation for all business processes within Acceler8 with the exception of Construction, which will be completed by Chief Consulting Engineer by mid-November 2006. Auditor Update: 10/27/2006		
<table><tr><td>06-13</td><td>Review of Controls Over the Acceler8 Construction Management Process</td></tr></table>			06-13	Review of Controls Over the Acceler8 Construction Management Process
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# 1 The Construction Procedures Manual, currently in draft form, should be finalized as soon as possible. Original Due Date: 8/31/2006 Revised Due Date: 11/30/2006	In Process	The Construction Procedures Manual is currently being revised. Will be completed mid to late November 2006. Auditor Update: 10/27/2006		
# 2 The scope of work in the contracts should include a provision that incorporates the Construction Procedures Manual by reference and that firms are to perform the work in accordance therewith. Original Due Date: 8/31/2006 Revised Due Date: 11/30/2006	In Process	The Construction Procedures Manual is currently being revised. Will be completed mid to late November 2006. Auditor Update: 10/27/2006		
# 3 Require firms providing construction management services to sign an acknowledgement that they have received the Construction Procedures Manual. Original Due Date: 8/31/2006 Revised Due Date: 11/30/2006	In Process	The Construction Procedures Manual is currently being revised. Will be completed mid to late November 2006. Auditor Update: 10/27/2006		
# 4 Inform firms providing construction management services that the District's Office of Inspector General will be performing compliance audits to determine their adherence with the Construction Procedures Manual. Original Due Date: 8/31/2006 Revised Due Date: 11/30/2006	In Process	The Construction Procedures Manual is currently being revised. Will be completed mid to late November 2006. Auditor Update: 10/27/2006		

Audit No.	Audit Name		
Recommendation		Current Status	Auditor's Comment
# 5	Consider performing a cost/benefit analysis of interfacing Expedition with P3e, which would help ensure consistency of data contained in both systems. Original Due Date: 9/15/2006 Revised Due Date: 11/30/2006	In Process	The Construction Director and the Project Controls Manager will review earlier analysis, if available, and update or will initiate analysis of linking Expedition and P3e for added data consistency. Recommendation will be provided to Acceler8 Management Team for consideration. Auditor Update: 10/27/2006
06-15	Results of Monthly Review of Acceler8 Expenditures		
# 1	We recommend that all firms providing construction management services be instructed that payments should be approved only for completed work. Original Due Date: 8/31/2006 Revised Due Date: 11/30/2006	In Process	The Construction Procedures Manual is currently being revised. Will be completed mid to late November 2006. Auditor Update: 10/27/2006
# 2	We recommend the following regarding payment approvals: -Remind individuals authorizing payments to pay closer attention to the invoiced amounts and question instances when the invoiced and the payment amounts differ. -Remind Acceler8 staff that Mr. Ammon's approval is required for all payments over \$250,000. -Require that changes made to authorization forms after all management approvals have been obtained be double checked (preferably by the Acceler8's Lead Financial Analyst) for compliance with procurement policies. Original Due Date: 10/31/2006 Revised Due Date: 11/30/2006	In Process	The Program Coordinator, recently added to Acceler8's, is pulling together the documentation for all business processes within Acceler8 with the exception of Construction, which will be completed by Chief Consulting Engineer by mid-November 2006. Auditor Update: 10/27/2006
# 3	We recommend the following regarding the Jacobs/MWH Joint Venture Contract: -Review invoices more closely to ensure that the District is accurately billed. -Monitor relocation expense reimbursements to ensure that the aggregate amount of \$300,000 is not exceeded. .Original Due Date: 10/31/2006 Revised Due Date: 11/30/2006	In Process	The Program Coordinator, recently added to Acceler8's, is pulling together the documentation for all business processes within Acceler8 with the exception of Construction, which will be completed by Chief Consulting Engineer by mid-November 2006. Auditor Update: 10/27/2006

Audit No.		Audit Name	
Recommendation		Current Status	Auditor's Comment
06-16		Audit of District Mitigation Banks	
# 1	Ensure that the final functional assessment scores are maintained in the permit files since these scores are used to determine mitigation credit requirements and the files are public record.	In Process	At a meeting held on August 23, 2006, all District NRM staff was directed to ensure that the score sheets and other documentation is included in the permit file. In addition, the NRM supervisors have agreed that the score sheets will be flagged by the reviewer prior to being forwarded to their supervisor for signature. A memo will be sent to all NRM staff by December 1, 2006, outlining this requirement.
	Original Due Date: 8/23/2006		Auditor Update: 10/26/2006
	Revised Due Date: 12/1/2006		
# 3	Require that all staff reports that have wetland impacts and a mitigation component include a cumulative impact assessment statement.	In Process	District NRM staff were directed to include a cumulative impact assessment statement in staff reports that have wetland impacts and a mitigation component. In addition, standard language will be developed to use both for typical and complex projects. This language will be developed and included in a memo to all NRM staff by December 1, 2006.
	Original Due Date: 8/23/2006		Auditor Update: 10/26/2006
	Revised Due Date: 12/1/2006		